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Securities Registered Under Section 12(b) of the Act: **None**  
Name of exchange on which registered: **None – Quoted on the OTC Markets (OTCPINK)**  
Securities registered pursuant to Section 12(g) of the Act: **Common Stock, no par value per share**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  
Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (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 such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer  Accelerated filer  Non-accelerated filer  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

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The aggregate market value of the common stock held by non-affiliates of the registrant as of June 30, 2014 was \$281,846 based on the closing sale price for the registrant's common stock as quoted on the OTC Markets. The number of outstanding shares of the registrant's common stock on February 17, 2015 was 4,624,526,267.

Documents Incorporated By Reference: **None**

NeoMedia Technologies, Inc.

FORM 10-K

For the Fiscal Year Ended December 31, 2014

**INDEX**

|  | <b>Page</b> |
|--|-------------|
| <b><u>PART I</u></b>   |             |
| Item 1. <u>Business.</u>   | 3           |
| Item 1A. <u>Risk Factors.</u>  | 5           |
| Item 1B. <u>Unresolved Staff Comments.</u>   | 9           |
| Item 2. <u>Properties.</u>   | 9           |
| Item 3. <u>Legal Proceedings.</u>  | 9           |
| Item 4. <u>Mine Safety Disclosures.</u>  | 10          |
| <b><u>PART II</u></b>  |             |
| Item 5. <u>Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.</u> | 11          |
| Item 6. <u>Selected Financial Data.</u>  | 12          |
| Item 7. <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations.</u>                        | 12          |
| Item 7A. <u>Quantitative and Qualitative Disclosures about Market Risk.</u>  | 20          |
| Item 8. <u>Financial Statements and Supplementary Data.</u>  | 21          |
| Item 9. <u>Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.</u>                         | 52          |
| Item 9A. <u>Controls and Procedures.</u>   | 55          |
| Item 9B. <u>Other Information.</u>   | 54          |
| <b><u>PART III</u></b>   |             |
| Item 10. <u>Directors, Executive Officers and Corporate Governance.</u>  | 54          |
| Item 11. <u>Executive Compensation.</u>  | 57          |
| Item 12. <u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.</u>              | 60          |
| Item 13. <u>Certain Relationships and Related Transactions, and Director Independence.</u>                                   | 62          |
| Item 14. <u>Principal Accounting Fees and Services.</u>  | 62          |
| <b><u>Part IV</u></b>  |             |
| Item 15. <u>Exhibits, Financial Statement Schedules.</u>   | 63          |
| <b><u>SIGNATURES</u></b>   | <b>81</b>   |

## **NOTE ABOUT FORWARD-LOOKING STATEMENTS**

The information in this Annual Report on Form 10-K (this “Report”) contains “forward-looking statements” and information within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), which may be subject to the “safe harbor” created by those sections. These forward-looking statements include, but are not limited to, statements concerning our strategy, future operations, future financial position, future revenues, projected costs, prospects and plans and objectives of management. The words “anticipates,” “believes,” “estimates,” “expects,” “intends,” “may,” “plans,” “will,” “would” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. These forward-looking statements involve known and unknown risks and uncertainties that could cause our actual results, performance or achievements to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the risks set forth in Part I, Item 1A, Risk Factors in this Annual Report on Form 10-K and in our other filings with the Securities and Exchange Commission (“SEC”). Except as required by law, we assume no obligation to update these forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

As used herein, “NeoMedia”, “Company,” “we,” “us,” “our”, and similar terms include NeoMedia Technologies, Inc., a Delaware corporation, unless the context indicates otherwise.

## **PART I**

### **ITEM 1. Business**

#### **Overview**

NeoMedia Technologies, Inc. a Delaware corporation (the “Company,” “NeoMedia,” “we,” “us,” “our,” and similar terms), was founded in 1989 and is headquartered in Boulder, Colorado. We have positioned ourselves to lead the development of mobile barcode technology and services solutions that enable the mobile barcode ecosystem world-wide. NeoMedia harnesses the power of the mobile phone in innovative ways with state-of-the-art mobile barcode solutions. With this technology, mobile devices with cameras become barcode scanners, enabling a range of practical applications including mobile marketing and mobile commerce. In addition, we offer licensing of our extensive intellectual property portfolio.

## Products and Services

We provide a complete suite of mobile barcode solutions to customers around the globe.

**2D Core** – Our 2D Core products include NeoReader®, our barcode scanning application which is installed on mobile devices, NeoSphere®, our enterprise grade barcode services solution, and QodeScan®, our self-service barcode services solution for small and medium businesses. We offer these services directly to clients as well as offer Application Programmer’s Interface (“API”) and Software Development Kit (“SDK”) versions of these solutions for inclusion in enterprise solutions.

NeoReader – a barcode scanning application that transforms mobile devices into universal barcode readers, allowing users to scan all major barcode types, including QR, Datamatrix, Aztec, EAN, UPC, PDF417, Code 39, Code 128 and more. Users launch the NeoReader application on their mobile device, scan the barcode and are quickly linked either directly or indirectly through a resolution server to specific content. From there, the consumer can access real-time product or service information, download content, send a SMS, make a phone call, or complete a mobile commerce transaction. There is also a SDK available for NeoReader that allows the integration of NeoReader functionality into enterprise implementations.

NeoSphere and QodeScan – cloud based Software As A Service (‘SAAS’) solutions that support barcode creation and management and allow users (typically agencies, retailers and brands) to quickly develop, launch and manage a mobile barcode campaign by providing barcode creation tools as well as reporting and analytics. We believe that NeoSphere and QodeScan afford marketers the ability to better monetize their marketing initiatives, providing the tools to effectively manage their barcode-based campaigns.

**IP Licensing** – We have a robust IP portfolio encompassing many barcode implementations and are willing to license our patents to all in the ecosystem.

## **SALES AND MARKETING RELATIONSHIPS**

We are focusing our sales activities primarily in the United States and Europe and are expanding our business development activities, through partnerships, to other markets.

### **Proprietary Technology**

Many of the products we sell to our customers rely on hardware and software technologies provided to us by third parties under license. Certain of our products and services combine these third party technologies with technologies that are proprietary to us. Our proprietary technology may be protected by patent law, copyright law, trade secret law and other forms of intellectual property protection. Our proprietary technology includes technologies that enable us to automate a number of back-end functions and technologies that allow customers to order, change and manage their accounts easily without technical expertise. Some of our proprietary technologies are unique and may not be legally utilized without a license from us. Although we believe that our suite of proprietary technologies offer customers significant benefits, we do not believe that our proprietary technologies are sufficient to deter competitors from providing competing products and services.

### **Competition**

We believe that we have positioned ourselves to compete as one of the leaders in the mobile barcode ecosystem. Our research indicates that the mobile barcode space is highly fragmented and there are a large number of providers offering similar solutions globally. Moreover, we believe we are well positioned and differentiated in our offering due to our intellectual property, including many patents, on which our products and services are based. We expect that our intellectual property will serve as a competitive advantage as this market continues to mature.

Notwithstanding the foregoing, our market is highly competitive and characterized by an increasing number of entrants that have introduced or developed products and services similar to those we offer. We believe that competition will continue to intensify and increase in the near future. Our target market is rapidly evolving and is subject to continuous technological change. As a result, our competitors may be better positioned to address these developments or may react more favorably to these changes, which could have a material adverse effect on our business, prospects, financial condition, and results of operations.

### **Intellectual Property**

We rely on a combination of laws (including patent, copyright, trademark, service mark and trade secret laws) and contractual restrictions to establish and protect our proprietary rights. As of December 31, 2014, we owned a large number of patents (both awarded and pending) across both NeoMedia Technologies and NeoMedia Europe GmbH. Our patents include IP in a number of different patent families and cover core concepts linking the physical world to the electronic world many of which form the foundation for the mobile barcode ecosystem.

During 2014, we established IP agreements with over 60 companies including leading brands and retailers. We are in discussions with other companies with regard to the licensing of our patents and our services platforms. However, there can be no guarantee that any of these discussions will result in future revenues.

We have an ongoing relationship with Global IP Law Group (“Global IP”) for our intellectual property monetization and enforcement activities. Global IP assists us in seeking out potential licensees of our intellectual property portfolio and assists us in enforcing our patent rights, if required.



We have entered into confidentiality and other agreements with our employees and contractors, including agreements in which the employees and contractors assign their rights in inventions to us. We have also entered into nondisclosure agreements with our suppliers, distributors and some customers in order to limit access to and disclosure of our proprietary information. Intellectual property laws, contractual arrangements, and the other steps we have taken to protect our intellectual property will assist in preventing others from infringing on our technologies or developing similar technologies.

We license, or lease from others, technologies which may be used in our services. We expect that we and our customers could be subject to third-party infringement claims as the number of competitors grows. Although we do not believe that our technologies or services infringe the proprietary rights of any third parties, we cannot ensure that third parties will not assert claims against us in the future or that these claims will not be successful.

We may be subject to claims that the technology we have used in our operations have infringed upon intellectual property rights held by others. We will evaluate all such claims and, if necessary and appropriate, seek to obtain licenses for the use of such technology. If we or our suppliers are unable to obtain licenses necessary to use intellectual property in our operations, we may be legally liable to the owner of such intellectual property. Moreover, even in those instances in which we are justified in denying claims that we have infringed upon the intellectual property rights of others, we may nonetheless be forced to defend or settle legal actions taken against us relating to allegedly protected technology, and such legal actions may require us to expend substantial funds. See Item 1A Risk Factors for additional discussion of these risks.

## **Government Regulation**

Existing or future legislation could limit the growth or use of the internet, mobile telecommunications, mobile marketing and/or mobile advertising, which would curtail our revenue growth. Statutes and regulations directly applicable to internet communications, mobile commerce and mobile marketing are becoming more prevalent and we anticipate there will be activity to determine how new and existing laws governing intellectual property, privacy, libel and taxation apply to mobile marketing and advertising.

Some of our proprietary technology allows the storage of non-specific demographic data from users. NeoMedia maintains current privacy policies and End User License Agreements which can be accessed from our website at <http://www.neom.com/privacy> and <http://www.neom.com/EULA> which we believe are current with best practices and guidelines in the United States.

## **Personnel**

As of December 31, 2014, we had 11 personnel. We believe that our personnel relations are good. None of our personnel are represented by a labor union or bound by a collective bargaining agreement.

### **Management Changes**

None.

### **Research and Development**

We have incurred approximately \$0.4 million and \$0.7 million in research and development expenses during the years ended December 31, 2014 and 2013, respectively.

### **ITEM 1A. Risk Factors**

You should carefully consider the following factors and all other information contained in this Report before you make any investment decisions with respect to our securities.

Page 5

## Risks Related to Our Business

*We may be unable to continue as a going concern based on our historical performance, which has included losses, an accumulated deficit, and a working capital deficit. We may continue to generate losses and be unable to service our outstanding liabilities in the future.*

We have historically incurred operating losses, and we may continue to generate negative cash flows as we implement our business plan for 2015. There can be no assurance that our continuing efforts to execute our business plan will be successful and that we will be able to continue as a going concern. The accompanying consolidated financial statements have been prepared in conformity with US GAAP, which contemplates our continuation as a going concern. Our net loss for the year ended December 31, 2014 was \$2.4 million as compared to net income of \$28.5 million for the year ended December 31, 2013. The operating results for the year ended December 31, 2014 included \$3.3 million of net losses related to financing instruments, a net gain of \$4.2 million from extinguishment of debt and the operating results for the year ended December 31, 2013 included \$26.7 million of net gains related to financing instruments.

Net cash used in operations during the years ended December 31, 2014 and 2013 was \$0.4 million each period. As of December 31, 2014, we have an accumulated deficit of \$239.4 million. We also have a working capital deficit of \$39.2 million, including \$37.4 million in current liabilities for our derivative and debenture financing instruments which are due August 1, 2015 and for which we do not have the necessary capital to re-pay.

We currently do not have sufficient cash or commitments for financing to sustain our operations for the next twelve months if we are unable to generate sufficient cash flows from operations. Our plan continues to be to develop new client and customer relationships and substantially increase our revenue derived from our products/services and IP licensing. If our revenues do not reach the level anticipated in our plan, we may require additional financing in order to execute our operating plan. If additional financing is required, we cannot predict whether this additional financing will be in the form of equity, debt, or another form, and we may not be able to obtain the necessary additional capital on a timely basis, on acceptable terms, or at all. In the event that financing sources are not available, or that we are unsuccessful in increasing our revenues and profits, we may be unable to implement our current plans for expansion, repay our debt obligations or respond to competitive pressures, any of which would have a material adverse effect on our business, prospects, financial condition and results of operations.

The convertible debentures and preferred stock used to finance the Company, which may be converted into common stock at the sole option of the holders, have a highly dilutive impact when they are converted, greatly increasing the number of shares of common stock outstanding. During 2014, there were 3,834 million shares of common stock issued for these conversions. We cannot predict if or when each holder may or may not elect to convert into shares of common stock.

In May 2014, we completed a merger to increase the quantity of authorized shares of common stock available for issuance to satisfy the conversion rights under certain outstanding convertible securities and avoid an event of default. We can provide no assurance that the additional quantity of authorized shares will be sufficient to satisfy all future conversions of the outstanding convertible securities. If we have insufficient authorized shares in the future due to security conversions or otherwise and are unable to respond to requests for conversion, we may be subject to an event of default under the terms of such instruments.

*Our management and Board may be unable to execute their plans to grow our revenues and achieve continued profitability and positive cash flows, which could cause us to discontinue our operations. The risk associated with a possible discontinuance of the business could prevent us from attracting or retaining key personnel, which would have a material adverse effect on our business.*

If our management and Board are unable to maintain and execute our plans, then we may fail to grow our revenues, manage costs and achieve continued profitability and positive cash flows, which may cause us to discontinue our operations. The risks associated with the possible discontinuance of the business could further prevent us from attracting and retaining management and staff, which would have a material adverse effect on our business.

*All of our assets are pledged to secure certain debt obligations. If we fail to repay and/or otherwise satisfy the debt obligations, our assets could be seized and liquidated for the benefit of the debt holders.*

The convertible debentures that were initially issued to YA Global are secured by all of our assets. The secured convertible debentures mature on August 1, 2015. In the event we are unable to repay and/or otherwise satisfy the secured convertible debentures in accordance with the related agreements, our assets could be seized and liquidated for the benefit of the debt holders and result in the discontinuance of our business.

*Our future profitability depends on the timely introduction of new and updated products and the acceptance of these new and updated products in the marketplace.*

Rapid technological change and market development are typical for the industries we serve. Our future revenue and profitability will depend in large part on timely development and introduction of new and upgraded products that address evolving market requirements. If we fail to effectively launch new and innovative products or allow our current product offerings to become stale in our advancing industry, we may lose market share to our competitors. Any inability, for technological or other reasons, to successfully grow and upgrade our product portfolio could materially adversely affect our business.

*Existing shareholders will experience significant dilution when certain investors, such as YA Global, convert their preferred stock to common stock, convert convertible debentures to common stock, or when the investors exercise their warrants for common stock.*

The issuance of shares of common stock pursuant to the conversion of our Series C and D convertible preferred stock, the conversion of convertible debentures to common stock, or the exercise of warrants could result in a significant increase in the outstanding shares of common stock and will have a material dilutive impact on our shareholders. Additionally, our net earnings per share would decrease and the market price of our common stock per share would decline.

*Our common stock is deemed to be “penny stock” which may make it more difficult for investors to sell their shares due to suitability requirements.*

Our common stock is deemed to be “penny stock” as defined in Rule 3a51-1 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Certain requirements regarding penny stocks may reduce the potential market for our common stock by reducing the number of potential investors. The penny stock designation could make it more

difficult for investors in our common stock to sell shares to third parties or to otherwise dispose of them. This could cause our stock price to decline.

Broker-dealers dealing in penny stocks are required to provide potential investors with a document disclosing the risks of penny stocks. Moreover, broker-dealers are required to determine whether an investment in a penny stock is a suitable investment for a prospective investor. These requirements reduce the potential market of investors in our stock and could cause the stock price to decline. The potential market for “penny stocks” is further reduced by a Deposit Trust Company (“DTC”) “chill”, which prevents trading from occurring on the electronic trading system as further described below.

*Due to the accounting treatment of the convertible preferred stock, warrants and convertible debenture instruments issued by us, our net income or loss may not be reflective of our operating performance and could have a material adverse impact on our market*

During the years ended December 31, 2014 and 2013, we reported a net loss of \$2.4 million and a net income of \$28.5 million respectively. The net losses resulted primarily from non-cash losses arising from the adjustment to value our derivative and debenture liabilities at fair value. The loss adjustments are primarily due to modifications to the terms of the convertible debentures including the extension of the maturity date to August 2015. We adjust the value of these liabilities to reflect the estimated fair value at each balance sheet date. As a result, we could experience significant fluctuations in our reported net income or losses in future periods from financing related gains or losses incurred to record the liabilities at fair value. The financing related gains and losses incurred to record the liabilities at fair value have historically been significant and have resulted in net losses that are not reflective of the Company’s operating performance as reporting in operating income or loss. The complexity associated the fair value calculations and sophistication required by investors to distinguish and understand our operating performance relative to the reported net income and losses may cause our financial statements to be difficult to comprehend, analyze, and assess. As a result, the potential investor market for our common stock could be reduced resulting in a material adverse impact on our market value.

*A majority of our assets are intangible assets, which will have little or no value if our operations do not generate current or future cash flow.*

At December 31, 2014, a majority of our total assets were intangible assets, consisting primarily of rights related to our patents and other intellectual property. If our results of operations do not generate sufficient cash flows in the future, the assets will have little or no value, which could lead to us recognizing impairment losses for such assets. This could materially adversely affect the value of our stock and the ability of our shareholders to recoup their investments in our stock.

At December 31, 2013, we carried goodwill arising from the excess of the purchase price over the fair value of tangible assets acquired in our purchase of NeoMedia Europe GmbH. We test goodwill for impairment annually or when events or changes in circumstances may warrant. We may be required to record a significant charge to earnings in our financial statements during the period in which any impairment of our goodwill or amortizable intangible assets is determined, resulting in a materially adverse impact on our results of operations. As a result of our testing goodwill for impairment at December 31, 2014, we determined that our goodwill was fully impaired.

*We may not be able to compete effectively in markets where our competitors have more resources, which could have a material adverse effect on our business.*

Our market is highly competitive and characterized by an increasing number of entrants that have introduced or developed products and services similar to those we offer. We believe that competition will continue to intensify and increase in the near future. Our target market is rapidly evolving and is subject to continuous technological change. As a result, our competitors may be better positioned to address these developments or may react more favorably to these changes, which could have a material adverse effect on our business, prospects, financial condition, and results of operations.

*We may be unable to protect our intellectual property rights and may be liable for infringing the intellectual property rights of others, which could have a material adverse effect on our business.*

Our success is dependent upon our proprietary technology, including patents and other intellectual property, and on the ability to protect proprietary technology and other intellectual property rights. In addition, we must conduct our operations without infringing on the proprietary rights of third parties. We also intend to rely upon unpatented trade secrets and the know-how and expertise of our employees, as well as our patents. To protect our proprietary technology and other intellectual property, we rely primarily on a combination of the protections provided by applicable patent, copyright, trademark, and trade secret laws as well as on confidentiality procedures and licensing arrangements. Although we believe that we have taken appropriate steps to protect our unpatented proprietary rights,

including requiring that our employees and third parties who are granted access to our proprietary technology enter into confidentiality agreements, we can provide no assurance that these measures will be sufficient to protect our rights against third parties. Others may independently develop or otherwise acquire patented or unpatented technologies or products similar or superior to ours.

*Some provisions of our Certificate of Incorporation and Bylaws may deter takeover attempts, which may limit the opportunity of our shareholders to sell their shares at a premium to the then-current market price.*

Some of the provisions of our Certificate of Incorporation and Bylaws could make it more difficult for a third party to acquire us, even if doing so might be beneficial to our shareholders by providing them with the opportunity to sell their shares at a premium to the then-current market price. On December 10, 1999, our Board adopted a shareholders' rights plan and declared a non-taxable dividend of the right to acquire one-one hundredth of a share of our Series A Preferred Stock, par value \$0.01 per share, on each outstanding share of our common stock to shareholders of record on December 20, 1999 and each share of common stock issued thereafter until a pre-defined hostile takeover date. The shareholders' rights plan, or so-called "poison pill", was adopted as an anti-takeover measure. The shareholders' rights plan was designed to enable all shareholders not engaged in a hostile takeover attempt to receive fair and equal treatment in any proposed takeover of us and to guard against partial or two-tiered tender offers, open market accumulations, and other hostile tactics to gain control of us. The shareholders' rights plan was not adopted in response to any effort to acquire control of us at the time of adoption, however it may have the effect of rendering more difficult, delaying, discouraging, preventing, or rendering more costly an acquisition of us or a change in control of us. Certain shareholders, who were our founders, Charles W. Fritz, William E. Fritz and The Fritz Family Limited Partnership and their holdings, were exempted from the triggering provisions of our shareholders' rights plan, as a result of the fact that, as of the plan's adoption, their holdings might have otherwise triggered the plan. The Shareholder Rights Plan was due to expire December 10, 2009; however, it was extended and remains in effect.



In addition, our Certificate of Incorporation authorizes our Board to designate and issue preferred stock, in one or more series, the terms of which may be determined at the time of issuance by our Board, without further action by shareholders, and may include voting rights, including the right to vote as a series on particular matters, preferences as to dividends and liquidation, conversion, redemption rights, and sinking fund provisions.

*Preferred stock may have a negative impact on other stockholders or the pursuit of certain corporate actions.*

The issuance of any preferred stock could have a material adverse effect on the rights of holders of our common stock, and, therefore, could reduce the value of shares of our common stock. In addition, specific rights granted to future holders of preferred stock could be used to restrict our ability to merge with, or sell our assets to, a third party. The ability of our Board to issue preferred stock could have the effect of rendering more difficult, delaying, discouraging, preventing, or rendering more costly an acquisition of us or a change in our control.

*In the future, there could be government regulations and legal uncertainties that could harm our business.*

Any new legislation or regulation, the application of laws and regulations from jurisdictions whose laws do not currently apply to our business, or the application of existing laws and regulations to the internet and other online services, could have a material adverse effect on our business, prospects, financial condition, and results of operations. The growth and development of the market for mobile commerce may prompt calls for more stringent consumer protection laws to impose additional burdens on companies conducting business online. The adoption of any additional laws or regulations may decrease the growth of the internet, mobile telecommunications or other mobile services, which could, in turn, decrease the demand for our services and increase our cost of doing business, or otherwise have a material adverse effect on our business, prospects, financial condition, and results of operations.

## **ITEM 1B. Unresolved Staff Comments**

We are a “smaller reporting company” as defined by Rule 12b-2 of the Exchange Act and, as such, are not required to provide this information.

## **ITEM 2. Properties**

As of December 31, 2014, we leased one office space facility for our business purposes, our headquarters in Boulder, Colorado. The Boulder, Colorado lease is an annual lease, of 2,303 square feet, expiring on March 31, 2019, with average monthly payments of approximately \$5,690. We sublease portions of the space in our Boulder headquarters to other companies to offset the rent paid directly by NeoMedia.

In February 2014, we entered into an amended lease arrangement for NeoMedia Europe GmbH's office lease. Under the terms of the new arrangement, approximately 125 square meters are leased for a term to expire on March 31, 2015, with a monthly rent of approximately \$2,400.

### **ITEM 3. Legal Proceedings**

From time to time, we are involved in various legal actions arising in the normal course of business, both as claimant and defendant. Although it is not possible to determine with certainty the outcome of these matters, we believe the eventual resolution of any ongoing legal actions is unlikely to have a material impact on our financial position or operating results. In addition to the normal course of business we are engaged in the litigation described below:

***Scanbuy v. NeoMedia***

On March 21, 2014, Scanbuy, Inc. (“Scanbuy”) filed a complaint in the Delaware Court of Chancery alleging, among other claims, that NeoMedia violated the Delaware Deceptive Trade Practices Act, 6 Del. C. § 2532(8), by sending letters to certain of Scanbuy’s customers, which state that the use of NeoMedia’s technology by Scanbuy and its customers constitutes patent infringement. On April 14, 2014, NeoMedia filed a motion to dismiss the complaint on the grounds that venue is improper in Delaware pursuant to a Settlement and License Agreement entered into by NeoMedia and Scanbuy on October 16, 2009. On October 31, 2014, the Court of Chancery granted NeoMedia’s motion to dismiss and Scanbuy’s complaint was dismissed by the court without prejudice. All claims in this case were subsequently settled effective as of December 31, 2014.

***NeoMedia v. Scanbuy***

On May 7, 2014, the Company filed a lawsuit against Scanbuy, Inc. in the U.S. District Court for the Northern District of Georgia, Atlanta Division, styled as NeoMedia Technologies, Inc. v. Scanbuy, Inc., Civil Action No. 1:14-cv-01379-AT (the “Scanbuy Georgia Litigation”). NeoMedia’s Complaint alleged infringement of NeoMedia’s U.S. Patents Numbers 6,199,048 (the “ ‘048 Patent”) and 8,131,597 (the “ ‘597 Patent”) and violations of the Section 43(a) of the Lanham Act. On June 19, 2014, the Company filed an Amended Complaint against Scanbuy, which asserted the same causes of action as in the original Complaint. On June 3, 2014, Scanbuy responded to NeoMedia’s Amended Complaint by filing an Answer and Counterclaims against the Company and a motion to dismiss the Company’s Lanham Act claims. Scanbuy’s Counterclaims against the Company allege, among other claims, claims for breach of non-disclosure agreement and for declaratory judgments that NeoMedia’s ‘048 and ‘597 Patents are not infringed and are invalid. Scanbuy also filed motions requesting the court to transfer the Scanbuy Georgia Litigation to the U.S. District Court for the Southern District of New York. All claims and counterclaims in this case were subsequently settled, effective as of December 31, 2014. On January 30, 2015, the parties filed, and the court entered, a Stipulation and Consent Order of Dismissal with prejudice.

**ITEM 4. Mine Safety Disclosures**

N/A

**PART II****ITEM 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities****Market Information**

Our common stock is quoted on the OTC Markets - OTC PINK under the symbol “NEOM.”

The following table summarizes the high and low bid information of the Company’s common stock for the periods indicated.

|                | High     | Low      |
|----------------|----------|----------|
| 2014:          |          |          |
| Fourth quarter | \$0.001  | \$0.0001 |
| Third quarter  | \$0.0014 | \$0.0001 |
| Second quarter | \$0.0211 | \$0.0013 |
| First quarter  | \$0.0195 | \$0.0075 |
| 2013:          |          |          |
| Fourth quarter | \$0.0018 | \$0.0002 |
| Third quarter  | \$0.0007 | \$0.0001 |
| Second quarter | \$0.0015 | \$0.0003 |
| First quarter  | \$0.0038 | \$0.0010 |

The following table presents certain information with respect to our equity compensation plans as of December 31, 2014:

| Plan Category | Number of securities to be issued upon exercise of outstanding options, warrants and | Weighted-average exercise price of outstanding options, warrants and rights (b) | Number of securities remaining available for future issuance under equity compensation |
|---------------|--|---|--|
|---------------|--|---|--|

|  | <b>rights<br/>(a)</b> |     | <b>plans<br/>(excluding<br/>securities<br/>reflected in<br/>column (a))<br/>(c)</b> |
|--|-----------------------|-----|---|
| Equity compensation plans approved by security holders     | -                     | \$- | -   |
| Equity compensation plans not approved by security holders | -                     | -   | -   |
| Total  | -                     | \$- | -   |

We had five stock option plans – the 2011 Stock Incentive Plan, the 2005 Stock Option Plan, the 2003 Stock Option Plan, the 2003 Stock Incentive Plan, and the 2002 Stock Option Plan. Options issued under these option plans had a term of up to 10 years. Options were granted with a vesting schedule as approved by the Stock Option Committee and/or the Board, but generally the vesting periods ranged from immediate vesting to 5 years. Common shares required to be issued on the exercise of stock options were to be issued from our authorized and unissued shares.

However, we no longer offer stock based compensation as part of our compensation packages for employees, contractors and/or Directors. On October 6, 2014, our Board of Directors elected to terminate all existing Stock Option and Incentive plans due to the significant cost to maintain and report on the plans as they do not achieve the goals intended. Thus, the 2002, 2005 Stock Option Plans and the 2003 Stock Incentive Plan were effectively terminated with no accounting requirements since no options or shares were issued. The 2003 Stock Option Plan with 397,613 options issued was effectively terminated with no accounting requirements as the term of the options have expired or the holders of the options no longer meet the requirements of holding the options due to termination of employment.

The 2011 Stock Plan was effectively terminated subject to the holder's rights to the options remaining open provided they meet the requirements of the options. Per discussion with eligible holders, each holder (current board members or officers and one previous officer of the corporation) waived their rights to exercise of the options.

### **Performance Graph**

We are a "smaller reporting company" as defined by Rule 12b-2 of the Exchange Act and, as such, are not required to provide this information.

### **Recent Sales of Unregistered Securities; Use of Proceeds from Registered Securities**

The Company has had no sales of unregistered securities during the year ended December 31, 2014.

### **Holdings**

On February 17, 2015, the closing price of our common stock as quoted on the OTC Market was \$0.0001 per share and there were 593 shareholders of record. The number of record holders does not include beneficial owners of common stock whose shares are held in the names of banks, brokers, nominees or other fiduciaries.

### **Dividends**

We have not declared or paid any cash dividends and do not foresee paying any cash dividends in the foreseeable future.

## **ITEM 6. Selected Financial Data**

We are a “smaller reporting company” as defined by Rule 12b-2 of the Exchange Act and, as such, are not required to provide this information.

## **ITEM 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations**

### **Introduction**

The following discussion and analysis should be read in conjunction with the Consolidated Financial Statements, and the Notes thereto included in this Report. The information contained below includes statements of management’s beliefs, expectations, hopes, goals and plans that, if not historical, are forward-looking statements subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated in the forward-looking statements. For a discussion on forward-looking statements, see the information set forth in the introductory note to this Report under the caption Note About Forward-Looking Statements, which information is incorporated herein by reference.

### **Overview**

NeoMedia has positioned itself to lead the world in mobile barcode technology and solutions that enable the mobile ecosystem. NeoMedia harnesses the power of the mobile device in innovative ways with state-of-the-art mobile barcode technology. With this technology, mobile devices with cameras become barcode scanners, enabling a range of practical applications including mobile marketing and mobile commerce. In addition, we offer licensing of our extensive intellectual property portfolio. We are focusing our activities primarily in the United States and Europe, although we are also active in other markets via partners or our self-service products.

Our key focus areas are to: 1) maximize our patent portfolio through IP licensing monetization and enforcement; 2) provide services to enterprises, brands and retailers to maximize the reach of our barcode creation and reader solutions; and, 3) partner with key mobile marketing entities to expand the depth of our offering to provide full end-to-end solutions for our customers, as necessary.

NeoMedia has been active in, and strives to be an innovator in, the mobile barcode field since the mid-1990s, and during that time has spearheaded the development of a robust IP portfolio. In September 2011, we announced an agreement with Global IP Law Group to help further monetize our patent portfolio globally. During 2014, we closed over sixty (60) new IP agreements bringing the total quantity of deals closed to close to one hundred (100). In addition, dozens of companies have retained NeoMedia for its QR creation and management services, as a result of our licensing activities.

On the product side of our business, our barcode solutions include our barcode reader (NeoReader and NeoReader SDK) as well as our barcode creation services (NeoSphere and QodeScan). Mobile barcodes continue to be an increasingly important activation element for brands and marketers and we continue to see growth in terms of new customer additions and traffic across our network.

We believe that NeoMedia remains strong and consistent in its approach to market and that we will continue to differentiate ourselves on the basis of our high quality service offerings, our responsive customer service and support organization, our customizable and full service solutions and our robust intellectual property portfolio.

NeoReader has experienced continued growth particularly in enterprise implementations. NeoReader continues to be pre-installed on Sony Mobile devices and is available for download from the key “app stores” including Apple App Store™, Google Play™, Nokia Ovi Store, BlackBerry App World™, Windows® Marketplace, Facebook and Amazon. Our barcode reader has approximately 70+ million installations world-wide. Our reader is offered to consumers free of charge, leveraging an ad supported model. We anticipate the growth in consumer utilization will continue as barcodes continue to be utilized for a wide variety of vertical applications. We also offer NeoReader SDK for enterprise opportunities. Our research suggests that we are one of the few providers in the global ecosystem to offer Aztec code support, in addition to QR, Data Matrix, Code 39, PDF417 and a variety of 1D symbologies on iOS, Android and Windows Phone.

In 2013, we launched QodeScan, our low cost self-service barcode creation product. QodeScan is for those users who don't have high scan volumes but would like the insight into analytics that a managed service provides. In addition to QodeScan, we continue to offer our NeoSphere product intended for enterprises, agencies and other large volume users. We have many Fortune 500 brands using our NeoSphere product in their global barcode operations. Our QR creation services utilize an indirect methodology for our customers, which is also embodied in our intellectual property.



Legal costs continue to be high for us. The costs to maintain our public company status, our IP licensing initiatives, satisfy our investor obligations as well as participate in an unexpected litigation have catapulted our legal fees to approximately 27% of total operating expenses for us in 2014. Unfortunately, this has meant that funds earmarked for sales and marketing investment were spent on legal fees.

### **Critical Accounting Policies and Estimates**

This discussion and analysis of financial condition and results of operations has been prepared by our management based on our consolidated financial statements, which have been prepared in accordance with US GAAP. The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, our management evaluates our critical accounting policies and estimates, including those related to revenue recognition, valuation of accounts receivable, intangible assets, derivative liabilities and contingencies. Estimates are based on historical experience and on various assumptions believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. These judgments and estimates affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the reporting periods.

We consider the following accounting policies important in understanding our operating results and financial condition:

***Intangible Asset Valuation*** – Assessing the valuation of intangible assets is subjective in nature and involves significant estimates and assumptions as well as management’s judgment. We periodically perform impairment tests on our long-lived assets, including our intangible assets, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Long-lived assets are testing for impairment by first comparing the estimated future undiscounted cash flows from a particular asset or asset group to the carrying value. If the expected undiscounted cash flows are greater than the carrying value, no impairment is recognized. If the expected undiscounted cash flows are less than the carrying value, then an impairment charge is recorded for the difference between the carrying value and the expected discounted cash flows. The assumptions used in developing expected cash flow estimates are similar to those used in developing other information used by us for budgeting and other forecasting purposes. In instances where a range of potential future cash flows is possible, we use a probability-weighted approach to weigh the likelihood of those possible outcomes. As of December 31, 2014, we do not believe any of our long-lived assets are impaired.

***Goodwill*** – Our goodwill represents the excess of the purchase price paid for NeoMedia Europe GmbH over the fair value of the identifiable net assets and liabilities acquired, based on an independent appraisal of the assets and liabilities acquired. Goodwill is not amortized but is tested annually for impairment, and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. Goodwill is tested for impairment by comparing the carrying amount of the asset to its fair value, which is estimated through the use of a discounted cash flows model. If the carrying amount exceeds fair value, an impairment loss is recognized for the difference. We performed the two step goodwill impairment test at December 31, 2014 and determined there was impairment of our goodwill as reflected on our balance sheet (\$3,417,912). Our assessment conducted as of December 31, 2014 concluded that on a qualitative and quantitative basis there was impairment of goodwill on our balance sheet.

***Derivative Financial Instruments*** – We do not use derivative financial instruments to hedge exposures to cash-flow risks or market-risks that may affect the fair values of our financial instruments. However, certain financial instruments, such as warrants and the embedded conversion features of our convertible preferred stock and convertible debentures, which are indexed to our common stock, are classified as liabilities when either (a) the holder possesses rights to net-cash settlement or (b) physical or net-share settlement is not within our control. In such instances, net-cash settlement is assumed for financial accounting and reporting purposes, even when the terms of the underlying contracts do not provide for net-cash settlement. Derivative financial instruments are initially recorded, and continuously carried, at fair value. Determining the fair value of these complex derivative financial instruments involves judgment and the use of certain relevant assumptions including, but not limited to, interest rate risk, credit risk, and equivalent volatility and conversion/redemption privileges. The use of different assumptions could have a material effect on the estimated fair value amounts.

For our convertible debentures, we have elected not to separately account for the embedded conversion feature as a derivative instrument but to account for the entire hybrid instrument at fair value in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“FASB ASC”) 815, *Derivatives and*

*Hedging.* For our convertible preferred stock, the underlying instruments are carried at amortized cost and the embedded conversion feature is accounted for separately at fair value in accordance with FASB ASC 815-40-05 and FASB ASC 815-40-15.

***Financial Instruments and Concentration of Credit Risk*** – We believe the carrying values of our financial instruments consisting of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses, derivative financial instruments, other current liabilities, convertible preferred stock, and convertible debenture financings approximate their fair values due to their short-term nature, or because they are carried at fair value.

***Revenue Recognition*** – We derive revenues from the following primary sources: (1) license fees relating to intellectual property, and (2) software and service revenues related to mobile marketing barcode management, barcode readers and custom developed software.

We recognized revenue when: (a) persuasive evidence of the sales arrangement exists, (b) the arrangement fee is fixed or determinable, (c) service delivery or performance has occurred, (d) customer acceptance has been received, if contractually required, and (e) collectability of the arrangement fee is probable. Revenue associated with licensing agreements primarily consists of non-refundable upfront license fees. Non-refundable upfront license fees received under license agreements, whereby continued performance or future obligations are considered inconsequential to the relevant license technology, are recognized as revenue upon delivery of the technology. We typically use signed contractual agreements as persuasive evidence of a sales arrangement.

If at the inception of an arrangement the fee is not fixed or determinable, we defer revenue until the arrangement fee becomes due and payable. If we determine collectability is not probable, we defer revenue until we receive payment or collection becomes probable, whichever is earlier. The determination of whether fees are collectible requires judgment of our management, and the amount and timing of revenue recognition may change if different assessments are made.

***Contingencies*** – From time to time, we are involved in various legal actions arising in the normal course of business, both as claimant and defendant. Although it is not possible to determine with certainty the outcome of these matters, we believe the eventual resolution of any ongoing legal actions is unlikely to have a material impact on our financial position or operating results. If the resolution of ongoing legal actions is not in our favor, our financial position and operating results could be materially adversely impacted.

***Income Tax Valuation Allowance*** – Deferred tax assets are reduced by a valuation allowance when, in the opinion of our management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. We recorded a 100% valuation allowance at December 31, 2014 and 2013.

## **Results of Operations**

### **Income (Loss) from Operations**

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The following table sets forth certain data derived from our consolidated statements of operations (in thousands):

|                                     | Year Ended December 31, |                    |
|-------------------------------------|-------------------------|--------------------|
|                                     | 2014                    | 2013<br>(Restated) |
| Revenues                            | \$ 3,512                | \$ 5,024           |
| Cost of revenues                    | (628 )                  | (731 )             |
| Gross profit                        | 2,884                   | 4,293              |
| Sales and marketing expenses        | (101 )                  | (286 )             |
| General and administrative expenses | (2,321 )                | (2,549 )           |
| Research and development costs      | (390 )                  | (717 )             |
| Impairment loss on goodwill         | (3,418 )                | -                  |
| Other operating income              | -                       | 229                |
| Income (loss) from operations       | \$ (3,346 )             | \$ 970             |

**Revenues.** Revenues for the years ended December 31, 2014 and 2013 were \$3,512,000 and \$5,024,000, respectively, a decrease of \$1,512,000, or 30%. The decrease in revenues are primarily attributable to a lower average price on IP agreements and fewer NeoReader SDK deals.

**Cost of Revenues.** Cost of revenues was \$628,000 for the year ended December 31, 2014 compared with \$731,000 in the prior year, a decrease of \$103,000 or 14%. Cost of revenues primarily relates to third party professional fees incurred in connection with the sale of our IP licenses. Cost of revenues typically varies in a manner consistent with changes in our IP agreement revenues.

**Sales and Marketing.** Sales and marketing expenses were \$101,000 and \$286,000 for the years ended December 31, 2014 and 2013, respectively, a decrease of \$185,000, or 65%. The decrease in sales and marketing expenses is due to cost containment efforts. We expect sales and marketing expenses will increase in future periods as we continue to develop and execute on our business goals.

**General and Administrative.** General and administrative expenses were \$2,321,000 and \$2,549,000 for the years ended December 31, 2014 and 2013, respectively, a decrease of \$228,000, or 9%. Costs declined due to continued efforts to contain expenses and identify improved efficiencies in performing the general and administrative functions of the Company. The expense reductions are related to various items including lower personnel costs and lower service provider costs, such as accounting and legal related fees.

**Research and Development.** Research and development expenses were \$390,000 and \$717,000 for the years ended December 31, 2014 and 2013, respectively, a decrease of \$327,000, or 46%. Research and development expenses decreased as we focused our development efforts in our 2D Core services and subsequently launched our QodeScan self-service barcode management platform, resulting in a reduced requirement for ongoing development services.

**Goodwill.** We performed the two step goodwill impairment test at December 31, 2014 and determined there was impairment of our goodwill as reflected on our balance sheet (\$3,418,000). Our assessment conducted as of December 31, 2014 concluded that on a qualitative and quantitative basis there was impairment of goodwill and reflected an impairment loss of \$3.418 million.

**Other Operating Income.** The \$229,000 of other operating income realized during the year ended December 31, 2013 primarily related to an arbitration proceeding and settlement in our favor. There was no Other Operating Income in 2014.

**Other Income (Expense)**

The following table sets forth certain data derived from our consolidated statements of operations (in thousands):

|  | Year Ended December 31, |            |
|--|-------------------------|------------|
|  | 2014                    | 2013       |
|  |                         | (Restated) |
| Gain (loss) from change in fair value of hybrid financial instruments                                  | \$ (4,173 )             | \$ 21,809  |
| Gain from change in fair value of derivative liability – warrants                                      | 618                     | 3,067      |
| Gain from change in fair value of derivative liability - Series C and D preferred stock and debentures | 289                     | 1,841      |
| Gain (loss) on extinguishment of debt  | 4,247                   | 53         |
| Interest income (expense), net   |                         | 16         |
| Gain (loss) on liquidation of investment in foreign subsidiary   | (102 )                  |            |
| Total other expense  | \$ 879                  | \$ 26,786  |

***Gain (Loss) from Change in Fair Value of Hybrid Financial Instruments.*** We carry our debentures at fair value in accordance with the applicable accounting codification and do not separately account for the embedded conversion feature. The change in the fair value of these liabilities includes changes in the value of the accrued interest due under these instruments, as well as changes in the fair value of the common stock underlying the instruments. For year ended December 31, 2014 and 2013, the liability related to these hybrid instruments fluctuated resulting in a loss of \$4.2 million and a gain of \$21.8 million, respectively. See Note 4 within the Notes to Consolidated Financial Statements for additional detailed discussion.

***Gain from Change in Fair Value of Derivative Liability – Warrants.*** We account for our outstanding common stock warrants that were issued in connection with our preferred stock and debentures at fair value. For the years ended December 31, 2014 and 2013, the liability related to these instruments fluctuated, resulting in gains of \$618,000 and \$3.1 million, respectively. See Note 4 within the Notes to Consolidated Financial Statements for additional detailed discussion.

***Loss from Change in Fair Value of Derivative Liability – Series C and D Preferred Stock and Debentures.*** For our Series C and D Preferred Stock, and certain of our debentures, we account for the embedded conversion feature separately as a derivative financial instrument. We carry these derivative financial instruments at fair value. For the year ended December 31, 2014 and 2013, the liability related to these hybrid instruments fluctuated, resulting in a gain of \$289,000 and \$1.8 million, respectively. See Note 4 within the Notes to Consolidated Financial Statements for additional detailed discussion.

The changes in the fair values of our hybrid and derivative financial instruments were primarily the result of fluctuations in the value of our common stock during the period as well as changes in the terms of the related financial instruments. Because our common stock price has been volatile and our hybrid and derivative financial instruments include variable discount conversion prices, further fluctuations in the market price of our common stock could cause the fair value of these instruments to be volatile and increase or decrease significantly in the future, resulting in future significant gains and losses from the change in the fair value of the instruments.

***Gain (Loss) on Extinguishment of Debt.*** During the year ended December 31, 2014, we modified and consolidated our outstanding debentures resulting in a \$4.2 million gain on extinguishment.

***Interest Income (Expense), Net.*** The \$16,000 of net interest income reported for the year ended December 31, 2013 primarily relates to interest accrued on payments received in connection with an arbitration proceeding that settled in our favor during the year.



***Gain (loss) on Liquidation of Investment in Foreign Subsidiary.*** The \$102,000 loss is related to the initiation of the liquidation of our investment in a foreign subsidiary.

### **Other Comprehensive Income (Loss)**

For the year ended December 31, 2014, there were no comprehensive gains or losses as compared to other comprehensive gains of \$133,000 for 2013. The other comprehensive gains in 2013 were due to the impact of fluctuations in currency exchange rates associated with our translation of the NeoMedia Europe GmbH subsidiary financial statements from its local currency, the Euro, to U.S. dollars. We determined during the third quarter of 2013 that the functional currency of the foreign subsidiary changed to the U.S. dollar and as a result of the change in functional currency, translation gains and losses associated with the conversion of the NeoMedia Europe GmbH financial statements are recorded in our results from operations rather than through other comprehensive income (loss) effective July 1, 2013. As indicated above, the liquidation of an investment in a foreign subsidiary eliminates any comprehensive gain or loss during the year in which liquidation becomes a material factor.

### **Income Tax Benefit**

During the year ended December 31, 2013, we determined that a deferred tax liability previously estimated to be realized by NeoMedia Europe GmbH should be reduced to zero based on certain economic changes of the subsidiary during 2013. The economic changes included, but were not limited to, the termination of its hardware business and related sales activities that allowed it to generate revenue independently in the local market or otherwise, and the completion of a repositioning of the subsidiary from a self-contained, revenue generating operation to a cost center primarily focused on research and development. As a result of the change in estimate, we recorded an income tax benefit of \$706,000 to reduce the deferred tax liability to zero.

**Liquidity**

|   | Year Ended December 31, |           |
|---|-------------------------|-----------|
|   | 2014                    | 2013      |
|   | (in thousands)          |           |
| Cash and cash equivalents                 | \$ 75                   | \$ 267    |
| Net cash used in operating activities     | \$ (378 )               | \$ (399 ) |
| Net cash provided by investing activities | -                       | -         |
| Net cash provided by financing activities | 186                     | 56        |
| Effect of exchange rate changes on cash   | -                       | (1 )      |
| Net change in cash and cash equivalents   | \$ (192 )               | \$ (344 ) |

We funded our liquidity requirements in 2014 with existing cash resources as well as financing (\$242,000) from YA Global to meet short term cash needs related to legal expenses. As of December 31, 2014, we had \$75,000 in cash and cash equivalents.

**Going Concern**

We have historically incurred operating losses, and we may continue to generate negative cash flows as we implement our business plan for 2015. There can be no assurance that our continuing efforts to execute our business plan will be successful and that we will be able to continue as a going concern. The accompanying consolidated financial statements have been prepared in conformity with US GAAP, which contemplates our continuation as a going concern. Our net loss for the year ended December 31, 2014 was \$2.4 million as compared to net income of \$28.5 million for the year ended December 31, 2013. The operating results for the year ended December 31, 2014 included \$3.3 million of net losses related to financing instruments including a net gain of \$4.2 million from a gain on extinguishment of debt and the operating results for the year ended December 31, 2013 included \$26.7 million of net gains related to financing instruments.

Net cash used in operations during the year ended December 31, 2014 and 2013 was \$0.4 million for each period. As of December 31, 2014, we have an accumulated deficit of \$239.3 million. We also have a working capital deficit of \$39.2 million, including \$37.4 million in current liabilities for our derivative and debenture financing instruments which are due August 1, 2015 and for which we do not have the necessary capital to re-pay.

We currently do not have sufficient cash or commitments for financing to sustain our operations for the next twelve months if we are unable to generate sufficient cash flows from operations. Our plan continues to be to develop new

client and customer relationships and substantially increase our revenue derived from our products/services and IP licensing. If our revenues do not reach the level anticipated in our plan, we may require additional financing in order to execute our operating plan. If additional financing is required, we cannot predict whether this additional financing will be in the form of equity, debt, or another form, and we may not be able to obtain the necessary additional capital on a timely basis, on acceptable terms, or at all. In the event that financing sources are not available, or that we are unsuccessful in increasing our revenues and profits, we may be unable to implement our current plans for expansion, repay our debt obligations or respond to competitive pressures, any of which would have a material adverse effect on our business, prospects, financial condition and results of operations.

The convertible debentures and preferred stock used to finance the Company, which may be converted into common stock at the sole option of the holders, have a highly dilutive impact when they are converted, greatly increasing the number of shares of common stock outstanding. During 2014, there were 3,834 million shares of common stock issued for these conversions. We cannot predict if or when each holder may or may not elect to convert into shares of common stock.

## Significant Liquidity Events

**Financing Provided By YA Global.** In 2014, we received funding from YA Global totaling \$242,000.

Since July 2012, we have not received any new convertible debenture based financing from YA Global. However, as described below, the outstanding convertible debentures were consolidated into six secured convertible debentures.

At December 31, 2014, financial instruments arising from our financing transactions with YA Global, included shares of our Series C preferred stock issued in February 2006, Series D preferred stock issued in January 2010, a series of six consolidated secured convertible debentures (the “Consolidated Debentures”) issued July 1, 2013 and various warrants to purchase shares of our common stock. All of our assets are pledged to secure our obligations under the debt securities. At various times, YA Global has assigned or distributed portions of its holdings of these securities to other holders, including persons who are officers of YA Global and its related entities, as well as to other holders who are investors in YA Global’s funds. The rights of the assignees of the YA Global holdings are bound by the terms of the financial instruments held by YA Global, and amendments to the terms of the financial instruments held by YA Global could also impact the terms of the financial securities held by the assignees.

We had originally entered into financing transactions with YA Global, which included a series of twenty-seven secured convertible debentures issued between August 2006 and July 2012. Effective July 1, 2013, the terms of the debentures held by YA Global were modified to consolidate the principal and interest amounts outstanding under all of the outstanding secured convertible debentures previously issued by us to YA Global, such that, upon the issuance of the Consolidated Debentures and cancellation of the prior debentures, the amount of outstanding debentures issued to YA Global decreased from twenty-seven to six debentures. The maturity dates of these secured convertible debentures were also extended from August 1, 2014 to August 1, 2015.

The underlying agreements for each of the Consolidated Debentures are very similar in form. The Consolidated Debentures are convertible into our common stock, at the option of the holder, at the lower of a fixed conversion price per share or a percentage of the lowest volume-weighted average price (“VWAP”) for a specified number of days prior to the conversion (the “look-back period”). The conversion is limited such that the holder cannot exceed 9.99% ownership of the outstanding common stock, unless the holder waives their right to such limitation. All of the debentures are secured according to the terms of a Security Pledge Agreement dated August 23, 2006, which was entered into in connection with the first convertible debenture issued to YA Global and which provides YA Global with a security interest in substantially all of our assets. The debentures are also secured by a Patent Security Agreement dated July 29, 2008. On August 13, 2010, our wholly owned subsidiary, NeoMedia Europe GmbH, became a guarantor of all outstanding financing transactions between us and YA Global, through pledges of their intellectual property and other movable assets. As security for our obligations to YA Global, all of our Pledged Property, Patent Collateral and other collateral is affirmed through the several successive Ratification Agreements executed in connection with each of the 2010, 2011 and 2012 financings. The 2013 modification and consolidation of

the outstanding secured convertible debentures as well as the execution of an Amended and Restated Patent Security Agreement in October 2013 reaffirmed the Pledged Property, Patent Collateral and other collateral pledged as security for our obligations to YA Global.

YA Global holds warrants to purchase shares of our common stock that were issued in connection with the convertible debentures and the Series C and Series D preferred stock. The warrants are exercisable at a fixed exercise price which, from time to time, has been reduced due to anti-dilution provisions when we have entered into subsequent financing arrangements with a lower price. The exercise prices may be reset again in the future if we subsequently issue stock or enter into a financing arrangement with a lower price. In addition, upon each adjustment in the exercise price, the number of warrant shares issuable is adjusted to the number of shares determined by multiplying the warrant exercise price in effect prior to the adjustment by the number of warrant shares issuable prior to the adjustment divided by the warrant exercise price resulting from the adjustment.

See Note 4 within the Notes to Consolidated Financial Statements for additional detailed discussion on our financings.

### **Contractual Obligations**

We are a “smaller reporting company” as defined by Rule 12b-2 of the Exchange Act and, as such, are not required to provide this information.

### **Recently Issued Accounting Standards**

See Recent Accounting Pronouncements in Note 2 - Summary of Significant Accounting Policies within the Notes to Consolidated Financial Statements.

### **Off-Balance Sheet Arrangements**

We are not currently engaged in the use of off-balance sheet derivative financial instruments to hedge or partially hedge interest rate exposure nor do we maintain any other off-balance sheet arrangements for the purpose of credit enhancement, hedging transactions, or other financial or investment purposes.

### **ITEM 7A. Quantitative and Qualitative Disclosures about Market Risk**

We are a “smaller reporting company” as defined by Rules 12b-2 of the Exchange Act and, as such, are not required to provide this information.

**ITEM 8. Financial Statements and Supplementary Data**

Index to Consolidated Financial Statements

|   | <b>Page</b> |
|---|-------------|
| <u>Reports of Independent Registered Public Accounting Firms</u>  | 22          |
| <u>Consolidated Balance Sheets at December 31, 2014 and 2013</u>  | 24          |
| <u>Consolidated Statements of Operations and Comprehensive (Loss)/Income for the years ended December 31, 2014 and 2013</u> | 25          |
| <u>Consolidated Statement of Shareholders' Deficit for the years ended December 31, 2014 and 2013</u>                       | 26          |
| <u>Consolidated Statements of Cash Flows for the years ended December 31, 2014 and 2013</u>                                 | 27          |
| <u>Notes to Consolidated Financial Statements</u>   | 28          |

Page 21

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

*To the Board of Directors and Shareholders of NeoMedia Technologies, Inc.*

*We have audited the accompanying consolidated balance sheet of NeoMedia Technologies, Inc. (the "Company") as of December 31, 2014, and the related consolidated statements of operations and comprehensive income (loss), shareholders' deficit, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.*

*We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.*

*In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NeoMedia Technologies, Inc. as of December 31, 2014, and the results of its operations and its cash flows for year ended December 31, 2014, in conformity with accounting principles generally accepted in the United States of America.*

*As discussed in Note 2 to the financial statements, the Company restated their December 31, 2013 financial statements as a result of the correction of errors related to the application of certain assumptions used in the Company's fair value measurement of the derivative financial instruments and debentures payable. Our opinion is not modified with respect to that matter.*

*The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has suffered recurring losses from operations, has significant working capital and shareholder deficits and may have ongoing requirements for additional capital investment. These factors raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.*



*/s/ Eide Bailly LLP*

*Greenwood Village, Colorado  
March 2, 2015*

Page 22

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

*To the Board of Directors and Shareholders of NeoMedia Technologies, Inc.:*

*We have audited the accompanying consolidated balance sheet of NeoMedia Technologies, Inc. (the "Company"), as of December 31, 2014, and the related consolidated statements of operations and comprehensive loss, shareholders' deficit and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.*

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

*In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2013, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.*

*The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to such financial statements, the Company has suffered recurring losses from operations, has significant working capital and shareholder deficits and may have ongoing requirements for additional capital investment. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.*

*As discussed in Note 2 to the Financial Statements, the entity's 2013 fair value accounting of derivative financial instruments and debentures payable previously reported as \$284,576,000 should have been \$42,001,000. This discovery was made subsequent to the issuance of the financial statements. The financial statements have been restated to reflect this correction.*

*/s/ StarkSchenkein, LLP*

*Denver, CO*

*March 17, 2014 except for Note 2, Restatement to 2013 Reporting, as to which date is September 19, 2014*

Page 23

**NeoMedia Technologies, Inc.****Consolidated Balance Sheets**

(in thousands, except share data)

|  | December 31,<br>2014 | December 31,<br>2013<br>(Restated) |
|--|----------------------|------------------------------------|
| <b>ASSETS</b>  |                      |                                    |
| Current assets:  |                      |                                    |
| Cash and cash equivalents  | \$ 75                | \$ 267                             |
| Accounts receivable  | 214                  | 295                                |
| Prepaid expenses and other current assets  | 32                   | 107                                |
| Total current assets   | 321                  | 669                                |
| Property and equipment, net  | -                    | 5                                  |
| Goodwill   | -                    | 3,418                              |
| Patents and other intangible assets, net   | 947                  | 1,213                              |
| Other long-term assets   | 16                   | -                                  |
| Total assets   | \$ 1,284             | \$ 5,305                           |
| <b>LIABILITIES AND SHAREHOLDERS' DEFICIT</b>   |                      |                                    |
| Current liabilities:   |                      |                                    |
| Accounts payable   | \$ 463               | \$ 236                             |
| Accrued expenses   | 303                  | 291                                |
| Deferred revenues and customer prepayments   | 1,151                | 2,252                              |
| Note payable   | 242                  | 56                                 |
| Derivative financial instruments – warrants  | 2                    | 620                                |
| Derivative financial instruments - Series C and D preferred stock and debentures payable   | 6                    | 296                                |
| Debentures payable - carried at fair value   | 37,384               | 38,250                             |
| Total current liabilities  | 39,551               | 42,001                             |
| Commitments and contingencies (Notes 2, 4, 8)  |                      |                                    |
| Series C convertible preferred stock, \$0.01 par value, 27,000 shares authorized, 4,332 and 4,816 shares issued and outstanding, liquidation value of \$4,332 and \$4,816 as of December 31, 2014 and 2013, respectively | 4,332                | 4,816                              |
| Series D convertible preferred stock, \$0.01 par value, 25,000 shares authorized, 3,481 and 3,481 shares issued and outstanding, liquidation value of \$348 and \$348 as of December 31, 2014 and 2013, respectively     | 348                  | 348                                |
| Shareholders' deficit:   |                      |                                    |
| Common stock, no par value, 7,500,000,000 shares authorized, 4,166,142,620 and 332,321,818 shares issued and outstanding as of December 31, 2014 and 2013, respectively  | 4,985                | 4,985                              |

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|   |          |   |            |
|---|----------|---|------------|
| Additional paid-in capital                            | 192,224  |   | 190,946    |
| Accumulated deficit                                   | (239,377 | ) | (236,910 ) |
| Accumulated other comprehensive loss                  | -        |   | (102 )     |
| Treasury stock, at cost, 2,012 shares of common stock | (779     | ) | (779 )     |
| Total shareholders' deficit                           | (42,947  | ) | (41,860 )  |
| Total liabilities and shareholders' deficit           | \$ 1,284 |   | \$ 5,305   |

See accompanying notes.

Page 24

**NeoMedia Technologies, Inc.****Consolidated Statements of Operations and Comprehensive Income (Loss)**

(in thousands, except share and per share data)

|  | Year Ended December 31, |                    |
|--|-------------------------|--------------------|
|  | 2014                    | 2013<br>(Restated) |
| Revenues   | \$3,512                 | \$5,024            |
| Cost of revenues   | (628)                   | (731)              |
| Gross profit   | 2,884                   | 4,293              |
| Operating expenses:  |                         |                    |
| Sales and marketing expenses   | (101)                   | (286)              |
| General and administrative expenses  | (2,321)                 | (2,549)            |
| Research and development costs   | (390)                   | (717)              |
| Charge for goodwill impairment   | (3,418)                 | -                  |
| Other operating income   | -                       | 229                |
| Total operating expenses   | (6,230)                 | (3,323)            |
| Income (loss) from operations  | (3,346)                 | 970                |
| Other income (expense):  |                         |                    |
| Gain (loss) from change in fair value of hybrid financial instruments                                  | (4,173)                 | 21,809             |
| Gain from change in fair value of derivative liability - warrants                                      | 618                     | 3,067              |
| Gain from change in fair value of derivative liability - Series C and D preferred stock and debentures | 289                     | 1,841              |
| Gain on extinguishment of debt   | 4,247                   | 53                 |
| Loss on liquidation of investment in foreign subsidiary  | (102)                   | -                  |
| Interest income, net   | -                       | 16                 |
| Total other expense  | 879                     | 26,786             |
| Net income (loss) before taxes   | (2,467)                 | 27,756             |
| Income tax benefit   | -                       | 706                |
| Net income (loss)  | \$(2,467)               | \$28,462           |
| Deemed dividends on convertible preferred stock  | -                       | (16)               |
| Deemed dividends on convertible debentures   | -                       | (726)              |
| Net income/(loss) available to common shareholders   | \$(2,467)               | \$27,720           |

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|   |               |             |
|---|---------------|-------------|
| Comprehensive income (loss):                    |               |             |
| Net income                                      | \$(2,467      | ) \$28,462  |
| Foreign currency translation adjustment         |               | 133         |
| Comprehensive income (loss)                     | \$(2,467      | ) \$28,595  |
| Net income per common share, basic and diluted: |               |             |
| Basic   | \$(0.00       | ) \$0.10    |
| Fully diluted                                   | \$(0.00       | ) \$0.10    |
| Weighted average number of common shares:       |               |             |
| Basic   | 1,585,816,122 | 274,625,840 |
| Fully diluted                                   | 1,585,816,122 | 274,625,840 |

See accompanying notes.

**NeoMedia Technologies, Inc.****Consolidated Statements of Shareholders' Deficit**

(In thousands, except share data)

|  | Common Stock<br>(Reflects 15 to 1 reverse<br>split) |          |                                  | Treasury Stock         |   |        |           | Total<br>Shareholders'<br>Deficit |
|--|---|----------|----------------------------------|------------------------|---|--------|-----------|-----------------------------------|
|  | Shares  | Amount   | Additional<br>Paid-in<br>Capital | Accumulated<br>Deficit | Accumulated<br>Other<br>Comprehensive<br>Loss | Shares | Amount    |                                   |
| Balance, December 31, 2012                                 | 140,402,392   | \$ 2,106 | \$ 188,814                       | \$ (264,630 )          | \$ (235 )                                     | 2,012  | \$ (779 ) | \$ (74,724 )                      |
| Shares issued upon conversions of Series C preferred stock | 2,749,140   | 41       | 10                               | -                      | -   | -      | -         | 51                                |
| Shares issued upon conversions of convertible debentures   | 189,170,285   | 2,838    | 2,121                            | -                      | -   | -      | -         | 4,959                             |
| Deemed dividend on Series C preferred stock                | -   | -        | -                                | (16 )                  | -   | -      | -         | (16 )                             |
| Deemed dividend on convertible debentures                  | -   | -        | -                                | (726 )                 | -   | -      | -         | (726 )                            |
| Stock-based compensation expense                           | -   | -        | 1                                | -                      | -   | -      | -         | 1                                 |
| Comprehensive income – foreign currency translation        | -   | -        | -                                | -                      | 133   | -      | -         | 133                               |
| Net income   | -   | -        | -                                | 28,462                 | -   | -      | -         | (214,113 )                        |
| Balance, December 31, 2013 (Restated)                      | 332,321,818   | 4,985    | 190,946                          | (236,910 )             | (102 )  | 2,012  | (779 )    | (41,860 )                         |
| Shares issued upon conversions of Series C preferred       | 1,145,475,982                                       | 0        | 484                              | -                      | -   | -      | -         | 484                               |



stock

|  |               |          |            |               |      |       |           |              |
|--|---------------|----------|------------|---------------|------|-------|-----------|--------------|
| Shares issued upon conversions of convertible debentures       | 2,688,344,819 | 0        | 794        | -             | -    | -     | -         | 794          |
| Stock-based compensation expense                               | -             | -        | -          | -             | -    | -     | -         | -            |
| Comprehensive income – foreign currency translation adjustment | -             | -        | -          | -             | 102  | -     | -         | 102          |
| Net loss   | -             | -        | -          | (2,467 )      | -    | -     | -         | (2,467 )     |
| Balance, December 31, 2014                                     | 4,166,142,620 | \$ 4,985 | \$ 192,224 | \$ (239,377 ) | \$ - | 2,012 | \$ (779 ) | \$ (42,947 ) |

See accompanying notes.

Page 26

**NeoMedia Technologies, Inc.****Consolidated Statements of Cash Flows**

(In thousands)

|  | Year Ended December 31, |                    |
|--|-------------------------|--------------------|
|  | 2014                    | 2013<br>(Restated) |
| <b>Cash Flows from Operating Activities:</b>   |                         |                    |
| Net income   | \$ (2,467 )             | \$ 28,462          |
| Adjustments to reconcile net loss to net cash used in operating activities:                            |                         |                    |
| Depreciation and amortization  | 271                     | 410                |
| Gain on extinguishment of debt   | (4,247 )                | (53 )              |
| Loss (gain) from change in fair value of hybrid financial instruments                                  | 4,173                   | (21,809 )          |
| Gain from change in fair value of derivative liability – warrants                                      | (618 )                  | (3,067 )           |
| Gain from change in fair value of derivative liability - Series C and D preferred stock and debentures | (289 )                  | (1,841 )           |
| Impairment loss on goodwill  | 3,418                   | -                  |
| Deferred taxes   | -                       | (706 )             |
| Stock-based compensation expense   | -                       | 1                  |
| Loss on liquidation of foreign investment  | 102                     | -                  |
| Changes in operating assets and liabilities:   |                         |                    |
| Accounts receivable  | 81                      | (68 )              |
| Prepaid expenses and other assets  | 58                      | 84                 |
| Accounts payable and accrued liabilities   | 241                     | (331 )             |
| Deferred revenue and other current liabilities   | (1,101 )                | (1,481 )           |
| Net cash used in operating activities  | (378 )                  | (399 )             |
| <b>Cash Flows from Investing Activities:</b>   |                         |                    |
| Net cash provided by investing activities  | -                       | -                  |
| <b>Cash Flows from Financing Activities:</b>   |                         |                    |
| Borrowings under short-term notes payable  | 242                     | 110                |
| Payments on short-term notes payable   | (56 )                   | (54 )              |
| Net cash provided by financing activities  | 186                     | 56                 |
| Effect of exchange rate changes on cash  | -                       | (1 )               |
| Net change in cash and cash equivalents  | (192 )                  | (344 )             |
| Cash and cash equivalents, beginning of year   | 267                     | 611                |
| Cash and cash equivalents, end of year   | \$ 75                   | \$ 267             |
| <b>Supplemental cash flow information:</b>   |                         |                    |
| Interest paid  | \$ -                    | \$ 5               |

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|  |        |          |
|--|--------|----------|
| Income taxes paid                                      | \$ -   | \$ -     |
| Non-cash Investing and Financing Activities:           |        |          |
| Series C preferred stock converted to common stock     | \$ 484 | \$ 51    |
| Series D preferred stock converted to common stock     | \$ -   | \$ -     |
| Convertible debentures converted to common stock       | \$ 794 | \$ 4,959 |
| Deemed dividend on Series C preferred stock conversion | \$ -   | \$ 16    |
| Deemed dividend on convertible debentures conversion   | \$ -   | \$ 726   |

See accompanying notes.

Page 27

**NeoMedia Technologies, Inc.**

**Notes to Consolidated Financial Statements**

**Note 1 – General**

**Business** – NeoMedia, a Delaware corporation, was founded in 1989 and is headquartered in Boulder, Colorado. We have positioned ourselves to lead the development of 2D mobile barcode technology and services solutions that enable the mobile barcode ecosystem world-wide. NeoMedia harnesses the power of the mobile phone in innovative ways with state-of-the-art mobile barcode technology solutions. With this technology, mobile devices with cameras become barcode scanners, and this enables a range of practical applications including mobile marketing and mobile commerce. In addition, we offer licensing of our extensive intellectual property portfolio.

**Note 2 – Summary of Significant Accounting Policies**

The accompanying audited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“US GAAP”). All normal adjustments considered necessary for a fair presentation have been included.

**Basis of Presentation** – The consolidated financial statements include the accounts of NeoMedia Technologies, Inc. and our wholly-owned subsidiary (collectively herein referred to as “NeoMedia,” the “Company,” “we,” “us,” “our,” and similar terms). We operate as one reportable segment. All intercompany accounts, transactions and profits have been eliminated in consolidation.

**Use of Estimates** – The preparation of consolidated financial statements in conformity with US GAAP 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 period. Changes in facts and circumstances may result in revised estimates, which are recorded in the period in which they become known.

**Going Concern** – We have historically incurred operating losses, and we may continue to generate negative cash flows as we implement our business plan for 2015. There can be no assurance that our continuing efforts to execute our business plan will be successful and that we will be able to continue as a going concern. The accompanying consolidated financial statements have been prepared in conformity with US GAAP, which contemplates our

continuation as a going concern. Our net loss for the year ended December 31, 2014 was \$2.4 million as compared to net income of \$28.5 million for the year ended December 31, 2013. The operating results for the year ended December 31, 2014 included \$3.3 million of net losses related to financing instruments and net gain of \$4.2 million, from a gain on extinguishment of debt and the operating results for the year ended December 31, 2013 included \$26.7 million of net gains related to financing instruments.

Net cash used in operations during the years ended December 31, 2014 and 2013 was \$0.4 million in each period. As of December 31, 2014, we have an accumulated deficit of \$239.4 million. We also have a working capital deficit of \$39.2 million, including \$37.4 million in current liabilities for our derivative and debenture financing instruments which are due August 1, 2015 and for which we do not have the necessary capital to re-pay.

We currently do not have sufficient cash or commitments for financing to sustain our operations for the next twelve months if we are unable to generate sufficient cash flows from operations. Our plan continues to be to develop new client and customer relationships and substantially increase our revenue derived from our products/services and IP licensing. If our revenues do not reach the level anticipated in our plan, we may require additional financing in order to execute our operating plan. If additional financing is required, we cannot predict whether this additional financing will be in the form of equity, debt, or another form, and we may not be able to obtain the necessary additional capital on a timely basis, on acceptable terms, or at all. In the event that financing sources are not available, or that we are unsuccessful in increasing our revenues and profits, we may be unable to implement our current plans for expansion, repay our debt obligations or respond to competitive pressures, any of which would have a material adverse effect on our business, prospects, financial condition and results of operations.

The convertible debentures and preferred stock used to finance the Company, which may be converted into common stock at the sole option of the holders, have a highly dilutive impact when they are converted, greatly increasing the number of shares of common stock outstanding. During 2014, there were 3,834 million shares of common stock issued for these conversions. We cannot predict if or when each holder may or may not elect to convert into shares of common stock.

**Restatement to 2013 Reporting** – As noted above and disclosed initially in our Periodic Report on Form 8-K on July 29, 2014, during the year ended December 31, 2013, for fair value accounting of the derivative financial instruments and debentures payable, we reassessed the valuation techniques used to estimate the liability fair values. Based on the assessment, including discussions with the third-party valuation firm assisting us with the calculation, we determined that the valuation technique should be modified to consider the potentially dilutive impact on the stock price resulting from the issuance of additional shares of common stock upon the conversion of the instruments as well as the resulting value in comparison to our market capitalization.

As filed on our Form 10-K/A on September 19, 2014, we restated our December 31, 2013 Balance Sheet as it pertains to the Fair Value of our Warrants, Preferred Series C & D and Convertible Debentures to amounts as stated below from how they were reported as of December 31, 2013 in our 10-K (in thousands):

|   | December 31, 2013<br>(as previously reported) | Adjustments   | December 31, 2013<br>(Restated) |
|---|---|---------------|---------------------------------|
| Derivative Financial Instruments – warrants       | \$ 684  | \$ (64 )      | \$ 620                          |
| Derivative Financial Instruments – Series C and D | \$ 23,606                                     | \$ (23,310 )  | \$ 296                          |
| Debentures payable – carried at fair value        | \$ 257,451                                    | \$ (219,201 ) | \$ 38,250                       |
| Total Liabilities                                 | \$ 284,576                                    | \$ (242,575 ) | \$ 42,001                       |
| Accumulated Deficit                               | \$ (479,485                                   | ) \$ 242,575  | \$ (236,910 )                   |
| Total shareholders' deficit                       | \$ (284,435                                   | ) \$ 242,575  | \$ (41,860 )                    |

The table below reflects the changes in restating the statement of operations for the year ended December 31, 2013 (in thousands):

|   | Year Ended<br>December<br>31, 2013<br>(as previously<br>reported) | Adjustments  | Year Ended<br>December 31,<br>2013<br>(Restated) |
|---|---|--------------|--|
| Gain (loss) from change in fair value of hybrid financial instruments | \$ (197,392   | ) \$ 219,201 | \$ 21,809  |

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|   |             |              |           |
|---|-------------|--------------|-----------|
| Gain (loss) from change in fair value of derivative liability<br>– warrants     | \$ 3,003    | \$ 64        | \$ 3,067  |
| Gain (loss) from change in fair value of derivative liability<br>– Series C & D | \$ (21,469  | ) \$ 23,310  | \$ 1,841  |
| Net income (loss) before taxes  | \$ (214,819 | ) \$ 242,575 | \$ 27,756 |
| Net income (loss)   | \$ (214,113 | ) \$ 242,575 | \$ 28,462 |
| Net income (loss) available to common shareholders                              | \$ (214,855 | ) \$ 242,575 | \$ 27,720 |
| Comprehensive income (loss)   | \$ (213,980 | ) \$ 242,575 | \$ 28,595 |

Page 29

The table below reflects the changes in restating the Statement of Cash Flows for the year ended December 31, 2013 (in thousands):

Statement of Cash Flow:

|  | Year Ended<br>December<br>31, 2013<br>(as previously<br>reported) | Adjustments  | Year Ended<br>December 31,<br>2013<br>(Restated) |
|--|---|--------------|--|
| Net income (loss)  | \$ (214,113   | ) \$ 242,575 | \$ 28,462  |
| Gain (loss) from change in fair value of hybrid financial instruments        | \$ (197,392   | ) \$ 219,201 | \$ 21,809  |
| Gain (loss) from change in fair value of derivative liability – warrants     | \$ 3,003  | \$ 64        | \$ 3,067   |
| Gain (loss) from change in fair value of derivative liability – Series C & D | \$ (21,469  | ) \$ 23,310  | \$ 1,841   |
| Net cash used in operating activities  | \$ (399   | ) \$ -       | \$ (399 )  |

**Cash and Cash Equivalents** – Cash and cash equivalents include cash in financial institutions, which are highly liquid investment instruments with original maturities of less than 90 days.

**Revenue Recognition** – We derive revenues from the following primary sources: (1) license fees relating to intellectual property, and (2) software and service revenues related to mobile marketing barcode services and development, barcode readers and custom developed software.

We recognized revenue when: (a) persuasive evidence of the sales arrangement exists, (b) the arrangement fee is fixed or determinable, (c) service delivery or performance has occurred, (d) customer acceptance has been received, if contractually required, and (e) collectability of the arrangement fee is probable. Revenue associated with licensing agreements primarily consists of non-refundable upfront license fees. Non-refundable upfront license fees received under license agreements, whereby continued performance or future obligations are considered inconsequential to the relevant license technology, are recognized as revenue upon delivery of the technology. We typically use signed contractual agreements as persuasive evidence of a sales arrangement.



If at the inception of an arrangement the fee is not fixed or determinable, we defer revenue until the arrangement fee becomes due and payable. If we determine collectability is not probable, we defer revenue until we receive payment or collection becomes probable, whichever is earlier. The determination of whether fees are collectible requires judgment of our management, and the amount and timing of revenue recognition may change if different assessments are made.

Deferred revenues and customer prepayments on our consolidated balance sheets primarily represents amounts invoiced or cash payments received in advance of our performance related to the underlying agreement.

***Change in Accounting Policy*** – In early 2013, we expanded our business strategy related to the monetization of intellectual property rights and have been pursuing brand licenses with major corporations. In connection with the strategy expansion, we reevaluated our revenue recognition accounting principles during the second quarter of 2013 and determined that the completed performance methodology for recognizing intellectual property revenue was preferable to the historically used proportional performance methodology. The completed performance methodology is further described above within the revenue recognition discussion. As part of this change in accounting principle, we conducted a quantitative analysis to determine the impact the accounting policy change would have had on our 2012 balance sheet and statement of operations. The impact to our balance sheet as of December 31, 2012 would have been a decrease in each of the deferred revenues and customer prepayments, total current liabilities, and accumulated deficit of \$208,000. The impact to our 2012 statement of operations would have been an increase in revenues and decrease in the net loss available to common shareholders of \$208,000, and there would have been no impact on basic and diluted net loss per common share. Based on the analysis, the impact was deemed immaterial to the overall financial statements.

**Multiple Element Transactions** – From time to time, we enter into transactions involving multiple elements, such as customer agreements involving multiple IP licenses. We account for multiple element transactions by first obtaining evidence of the estimated selling price of each element using vendor specific objective evidence (“VSOE”), third-party evidence (“TPE”), or management’s best estimate of selling price if neither VSOE nor TPE of selling price exists. Based on the determined selling price of each element of the transaction, the value of the single agreement is allocated to each deliverable based on each element's proportional value and accounted for as a separate unit of accounting. Multiple element transactions require the exercise of judgment in determining the estimated selling price of the different elements. The judgments could impact the amount of revenues and expenses recognized over the term of the contract, as well as the period in which they are recognized.

**Basic and Diluted (Loss) Gain Per Common Share** – Basic net (loss) gain per common share is computed by dividing net loss/gain available to common shareholders by the weighted average number of shares of common stock outstanding during the period. During the year ended December 31, 2014, we reported a net loss available to common shareholders and excluded all outstanding stock options, warrants and convertible instruments from the calculation of diluted net loss per common share because inclusion of these securities would have been anti-dilutive.

The following is a reconciliation of the numerator and denominator of the basic and diluted net loss or gain per share calculations for each period (in thousands, except share and per share data):

|   | Year Ended December 31, |                    |
|---|-------------------------|--------------------|
|   | 2014                    | 2013<br>(Restated) |
| Basic loss per common share:                                |                         |                    |
| Numerator: (Net loss) gain available to common shareholders | \$(2,467                | ) \$27,720         |
| Denominator: Weighted average shares outstanding            | 1,585,816,122           | 274,625,840        |
| Basic loss per common share                                 | \$(0.000                | ) \$(0.100 )       |
| Diluted loss per common share:                              |                         |                    |
| Numerator:  |                         |                    |
| Net loss available to common shareholders                   | \$(2,467                | ) \$27,720         |
| Effect of dilutive securities                               | -                       | -                  |
| Diluted net loss available to common shareholders           | \$(2,467                | ) \$-              |
| Denominator:  |                         |                    |
| Weighted average shares outstanding                         | 1,585,816,122           | 274,625,840        |
| Effect of dilutive securities                               | -                       | -                  |
| Diluted weighted average shares outstanding                 | -                       | 274,625,840        |
| Diluted loss per common share                               | \$(0.000                | ) \$0.10           |

The following table reflects the outstanding stock options, warrants, convertible debt and convertible preferred securities as of December 31, 2014 and 2013, which have been excluded from the diluted loss per common share

calculation because inclusion of the securities would be anti-dilutive:

Page 31

|                             | December 31,    |                 |
|-----------------------------|-----------------|-----------------|
|                             | 2014            | 2013            |
| Stock options               | -               | 1,173,020       |
| Warrants                    | 499,990,063     | 499,990,063     |
| Convertible debt            | 234,287,861,850 | 234,287,861,850 |
| Convertible preferred stock | 26,617,345,361  | 26,617,345,361  |
|                             | 261,405,197,274 | 261,406,370,294 |

**Foreign Currency** – Historically, the functional currency of NeoMedia Europe GmbH was the Euro, its local currency, and we recorded translation gains and losses associated with the conversion of the subsidiary financial statements to U.S. dollars in accumulated other comprehensive loss as a component of shareholders’ deficit. During the third quarter of 2013, we determined that changes in economic facts and circumstances indicated that the functional currency of NeoMedia Europe GmbH had changed from the Euro to the U.S. dollar. The changes included, among other things, the termination of the hardware business and related sales activities that would allow the subsidiary to generate revenue independently in the local market or otherwise, and the completion of a repositioning of the subsidiary from a self-contained, revenue generating operation to a cost center focused primarily on research and development. As a result of the change in functional currency, translation gains and losses associated with the conversion of the NeoMedia Europe GmbH financial statements will be prospectively recorded in our results from operations effective July 1, 2013.

**Fair Value of Assets and Liabilities Acquired** – Fair value is the price that would be received from the sale of an asset or paid to transfer a liability (i.e. an exit price) in the principal or most advantageous market in an orderly transaction between market participants. In determining fair value, the accounting standards established a three-level hierarchy that distinguishes between (i) market data obtained or developed from independent sources (i.e., observable data inputs) and (ii) a reporting entity’s own data and assumptions that market participants would use in pricing an asset or liability (i.e., unobservable data inputs). Financial assets and financial liabilities measured and reported at fair value are classified in one of the following categories, in order of priority of observability and objectivity of pricing inputs:

- *Level 1* – Fair value based on quoted prices in active markets for identical assets or liabilities.
- *Level 2* – Fair value based on significant directly observable data (other than Level 1 quoted prices) or significant indirectly observable data through corroboration with observable market data. Inputs would normally be (i) quoted prices in active markets for similar assets or liabilities, (ii) quoted prices in inactive markets for identical or similar assets or liabilities or (iii) information derived from or corroborated by observable market data.
- *Level 3* – Fair value based on prices or valuation techniques that require significant unobservable data inputs. Inputs would normally be a reporting entity’s own data and judgments about assumptions that market participants would use in pricing the asset or liability.

The fair value measurement level for an asset or liability is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques should maximize the use of observable inputs and minimize the use

of unobservable inputs.

***Recurring Fair Value Measurements*** - The carrying value of the Company's financial assets and financial liabilities is their cost, which may differ from fair value. The carrying value of cash held as demand deposits, money market and certificates of deposit, marketable investments, accounts receivable, short-term borrowings, accounts payable and accrued liabilities approximated their fair value. Marketable investments are valued at Level 1 due to readily available market quotes. The fair value of the Company's long-term debt, including the current portion approximated its carrying value. The Company accounts for its derivative financial instruments, including warrants and the embedded conversion features of our convertible preferred stock and convertible debentures at fair value and these are considered to be recurring fair value measurements.

Page 32

The fair value measurements for the Company's liabilities measured at fair value on a recurring basis as of December 31, 2014 and 2013 as follows:

|   | Total      | Quoted<br>Prices<br>in<br>Active<br>Markets<br>for<br>Identical<br>Assets<br>(Level<br>1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) | Total Gain<br>(Losses) |
|---|------------|---|---|--|------------------------|
| December 31, 2014:  |            |   |   |  |                        |
| Derivative Financial Instruments - Warrants                     | 2,000      | -   | -   | 2,000  | 618,000                |
| Derivative Financial Instruments - Series D & C preferred stock | 6,000      | -   | -   | 6,000  | 289,000                |
| Debentures Payable Carried at fair value                        | 37,384,000 | -   | -   | 37,384,000   | (4,173,000 )           |
| Total   | 37,392,000 | -   | -   | 37,392,000   | (3,266,000 )           |
| December 31, 2013:  |            |   |   |  |                        |
| Derivative Financial Instruments - Warrants                     | 620,000    | -   | -   | 620,000  | 3,067,000              |
| Derivative Financial Instruments - Series D & C preferred stock | 296,000    | -   | -   | 296,000  | 1,841,000              |
| Debentures Payable Carried at fair value                        | 38,250,000 | -   | -   | 38,250,000   | 21,809,000             |
| Total   | 39,166,000 | -   | -   | 39,166,000   | 26,717,000             |

Following is a reconciliation for Level 3 liabilities measured on a recurring basis:

|  |              |
|--|--------------|
| December 31, 2014  | 37,392,000   |
| Gain from change in fair value of derivative liability - warrants                                    | 618,000      |
| Gain from change in fair value of derivative liability - Series C & D preferred stock and Debentures | 289,000      |
| Loss from change in fair value of hybrid financial instruments                                       | (4,173,000 ) |
| Gain on extinguishment of debt   | 4,247,000    |
| Conversion of debentures to common stock   | 793,000      |
| December 31, 2013  | 39,166,000   |
| December 31, 2013  | 39,166,000   |
| Gain from change in fair value of derivative liability - warrants                                    | 3,067,000    |
| Gain from change in fair value of derivative liability - Series C & D preferred stock and Debentures | 1,841,000    |
| Gain from change in fair value of hybrid financial instruments                                       | 21,809,000   |
| Conversion of debentures to common stock   | 4,243,000    |
| December 31, 2012  | 70,126,000   |

The fair value measurements for the Company's assets measured at fair value on a nonrecurring basis as of December 31, 2014 and 2013 follows:

|                    | Total       | Quoted<br>Prices in<br>Active<br>Markets for<br>Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) | Total Gains<br>(Losses) |
|--------------------|-------------|--|---|--|-------------------------|
| December 31, 2014: |             |  |   |  |                         |
| Goodwill           | \$—         | \$ —   | \$ —  | \$ —   | \$(3,418,000)           |
| December 31, 2013: |             |  |   |  |                         |
| Goodwill           | \$3,418,000 | \$ —   | \$ —  | \$ 3,418,000                                       | \$—                     |

**Derivative Financial Instruments** – We do not use derivative financial instruments to hedge exposures to cash flow risks or market risks that may affect the fair values of our financial instruments. However, certain financial instruments, such as warrants and the embedded conversion features of our convertible preferred stock and convertible debentures, which are indexed to our common stock, are classified as liabilities when either (a) the holder possesses rights to net-cash settlement or (b) physical or net-share settlement is not within our control. In such instances, net-cash settlement is assumed for financial accounting and reporting purposes, even when the terms of the underlying contracts do not provide for net-cash settlement. Derivative financial instruments are initially recorded, and continuously carried, at fair value. Determining the fair value of these complex derivative financial instruments involves judgment and the use of certain relevant assumptions including, but not limited to, interest rate risk, credit risk, and equivalent volatility and conversion/redemption privileges. The use of different assumptions could have a material effect on the estimated fair value amounts.

For our convertible debentures, we have elected not to separately account for the embedded conversion feature as a derivative instrument but to account for the entire hybrid instrument at fair value in accordance with FASB ASC 815, *Derivatives and Hedging*. For our convertible preferred stock, the underlying instruments are carried at amortized cost and the embedded conversion feature is accounted for separately at fair value in accordance with FASB ASC 815-40-05 and FASB ASC 815-40-15.

**Financial Instruments and Concentration of Credit Risk** – We believe the carrying values of our financial instruments consisting of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses, derivative financial instruments, other current liabilities, convertible preferred stock, and convertible debenture financings approximate their fair values due to their short-term nature, or because they are carried at fair value.

Our cash balances in the United States periodically exceed federally insured limits. We have not experienced any losses in such accounts. The cash balances maintained by our wholly owned subsidiary, NeoMedia Europe GmbH, are also maintained in financial institutions that provide deposit guarantees and are governed by local public law. Our policies limit the concentration of accounts receivable credit exposure by requiring the majority of customers to prepay their renewal licenses prior to initiating services.

**Accounts Receivable** – We report accounts receivable at net realizable value. Our terms of sale provide the basis for when accounts become delinquent or past due. We provide an allowance for doubtful accounts equal to the estimated uncollectible amounts, based on historical collection experience and a review of the current status of accounts receivable. We do not require collateral and to the extent credit is granted to our customers, all open accounts receivable beyond 90 days are evaluated for recovery.

**Goodwill** – Our goodwill represents the excess of the purchase price paid for NeoMedia Europe GmbH over the fair value of the identifiable net assets and liabilities acquired, based on an independent appraisal of the assets and liabilities acquired. Goodwill is not amortized but is tested annually for impairment, and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. Goodwill is tested for impairment by comparing the carrying amount of the asset to its fair value, which is estimated through the use of a discounted cash flows model. If the carrying amount exceeds fair value, an impairment loss is recognized for the difference. We performed the two step goodwill impairment test at December 31, 2014 and determined there was impairment of our goodwill as reflected on our balance sheet (\$3,418,000). Our assessment conducted as of December 31, 2014 concluded that on a qualitative and quantitative basis there is impairment of goodwill on our balance sheet.

**Intangible Assets** – Intangible assets consist of patents, customer contracts, copyrighted material, acquired software products, and brand names. Intangible assets acquired as part of a business combination are recognized apart from goodwill if the intangible asset arises from contractual or other legal rights or the asset is capable of being separated from the acquired enterprise. Intangible assets are reviewed for impairment by comparing the carrying amount of the intangible asset to its fair value. If the carrying amount exceeds fair value, an impairment loss is recognized for the difference. Intangible assets are amortized, using the straight-line method, over the estimated period of benefit as noted below:

|                            |              |
|----------------------------|--------------|
| Capitalized patents        | 5 - 17 years |
| Acquired software products | 7 years      |



***Evaluation of Long-Lived Assets*** – We periodically perform impairment tests on each of our long-lived assets, including capitalized patent costs, customer contracts, copyrighted materials, brand names, and capitalized and purchased software costs, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Long-lived assets are tested for impairment by first comparing the estimated future undiscounted cash flows from a particular asset or asset group to the carrying value. If the expected undiscounted cash flows are greater than the carrying value, no impairment is recognized. If the expected undiscounted cash flows are less than the carrying value, then an impairment charge is recorded for the difference between the carrying value and the expected discounted cash flows. The assumptions used in developing expected cash flow estimates are similar to those used in developing other information used by us for budgeting and other forecasting purposes. In instances where a range of potential future cash flows is possible, we use a probability-weighted approach to weigh the likelihood of those possible outcomes.

As of December 31, 2014, we do not believe any of our long-lived assets are impaired.

***Property and Equipment*** – Property and equipment, including software, are stated at cost less accumulated depreciation. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as noted below:

|                        |             |
|------------------------|-------------|
| Furniture and fixtures | 3 - 7 years |
| Equipment              | 2 - 5 years |

**Research and Development** – Costs associated with the planning and design phase of software development, including coding and testing activities, and related overhead, necessary to establish technological feasibility of our internally-developed software products, are classified as research and development and are expensed as incurred.

**Stock-Based Compensation** – We no longer offer stock based compensation as part of our compensation packages for employees, contractors and/or Directors. On October 6, 2014, the Board of Directors elected to terminate all existing Stock Option plans due to the significant cost to maintain and report on the plans does not achieve the goals intended. Thus, the 2002, 2005 Stock Option Plans and the 2003 Stock Incentive Plan were effectively terminated with no accounting requirements since no options or shares were issued. The 2003 Stock Option Plan with 397,613 options issued was effectively terminated with no accounting requirements as the term of the options have expired or the holders of the options no longer meet the requirements of holding the options due to termination of employment etc. The 2011 Stock Plan was effectively terminated subject to the holder's rights to the options remaining open provided they meet the requirements of the options. Per discussion with eligible holders, each holder (current board members or officers and one previous officer of the corporation) have waived their rights to exercise of the options.

**Income Taxes** – Deferred tax liabilities and assets reflect the difference between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the difference is expected to reverse. Deferred tax assets are reduced by a valuation allowance when it is more likely than not that some portion or all of the deferred tax assets will not be realized. We have recorded full valuation allowance as of December 31, 2014 and 2013.

#### **Recent Accounting Pronouncements**

**Going Concern**- On August 27, 2014, The Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2014-15, Presentation of Financial Statements-Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern. The Update was intended to define management's responsibility to evaluate whether there is substantial doubt about an organizations ability to continue as a going concern and to provide related footnote disclosures. The main provisions of the Update state that in connection with preparing financial statements for each annual and interim reporting period, an entity's management should evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued. Management's evaluation should be based on relevant conditions and events that are known and reasonably knowable at the date that the financial statements are issued. Substantial doubt about an entity's ability to continue as a going concern exists when relevant conditions and events, considered in the aggregate, indicate that it is probable that the entity will be unable to meet its obligations as they become due within one year after the date that the financial statements are issued. When management identifies conditions or events that raise substantial doubt about an entity's ability to continue as a going concern, management should consider whether its plans that are intended to mitigate

those relevant conditions or events will alleviate the substantial doubt. This Update is effective for annual reporting periods ending after December 15, 2016. The Company will adopt this guidance for the year ended December 31, 2016. We do not believe the adoption of this standard will result in material change disclosures on our ability to continue as a going concern.

**Revenue Recognition** - On May 28, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers. The standard will eliminate the transaction- and industry-specific revenue recognition guidance under current U.S. GAAP and replace it with a principle-based approach for determining revenue recognition. This standard has the potential to affect every entity's day-to-day accounting and, possibly, the way business is executed through contracts with customers. We have not yet evaluated the impact the adoption this standard will have in our results of operations when we adopt it in January of 2017.

### Note 3 – Capital Stock

**Common Stock** – Holders of common stock are entitled to one vote for each share held of record on each matter submitted to a vote of shareholders. Holders of our common stock do not have a cumulative voting right. Upon a liquidation, dissolution, or winding up event, holders of common stock would be entitled to share ratably in all assets remaining after payment of liabilities and payment of accrued dividends and liquidation preferences on the preferred stock, if any. Shares of common stock that have been repurchased are held as treasury shares and used for general corporate purposes including, but not limited to, satisfying obligations under our employee benefit plans. Treasury stock is recorded at cost.

**Preferred Stock** – We are authorized to issue 25 million shares of preferred stock with a par value \$0.01 per share. Preferred stock may be issued in the future in connection with acquisitions, financings, or other matters, as our Board of Directors deems appropriate. The issuance of preferred stock could have the effect of delaying, deferring, or preventing a change in control of our company without further action by our shareholders, and may adversely affect the voting and other rights of the holders of our common stock. The issuance of preferred stock with voting and conversion rights may also adversely affect the voting power of the holders of our common stock, including the loss of voting control to others.

**Series A Preferred Stock** – In December 1999, 200,000 shares of Series A Preferred Stock with a par value of \$0.01 per share were authorized for issuance. The Series A Preferred Stock has the following rights:

- The right to receive mandatory cash dividends equal to the greater of \$0.001 per share or 100 times the amount of all dividends (cash or non-cash, other than dividends of shares of common stock) paid to holders of the common stock, which dividend is payable 30 days after the conclusion of each calendar quarter and immediately following the declaration of a dividend on common stock;
- One hundred votes per share of Series A Preferred on each matter submitted to a vote of our shareholders;
- The right to elect two directors at any meeting at which directors are to be elected, and to fill any vacancy on our Board of Directors previously filled by a director appointed by the Series A Preferred holders;
- The right to receive an amount, in preference to the holders of common stock, equal to the amount per share payable to holders of common stock, plus all accrued and unpaid dividends, and following payment of 1/100th of the liquidation preference to the holders of each share of common stock, an additional amount per share equal to 100 times the per share amount paid to the holders of common stock;
- The right to exchange each share of Series A Preferred for 100 times the consideration received per share of common stock in connection with any merger, consolidation, combination or other transaction in which shares of common stock are exchanged for or converted into cash, securities or other property; and
- The right to be redeemed in accordance with our shareholder rights plan.

If accrued mandatory dividends associated with Series A Preferred stock are unpaid, we may not declare or pay dividends or distributions on, or redeem, repurchase or reacquire, shares of any class or series of junior or parity stock.

The Series A Preferred Stock was created in connection with our shareholders rights plan and as of December 31, 2014 and 2013, there were no issued or outstanding shares of Series A Preferred Stock.

***Series A Convertible Preferred Stock*** – In June 2001, 47,511 shares of Series A Convertible Preferred Stock with a \$0.01 par value per share were authorized for issuance. The Series A Convertible Preferred Stock has the following rights:

Series A Convertible Preferred Stock is convertible into shares of common stock at a one-to-one ratio, which was proportionally adjusted to a one-to-one hundred ratio pursuant to a reverse stock split in 2011, and which is subject to proportional adjustment in the event of further stock splits or combinations, and dividends or distributions of shares of common stock. At the option of the holder, shares are subject to automatic conversion as determined in each agreement relating to the purchase of shares of Series A Convertible Preferred Stock;

Each share of Series A Convertible Preferred Stock is entitled to receive a liquidation preference equal to the original purchase price of such share in the event of liquidation, dissolution, or winding up; Upon merger or consolidation, or the sale, lease or other conveyance of all or substantially all of our assets, shares of Series A Convertible Preferred are automatically convertible into the number of shares of stock or other securities or property (including cash) to which the common stock into which it is convertible would have been entitled; and Shares of Series A Convertible Preferred Stock are entitled to one vote per share of such stock, and vote together with holders of common stock.

As of December 31, 2014 and 2013, there were no shares of Series A Convertible Preferred Stock issued or outstanding.

**Series B Convertible Redeemable Preferred Stock** – In January 2002, 100,000 shares of Series B 12% Convertible Redeemable Preferred Stock with a par value of \$0.01 per share were authorized for issuance. The Series B Convertible Redeemable Preferred Stock has the following rights:

Series B Preferred shares accrue dividends at a rate of 12% per annum, or \$1.20 per share, between the date of issuance and the first anniversary of issuance;  
Series B Preferred is redeemable to the maximum extent permitted by law (based on funds legally available for redemption) at a price per share of \$15.00, plus accrued dividends (a total of \$16.20 per share) on the first anniversary of issuance;  
Series B Preferred receive proceeds of \$12.00 per share upon our liquidation, dissolution or winding up;  
To the extent not redeemed on the first anniversary of issuance, Series B Preferred is automatically convertible into the then existing general class of common stock on the first anniversary of issuance at a price equal to \$16.20 divided by the greater of \$20.00 or the lowest publicly-sold share price during the 90 day period preceding the conversion date, but in no event more than 19.9% of our outstanding capital stock as of the date immediately prior to conversion;  
Upon merger or consolidation, or the sale, lease or other conveyance of all or substantially all of our assets, shares of Series B Preferred are automatically convertible into the number of shares of stock or other securities or property (including cash) to which the common stock into which it is convertible would have been entitled; and  
Shares of Series B Preferred are entitled to one vote per share and vote with common stock, except where the proposed action would adversely affect the Series B Preferred or where the non-waivable provisions of applicable law mandate that the Series B Preferred vote separately, in which case Series B Preferred vote separately as a class, with one vote per share.

As of December 31, 2014 and 2013, there were no shares of Series B Convertible Redeemable Preferred Stock issued or outstanding.

**Series C Convertible Preferred Stock** – In February 2006, 27,000 shares of Series C Convertible Preferred Stock with a par value of \$0.01 per share were authorized for issuance. The Series C Convertible Preferred Stock has the following

rights:

- Series C preferred shares are entitled to dividends at a rate of 8% per annum, if, as and when declared by the Board of Directors.
- Series C preferred shares receive proceeds of \$1,000 per share upon our liquidation, dissolution or winding up;
- Each share of Series C preferred stock is convertible, at the option of the holder, into shares of our common stock at the lesser of (i) \$50.00 or (ii) 97% of the lowest closing bid price of our common stock for the 125 trading days immediately preceding the date of conversion; and
- Series C preferred shares have voting rights on an as-converted basis with the common stock.

Page 37

As of December 31, 2014 and 2013, there were 4,332 shares and 4,816 shares of Series C Convertible Preferred Stock issued and outstanding, respectively. The holders of our outstanding shares are limited by the certificate of designation and by the contractual provisions of the related Securities Purchase Agreements under which the Series C Convertible Preferred Stock was issued and other related transaction documents from beneficial control of more than 9.99% of our voting securities. Therefore, unless the holder waives this limitation upon 61 days' notice to us, the holders may not exercise all the voting rights otherwise described in the certificate of designation of these securities (see Note 4 – Financing).

**Series D Convertible Preferred Stock** – In January 2010, 25,000 shares of Series D Convertible Preferred Stock with a par value of \$0.01 per share was authorized for issuance. The Series D Convertible Preferred Stock has the following rights:

- Series D preferred shares are entitled to dividends at a rate of 8% per annum, if, as and when declared by the Board of Directors.;
- Series D preferred shares receive proceeds of \$100 per share upon our liquidation, dissolution or winding up;
- Each share of Series D preferred stock is convertible, at the option of the holder, into shares of our common stock at the lesser of (i) \$2.00 or (ii) 97% of the lowest closing bid price of our common stock for the 125 trading days immediately preceding the date of conversion; and
- Series D preferred shares have voting rights on an as-converted basis with the common stock.

As of December 31, 2014 and 2013, 3,481 shares of Series D preferred stock were issued and outstanding.

**Shareholder Rights Plan** – On December 10, 1999, our Board of Directors adopted a shareholder rights plan and declared a non-taxable dividend that provides shareholders with the right to acquire one-one hundredth of a share of our Series A Preferred Stock for each outstanding share of our common stock to shareholders of record on December 20, 1999 and each share of common stock issued thereafter until a pre-defined hostile takeover date. As further defined in detail within the shareholder rights plan, the rights generally will be exercisable only if (1) an Acquiring Person or Adverse Person acquires beneficial ownership equal to or greater than 25% or 15%, respectively, or (2) commences a tender offer upon consummation of which the Acquiring Person or Adverse Person would have beneficial ownership equal to or greater than 25% or 15%, respectively. The shareholder rights plan was designed to enable all shareholders not engaged in a hostile takeover attempt to receive fair and equal treatment in any proposed takeover and to guard against partial or two-tiered tender offers, open market accumulations, and other hostile tactics to gain control of us. This shareholder rights plan may have the effect of rendering more difficult, delaying, discouraging, preventing, or rendering more costly an acquisition or a change in control. The Shareholder Rights Plan was due to expire December 10, 2009; however, it was extended and remains in effect.

In addition, our Certificate of Incorporation authorizes our Board of Directors to designate and issue our preferred stock, in one or more series, the terms of which may be determined at the time of issuance by our Board of Directors, without further action by shareholders, and may include voting rights, including the right to vote as a series on



particular matters, preferences as to dividends and liquidation, conversion, redemption rights, and sinking fund provisions.

#### **Note 4 – Financing**

At December 31, 2014, financial instruments arising from our financing transactions with YA Global Investments, L.P. (“YA Global”), an accredited investor, included shares of our Series C preferred stock issued in February 2006, Series D preferred stock issued in January 2010, a series of six consolidated secured convertible debentures (the “Consolidated Debentures”) issued July 1, 2013 and various warrants to purchase shares of our common stock. All of our assets are pledged to secure our obligations under the debt securities. At various times, YA Global has assigned or distributed portions of its holdings of these securities to other holders, including persons who are officers of YA Global and its related entities, as well as to other holders who are investors in YA Global’s funds.

**Secured Debentures** – We had originally entered into financing transactions with YA Global, which included a series of twenty-seven secured convertible debentures issued between August 2006 and July 2012. Effective July 1, 2013, the terms of the debentures held by YA Global were modified to consolidate the principal and interest amounts outstanding under all of the outstanding secured convertible debentures previously issued by us to YA Global, such that, upon the issuance of the Consolidated Debentures and cancellation of the prior debentures, the amount of outstanding debentures issued to YA Global decreased from twenty-seven to six debentures. The maturity dates of these secured convertible debentures were also extended from August 1, 2014 to August 1, 2015.

The underlying agreements for each of the Consolidated Debentures are very similar in form. The Consolidated Debentures are convertible into our common stock, at the option of the holder, at the lower of a fixed conversion price per share or a percentage of the lowest volume-weighted average price (“VWAP”) for a specified number of days prior to the conversion (the “look-back period”). The conversion is limited such that the holder cannot exceed 9.99% ownership of the outstanding common stock, unless the holder waives their right to such limitation. All of the debentures are secured according to the terms of a Security Pledge Agreement dated August 23, 2006, which was entered into in connection with the first convertible debenture issued to YA Global and which provides YA Global with a security interest in substantially all of our assets. The debentures are also secured by a Patent Security Agreement dated July 29, 2008. On August 13, 2010, our wholly owned subsidiary, NeoMedia Europe GmbH, became a guarantor of all outstanding financing transactions between us and YA Global, through pledges of their intellectual property and other movable assets. As security for our obligations to YA Global, all of our Pledged Property, Patent Collateral and other collateral is affirmed through the several successive Ratification Agreements executed in connection with each of the 2010, 2011 and 2012 financings. The 2013 modification and consolidation of the outstanding secured convertible debentures as well as the execution of an Amended and Restated Patent Security Agreement in 2013 reaffirmed the Pledged Property, Patent Collateral and other collateral pledged as security for our obligations to YA Global.

We evaluated the financing transactions in accordance with ASC 815, *Derivatives and Hedging*, and determined that the conversion features of the Series C and Series D preferred stock and the Consolidated Debentures were not afforded the exemption for conventional convertible instruments due to their variable conversion rates. The contracts have no explicit limit on the number of shares issuable, so they did not meet the conditions set forth in current accounting standards for equity classification. Accordingly, either the embedded derivative instruments, including the conversion option, must be bifurcated and accounted for as derivative instrument liabilities or, as permitted by ASC 815-15-25-4, *Recognition of Embedded Derivatives*, the instruments may be carried in their entirety at fair value.

At inception, we elected to bifurcate the embedded derivatives related to the Series C and Series D preferred stock, while electing the fair value option for the Consolidated Debentures. ASC 825, *Financial Instruments*, allows us to elect the fair value option for recording financial instruments when they are initially recognized or if there is an event that requires re-measurement of the instruments at fair value, such as a significant modification of the debt.

On February 4, 2013, we entered into a Debenture Extension Agreement with YA Global to extend the maturity dates of the secured convertible debentures to August 1, 2014. Because the effect of the extension did not exceed a significance threshold relative to cash flows prescribed by ASC 470-50, *Debt Modifications and Extinguishments*, extinguishment accounting was not applicable. On July 1, 2013, in addition to consolidating the secured debentures into six Consolidated Debentures, the maturity date was extended to August 1, 2015. Four of the Consolidated Debentures are non-interest bearing while the remaining two Consolidated Debentures accrue interest at 9.5% as outlined in further detail below. Debentures assigned to other investors by YA Global were also modified effective July 1, 2013 to extend the maturity date to August 1, 2015. We evaluated the impact of the modification on the accounting for the Consolidated Debentures in accordance with ASC 470-50-40-6 through 12 to determine whether extinguishment accounting was appropriate. Because the effect of the extension did not exceed a significance threshold relative to cash flows prescribed by ASC 470-50, *Debt Modifications and Extinguishments*, extinguishment accounting was not applicable.

The following table summarizes the significant terms of each of the debentures for which the entire hybrid instrument is recorded at fair value as of December 31, 2014:

Page 39

| Debenture<br>Issuance Year | Face<br>Amount<br>(in thousands) | Interest<br>Rate | Fixed<br>Price | Conversion Price – Lower of Fixed<br>Price or Percentage of VWAP for<br>Look-back period |    | Anti-<br>Dilution<br>Adjusted<br>Price | Look-back<br>Period |
|----------------------------|----------------------------------|------------------|----------------|--|----|--|---------------------|
|                            |                                  |                  |                | %  | %  |  |                     |
| 2006                       | \$ 1,962                         | 9.5              | % \$2.00       | \$ 0.000090  | 90 | %                                      | 125 Days            |
| 2007                       | 542                              | 9.5              | % \$2.00       | \$ 0.000090  | 90 | %                                      | 125 Days            |
| 2007                       | 272                              | -                | \$2.00         | \$ 0.000095  | 95 | %                                      | 125 Days            |
| 2008                       | 1,095                            | 9.5              | % \$2.00       | \$ 0.000090  | 90 | %                                      | 125 Days            |
| 2008                       | 830                              | -                | \$2.00         | \$ 0.000095  | 95 | %                                      | 125 Days            |
| 2009                       | 7                                | 9.5              | % \$2.00       | \$ 0.000090  | 90 | %                                      | 125 Days            |
| 2011                       | 785                              | 9.5              | % \$2.00       | \$ 0.000090  | 90 | %                                      | 125 Days            |
| 2012                       | 762                              | 9.5              | % \$2.00       | \$ 0.000090  | 90 | %                                      | 125 Days            |
| 2012                       | 210                              | -                | \$2.00         | \$ 0.000095  | 95 | %                                      | 125 Days            |
| 2013                       | 22,084                           | 9.5              | % \$2.00       | \$ 0.000090  | 90 | %                                      | 125 Days            |
| 2013                       | 7,127                            | -                | \$2.00         | \$ 0.000095  | 95 | %                                      | 125 Days            |
| 2014                       | 170                              | 9.5              | % \$2.00       | \$ 0.000090  | 90 | %                                      | 125 Days            |
| Total                      | \$ 35,845                        |                  |                |  |    |  |                     |

We bifurcate the compound embedded derivatives related to the Series C and Series D preferred stock and carry these financial instruments as liabilities in the accompanying balance sheet. Election to carry the instruments at fair value in their entirety is not available since their terms have not been modified. Significant components of the compound embedded derivative include (i) the embedded conversion feature, (ii) down-round anti-dilution protection features and (iii) default, non-delivery and buy-in puts, all of which were combined into one compound instrument that is carried at fair value as a derivative liability. Changes in the fair value of the compound derivative liability are recorded within income each period.

**Conversions and Repayments** – Our preferred stock and convertible debentures are convertible into shares of our common stock. Upon conversion of any of the convertible financial instruments in which the compound embedded derivative is bifurcated, the carrying amount of the debt, including any unamortized premium or discount, and the related derivative instrument liability are credited to the capital accounts upon conversion to reflect the stock issued and no gain or loss is recognized. For instruments that are recorded in their entirety at the fair value of the hybrid instrument, the fair value of the hybrid instrument converted is credited to the capital accounts upon conversion to reflect the stock issued and no gain or loss is recognized. Beginning in April 2013, the trading market price of our common stock (and the conversion price) was less than its par value. We are limited to issuing shares of common stock at no less than the par value, and all shares of our common stock issued in those conversions were issued at par value. However, the methodology used to estimate the number of shares of convertible debentures and preferred stock converted during this time are based upon the value received for the shares issued, with the difference between that value and the par value recorded as a deemed dividend.

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The following table provides a summary of the preferred stock conversions that have occurred since inception and the number of common shares issued upon conversion.

|                          | Preferred<br>shares<br>issued | Converted<br>shares | Preferred<br>shares<br>remaining | Common<br>shares<br>issued |
|--------------------------|-------------------------------|---------------------|----------------------------------|----------------------------|
| Series C Preferred Stock | 22                            | 18                  | 4                                | 1,109,780                  |
| Series D Preferred Stock | 25                            | 22                  | 3                                | 16,344                     |

Page 40

The outstanding principal and accrued interest for the debentures as of December 31, 2014 is reflected in the following table in addition to the principal and interest converted since inception and the number of common shares issued upon conversion.

| Outstanding principal and accrued interest at December 31, 2014<br>(in thousands) | Principal and accrued interest converted since inception | Common Shares issued |
|---|--|----------------------|
| Debentures \$39,766   | \$ 12,529  | 2,228,803            |

**Warrants** – YA Global holds warrants to purchase shares of our common stock that were issued in connection with the convertible debentures and the Series C and Series D preferred stock. The warrants are exercisable at a fixed exercise price which, from time to time, has been reduced due to anti-dilution provisions when we have entered into subsequent financing arrangements with a lower price. The exercise prices may be reset again in the future if we subsequently issue stock or enter into a financing arrangement with a lower price. In addition, upon each adjustment in the exercise price, the number of warrant shares issuable is adjusted to the number of shares determined by multiplying the warrant exercise price in effect prior to the adjustment by the number of warrant shares issuable prior to the adjustment divided by the warrant exercise price resulting from the adjustment.

The warrants issued to YA Global do not meet all of the established criteria for equity classification in ASC 815-40, *Derivatives and Hedging – Contracts in Entity’s Own Equity*, and accordingly, are recorded as derivative liabilities at fair value. Changes in the fair value of the warrants are charged or credited to income each period.

Effective February 1, 2013, 1.4 billion of the 1.9 billion warrants held by YA Global were cancelled and the remaining 500 million had their exercise price reduced to \$0.0001 per share. These changes resulted in a decrease in fair value of the warrants of approximately \$1.6 million during the first quarter of 2013 as reflected in the Gain from change in fair value of derivative liabilities - warrants.

**Fair value disclosures for Series C and D Bifurcated Embedded Derivative Instruments** – For financings in which the embedded derivative instruments are bifurcated and recorded separately, the compound embedded derivative instruments are valued using a Monte Carlo Simulation methodology because that model embodies certain relevant assumptions (including, but not limited to, interest rate risk, credit risk, and conversion/redemption privileges) that are necessary to value these complex derivatives.

The conversion price in each of the convertible debentures is subject to adjustment for down-round, anti-dilution protection. Accordingly, if we sell common stock or common share indexed financial instruments below the stated or variable conversion price of the debenture, the conversion price adjusts to that lower amount.

The assumptions included in the calculations are highly subjective and subject to interpretation. Assumptions used as of December, 2014 included exercise estimates/behaviors and the following other significant estimates: (i) Preferred Stock: remaining term of 0.59 years, equivalent volatility of 676%, stated dividend of 8%, equivalent credit-risk adjusted rate of 13.0% and conversion price of \$0.000097. Equivalent amounts reflect the net results of multiple modeling simulations that the Monte Carlo Simulation methodology applies to underlying assumptions.

Due to the variability of the conversion prices, fluctuations in the trading market price of our common stock may result in significant variations to the calculated conversion price. For each debenture, we analyze the ratio of the conversion price (as calculated based on the percentage of VWAP for the appropriate look-back period) to the trading market price for a period of time equal to the term of the debenture to determine the average ratio for the term of the note. Each quarter, the ratio in effect on the date of the valuation is compared with the average ratio over the term of the debenture to determine if the calculated conversion price is representative of past trends or if it is considered unrepresentative due to a large fluctuation in the common stock price over a short period of time. If the calculated conversion price results in a ratio that deviates significantly from the average ratio over the term of the agreement, the average ratio of the conversion price to the trading market price is then multiplied by the current trading market price to determine the variable conversion price for use in the fair value calculations. This variable conversion price is then compared with the fixed conversion price and, as required by the terms of the debentures, the lower of the two amounts is used as the conversion price in the Monte Carlo Simulation model used for valuation purposes. On December 31, 2014, the fixed conversion price for each of the debentures was equal to or higher than the calculated variable conversion price. Accordingly, the variable conversion price was used in the Monte Carlo Simulation model. This analysis is performed each quarter to determine if the calculated conversion price is reasonable for purposes of determining the fair value of the embedded conversion features (for instruments recorded under ASC 815-15-25-1) or the fair value of the hybrid instrument (for instruments recorded under ASC 815-15-25-4).

The following table reflects the face value of the instruments, their amortized carrying value and the fair value of the separately-recognized compound embedded derivative, as well the number of common shares into which the instruments are convertible as of December 31, 2014 and 2013.

December 31, 2014

|                          | Face<br>Value<br>(in thousands) | Carrying<br>Value | Embedded<br>Conversion<br>Feature | Common<br>Stock<br>Shares |
|--------------------------|---------------------------------|-------------------|-----------------------------------|---------------------------|
| Series C Preferred Stock | \$4,332                         | \$ 4,332          | \$ 5                              | 44,659,794                |
| Series D Preferred Stock | 348                             | 348               | 0                                 | 3,588,660                 |
| Total                    | \$4,680                         | \$ 4,680          | \$ 5                              | 48,248,454                |

December 31, 2013 (Restated)

|                          | Face<br>Value<br>(in thousands) | Carrying<br>Value | Accrued<br>Interest | Embedded<br>Conversion<br>Feature | Common<br>Stock<br>Shares |
|--------------------------|---------------------------------|-------------------|---------------------|-----------------------------------|---------------------------|
| Series C Preferred Stock | \$4,816                         | \$ 4,816          | \$ -                | \$ 276                            | 24,823,015                |
| Series D Preferred Stock | 348                             | 348               | -                   | 20                                | 1,794,330                 |
| Total                    | \$5,164                         | \$ 5,164          | \$ -                | \$ 296                            | 26,617,345                |

The terms of the embedded conversion features in the convertible instruments presented above provide for variable conversion rates that are indexed to our quoted common stock price. As a result, the number of indexed shares is subject to continuous fluctuation. For presentation purposes, the number of shares of common stock into which the embedded conversion feature of the Series C and Series D preferred stock was convertible as of December 31, 2014 and 2013 was calculated as face value plus assumed dividends (if declared), divided by the lesser of the fixed rate or the calculated variable conversion price using the 125 day look-back period.

Changes in the fair value of derivative instrument liabilities related to the bifurcated embedded derivative features of convertible instruments not carried at fair value are reported as Loss from Change in Fair Value of Derivative Liability – Series C and Series D Preferred Stock and Debentures in the accompanying consolidated statements of operations.

**Gain/(Loss) from change in fair value of derivative liability – Series C and D Preferred Stock and debentures**



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|   | Year ended<br>December 31, |                    |
|---|----------------------------|--------------------|
|   | 2014                       | 2013<br>(Restated) |
|   | (in thousands)             |                    |
| Series C Preferred Stock                                      | \$270                      | \$ 1,712           |
| Series D Preferred Stock                                      | 19                         | 123                |
| Debentures:   |                            |                    |
| 2006  | -                          | 6                  |
| 2008  | -                          | -                  |
| 2009  | -                          | -                  |
| 2010  | -                          | -                  |
| 2011  | -                          | -                  |
| 2012  | -                          | -                  |
| Gain/(loss) from change in fair value of derivative liability | \$289                      | \$ 1,841           |

Page 42

**Hybrid Financial Instruments Carried at Fair Value** – At inception, the March 2007, August 2007, April 2008, May 2008 and April 2012 convertible debentures were recorded in their entirety at fair value as hybrid instruments in accordance with ASC 815-15-25-4 with subsequent changes in fair value charged or credited to income each period. As of May 25, 2012, we elected the fair value option for all other convertible debentures held by YA Global upon a re-measurement date that was triggered by significant modifications of the financial instruments. The convertible debentures continued to be recorded in their entirety at fair value upon their consolidation into six Consolidated Debentures effective July 1, 2013.

Because these debentures are carried in their entirety at fair value, the value of the embedded conversion feature is embodied in those fair values. We estimate the fair value of the hybrid instrument as the present value of the cash flows of the instrument, using a risk-adjusted interest rate, enhanced by the value of the conversion option, valued using a Monte Carlo model. This method was considered by our management to be the most appropriate method of encompassing the credit risk and exercise behavior that a market participant would consider when valuing the hybrid financial instrument. Inputs used to value the hybrid instruments as of December 31, 2014 included: (i) present value of future cash flows for the debentures using an effective market interest rate of 13.0%, (ii) remaining term of 0.59 years, (iii) equivalent volatility of 676% and anti-dilution adjusted conversion prices ranging from \$0.000090 - \$0.000095.

The following table reflects the face value of the financial instruments, the fair value of the hybrid financial instrument and the number of common shares into which the instruments are convertible as of December 31, 2014 and 2013.

| December 31, 2014 | Face Value     | Fair Value | Common Stock Shares |
|-------------------|----------------|------------|---------------------|
|                   | (in thousands) |            |                     |
| Debentures:       |                |            |                     |
| 2006              | \$1,962        | \$2,019    | 23,871,436          |
| 2007              | 814            | 1,000      | 11,549,397          |
| 2008              | 1,925          | 1,949      | 22,598,665          |
| 2009              | 7              | 46         | 517,119             |
| 2011              | 785            | 800        | 9,469,332           |
| 2012              | 972            | 1,111      | 12,926,448          |
| 2013              | 29,212         | 30,298     | 354,041,487         |
| 2014              | 170            | 162        | 1,930,434           |
| Total             | \$35,845       | \$37,384   | 436,904,318         |

| December 31, 2013 (Restated) | Face Value<br>(in thousands) | Fair Value | Common Stock Shares |
|------------------------------|------------------------------|------------|---------------------|
| Debtures:                    |                              |            |                     |
| 2006                         | \$ 1,962                     | \$ 2,008   | 819,019             |
| 2007                         | 839                          | 533        | 216,720             |
| 2008                         | 2,047                        | 1,905      | 779,294             |
| 2009                         | 134                          | 151        | 61,563              |
| 2010                         | 852                          | 854        | 348,437             |
| 2011                         | 972                          | 1,392      | 568,305             |
| 2012                         | 34,211                       | 31,407     | 12,826,301          |
| Total                        | \$41,017                     | \$38,250   | 15,619,639          |

Changes in the fair value of convertible instruments that are carried in their entirety at fair value are reported as Gain (loss) from change in fair value of hybrid financial instruments in the accompanying consolidated statements of operations. The changes in fair value of these hybrid financial instruments were as follows:

#### Gain (loss) from change in fair value of hybrid financial instruments

|  | Year ended<br>December 31, |                    |
|--|----------------------------|--------------------|
|  | 2014                       | 2013<br>(Restated) |
|  | (in thousands)             |                    |
| 2006   | \$(255 )                   | \$ 11,604          |
| 2007   | (82 )                      | 16,381             |
| 2008   | (220 )                     | 13,291             |
| 2009   | (6 )                       | 2,113              |
| 2010   | -                          | 7,177              |
| 2011   | (93 )                      | 1,748              |
| 2012   | (126 )                     | 1,321              |
| 2013   | (3,412)                    | (31,826 )          |
| 2014   | (8 )                       | -                  |
|  | (4,173)                    | 21,809             |
| Less: Day-one loss from debenture financings                 | -                          | -                  |
| Gain (loss) from changes in fair value of hybrid instruments | \$(4,173)                  | \$ 21,809          |

**Warrants** – The following table summarizes the warrants outstanding, their fair value and their exercise price after adjustment for anti-dilution provisions:

|  | December 31, 2014  |   |          | December 31, 2013<br>(Restated) |   |          |                                 |
|--|--------------------|---|----------|---------------------------------|---|----------|---------------------------------|
|  | Expiration<br>Year | Anti-<br>Dilution<br>Adjusted<br>Exercise<br>Price (\$)<br>(in thousands) | Warrants | Fair<br>Value                   | Anti-<br>Dilution<br>Adjusted<br>Exercise<br>Price (\$) | Warrants | Fair<br>Value<br>(in thousands) |
| <b>Warrants issued with preferred stock:</b> |                    |   |          |                                 |   |          |                                 |
| Series D Preferred Stock                     | 2017               | 0.000100  | 5,825    | \$ 0                            | .000100   | 87,368   | \$ 110                          |
| Warrants issued with debentures:             |                    |   |          |                                 |   |          |                                 |
| 2008   | 2015               | 0.000100  | 15,872   | 1                               | 0.000100  | 238,079  | 294                             |
| 2010   | 2015               | 0.000100  | 5,423    | 1                               | 0.000100  | 81,350   | 101                             |
| 2011   | 2016               | 0.000100  | 3,884    | 0                               | 0.000100  | 58,246   | 72                              |
| 2012   | 2017               | 0.000100  | 2,330    | 0                               | 0.000100  | 34,947   | 43                              |
| Total  |                    |   | 33,333   | \$ 2                            |   | 499,990  | \$ 620                          |

The warrants are valued using a binomial lattice option valuation methodology because that model embodies all of the significant relevant assumptions that address the features underlying these instruments. Significant assumptions used in this model as of December 31, 2014 included an expected life equal to the remaining term of the warrants, an expected dividend yield of zero, estimated volatility ranging from 475% to 1080%, and risk-free rates of return ranging from 0.08% to 0.91%. For the risk-free rates of return, we use the published yields on zero-coupon Treasury Securities with maturities consistent with the remaining term of the warrants and volatility is based upon our expected common stock price volatility over the remaining term of the warrants. As a result of the repricing on February 1, 2013, the exercise price of the warrants is currently \$0.0001. The anti-dilution provisions are still applicable so in the future the fixed exercise price of the warrants may be reset to equal to the lowest price of any subsequently issued common share indexed instruments with a conversion price below the current exercise price of the warrant.

Changes in the fair value of the warrants are reported as Gain from change in fair value of derivative liability – warrants in the accompanying consolidated statement of operations. The changes in the fair value of the warrants were as follows:

**Gain from change in fair value of derivative liability – warrants**

|                                       | Year ended<br>December 31, |                    |
|---------------------------------------|----------------------------|--------------------|
|                                       | 2014                       | 2013<br>(Restated) |
|                                       | (in thousands)             |                    |
| Warrants issued with preferred stock: |                            |                    |
| Series D Preferred Stock              | \$12                       | \$ 58              |
| Warrants issued with debentures:      |                            |                    |
| 2007                                  | -                          | -                  |
| 2008                                  | 276                        | 1,370              |
| 2010                                  | 212                        | 1,051              |
| 2011                                  | 75                         | 374                |
| 2012                                  | 43                         | 214                |
| Total                                 | \$618                      | \$ 3,067           |

**Reconciliation of changes in fair value** – Assets and liabilities measured at fair value are classified in their entirety based on the lowest level of input that is significant to their fair value measurement. Our derivative financial instruments that are measured at fair value on a recurring basis are all measured at fair value using Level 3 inputs. Level 3 inputs are unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.



The following represents a reconciliation of the changes in fair value of financial instruments measured at fair value using Level 3 inputs and changes in the fair value of hybrid instruments carried at fair value during the year ended December 31, 2014 (in thousands):

|                                       | Compound<br>Embedded<br>Derivatives | Warrant<br>Derivatives | Hybrid<br>Instruments | Total    |
|---------------------------------------|-------------------------------------|------------------------|-----------------------|----------|
| Beginning balance, December 31, 2013: | \$ 296                              | \$ 620                 | \$ 38,250             | \$39,166 |
| Fair value adjustments:               |                                     |                        |                       |          |
| Compound embedded derivatives         | (289 )                              | -                      | -                     | (289 )   |
| Warrant derivatives                   | -                                   | (618 )                 | -                     | (618 )   |
| Hybrid instruments                    | -                                   | -                      | 4,173                 | 4,173    |
| Debt Extinguishment                   |                                     |                        | (4,247 )              | (4,247 ) |
| Conversions:                          |                                     |                        |                       |          |
| Series C Preferred Stock              | (1 )                                | -                      | -                     | (1 )     |
| August 24, 2006 financing             | -                                   | -                      | (213 )                | (213 )   |
| December 29, 2006 financing           | -                                   | -                      | (61 )                 | (61 )    |
| March 27, 2007 financing              | -                                   | -                      | (97 )                 | (97 )    |
| October 28, 2008 financing            | -                                   | -                      | (155 )                | (155 )   |
| August 14, 2009 financing             | -                                   | -                      | (140 )                | (140 )   |
| February 8, 2011 financing            | -                                   | -                      | (35 )                 | (35 )    |
| March 11, 2011 financing              | -                                   | -                      | (11 )                 | (11 )    |
| April 13, 2011 financing              | -                                   | -                      | (3 )                  | (3 )     |
| May 31, 2011 financing                | -                                   | -                      | (1 )                  | (1 )     |
| June 28, 2011 financing               | -                                   | -                      | (3 )                  | (3 )     |
| December 8, 2011 financing            | -                                   | -                      | (31 )                 | (31 )    |
| July 1, 2013 financing                | -                                   | -                      | (40 )                 | (40 )    |
| Sep 15, 2014 financing                | -                                   | -                      | (1 )                  | (1 )     |
| Ending balance, December 31, 2014     | \$ 6                                | \$ 2                   | \$ 37,384             | \$37,392 |

Estimating fair values of derivative financial instruments requires the development of significant and subjective estimates that may, and are likely to, change over the duration of the instrument with related changes in internal and external market factors. In addition, valuation techniques are sensitive to changes in the trading market price of our common stock, which has a high estimated historical volatility. Because derivative financial instruments are initially and subsequently carried at fair values, our income will reflect the volatility in these estimate and assumption changes.

**Note Payable** – In 2014, we received financing of \$242,000 from YA Global to meet short term cash needs related to legal expenses. The financing was through secured debentures in the form of a line of credit with varying maturity dates in 2016. The interest rate is 12% payable annually on the anniversary of the individual debenture.

**Note 5 – Goodwill and Other Intangible Assets**

At December 31, 2013, we had goodwill of \$3.4 million, representing the excess of the purchase price paid for NeoMedia Europe GmbH over the fair value of the identifiable net assets and liabilities acquired, based on an independent appraisal of the assets and liabilities acquired. We performed the two step goodwill impairment test at December 31, 2014 and determined there was impairment of our goodwill as reflected on our balance sheet (\$3,418,000). Our assessment conducted as of December 31, 2014 concluded that on a qualitative and quantitative basis there is impairment of goodwill on our balance sheet.



The following table summarizes other intangible assets:

|   | Patents and<br>Other<br>Intangibles<br>(in thousands) | Proprietary<br>Software | Total<br>Intangibles<br>and<br>Proprietary<br>Software |
|---|---|-------------------------|--|
| December 31, 2012                                       | \$1,489   | \$ 100                  | \$ 1,589   |
| Amortization  | (276 )  | (100 )                  | (376 )   |
| December 31, 2013                                       | 1,213   | -                       | 1,213  |
| Amortization  | (266 )  | -                       | (266 )   |
| December 31, 2014                                       | \$947   | \$ -                    | \$ 947   |
| Weighted-average remaining amortization period in years | 4.7   | -                       |  |

As of December 31, 2014, we estimate future amortization expense of intangible assets to be (in thousands):

|                                   |       |
|-----------------------------------|-------|
| 2015                              | \$244 |
| 2016                              | 216   |
| 2017                              | 134   |
| 2018                              | 134   |
| 2019                              | 134   |
| 2020 and thereafter               | 85    |
| Total future amortization expense | \$947 |

The following table summarizes amortization as of December 31, 2014:

| Asset                | Date<br>Acquired | End of<br>Useful<br>Life | Remaining<br>Useful<br>Life (yrs.) | Preliminary Value at 12/31/14<br>Cost | Accum.<br>Depr/Amort | Net Book<br>Value |
|----------------------|------------------|--------------------------|------------------------------------|---------------------------------------|----------------------|-------------------|
| Barcode Ecosystem:   |                  |                          |                                    |                                       |                      |                   |
| Core Patents         | Various          | 11/1/2016                | 1.9                                | \$ 5,250,839                          | \$ (4,303,676 )      | \$ 947,163        |
| Proprietary software | 2/23/2006        | 2/23/2013                | 0                                  | \$ 4,600,000                          | \$ (4,600,000 )      | -                 |
| Copyrights           | 2/23/2006        | 2/23/2011                | 0                                  | \$ 50,000                             | \$ (50,000 )         | -                 |
|                      |                  |                          |                                    | \$ 9,900,839                          | \$ (8,953,676 )      | \$ 947,163        |

The following table summarizes amortization as of December 31, 2013:

| Asset                | Date Acquired | End of Useful Life | Remaining Useful Life (yrs.) | Preliminary Cost | Value at 12/31/13<br>Accum. Depr/Amort | Net Book Value |
|----------------------|---------------|--------------------|------------------------------|------------------|--|----------------|
| Barcode Ecosystem:   |               |                    |                              |                  |  |                |
| Core Patents         | Various       | 11/1/2016          | 2.8                          | \$ 5,250,839     | \$ (4,037,353 )                        | \$ 1,213,486   |
| Proprietary software | 2/23/2006     | 2/23/2013          | 0                            | \$ 4,600,000     | \$ (4,600,000 )                        | -              |
| Copyrights           | 2/23/2006     | 2/23/2011          | 0                            | \$ 50,000        | \$ (50,000 )                           | -              |
|                      |               |                    |                              | \$ 9,900,839     | \$ (8,687,353 )                        | \$ 1,213,486   |

**Note 6 – Accrued Liabilities**

The following table summarizes our accrued liabilities of December 31, 2014 and 2013:

|                                  | As of December 31, |        |
|----------------------------------|--------------------|--------|
|                                  | 2014               | 2013   |
|                                  | (in thousands)     |        |
| Accrued operating expenses       | \$ 176             | \$ 112 |
| Accrued legal                    | 82                 | 114    |
| Accrued payroll related expenses | 45                 | 65     |
| Total                            | \$ 303             | \$ 291 |

**Note 7 – Income Taxes**

As of December 31, 2014 and 2013, the types of temporary differences between the tax basis of assets and liabilities and their financial reporting amounts which gave rise to deferred taxes, and their tax effects were as follows:

|  | As of December 31, |          |
|--|--------------------|----------|
|  | 2014               | 2013     |
|  | (in thousands)     |          |
|  |                    | Restated |
| Net operating loss carry forwards (NOL)      | \$65,372           | \$67,322 |
| Capital loss                                 | 3,394              | 3,515    |
| Write-off of long-lived assets               | 508                | 526      |
| Amortization of intangibles                  | 422                | (209 )   |
| Stock-based compensation                     | 2,507              | 2,596    |
| Deferred revenue                             | 843                | 870      |
| Alternative minimum tax credit carry forward | 42                 | 43       |
| Accruals                                     | 93                 | 3,206    |
| Impairment loss                              | 2,657              | 2,752    |
| Derivative gain/loss                         | 14,243             | 10,296   |
| Interest expense                             | 4,284              | 4,437    |
| Total deferred tax assets                    | 94,365             | 95,354   |
| Valuation allowance                          | (94,365)           | (95,354) |
| Net deferred tax asset                       | \$-                | \$-      |

Due to the uncertainty of the utilization and recoverability of the loss carry-forwards and other deferred tax assets, we have provided a valuation allowance for the deferred tax assets, as it is more likely than not that the deferred tax assets will not be realizable.

The following is a reconciliation of the statutory federal income tax rate applied to pre-tax accounting net loss compared to the income taxes in the consolidated statement of operations:

|                                      | <b>12/31/2014</b> | 12/31/2013<br>(Restated) |
|--------------------------------------|-------------------|--------------------------|
| Federal Taxes                        | \$ (609 )         | \$ (9,830 )              |
| State Taxes, net fed benefit         | (59 )             | (883 )                   |
| Permanent and other differences, net | 1,656             | 5,906                    |
| Decrease in Valuation Allowance      | \$ 988            | \$ (4,807 )              |

During the year ended December 31, 2013, we determined that a deferred tax liability previously estimated to be realized by NeoMedia Europe GmbH should be reduced to zero based on certain economic changes of the subsidiary during 2013. The economic changes included, but were not limited to, the termination of its hardware business and related sales activities that allowed it to generate revenue independently in the local market or otherwise, and the completion of a repositioning of the subsidiary from a self-contained, revenue generating operation to a cost center primarily focused on research and development. As a result of the change in estimate, we recorded an income tax benefit of \$706,000 to reduce the deferred tax liability to zero.

As of December 31, 2014, we had net operating loss carry forwards for federal tax purposes totaling approximately \$65.4 million, which may be used to offset future taxable income and which, if unused, expire between 2015 and 2034, and a capital loss carry-forward of \$3.4 million. As a result of certain of our equity activities, we anticipate that the annual usage of our pre-1998 net operating loss carry forwards may be further restricted pursuant to the provisions of Section 382 of the Internal Revenue Code.

In addition to the above, our subsidiary NeoMedia Europe GmbH, had foreign operations and is not included in our consolidated income tax balances above. NeoMedia Europe GmbH did not have income tax expense during the years ended December 31, 2014 and 2013.

NeoMedia Europe GmbH has net operating loss carry forwards that are estimated to be \$11.5 million and \$11.4 million as of December 31, 2014 and 2013, respectively. Due to the uncertainty of the utilization and recoverability of the loss carry forwards, we have reserved for the deferred tax assets through a valuation allowance, as it is more likely than not that the deferred tax assets will not be realizable.

We have not taken any uncertain tax positions on any of our open income tax returns filed through the period ended December 31, 2013. Our methods of accounting are based on established income tax principles in the Internal Revenue Code and are properly calculated and reflected within our income tax returns. In addition, we have filed income tax returns in all applicable jurisdictions in which we had material nexus warranting an income tax return filing.

We re-assess the validity of our conclusions regarding uncertain tax positions on a quarterly basis to determine if facts or circumstances have arisen that might cause us to change our judgment regarding the likelihood of a tax position's sustainability under audit. We have determined that there were no uncertain tax positions for the years ended December 31, 2014 and 2013. Due to the carry forward of NOL's, Federal and state income tax returns are subject to audit for varying periods beginning in 1992.

#### **Note 8 – Commitments and Contingencies**

We are party to various commitments and contingencies, including:

- Operating leases for office facilities, which include minimum rents and reimbursed operating expenses as well as options to renew for additional periods;
- Employment agreement with future payment obligations;
- Long-term debt obligations include principal for convertible debentures and related estimated interest over the life of the debentures. Any future settlement of convertible debt would impact our cash payments.

The following table sets forth the future minimum payments due under the above commitments as of December 31, 2014:

|                       | 2015     | 2016  | 2017  | 2018  | 2019  | Total    |
|-----------------------|----------|-------|-------|-------|-------|----------|
| Operating leases      | \$68     | \$ 68 | \$ 68 | \$ 68 | \$ 17 | \$289    |
| Employment agreements | 96       |       |       |       |       | 96       |
| Long-term debt        | \$35,845 |       |       |       |       | \$35,845 |
| Total                 | \$36,009 | \$ 68 | \$ 68 | \$ 68 | \$ 17 | \$36,230 |

The above table includes future obligations associated with a new lease agreement we entered into for our corporate headquarters in Boulder, Colorado on February 19, 2014. The agreement provides for a five year lease of 2,303 square feet expiring on March 31, 2019 with estimated average rent and monthly rent payments over the term of \$5,689. We intend to sublease certain portions of the lease that are unused by us. Additionally, we entered into an amended lease arrangement for NeoMedia Europe GmbH's office lease in February 2014 to reduce the rented area to approximately 125 square meters with the same lease expiration date and reduced monthly rent of approximately \$1,400. The lease on GmbH expires March 2015 and there are no future obligations, as such the GmbH lease is not reflected in the above table.

**Legal Proceedings** – From time to time, we are involved in various legal actions arising in the normal course of business, both as claimant and defendant. Although it is not possible to determine with certainty the outcome of these matters, we believe the eventual resolution of any ongoing legal actions is unlikely to have a material impact on our financial position or operating results. If the resolution of ongoing legal actions is not in our favor, our financial position and operating results could be materially adversely impacted.

#### **Note 9 – Stock-Based Compensation**

We no longer offer stock based compensation as part of our compensation packages for employees, contractors and/or Directors. On October 6, 2014, the Board of Directors elected to terminate all existing Stock Option plans due to the significant cost to maintain and report on the plans does not achieve the goals intended. Thus, the 2002, 2005 Stock Option Plans and the 2003 Stock Incentive Plan were effectively terminated with no accounting requirements since no options or shares were issued. The 2003 Stock Option Plan with 397,613 options issued was effectively terminated with no accounting requirements as the term of the options have expired or the holders of the options no longer meet the requirements of holding the options due to termination of employment etc. The 2011 Stock Plan was effectively terminated subject to the holder's rights to the options remaining open provided they meet the requirements of the options. Per discussion with eligible holders, each holder (current board members or officers and one previous officer of the corporation) have waived their rights to exercise of the options.

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| Plan                      | Date Adopted       | Shares Initially Reserved<br>For Issuance | Shares Available For<br>Issuance at<br>December 31, 2014 |
|---------------------------|--------------------|---|--|
| 2011 Stock Incentive Plan | April 7, 2011      | 2,000,000                                 | -  |
| 2005 Stock Option Plan    | December 16, 2005  | 600,000                                   | -  |
| 2003 Stock Option Plan    | September 24, 2003 | 1,500,000                                 | -  |
| 2003 Stock Incentive Plan | October 31, 2003   | 300,000                                   | -  |
| 2002 Stock Option Plan    | June 6, 2002       | 100,000                                   | -  |
|                           |                    |   | -  |

No stock-based awards were issued during the year ended December 31, 2014 and 2013.



A summary of the transactions during the year ended December 31, 2014 with respect to our stock option plans follows:

|                                  | Shares<br>(in thousands) | Weighted-<br>Average<br>Exercise<br>Price | Aggregate<br>Intrinsic<br>Value<br>(in thousands) | Weighted-<br>Average<br>Contractual<br>Life<br>Remaining<br>in Years |
|----------------------------------|--------------------------|---|---|--|
| Outstanding at January 1, 2013   | 1,173                    | \$ 0.017                                  |   | 7.5  |
| Forfeited/Terminated             | 1,173                    | \$ 0.017                                  |   | 7.5  |
| Outstanding at December 31, 2014 | -                        | \$ -                                      | \$ -  | -  |
| Exercisable at December 31, 2014 | -                        | \$ -                                      | \$ -  | -  |

Total stock-based compensation expense for the years ended December 31, 2014 and 2013 was \$0 and \$1,000, respectively. As of December 31, 2014, the total unrecognized compensation cost related to non-vested stock options was \$0.0, net of expected forfeitures.

#### Note 10 – Geographic and Customer Information

Revenue, classified by geographic location from which the revenue was originated, was as follows (in thousands):

|               | Year Ended December 31, |          |
|---------------|-------------------------|----------|
|               | 2014                    | 2013     |
| Revenue:      |                         |          |
| United States | \$ 3,512                | \$ 4,856 |
| Germany       | 0                       | 168      |
| Total         | \$ 3,512                | \$ 5,024 |

Approximately \$0 and \$142,000 of total assets were located in Germany as of December 31, 2014 and 2013, respectively. All other assets were located in the U.S. For the year ended December 31, 2014, two customers accounted for 30% of our revenue. For the year ended December 31, 2013, one customer accounted for 14% of our revenue. No other customers accounted for more than 10% of revenue for the years ended December 31, 2014 and 2013.

**Note 11 – Merger, Reverse Stock Split and Extinguishment of Debt**

On May 11, 2014, the Company completed an Agreement and Plan of Merger (the “Merger Agreement”) with Qode Services Corporation (“Qode”), a wholly owned subsidiary of the Company. Under the terms of the Merger Agreement, Qode was merged into the Company and ceased to exist upon completion of the merger. The Company continued as the surviving corporation. Under the terms of the Merger Agreement, the Company’s charter was amended to provide for an increase in the amount of common stock authorized shares, and each share of the Company’s common stock issued and outstanding immediately prior to the merger continued to remain outstanding and remain unchanged, except that (i) the par value changed from \$0.001 per share to no par value per share, and (ii) each fifteen shares of common stock issued and outstanding were combined and converted into 1 share of common stock (the “Reverse-Split”). The amount of authorized shares of common stock was also increased from 5 billion to 7.5 billion shares. Prior period amounts have been retroactively adjusted for the Reverse-Split in order to be comparable and conform to the current period presentation.

In connection with the completion of the merger, the holder of the secured convertible debentures agreed to enter into amendments to decrease the aggregate face amount of debt by \$5.0 million. The forgiveness of debt on the secured convertible debentures exceeded a significance threshold relative to cash flows prescribed by ASC Topic 470-50, *Debt Modifications and Extinguishments*. Accordingly, the modifications of the amounts due under these arrangements were accounted for as extinguishments, whereby the existing debentures were considered to be retired and new debentures issued. The fair value of the forgiven balance of \$4.247 million was determined as of May 11, 2014 and recorded as a gain on extinguishment of debt in the consolidated statements of operations.

## **Note 12 – Subsequent Events**

During the period January 1, 2015 to March 3, 2015, holders of NeoMedia Series C Preferred shares converted 15 shares into 154,639,175 common shares. In addition during the same period holders of NeoMedia secured debentures converted a portion of the principal and accrued interest into 303,744,472 common shares

## **ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

On July 1, 2014, the Audit Committee (the "Audit Committee") of the Board of Directors of NeoMedia Technologies, Inc. (the "Company") approved the dismissal of StarkSchenkein, LLP ("Stark") as the Company's independent registered public accounting firm. During the period May 1, 2013 and through July 1, 2014, the date of Stark's dismissal, (i) there were no disagreements) between the Company and Stark on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

On July 1, 2014, the Audit Committee approved the appointment of Eide Bailly LLP as the Company's independent registered public accounting firm to perform independent audit services beginning with the quarter ended June 30, 2014.

## **Item 9A. Controls and Procedures**

**Evaluation of Disclosure Controls and Procedures** - We have adopted and maintain disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) that are designed to ensure that information required to be disclosed in our reports under the Exchange Act, is recorded, processed, summarized and reported within the time periods required under the SEC's rules and forms and that the information is gathered and communicated to our management, including our Chief Executive Officer (Principal Executive Officer) and Chief Financial Officer (Principal Financial Officer), as appropriate, to allow for timely decisions regarding required disclosure.

Pursuant to Rule 13a-15(b) under the Exchange Act, the Company carried out an evaluation, with the participation of the Company's management, including the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO" who is also the Company's principal financial and accounting officer), of the effectiveness of the Company's disclosure controls and procedures (as defined under Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on that evaluation, and taking the matters described below into account, the Company's CEO and CFO have concluded that our disclosure controls and procedures over financial reporting were not effective during reporting period ended December 31, 2014, as discussed below.

Eide Bailly LLP, our registered independent public accounting firm, was not required to and has not issued a report concerning the effectiveness of our internal control over financial reporting as of December 31, 2014.

**Management's Annual Report on Internal Control Over Financial Reporting** - Our management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company in accordance with as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is designed 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. Our internal control over financial reporting includes those policies and procedures that:

\_\_\_\_\_pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and \_\_\_\_\_dispositions of our assets,

provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements -in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made in accordance with authorizations of our management and directors, and

provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

A material weakness is a control deficiency, or combination of control deficiencies, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management, including the Company's principal executive and principal financial officer, assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2014. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control—Integrated Framework (1992 version)*.

Management's assessment of the effectiveness of the small business issuer's internal control over financial reporting as of the year ended December 31, 2014 the Company did not maintain effective internal control over financial reporting because of the following control deficiencies that constitute material weakness:

On July 25, 2014, management concluded, after consultation with the Audit Committee and external auditors that the Company had not properly assessed the underlying assumptions in its fair value accounting for its derivatives and financial instruments. This error had a material effect on our previously issued consolidated financial statements for the year ended December 31, 2013 and the quarters ended March 31, 2013, June 30, 2013 and September 30, 2013, which required us to restate the financial statements for such periods. In addition, we had to restate financial statements in the interim period ended March 31, 2014.

-While performing the internal audit of financial transactions and reporting, it was noted that there was a gap in our disclosure controls to ensure that there we were preparing financial statements in accordance with generally accepted accounting principles and in accordance with SEC guidelines; some journal entries did not contain independent reviews; a journal entry regarding a complex application of revenue recognition was noted to have been recorded incorrectly; there were certain required disclosures missing in our financial statements; and because of our small size,

we have limited ability to segregate duties to maintain an effective process of internal control.

Because of the material weakness identified above, a reasonable possibility exists that a material misstatement in our consolidated financial statements will not be prevented or detected on a timely basis. However, our Chief Executive Officer and Principal Accounting Officer believes that the financial statements included in this annual report on Form 10-K present, in all material respects, our financial position, results of operations and cash flows for the periods presented, in conformity with U.S. GAAP.

*Plan for Remediation of Material Weaknesses* - The remediation effort outlined below is intended to address the identified material weaknesses in internal control over financial reporting.

In the first interim period of fiscal year 2015 and concurrent with the filing of this Annual Report on Form 10-K, we strengthened and increased our controls over financial reporting through the engagement of an outside review team with significant experience in reviewing and recording of complex debt and equity transactions, revenue recognition concepts inherently complex in our transactions, and in writing disclosures contained in financial statements filed in our interim and annual reports. We plan to do another formal assessment of our internal controls during the next couple filings of our interim reports on Form 10-Q; thereby allowing for internal corrective action before our year ending December 31, 2015.

This Annual Report on Form 10-K does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting due to an exemption provided by the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act, enacted into law in July 2010. The Dodd-Frank Act provides smaller public companies and debt-only issuers with a permanent exemption from the requirement to obtain an external audit on the effectiveness of internal financial reporting controls provided in Section 404(b) of the Sarbanes-Oxley Act. We are a smaller reporting company and are eligible for this exemption under the Dodd-Frank Act.

**Changes in Internal Control over Financial Reporting** - NeoMedia has historically used contractors for our SEC work and will continue to do so. We will continue to monitor the effectiveness of our contractors and our internal control over financial reporting in the areas affected by the facts described above and employ any additional tools and resources deemed necessary to ensure that our financial statements are fairly stated in all material respects.

**Item 9B. Other Information.**

None.

**PART III**

**ITEM 10. Directors, Executive Officers and Corporate Governance**

Directors and Executive Officers

Set forth below are the names of our Directors and officers, their business experience during the last five years, their ages and all positions and offices that they hold with us as of the date of this Report.

| <b>Name</b>       | <b>Age</b> | <b>Position</b>                                  |
|-------------------|------------|--|
| Laura A. Marriott | 45         | Chief Executive Officer and Chairperson          |
| Barry S. Baer     | 71         | Chief Financial Officer, Secretary and Treasurer |

George G. O'Leary 52 Director

Peter Mannetti 66 Director

Sarah Fay 52 Director

### **Family Relationships**

There are no family relationships by and between or among the Directors or other officers. None of our Directors and officers are directors or executive officers of any company that files reports with the SEC except as set forth in the "Biographies of Officers and Directors" section below.

Page 54



## **Election of Directors and Officers**

Each Director holds office until his or her successor is duly elected and qualified or until his or her earlier resignation or removal. Our officers are duly appointed and removed from office pursuant to the authority and action of the Board.

## **Biographies of Officers and Directors**

**Laura A. Marriott.** Ms. Marriott was named to our Board of Directors in January 2009 and became our Chief Executive Officer and Chairperson of our Board of Directors on October 8, 2010. Ms. Marriott had previously served as President of the Mobile Marketing Association (MMA) since July 15, 2005 and prior to that, served as Director of Marketing for Intrado, Inc. from April 1, 2003 through July 14, 2005. During her tenure at MMA, the MMA membership experienced substantial growth, established global headquarters and regional chapters throughout the world, and developed guidelines for the industry. Ms. Marriott has more than twenty years of experience in the high-tech industry in the areas of business development, product management and marketing.

**George G. O’Leary.** Mr. O’Leary has been a director of NeoMedia since February 2007 and is currently the President of SKS Consulting of South Florida Corp. He was most recently a member of the board of directors of Protection Plus Security Corporation, where he was Chairman and acting CFO until the sale of the company in May, 2013. Prior to assuming his duties with the Company, Mr. O’Leary was a board member and a consultant to NeoGenomics, Inc. (NASDAQ –“NEO”) and was acting Chief Operating Officer from October 2004 to April 2005. Prior to becoming a director of NEO, Mr. O’Leary was the President and CFO of Jet Partners, LLC from 2002 to 2004. From 1996 to 2000, Mr. O’Leary was CEO and President of Communication Resources Incorporated.

**Sarah Fay.** Ms. Fay has been a Director of NeoMedia since March 1, 2011. Ms. Fay has served in several capacities, including Chief Executive Officer of Aegis Media North America, from 2008 until May 11, 2009, and prior to that led Aegis’ brands Carat Interactive from 2000 to 2004, and Isobar from 2004 to 2008. Ms. Fay as a board member for five privately held businesses, and as an advisory board member for three privately held businesses, all providing services in the mobile/digital marketing, advertising and technology industries. She also serves on the board of one other public company, TheStreet, Inc. (NASDAQ-TST). She also works for a major global direct marketing organization called Harte Hanks in the capacity of Strategic Adviser to the CEO.

**Peter Mannetti.** Mr. Mannetti has been a director of NeoMedia since October 1, 2011. Mr. Mannetti is a Managing Partner at iSherpa Capital, LLC, joining the firm in 2001. Mr. Mannetti previously founded and built Qwest Wireless from the ground up into a \$1 billion company with over one million subscribers. As the Chief Executive Officer of the firm, he won national and international awards for his leadership in developing innovative wireless products. Prior to

joining Qwest, Mr. Mannetti was a Vice President at BellSouth Mobile Data and held various management positions during his 18-year tenure at General Electric. Mr. Mannetti sits on a number of boards and advisory boards and is also very active in the education and non-profit sectors.

**Barry S Baer.** Colonel Baer joined the Company as Chief Financial Officer and Secretary on February 13, 2012. He has had an extensive career in financial management and has served as the CFO for a number of publicly held companies including Ecotality, Inc. (ECTY) (from 2006 – 2010). In addition, Colonel Baer has served as CFO at a number of privately held corporations, including Mind and Life Institute (2004-present), Max Katz Bag Company (2006 until present), and Prosocial Applications, Inc. (2013-present).

## Legal Proceedings

Unless otherwise indicated, to the knowledge of the Company after reasonable inquiry, no current Director or executive officer of the Company during the past ten years, has (i) been convicted in a criminal proceeding (excluding traffic violations or other minor offenses), (ii) been a party to any judicial or administrative proceeding (except for any matters that were dismissed without sanction or settlement) that resulted in a judgment, decree or final order enjoining the person from future violations of, or prohibiting activities subject to, U.S. federal or state securities laws, or a finding of any violation of U.S. federal or state securities laws, (iii) filed a petition under federal bankruptcy laws or any state insolvency laws or has had a receiver appointed for the person's property or (iv) been subject to any judgment, decree or final order enjoining, suspending or otherwise limiting for more than 60 days, the person from engaging in any type of business practice, acting as a futures commission merchant, introducing broker, commodity trading advisor, commodity pool operator, floor broker, leverage transaction merchant, any other person regulated by the Commodity Futures Trading Commission, or an associated person of any of the foregoing, or as an investment adviser, underwriter, broker or dealer in securities, or as an affiliated person, director or employee of any investment company, bank, savings and loan association or insurance company, or engaging in or continuing any conduct or practice in connection with such activity or engaging in any activity in connection with the purchase or sale of any security or commodity or in connection with any violation of Federal or State securities laws or Federal commodities laws, (v) been found by a court of competent jurisdiction in a civil action or by the Commission to have violated any Federal or State securities law, and the judgment in such civil action or finding by the Commission has not been subsequently reversed, suspended, or vacated, (vi) been found by a court of competent jurisdiction in a civil action or by the Commodity Futures Trading Commission to have violated any Federal commodities law, and the judgment in such civil action or finding by the Commodity Futures Trading Commission has not been subsequently reversed, suspended or vacated, (vii) been the subject of, or a party to, any Federal or State judicial or administrative order, judgment, decree, or finding, not subsequently reversed, suspended or vacated, relating to an alleged violation of: (a) any Federal or State securities or commodities law or regulation, (b) any law or regulation respecting financial institutions or insurance companies including, but not limited to, a temporary or permanent injunction, order of disgorgement or restitution, civil money penalty or temporary or permanent cease-and-desist order, or removal or prohibition order, or (c) any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity, or (viii) been the subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization (as defined in Section 3(a)(26) of the Exchange Act (15 U.S.C. 78c(a)(26))), any registered entity (as defined in Section 1(a)(29) of the Commodity Exchange Act (7 U.S.C. 1(a)(29))), or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

## Promoters and Control Persons

None.

## CORPORATE GOVERNANCE

## Committees of our Board

Our Board has an Audit Committee and a Compensation Committee (collectively, the “Standing Committees”). There is not a standing Nominating Committee, and there have been no material changes to the procedures by which security holders may recommend nominees to the Company’s Board during the period covered by this Annual Report. From 2012 to the present, each of the Standing Committees had three persons, such persons being independent Directors Ms. Sarah Fay (since 2011), Mr. George G. O’Leary (independent since 2013) and Mr. Peter Mannetti (since 2011).

***Audit Committee*** – The Audit Committee provides assistance to our Board in fulfilling its oversight responsibilities relating to our consolidated financial statements and financial reporting process and internal controls in consultation with our independent registered public accountants and external consultants. The Audit Committee is also responsible for ensuring that the independent registered public accountants submit a formal written statement to us regarding relationships and services which may affect the auditors’ objectivity and independence. Mr. O’Leary is designated as a financial expert and Audit Committee Chairperson.

***Compensation Committee*** – The Compensation Committee is responsible for recommending compensation and benefits for our executive officers to our Board and for administering our Incentive Plan for our management. The Compensation Committee also has responsibility for administering our stock option plans. Mr. Mannetti is designated as Compensation Committee Chairperson.

***Executive Committee*** - The Board may, subject to its oversight and ratification, delegate such authority to the Executive Committee to permit the Executive Committee to conduct meetings and exercise its authority in the management of the routine business affairs of the Company, during the periods between meetings of the Board. The Executive Committee consists of the Chairperson and two other Directors. The Executive committee was not active during 2014.

**Governance Committee** – The Board may elect members to a Governance Committee. However, during 2014, the Governance Committee was not active. Ms. Fay is designated as Governance Committee Chairperson.

### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires our officers and Directors, and persons who own more than ten percent of a registered class of our equity securities, to file reports of ownership and changes in ownership with the SEC. Officers, Directors and greater than ten percent shareholders are required by SEC regulation to furnish us with copies of all Section 16(a) forms they file.

Based solely on a review of the copies of such forms furnished to us, we believe that during the years ended December 31, 2014 and 2013 all such reports were filed in a timely manner.

### **Code of Ethics**

We have adopted a Code of Ethics, as required by the rules of the SEC, which is attached hereto by reference as Exhibit 14.1. This code of ethics applies to all of our Directors, officers and employees. The code of ethics, and any amendments to, or waivers from, the code of ethics, is available in print, at no charge, to any shareholder who requests such information.

## **ITEM 11. Executive Compensation**

### Summary Compensation Table

The following table sets forth, for the last two completed fiscal years ended December 31, 2014 and 2013 respectively, the cash compensation paid by the Company, as well as certain other compensation paid with respect to those years:

| Name and | Salary | Bonus | Option<br>Awards | Other<br>Compensation | Total |
|----------|--------|-------|------------------|-----------------------|-------|
|----------|--------|-------|------------------|-----------------------|-------|

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| Principal Position                | Year | (\$)    | (\$)       | (\$) | (\$)    | (\$)    |
|-----------------------------------|------|---------|------------|------|---------|---------|
| Laura A. Marriott                 |      |         |            |      |         |         |
| Chief Executive Officer(1)        | 2014 | 385,000 | 30,000 (3) | -    | -       | 415,000 |
|                                   | 2013 | 116,667 | 146,000(2) | -    | 259,200 | 521,867 |
| Barry S Baer                      |      |         |            |      |         |         |
| Chief Financial Officer(4)        | 2014 | -       | -          | -    | 24,000  | 24,000  |
|                                   | 2013 | -       | -          | -    | 52,119  | 52,119  |
| George O'Leary                    |      |         |            |      |         |         |
| Former Chief Operating Officer(5) | 2013 | -       | -          | -    | 50,000  | 50,000  |
| Jeff Huitt                        |      |         |            |      |         |         |
| Former Chief Financial Officer(4) | 2013 | -       | -          | -    | 37,803  | 37,803  |

- (1) Ms. Marriott became an employee on September 1, 2013. Prior to her employment, Ms. Marriott provided services to us under a per-diem consulting agreement for her services to us as our Chief Executive Officer.
- (2) Amounts reflect \$96,000 of 2012 bonus paid in 2013 and \$50,000 of 2013 bonus paid in 2013.
- (3) Amounts reflect 2013 bonus paid in 2014.
- (4) On March 26, 2013, Colonel Baer was appointed Chief Financial Officer and replaced Mr. Huitt.
- (5) On July 31, 2013, Mr. O'Leary completed his term and Chief Operating Officer. Mr. O'Leary continues to serve as a board member of the company.

### **Narrative Disclosure to Summary Compensation Table**

As of October 6, 2014, all option plans were retired and all vested and unvested shares were returned to the company and the plans terminated.

**Laura A. Marriott** – Ms. Marriott became our Chief Executive Officer and Chairperson of our Board on October 8, 2010. Prior to October 8, 2010, Ms. Marriott was a member of our Board. On September 1, 2013, Ms. Marriott became an employee of the Company. Prior her employment, Ms. Marriott provided services to us under a per-diem consulting agreement for her services to us as our Chief Executive Officer. The information presented in the Summary Compensation Table includes her aggregate compensation for all the services she provided. In 2014, Ms. Marriott received a salary of \$385,000 as an employee of the Company. Ms. Marriott was not granted a bonus in 2014. Some of the 2013 bonus was paid in 2014 to a total of \$30,000 and the remainder is expected to be paid in 2015.

**Barry S Baer** – Colonel Baer served as Chief Financial Officer from February 2012 until August 2012 and subsequently as Secretary/Treasurer. On March 26, 2013, the Board also appointed Colonel Baer to the role of Chief Financial Officer. All other compensation reflects the payments received under the terms of his agreement with the company.

**George G. O'Leary** – Mr. O'Leary served as our Chief Operating Officer from October 8, 2010 until July 31, 2013. Mr. O'Leary has also been a member of our Board since 2007 and continues to be a member of the Board. Mr. O'Leary did not receive compensation for his services as Chief Operating Officer during 2013 and all other compensation in 2013 reflects the board of director fees earned by Mr. O'Leary.

**Jeff Huitt** – Mr. Huitt served as Chief Financial Officer from August 2012 until March 2013. All other compensation reflects the payments received under the terms of his agreement with the company.

### Outstanding Equity Awards at Year-End

The following table contains information concerning unexercised options and stock that has not vested as of December 31, 2014 with respect to the executive officers named in the Summary Compensation Table:

#### Option Awards

| Name  |     | Number of Securities Underlying Unexercised Options |                   | Equity Incentive Plan Awards: Number of Securities Underlying Unexercised | Option Exercise Price (\$) | Option Expiration Date |
|---|-----|---|-------------------|---|----------------------------|------------------------|
|   |     | Exercisable (#)                                     | Unexercisable (#) | Unearned Options (#)  |                            |                        |
| Laura A. Marriott<br>Chief Executive Officer        | (1) | -   | -                 | -   | \$ -                       | 10/6/2014              |
| Barry S Baer<br>CFO, Secretary, Treasurer           | (2) | -   | -                 | -   | \$ -                       | 10/6/2014              |
| Jeff Huitt<br>Former Chief Financial Officer        | (3) | -   | -                 | -   | N/A                        | N/A                    |
| George G. O'Leary<br>Former Chief Operating Officer | (4) | -   | -                 | -   | \$ -                       | 10/6/2014<br>7/20/2017 |



(1) Ms. Marriott's option grants were terminated effective October 6, 2014 per agreement with the participant.

(2) Colonel Baer's option grants were terminated effective October 6, 2014 per agreement with the participant.

(3) Mr. Huitt's options were cancelled in connection with his departure from the Company.

(4) Mr. O'Leary's option grants were terminated effective October 6, 2014 per agreement with participant.

### **Additional Narrative Disclosure**

#### **Retirement Benefits**

No retirement benefit plans were offered in 2013. Beginning in 2014, we offer a defined contribution plan to our United States employees in accordance with Section 401(K) of the Internal Revenue Code. Under the provisions of this plan, eligible employees may defer a portion of their pre-tax compensation into the plan and receive matching contributions of up to 4% of eligible compensation.

#### **Director Compensation**

The following table sets forth certain information related to compensation paid to our Directors for board services during the year ended December 31, 2014:

| Name              | Fees<br>Earned or<br>Paid in |               |
|-------------------|------------------------------|---------------|
|                   | Cash<br>(\$)                 | Total<br>(\$) |
| Laura A. Marriott | -                            | -             |
| George G. O'Leary | 60,000                       | 60,000        |
| Sarah Fay         | 60,000                       | 60,000        |

|                |        |        |
|----------------|--------|--------|
| Peter Mannetti | 60,000 | 60,000 |
|----------------|--------|--------|

**Narrative to Director Compensation Table**

Our non-employee Directors are compensated through cash payments. Cash compensation amounts payable to the non-employee Directors are payable on an annual basis.

The Board Director compensation for 2014 was \$15,000 per quarter (\$60,000 per year) an increase over 2013 where it was \$12,500 per quarter. It is expected that the Board fees will decline in 2015 to reflect the cash position of the Company.

## Grants of Plan-based Awards

We are a “smaller reporting company” as defined by Rule 12b-2 of the Exchange Act and, as such, are not required to provide this information.

## ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table sets forth certain information regarding beneficial ownership of our common stock as of February xx, 2015: (i) by each of our Directors, (ii) by each of the named executive officers, (iii) by all of the Company’s executive officers and directors as a group, and (iv) by each person or entity known by us to beneficially own more than 5% of any class of our outstanding shares. As of December 31, 2014, there were 4,166,142,620 shares of Company Common Stock outstanding, 4,332 shares of Series C Preferred Stock outstanding, and 3,481 shares of Series D Preferred Stock outstanding:

| Name and Address of Beneficial Owner                                    | Common Stock                        |                                 | Series C Convertible Preferred Stock |                                 | Series D Convertible Preferred Stock |                                 |
|---|-------------------------------------|---------------------------------|--------------------------------------|---------------------------------|--------------------------------------|---------------------------------|
|   | Beneficial Ownership <sup>(1)</sup> | Percent of Class <sup>(1)</sup> | Beneficial Ownership <sup>(1)</sup>  | Percent of Class <sup>(1)</sup> | Beneficial Ownership <sup>(1)</sup>  | Percent of Class <sup>(1)</sup> |
| <b>Directors and Named Executive Officers</b>                           |                                     |                                 |                                      |                                 |                                      |                                 |
| Laura A. Marriott <sup>(2)(3)</sup>                                     | -                                   | *                               | -                                    | *                               | -                                    | *                               |
| Barry S Baer <sup>(2)(4)</sup>  | -                                   | *                               | -                                    | *                               | -                                    | *                               |
| George G. O’Leary <sup>(2)(5)</sup>                                     | 10,200                              | *                               | -                                    | *                               | -                                    | *                               |
| Sarah Fay <sup>(2)(6)</sup>   | -                                   | *                               | -                                    | *                               | -                                    | *                               |
| Peter Mannetti <sup>(2)(7)</sup>  | -                                   | *                               | -                                    | *                               | -                                    | *                               |
| Officers and Directors as a Group <sup>(5 Persons)</sup> <sup>(8)</sup> | 10,200                              | *                               | -                                    | *                               | -                                    | *                               |
| <b>Other Beneficial Owners</b>  |                                     |                                 |                                      |                                 |                                      |                                 |
| YA Global Investments, LP <sup>(9)</sup>                                | 412,499,208                         | 9.99 %                          | 3,421                                | 79.0 %                          | 3,395                                | 97.5 %                          |
| Andypolo, L.P. <sup>(10)</sup>  | 412,499,208                         | 9.99 %                          | 495                                  | 11.4 %                          | -                                    | -                               |
| Burrington Capital, LLC <sup>(11)</sup>                                 | 412,499,208                         | 9.99 %                          | 27                                   | * %                             | -                                    | -                               |
| Janice Bennett <sup>(12)</sup>  | 412,499,208                         | 9.99 %                          | 49                                   | 1.1 %                           | -                                    | -                               |
| Edward J. Martin <sup>(13)</sup>  | 412,499,208                         | 9.99 %                          | 100                                  | 2.3 %                           | -                                    | -                               |
| Walters Bruce Edwards, Jr. <sup>(14)</sup>                              | 412,499,208                         | 9.99 %                          | 90                                   | 2.0 %                           | -                                    | -                               |
| Kelburgh, Ltd. <sup>(15)</sup>  | 412,499,208                         | 9.99 %                          | 150                                  | 3.5 %                           | -                                    | -                               |

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|   |               |      |   |       |   |   |       |     |   |
|---|---------------|------|---|-------|---|---|-------|-----|---|
| Redwood Management, LLC <sup>(16)</sup> | 412,499,208   | 9.99 | % | 0     | 0 | % | 86    | 2.5 | % |
| Barry Liben <sup>(17)</sup>             | 444,444,444   | 8.91 | % | -     | - | - | -     | -   | - |
| Shares outstanding                      | 4,166,658,668 |      |   | 4,332 |   |   | 3,481 |     |   |

\* Indicates less than 1%.

<sup>(1)</sup> Applicable percentage of ownership is based on 4,166,142,620 shares of Company Common Stock, 4332 shares of Series C Preferred Stock, and 3,481 shares of Series D Preferred Stock outstanding as of December 31, 2014. Percentage ownership is determined based on shares owned together with securities exercisable or convertible into shares of Company Common Stock within 60 days of December 31, 2014 for each shareholder. Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Shares of Company Common Stock subject to securities exercisable or convertible into shares of Company Common Stock that are currently exercisable, or exercisable within 60 days of December 31, 2014, are deemed to be beneficially owned by the person holding such securities for the purpose of computing the percentage of ownership of such person, but are not treated as outstanding for the purpose of computing the percentage ownership of any other person.

<sup>(2)</sup> Address of the referenced individual is c/o NeoMedia Technologies, Inc., 1515 Walnut Street, Suite 100, Boulder, Colorado, 80302.

(3) Laura Marriott is Chief Executive Officer and Chairperson of our Board. Ownership includes shares of Company Common Stock issuable upon exercise of stock options that are exercisable within 60 days of December 31, 2014.

(4) Barry S Baer is our CFO, Corporate Secretary and Treasurer. Ownership includes shares of Company Common Stock issuable upon exercise of stock options that are exercisable within 60 days of December 31, 2014.

(5) George G. O'Leary is a member of our Board of Directors. Ownership includes 10,220 shares owned by SKS Consulting of South Florida Corp, a company that Mr. O'Leary currently serves as President and shares of Company Common Stock issuable upon exercise of stock options that are exercisable within 60 days of December 31, 2014.

(6) Sarah Fay is a member of our Board of Directors. Ownership includes shares of Company Common Stock issuable upon exercise of stock options that are exercisable within 60 days of December 31, 2014.

(7) Peter Mannetti is a member of our Board of Directors. Ownership includes shares of Company Common Stock issuable upon exercise of stock options that are exercisable within 60 days of December 31, 2014.

(8) Includes an aggregate of 0 options to purchase shares of common stock which will have vested within 60 days of December 31, 2014

(9) The address of YA Global is 1012 Springfield Ave., Mountainside, New Jersey, 07092. The information presented herein is based on information provided by YA Global and based on the records of the Company. Ownership includes 10,000,000 shares of Company Common Stock, 3,421 shares of Series C Preferred Stock, exercisable for 412,499,208 shares of Company Common Stock (as per the 9.99% ownership limitations set forth in the Series C Preferred Stock and Series D Preferred Stock certificates of designation), and 3,395 shares of Series D Preferred Stock owned by YA Global.

(10) The address of Andypolo, L.P. is 4203 Yoakman Blvd., Houston, Texas, 77006. The information presented herein is based on the records of the Company. Ownership includes 495 shares of Series C Preferred Stock, exercisable for 412,499,208 shares of Company Common Stock (as per the 9.99% ownership limitations set forth in the Series C Preferred Stock certificate of designation), on a fully diluted basis.

(11) The address of Burrington Capital, LLC is 607 Lawrence Ave., Westfield, New Jersey, 07092. The information presented herein is based on the records of the Company. Ownership includes 27 shares of Series C Preferred Stock, exercisable for 412,499,208 shares of Company Common Stock (as per the 9.99% ownership limitations set forth in

the Series C Preferred Stock certificate of designation), on a fully diluted basis.

<sup>(12)</sup> The address of Janice Bennett is 250 Gorge Road, Apt. #20-J, Cliffside, New Jersey, 07010. The information presented herein is based on the records of the Company. Ownership includes 49 shares of Series C Preferred Stock, exercisable for 412,499,208 shares of Company Common Stock (as per the 9.99% ownership limitations set forth in the Series C Preferred Stock certificate of designation), on a fully diluted basis.

<sup>(13)</sup> The address of Edward J. Martin is 48 South Braemar Circle, Daleville, Virginia, 24083. The information presented herein is based on the records of the Company. Ownership includes 100 shares of Series C Preferred Stock, exercisable for 412,499,208 shares of Company Common Stock (as per the 9.99% ownership limitations set forth in the Series C Preferred Stock certificate of designation), on a fully diluted basis.

<sup>(14)</sup> The address of Walter Bruce Edwards, Jr. is 1721 Creed Crossing Rd., Vienna, Virginia, 22182. The information presented herein is based on the records of the Company. Ownership includes 90 shares of Series C Preferred Stock, exercisable for 412,499,208 shares of Company Common Stock (as per the 9.99% ownership limitations set forth in the Series C Preferred Stock certificate of designation), on a fully diluted basis.

<sup>(15)</sup> The address of Kelburgh , Ltd. is P.O. Box 71004, Dubai, United Arab Emirates. The information presented herein is based on the records of the Company. Ownership includes 150 shares of Series C Preferred Stock, exercisable for 412,499,408 shares of Company Common Stock (as per the 9.99% ownership limitations set forth in the Series C Preferred Stock certificate of designation), on a fully diluted basis.

<sup>(16)</sup> The address of Redwood Management, LLC 16850 Collins Ave. #121-341, Sunny Isles Beach, Florida, 33160. The information presented herein is based on the records of the Company. Ownership includes 86 shares of Series D Preferred Stock, exercisable for 412,499,208 shares of Company Common Stock (as per the 9.99% ownership limitations set forth in the Series D Preferred Stock certificate of designation), on a fully diluted basis.

<sup>(17)</sup> Based solely on a 13G filed by Barry Liben on July 11, 2013. The address of Mr. Liben is 235 West 71st, 5th Floor, New York, New York, 10023. Mr. Liben has sole power to vote or to direct the vote of the common stock.

### **ITEM 13. Certain Relationships and Related Transactions, and Director Independence**

#### **Related Party Transactions**

The Company has evaluated related parties and all related transactions and determined that no transactions exist which would require disclosure.

#### **Director Independence**

As of the date of filing of this Report, our non-executive Directors Messrs. Mannetti and O'Leary and Ms. Fay, are independent Directors. Ms. Marriott, as our Chief Executive Officer and Chairperson of the Board is not independent.

### **ITEM 14. Principal Accounting Fees and Services**

#### **Audit Fees, Audit-Related Fees, Tax Fees and Other Fees**

The aggregate fee billed by our independent auditors, Eide Bailly LLP, for the audit of our annual consolidated financial statements for the year ended December 31, 2014 and for the review of our quarterly financial statements during 2014 was \$14,630. There were no other fees billed for products offered or professional services rendered by Eide Bailly LLP.

The aggregate fee billed by our independent auditors, StarkSchenkein, LLP, for the audit of our annual consolidated financial statements for the year ended December 31, 2013 was \$52,500 and for the year ended December 31, 2014 was \$68,466. There were no other fees billed for products offered or professional services rendered by StarkSchenkein, LLP.

The aggregate fee billed by our independent auditors, Kingery and Crouse, LLP, for the audit of our annual consolidated financial statements for the years ended December 31, 2012 and 2013 was approximately \$67,600. There were no other fees billed for products offered or professional services rendered by StarkSchenkein, LLP

#### **Audit Committee Pre-approval**

The Audit Committee of our Board approves all non-audit services provided by our primary accountants.



**PART IV****ITEM 15. Exhibits, Financial Statement Schedules****(a) Financial Statements and Schedules**

The financial statements are set forth under Item 8 of this Report. Financial statement schedules have been omitted because they are either not required, not applicable, or the information is otherwise included.

**(b) Exhibits**

| <b>Exhibit Number</b> | <b>Description</b>  | <b>Filed Herewith</b> | <b>Form</b> | <b>Exhibit</b> | <b>Filing Date</b> |
|-----------------------|---|-----------------------|-------------|----------------|--------------------|
| 3.1                   | Articles of Incorporation of Dev-Tech Associates, Inc. and amendment thereto                      |                       | SB-2        | 3.1            | 11/25/1996         |
| 3.2                   | By-laws of the Company  |                       | 8-K         | 3.2            | 12/21/2010         |
| 3.3                   | Restated Certificate of Incorporation of DevSys, Inc.   |                       | SB-2        | 3.3            | 11/25/1996         |
| 3.4                   | Articles of Merger and Agreement and Plan of Merger of DevSys, Inc. and Dev-Tech Associates, Inc. |                       | SB-2        | 3.5            | 11/25/1996         |
| 3.5                   | Certificate of Merger of Dev-Tech Associates, Inc. into DevSys, Inc.                              |                       | SB-2        | 3.6            | 11/25/1996         |
| 3.6                   | Articles of Incorporation of Dev-Tech Migration, Inc. and amendment thereto                       |                       | SB-2        | 3.7            | 11/25/1996         |
| 3.7                   | Restated Certificate of Incorporation of DevSys Migration, Inc.                                   |                       | SB-2        | 3.9            | 11/25/1996         |
| 3.8                   | Form of Agreement and Plan of Merger of Dev-Tech Migration, Inc. into DevSys Migration, Inc.      |                       | SB-2        | 3.11           | 11/25/1996         |
| 3.9                   | Form of Certificate of Merger of Dev-Tech Migration, Inc. into DevSys Migration, Inc.             |                       | SB-2        | 3.12           | 11/25/1996         |
| 3.10                  |   |                       | SB-2        | 3.13           | 11/25/1996         |

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Certificate of Amendment to Certificate of Incorporation of DevSys, Inc. changing our name to NeoMedia Technologies, Inc.

|      |   |      |      |            |
|------|---|------|------|------------|
| 3.11 | Form of Certificate of Amendment to Certificate of Incorporation of the Company authorizing a reverse stock split                                   | SB-2 | 3.14 | 11/25/1996 |
| 3.12 | Form of Certificate of Amendment to Restated Certificate of Incorporation of the Company increasing authorized capital and creating preferred stock | SB-2 | 3.15 | 11/25/1996 |
| 3.13 | Certificate of Designation of the Series C Convertible Preferred Stock dated February 17, 2006  | 8-K  | 10.9 | 2/21/2006  |
| 3.14 | Certificate of Amendment to the Certificate of Designation of the Series C Convertible Preferred Stock dated January 5, 2010                        | 8-K  | 3.1  | 1/11/2010  |
| 3.15 | Certificate of Designation of the Series D Convertible Preferred Stock dated January 5, 2010  | 8-K  | 3.2  | 1/11/2010  |
| 3.16 | Certificate of Amendment to the Certificate of Designation of the Series D Convertible Preferred Stock dated January 7, 2010                        | 8-K  | 3.3  | 1/11/2010  |

|       |   |      |      |           |
|-------|---|------|------|-----------|
| 3.17  | Certificate of Amendment to the Certificate of Designation of the Series D Convertible Preferred Stock dated March 5, 2010  | 8-K  | 3.1  | 3/11/2010 |
| 3.18  | Certificate of Merger between the Company and Qode Services Corporation   | 10-Q | 3.18 | 8/14/2014 |
| 4.1*  | 2011 Stock Incentive Plan effective April 7, 2011   | S-8  | 4.1  | 4/22/2011 |
| 10.3  | Definitive Sale and Purchase Agreement between the Company and Gavitec  | 8-K  | 16.1 | 2/21/2006 |
| 10.4  | Definitive Sale and Purchase Agreement between the Company and Sponge   | 8-K  | 16.1 | 2/22/2006 |
| 10.5  | Investment Agreement, dated February 17, 2006 between the Company and Cornell Capital Partners, LP  | 8-K  | 10.1 | 2/21/2006 |
| 10.6  | Investor Registration Rights Agreement, dated February 17, 2006 between the Company and Cornell Capital Partners, LP  | 8-K  | 10.2 | 2/21/2006 |
| 10.7  | Irrevocable Transfer Agent Instruction, dated February 17, 2006, by and among the Company, Cornell Capital Partners, LP and American Stock Transfer & Trust Co.   | 8-K  | 10.3 | 2/21/2006 |
| 10.8  | “A” Warrant, dated February 17, 2006  | 8-K  | 10.4 | 2/21/2006 |
| 10.9  | “B” Warrant, dated February 17, 2006  | 8-K  | 10.5 | 2/21/2006 |
| 10.10 | “C” Warrant, dated February 17, 2006  | 8-K  | 10.6 | 2/21/2006 |
| 10.11 | Assignment Agreement, dated February 17, 2006 by the Company and Cornell Capital Partners, LP   | 8-K  | 10.7 | 2/21/2006 |
| 10.12 | Assignment of Common Stock, dated February 17, 2006 between the Company and Cornell Capital Partners, LP  | 8-K  | 10.8 | 2/21/2006 |
| 10.13 | Securities Purchase Agreement, dated August 24, 2006, between the Company and Cornell Capital Partners, LP  | 8-K  | 10.1 | 8/30/2006 |
| 10.14 | Investor Registration Rights Agreement, dated August 24, 2006, between the Company and Cornell Capital Partners, LP   | 8-K  | 10.2 | 8/30/2006 |
| 10.15 | Pledge and Security Agreement, dated August 24, 2006, between the Company and Cornell Capital Partners, LP  | 8-K  | 10.3 | 8/30/2006 |
| 10.16 | Secured Convertible Debenture CCP-1, dated August 24, 2006, issued by the Company to Cornell Capital Partners, LP (amended by the Amendment filed at Exhibit 10.6 to the Company’s Form 8-K filed with the SEC on January 11, 2010, and Debenture Extension Agreements filed at Exhibits 10.1 to the Company’s Form 8-Ks filed with the SEC on May 29, 2012 and February 8, 2013) | 8-K  | 10.4 | 8/30/2006 |
| 10.17 |   | 8-K  | 10.5 | 8/30/2006 |

Irrevocable Transfer Agent Instructions, dated August 24, 2006, by and among the Company, Cornell Capital Partners, LP and American Stock Transfer & Trust Co.

|       |   |           |            |
|-------|---|-----------|------------|
| 10.18 | “A” Warrant, dated August 24, 2006  | 8-K 10.6  | 8/30/2006  |
| 10.19 | “B” Warrant, dated August 24, 2006  | 8-K 10.7  | 8/30/2006  |
| 10.20 | “C” Warrant, dated August 24, 2006  | 8-K 10.8  | 8/30/2006  |
| 10.21 | “D” Warrant, dated August 24, 2006  | 8-K 10.9  | 8/30/2006  |
| 10.22 | Amendment to Warrant No. CCP-002, dated August 24, 2006, between the Company and Cornell Capital Partners, LP   | 8-K 10.10 | 8/30/2006  |
| 10.23 | Amendment to “A” Warrant No. CCP-001, dated August 24, 2006, between the Company and Cornell Capital Partners, LP   | 8-K 10.11 | 8/30/2006  |
| 10.24 | Amendment to “B” Warrant No. CCP-002, dated August 24, 2006, between the Company and Cornell Capital Partners, LP   | 8-K 10.12 | 8/30/2006  |
| 10.25 | Amendment to “C” Warrant No. CCP-003, dated August 24, 2006, between the Company and Cornell Capital Partners, LP   | 8-K 10.13 | 8/30/2006  |
| 10.26 | Definitive Share Purchase and Settlement Agreement between the Company and Sponge, dated November 14, 2006  | 8-K 16.1  | 11/20/2006 |
| 10.27 | Securities Purchase Agreement, dated December 29, 2006, between the Company and Cornell Capital Partners, LP  | 8-K 10.1  | 1/8/2007   |
| 10.28 | Investor Registration Rights Agreement, dated December 29, 2006, between the Company and Cornell Capital Partners, LP   | 8-K 10.2  | 1/8/2007   |
| 10.29 | Secured Convertible Debenture CCP-2, dated December 29, 2006, issued by the Company to Cornell Capital Partners, LP (amended by the Amendment filed at Exhibit 10.7 to the Company’s Form 8-K filed with the SEC on January 11, 2010, and Debenture Extension Agreements filed at Exhibits 10.1 to the Company’s Form 8-Ks filed with the SEC on May 29, 2012 and February 8, 2013) | 8-K 10.3  | 1/8/2007   |
| 10.30 | Irrevocable Transfer Agent Instructions, dated December 29, 2006, by and among the Company, Cornell Capital Partners, LP and American Stock Transfer & Trust Co.  | 8-K 10.4  | 1/8/2007   |
| 10.31 | “A” Warrant, dated December 29, 2006  | 8-K 10.5  | 1/8/2007   |
| 10.32 | Amendment to Warrant No. CCP-002, dated December 29, 2006, between the Company and Cornell Capital Partners, LP   | 8-K 10.6  | 1/8/2007   |
| 10.33 | Amendment to “A” Warrant No. CCP-001, dated December 29, 2006, between the Company and Cornell Capital Partners, LP   | 8-K 10.7  | 1/8/2007   |
| 10.34 |   | 8-K 10.8  | 1/8/2007   |

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Amendment to "B" Warrant No. CCP-002, dated December 29, 2006, between the Company and Cornell Capital Partners, LP

10.35 Amendment to "C" Warrant No. CCP-003, dated December 29, 2006, between the Company and Cornell Capital Partners, LP

8-K 10.9 1/8/2007

Page 65

|        |   |     |       |           |
|--------|---|-----|-------|-----------|
| 10.36  | Amendment to "A" Warrant No. CCP-001, dated December 29, 2006, between the Company and Cornell Capital Partners, LP   | 8-K | 10.10 | 1/8/2007  |
| 10.37  | Amendment to "B" Warrant No. CCP-001, dated December 29, 2006, between the Company and Cornell Capital Partners, LP   | 8-K | 10.11 | 1/8/2007  |
| 10.38  | Amendment to "C" Warrant No. CCP-001, dated December 29, 2006, between the Company and Cornell Capital Partners, LP   | 8-K | 10.12 | 1/8/2007  |
| 10.39  | Securities Purchase Agreement, dated December 29, 2006, between the Company and Cornell Capital Partners, LP  | 8-K | 10.1  | 1/8/2007  |
| 10.40  | Amendment Agreement I to the Sale and Purchase Agreement between the Company and certain former shareholders of Gavitec AG, dated February 17, 2006   | 8-K | 10.1  | 1/29/2007 |
| 10.41* | Consulting Agreement between the Company and SKS Consulting of South Florida Corp.  | 8-K | 10.1  | 2/6/2007  |
| 10.42  | Securities Purchase Agreement between the Company and Cornell Capital Partners LP, dated March 27, 2007   | 8-K | 10.1  | 4/3/2007  |
| 10.43  | Investor Registration Rights Agreement between the Company and Cornell Capital Partners LP, dated March 27, 2007  | 8-K | 10.2  | 4/3/2007  |
| 10.44  | Secured Convertible Debenture NEOM 4-1, issued by the Company to Cornell Capital Partners, LP, dated March 27, 2007 (amended by the Amendment filed at Exhibit 10.8 to the Company's Form 8-K filed with the SEC on January 11, 2010, and Debenture Extension Agreements filed at Exhibits 10.1 to the Company's Form 8-Ks filed with the SEC on May 29, 2012 and February 8, 2013) | 8-K | 10.3  | 4/3/2007  |
| 10.45  | Irrevocable Transfer Agent Instructions, by and among the Company, Cornell Capital Partners, LP and Worldwide Stock Transfer, dated March 27, 2007  | 8-K | 10.4  | 4/3/2007  |
| 10.46  | Warrant, issued by the Company to Cornell Capital Partners, LP, dated March 27, 2007  | 8-K | 10.5  | 4/3/2007  |
| 10.47  | Master Amendment Agreement, by and between the Company and Cornell Capital Partners, LP, dated March 27, 2007   | 8-K | 10.6  | 4/3/2007  |
| 10.48  | Security Agreement, by and between the Company and Cornell Capital Partners, LP, dated on or about August 24, 2006  | 8-K | 10.7  | 4/3/2007  |
| 10.49  | Security Agreement, by and between the Company and Cornell Capital Partners, LP, dated March 27, 2007   | 8-K | 10.8  | 4/3/2007  |
| 10.50  | Security Agreement (Patent), by and between the Company and Cornell Capital Partners, LP, dated March 27, 2007  | 8-K | 10.9  | 4/3/2007  |

- |       |   |          |           |
|-------|---|----------|-----------|
| 10.51 | Pledge Shares Escrow Agreement, by and between the Company and Cornell Capital Partners, dated March 27, 2007   | 8-K 10.1 | 4/3/2007  |
| 10.52 | Securities Purchase Agreement dated August 24, 2007, by and between the Company and YA Global Investments, L.P. | 8-K 10.1 | 8/30/2007 |



|       |  |                     |
|-------|--|---------------------|
| 10.53 | Registration Rights Agreement, by and between the Company and YA Global Investments, L.P., dated August 24, 2007   | 8-K 10.2 8/30/2007  |
| 10.54 | Secured Convertible Debenture NEOM 1-1, issued by the Company to YA Global Investments, LP, dated August 24, 2007 (amended by the Amendment filed at Exhibit 10.9 to the Company's Form 8-K filed with the SEC on January 11, 2010, and Debenture Extension Agreements filed at Exhibits 10.1 to the Company's Form 8-Ks filed with the SEC on May 29, 2012 and February 8, 2013)  | 8-K 10.3 8/30/2007  |
| 10.55 | Irrevocable Transfer Agent Instructions, by and among the Company, YA Global Investments, L.P. and Worldwide Stock Transfer, LLC, dated August 24, 2007  | 8-K 10.4 8/30/2007  |
| 10.56 | Warrant issued by the Company to YA Global Investments, L.P., dated August 24, 2007  | 8-K 10.5 8/30/2007  |
| 10.57 | Repricing Agreement, by and between the Company and YA Global Investments, L.P., dated August 24, 2007   | 8-K 10.6 8/30/2007  |
| 10.58 | Security Agreement, by and between the Company and YA Global Investments, L.P., dated August 24, 2007  | 8-K 10.7 8/30/2007  |
| 10.59 | Security Agreement (Patent), by and between the Company and YA Global Investments, L.P., dated August 24, 2007   | 8-K 10.8 8/30/2007  |
| 10.60 | Secured Convertible Debenture NEOM 2008-1, dated April 11, 2008, issued by the Company to YA Global Investments, L.P. (amended by the Amendment filed at Exhibit 10.10 to Company's Form 8-K filed with the SEC on January 11, 2010, and Debenture Extension Agreements filed at Exhibits 10.1 to the Company's Form 8-Ks filed with the SEC on May 29, 2012 and February 8, 2013) | 8-K 10.1 4/17/2008  |
| 10.61 | Secured Convertible Debenture NEOM 2008-2, dated May 16, 2008, issued by the Company to YA Global Investments, L.P. (amended by the Amendment filed at Exhibit 10.11 to Company's Form 8-K filed with the SEC on January 11, 2010, and Debenture Extension Agreements filed at Exhibits 10.1 to the Company's Form 8-Ks filed with the SEC on May 29, 2012 and February 8, 2013)   | 8-K 10.1 5/22/2008  |
| 10.62 | Warrant, dated May 16, 2008, issued by the Company to YA Global Investments, L.P.  | 8-K 10.2 5/22/2008  |
| 10.63 | Secured Convertible Debenture NEOM 2008-3, dated May 30, 2008, issued by the Company to YA Global Investments, L.P. (amended by Amendment filed at Exhibit 10.12 to Company's 8-K filed with the SEC on January 11, 2010, and Debenture Extension Agreements filed at Exhibits 10.1 to the Company's 8-Ks filed with the SEC on May 29, 2012 and February 8, 2013)                 | 8-K 10.1 06/05/2008 |
| 10.64 | Warrant, dated May 30, 2008, issued by the Company to YA Global Investments, L.P.  | 8-K 10.2 06/05/2008 |



|        |   |     |       |            |
|--------|---|-----|-------|------------|
| 10.65* | Severance Agreement and Release, dated June 3, 2008, by and between the Company and William Hoffman   | 8-K | 10.5  | 06/05/2008 |
| 10.66* | Employment Agreement, dated June 10, 2008, by and between the Company and Iain McCready   | 8-K | 10.1  | 06/16/2008 |
| 10.67  | Secured Convertible Debenture NEOM 2008-4, dated July 10, 2008, issued by the Company to YA Global Investments, L.P. (amended by Amendment filed at Exhibit 10.13 to Company's 8-K filed with the SEC on January 11, 2010, and Debenture Extension Agreements filed at Exhibits 10.1 to the Company's 8-Ks filed with the SEC on May 29, 2012 and February 8, 2013) | 8-K | 10.1  | 07/16/2008 |
| 10.68  | Securities Purchase Agreement, dated July 29, 2008, by and between the Company and YA Global Investments, L.P.  | 8-K | 10.1  | 08/04/2008 |
| 10.69  | Secured Convertible Debenture NEOM 9-1, dated July 29, 2008, issued by the Company to YA Global Investments, L.P. (amended by Amendment filed at Exhibit 10.14 to Company's 8-K filed with the SEC on January 11, 2010, and Debenture Extension Agreements filed at Exhibits 10.1 to the Company's 8-Ks filed with the SEC on May 29, 2012 and February 8, 2013)    | 8-K | 10.2  | 08/04/2008 |
| 10.70  | Security Agreement, dated July 29, 2008, by and among the Company, each of the Company's subsidiaries made a party thereto and YA Global Investments, L.P.  | 8-K | 10.3  | 08/04/2008 |
| 10.71  | Patent Security Agreement, dated July 29, 2008, by and among the Company, each of the Company's subsidiaries made a party thereto and YA Global Investments, L.P.   | 8-K | 10.4  | 08/04/2008 |
| 10.72  | Warrant 9-1A, dated July 29, 2008, issued by the Company to YA Global Investments, L.P.   | 8-K | 10.5  | 08/04/2008 |
| 10.73  | Warrant 9-1B, dated July 29, 2008, issued by the Company to YA Global Investments, L.P. (amended by Amendment filed at Exhibit 10.20 to Company's 8-K filed with the SEC on January 11, 2010)   | 8-K | 10.6  | 08/04/2008 |
| 10.74  | Warrant 9-1C, dated July 29, 2008, issued by the Company to YA Global Investments, L.P. (amended by Amendment filed at Exhibit 10.21 to Company's 8-K filed with the SEC on January 11, 2010)   | 8-K | 10.7  | 08/04/2008 |
| 10.75  | Warrant 9-1D, dated July 29, 2008, issued by the Company to YA Global Investments, L.P. (amended by Amendment filed at Exhibit 10.22 to Company's 8-K filed with the SEC on January 11, 2010)   | 8-K | 10.8  | 08/04/2008 |
| 10.76  | Escrow Agreement, dated July 29, 2008, by and among the Company, YA Global Investments, L.P., Yorkville Advisors, LLC and David Gonzalez, Esq.  | 8-K | 10.9  | 08/04/2008 |
| 10.77  | Irrevocable Transfer Agent Instructions, dated July 29, 2008, by and among the Company, the Investor, David Gonzalez, Esq. and Worldwide Stock Transfer, LLC  | 8-K | 10.10 | 08/04/2008 |



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| 10.78 | Letter Agreement, dated September 24, 2008, by and among the Company and YA Global Investments, L.P.   | 8-K 10.1  | 10/01/2008 |
| 10.79 | Second Secured Convertible Debenture NEOM 9-2, dated October 28, 2008, issued by the Company to YA Global Investments, L.P. (amended by Amendment filed at Exhibit 10.15 to Company's 8-K filed with the SEC on January 11, 2010, and Debenture Extension Agreements filed at Exhibits 10.1 to the Company's 8-Ks filed with the SEC on May 29, 2012 and February 8, 2013)                                 | 8-K 10.3  | 11/03/2008 |
| 10.80 | Revised Exhibit A to Escrow Agreement, dated October 28, 2008  | 8-K 10.12 | 11/03/2008 |
| 10.81 | Letter Agreement, dated March 27, 2009, by and between the Company and YA Global Investments, L.P.   | 8-K 10.13 | 04/13/2009 |
| 10.82 | Amendment Agreement, dated April 6, 2009, by and between the Company and YA Global Investments, L.P.   | 8-K 10.14 | 04/13/2009 |
| 10.83 | Third Secured Convertible Debenture (first closing), dated April 6, 2009, issued by the Company to YA Global Investments, L.P. (amended by Amendment filed at Exhibit 10.16 to Company's 8-K filed with the SEC on January 11, 2010, and Debenture Extension Agreements filed at Exhibits 10.1 to the Company's 8-Ks filed with the SEC on May 29, 2012 and February 8, 2013)                              | 8-K 10.15 | 04/13/2009 |
| 10.84 | Waiver, effective as of December 31, 2008, by and between the Company and YA Global Investments, L.P.  | 8-K 10.16 | 04/13/2009 |
| 10.85 | Fourth Secured Convertible Debenture NEOM 9-4 (second amended third closing), dated May 1, 2009, issued by the Company to YA Global Investments, L.P. (amended by Amendment filed at Exhibit 10.16 to Company's 8-K filed with the SEC on January 11, 2010, and Debenture Extension Agreements filed at Exhibits 10.1 to the Company's 8-Ks filed with the SEC on May 29, 2012 and February 8, 2013)       | 8-K 10.15 | 05/07/2009 |
| 10.86 | Agreement, dated June 5, 2009 (Additional Agreement), by and between the Company and YA Global Investments, L.P.   | 8-K 10.16 | 6/5/2009   |
| 10.87 | Fifth Convertible Debenture NEOM 9-5 (Additional Agreement closing), dated June 5, 2009, issued by the Company to YA Global Investments, L.P. (amended by the Amendment filed at Exhibit 10.17 to Company's Form 8-K filed with the SEC on January 11, 2010, and Debenture Extension Agreements filed at Exhibits 10.1 to the Company's Form 8-Ks filed with the SEC on May 29, 2012 and February 8, 2013) | 8-K 10.17 | 6/5/2009   |
| 10.88 | Agreement, dated July 15, 2009 (Second Additional Agreement), by and between the Company and YA Global Investments, L.P.   | 8-K 10.18 | 7/21/2009  |
| 10.89 | Sixth Convertible Debenture NEOM 9-6 dated July 15, 2009, (Second Additional Debenture), issued by the Company to YA Global Investments, L.P. (amended by the Amendment filed at Exhibit 10.18 to Company's Form 8-K filed with the SEC on   | 8-K 10.19 | 7/21/2009  |

January 11, 2010, and Debenture Extension Agreements filed at Exhibits 10.1 to the Company's Form 8-Ks filed with the SEC on May 29, 2012 and February 8, 2013)

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| 10.90  | Asset Purchase and Sale Agreement, dated July 17, 2009, by and between the Company and Silver Bay Software, LLC.  | 8-K  | 10.2   | 7/21/2009  |
| 10.91  | Asset Purchase and Sale Agreement, dated July 17, 2009, by and between the Company and Mr. Greg Lindholm.   | 8-K  | 10.21  | 7/21/2009  |
| 10.92  | Non-Exclusive License Agreement between the Company and Mobile Tag, Inc. dated July 28, 2009  | 8-K  | 10.1   | 7/30/2009  |
| 10.93  | Agreement dated August 14, 2009 (Third Additional Agreement) by and between the Company and Y.A. Global Investments, L.P.   | 10-Q | 10.124 | 8/14/2009  |
| 10.94  | Seventh Convertible Debenture NEOM 9-7 dated August 14, 2009 (Fifth Additional Debenture) issued by the Company to Y.A. Global Investments, L.P. (amended by Amendment filed at Exhibit 10.19 to Company's Form 8-K filed with the SEC on January 11, 2010, and Debenture Extension Agreements filed at Exhibits 10.1 to the Company's Form 8-Ks filed with the SEC on May 29, 2012 and February 8, 2013) | 10-Q | 10.125 | 8/14/2009  |
| 10.95  | Non-exclusive License Agreement with exclusive right to sub-license provision between Company and Neustar, Inc. dated October 2, 2009   | 8-K  | 10.1   | 10/6/2009  |
| 10.96  | License and Support Services Agreement to use the Licensed Platform between the Company and Brand Extension Mobile Solutions, S.A., a Madrid (Spain) corporation ("BEMS"), dated October 7, 2009  | 8-K  | 10.1   | 10/13/2009 |
| 10.97  | Settlement Agreement and License Agreement between the Company and Scanbuy, Inc., dated October 16, 2009  | 8-K  | 10.1   | 10/20/2009 |
| 10.98  | Investment Agreement between Company and YA Global dated January 5, 2010.   | 8-K  | 10.1   | 1/11/2010  |
| 10.99  | Irrevocable Transfer Agent Instructions letter issued by Company to WorldWide Stock Transfer, LLC dated January 5, 2010   | 8-K  | 10.2   | 1/11/2010  |
| 10.100 | Monitoring Fee Escrow Agreement between the Company and YA Global, Yorkville Advisors LLC and David Gonzalez, Esq. dated January 5, 2010  | 8-K  | 10.3   | 1/11/2010  |
| 10.101 | Investor Registration Rights Agreement between Company and YA Global dated January 5, 2010  | 8-K  | 10.4   | 1/11/2010  |
| 10.102 | Warrant dated January 5, 2010   | 8-K  | 10.5   | 1/11/2010  |
| 10.103 | Amendment to the August 24, 2006 Secured Convertible Debenture No. CCP-1 between the Company and YA Global dated January 5, 2010  | 8-K  | 10.6   | 1/11/2010  |
| 10.104 | Amendment to the December 29, 2006 Secured Convertible Debenture No. CCP-2 between the Company and YA Global dated January 5, 2010  | 8-K  | 10.7   | 1/11/2010  |

10.105 Amendment to the March 27, 2007 Secured Convertible Debenture No.  
NEOM-4-1 between the Company and YA Global dated January 5, 2010 8-K 10.8 1/11/2010

Page 70



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| 10.106 | Amendment to the August 24, 2007 Secured Convertible Debenture No. NEOM-1-1 between the Company and YA Global dated January 5, 2010  | 8-K | 10.9  | 1/11/2010 |
| 10.107 | Amendment to the April 11, 2008 Secured Convertible Debenture No. NEO-2008-1 between the Company and YA Global dated January 5, 2010 | 8-K | 10.10 | 1/11/2010 |
| 10.108 | Amendment to the May 16, 2008 Secured Convertible Debenture No. NEO-2008-2 between the Company and YA Global dated January 5, 2010   | 8-K | 10.11 | 1/11/2010 |
| 10.109 | Amendment to the May 29, 2008 Secured Convertible Debenture No. NEO-2008-3 between the Company and YA Global dated January 5, 2010   | 8-K | 10.12 | 1/11/2010 |
| 10.110 | Amendment to the July 10, 2008 Secured Convertible Debenture No. NEO-2008-4 between the Company and YA Global dated January 5, 2010  | 8-K | 10.13 | 1/11/2010 |
| 10.111 | Amendment to the July 29, 2008 Secured Convertible Debenture No. NEOM-9-1 between the Company and YA Global dated January 5, 2010    | 8-K | 10.14 | 1/11/2010 |
| 10.112 | Amendment to the October 28, 2008 Secured Convertible Debenture No. NEOM-9-2 between the Company and YA Global dated January 5, 2010 | 8-K | 10.15 | 1/11/2010 |
| 10.113 | Amendment to the May 1, 2009 Secured Convertible Debenture No. NEOM-9-4 between the Company and YA Global dated January 5, 2010      | 8-K | 10.16 | 1/11/2010 |
| 10.114 | Amendment to the June 5, 2009 Secured Convertible Debenture No. NEOM-9-5 between the Company and YA Global dated January 5, 2010     | 8-K | 10.17 | 1/11/2010 |
| 10.115 | Amendment to the July 15, 2009 Secured Convertible Debenture No. NEOM-9-6 between the Company and YA Global dated January 5, 2010    | 8-K | 10.18 | 1/11/2010 |
| 10.116 | Amendment to the August 14, 2009 Secured Convertible Debenture No. NEOM-9-7 between the Company and YA Global dated January 5, 2010  | 8-K | 10.19 | 1/11/2010 |
| 10.117 | Amendment to the July 29, 2008 Warrant NEOM-9-1B between the Company and YA Global dated January 5, 2010                             | 8-K | 10.20 | 1/11/2010 |
| 10.118 | Amendment to the July 29, 2008 Warrant NEOM-9-1C between the Company and YA Global dated January 5, 2010                             | 8-K | 10.21 | 1/11/2010 |
| 10.119 | Amendment to the July 29, 2008 Warrant NEOM-9-1D between the Company and YA Global dated January 5, 2010                             | 8-K | 10.22 | 1/11/2010 |
| 10.120 | First Amendment to Employment Agreement dated June 10, 2008 by and between the Company and Iain A. McCready                          | 8-K | 10.2  | 1/20/2010 |
| 10.121 | Amended and Restated License Agreement dated January 22, 2010 with NeuStar, Inc.   | 8-K | 10.1  | 1/28/2010 |

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|--------|---|-----|------|-----------|
| 10.122 | NeuStar Mobile Codes Pilot Program Agreement dated February 12, 2010  | 8-K | 10.1 | 2/16/2010 |
| 10.    | First Amendment to Investment Agreement between Company and YA Global dated March 5, 2010                     | 8-K | 10.1 | 3/11/2010 |
| 10.124 | Securities Purchase Agreement, dated May 27, 2010, by and between the Company and YA Global Investments, L.P. | 8-K | 10.1 | 6/3/2010  |

Page 71

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| 10.125 | Secured Convertible Debenture NEOM 10-1, dated May 27, 2010, issued by the Company to YA Global Investments, L.P. (as amended by Debenture Extension Agreements filed at Exhibits 10.1 to the Company's Form 8-Ks filed with the SEC on May 29, 2012 and February 8, 2013)         | 8-K 10.2 6/3/2010  |
| 10.126 | Warrant No. 0510, dated May 27, 2010, issued by the Company to YA Global Investments, L.P.   | 8-K 10.3 6/3/2010  |
| 10.127 | Global Warrant Amendment, dated May 28, 2010, by and between the Company and YA Global Investments, L.P.   | 8-K 10.4 6/3/2010  |
| 10.128 | Ratification Agreement, dated May 27, 2010, by and among the Company, each of the Company's subsidiaries made a party thereto and YA Global Investments, L.P.  | 8-K 10.7 6/3/2010  |
| 10.129 | Irrevocable Transfer Agent Instructions, dated May 27, 2010, by and among the Company, the Investor, David Gonzalez, Esq. and WorldWide Stock Transfer, LLC  | 8-K 10.1 6/3/2010  |
| 10.130 | Agreement, dated August 13, 2010, by and between the Company and YA Global Investments, L.P.   | 8-K 10.1 8/19/2010 |
| 10.131 | Secured Convertible Debenture, No. NEOM-10-2, dated August 13, 2010, issued by the Company to YA Global Investments, L.P. (as amended by Debenture Extension Agreements filed at Exhibits 10.1 to the Company's Form 8-Ks filed with the SEC on May 29, 2012 and February 8, 2013) | 8-K 10.2 8/19/2010 |
| 10.132 | Warrant, No. NEOM-0810, dated August 13, 2010, issued by the Company to YA Global Investments, L.P.  | 8-K 10.3 8/19/2010 |
| 10.133 | Agreement on the Pledge of Intellectual Property Rights as Collateral, dated August 13, 2010, by and between the Company's wholly-owned subsidiary the Company Europe AG, and YA Global Investments, L.P.  | 8-K 10.6 8/19/2010 |
| 10.134 | Second Ratification Agreement, dated August 13, 2010, by and among the Company, each of the Company's subsidiaries made a party thereto, and YA Global Investments, L.P.   | 8-K 10.7 8/19/2010 |
| 10.135 | Irrevocable Transfer Agent Instructions, dated August 13, 2010, by and among the Company, the Buyer, David Gonzalez, Esq. and WorldWide Stock Transfer, LLC  | 8-K 10.8 8/19/2010 |
| 10.136 | Security Transfer of Moveable Assets, dated August 13, 2010, by and between the Company's wholly-owned subsidiary, NeoMedia Europe AG, and YA Global Investments, L.P.   | 8-K 10.9 8/19/2010 |
| 10.137 | Agreement, dated September 29, 2010, by and between the Company and YA Global Investments, L.P.  | 8-K 10.1 10/1/2010 |
| 10.138 | Secured Convertible Debenture, No. NEOM-10-3, dated September 29, 2010, issued by the Company to YA Global Investments, L.P. (as amended by Debenture Extension  | 8-K 10.2 10/1/2010 |

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Agreements filed at Exhibits 10.1 to the Company's Form 8-Ks filed with the SEC on May 29, 2012 and February 8, 2013)

10.139 Warrant, No. NEOM-0910, dated September 29, 2010, issued by the Company to YA Global Investments, L.P. 8-K 10.3 10/1/2010

Page 72

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|---------|--|-----|------|------------|
| 10.140  | Third Ratification Agreement, dated September 29, 2010, by and among the Company, each of the Company's subsidiaries made a party thereto, and YA Global Investments, L.P.   | 8-K | 10.6 | 10/1/2010  |
| 10.141  | Irrevocable Transfer Agent Instructions, dated September 29, 2010, by and among the Company, the Buyer, David Gonzalez, Esq. and WorldWide Stock Transfer, LLC   | 8-K | 10.7 | 10/1/2010  |
| 10.142* | Compromise Agreement dated October 19, 2010, by and between the Company and Iain A. McCready   | 8-K | 10.1 | 10/20/2010 |
| 10.143  | Agreement, dated October 28, 2010, by and between the Company and YA Global Investments, L.P.  | 8-K | 10.1 | 11/3/2010  |
| 10.144  | Secured Convertible Debenture, No. NEOM-10-4, dated October 28, 2010, issued by the Company to YA Global Investments, L.P. (as amended by Debenture Extension Agreements filed at Exhibits 10.1 to the Company's Form 8-Ks filed with the SEC on May 29, 2012 and February 8, 2013)  | 8-K | 10.2 | 11/3/2010  |
| 10.145  | Warrant, No. NEOM-1010, dated October 28, 2010, issued by the Company to YA Global Investments, L.P.   | 8-K | 10.3 | 11/3/2010  |
| 10.146  | Fourth Ratification Agreement, dated September 29, 2010, by and among the Company, each of the Company's subsidiaries made a party thereto, and YA Global Investments, L.P.  | 8-K | 10.6 | 11/3/2010  |
| 10.147  | Irrevocable Transfer Agent Instructions, dated October 28, 2010, by and among the Company, the Buyer, David Gonzalez, Esq. and WorldWide Stock Transfer, LLC   | 8-K | 10.7 | 11/3/2010  |
| 10.148  | Confidential Settlement Agreement, dated December 14, 2010, by and between the Company and Rothschild Trust Holdings, LLC and BP BL Section 3.4, LLC   | 8-K | 10.1 | 12/15/2010 |
| 10.149  | Agreement, dated December 15, 2010, by and between the Company and YA Global Investments, L.P.   | 8-K | 10.1 | 12/21/2010 |
| 10.150  | Secured Convertible Debenture, No. NEOM-10-5, dated December 15, 2010, issued by the Company to YA Global Investments, L.P. (as amended by Debenture Extension Agreements filed at Exhibits 10.1 to the Company's Form 8-Ks filed with the SEC on May 29, 2012 and February 8, 2013) | 8-K | 10.2 | 12/21/2010 |
| 10.151  | Warrant, No. NEOM-1010, dated December 15, 2010, issued by the Company to YA Global Investments, L.P.  | 8-K | 10.3 | 12/21/2010 |
| 10.152  | Fifth Ratification Agreement, dated December 15, 2010, by and among the Company, each of the Company's subsidiaries made a party thereto, and YA Global Investments, L.P.  | 8-K | 10.6 | 12/21/2010 |
| 10.153  |  | 8-K | 10.7 | 12/21/2010 |

Irrevocable Transfer Agent Instructions, dated December 15, 2010, by and among the Company, the Buyer, David Gonzalez, Esq. and WorldWide Stock Transfer, LLC

10.154 Confidential License Agreement, dated December 21, 2010, by and between the Company and eBay Inc.

8-K 10.1 12/22/2010

Page 73

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|        |   |                    |
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| 10.155 | Agreement, dated January 10, 2011, by and between the Company and YA Global Investments, L.P.   | 8-K 10.1 1/14/2011 |
| 10.156 | Secured Convertible Debenture, No. NEOM-11-1, dated January 10, 2011, issued by the Company to YA Global Investments, L.P. (as amended by Debenture Extension Agreements filed at Exhibits 10.1 to the Company's Form 8-Ks filed with the SEC on May 29, 2012 and February 8, 2013) | 8-K 10.2 1/14/2011 |
| 10.157 | Warrant, No. NEOM-0111, dated January 10, 2011, issued by the Company to YA Global Investments, L.P.  | 8-K 10.3 1/14/2011 |
| 10.158 | Sixth Ratification Agreement, dated January 10, 2011, by and among the Company, each of the Company's subsidiaries made a party thereto, and YA Global Investments, L.P.  | 8-K 10.6 1/14/2011 |
| 10.159 | Irrevocable Transfer Agent Instructions, dated January 10, 2011, by and among the Company, the Buyer, David Gonzalez, Esq. and WorldWide Stock Transfer, LLC  | 8-K 10.7 1/14/2011 |
| 10.160 | Agreement, dated February 8, 2011, by and between the Company and YA Global Investments, L.P.   | 8-K 10.1 2/11/2011 |
| 10.161 | Secured Convertible Debenture, No. NEOM-11-2, dated February 8, 2011, issued by the Company to YA Global Investments, L.P. (as amended by Debenture Extension Agreements filed at Exhibits 10.1 to the Company's Form 8-Ks filed with the SEC on May 29, 2012 and February 8, 2013) | 8-K 10.2 2/11/2011 |
| 10.162 | Warrant, No. NEOM-0211, dated February 8, 2011, issued by the Company to YA Global Investments, L.P.  | 8-K 10.3 2/11/2011 |
| 10.163 | Seventh Ratification Agreement, dated February 8, 2011, by and among the Company, each of the Company's subsidiaries made a party thereto, and YA Global Investments, L.P.  | 8-K 10.6 2/11/2011 |
| 10.164 | Irrevocable Transfer Agent Instructions, dated February 8, 2011, by and among the Company, the Buyer, David Gonzalez, Esq. and WorldWide Stock Transfer, LLC  | 8-K 10.7 2/11/2011 |
| 10.165 | Confidential License Agreement, dated December 21, 2010, by and between the Company and eBay Inc.   | 8-K 10.1 2/22/2011 |
| 10.166 | Agreement, dated March 11, 2011, by and between the Company and YA Global Investments, L.P.   | 8-K 10.1 3/17/2011 |
| 10.167 | Secured Convertible Debenture, No. NEOM-11-3, dated March 11, 2011, issued by the Company to YA Global Investments, L.P. (as amended by Debenture Extension Agreements filed at Exhibits 10.1 to the Company's Form 8-Ks filed with the SEC on May 29, 2012 and February 8, 2013)   | 8-K 10.2 3/17/2011 |
| 10.168 |   | 8-K 10.3 3/17/2011 |

Warrant, No. NEOM-0311, dated March 11, 2011, issued by the Company to YA Global Investments, L.P.

10.169 Eighth Ratification Agreement, dated March 11, 2011, by and among the Company, each of the Company's subsidiaries made a party thereto, and YA Global Investments, L.P. 8-K 10.6 3/17/2011



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| 10.170 | Irrevocable Transfer Agent Instructions, dated March 11, 2011, by and among the Company, the Buyer, David Gonzalez, Esq. and WorldWide Stock Transfer, LLC  | 8-K | 10.7 | 3/17/2011 |
| 10.171 | Agreement, dated April 13, 2011, by and between the Company and YA Global Investments, L.P.   | 8-K | 10.1 | 4/19/2011 |
| 10.172 | Secured Convertible Debenture, No. NEOM-11-4, dated April 13, 2011, issued by the Company to YA Global Investments, L.P. (as amended by Debenture Extension Agreements filed at Exhibits 10.1 to the Company's Form 8-Ks filed with the SEC on May 29, 2012 and February 8, 2013) | 8-K | 10.2 | 4/19/2011 |
| 10.173 | Warrant, No. NEOM-0411, dated April 13, 2011, issued by the Company to YA Global Investments, L.P.  | 8-K | 10.3 | 4/19/2011 |
| 10.174 | Ninth Ratification Agreement, dated April 13, 2011, by and among the Company, each of the Company's subsidiaries made a party thereto, and YA Global Investments, L.P.  | 8-K | 10.6 | 4/19/2011 |
| 10.175 | Irrevocable Transfer Agent Instructions, dated April 13, 2011, by and among the Company, the Buyer, David Gonzalez, Esq. and WorldWide Stock Transfer, LLC  | 8-K | 10.7 | 4/19/2011 |
| 10.176 | Agreement, dated May 31, 2011, by and between the Company and YA Global Investments, L.P.   | 8-K | 10.1 | 6/3/2011  |
| 10.177 | Secured Convertible Debenture, No. NEOM-11-5, dated May 31, 2011, issued by the Company to YA Global Investments, L.P. (as amended by Debenture Extension Agreements filed at Exhibits 10.1 to the Company's Form 8-Ks filed with the SEC on May 29, 2012 and February 8, 2013)   | 8-K | 10.2 | 6/3/2011  |
| 10.178 | Warrant, No. NEOM-0511, dated May 31, 2011, issued by the Company to YA Global Investments, L.P.  | 8-K | 10.3 | 6/3/2011  |
| 10.179 | Ratification Agreement, dated May 31, 2011, by and among the Company, each of the Company's subsidiaries made a party thereto, and YA Global Investments, L.P.  | 8-K | 10.6 | 6/3/2011  |
| 10.180 | Irrevocable Transfer Agent Instructions, dated May 31, 2011, by and among the Company, YA Global Investments, L.P., David Gonzalez, Esq. and WorldWide Stock Transfer, LLC  | 8-K | 10.7 | 6/3/2011  |
| 10.181 | Agreement, dated June 28, 2011, by and between the Company and YA Global Investments, L.P.  | 8-K | 10.1 | 7/1/2011  |
| 10.182 | Secured Convertible Debenture, No. NEOM-11-6, dated June 28, 2011, issued by the Company to YA Global Investments, L.P. (as amended by Debenture Extension Agreements filed at Exhibits 10.1 to the Company's Form 8-Ks filed with the SEC on May 29, 2012 and February 8, 2013)  | 8-K | 10.2 | 7/1/2011  |
| 10.183 | Warrant, No. NEOM-0611, dated June 28, 2011, issued by the Company to YA Global Investments, L.P.   | 8-K | 10.3 | 7/1/2011  |

Eleventh Ratification Agreement, dated June 28, 2011, by and among the Company,  
10.184 each of the Company's subsidiaries made a party thereto, and YA Global Investments,  
L.P.

8-K 10.6 7/1/2011

Page 75

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| 10.185 | Irrevocable Transfer Agent Instructions, dated June 28, 2011, by and among the Company, YA Global Investments, L.P., David Gonzalez, Esq. and WorldWide Stock Transfer, LLC  | 8-K 10.7 7/1/2011   |
| 10.186 | Secured Convertible Debenture, No. NEOM-11-7, dated July 13, 2011, issued by the Company to YA Global Investments, L.P.  | 8-K 10.1 7/19/2011  |
| 10.187 | Secured Convertible Debenture, No. NEOM-11-8, dated August 12, 2011, issued by the Company to YA Global Investments, L.P. (as amended by Debenture Extension Agreements filed at Exhibit 10.1 to the Company's Form 8-K filed with the SEC on May 29, 2012 and February 8, 2013)     | 8-K 10.1 8/18/2011  |
| 10.188 | Agreement, dated September 15, 2011, by and between the Company and YA Global Investments, L.P.  | 8-K 10.1 9/21/2011  |
| 10.189 | Secured Convertible Debenture, No. NEOM-11-9, dated September 15, 2011, issued by the Company to YA Global Investments, L.P. (as amended by Debenture Extension Agreement filed at Exhibit 10.1 to the Company's Form 8-K filed with the SEC on May 29, 2012 and February 8, 2013)   | 8-K 10.2 9/21/2011  |
| 10.190 | Warrant, No. NEOM-0911, dated September 15, 2011, issued by the Company to YA Global Investments, L.P.   | 8-K 10.3 9/21/2011  |
| 10.191 | Twelfth Ratification Agreement, dated September 15, 2011, by and among the Company, each of the Company's subsidiaries made a party thereto, and YA Global Investments, L.P.   | 8-K 10.6 9/21/2011  |
| 10.192 | Irrevocable Transfer Agent Instructions, dated September 15, 2011, by and among the Company, the Buyer, David Gonzalez, Esq. and WorldWide Stock Transfer, LLC   | 8-K 10.7 9/21/2011  |
| 10.193 | Agreement, dated October 25, 2011, by and between the Company and YA Global Investments, L.P.  | 8-K 10.1 10/28/2011 |
| 10.194 | Secured Convertible Debenture, No. NEOM-11-10, dated October 25, 2011, issued by the Company to YA Global Investments, L.P. (as amended by Debenture Extension Agreements filed at Exhibits 10.1 to the Company's Form 8-Ks filed with the SEC on May 29, 2012 and February 8, 2013) | 8-K 10.2 10/28/2011 |
| 10.195 | Warrant, No. NEOM-1011, dated October 25, 2011, issued by the Company to YA Global Investments, L.P.   | 8-K 10.3 10/28/2011 |
| 10.196 | Thirteenth Ratification Agreement, dated October 25, 2011, by and among the Company, each of the Company's subsidiaries made a party thereto, and YA Global Investments, L.P.  | 8-K 10.6 10/28/2011 |
| 10.197 | Irrevocable Transfer Agent Instructions, dated October 25, 2011, by and among the Company, the Buyer, David Gonzalez, Esq. and WorldWide Stock Transfer, LLC   | 8-K 10.7 10/28/2011 |

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| 10.198 | Agreement, dated December 8, 2011, by and between the Company and YA Global Investments, L.P.  | 8-K 10.1 12/14/2011 |
| 10.199 | Secured Convertible Debenture, No. NEOM-11-11, dated December 8, 2011, issued by the Company to YA Global Investments, L.P. (as amended by Debenture Extension Agreements filed at Exhibits 10.1 to the Company's Form 8-Ks filed with the SEC on May 29, 2012 and February 8, 2013) | 8-K 10.2 12/14/2011 |

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| 10.200 | Warrant, No. NEOM-1211, dated December 8, 2011, issued by the Company to YA Global Investments, L.P.  | 8-K | 10.3 | 12/14/2011 |
| 10.201 | Fourteenth Ratification Agreement, dated December 8, 2011, by and among the Company, each of the Company's subsidiaries made a party thereto, and YA Global Investments, L.P.   | 8-K | 10.6 | 12/14/2011 |
| 10.202 | Irrevocable Transfer Agent Instructions, dated December 8, 2011, by and among the Company, the Buyer, David Gonzalez, Esq. and WorldWide Stock Transfer, LLC  | 8-K | 10.7 | 12/14/2011 |
| 10.203 | Agreement, dated January 11, 2012, by and between the Company and YA Global Investments, L.P.   | 8-K | 10.1 | 1/18/2012  |
| 10.204 | Secured Convertible Debenture, No. NEOM-12-1, dated January 11, 2012, issued by the Company to YA Global Investments, L.P. (as amended by Debenture Extension Agreements filed at Exhibits 10.1 to the Company's Form 8-Ks filed with the SEC on May 29, 2012 and February 8, 2013) | 8-K | 10.2 | 1/18/2012  |
| 10.205 | Warrant, No. NEOM-0112, dated January 11, 2012, issued by the Company to YA Global Investments, L.P.  | 8-K | 10.3 | 1/18/2012  |
| 10.206 | Fifteenth Ratification Agreement, dated January 11, 2012, by and among the Company, each of the Company's subsidiaries made a party thereto, and YA Global Investments, L.P.  | 8-K | 10.6 | 1/18/2012  |
| 10.207 | Irrevocable Transfer Agent Instructions, dated January 11, 2012, by and among the Company, the Buyer, David Gonzalez, Esq. and WorldWide Stock Transfer, LLC  | 8-K | 10.7 | 1/18/2012  |
| 10.208 | Agreement, dated February 6, 2012, by and between the Company and YA Global Investments, L.P.   | 8-K | 10.1 | 2/10/2012  |
| 10.209 | Secured Convertible Debenture, No. NEOM-12-2, dated February 6, 2012, issued by the Company to YA Global Investments, L.P. (as amended by Debenture Extension Agreements filed at Exhibits 10.1 to the Company's Form 8-Ks filed with the SEC on May 29, 2012 and February 8, 2013) | 8-K | 10.2 | 2/10/2012  |
| 10.210 | Warrant, No. NEOM-0212, dated February 6, 2012, issued by the Company to YA Global Investments, L.P.  | 8-K | 10.3 | 2/10/2012  |
| 10.211 | Sixteenth Ratification Agreement, dated February 9, 2012, by and among the Company, each of the Company's subsidiaries made a party thereto, and YA Global Investments, L.P.  | 8-K | 10.6 | 2/10/2012  |
| 10.212 | Irrevocable Transfer Agent Instructions, dated February 6, 2012, by and among the Company, the Buyer, David Gonzalez, Esq. and WorldWide Stock Transfer, LLC  | 8-K | 10.7 | 2/10/2012  |
| 10.213 |   | 8-K | 10.1 | 3/27/2012  |

Agreement, dated March 26, 2012, by and between the Company and YA Global Investments, L.P.

Page 77

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| 10.214 | Secured Convertible Debenture, No. NEOM-12-3, dated March 26, 2012, issued by the Company to YA Global Investments, L.P. (as amended by Debenture Extension Agreements filed at Exhibits 10.1 to the Company's Form 8-Ks filed with the SEC on May 29, 2012 and February 8, 2013) | 8-K 10.2 3/27/2012 |
| 10.215 | Warrant, No. NEOM-0312, dated March 26, 2012, issued by the Company to YA Global Investments, L.P.  | 8-K 10.3 3/27/2012 |
| 10.216 | Seventeenth Ratification Agreement, dated March 26, 2012, by and among the Company, each of the Company's subsidiaries made a party thereto, and YA Global Investments, L.P.  | 8-K 10.6 3/27/2012 |
| 10.217 | Irrevocable Transfer Agent Instructions, dated March 26, 2012, by and among the Company, the Buyer, David Gonzalez, Esq. and Worldwide Stock Transfer, LLC  | 8-K 10.7 3/27/2012 |
| 10.218 | Agreement, dated April 26, 2012, by and between the Company and YA Global Investments, L.P.   | 8-K 10.1 5/1/2012  |
| 10.219 | Secured Convertible Debenture, No. NEOM 12-4, dated April 26, 2012, issued by the Company to YA Global Investments, L.P. (as amended by Debenture Extension Agreements filed at Exhibits 10.1 to the Company's Form 8-Ks filed with the SEC on May 29, 2012 and February 8, 2013) | 8-K 10.2 5/1/2012  |
| 10.220 | Warrant, No. NEOM-0412, dated April 26, 2012, issued by the Company to YA Global Investments, L.P.  | 8-K 10.3 5/1/2012  |
| 10.221 | Eighteenth Ratification Agreement, dated April 26, 2012, by and among the Company, each of the Company's subsidiaries and YA Global Investments, L.P.   | 8-K 10.6 5/1/2012  |
| 10.222 | Irrevocable Transfer Agent Instructions dated April 26, 2012, by and between the Company, the Buyer, David Gonzalez, Esq. and Worldwide Stock Transfer LLC  | 8-K 10.7 5/1/2012  |
| 10.223 | Debenture Extension Agreement dated May 25, 2012, by and between the Company and YA Global Investments, L.P.  | 8-K 10.1 5/29/2012 |
| 10.224 | Agreement, dated June 1, 2012, by and between the Company and YA Global Investments, L.P.   | 8-K 10.1 6/7/2012  |
| 10.225 | Secured Convertible Debenture, No. NEOM 12-5, dated June 1, 2012, issued by the Company to YA Global Investments, L.P. (as amended by the Debenture Extension Agreement Filed February 8, 2013 with the Sec as Exhibit 10.1)  | 8-K 10.2 6/7/2012  |
| 10.226 | Warrant No. NEOM-0512 dated June 1, 2012, issued by the Company to YA Global Investments, L.P.  | 8-K 10.3 6/7/2012  |
| 10.227 | Nineteenth Ratification Agreement, dated June 1, 2012, by and among the company, each of the Company's subsidiaries and YA Global Investments, L.P.   | 8-K 10.6 6/7/2012  |

10.228 Irrevocable Transfer Agent Instructions dated June 1, 2012, by and between the Company, the Buyer, David Gonzalez, Esq. and Worldwide Stock Transfer LLC

8-K 10.7 6/7/2012

Page 78



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| 10.229  | Agreement dated July 20, 2012, by and between the Company and YA Global Investments, L.P.   | 8-K  | 10.1 | 7/27/2012  |
| 10.230  | Secured Convertible Debenture, No. NEOM 12-6, dated July 20, 2012, issued by the Company to YA Global Investments, L.P. (as amended by the Debenture Extension Agreement Filed February 8, 2013 with the Sec as Exhibit 10.1) | 8-K  | 10.2 | 7/27/2012  |
| 10.231  | Warrant, No. NEOM-0612 dated July 20, 2012, issued by the Company to YA Global Investments, L.P.  | 8-K  | 10.3 | 7/27/2012  |
| 10.232  | Twentieth Ratification Agreement, dated July 20, 2012, by and among the Company, each of the Company's subsidiaries and YA Global Investments, L.P.   | 8-K  | 10.6 | 7/27/2012  |
| 10.233  | Irrevocable Transfer Agent Instructions dated July 20, 2012, by and between the Company, the Buyer, David Gonzalez, Esq. and Worldwide Stock Transfer LLC   | 8-K  | 10.7 | 7/27/2012  |
| 10.234  | Confidential Patent License Agreement dated August 20, 2012, by and between the Company and Microsoft Corporation   | 8-K  | 10.1 | 8/24/2012  |
| 10.235  | General Services Agreement dated August 27, 2012, by and between the Company and Jeff Huitt   | 8-K  | 10.1 | 8/28/2012  |
| 10.236  | Debenture Extension Agreement dated February 4, 2013, by and between the Company and YA Global Investments, L.P.  | 8-K  | 10.1 | 2/8/2013   |
| 10.237* | Employment Agreement by and between the Company and Laura Marriott dated August 30, 2013  | 8-K  | 10.1 | 8/30/2013  |
| 10.238  | Reaffirmation and Ratification Agreement by and between the Company and YA Global Investments, L.P. dated September 16, 2013  | 10-Q | 10.1 | 10/28/2013 |
| 10.239  | Amended, Restated and Consolidated Secured Convertible Debenture, No. NEOM-42, by and between the Company and YA Global Investments, L.P. dated September 16, 2013  | 10-Q | 10.2 | 10/28/2013 |
| 10.240  | Amended, Restated and Consolidated Secured Convertible Debenture, No. NEOM-43, by and between the Company and YA Global Investments, L.P. dated September 16, 2013  | 10-Q | 10.3 | 10/28/2013 |
| 10.241  | Amended, Restated and Consolidated Secured Convertible Debenture, No. NEOM-44, by and between the Company and YA Global Investments, L.P. dated September 16, 2013  | 10-Q | 10.4 | 10/28/2013 |
| 10.242  | Amended, Restated and Consolidated Secured Convertible Debenture, No. NEOM-45, by and between the Company and YA Global Investments, L.P. dated September 16, 2013  | 10-Q | 10.5 | 10/28/2013 |
| 10.243  |   | 10-Q | 10.6 | 10/28/2013 |

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Amended, Restated and Consolidated Secured Convertible Debenture, No.  
NEOM-46, by and between the Company and YA Global Investments, L.P. dated  
September 16, 2013

10.244 Amended, Restated and Consolidated Secured Convertible Debenture, No.  
NEOM-47, by and between the Company and YA Global Investments, L.P. dated 10-Q 10.7 10/28/2013  
September 16, 2013

Page 79

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|---------|--|------|---------|------------|
| 10.245  | Debenture Redemption Agreement, by and between the Company and YA Global Investments, L.P. dated October 11, 2013  | 10-Q | 10.8    | 10/28/2013 |
| 10.246  | Amended and Restated Patent Security Agreement, by and between the Company and YA Global Investments, L.P. dated October 25, 2013                          | 10-Q | 10.9    | 10/28/2013 |
| 10.247  | Agreement on the Pledge of Shares as Collateral of NeoMedia Europe GmbH by and between the Company and YA Global Investments, L.P. dated December 13, 2013 | 10-K | 10.247  | 12/31/2013 |
| 10.248  | Agreement and Plan of Merger dated February 21, 2014, by and between the Company and Qode Services Corporation   | 10-Q | 10.1    | 4/30/2014  |
| 10.249  | Reaffirmation and Ratification Agreement dated April 25, 2014, by and between the Company and YA Global Investments, L.P.                                  | 10-Q | 10.2    | 4/30/2014  |
| 14      | Code of Professional Ethics  | 10-K | 14.1    | 4/3/2007   |
| 21      | Subsidiaries of the Registrant   | X    | 10-K 21 | 3/17/2014  |
| 23.1    | Consent of StarkSchenkein, LLP   | 10-K | 23.1    | 3/17/2014  |
| 23.2    | Consent of Kingery & Crouse, P.A.  | 10-K | 23.2    | 3/17/2014  |
| 31.1    | Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002   | X    |         |            |
| 31.2    | Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002   | X    |         |            |
| 32.1    | Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002   | X    |         |            |
| 32.2    | Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002   | X    |         |            |
| 101.INS | XBRL Instance Document   | X    |         |            |
| 101.SCH | XBRL Taxonomy Extension Schema Document  | X    |         |            |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase Document  | X    |         |            |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase Document   | X    |         |            |
| 101.LAB | XBRL Taxonomy Extension Label Linkbase Document  | X    |         |            |
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase Document   | X    |         |            |

\* Denotes management contract or compensatory plan or arrangement.

Page 80

**SIGNATURES**

In accordance with Section 13 or 15(d) 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.

**NEOMEDIA TECHNOLOGIES, INC.**

Date: March 3, 2015

By: */s/ Laura A. Marriott*  
 Laura A. Marriott  
 Chief Executive Officer, Principal Executive Officer

*/s/ Barry S Baer*  
 Barry S Baer  
 Chief Financial Officer, Principal Financial Officer and Principal Accounting Officer

In accordance with the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on March 3, 2015.

| <b>Signatures</b>                                 | <b>Title</b>   | <b>Date</b>   |
|---|--|---------------|
| <i>/s/ Laura A. Marriott</i><br>Laura A. Marriott | Chief Executive Officer, Principal Executive Officer and Board Chairperson | March 3, 2015 |
| <i>/s/ Barry S Baer</i><br>Barry S Baer           | Chief Financial Officer, Principal Financial and Accounting Officer        | March 3, 2015 |
| <i>/s/ George G. O'Leary</i><br>George G. O'Leary | Director   | March 3, 2015 |
| <i>/s/ Sarah Fay</i><br>Sarah Fay                 | Director   | March 3, 2015 |
| <i>/s/ Peter Mannetti</i><br>Peter Mannetti       | Director   | March 3, 2015 |