

UNITED STATES BANKRUPTCY COURT DISTRICT OF DELAWARE		PROOF OF CLAIM	
Name of Debtor: PMGI HOLDINGS INC.	Case Number: 13-12404-CSS		
NOTE: Do not use this form to make a claim for an administrative expense that arises after the bankruptcy filing. You may file a request for payment of an administrative expense according to 11 U.S.C. § 503.			
Name of Creditor (the person or other entity to whom the debtor owes money or property): LADENBURG THALMANN & CO, INC.			
Name and address where notices should be sent: Squire Sanders (US) LLP Attn: Sean T. Cork 200 S. Biscayne Blvd., #4100 Miami, FL 33131		RECEIVED NOV 01 2013 BMC GROUP	
Telephone number: 305-577-7000 email: sean.cork@squiresanders.com		☐ Check this box if this claim amends a previously filed claim. Court Claim Number: _____ (If known) Filed on: _____	
Name and address where payment should be sent (if different from above): Telephone number: _____ email: _____		☐ Check this box if you are aware that anyone else has filed a proof of claim relating to this claim. Attach copy of statement giving particulars.	
1. Amount of Claim as of Date Case Filed: <u>Unknown</u> If all or part of the claim is secured, complete item 4. If all or part of the claim is entitled to priority, complete item 5. ☐ Check this box if the claim includes interest or other charges in addition to the principal amount of the claim. Attach a statement that itemizes interest or charges.		5. Amount of Claim Entitled to Priority under 11 U.S.C. §507(a). If any part of the claim falls into one of the following categories, check the box specifying the priority and state the amount. ☐ Domestic support obligations under 11 U.S.C. §507(a)(1)(A) or (a)(1)(B). ☐ Wages, salaries, or commissions (up to \$12,475*) earned within 180 days before the case was filed or the debtor's business ceased, whichever is earlier – 11 U.S.C. §507 (a)(4). ☐ Contributions to an employee benefit plan – 11 U.S.C. §507 (a)(5). ☐ Up to \$2,775* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use – 11 U.S.C. §507 (a)(7). ☐ Taxes or penalties owed to governmental units – 11 U.S.C. §507 (a)(8). ☐ Other – Specify applicable paragraph of 11 U.S.C. §507 (a)(). Amount entitled to priority: \$ _____ * Amounts are subject to adjustment on 4/1/13 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.	
2. Basis for Claim: <u>Indemnification Agreement (see attached)</u> (See instruction #2)			
3. Last four digits of any number by which creditor identifies debtor: _____	3a. Debtor may have scheduled account as: _____ (See instruction #3a)		3b. Uniform Claim Identifier (optional): _____ (See instruction #3b)
4. Secured Claim (See instruction #4) Check the appropriate box if the claim is secured by a lien on property or a right of setoff, attach required redacted documents, and provide the requested information. Nature of property or right of setoff: ☐ Real Estate ☐ Motor Vehicle ☐ Other Describe: Value of Property: \$ _____ Annual Interest Rate _____ % ☐ Fixed ☐ Variable (when case was filed) Amount of arrearage and other charges, as of the time case was filed, included in secured claim, if any: \$ _____ Basis for perfection: _____ Amount of Secured Claim: \$ _____ Amount Unsecured: \$ _____			
6. Credits. The amount of all payments on this claim has been credited for the purpose of making this proof of claim. (See instruction #6)			
7. Documents: Attached are redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. If the claim is secured, box 4 has been completed, and redacted copies of documents providing evidence of perfection of a security interest are attached. (See instruction #7, and the definition of "redacted".) DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING. If the documents are not available, please explain:			
8. Signature: (See instruction #8) Check the appropriate box. ☐ I am the creditor. ☒ I am the creditor's authorized agent. ☐ I am the trustee, or the debtor, or their authorized agent. ☐ I am a guarantor, surety, indorser, or other codebtor. (Attach copy of power of attorney, if any.) (See Bankruptcy Rule 3004.) (See Bankruptcy Rule 3005.) I declare under penalty of perjury that the information provided in this claim is true and correct to the best of my knowledge, information, and reasonable belief. Print Name: <u>Sean T. Cork</u> Title: <u>Attorney</u> Company: <u>Squire Sanders (US) LLP</u> Address and telephone number (if different from notice address above): <u>200 S. Biscayne Blvd., #4100</u> <u>Miami, Florida 33131</u> Telephone number: 305-577-7000 email: sean.cork@squiresanders.com		PMGI Holdings POC  00023	

INSTRUCTIONS FOR PROOF OF CLAIM FORM

The instructions and definitions below are general explanations of the law. In certain circumstances, such as bankruptcy cases not filed voluntarily by the debtor, exceptions to these general rules may apply.

Items to be completed in Proof of Claim form**Court, Name of Debtor, and Case Number:**

Fill in the federal judicial district in which the bankruptcy case was filed (for example, Central District of California), the debtor's full name, and the case number. If the creditor received a notice of the case from the bankruptcy court, all of this information is at the top of the notice.

Creditor's Name and Address:

Fill in the name of the person or entity asserting a claim and the name and address of the person who should receive notices issued during the bankruptcy case. A separate space is provided for the payment address if it differs from the notice address. The creditor has a continuing obligation to keep the court informed of its current address. See Federal Rule of Bankruptcy Procedure (FRBP) 2002(g).

1. Amount of Claim as of Date Case Filed:

State the total amount owed to the creditor on the date of the bankruptcy filing. Follow the instructions concerning whether to complete items 4 and 5. Check the box if interest or other charges are included in the claim.

2. Basis for Claim:

State the type of debt or how it was incurred. Examples include goods sold, money loaned, services performed, personal injury/wrongful death, car loan, mortgage note, and credit card. If the claim is based on delivering health care goods or services, limit the disclosure of the goods or services so as to avoid embarrassment or the disclosure of confidential health care information. You may be required to provide additional disclosure if an interested party objects to the claim.

3. Last Four Digits of Any Number by Which Creditor Identifies Debtor:

State only the last four digits of the debtor's account or other number used by the creditor to identify the debtor.

3a. Debtor May Have Scheduled Account As:

Report a change in the creditor's name, a transferred claim, or any other information that clarifies a difference between this proof of claim and the claim as scheduled by the debtor.

3b. Uniform Claim Identifier:

If you use a uniform claim identifier, you may report it here. A uniform claim identifier is an optional 24-character identifier that certain large creditors use to facilitate electronic payment in chapter 13 cases.

4. Secured Claim:

Check whether the claim is fully or partially secured. Skip this section if the claim is entirely unsecured. (See Definitions.) If the claim is secured, check the box for the nature and value of property that secures the claim, attach copies of lien documentation, and state, as of the date of the bankruptcy filing, the annual interest rate (and whether it is fixed or variable), and the amount past due on the claim.

5. Amount of Claim Entitled to Priority Under 11 U.S.C. §507(a).

If any portion of the claim falls into any category shown, check the appropriate box(es) and state the amount entitled to priority. (See Definitions.) A claim may be partly priority and partly non-priority. For example, in some of the categories, the law limits the amount entitled to priority.

6. Credits:

An authorized signature on this proof of claim serves as an acknowledgment that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

7. Documents:

Attach redacted copies of any documents that show the debt exists and a lien secures the debt. You must also attach copies of documents that evidence perfection of any security interest. You may also attach a summary in addition to the documents themselves. FRBP 3001(c) and (d). If the claim is based on delivering health care goods or services, limit disclosing confidential health care information. Do not send original documents, as attachments may be destroyed after scanning.

8. Date and Signature:

The individual completing this proof of claim must sign and date it. FRBP 9011. If the claim is filed electronically, FRBP 5005(a)(2) authorizes courts to establish local rules specifying what constitutes a signature. If you sign this form, you declare under penalty of perjury that the information provided is true and correct to the best of your knowledge, information, and reasonable belief. Your signature is also a certification that the claim meets the requirements of FRBP 9011(b). Whether the claim is filed electronically or in person, if your name is on the signature line, you are responsible for the declaration. Print the name and title, if any, of the creditor or other person authorized to file this claim. State the filer's address and telephone number if it differs from the address given on the top of the form for purposes of receiving notices. If the claim is filed by an authorized agent, attach a complete copy of any power of attorney, and provide both the name of the individual filing the claim and the name of the agent. If the authorized agent is a servicer, identify the corporate servicer as the company. Criminal penalties apply for making a false statement on a proof of claim.

DEFINITIONS**Debtor**

A debtor is the person, corporation, or other entity that has filed a bankruptcy case.

Creditor

A creditor is a person, corporation, or other entity to whom debtor owes a debt that was incurred before the date of the bankruptcy filing. See 11 U.S.C. §101 (10).

Claim

A claim is the creditor's right to receive payment for a debt owed by the debtor on the date of the bankruptcy filing. See 11 U.S.C. §101 (5). A claim may be secured or unsecured.

Proof of Claim

A proof of claim is a form used by the creditor to indicate the amount of the debt owed by the debtor on the date of the bankruptcy filing. The creditor must file the form with the clerk of the same bankruptcy court in which the bankruptcy case was filed.

Secured Claim Under 11 U.S.C. §506(a)

A secured claim is one backed by a lien on property of the debtor. The claim is secured so long as the creditor has the right to be paid from the property prior to other creditors. The amount of the secured claim cannot exceed the value of the property. Any amount owed to the creditor in excess of the value of the property is an unsecured claim. Examples of liens on property include a mortgage on real estate or a security interest in a car. A lien may be voluntarily granted by a debtor or may be obtained through a court proceeding. In some states, a court judgment is a lien.

A claim also may be secured if the creditor owes the debtor money (has a right to setoff).

Unsecured Claim

An unsecured claim is one that does not meet the requirements of a secured claim. A claim may be partly unsecured if the amount of the claim exceeds the value of the property on which the creditor has a lien.

Claim Entitled to Priority Under 11 U.S.C. §507(a)

Priority claims are certain categories of unsecured claims that are paid from the available money or property in a bankruptcy case before other unsecured claims.

Redacted

A document has been redacted when the person filing it has masked, edited out, or otherwise deleted, certain information. A creditor must show only the last four digits of any social-security, individual's tax-identification, or financial-account number, only the initials of a minor's name, and only the year of any person's date of birth. If the claim is based on the delivery of health care goods or services, limit the disclosure of the goods or services so as to avoid embarrassment or the disclosure of confidential health care information.

Evidence of Perfection

Evidence of perfection may include a mortgage, lien, certificate of title, financing statement, or other document showing that the lien has been filed or recorded.

INFORMATION**Acknowledgment of Filing of Claim**

To receive acknowledgment of your filing, you may either enclose a stamped self-addressed envelope and a copy of this proof of claim or you may access the court's PACER system (www.pacer.psc.uscourts.gov) for a small fee to view your filed proof of claim.

Offers to Purchase a Claim

Certain entities are in the business of purchasing claims for an amount less than the face value of the claims. One or more of these entities may contact the creditor and offer to purchase the claim. Some of the written communications from these entities may easily be confused with official court documentation or communications from the debtor. These entities do not represent the bankruptcy court or the debtor. The creditor has no obligation to sell its claim. However, if the creditor decides to sell its claim, any transfer of such claim is subject to FRBP 3001(e), any applicable provisions of the Bankruptcy Code (11 U.S.C. § 101 *et seq.*), and any applicable orders of the bankruptcy court.

RIDER

Ladenburg Thalmann & Co. Inc. ("**Ladenburg Thalmann**") submits this rider in support of its proof of claim relating to pending litigation in the United States District Court for Southern District of Florida (West Palm Beach Division) captioned *Greenfield Children's Partnership et al., v. Friendfinder Networks Inc.*, Case No. 9:11-cv-81270-DMM (the "**Litigation**"). Ladenburg Thalmann is a named defendant in the Litigation along with debtor Friendfinder Networks Inc. A true and correct copy of the plaintiffs' amended complaint is attached hereto as Exhibit A.

This Proof of Claim is based upon the Underwriting Agreement (the "**Agreement**") dated May 10, 2011 (as thereafter amended, modified and/or restated), by and between Ladenburg Thalmann, Imperial Capital, LLC and Friendfinder Networks Inc. (the "**Debtor**"), and the engagement letter dated January 26, 2011 (as thereafter amended, modified and/or restated) by and between Ladenburg Thalmann, Imperial Capital, LLC and the Debtor (the "**Engagement Letter**"). A copy of the Agreement is attached hereto as Exhibit B. A copy of the Engagement Letter is attached hereto as Exhibit C.

Pursuant to the Agreement and the Engagement Letter, the Debtor agreed to indemnify and hold harmless, and make contribution to, Ladenburg Thalmann from any and all loss, liability, claim, damage or expense whatsoever, relating to the Litigation. Ladenburg Thalmann files this proof of claim against Debtor for any and all loss, liability, claim, damage or expense that may be incurred by or assessed against Ladenburg Thalmann in connection with the Litigation, including payment of its attorneys fees and costs, expenses fees and other charges, and interest. Additionally, to the extent that the Agreement and/or the Engagement Letter are deemed to be executory contracts that are rejected in the Debtor's bankruptcy case, Ladenburg Thalmann submits this Proof of Claim for damages arising from such rejection, with such damages constituting the same items identified in this paragraph.

Ladenburg Thalmann additionally asserts any and all other rights and remedies arising as a matter of law or equity against the Debtor, whether or not any of such rights or remedies are specifically identified herein, including its right to attorney fees under the relevant documents, state law and the Bankruptcy Code.

In filing this Proof of Claim, Ladenburg Thalmann does not submit itself, or any of its affiliates to the jurisdiction of the Bankruptcy Court for any purpose other than with respect to this Proof of Claim.

The execution and filing of this Proof of Claim is not: (i) a waiver or release of any rights of Ladenburg Thalmann against any other entity or person liable for all or part of the Claim; (ii) a consent by Ladenburg Thalmann to the jurisdiction of this Court with respect to any proceeding commenced in this case against or otherwise involving Ladenburg Thalmann; (iii) a waiver of the right by Ladenburg Thalmann to withdraw the reference with respect to the subject matter of the Claim, any objection or other proceedings commenced with respect thereto or any other proceeding commenced in these cases against or otherwise involving Ladenburg Thalmann; or (iv) an election of remedy by Ladenburg Thalmann which waives or otherwise affects any other

remedy of Ladenburg Thalmann. This Proof of Claim is made without prejudice to the rights of Ladenburg Thalmann under the Bankruptcy Code or otherwise.

Ladenburg Thalmann expressly reserves all of rights, including, without limitation, the rights: (i) to file a separate proof of claim with respect to any Claim set forth herein or otherwise (which proof of claim, if so filed, shall not be deemed to supercede this Proof of Claim unless expressly so stated therein); or (ii) to amend, modify or supplement in respect of this Proof of Claim. The filing of this Proof of Claim shall not constitute or be construed to effect a waiver by Ladenburg Thalmann of any rights, claims, causes of action, setoffs, recoupments, netting or defenses (or remedies with respect thereto) which Ladenburg Thalmann may have against or with respect to any person or entity, including the Debtor.

Ladenburg Thalmann reserves all rights to have the Claim and any other defenses, counterclaims, or objections thereto determined before any other judicial or administrative body having jurisdiction, and, to the extent necessary to preserve such rights, makes demand therefor.

EXHIBIT A
AMENDED COMPLAINT

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

GREENFIELD CHILDREN'S
PARTNERSHIP, GREENFIELD
INVESTMENT SERVICES LLC, and
DAVID SCHWARTZ, Individually and On
Behalf of All Others Similarly Situated,

Plaintiffs,

v.

FRIENDFINDER NETWORK, INC.,
LADENBURG THALMANN & CO., INC.,
IMPERIAL CAPITAL LLC, MARC H.
BELL, DANIEL C. STATON, EZRA
SHASHOUA, , ROBERT B. BELL, BARRY
W. FLORESCUE, JAMES LACHANCE,
TOBY E. LAZARUS, and JASON SMITH,

Defendants.

No. 11-cv-81270-DMM

SECOND AMENDED CLASS ACTION
COMPLAINT FOR VIOLATIONS OF
THE FEDERAL SECURITIES LAWS

JURY TRIAL DEMANDED

I. INTRODUCTION

1. Co-Lead Plaintiffs Greenfield Investment Services LLC ("GIS"), Greenfield Children's Partnership ("GCP"), and David Schwartz ("Plaintiff Schwartz") (collectively "Plaintiffs"), by their undersigned attorneys, allege upon personal knowledge as to themselves and their own acts, and upon information and belief as to all other matters, based upon the investigation conducted by and through Plaintiffs' counsel, which included, among other things, a review of the Defendants' public documents, conference calls and announcements issued by FriendFinder Network Inc. ("FFN" or the "Company"), wire and press releases published by and regarding the Company, and advisories about the Company, and other information readily obtainable in the public record.

II. NATURE OF THE ACTION

2. This is a class action brought on behalf of investors who purchased FFN common stock pursuant or traceable to the Company's public offering of 5,000,000 shares of common stock on May 11, 2011 (the "May Offering" or the "Offering"). The registration statement in connection with the May Offering was declared effective by the United States Securities and Exchange Commission ("SEC") on May 11, 2011 (the "Registration Statement").

3. FFN is an internet and technology company that provides services in the social networking and web-based video sharing markets. It runs a number of websites, including the following adult websites: www.AdultFriendFinder.com, www.Penthouse.com, www.GetItOn.com, www.HotBox.com, and www.MillionaireMate.com.¹ The Company was founded in 1965 and is headquartered in Boca Raton, Florida. The Company's entertainment segment produces and distributes original pictorial and video content, licenses the Penthouse brand to various consumer product companies and entertainment venues, and publishes branded men's lifestyle magazines and books.

4. The May Offering Documents contained materially untrue and misleading statements regarding: (i) the purported time period that the Company's "lock-up" agreement on restricted securities would be in place, and (ii) the adequacy of FFN's internal financial controls.

5. As a result of Defendants' materially untrue and misleading statements, Plaintiffs and other members of the Class have suffered significant damages.

¹ The Court should be aware that these websites include highly graphic adult content and are only included herein to provide background on the Company's operations.

II. JURISDICTION AND VENUE

6. The claims alleged herein arise under Sections 11, 12(a)(2) and 15 of the Securities Act of 1933 (the "Securities Act"), 15 U.S.C. §§ 77k, 77l(a)(2) and 77o, and the rules and regulations of the SEC promulgated thereunder.

7. This Court has jurisdiction over the subject matter of this action pursuant to Section 22(a) of the Securities Act, 15 U.S.C. § 77v(a).

8. Venue is proper in this District pursuant to Section 22(a) of the Securities Act, 15 U.S.C. § 77v(a) and 28 U.S.C. § 1391(d).

9. In connection with the acts alleged in this complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the United States mails, interstate telephone communications and the facilities of the national securities markets.

III. PARTIES

10. Plaintiff GCP, a Florida general partnership, purchased FFN common stock as set forth in its certification previously submitted to the Court and which is incorporated herein by reference herein, and has been damaged thereby.

11. Plaintiff GIS, a Florida limited liability company, purchased FFN common stock as set forth in its certification previously submitted to the Court and which is incorporated by reference herein, and has been damaged thereby.

12. Plaintiff Schwartz is a citizen of the state of Florida and purchased FFN common stock as set forth in his certification previously submitted to the Court and which is incorporated by reference herein, and has been damaged thereby.

13. Defendant FFN is a Nevada corporation with its principal place of business in Boca Raton, Florida. The Company's common stock trades on the NASDAQ under the ticker symbol "FFN."

14. Defendant Ladenburg, Thalmann & Co. Inc. ("Ladenburg") is a Delaware corporation with its principal place of business in New York, New York. Ladenburg was an underwriter for the May Offering.

15. Defendant Imperial Capital LLC ("Imperial") is a Delaware limited liability company with its principal place of business located in Los Angeles, California. Imperial was an underwriter for the May Offering.

16. Defendant Marc H. Bell ("M. Bell") was the Company's Chief Executive Officer, President and a Director at the time the Registration Statement was declared effective by the SEC and signed the May Offering Documents.

17. Defendant Daniel C. Staton ("Staton") was the Company's Chairman of the Board and Treasurer at the time of the Registration Statement was declared effective by the SEC and signed the May Offering Documents.

18. Defendant Ezra Shashoua ("Shashoua") was the Company's Chief Financial Officer at the time the Registration Statement was declared effective by the SEC and signed the May Offering Documents.

19. Defendant Robert B. Bell ("R. Bell") was a Director of the Company at the time the Registration Statement was declared effective by the SEC and signed the May Offering Documents.

20. Defendant Barry W. Florescue ("Florescue") was a Director of the Company at the time the Registration Statement was declared effective by the SEC and signed the May Offering Documents.

21. Defendant James LaChance ("LaChance") was a Director of the Company at the time of the Registration Statement was declared effective by the SEC and signed the May Offering Documents.

22. Defendant Toby E. Lazarus ("Lazarus") was a Director of the Company at the time of the Registration Statement was declared effective by the SEC and signed the May Offering Documents.

23. Defendant Jason Smith ("Smith") was a Director of the Company at the time the Registration Statement was declared effective by the SEC and signed the May Offering Documents.

24. Defendants Ladenburg and Imperial are together referred to herein as the "Underwriter Defendants." The Underwriter Defendants received more than \$3.6 million in underwriting discounts and commissions for their work effectuating the Offering. Defendants M. Bell, Staton, R. Bell, Florescue, LaChance, Lazarus and Smith are collectively referred to herein as the "Director Defendants." The Underwriter Defendants, Director Defendants, Defendant Shashoua, and FFN are collectively referred to herein as "Defendants."

IV. FACTUAL ALLEGATIONS

A. Background

25. FFN is an Internet and technology company providing services in the markets of social networking and web-based video sharing. FFN owns approximately 44,000 websites and operates in over 200 countries with approximately 400 employees. The Company has more than

484 million registrants and over 320 million members. A significant portion of the Company's entertainment segment is devoted to adult-oriented content.

26. In August 2003, the predecessor company to FFN, General Media, Inc. ("GMI") filed for Bankruptcy protection under Chapter 11 of the United States Bankruptcy Code. The next month, M. Bell and Staton formed PET Capital Partners LLC ("PET") in order to acquire GMI's secured notes and preferred stock.

27. On October 5, 2004, GMI came out of Chapter 11 Bankruptcy protection with new equity that was distributed solely to the holders of GMI's secured notes. GMI's capital structure also included \$35.8 million of term loan notes that were distributed to former secured and unsecured creditors. As GMI emerged from Chapter 11 Bankruptcy protection, it also changed its name to Penthouse Media Group Inc. ("Penthouse") and sold a minority position of non-voting Series B common stock to Interactive Brand Development Inc. ("IBD"). Notably, Staton effectively controls IBD through various corporate vehicles that hold dispositive voting power in IBD, and of which Staton is a beneficial owner, member, or manager, including Staton Family Investments, Ltd., Staton Media LLC, and Staton Family Perpetual Trust.

28. In 2007, Penthouse purchased FFN's then-parent company, Various, Inc. Then, in July 2008, Penthouse changed its name to FriendFinder Networks, Inc.

B. Substantive Allegations Under The Securities Act

1. The Sale Of Restricted Shares

29. On or about May 11, 2011, FFN (through the Underwriter Defendants) offered and sold 5,000,000 shares of its common stock for \$10.00 per share, for total proceeds of \$50 million pursuant to a firm commitment underwriting. The Underwriter Defendants purchased the 5 million FFN shares of common stock from the Company and sold that stock to Co-Lead

Plaintiffs and the Class. GIS and Plaintiff Schwartz purchased FFN common stock directly in the May Offering. GCP purchased FFN common stock traceable to the May Offering.

30. The May Offering coincided with certain option vesting events. As a result, upon completion of the Offering, there were 26,724,598 shares of FFN common stock outstanding.

31. According to the May Offering Documents, approximately 20.9 million shares of the Company's common stock were locked-up and thus restricted from trading. More specifically, the May Offering Documents stated, in part, as follows:

The 5,000,000 shares sold in this offering will be freely tradable, except for any shares purchased by our "affiliates" as defined in Rule 144 under the Securities Act of 1933, as amended. *Holders of at least 20,917,936 of the other shares outstanding or convertible into our common stock have agreed with the underwriters, subject to certain exceptions and extensions, not to dispose of any of their securities for a period of 180 days following the date of this prospectus, except with the prior written consent of the underwriters.*²

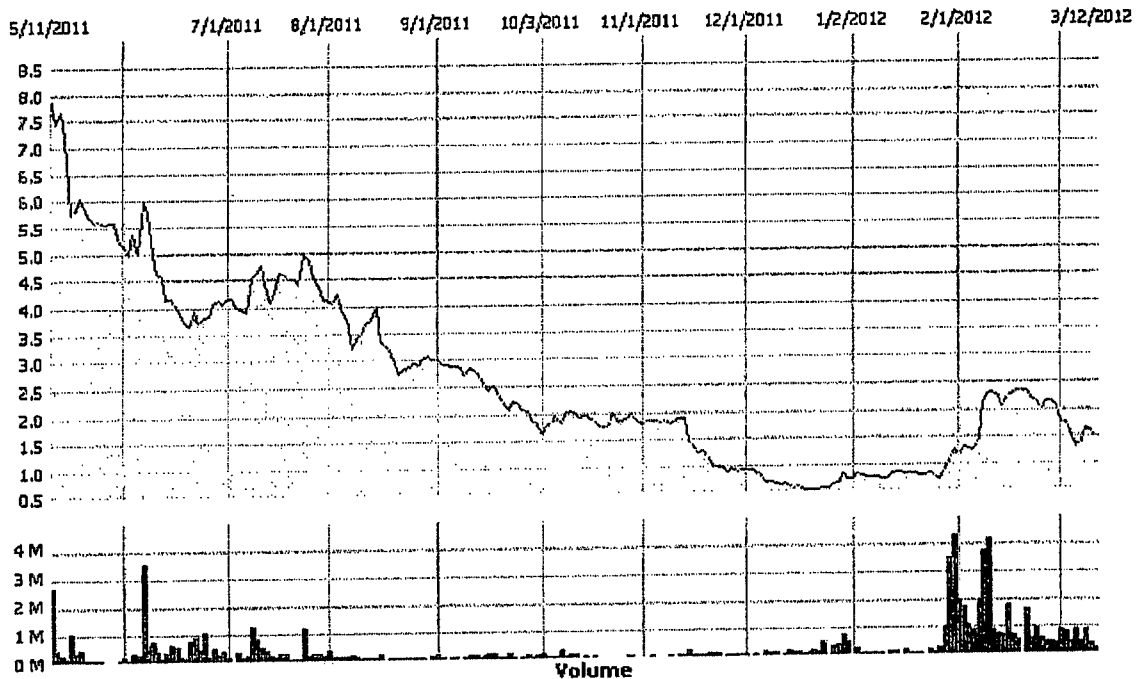
32. The May Offering Documents also stated that the Company maintained a system of adequate internal financial controls:

Beginning immediately, we will be required to establish and regularly evaluate the effectiveness of internal controls over financial reporting.... *We have taken, and will continue to take, actions designed to enhance our disclosure controls and procedures.* We have adopted a Code of Business Conduct and Ethics applicable to all of our directors, officers and employees.... The overall goals of these evaluation activities will be to monitor our internal controls for financial reporting and our disclosure controls and procedures and to make modifications as necessary.

33. On May 11, 2011, the first day that FFN's common stock began trading on the NASDAQ, the share price immediately plunged by 20% to close at \$7.85 per share on heavy volume of more than 2.7 million shares. The first day of trading was only the beginning of a steep and steady decline in the price of FFN's common stock. In fact, as of March 16, 2012, the

² Unless otherwise noted, emphasis throughout this complaint has been added.

Company's common stock closed at \$1.47 per share. The following chart represents FFN's common stock price from May 11, 2011 through March 12, 2012, with trading volume depicted on the lower portion of the chart:



34. Observing the massive volume of trading on May 12, 2011 and the associated price decline, Jesse Greenfield, one of the principals of GIS and GCP, suspected that something was wrong given the unusually large trading volume and price decline. Acting on his suspicions, he contacted one of his two brokers at Ladenburg's broker-dealer office, Bruce Silver ("Silver") about one week after the Offering closed.

35. Shortly thereafter, a four-way conference call was organized. Participating on that call were: (i) Saul Saad, head of corporate finance for Ladenburg; (2) Defendant Shashoua, FFN's Chief Financial Officer; (3) Silver; and (4) Jesse Greenfield. The call's purpose was to discuss Jesse Greenfield's concerns about the precipitous drop in FFN stock price so soon after the Offering closed and trading opened. Everyone on the call reassured Jesse Greenfield that,

contrary to Jesse Greenfield's suspicions, no restricted stock was being freed-up and dumped into the market.

36. Jesse Greenfield expressed his opinion to Silver, saying that either FFN was not as represented in the Offering materials, or big sales of restricted shares were happening, causing the precipitous price decline.

37. Silver, however, reassured Jesse Greenfield that, in fact, no restricted stock would be freed-up until 6 months after the Offering (as stated in the Offering Documents). Jesse Greenfield responded that, his having been in the stock business for decades, he knew the only way this kind of precipitous drop could happen was that restricted shares were being dumped into the market. Again, Silver reassured Jesse Greenfield that "no stock was coming out."

38. Jesse Greenfield, however, remained unconvinced and insisted on speaking to FFN's stock transfer agent. To that end, Jesse Greenfield kept calling Ladenburg's broker-dealer after the four-way conference call. Eventually, Jesse Greenfield spoke to his other broker at Ladenburg, Ernie Schwartz ("Schwartz"), who was far more forthcoming than others had been on the 4-way conference call.

39. Jesse Greenfield told Schwartz that he (Jesse Greenfield) believed that large blocks of restricted shares of FFN common stock were being freed-up and dumped in the open market. Contrary to what Jesse Greenfield was told on the earlier 4-way conference call, Schwartz, who was not on that prior call, conceded to Jesse Greenfield about the dumping of restricted shares and its affect on FFN's stock price: "I'm not disagreeing with you."

40. Jesse Greenfield requested that Schwartz contact FFN's stock transfer agent immediately to find out if restricted shares were being sold in the market. Schwartz promised to call the transfer agent and get back to Jesse Greenfield.

41. Schwartz indeed called FFN's transfer agent, who confirmed Jesse Greenfield's suspicions. After speaking to FFN's transfer agent and confirming Jesse Greenfield's suspicions. During this call, which happened a few days later, Schwartz confirmed Jesse Greenfield's suspicions stating, *inter alia*, that: "[y]ou're right, insiders are selling. At least 700,000 shares were sold immediately upon opening, and now, that number may be as high as 2,000,000."

42. Contrary to the statements contained in the May Offering Documents regarding the existence of a lock-up agreement and the implementation of internal controls, a material number of restricted shares were sold into the public market place, despite the fact that the lock-up period did not expire until November 11, 2011. As told to Jesse Greenfield by a Ladenburg representative, the number of restricted shares prematurely sold into the marketplace is as high as 2,000,000 – or nearly 40% more than disclosed in the May Offering Documents.

43. The trading of these restricted shares is furthered evidenced by the massive volumes of FFN shares that were being traded following the IPO and prior to the expiration of the lock-up agreement. For example, between May 11, 2011 and November 11, 2011 (the date the lock-up agreement expired), there have been numerous occasions where well over a million shares (or nearly 20% of the float) traded in a single day. Examples of these highly suspicious trading volumes include the following (from oldest to most recent):

Date	Volume of Shares Traded	Percentage of Claimed Float Traded (i.e., 5.8 million shares) Per Day
May 11, 2011	2,702,000 shares	46%
May 17, 2011	1,091,400 shares	18%
June 7, 2011	3,581,100 shares	61%
June 24, 2011	1,069,400 shares	18%

Date	Volume of Shares Traded	Percentage of Claimed Float Traded (i.e. 5.8 million shares) Per Day
July 8, 2011	1,239,600 shares	21%
July 25, 2011	1,216,300 shares	20%

44. Selling restricted shares is no easy task and required the affirmative participation and knowledge of FFN and likely its senior executives and/or counsel. As described by the SEC, in order to remove the restricted share legend from shares of restricted stock, an insider or affiliate must gain the approval of both the transfer agent *and* the issuer (in this case, FFN). The SEC describes the process as follows:

Restricted securities are securities acquired in unregistered, private sales from the issuer or from an affiliate of the issuer. Investors typically receive restricted securities through private placement offerings, Regulation D offerings, employee stock benefit plans, as compensation for professional services, or in exchange for providing "seed money" or start-up capital to the company. Rule 144(a)(3) identifies what sales produce restricted securities.

* * *

If you acquire restricted securities, you almost always will receive a certificate stamped with a "restricted" legend. The legend indicates that the securities may not be resold in the marketplace unless they are registered with the SEC or are exempt from the registration requirements. ...

* * *

Can the [Restricted] Securities Be Sold Publicly If the Conditions of Rule 144 Have Been Met?

Even if you have met the conditions of Rule 144, you can't sell your restricted securities to the public until you've gotten the legend removed from the certificate. **Only a transfer agent can remove a restrictive legend. But the transfer agent won't remove the legend unless you've obtained the consent of the issuer—usually in the form of an opinion letter from the issuer's counsel—that the restricted legend can be removed.** Unless this happens, the transfer agent doesn't have the authority to remove the legend and execute the trade in the marketplace.

* * *

To begin the process, an investor should contact the company that issued the securities, or the transfer agent of the company's securities, to ask about the procedures for removing a legend. Since removing the legend can be a complicated process, if you're considering buying or selling a restricted security, it would be wise for you to consult an attorney who specializes in securities law.

<http://www.sec.gov/investor/pubs/rule144.htm>.

45. Moreover, it is simply not plausible that within minutes after the opening of the Offering, an insider contacted FFN, asked that the restricted legend on their stock be removed, and that FFN then sent such a letter to the Transfer Agent, again within minutes of the opening, authorizing removal of the restricted legend almost immediately after the stock started trading. Similarly, to the extent insiders might have sought Underwriter approval to sell their restricted shares, it is also not plausible that those insiders went to the Underwriter immediately upon the commencement of trading to ask for the authorization to sell restricted shares, that the Underwriters then immediately contacted FFN to authorize the sales and that FFN then sent a letter to their transfer agent authorizing the sale, again with all of this occurring within minutes of the opening of the Offering.

46. As a result of this material increase in the number of shares that were being publicly traded, FFN's stock has plummeted in value.

V. CLASS ACTION ALLEGATIONS

47. Plaintiffs bring this action as a class action under the Securities Act pursuant to Federal Rules of Civil Procedure 23(a) and (b)(3) on behalf of investors who purchased FFN's common stock in the May Offering and who purchased stock in the open market from May 11, 2011 through November 14, 2011.

48. The members of the Class are located in geographically diverse areas and are so numerous that joinder of all members is impracticable. Although the exact number of Class

members is unknown at this time and can only be ascertained through appropriate discovery, Plaintiffs believe there are hundreds, if not thousands, of members of the Class who purchased the Company's common stock pursuant to the May Offering.

49. Common questions of law and fact exist as to all members of the Class and predominate over any questions affecting solely individual members of the Class. Among the questions of law and fact common to the Class are:

- (a) whether Defendants violated federal securities laws based upon the facts alleged herein;
- (b) whether the Registration Statement and Prospectus contained untrue statements of material facts or omitted material facts about FFN;
- (c) whether the Individual and Director Defendants were controlling persons of FFN within the meaning of § 15 of the Securities Act;
- (d) whether the Underwriter Defendants performed appropriate due diligence in advance of the May Offering; and
- (e) whether the members of the Class have sustained damages and, if so, the proper measure of damages.

50. Plaintiffs' claims are typical of the claims of the members of the Class as Plaintiffs and members of the Class sustained damages arising out of Defendants' wrongful conduct in violation of federal law as complained of herein.

51. Plaintiffs will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation. Plaintiffs have no interests antagonistic to, or in conflict with, those of the Class.

52. A class action is superior to alternative methods for the fair and efficient adjudication of this controversy since joinder of all members of this Class is impracticable. Furthermore, because the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for the Class members

individually to redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

VI. NO SAFE HARBOR

53. The statutory safe harbor under the Private Securities Litigation Reform Act of 1995, which applies to forward-looking statements under certain circumstances, does not apply to any of the allegedly false and misleading statements plead in this complaint. The statements alleged to be false and misleading herein all relate to then-existing facts and conditions. In addition, to the extent certain of the statements alleged to be false may be characterized as forward-looking, they were not adequately identified as "forward-looking statements" when made, and there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements.

COUNT I

(Against All Defendants)

Violations of Section 11 of the Securities Act

54. Plaintiffs repeat and re-allege each and every allegation contained in each of the foregoing paragraphs as if set forth fully herein.

55. This Count is asserted against all Defendants for violations of Section 11 of the Securities Act, 15 U.S.C. § 77k, on behalf of all members of the Class who purchased or otherwise acquired the FFN shares issued in the May Offering and who purchased shares of FFN in the open market during the period from May 11, 2011 through and including November 14, 2011.

56. Defendants' liability under this Count is predicated on the participation of each Defendant in conducting the May Offering pursuant to the Registration Statement, which contained untrue statements and omissions of material fact.

57. The Registration Statement contained untrue statements of material fact and omitted other facts necessary to make the statements not misleading, and failed to disclose material facts as described above. FFN was the Registrant, while Defendant Shashoua and the Director Defendants were executive officers and directors of the Company at the time the Offering was declared effective by the SEC and they signed the Registration Statement. As such, said Defendants issued, caused to be issued, and participated in the issuance of the Registration Statement and are subject to liability for violations of Section 11 of the Securities Act. The Underwriter Defendants are also liable pursuant to Section 11 of the Securities Act because they were underwriters of the May Offering and failed to exercise appropriate due diligence before conducting the Offering.

58. Plaintiffs and other members of the Class who acquired the securities in the May Offering pursuant to the Registration Statement did not know of the negligent conduct alleged herein or the untrue statements of material fact and omissions of material facts as alleged herein, and could not have reasonably discovered such facts or conduct.

59. Less than one year had elapsed from the time that Plaintiffs discovered or reasonably could have discovered the facts upon which the initial complaint in this action was filed. Likewise, less than three years had elapsed from the time that the securities upon which this Count was initially brought were bona fide offered to the public.

60. Plaintiffs and the other members of the Class have sustained damages. The value of FFN's shares sold in the May Offering has declined substantially subsequent to and in

response to Defendants' violations of the Securities Act. By reason of the foregoing, Defendants are liable for violating Section 11 of the Securities Act to Plaintiffs and the other members of the Class who purchased or otherwise acquired FFN shares pursuant or traceable to the May Offering Documents.

COUNT II
(Against FFN and the Underwriter Defendants)
Violations of Section 12(a)(2) of the Securities Act

61. GIS and Plaintiff Schwartz repeat and re-allege each of the allegations set forth above as if fully set forth herein. This Count is asserted against FFN and the Underwriter Defendants for violations of Section 12(a)(2) of the Securities Act, 15 U.S.C. § 77l(a)(2), on behalf of all members of the Class who purchased or otherwise acquired the FFN shares in the prospectus which was part of the May Offering (the "Prospectus").

62. The Underwriter Defendants were sellers, offerors, and/or solicitors of sales of securities offered pursuant to the Prospectus. FFN also actively solicited the securities that were offered and sold pursuant to the Prospectus. The Prospectus contained untrue statements of material fact and omitted other facts necessary to make the statements not misleading, and failed to disclose material facts, as set forth above.

63. GIS and Plaintiff Schwartz and other members of the Class who purchased or otherwise acquired securities in the May Offering pursuant to the materially untrue and misleading Prospectus and did not know or, in the exercise of reasonable diligence could not have known, of the materially false and misleading statements and omissions contained in the Prospectus.

64. The Underwriter Defendants and FFN owed to GIS and Plaintiff Schwartz and other members of the Class who purchased or otherwise acquired securities in the May Offering

pursuant to the materially untrue and misleading Prospectus the duty to make a reasonable and diligent investigation of the statements contained in the Prospectus, to insure such statements were true and that there was no omission of material fact necessary to prevent the statements contained therein from being misleading. The Underwriter Defendants and FFN did not make a reasonable investigation or possess reasonable grounds to believe that the statements contained in the Prospectus were true and without omissions of any material facts and were not misleading. By virtue of the conduct alleged herein, the Underwriter Defendants and FFN violated Section 12(a)(2) of the Securities Act.

65. GIS and Plaintiff Schwartz, individually and representatively, hereby offer to tender to Defendants those shares which they and other Class members continue to own, on behalf of all members of the Class who continue to own such shares, in return for the consideration paid for those shares together with interest thereon. Class members who have sold their FFN shares are entitled to rescissory damages.

COUNT III
(Against the Director Defendants and Defendant Shashoua)
Violations of Section 15 of the Securities Act

66. Plaintiffs repeat and re-allege each of the allegations set forth above as if fully set forth herein. This Count is asserted against the Director Defendants and Defendant Shashoua for violations of Section 15 of the Securities Act, 15 U.S.C. § 77o, on behalf of Plaintiffs and the other members of the Class who purchased or otherwise acquired the FFN shares issued in the May Offering.

67. At all relevant times, Defendant Shashoua and the Director Defendants were controlling persons of the Company within the meaning of Section 15 of the Securities Act. Each of these defendants served as an executive officer and/or director of FFN prior to and at the

time of the May Offering. Each of these defendants at all relevant times participated in the operation and management of the Company, and conducted and participated, directly and indirectly, in the conduct of FFN's business affairs. As officers and/or directors of a publicly owned company, these defendants had a duty to disseminate accurate and truthful information with respect to any restrictions on the sale of FFN's common stock and with respect to the Company's internal controls. By reason of the aforementioned conduct, these defendants are liable under Section 15 of the Securities Act, jointly and severally with, and to the same extent as, the Company to Plaintiffs and the other members of the Class.

VII. PRAYER FOR RELIEF

WHEREFORE, Plaintiffs, on their own behalf and on behalf of the Class, pray for judgment as follows:

- (a) Determining this action to be a proper class action and certifying Plaintiffs as class representative under Rule 23 of the Federal Rules of Civil Procedure;
- (b) Awarding compensatory damages in favor of Plaintiffs and the other members of the Class against all Defendants, jointly and severally, for the damages sustained as a result of the wrongdoings of Defendants, together with interest thereon;
- (c) Awarding Plaintiffs the fees and expenses incurred in this action including reasonable allowance of fees for Plaintiffs' attorneys and experts;
- (d) Granting such other and further relief as the Court may deem just and proper.

VIII. JURY TRIAL DEMANDED

Plaintiffs hereby demand a trial by jury.

DATED: June 20, 2013

MENZER & HILL, P.A.

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*Lead Counsel for Co- Lead Plaintiffs and the
Class*

EXHIBIT B
AGREEMENT

FRIENDFINDER NETWORKS INC.

5,000,000 Shares of Common Stock

(Par Value \$0.001 Per Share)

UNDERWRITING AGREEMENT

May 10, 2011

IMPERIAL CAPITAL, LLC
LADENBURG THALMANN & CO. INC.
as Representatives of the several Underwriters

c/o Imperial Capital, LLC
2000 Avenue of the Stars
9th Floor
Los Angeles, CA 90067

Ladies and Gentlemen:

FriendFinder Networks Inc., a Nevada corporation (the "Company") confirms its agreements with Imperial Capital, LLC ("Imperial"), Ladenburg Thalmann & Co. Inc. ("Ladenburg") and each of the other Underwriters named in Schedule A hereto (collectively, the "Underwriters," which term shall also include any underwriter substituted as hereinafter provided in Section 10 hereof), for whom Imperial and Ladenburg are acting as representatives (in such capacity, the "Representatives"), with respect to (i) the sale by the Company and the purchase by the Underwriters, acting severally and not jointly, of the respective numbers of shares of Common Stock, par value \$0.001 per share, of the Company ("Common Stock") set forth in Schedule A hereto and (ii) the grant by the Company to the Underwriters, acting severally and not jointly, of the option described in Section 2(b) hereof to purchase all or any part of 750,000 additional shares of Common Stock to cover over-allotments, if any. The aforesaid 5,000,000 shares of Common Stock (the "Initial Securities") to be purchased by the Underwriters and all or any part of the 750,000 shares of Common Stock subject to the option described in Section 2(b) hereof (the "Option Securities") are hereinafter called, collectively, the "Securities."

The Company understands that the Underwriters propose to make a public offering of the Securities as soon as the Representatives deem advisable after this Agreement has been executed and delivered.

The Company has filed with the Securities and Exchange Commission (the "Commission") a registration statement on Form S-1 (No. 333-156414), including the related preliminary prospectus or prospectuses, covering the registration of the Securities under the Securities Act of 1933, as amended (the "1933 Act"). Promptly after execution and delivery of this Agreement, the Company will prepare and file a prospectus in accordance with the provisions of Rule 430A ("Rule 430A") of the rules and regulations of the Commission under the 1933 Act (the "1933 Act Regulations") and paragraph (b) of Rule 424 ("Rule 424(b)") of the 1933 Act Regulations. The information included in such prospectus that was omitted from such registration statement at the time it became effective but that is deemed to be part of such registration statement at the time it became effective pursuant to paragraph (b) of Rule 430A is referred to as "Rule 430A Information." Each prospectus used before such registration statement became effective, and any prospectus that omitted the Rule 430A Information, that was used after such effectiveness and prior to the execution and delivery of this Agreement, is herein called a "preliminary prospectus." Such registration statement, including the amendments thereto, the exhibits and any schedules thereto, at the time it became effective, and including the Rule 430A Information, is herein called the "Registration Statement." Any registration statement filed pursuant to Rule 462(b) of the 1933 Act Regulations is herein referred to as the "Rule 462(b) Registration Statement," and after such filing the term "Registration Statement" shall include the Rule 462(b) Registration Statement. The final prospectus in the form first furnished to the Underwriters for use in connection with the offering of the Securities is herein called the "Prospectus." For purposes of this Agreement, all references to the Registration Statement, any preliminary prospectus, the Prospectus or any amendment or

supplement to any of the foregoing shall be deemed to include the copy filed with the Commission pursuant to its Electronic Data Gathering, Analysis and Retrieval system ("EDGAR").

As used in this Agreement:

"Applicable Time" means 5:00 p.m. (Eastern Time) on May 10, 2011 or such other time as agreed by the Company and the Representatives.

"Statutory Prospectus" as of any time means the prospectus relating to the Securities that is included in the Registration Statement immediately prior to that time, including any document incorporated by reference therein.

"Issuer Free Writing Prospectus" means any "issuer free writing prospectus," as defined in Rule 433 of the 1933 Act Regulations ("Rule 433"), relating to the Securities that (i) is required to be filed with the Commission by the Company, (ii) is a "road show that is a written communication" within the meaning of Rule 433(d)(8)(i) whether or not required to be filed with the Commission or (iii) is exempt from filing pursuant to Rule 433(d)(5)(i) because it contains a description of the Securities or of the offering that does not reflect the final terms, in each case in the form filed or required to be filed with the Commission or, if not required to be filed, in the form retained in the Company's records pursuant to Rule 433(g).

"Issuer General Use Free Writing Prospectus" means any Issuer Free Writing Prospectus that is intended for general distribution to prospective investors (other than a Bona Fide Electronic Road Show (as defined below)), as evidenced by its being specified in Schedule C-1 hereto.

"Issuer Limited Use Free Writing Prospectus" means any Issuer Free Writing Prospectus that is not an Issuer General Use Free Writing Prospectus.

"Pro Forma Information" means the information contained in that certain Amendment Number 11 to the Registration Statement regarding the Company's 2007 pro forma financial results underlying the related information disclosed in slides 22, 25, 26 and 27 of the road show investor presentation materials annexed to Schedule C-2 hereto.

SECTION 1. Representations and Warranties.

(a) *Representations and Warranties by the Company.* The Company represents and warrants to each Underwriter as of the date hereof, as of the Applicable Time, as of the Closing Time referred to in Section 2(c) hereof, and as of each Date of Delivery (if any) referred to in Section 2(b) hereof, and agrees with each Underwriter, as follows:

(i) Compliance with Registration Requirements. Each of the Registration Statement, any Rule 462(b) Registration Statement and any post-effective amendment thereto has become effective under the 1933 Act and no stop order suspending the effectiveness of the Registration Statement, any Rule 462(b) Registration Statement or any post-effective amendment thereto has been issued under the 1933 Act and no proceedings for that purpose have been instituted or are pending or, to the knowledge of the Company, are threatened by the Commission, and any request on the part of the Commission for additional information has been complied with.

At the respective times the Registration Statement, any Rule 462(b) Registration Statement and any post-effective amendments thereto became effective and at the Closing Time (and, if any Option Securities are purchased, at the Date of Delivery), the Registration Statement, the Rule 462(b) Registration Statement and any amendments and supplements thereto complied and will comply in all material respects with the requirements of the 1933 Act and the 1933 Act Regulations and did not and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. The Prospectus, any preliminary prospectus and any supplement thereto or prospectus wrapper prepared in connection therewith, at their respective times of issuance and at the Closing Time, complied and will comply in all material respects with any applicable

laws or regulations of foreign jurisdictions in which the Prospectus and such preliminary prospectus, as amended or supplemented, if applicable, are distributed in connection with the offer and sale of Securities. Neither the Prospectus nor any amendments or supplements thereto (including any prospectus wrapper), at the time the Prospectus or any such amendment or supplement was issued and at the Closing Time (and, if any Option Securities are purchased, at the Date of Delivery), included or will include an untrue statement of a material fact or omitted or will omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

As of the Applicable Time, neither (x) the Issuer General Use Free Writing Prospectus(es) (as defined below) issued at or prior to the Applicable Time (other than the free writing prospectus filed by the Company on January 27, 2009 which with such correcting statements as made by the Company spoke only to the date of its filing), the Statutory Prospectus (as defined below) as of the Applicable Time, the Pro Forma Information and the pricing information set forth on Schedule F, all considered together (collectively, the "General Disclosure Package"), nor (y) any individual Issuer Limited Use Free Writing Prospectus, when considered together with the General Disclosure Package, included any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

The Company has made available a "*bona fide* electronic road show," as defined in Rule 433, in compliance with Rule 433(d)(8)(ii) (the "Bona Fide Electronic Road Show") such that no filing of any "road show" (as defined in Rule 433(h)) is required in connection with the offering of the Securities.

Each Issuer Free Writing Prospectus, as of its issue date and at all subsequent times through the completion of the offer and sale of the Securities or until any earlier date that the issuer notified or notifies the Representatives, did not, does not and will not include any information that conflicted, conflicts or will conflict with the information contained in the Registration Statement or the Prospectus, and any preliminary or other prospectus deemed to be a part thereof that has not been superseded or modified. For the avoidance of doubt, the free writing prospectus filed by the Company on January 27, 2009 (with such correcting statements as made by the Company) spoke only to the date of its filing and the information contained therein has since been superseded or modified.

The representations and warranties in this subsection shall not apply to statements in or omissions from the Registration Statement, the Prospectus or any Issuer Free Writing Prospectus made in reliance upon and in conformity with written information furnished to the Company by any Underwriter through Imperial expressly for use therein.

Each preliminary prospectus (including the prospectus filed as part of the Registration Statement as originally filed or as part of any amendment thereto) complied when so filed in all material respects with the 1933 Act Regulations and each preliminary prospectus and the Prospectus delivered to the Underwriters for use in connection with this offering was identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

At the time of filing the Registration Statement, any 462(b) Registration Statement and any post-effective amendments thereto, at the earliest time thereafter that the Company or another offering participant made a *bona fide* offer (within the meaning of Rule 164(h)(2) of the 1933 Act Regulations) of the Securities and at the date hereof, the Company was not and is not an "ineligible issuer" pursuant to Rules 164, 405 and 433 under the 1933 Act.

(ii) **Independent Accountants.** EisnerAmper LLP, which has certified the Company's financial statements and supporting schedules included in the Registration Statement, is an independent registered public accounting firm as required by the 1933 Act, the 1933 Act Regulations and the Public Company Accounting Oversight Board (including the rules and regulations promulgated by such entity, the "PCAOB"). To the knowledge of the Company, EisnerAmper LLP is duly registered and in good standing with the PCAOB. EisnerAmper LLP has not, during the periods covered by the financial statements included in the Registration Statement, the General Disclosure Package and Prospectus, provided any non-

audit services, as described in Section 10A(g) of the Securities Exchange Act of 1934, as amended (the "1934 Act"), to the Company.

(iii) Financial Statements. The financial statements of the Company included in the Registration Statement, the General Disclosure Package and the Prospectus, together with the related schedules and notes, present fairly the financial position of the Company and its consolidated subsidiaries at the dates indicated and the statement of operations, stockholders' equity and cash flows of the Company and its consolidated subsidiaries for the periods specified; such financial statements have been prepared in conformity with generally accepted accounting principles ("GAAP") applied on a consistent basis throughout the periods involved, except as disclosed therein. The supporting schedules, if any, present fairly in accordance with GAAP the information required to be stated therein. The selected financial data and the summary financial information included in the Prospectus present fairly the information shown therein and have been compiled on a basis consistent with that of the financial statements included in the Registration Statement and the books and records of the Company. The pro forma financial statements and the related notes thereto included in the Registration Statement, the General Disclosure Package and the Prospectus present fairly the information shown therein, have been prepared in accordance with the Commission's rules and guidelines with respect to pro forma financial statements and have been properly compiled on the bases described therein, and the assumptions used in the preparation thereof are reasonable and the adjustments used therein are appropriate to give effect to the transactions and circumstances referred to therein. All disclosures contained in the Registration Statement, the General Disclosure Package and the Prospectus regarding "non-GAAP financial measures" (as such term is defined by the rules and regulations of the Commission) comply with Regulation G of the the 1934 Act and Item 10 of Regulation S-K of the 1933 Act, to the extent applicable.

(iv) No Material Adverse Change in Business. Since the respective dates as of which information is given in the Registration Statement, the General Disclosure Package or the Prospectus, except as otherwise stated therein, (A) there has been no material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business (a "Material Adverse Effect"), (B) there have been no transactions entered into by the Company or any of its subsidiaries, other than those in the ordinary course of business, which are material with respect to the Company and its subsidiaries considered as one enterprise, and (C) there has been no dividend or distribution of any kind declared, paid or made by the Company on any class of its capital stock.

(v) Good Standing of the Company. The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Nevada and has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Prospectus and to enter into and perform its obligations under this Agreement; and the Company is duly qualified as a foreign corporation to transact business and is in good standing in each other jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good standing would not result in a Material Adverse Effect.

(vi) Good Standing of Subsidiaries. Each "significant subsidiary" of the Company (as such term is defined in Rule 1-02 of Regulation S-X and listed on Schedule D of this Agreement) (each a "Subsidiary" and, collectively, the "Subsidiaries") has been duly incorporated or organized and is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation or organization, has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Prospectus and is duly qualified as a foreign corporation to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good standing would not result in a Material Adverse Effect. Except as otherwise disclosed in the Registration Statement and the General Disclosure Package, all of the issued and outstanding capital stock or other equity interests of each such Subsidiary has been duly authorized and validly issued, is fully paid and non-assessable and is owned by the Company, directly or through Subsidiaries, free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity. None of the outstanding shares of

capital stock or other equity interests of any Subsidiary was issued in violation of the preemptive or similar rights of any securityholder of such Subsidiary. The only subsidiaries of the Company are the subsidiaries listed on Exhibit 21.1 to the Registration Statement which was filed on March 17, 2011 with the Commission, and each of such subsidiaries is directly or indirectly wholly owned by the Company.

(vii) Capitalization. The numbers of authorized, issued (actual) and outstanding (actual) shares of capital stock of the Company are as set forth in the Prospectus in the table under the caption "Capitalization" (except for subsequent issuances, if any, pursuant to this Agreement, pursuant to reservations, agreements or employee benefit plans referred to in the Prospectus or pursuant to the exercise of convertible securities, warrants or options referred to in the Prospectus). The shares of issued and outstanding capital stock of the Company have been duly authorized and validly issued and are fully paid and non-assessable; none of the outstanding shares of capital stock was issued in violation of the preemptive or other similar rights of any securityholder of the Company.

(viii) Authorization of Agreement. This Agreement has been duly authorized, executed and delivered by the Company and constitutes a legal, valid and binding obligation of the Company and is enforceable against the Company in accordance with its terms.

(ix) Authorization and Description of Securities. The Securities to be purchased by the Underwriters from the Company have been duly authorized for issuance and sale to the Underwriters pursuant to this Agreement and, when issued and delivered by the Company pursuant to this Agreement against payment of the consideration set forth herein, will be validly issued and fully paid and non-assessable; the Common Stock conforms to all statements relating thereto contained in the Prospectus and such description conforms to the rights set forth in the instruments defining the same; and the issuance of the Securities is not subject to the preemptive or other similar rights of any securityholder of the Company.

(x) Absence of Defaults and Conflicts. Neither the Company nor any of its consolidated subsidiaries is (i) in violation of its articles or certificate of incorporation and bylaws, or equivalent governing documents, as applicable, or (ii) in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or other agreement or instrument to which the Company or any of its consolidated subsidiaries is a party or by which it or any of them may be bound, or to which any of the property or assets of the Company or any consolidated subsidiary is subject (collectively, "Agreements and Instruments") except in the case of clause (ii) for such defaults that would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect; notwithstanding the foregoing, no event of default has occurred and is continuing under the Company's or its consolidated subsidiaries' indentures or notes; neither the Company nor any of its consolidated subsidiaries is in violation of any applicable federal, state, local or foreign statute, law, rule, regulation, ordinance, code, policy or rule of common law or any judicial or administrative interpretation thereof, including any applicable judicial or administrative order, consent, decree or judgment, except for such violations that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; and the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated herein and in the Registration Statement and the General Disclosure Package (including the issuance and sale of the Securities and the use of the proceeds from the sale of the Securities as described in the Prospectus under the caption "Use of Proceeds") and compliance by the Company with its obligations hereunder have been duly authorized by all necessary corporate action and do not and will not, whether with or without the giving of notice or passage of time or both, conflict with or constitute a breach of, or default or Repayment Event (as defined below) under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any consolidated subsidiary pursuant to, the Agreements and Instruments (except for such conflicts, breaches, defaults or Repayment Events or liens, charges or encumbrances that would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect), nor will such action result in any violation of the provisions of the articles or certificate of incorporation and bylaws, or equivalent governing documents, as applicable, of the Company (as the same are to be amended and effective prior to the Closing Time, as described in the Registration Statement) or any consolidated subsidiary or any applicable law, statute, rule, regulation, judgment, order, writ or decree of any government, government instrumentality or court, domestic or foreign, having

jurisdiction over the Company or any consolidated subsidiary or any of their assets, properties or operations. As used herein, a "Repayment Event" means any event or condition which gives the holder of any note, debenture or other evidence of indebtedness (or any person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Company or any consolidated subsidiary.

(xi) Absence of Labor Dispute. No labor dispute with the employees of the Company or any consolidated subsidiary exists or, to the knowledge of the Company, is imminent, and the Company is not aware of any existing or imminent labor disturbance by the employees of any of its or any subsidiary's principal suppliers, manufacturers, customers or contractors, which, in either case, would reasonably be expected to result in a Material Adverse Effect.

(xii) Absence of Proceedings. There is no action, suit, proceeding, inquiry or investigation before or brought by any court or governmental agency or body, domestic or foreign, now pending, or, to the knowledge of the Company, threatened, against or affecting the Company or any consolidated subsidiary, which is required to be disclosed in the Registration Statement (other than as disclosed therein), or which might reasonably be expected to result in a Material Adverse Effect, or which might materially and adversely affect the properties or assets of the Company or any consolidated subsidiary as a whole or the consummation of the transactions contemplated in this Agreement or the performance by the Company of its obligations hereunder; the aggregate of all pending legal or governmental proceedings to which the Company or any consolidated subsidiary is a party or of which any of their respective property or assets is the subject which are not described in the Registration Statement, including ordinary routine litigation incidental to the business, would not reasonably be expected to result in a Material Adverse Effect.

(xiii) Related Party Transactions; Accuracy of Exhibits. There are no business relationships or related-party transactions involving the Company or any of its Subsidiaries or any other person, or contracts or other documents, of a character required to be described in the General Disclosure Package and there are no contracts or documents which are required to be described in the Registration Statement or the Prospectus or to be filed as exhibits thereto which have not been so described and filed as required.

(xiv) Possession of Intellectual Property. (i) the Company and its consolidated subsidiaries own, or have obtained valid and enforceable licenses to use the inventions, patent applications, patents, trademarks (both registered and unregistered), trade names, service marks, copyrights, trade secrets, inventions, domain names, technology, know-how and other proprietary information (collectively, "Intellectual Property") described in the Registration Statement, the General Disclosure Package or the Prospectus as being owned or licensed by them or which are necessary for the conduct of their respective businesses, except where the failure to own, license or have such rights would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect; (ii) there is no infringement by third parties of any Intellectual Property owned by the Company and its consolidated subsidiaries, except for any such infringement that would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect; (iii) except as disclosed in the Registration Statement and the General Disclosure Package, there is no pending or, to the Company's knowledge, threatened action, suit, proceeding or claim by others against the Company or its consolidated subsidiaries challenging the Company's or its subsidiaries' rights in or to any Intellectual Property, and the Company is unaware of any facts which could form a reasonable basis for any such action, suit, proceeding or claim, except as would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect; (iv) except as disclosed in the Registration Statement and the General Disclosure Package, there is no pending or, to the Company's knowledge, threatened action, suit, proceeding or claim by others that the Company or any subsidiary infringes or otherwise violates any valid patent, trademark, trade name, service mark, copyright, trade secret or other proprietary rights of others, and the Company is unaware of any facts which could form a reasonable basis for any such action, suit, proceeding or claim, except as would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect; (v) the Company and its consolidated subsidiaries have complied with the material terms of any agreement pursuant to which Intellectual Property has been licensed to the Company or any consolidated subsidiary, and all such agreements are in full force and effect, except as would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect; and (vi) except as would not reasonably be expected, individually or in the

aggregate, to have a Material Adverse Effect, there are no trademarks held by third parties that interfere with, dilute or adversely affect the validity, enforceability or scope of any of the Intellectual Property.

(xv) Absence of Further Requirements. No filing with, or authorization, approval, consent, license, order, registration, qualification or decree of, any court or governmental authority or agency or regulatory authority is necessary or required for the performance by the Company of its obligations hereunder, in connection with the offering, issuance or sale of the Securities hereunder or the consummation of the transactions contemplated by this Agreement, except such as have been already obtained or as may be required under the 1933 Act or the 1933 Act Regulations or state securities laws or the laws of any foreign jurisdiction, or as may be required by the rules of the Financial Industry Regulatory Authority (the "FINRA").

(xvi) Absence of Manipulation. Neither the Company nor any affiliate of the Company has taken, nor will the Company or any affiliate take, directly or indirectly, any action which is designed to or which has constituted or which would reasonably be expected to cause or result in stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Securities.

(xvii) Possession of Licenses and Permits. The Company and its consolidated subsidiaries possess such permits, licenses, approvals, consents and other authorizations (collectively, "Governmental Licenses") issued by the appropriate federal, state, local or foreign regulatory agencies or bodies necessary to conduct the businesses now operated by them; the Company and its consolidated subsidiaries are in material compliance with the terms and conditions of all such Governmental Licenses; all of the Governmental Licenses are valid and in full force and effect; and neither the Company nor any of its consolidated subsidiaries has received any notice of proceedings relating to the revocation or modification of any such material Governmental Licenses.

(xviii) Compliance with Law. The Company and each of its subsidiaries has conducted, and is conducting business in compliance with all applicable laws, rules and regulations of the jurisdictions in which it is conducting business, except where failure to be so in compliance would not reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect.

(xix) Title to Real Property. The Company and its consolidated subsidiaries do not own any real property; and all of the real property leases and subleases material to the business of the Company and its subsidiaries, considered as one enterprise, and described in the Prospectus, are in full force and effect under valid, existing and enforceable leases or subleases, and neither the Company nor any consolidated subsidiary has any notice of any material claim of any sort that has been asserted by anyone adverse to the rights of the Company or any consolidated subsidiary under any of the leases or subleases mentioned above, or affecting or questioning the rights of the Company or such consolidated subsidiary to the continued possession of the leased or subleased premises under any such lease or sublease.

(xx) Investment Company Act. The Company is not and, upon the issuance and sale of the Securities as herein contemplated and the application of the net proceeds therefrom as described in the Prospectus, will not be an "investment company" under the Investment Company Act of 1940, as amended (the "1940 Act").

(xxi) Environmental Laws. Except as described in the Registration Statement and except as would not reasonably be expected to, individually or in the aggregate, result in a Material Adverse Effect, (A) neither the Company nor any of its consolidated subsidiaries is in violation of any federal, state, local or foreign statute, law, rule, regulation, ordinance, code, policy or rule of common law or any judicial or administrative interpretation thereof, including any judicial or administrative order, consent, decree or judgment, relating to pollution or protection of human health, the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata) or wildlife, including, without limitation, laws and regulations relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products, asbestos-containing materials or mold (collectively, "Hazardous Materials") or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials

(collectively, "Environmental Laws"), (B) the Company and its consolidated subsidiaries have all permits, authorizations and approvals required under any applicable Environmental Laws and are in compliance with the requirements of such permits, authorizations and approvals, (C) there are no pending or, to the Company's knowledge, threatened administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of noncompliance or violation, investigation or proceedings relating to any Environmental Law against the Company or any of its subsidiaries and (D) there are no events or circumstances that would reasonably be expected to form the basis of an order for clean-up or remediation, or an action, suit or proceeding by any private party or governmental body or agency, against or affecting the Company or any of its consolidated subsidiaries relating to Hazardous Materials or any Environmental Laws.

(xxii) Registration Rights. Except as disclosed in the Registration Statement and the General Disclosure Package, there are no persons with registration rights or other similar rights to have any securities registered pursuant to the Registration Statement or otherwise registered by the Company under the 1933 Act.

(xxiii) Listing. The Securities have been approved for listing on the NASDAQ Global Market, subject to notice of issuance.

(xxiv) Integration. Neither the Company nor any of its affiliates (within the meaning of Rule 144 under the 1933 Act) has, prior to the date hereof, made any offer or sale of any securities which could be "integrated" (within the meaning of the 1933 Act Regulations) with the offer and sale of the Securities pursuant to the Registration Statement.

(xxv) Accounting Controls. The Company and each of its consolidated subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurances that (A) transactions are executed in accordance with management's general or specific authorization; (B) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain accountability for assets; (C) access to assets is permitted only in accordance with management's general or specific authorization; and (D) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. Except as described in the Prospectus, since the end of the Company's most recent audited fiscal year, there has been (1) no material weakness in the Company's internal control over financial reporting (whether or not remediated) and (2) no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting. Such internal accounting controls are effective in timely alerting the Company's principal executive officer and principal financial officer to material information required to be included in the Company's periodic reports required under the Exchange Act.

(xxvi) Compliance with the Sarbanes-Oxley Act. The Company has taken all necessary actions to ensure that, upon the effectiveness of the Registration Statement, it will be in compliance with all provisions of the Sarbanes-Oxley Act of 2002 and all rules and regulations promulgated thereunder or implementing the provisions thereof (the "Sarbanes-Oxley Act") that are then in effect and which the Company is required to comply with as of the effectiveness of the Registration Statement, and is actively taking steps to ensure that it will be in compliance with other provisions of the Sarbanes-Oxley Act not currently in effect, upon the effectiveness of such provisions, or which will become applicable to the Company at all times after the effectiveness of the Registration Statement. The Company has not, directly or indirectly, including through any consolidated subsidiary: (i) extended credit, arranged to extend credit, or renewed any extension of credit, in the form of a personal loan, to or for any director or executive officer of the Company, or to or for any family member or affiliate of any director or executive officer of the Company; or (ii) made any material modification, including any renewal thereof, to any term of any personal loan to any director or executive officer of the Company, or any family member or affiliate of any director or executive officer.

(xxvii) Payment of Taxes. All United States federal, state and local income tax returns of the Company and its consolidated subsidiaries required by law to be filed as well as other tax returns required

to be filed by Company and its consolidated subsidiaries pursuant to other laws are complete and correct in all material respects, have been filed and all taxes shown by such returns or otherwise assessed, which are due and payable, have been paid, except assessments against which appeals have been or will be promptly taken and as to which adequate reserves have been provided. The United States federal income tax returns of the Company through the fiscal year ended December 31, 2009 have been settled and no assessment in connection therewith has been made against the Company. Except as would not reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect, all foreign tax returns of the Company and its subsidiaries (exclusive of value added taxes) required by law to be filed have been filed and all taxes shown by such returns or otherwise assessed, which are due and payable, have been paid, except assessments against which appeals have been or will be promptly taken and as to which adequate reserves have been provided. With respect to foreign value added taxes, certain tax returns and associated liabilities for underpayment of tax, penalties or interest with respect to value added taxes may possibly be due in various European Union member states and other jurisdictions, for certain past periods, all as described in the Registration Statement, the General Disclosure Package and the Prospectus. The charges, accruals and reserves on the books of the Company in respect of any income and corporation tax liability for any years not finally determined are adequate to meet any assessments or re-assessments for additional income tax for any years not finally determined, except to the extent of any inadequacy that would not reasonably be expected to, individually or in the aggregate, result in a Material Adverse Effect.

(xxviii) Insurance. The Company and its consolidated subsidiaries carry or are entitled to the benefits of insurance, with financially sound and reputable insurers, in such amounts and covering such risks as is generally maintained by companies of established repute engaged in the same or similar business, and all such insurance is in full force and effect. The Company has no reason to believe that it or any consolidated subsidiary will not be able (A) to renew its existing insurance coverage as and when such policies expire or (B) to obtain comparable coverage from similar institutions as may be necessary or appropriate to conduct its business as now conducted and at a reasonable cost. Neither of the Company nor any consolidated subsidiary has been denied any insurance coverage which it has sought or for which it has applied within the past five years.

(xxix) Statistical and Market-Related Data. Any statistical and market-related data included in the Registration Statement and the Prospectus are based on or derived from sources that the Company in good faith believes to be reliable and accurate and such data agree with the sources from which they are derived.

(xxx) Foreign Corrupt Practices Act. Neither the Company nor, to the knowledge of the Company, any director, officer, agent, employee, affiliate or other person acting on behalf of the Company or any of its consolidated subsidiaries is aware of or has taken any action, directly or indirectly, that would result in a violation by such persons of the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder (the "FCPA"), including, without limitation, making use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay or authorization of the payment of any money, or other property, gift, promise to give, or authorization of the giving of anything of value to any "foreign official" (as such term is defined in the FCPA) or any foreign political party or official thereof or any candidate for foreign political office, in contravention of the FCPA within the past five years and the Company and, to the knowledge of the Company, its affiliates have conducted their businesses in compliance with the FCPA and have instituted and maintain policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance therewith.

(xxxi) Anti-Corruption Laws. The Company and its consolidated subsidiaries and affiliates have conducted their businesses in compliance with applicable anti-corruption laws, rules, and regulations and have instituted and maintained and will continue to maintain policies and procedures designed to promote and achieve compliance with such laws, rules, and regulations.

(xxxii) Money Laundering Laws. The operations of the Company are and have been conducted in compliance with applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the money laundering statutes of all jurisdictions,

the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency (collectively, the "Money Laundering Laws") and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company with respect to the Money Laundering Laws is pending or, to the best knowledge of the Company, threatened.

(xxxiii) Sanctions. Neither the Company nor, its consolidated subsidiaries nor, to the knowledge of the Company, any director, officer, agent, employee, affiliate or person acting on behalf of the Company is currently (A) subject to any sanctions administered or enforced by the U.S. Department of Treasury's Office of Foreign Assets Control ("OFAC"), the United Nations Security Council ("UNSC"), the European Union ("EU"), Her Majesty's Treasury ("HMT"), or other relevant sanctions authority (collectively, "Sanctions"), nor (B) located, organized or resident in a country or territory that is the subject of Sanctions (including, without limitation, Burma/Myanmar, Cuba, Iran, North Korea, Sudan and Syria). The Company represents and covenants that it will not, directly or indirectly, knowingly use the proceeds of the offering, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or any director, officer, agent, employee, affiliate or person acting on behalf of the Company (A) to fund or facilitate any activities or business of or with any director, officer, agent, employee, affiliate or person acting on behalf of the Company or in any country or territory that, at the time of such funding or facilitation, is the subject of Sanctions; or (B) in any other manner that will result in a violation of Sanctions by any director, officer, agent, employee, affiliate or person acting on behalf of the Company (including any person participating in the offering, whether as underwriter, advisor, investor or otherwise). The Company represents and covenants that it has not knowingly engaged in, is not now knowingly engaged in, and will not engage in, any dealings or transactions with any director, officer, agent, employee, affiliate or person acting on behalf of the Company, or in any country or territory, that at the time of the dealing or transaction is or was the subject of Sanctions.

(xxxiv) No Finder's Fee. Except as disclosed in the Registration Statement and the General Disclosure Package, there are no contracts, agreements or understandings between the Company and any person that would give rise to a valid claim against the Company or any Underwriter for a brokerage commission, finder's fee or other like payment in connection with this offering.

(xxxv) Accurate Disclosure. The statements in the General Disclosure Package and the Prospectus under the headings "Certain Relationships and Related Party Transactions", "Description of Capital Stock", "Description of Indebtedness", "Risk Factors-Risks Related to our Business-Changes in laws could materially adversely affect our business, financial condition and results of operations" "Business-Legal Proceedings" and "Business-Government Regulation", insofar as such statements summarize legal matters, agreements, documents or proceedings discussed therein, are accurate and fair summaries of such legal matters, agreements, documents or proceedings and present the information required to be shown. Under current U.S. federal income tax law, although the discussion set forth in the General Disclosure Package and the Prospectus under the heading "Certain Material U.S. Tax Considerations" does not purport to summarize all possible U.S. federal income tax consequences of the purchase, ownership, and disposition of the Securities, such discussion constitutes, in all material respects, a fair and accurate summary of the U.S. federal income tax consequences that are material to holders who purchase the Securities pursuant to the General Disclosure Package and the Prospectus.

(xxxvi) No Sales. Except as disclosed in the Registration Statement and the General Disclosure Package, the Company has not sold, issued or distributed any shares of Common Stock during the six-month period preceding the date hereof, including any sales pursuant to Rule 144A under, or Regulation D or Regulation S of, the 1933 Act, other than shares issued pursuant to employee benefit plans, qualified stock option plans or other employee compensation plans or pursuant to outstanding options, rights or warrants.

(xxxvii) ERISA. Each employee benefit plan, within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), that is maintained, administered or contributed to by the Company or any of its affiliates for employees or former employees of the Company is in compliance in all material respects with its terms and the requirements of any

applicable statutes, orders, rules and regulations, including ERISA and the Internal Revenue Code of 1986, as amended (the "Code"). No prohibited transaction, within the meaning of Section 406 of ERISA or Section 4975 of the Code, has occurred with respect to any such plan excluding transactions effected pursuant to a statutory or administrative exemption and transactions with respect to which no material liability to the Company has occurred or could reasonably be expected to occur, either individually or in the aggregate; and no such employee benefit plan is subject to the funding rules of Section 412 of the Code or Section 302 of ERISA.

(xxxviii) No Undue Influence. The Company has not offered, or caused the Underwriters to offer, the Securities to any person or entity with the intention of unlawfully influencing: (i) a customer or supplier of the Company or any consolidated subsidiary to alter the customer's or supplier's level or type of business with the Company or any consolidated subsidiary or (ii) a journalist or publication to write or publish favorable information about the Company, any subsidiary or its products or services.

(xxxix) FINRA Compensation. Except as disclosed in the Prospectus, the Registration Statement or the General Disclosure Package, the Company has not issued any warrants or other securities or granted any options, directly or indirectly, to anyone who is a potential underwriter in the offering or a related person (as defined by FINRA rules) of such an underwriter within the 180-day period prior to the initial filing date of the Registration Statement; no person to whom securities of the Company have been privately issued within 180-day period prior to the initial filing date of the Registration Statement has any relationship or affiliation or association with any member of FINRA; and no FINRA member participating in the offering has a conflict of interest with the Company. For this purpose, a "conflict of interest" exists when a member of FINRA and/or its associated persons, parent or affiliates in the aggregate beneficially own 10% or more of the Company's outstanding subordinated debt or common equity, or 10% or more of the Company's preferred equity. "FINRA member participating in the offering" includes any associated person of a FINRA member that is participating in the offering, any member of such associated person's immediate family and any affiliate of a FINRA member that is participating in the offering.

(b) Officer's Certificates. Any certificate signed by any officer of the Company or any of its consolidated subsidiaries delivered to the Representatives or to counsel for the Underwriters shall be deemed a representation and warranty by the Company to each Underwriter as to the matters covered thereby.

SECTION 2. Sale and Delivery by or to Underwriters: Closing.

(a) Initial Securities. On the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Company agrees to sell to each Underwriter, severally and not jointly, and each Underwriter, severally and not jointly, agrees to purchase from the Company, that proportion of the number of Initial Securities set forth in Schedule B opposite the name of the Company, which the number of Initial Securities set forth in Schedule A opposite the name of such Underwriter, plus any additional number of Initial Securities which such Underwriter may become obligated to purchase pursuant to the provisions of Section 10 hereof, bears to the total number of Initial Securities, subject, in each case, to such adjustments among the Underwriters as the Representatives in their sole discretion shall make to eliminate any sales or purchases of fractional securities.

(b) Option Securities. In addition, on the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Company hereby grants an option to the Underwriters, severally and not jointly, to purchase up to an additional 1,125,000 shares of Common Stock, as set forth in Schedule B, less an amount per share equal to any dividends or distributions declared by the Company and payable on the Initial Securities but not payable on the Option Securities. The option hereby granted will expire 30 days after the date hereof and may be exercised in whole or in part from time to time only for the purpose of covering overallocments which may be made in connection with the offering and distribution of the Initial Securities upon notice by the Representatives to the Company setting forth the number of Option Securities as to which the several Underwriters are then exercising the option and the time and date of payment and delivery for such Option Securities. Any such time and date of delivery (a "Date of Delivery") shall be determined by the Representatives, but shall not be later than seven full business days after the exercise of said option, nor in any event prior to the Closing Time, as hereinafter defined. If the option is exercised as to all or any portion of the Option Securities, each

of the Underwriters, acting severally and not jointly, will purchase that proportion of the total number of Option Securities then being purchased which the number of Initial Securities set forth in Schedule A opposite the name of such Underwriter bears to the total number of Initial Securities, subject in each case to such adjustments as the Representatives in their discretion shall make to eliminate any sales or purchases of fractional shares.

(c) *Payment.* Payment of the purchase price for, and delivery of certificates for, the Initial Securities shall be made at the offices of Dechert LLP, 1095 Avenue of the Americas, New York, New York 10036 or at such other place as shall be agreed upon by the Representatives and the Company at 9:00 A.M. (Eastern time) on the third (fourth, if the pricing occurs after 4:30 P.M. (Eastern time) on any given day) business day after the date hereof (unless postponed in accordance with the provisions of Section 10), or such other time not later than ten business days after such date as shall be agreed upon by the Representatives and the Company (such time and date of payment and delivery being herein called "Closing Time").

In addition, in the event that any or all of the Option Securities are purchased by the Underwriters, payment of the purchase price for, and delivery of certificates for, such Option Securities shall be made at the above-mentioned offices, or at such other place as shall be agreed upon by the Representatives and the Company, on each Date of Delivery as specified in the notice from the Representatives to the Company.

Payment shall be made to the Company by wire transfer of immediately available funds to bank accounts designated by the Company against delivery to the Representatives for the respective accounts of the Underwriters of certificates for the Securities to be purchased by them. It is understood that each Underwriter has authorized the Representatives, for its account, to accept delivery of, receipt for, and make payment of the purchase price for, the Initial Securities and the Option Securities, if any, which it has agreed to purchase. Imperial and Ladenburg, severally and not jointly, and not as the representatives of the Underwriters, may (but shall not be obligated to) make payment of the purchase price for the Initial Securities or the Option Securities, if any, to be purchased by any Underwriter whose funds have not been received by the Closing Time or the relevant Date of Delivery, as the case may be, but such payment shall not relieve such Underwriter from its obligations hereunder.

(d) *Denominations; Registration.* Certificates for the Initial Securities and the Option Securities, if any, shall be in such denominations and registered in such names as the Representatives may request in writing at least one full business day before the Closing Time or the relevant Date of Delivery, as the case may be. The certificates for the Initial Securities and the Option Securities, if any, will be made available for examination and packaging by the Representatives in The City of New York not later than 10:00 A.M. (Eastern time) on the business day prior to the Closing Time or the relevant Date of Delivery, as the case may be.

SECTION 3. Covenants of the Company. The Company covenants with each Underwriter as follows:

(a) *Compliance with Securities Regulations and Commission Requests.* The Company, subject to Section 3(b), will comply with the requirements of Rule 430A, and will notify the Representatives immediately, and confirm the notice in writing, (i) when any post-effective amendment to the Registration Statement shall become effective, or any supplement to the Prospectus or any amended Prospectus shall have been filed, (ii) of the receipt of any comments from the Commission, (iii) of any request by the Commission for any amendment to the Registration Statement or any amendment or supplement to the Prospectus or for additional information, (iv) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or of any order preventing or suspending the use of any preliminary prospectus, or of the suspension of the qualification of the Securities for offering or sale in any jurisdiction, or of the initiation or threatening of any proceedings for any of such purposes or of any examination pursuant to Section 8(e) of the 1933 Act concerning the Registration Statement and (v) if the Company becomes the subject of a proceeding under Section 8A of the 1933 Act in connection with the offering of the Securities. The Company will effect the filings required under Rule 424(b), in the manner and within the time period required by Rule 424(b) (without reliance on Rule 424(b)(8)), and will take such steps as it deems necessary to ascertain promptly whether the form of prospectus transmitted for filing under Rule 424(b) was received for filing by the Commission and, in the event that it was not, it will promptly file such prospectus. The Company will make every reasonable effort to prevent the issuance of any stop order and, if any stop order is issued, to obtain the lifting thereof at the earliest possible moment.

(b) *Filing of Amendments and Exchange Act Documents.* The Company will give the Representatives notice of its intention to file or prepare any amendment to the Registration Statement (including any filing under Rule 462(b)) or any amendment, supplement or revision to either the prospectus included in the Registration Statement at the time it became effective or to the Prospectus, and will furnish the Representatives with copies of any such documents a reasonable amount of time prior to such proposed filing or use, as the case may be, and will not file or use any such document to which the Representatives or counsel for the Underwriters shall object. The Company has given the Representatives notice of any filings made pursuant to the 1934 Act or 1934 Act Regulations within 48 hours prior to the Applicable Time; the Company will give the Representatives notice of its intention to make any such filing from the Applicable Time to the Closing Time and will furnish the Representatives with copies of any such documents a reasonable amount of time prior to such proposed filing, as the case may be, and will not file or use any such document to which the Representatives or counsel for the Underwriters shall object.

(c) *Delivery of Registration Statements.* The Company has furnished or will deliver to the Representatives and counsel for the Underwriters, without charge, signed copies of the Registration Statement as originally filed and of each amendment thereto (including exhibits filed therewith) and signed copies of all consents and certificates of experts, and will also deliver to the Representatives, without charge, a conformed copy of the Registration Statement as originally filed and of each amendment thereto (without exhibits) for each of the Underwriters. The copies of the Registration Statement and each amendment thereto furnished to the Underwriters will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(d) *Delivery of Prospectuses.* The Company has delivered to each Underwriter, without charge, as many copies of each preliminary prospectus as such Underwriter reasonably requested, and the Company hereby consents to the use of such copies for purposes permitted by the 1933 Act. The Company will furnish to each Underwriter, without charge, during the period when the Prospectus is required to be delivered under the 1933 Act, such number of copies of the Prospectus (as amended or supplemented) as such Underwriter may reasonably request. The Prospectus and any amendments or supplements thereto furnished to the Underwriters will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(e) *Continued Compliance with Securities Laws.* The Company will comply with the 1933 Act and the 1933 Act Regulations so as to permit the completion of the distribution of the Securities as contemplated in this Agreement and in the Prospectus. If at any time when a prospectus is required by the 1933 Act to be delivered in connection with sales of the Securities, any event shall occur or condition shall exist as a result of which it is necessary, in the opinion of counsel for the Underwriters or for the Company, to amend the Registration Statement or amend or supplement the Prospectus in order that the Prospectus will not include any untrue statements of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, or if it shall be necessary, in the opinion of such counsel, at any such time to amend the Registration Statement or amend or supplement the Prospectus in order to comply with the requirements of the 1933 Act or the 1933 Act Regulations, the Company will promptly prepare and file with the Commission, subject to Section 3(b), such amendment or supplement as may be necessary to correct such statement or omission or to make the Registration Statement or the Prospectus comply with such requirements, and the Company will furnish to the Underwriters such number of copies of such amendment or supplement as the Underwriters may reasonably request. If at any time following issuance of an Issuer Free Writing Prospectus there occurred or occurs an event or development as a result of which such Issuer Free Writing Prospectus conflicted or would conflict with the information contained in the Registration Statement relating to the Securities or included or would include an untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances, prevailing at that subsequent time, not misleading, the Company will promptly notify the Representatives and will promptly amend or supplement, at its own expense, such Issuer Free Writing Prospectus to eliminate or correct such conflict, untrue statement or omission.

(f) *Blue Sky Qualifications.* The Company will use its best efforts, in cooperation with the Underwriters, to qualify the Securities for offering and sale under the applicable securities laws of such states and other jurisdictions (domestic or foreign) as the Representatives may designate and to maintain such qualifications in effect for a period of not less than one year from the later of the effective date of the Registration Statement and any

Rule 462(b) Registration Statement; provided, however, that the Company shall not be obligated to file any general consent to service of process or to qualify as a foreign corporation or as a dealer in securities in any jurisdiction in which it is not so qualified or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject.

(g) *Rule 158.* The Company will timely file such reports pursuant to the Securities Exchange Act of 1934 (the "1934 Act") as are necessary in order to make generally available to its securityholders as soon as practicable an earnings statement for the purposes of, and to provide to the Underwriters the benefits contemplated by, the last paragraph of Section 11(a) of the 1933 Act.

(h) *Use of Proceeds.* The Company will use the net proceeds received by it from the sale of the Securities in the manner specified in the Prospectus under "Use of Proceeds."

(i) *Listing.* The Company will use its best efforts to effect the listing of the Common Stock (including the Securities) on the Nasdaq Global Market.

(j) *Restriction on Sale of Securities.* During a period of 180 days from the date of the Prospectus, the Company will not, without the prior written consent of the Representatives, (i) directly or indirectly, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of any share of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock or file any registration statement under the 1933 Act with respect to any of the foregoing or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Common Stock, whether any such swap or transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise. The foregoing sentence shall not apply to (A) the Securities to be sold hereunder, (B) any shares of Common Stock issued by the Company upon the exercise of an option or warrant or the conversion of a security outstanding on the date hereof and referred to in the Prospectus, (C) any shares of Common Stock issued or options to purchase Common Stock granted pursuant to existing employee benefit plans of the Company referred to in the Prospectus or (D) any shares of Common Stock issued by the Company as consideration for the Company's acquisition of social networking websites, technology platforms, and owners, creators and distributors of content and payment processing and advertising businesses. Notwithstanding the foregoing, if (1) during the last 17 days of the 180-day restricted period the Company issues an earnings release or material news or a material event relating to the Company occurs or (2) prior to the expiration of the 180-day restricted period, the Company announces that it will release earnings results or becomes aware that material news or a material event will occur during the 16-day period beginning on the last day of the 180-day restricted period, the restrictions imposed in this clause (j) shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

(k) *Reporting Requirements.* The Company, during the period when the Prospectus is required to be delivered under the 1933 Act, will file all documents required to be filed with the Commission pursuant to the 1934 Act within the time periods required by the 1934 Act and the rules and regulations of the Commission thereunder.

(l) *Issuer Free Writing Prospectuses.* The Company represents and agrees that, unless it obtains the prior consent of the Representatives, and each Underwriter represents and agrees that, unless it obtains the prior consent of the Company and the Representative, it has not made and will not make any offer relating to the Securities that would constitute an "issuer free writing prospectus," as defined in Rule 433, or that would otherwise constitute a "free writing prospectus," as defined in Rule 405, required to be filed with the Commission. Any such free writing prospectus consented to by the Company and the Representatives is hereinafter referred to as a "Permitted Free Writing Prospectus." Other than the Registration Statement, any Statutory Prospectus, any prospectus wrapper and the Prospectus, the Company (including its agents and representatives, other than the Underwriters in their capacity as such) has not prepared, made, used, authorized, approved or referred to and will not prepare, make, use, authorize, approve or refer to any "written communication" (as defined in Rule 405 under the 1933 Act) that constitutes an offer to sell or solicitation of an offer to buy the Securities other than (i) any document not constituting a prospectus pursuant to Section 2(a)(10)(a) of the 1933 Act or Rule 134 under the 1933 Act, (ii) any Permitted Free Writing Prospectus and (iii) any electronic road show or other written communications listed on Schedule C hereto, in each case approved in writing in advance by the Representatives. The Company

represents that it has treated or agrees that it will treat each Permitted Free Writing Prospectus as an "issuer free writing prospectus," as defined in Rule 433, and has complied and will comply with the requirements of Rule 433 applicable to any Permitted Free Writing Prospectus, including timely filing with the Commission where required, legending and record keeping.

SECTION 4. Payment of Expenses.

(a) *Expenses.* The Company will pay or cause to be paid all expenses incident to the performance of their obligations under this Agreement, including (i) the preparation, printing and filing of the Registration Statement (including financial statements and exhibits) as originally filed and of each amendment thereto, (ii) the preparation, printing and delivery to the Underwriters of this Agreement, any Agreement among Underwriters and such other documents as may be required in connection with the offering, purchase, sale, issuance or delivery of the Securities, (iii) the preparation, issuance and delivery of the certificates for the Securities to the Underwriters, including any stock or other transfer taxes and any stamp or other duties payable upon the sale, issuance or delivery of the Securities to the Underwriters, (iv) the fees and disbursements of the Company's counsel, accountants and other advisors, (v) the qualification of the Securities under securities laws in accordance with the provisions of Section 3(f) hereof, including filing fees and the reasonable fees and disbursements of counsel for the Underwriters in connection therewith and in connection with the preparation of the Blue Sky Survey and any supplement thereto, (vi) the printing and delivery to the Underwriters of copies of each preliminary prospectus, any Permitted Free Writing Prospectus and of the Prospectus and any amendments or supplements thereto and any costs associated with electronic delivery of any of the foregoing by the Underwriters to investors, (vii) the preparation, printing and delivery to the Underwriters of copies of the Blue Sky Survey and any supplement thereto, (viii) the fees and expenses of any transfer agent or registrar for the Securities, (ix) the costs and expenses of the Company relating to investor presentations on any "road show" undertaken in connection with the marketing of the Securities, including without limitation, expenses associated with the production of road show slides and graphics, fees and expenses of any consultants engaged in connection with the road show presentations, travel and lodging expenses of the representatives and officers of the Company and any such consultants, and the cost of aircraft and other transportation chartered in connection with the road show, (x) in the event this offering is not consummated, the fees, costs and expenses of counsel to the Underwriters, as provided in that certain engagement letter agreement by and among the Company and the Representatives dated January 26, 2011, (xi) the fees and expenses incurred in connection with the listing of the Securities on the Nasdaq Global Market and (xii) all fees, disbursements and out-of-pocket expenses of the Representatives (excluding the expenses of counsels to the Underwriters) incurred, not to exceed \$100,000 (\$50,000 for each of the Representatives).

(b) *Allocation of Expenses.* The provisions of this Section shall not affect any agreement that the Company may make for the sharing of such costs and expenses.

SECTION 5. Conditions of Underwriters' Obligations. The obligations of the several Underwriters hereunder are subject to the accuracy of the representations and warranties of the Company contained in Section 1 hereof or in certificates of any officer of the Company or any subsidiary of the Company delivered pursuant to the provisions hereof, to the performance by the Company of its covenants, terms and other obligations hereunder, and to the following further conditions:

(a) *Effectiveness of Registration Statement.* The Registration Statement, including any Rule 462(b) Registration Statement, has become effective and at Closing Time no stop order suspending the effectiveness of the Registration Statement shall have been issued under the 1933 Act or proceedings therefor initiated or threatened by the Commission, and any request on the part of the Commission for additional information shall have been complied with to the reasonable satisfaction of counsel for the Underwriters. A prospectus containing the Rule 430A Information shall have been filed with the Commission in the manner and within the time frame required by Rule 424(b) without reliance on Rule 424(b)(8) or a post-effective amendment providing such information shall have been filed and declared effective in accordance with the requirements of Rule 430A.

(b) *Opinion of Special Counsel for Company.* At Closing Time, the Representatives shall have received the opinion, dated as of Closing Time, of Akerman Senterfitt P.A., special counsel for the Company, substantially in the form of Exhibit A-1 hereto, together with signed or reproduced copies of such letter for each of the other Underwriters.

(c) *Opinion of Nevada Counsel for Company.* At Closing Time, the Representatives shall have received the opinion, dated as of Closing Time, of Brownstein Hyatt Farber Schreck, LLP, Nevada counsel for the Company, substantially in the form of Exhibit A-2 hereto, together with signed or reproduced copies of such letter for each of the other Underwriters.

(d) *Opinion of Counsel for Underwriters.* At Closing Time, the Representatives shall have received the favorable opinion, dated as of Closing Time, of Dechert LLP, counsel for the Underwriters, in form and substance reasonably satisfactory to the Underwriters, together with signed or reproduced copies of such letter for each of the other Underwriters.

(e) *Officers' Certificate.* At Closing Time, there shall not have been, since the date hereof or since the respective dates as of which information is given in the Prospectus or the General Disclosure Package, any material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business, and the Representatives shall have received a certificate of the President or a Vice President of the Company and of the chief financial or chief accounting officer of the Company, dated as of Closing Time, to the effect that (i) there has been no such material adverse change, (ii) the representations and warranties in Section 1(a) hereof are true and correct with the same force and effect as though expressly made at and as of Closing Time, (iii) the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied at or prior to Closing Time, and (iv) no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been instituted or are pending or, to their knowledge, contemplated by the Commission.

(f) *Accountant's Comfort Letter.* At the time of the execution of this Agreement, the Representatives shall have received from EisnerAmper LLP a letter dated such date, in form and substance satisfactory to the Representatives, together with signed or reproduced copies of such letter for each of the other Underwriters containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in the Registration Statement and the Prospectus, with respect to the Company.

(g) *Bring-down Comfort Letter.* At Closing Time, the Representatives shall have received from EisnerAmper LLP a letter, dated as of Closing Time, to the effect that they reaffirm the statements made in the letter furnished pursuant to subsection (f) of this Section, except that the specified date referred to shall be a date not more than three business days prior to Closing Time.

(h) *Approval of Listing.* At Closing Time, the Securities shall have been approved for listing on the Nasdaq Global Market, subject only to official notice of issuance.

(i) *No Objection.* The FINRA has confirmed that it has not raised any objection with respect to the fairness and reasonableness of the underwriting terms and arrangements.

(j) *Lock-up Agreements.* At the date of this Agreement, the Representatives shall have received an agreement substantially in the form of Exhibit B hereto signed by the persons listed on Schedule E hereto.

(k) *Maintenance of Rating.* Since the execution of this Agreement, there shall not have been any decrease in the rating of any of the Company's or any subsidiary's securities by any "nationally recognized statistical rating organization" (as defined for purposes of Rule 436(g) under the 1933 Act) or any notice given of any intended or potential decrease in any such rating or of a possible change in any such rating that does not indicate the direction of the possible change.

(l) *Conditions to Purchase of Option Securities.* In the event that the Underwriters exercise their option provided in Section 2(b) hereof to purchase all or any portion of the Option Securities, the representations and warranties of the Company contained herein and the statements in any certificates furnished by the Company, any subsidiary of the Company hereunder shall be true and correct as of each Date of Delivery and, at the relevant Date of Delivery, the Representatives shall have received:

(i) Officers' Certificate. A certificate, dated such Date of Delivery, of the President or a Vice President of the Company and of the chief financial or chief accounting officer of the Company confirming that the certificate delivered at the Closing Time pursuant to Section 5(e) hereof remains true and correct as of such Date of Delivery.

(ii) Opinion of Special Counsel for Company. The opinion of Akerman Senterfitt P.A., special counsel for the Company, dated such Date of Delivery, substantially in the form of Exhibit A-1 hereto, but relating to the Option Securities to be purchased on such Date of Delivery.

(iii) Opinion of Nevada Counsel for Company. The opinion of Brownstein Hyatt Farber Schreck, LLP, Nevada counsel for the Company, dated such Date of Delivery, substantially in the form of Exhibit A-2 hereto, but relating to the Option Securities to be purchased on such Date of Delivery.

(iv) Opinion of Counsel for Underwriters. The favorable opinion of Dechert LLP, counsel for the Underwriters, dated such Date of Delivery, relating to the Option Securities to be purchased on such Date of Delivery and otherwise to the same effect as the opinion required by Section 5(d) hereof.

(v) Bring-down Comfort Letter. A letter from EisnerAmper LLP, in form and substance satisfactory to the Representatives and dated such Date of Delivery, substantially in the same form and substance as the letter furnished to the Representatives pursuant to Section 5(f) hereof, except that the "specified date" in the letter furnished pursuant to this paragraph shall be a date not more than five days prior to such Date of Delivery.

(m) Additional Documents. At Closing Time and at each Date of Delivery counsel for the Underwriters shall have been furnished with such documents and opinions as they may require for the purpose of enabling them to pass upon the issuance and sale of the Securities as herein contemplated, or in order to evidence the accuracy of any of the representations or warranties, or the fulfillment of any of the conditions, herein contained; and all proceedings taken by the Company in connection with the issuance and sale of the Securities as herein contemplated shall be satisfactory in form and substance to the Representatives and counsel for the Underwriters.

(n) Termination of Agreement. If any condition specified in this Section shall not have been fulfilled when and as required to be fulfilled, this Agreement, or, in the case of any condition to the purchase of Option Securities on a Date of Delivery which is after the Closing Time, the obligations of the several Underwriters to purchase the relevant Option Securities, may be terminated by the Representatives by notice to the Company at any time at or prior to Closing Time or such Date of Delivery, as the case may be, and such termination shall be without liability of any party to any other party except as provided in Section 4 and except that Sections 1, 6, 7 and 8 shall survive any such termination and remain in full force and effect.

SECTION 6. Indemnification.

(a) Indemnification of Underwriters. The Company agrees to indemnify and hold harmless each Underwriter, its affiliates, as such term is defined in Rule 501(b) under the 1933 Act (each, an "Affiliate"), its and their officers, directors, and employees, its selling agents and each person, if any, who controls, or is under common control with, any Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment thereto), including the Rule 430A Information or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading or arising out of any untrue statement or alleged untrue statement of a material fact included in any preliminary prospectus, any Issuer Free Writing Prospectus, or the Prospectus (or any amendment or supplement thereto), or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission; provided that (subject to Section 6(d) below) any such settlement is effected with the written consent of the Company;

(iii) against any and all expense whatsoever, as incurred (including the fees and disbursements of one counsel chosen by the Representatives); reasonably incurred in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under (i) or (ii) above; provided, however, that this indemnity agreement shall not apply to any loss, liability, claim, damage or expense to the extent arising out of any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company by any Underwriter through the Representatives expressly for use in the Registration Statement (or any amendment thereto), including the Rule 430A Information, or any preliminary prospectus, any Issuer Free Writing Prospectus or the Prospectus (or any amendment or supplement thereto).

The Company hereby acknowledges that the only information that the Underwriters have furnished to the Company expressly for use in the Registration Statement (or any amendment thereto), or any preliminary prospectus, any Issuer Free Writing Prospectus or the Prospectus (or any amendment or supplement thereto) are the statements set forth in the Prospectus under the caption "Underwriting."

(b) *Indemnification of Company, Directors and Officers.* Each Underwriter severally agrees to indemnify and hold harmless the Company, its directors, each of its officers who signed the Registration Statement, and each person, if any, who controls, or is under common control with, the Company within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act against any and all loss, liability, claim, damage and expense described in the indemnity contained in subsection (a) of this Section, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendment thereto), including the Rule 430A Information or any preliminary prospectus, any Issuer Free Writing Prospectus or the Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with written information furnished to the Company by such Underwriter through the Representatives expressly for use therein.

(c) *Actions against Parties; Notification.* Each indemnified party shall give notice as promptly as reasonably practicable to each indemnifying party of any action commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify an indemnifying party shall not relieve such indemnifying party from any liability hereunder to the extent it is not materially prejudiced as a result thereof and in any event shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. In the case of parties indemnified pursuant to Section 6(a) above, counsel to the indemnified parties shall be selected by the Representatives, and, in the case of parties indemnified pursuant to Section 6(b) above, counsel to the indemnified parties shall be selected by the Company. An indemnifying party may participate at its own expense in the defense of any such action; provided, however, that counsel to the indemnifying party shall not (except with the consent of the indemnified party) also be counsel to the indemnified party. In no event shall the indemnifying parties be liable for fees and expenses of more than one counsel (in addition to any local counsel) separate from their own counsel for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances. No indemnifying party shall, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever in respect of which indemnification or contribution could be sought under this Section 6 or Section 7 hereof (whether or not the indemnified parties are actual or potential parties thereto), unless such settlement, compromise or consent (i) includes an unconditional release of each indemnified party from all liability arising out of such litigation, investigation, proceeding or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(d) *Settlement without Consent if Failure to Reimburse.* If at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel, such indemnifying party agrees that it shall be liable for any settlement of the nature contemplated by Section 6(a) effected without its written consent if (i) such settlement is entered into more than 45 days after receipt by such indemnifying party of the aforesaid request, (ii) such indemnifying party shall have received notice of the terms of such settlement at least 30 days prior to such settlement being entered into and (iii) such indemnifying party shall not have reimbursed such indemnified party in accordance with such request prior to the date of such settlement.

(e) *Other Agreements with Respect to Indemnification.* The provisions of this Section shall not affect any agreement that the Company may have with respect to indemnification.

SECTION 7. Contribution. If the indemnification provided for in Section 6 hereof is for any reason unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, liabilities, claims, damages or expenses referred to therein, then each indemnifying party shall contribute to the aggregate amount of such losses, liabilities, claims, damages and expenses incurred by such indemnified party, as incurred, (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other hand from the offering of the Securities pursuant to this Agreement or (ii) if the allocation provided by clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company on the one hand and of the Underwriters on the other hand in connection with the statements or omissions which resulted in such losses, liabilities, claims, damages or expenses, as well as any other relevant equitable considerations.

The relative benefits received by the Company on the one hand and the Underwriters on the other hand in connection with the offering of the Securities pursuant to this Agreement shall be deemed to be in the same respective proportions as the total net proceeds from the offering of the Securities pursuant to this Agreement (before deducting expenses) received by the Company and the total underwriting discount received by the Underwriters, in each case as set forth on the cover of the Prospectus bear to the aggregate initial offering price of the Securities as set forth on the cover of the Prospectus.

The relative fault of the Company on the one hand and the Underwriters on the other hand shall be determined by reference to, among other things, whether any such untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company or by the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 7 were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 7. The aggregate amount of losses, liabilities, claims, damages and expenses incurred by an indemnified party and referred to above in this Section 7 shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue or alleged untrue statement or omission or alleged omission.

Notwithstanding the provisions of this Section 7, no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Securities underwritten by it and distributed to investors were offered to investors exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of any such untrue or alleged untrue statement or omission or alleged omission.

No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

For purposes of this Section 7, each person, if any, who controls, or is under common control with, an Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act and each Underwriter's Affiliates and selling agents shall have the same rights to contribution as such Underwriter, and each director of the Company, each officer of the Company who signed the Registration Statement, and each person, if any, who

controls, or is under common control with, the Company within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as the Company. The Underwriters' respective obligations to contribute pursuant to this Section 7 are several in proportion to the number of Initial Securities set forth opposite their respective names in Schedule A hereto and not joint.

SECTION 8. Representations, Warranties and Agreements to Survive. All representations, warranties and agreements contained in this Agreement or in certificates of officers of the Company or any of its subsidiaries submitted pursuant hereto, shall remain operative and in full force and effect regardless of (i) any investigation made by or on behalf of any Underwriter or its Affiliates or selling agents, any person controlling any Underwriter, its officers or directors, any person controlling the Company and (ii) delivery of and payment for the Securities.

SECTION 9. Termination of Agreement.

(a) *Termination; General.* The Representatives may terminate this Agreement, by notice to the Company, at any time at or prior to Closing Time (i) if there has been, since the time of execution of this Agreement or since the respective dates as of which information is given in the Prospectus or General Disclosure Package, any change, or any development or event involving a prospective change, in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business, which, in the judgment of the Representatives, is material and adverse and makes it impractical or inadvisable to market the Securities, or (ii) if there has occurred any change in the financial markets in the United States or the international financial markets, any outbreak of hostilities or escalation thereof or other calamity or crisis or any act of terrorism involving the United States or Europe, any declaration of war by Congress or any change or development involving a prospective change in national or international political, financial or economic conditions, in each case the effect of which is such as to make it, in the judgment of the Representatives, impracticable or inadvisable to market the Securities or to enforce contracts for the sale of the Securities, or (iii) if trading in any securities of the Company has been suspended or materially limited by the Commission or the Nasdaq Global Market, or if trading generally on the New York Stock Exchange or in the Nasdaq Global Market or the London Stock Exchange has been suspended or materially limited, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices have been required, by any of said exchanges or by order of the Commission, the FINRA or any other governmental authority, or (iv) a material disruption has occurred in commercial banking or securities settlement or clearance services in the United States, or (v) if a banking moratorium has been declared by either Federal or New York authorities.

(b) *Liabilities.* If this Agreement is terminated pursuant to this Section, such termination shall be without liability of any party to any other party except as provided in Section 4 hereof, and provided further that Sections 1, 6, 7 and 8 shall survive such termination and remain in full force and effect.

SECTION 10. Default by One or More of the Underwriters. If one or more of the Underwriters shall fail at Closing Time or a Date of Delivery to purchase the Securities which it or they are obligated to purchase under this Agreement (the "Defaulted Securities"), the Representatives shall have the right, within 36 hours thereafter, to make arrangements for one or more of the non-defaulting Underwriters, or any other underwriters, to purchase all, but not less than all, of the Defaulted Securities in such amounts as may be agreed upon and upon the terms herein set forth; if, however, the Representatives shall not have completed such arrangements within such 36-hour period, then:

(i) if the number of Defaulted Securities does not exceed 10% of the number of Securities to be purchased on such date, each of the non-defaulting Underwriters shall be obligated, severally and not jointly, to purchase the full amount thereof in the proportions that their respective underwriting obligations hereunder bear to the underwriting obligations of all non-defaulting Underwriters, or

(ii) if the number of Defaulted Securities exceeds 10% of the number of Securities to be purchased on such date, this Agreement or, with respect to any Date of Delivery which occurs after the Closing Time, the obligation of the Underwriters to purchase and of the Company to sell the Option Securities to be purchased and sold on such Date of Delivery shall terminate without liability on the part of any non-defaulting Underwriter.

No action taken pursuant to this Section shall relieve any defaulting Underwriter from liability in respect of its default.

In the event of any such default which does not result in a termination of this Agreement or, in the case of a Date of Delivery which is after the Closing Time, which does not result in a termination of the obligation of the Underwriters to purchase and the Company to sell the relevant Option Securities, as the case may be, either the (i) Representatives or (ii) the Company shall have the right to postpone Closing Time or the relevant Date of Delivery, as the case may be, for a period not exceeding seven days in order to effect any required changes in the Registration Statement or Prospectus or in any other documents or arrangements. As used herein, the term "Underwriter" includes any person substituted for an Underwriter under this Section 10.

SECTION 11. Tax Disclosure. Notwithstanding any other provision of this Agreement, immediately upon commencement of discussions with respect to the transactions contemplated hereby, the Company (and each employee, representative or other agent of the Company) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transactions contemplated by this Agreement and all materials of any kind (including opinions or other tax analyses) that are provided to the Company relating to such tax treatment and tax structure. For purposes of the foregoing, the term "tax treatment" is the purported or claimed federal income tax treatment of the transactions contemplated hereby, and the term "tax structure" includes any fact that may be relevant to understanding the purported or claimed federal income tax treatment of the transactions contemplated hereby.

SECTION 12. Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if mailed or transmitted by any standard form of telecommunication. Notices to the Underwriters shall be directed to the Representatives at Imperial Capital, LLC, 2000 Avenue of the Stars, 9th Floor, Los Angeles, California 90067, fax: (310) 777-3000, attention: General Counsel, and at Ladenburg Thalmann & Co. Inc., 520 Madison Avenue, 9th Floor, New York, New York 10022, fax: (212) 409-2575, attention: General Counsel; notices to the Company shall be directed to it at 6800 Broken Sound Parkway, Suite 200, Boca Raton, Florida 33487, fax: (561) 988-1707, attention: General Counsel.

SECTION 13. No Advisory or Fiduciary Relationship. The Company acknowledges and agrees that (a) the purchase and sale of the Securities pursuant to this Agreement, including the determination of the public offering price of the Securities and any related discounts and commissions, is an arm's-length commercial transaction between the Company, on the one hand, and the several Underwriters, on the other hand, (b) in connection with the offering contemplated hereby and the process leading to such transaction each Underwriter is and has been acting solely as a principal and is not the agent or fiduciary of the Company, or its respective stockholders, creditors, employees or any other party, (c) no Underwriter has assumed or will assume an advisory or fiduciary responsibility in favor of the Company with respect to the offering contemplated hereby or the process leading thereto (irrespective of whether such Underwriter has advised or is currently advising the Company on other matters) and no Underwriter has any obligation to the Company with respect to the offering contemplated hereby except the obligations expressly set forth in this Agreement, (d) the Underwriters and their respective affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Company, and (e) the Underwriters have not provided any legal, accounting, regulatory or tax advice with respect to the offering contemplated hereby and the Company has consulted its own respective legal, accounting, regulatory and tax advisors to the extent it deemed appropriate.

SECTION 14. Parties. This Agreement shall each inure to the benefit of and be binding upon the Underwriters and the Company and their respective successors. Nothing expressed or mentioned in this Agreement is intended or shall be construed to give any person, firm or corporation, other than the Underwriters and the Company and their respective successors and the controlling persons and officers and directors referred to in Sections 6 and 7 and their heirs and legal representatives, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein contained. This Agreement and all conditions and provisions hereof are intended to be for the sole and exclusive benefit of the Underwriters and the Company and their respective successors, and said controlling persons and officers and directors and their heirs and legal representatives, and for the benefit of no other person, firm or corporation. No purchaser of Securities from any Underwriter shall be deemed to be a successor by reason merely of such purchase.

SECTION 15. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. The parties hereby submit to the exclusive jurisdiction of the Federal and state courts in the Borough of Manhattan in The City of New York in any suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby. The parties irrevocably and unconditionally waive any objection to the laying of venue of any suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby in Federal and state courts in the Borough of Manhattan in The City of New York and irrevocably and unconditionally waive and agree not to plead or claim in any such court that any such suit or proceeding in any such court has been brought in an inconvenient forum.

SECTION 16. TIME. TIME SHALL BE OF THE ESSENCE OF THIS AGREEMENT. EXCEPT AS OTHERWISE SET FORTH HEREIN, SPECIFIED TIMES OF DAY REFER TO NEW YORK CITY TIME.

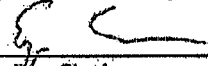
SECTION 17. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same Agreement.

SECTION 18. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to the Company, whereupon this instrument, along with all counterparts, will become a binding agreement among the Underwriters and the Company in accordance with its terms.

Very truly yours,

FRIENDFINDER NETWORKS INC.

By: 

Name: Ezra Shashoua

Title: Chief Financial Officer

CONFIRMED AND ACCEPTED,
as of the date first above written:

IMPERIAL CAPITAL, LLC
LADENBURG THALMANN & CO. INC.

IMPERIAL CAPITAL, LLC

By: _____
Authorized Signatory

LADENBURG THALMANN & CO. INC.

By: _____
Authorized Signatory

For themselves and as Representatives of the other Underwriters named in Schedule A hereto.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to the Company, whereupon this instrument, along with all counterparts, will become a binding agreement among the Underwriters and the Company in accordance with its terms.

Very truly yours,

FRIENDFINDER NETWORKS INC.

By: _____

Name: Ezra Shashoua

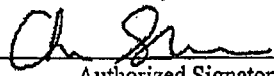
Title: Chief Financial Officer

CONFIRMED AND ACCEPTED,
as of the date first above written:

IMPERIAL CAPITAL, LLC
LADENBURG THALMANN & CO. INC.

IMPERIAL CAPITAL, LLC

By: _____


Authorized Signatory

LADENBURG THALMANN & CO. INC.

By: _____

Authorized Signatory

For themselves and as Representatives of the other Underwriters named in Schedule A hereto.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to the Company, whereupon this instrument, along with all counterparts, will become a binding agreement among the Underwriters and the Company in accordance with its terms.

Very truly yours,

FRIENDFINDER NETWORKS INC.

By: _____

Name: Ezra Shashoua

Title: Chief Financial Officer

CONFIRMED AND ACCEPTED,
as of the date first above written:

IMPERIAL CAPITAL, LLC
LADENBURG THALMANN & CO. INC.

IMPERIAL CAPITAL, LLC

By: _____
Authorized Signatory

LADENBURG THALMANN & CO. INC.

By:  _____
Authorized Signatory

For themselves and as Representatives of the other Underwriters named in Schedule A hereto.

SCHEDULE A

<u>Name of Underwriter</u>	<u>Number of Initial Securities</u>
Imperial Capital, LLC	2,500,000
Ladenburg Thalmann & Co. Inc.	2,500,000
Total	5,000,000

SCHEDULE B

	Number of Initial <u>Securities to be Sold</u>	Maximum Number of Option <u>Securities to be Sold</u>
FRIENDFINDER NETWORKS INC.	5,000,000	750,000
Total	<u>5,000,000</u>	<u>750,000</u>

SCHEDULE C-1

1. Free writing prospectus dated January 27, 2009 filed by the Company under Rule 433 of the Securities Act.
2. Free writing prospectus dated January 8, 2010 filed by the Company under Rule 433 of the Securities Act (E-mail to affiliates of the Company).
3. Free writing prospectus dated January 8, 2010 filed by the Company under Rule 433 of the Securities Act (E-mail to members of the Company).
4. Free writing prospectus dated January 8, 2010 filed by the Company under Rule 433 of the Securities Act (E-mail to employees of the Company).
5. Free writing prospectus dated January 8, 2010 filed by the Company under Rule 433 of the Securities Act (E-mail to friends and family of the Company).
6. Free writing prospectus dated January 11, 2010 filed by the Company under Rule 433 of the Securities Act (E-mail to affiliates of the Company).
7. Free writing prospectus dated January 11, 2010 filed by the Company under Rule 433 of the Securities Act (E-mail to members of the Company).
8. Free writing prospectus dated January 11, 2010 filed by the Company under Rule 433 of the Securities Act (E-mail to employees of the Company).
9. Free writing prospectus dated January 11, 2010 filed by the Company under Rule 433 of the Securities Act (E-mail to friends and family of the Company).

SCHEDULE C-2

See Attached.

{M3045485;2}
16272539.11 BUSINESS

Sch C-2-1

SCHEDULE D

Significant Subsidiaries

Interactive Network, Inc. (Nevada)
Various, Inc. (California)

SCHEDULE E

List of persons and entities subject to lock-up agreements

Marc H. Bell
Robert B. Bell
Robert Brackett
Barry W. Florescue
David Gellen
James LaChance
Toby E. Lazarus
Anthony Previte
Ezra Shashoua
Jason Smith
Daniel C. Staton

Absolute Income Fund, LP
Andrew B. Conru Trust Agreement
Beachpoint Distressed Master Fund, L.P.
Bell Family 2003 Charitable Lead Annuity Trust
CAMOFI Master LDC
CAMHZN Master LDC
CMI II LLC
Del Mar Master Fund Ltd.
Epic Distressed Debt Opportunity Master Fund Ltd.
Florescue Family Corporation
Mapstead Trust, created on April 16, 2002
PET Capital Partners II LLC
Rockview Trading Ltd.
Staton Family Investments, Ltd.
Staton Media LLC
Staton Family Perpetual Trust
Strategic Media LLC

SCHEDULE F

Pricing Information

Public Offering Price Per Share:	\$10.00
Number of Initial Securities:	5,000,000

EXHIBIT C
ENGAGEMENT LETTER

January 26, 2011

FriendFinder Networks Inc.
6800 Broken Sound Parkway
Suite 100
Boca Raton, FL 33487
Attention: Marc H. Bell
President, Chief Executive Officer

Dear Mr. Bell:

Pursuant to this letter agreement (this "*Agreement*"), FriendFinder Networks Inc. (together with its subsidiaries and affiliates, the "*Company*") hereby engages Imperial Capital, LLC ("*Imperial Capital*") and Ladenburg Thalmann & Co. Inc. ("*Ladenburg*"), and together with Imperial Capital the "*Advisors*") to act as the joint book-running managers (with Imperial Capital listed first) in connection with the initial public offering of up to \$150,000,000, or such other amount as may be agreed in writing among the parties, of equity securities of the Company (the "*Offering*") on terms satisfactory to the Company and in compliance with the Securities Act of 1933, as amended (the "*Securities Act*") and all other applicable federal and state securities laws. Nothing contained herein shall constitute a commitment on the part of the Advisors to purchase any of the securities comprising or issued in connection with the Offering and no commitment shall exist on the Advisors' parts until the execution of an Underwriting Agreement between the parties.

Section 1. Compensation. In consideration for the services to be provided under this Agreement, the Advisors shall be paid a cash fee (the "*Cash Fee*"), payable out of the proceeds of the Offering by wire at closing, equal to 7.5% of the gross proceeds of any equity securities sold to the public as part of the Offering, which Cash Fee shall be allocated equally between the Advisors, unless they shall mutually agree otherwise. No fee payable to any third party in connection with the Offering shall reduce or otherwise affect the fees payable hereunder to the Advisors, provided that the Cash Fee shall be shared with other underwriters and members of the selling group in a manner reasonable acceptable to the Advisors. No Advisor shall be required to commit a greater percentage of the capital obligation than its respective percentage of the Cash Fee.

In addition, without regard to whether the Offering is consummated or this Agreement expires or is terminated, all fees, disbursements and out-of-pocket expenses not to exceed \$100,000 (\$50,000 for each Advisor) (the "*Expenses*") incurred by the Advisors in connection with the services to be rendered hereunder (including, without limitation, travel and lodging expenses, word processing charges, messenger services, duplicating services, facsimile expenses and other customary expenditures) shall be reimbursed to the Advisors, or paid on behalf of the Advisors, promptly as billed. The Advisors shall retain Dechert LLP, or such other counsel as may be agreed upon among the Advisors and the Company ("*Underwriter's Counsel*"), to serve as counsel on the Offering. In the event the Offering is not consummated during the term of this Agreement, the fees, expenses and disbursements of Underwriter's Counsel, in an amount not to exceed \$400,000, shall be billed directly by Underwriter's Counsel to the Company and the Company hereby acknowledges that Underwriter's Counsel is a third-party beneficiary under this Agreement and may take direct action against the Company for any unpaid fees, expenses and disbursements in the event such amounts are not paid under the terms of this Agreement; provided, however, that, in the event the Offering is consummated and the Cash Fee is paid to the Advisors, the Company shall not be responsible for the fees, expenses and disbursements of Underwriter's Counsel. Further, the Company shall be responsible for all other Expenses associated with the Offering including, without limitation, its own accounting and attorneys' fees, travel and lodging expenses, word processing charges, messenger services, duplicating services, facsimile expenses, printing costs and other expenditures.

All fees and expenses payable to Imperial Capital and Ladenburg, respectively, pursuant to this Section 1 shall be payable in cash via wire transfer to an account designated by Imperial Capital and Ladenburg, respectively. All fees and expenses payable to Underwriters' Counsel pursuant to this Section 1 shall be payable in cash via wire transfer to an account designated by Underwriters' Counsel. No fee paid or payable to the Advisors or any of their affiliates shall be credited against any other fee paid or payable to the Advisors or any of their affiliates.

As further consideration, the Company agrees to the indemnification and other obligations set forth in Schedule I attached hereto, which such schedule is an integral part hereof and incorporated herein by reference.

Section 2. Term of Engagement. This Agreement shall be in effect for a period of one year and may be terminated prior to the expiration thereof by either the Company or the Advisors upon thirty (30) days' prior written notice. Upon any termination or expiration of this Agreement, the Advisors and their counsel shall be entitled to receive prompt payment of all unpaid fees and expenses accrued pursuant to Section 1 hereof up to and including the date of such termination or expiration. Sections 2, 4, 5, 7, 8 and 9 of this Agreement and the indemnity and other provisions contained in Schedule I hereto shall remain operative and in full force and effect regardless of any termination or expiration of this Agreement. It is expressly understood that neither the Advisors nor the Company shall have any continuing obligation or liability to one another under this Agreement upon termination or expiration hereof, except in respect of the matters specifically referenced in this Section 2.

Notwithstanding the foregoing paragraph, if at any time prior to 12 months after the termination of this Agreement by the Company for any reason, the Company consummates a public offering of securities of the Company constituting the first sale of securities of the Company to the public (an "*IPO*"), Imperial Capital and Ladenburg shall, in addition to any expense reimbursement due, be entitled to payment in full of the compensation described in Section 1 of this Agreement with respect to such public offering. In addition to the foregoing, the Advisors' engagement under this Agreement will also include the Advisors' right to act as the joint book-running managers for all follow-on offerings for 18 months following the IPO (provided that, in the case of each of Imperial Capital or Ladenburg, such Advisor was an underwriter on behalf of the Company at the consummation of the IPO), which right would also be subject to the Advisor's prior approval of any additional book-running manager and any co-managers, such approval not to be unreasonably withheld.

Section 3. Cooperation. During the term of this Agreement, the Company shall: (i) furnish the Advisors with all current and historical financial and other information and data regarding the business and financial condition of the Company ("*Information*") as the Advisors reasonably believe appropriate in connection with its services hereunder; (ii) provide the Advisors with access to the officers, directors, employees and professional advisors of the Company as the Advisors reasonably believe appropriate in connection with its services hereunder; and (iii) be responsible for preparation of the registration statement (such registration, including, without limitation, all exhibits, amendments and supplements thereto, the "*Registration Statement*") and solicitation materials with respect to the securities to be issued in connection with the Offering (such solicitation materials, including, without limitation, the prospectus included in the Registration and all amendments and supplements thereto and all free-writing prospectuses, the "*Prospectus*"). The Company agrees that it and its counsel will be solely responsible for ensuring that any Registration Statement and any Prospectus comply in all respects with applicable law. The Company agrees that none of the Information, the Registration Statement or the Prospectus will contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made. The Company will promptly notify the Advisors if it learns of any material inaccuracy or misstatement in, or material omission from, any Information, any Registration Statement or any Prospectus theretofore furnished or made available to the Advisors. The Company will also cause to be furnished to the Advisors at any closing of the Offering, copies of such agreements, opinions, certificates and other documents as the Advisors may reasonably request.

The Company recognizes and confirms that the Advisors, in connection with performing their services hereunder: (i) will be relying without investigation upon information that is available from public sources and upon the Information, Registration Statement and Prospectus furnished or made available to it by or on behalf of the Company; (ii) shall not in any respect be responsible for the accuracy or completeness of such public information, Information, Registration Statement or Prospectus or have any obligation to verify the same; (iii) shall not conduct any appraisal of any assets of the Company; and (iv) may require that any Registration Statement and any Prospectus contain appropriate disclaimers consistent with the foregoing.

The Company agrees that at the appropriate time it will execute an underwriter's agreement (the "Underwriter's Agreement") with the Advisors containing the customary terms, covenants and conditions for such agreements, including, without limitation, (i) for the purpose of covering over-allotments, the option to purchase an additional 15% of the equity securities offered for sale in the Offering for a period of thirty (30) days subsequent to the closing of the Offering and (ii) that neither the Company nor any of its officers or directors shall, without the prior written consent of each of the Advisors, sell, transfer or otherwise dispose of any equity securities of the Company for a period of 180 days (subject to such additional periods as are customary in initial public offerings) from the closing of the Offering.

Section 4. Confidentiality. The Company agrees that any reference to Imperial Capital or Ladenburg in any release, communication, or other material is subject to the prior written consent of Imperial Capital and Ladenburg, respectively, which may be given or withheld in an Advisor's sole discretion. Any advice, written or oral, provided by the Advisors pursuant to this Agreement shall be treated by the Company as confidential, shall be solely for the information and assistance of the Company in connection with its consideration of the Offering and shall not be used, circulated, quoted or otherwise referred to for any other purpose, nor shall it be filed with, included in or referred to, in whole or in part, in any registration statement, proxy statement, offering materials or other communication, whether written or oral, prepared, issued or transmitted by the Company or any of their affiliates, directors, officers, employees, agents or representatives, without, in each instance, Imperial Capital's and Ladenburg's prior written consent, which may be given or withheld in the sole discretion of Imperial Capital and Ladenburg, respectively; *provided, however*, that the foregoing shall not apply to any information which becomes publicly available other than as a result of the breach by the Company of the undertakings hereunder, or that which the Company is required to disclose by judicial or administrative process in connection with any action, suit, proceeding or claim.

Section 5. Conflicts. The Company acknowledges that the Advisors and their affiliates may have and may continue to have investment banking and other relationships with parties other than the Company pursuant to which Imperial Capital and/or Ladenburg may acquire information of interest to the Company. The Advisors shall have no obligation to disclose such information to the Company, or to use such information in connection with the Offering. The Company further acknowledges that Imperial Capital, Ladenburg or their affiliates may, from time to time, quote a market in or make purchases or sales for their own accounts or the accounts of its brokerage customers in debt or equity securities of or claims against the Company and Imperial Capital's and Ladenburg's research departments may express views or opinions with respect thereto. Imperial Capital and Ladenburg have, and shall maintain in accordance with law and industry practice, information barriers between their corporate finance department and its sales and trading department and research department.

Section 6. Public Announcements. Each Advisor shall have the right to place announcements and advertisements in financial and other newspapers and journals, at its own expense, describing its services in connection with the Offering and other services rendered pursuant to this Agreement, subject to the prior approval of such announcements or advertisements by the Company, not to be unreasonably withheld or delayed.

Section 7. Entire Agreement; Severability; Amendments; Assignments. This Agreement constitutes the entire agreement among the parties hereto related to the subject matter hereof and supersedes all prior agreements or understandings related to the subject matter hereof. If any provision of this Agreement is determined to be invalid, unlawful or unenforceable in any respect, such determination shall not affect such provision in any other respect or any other provision of this Agreement, which shall remain in full force and effect. This Agreement may not be amended or otherwise modified or waived except by an instrument in writing duly executed by Imperial Capital, Ladenburg and the Company. No waiver by either party of any provision hereof shall be taken or held to be a waiver of any subsequent breach thereof. This Agreement may not be assigned by either party without the prior written consent of the other party. This Agreement shall be binding upon and inure to the benefit of the Company, Imperial Capital, Ladenburg, each Indemnified Person (as defined in Schedule I hereto) and their respective permitted successors and assigns, and no other person or persons shall have the right to enforce the provisions hereof.

Section 8. Governing Law; Forum. This Agreement shall be construed, interpreted, governed and applied in all respects in accordance with the internal laws of the State of New York, without giving effect to principles of conflicts of laws. Except for Indemnification claims under Schedule I any controversy, claim or dispute relating to this Agreement shall be resolved by binding arbitration in accordance with the rules of the American Arbitration Association pursuant to arbitration conducted in New York County, New York. Judgment upon such arbitration may be entered in any court

having jurisdiction thereof. With respect to claims for Indemnification under Schedule I the parties hereby consent to the jurisdiction of any State or Federal Court located within the New York County, State of New York. The parties further acknowledge that they waive any right they have or may have to a trial by jury with regard to the claims of Indemnification provided under Schedule I. If any litigation or arbitration shall ensue among the parties in connection with this Agreement or arising out of the Advisors' engagement hereunder, the prevailing party shall be entitled to recover from the non-prevailing party or parties its reasonable attorneys' fees and other costs and expenses in connection therewith.

Section 9. Counterparts. This Agreement may be executed in one or more counterparts (including by facsimile), each of which shall constitute an original and all of which, when taken together, shall constitute one and the same instrument.

Section 10. Notices. Any notice which a party hereto is required to give or may desire to give in connection with this Agreement shall be in writing and delivered by hand and deemed given upon receipt; by an overnight delivery service recognized in the U.S. and deemed given two (2) days after due deposit therewith; or by telecopy and deemed given upon recipient's confirmation of receipt, addressed as follows (or to other coordinates a recipient party has specified in writing by giving notice thereof):

If to Imperial Capital:

Imperial Capital LLC
2000 Avenue of the Stars, 9th Floor South
Los Angeles, CA 90067
Attention: Chris Shepard
Tel: (310) 246-3752
Fax: (310) 777-3052
Email: cshepard@imperialcapital.com

If to the Company:

FriendFinder Networks Inc.
6800 Broken Sound Parkway NW
Boca Raton, FL 33487
Attention: Ezra Shashoua
Tel: 561-912-7028
Fax: 561-912-1754
Email: eshashoua@ffn.com

If to Ladenburg:

Ladenburg Thalmann & Co. Inc.
4400 Biscayne Blvd, 12th Fl
Miami, FL 33137
Attention: Mark Zeitchick
Tel: 305-572-4101
Fax: 305-572-4199
Email: mzeitck@ladenburg.com

Please confirm that the foregoing correctly sets forth our agreement by signing and returning to Imperial Capital the enclosed original copy of this Agreement.

Very truly yours,

IMPERIAL CAPITAL, LLC

By: 

Name: Chris Shepard
Title: EVP, Co-Head of Corporate Finance

LADENBURG THALMANN & CO. INC.

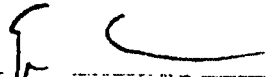
By: 

Name: Adam Malamed
Title: Chief Operating Officer

FriendFinder Networks Inc.
January 26, 2011
Page 5 of 7

Accepted and agreed as of the date first above written:

FRIENDFINDER NETWORKS INC.

By:  _____
Name:
Title:

Schedule I

This Schedule I is a part of and is incorporated into that certain letter agreement (the "*Agreement*") dated January 26, 2011 by and between FriendFinder Networks Inc. (together with its subsidiaries and affiliates, the "*Company*"), Imperial Capital, LLC ("*Imperial Capital*") and Ladenburg Thalmann & Co. Inc. ("*Ladenburg*") and together with Imperial Capital the "*Advisors*").

Because Imperial Capital and Ladenburg will be acting on behalf of the Company in connection with the services contemplated by the Agreement, and as part of the consideration for the agreement of Imperial Capital and Ladenburg to furnish their services pursuant to the Agreement, the Company (the "*Indemnifying Party*") agrees, jointly and severally, to indemnify and hold harmless Imperial Capital, Ladenburg and their respective affiliates, and their respective officers, directors, partners, members, shareholders, employees, representatives, consultants, advisors and agents and each person, if any, who controls Imperial Capital or Ladenburg or any of their affiliates within the meaning of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended (Imperial Capital, Ladenburg and each such other person being referred to as an "*Indemnified Person*"), to the full extent lawful, from and against all claims, liabilities, losses, damages and expenses, or actions in respect thereof, as incurred, based upon, related to, arising out of, or in connection with (i) actions taken or omitted to be taken by the Company and their affiliates, officers, directors, counsel, employees or agents, (ii) actions taken or omitted to be taken by any Indemnified Person pursuant to the terms of, or in connection with, the services rendered pursuant to the Agreement or in connection with the Offering or proposed transaction contemplated thereby or any Indemnified Person's role in connection therewith, and (iii) any untrue statement or alleged untrue statement of a material fact contained in any of the Information, Registration Statement or Prospectus (each as defined in the Agreement) or omission or alleged omission to state a material fact required to be stated therein to make the statements therein not misleading, and shall reimburse each Indemnified Person promptly upon demand for any legal or other expenses (including, without limitation, fees and expenses of counsel) reasonably incurred by that Indemnified Person in connection with investigating, preparing to defend, defending against, or appearing as a third party witness, in connection with any such claims, liabilities, losses, damages, expenses or actions; *provided, however*, that the Indemnifying Party shall not be responsible for any claims, liabilities, losses, damages, expenses or actions of any Indemnified Person to the extent, and only to the extent, that it is determined in a final judgment (not subject to further appeal) by a court of competent jurisdiction that such claims, liabilities, losses, damages, expenses or actions resulted directly from the fraud, willful misconduct or gross negligence of the Indemnified Person. No Indemnified Person shall have any liability to the Company, or any of their respective affiliates, officers, directors, partners, members, shareholders, employees, representatives, consultants, advisors and agents in connection with the services rendered pursuant to the Agreement except to the extent, and only to the extent, that it is determined in a final judgment (not subject to further appeal) by a court of competent jurisdiction that such claims, liabilities, losses, damages, expenses or actions resulted directly from the fraud, willful misconduct or gross negligence of the Indemnified Person.

Promptly upon receipt by an Indemnified Person of notice of any claim or the commencement of any action, if an indemnification claim in respect thereof is to be made against the Indemnifying Party, the Indemnified Person shall notify the Indemnifying Party in writing of the claim or commencement of such action; *provided, however*, that the failure to so notify shall not relieve the Indemnifying Party from any liability which it may have pursuant to this Schedule I except to the extent, and only to the extent, that it has been materially prejudiced by such failure to so notify; and, *provided, further*, that the failure to so notify shall not relieve the Indemnifying Party from any liability it may have to an Indemnified Person otherwise than pursuant to this Schedule I. If any such claim or action shall be brought against an Indemnified Person, the Indemnifying Party shall be entitled to participate therein and to assume the defense thereof at its expense with counsel reasonably satisfactory to the Indemnified Person. After notice from the Indemnifying Party to the Indemnified Person of its election to assume the defense of such claim or action, the Indemnifying Party shall not be liable to the Indemnified Person under this Schedule I for any legal or other expenses subsequently incurred by the Indemnified Person in connection with the defense thereof other than reasonable costs of investigation; *provided, however*, that any Indemnified Person shall have the right to employ separate counsel in any such action and to participate in the defense thereof; and, *provided, further*, that Indemnifying Party shall continue to be liable for the legal or other expenses incurred by the Indemnified Person in connection with the defense of such action if (i) the employment of such separate counsel has been specifically authorized by the Indemnifying Party in writing, (ii) such Indemnified Person shall have been advised by counsel that there may be one or more legal defenses available to it which are different from or in addition to those available to the Indemnifying Party and in the reasonable judgment of such counsel it is advisable for the Indemnified Person to employ separate counsel (in which case the Indemnifying Party shall not have the right to assume the defense of such action on behalf of the Indemnified Person), (iii) the use of counsel chosen by the

Indemnifying Party to represent the Indemnified Person would, in the reasonable judgment of the Indemnified Person, present such counsel with a conflict of interest, or (iv) the Indemnifying Party has failed to assume the defense of such action and employ counsel reasonably satisfactory to the Indemnified Person, it being understood, however, that the Indemnifying Party shall not, in connection with any one such action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and expenses of more than one separate firm of attorneys (plus local counsel, as necessary) at any time for all such Indemnified Persons. The Indemnifying Party shall not settle or compromise or consent to the entry of any judgment in or otherwise seek to terminate any pending or threatened action or claim in which any Indemnified Person is or could be a party and as to which indemnification or contribution has or could have been sought by such Indemnified Person pursuant to this Schedule I, unless such Indemnified Person has given its prior written consent to the settlement, compromise, consent or termination or such settlement, compromise, consent or termination includes an express complete and unconditional release of such Indemnified Person.

In order to provide for just and equitable contribution, if any claim for indemnification with respect to claims, liabilities, losses, damages, expenses or actions in respect thereof covered by this Schedule I is found to be unenforceable in a final judgment (not subject to further appeal) by a court of competent jurisdiction or is otherwise unavailable or insufficient to hold harmless an Indemnified Person (except directly due to the fraud, willful misconduct or gross negligence of the Indemnified Person), then the Indemnifying Party shall, in lieu of indemnifying such Indemnified Person, contribute to the amount paid or payable by such Indemnified Person as a result of such claims, liabilities, losses, damages, expenses or actions in respect thereof, in such proportion as shall be appropriate to reflect the relative benefits received and relative fault of the Indemnifying Party on the one hand and the Indemnified Person on the other, as well as any other relevant equitable considerations. The relative fault shall be determined by reference to, among other things, whether any untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Indemnifying Party or by the Indemnified Person and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Indemnifying Party agrees that it would not be just and equitable if contributions pursuant to this Schedule I were to be determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to herein. No person found liable for a fraudulent misrepresentation or omission shall be entitled to contribution from any person who is not also found liable for such fraudulent misrepresentation or omission. Notwithstanding the foregoing, the aggregate contribution of all Indemnified Persons with respect to such claims, liabilities, losses, damages, expenses or actions in respect thereof shall not exceed the amount of fees actually received by Imperial Capital and Ladenburg for their services pursuant to the Agreement.

The foregoing indemnity, contribution and expense reimbursement provisions are not exclusive and shall be in addition to any liability which the Indemnifying Party might otherwise have and shall not limit any rights or remedies which may otherwise be available at law or in equity to the Indemnified Persons. These indemnification provisions shall (i) remain operative and in full force and effect regardless of any termination or expiration of the Agreement; (ii) inure to the benefit of any successors, assigns, heirs or personal representative of any Indemnified Person; (iii) shall remain operative and in full force and effect regardless of any investigation made by or on behalf of any Indemnified Person, and (iv) shall be binding on any successor or assign of the Indemnifying Party and each of its successors or assigns.

AMENDMENT

THIS AMENDMENT (the "Amendment"), dated as of May 9, 2011, is made by and among FriendFinder Networks Inc. (together with its subsidiaries and affiliates, the "Company"), Imperial Capital, LLC ("Imperial Capital") and Ladenburg Thalmann & Co. Inc. ("Ladenburg" and collectively with the Company and Imperial Capital, the "Parties").

WITNESSETH:

WHEREAS, the Parties entered into a Letter Agreement dated January 26, 2011 (the "Agreement") under which the Parties agreed upon the terms pursuant to which Imperial Capital and Ladenburg would act as the joint book-running managers in connection with the initial public offering of the Company as further described therein, and

WHEREAS, the Parties desire to amend the Agreement to, *inter alia*, alter the fees and expenses payable to Imperial Capital and Ladenburg.

NOW, THEREFORE, the parties hereto agree as follows, effective as of the date hereof:

1. The first sentence of the first paragraph of Section 1 of the Agreement is hereby amended and restated to read in its entirety as follows:

"In consideration for the services to be provided under this Agreement, the Advisors shall be paid a cash fee (the "**Cash Fee**"), payable out of the proceeds of the Offering by wire at closing, equal to 7.25% of the gross proceeds of any equity securities sold to the public as part of the Offering, which Cash Fee shall be allocated equally between the Advisors, unless they shall mutually agree otherwise."

2. The first sentence of the second paragraph of Section 1 of the Agreement is hereby amended and restated to read in its entirety as follows:

"In addition, without regard to whether the Offering is consummated or this Agreement expires or is terminated, all out-of-pocket accountable expenses not to exceed \$100,000 (\$50,000 for each Advisor) (the "**Expenses**") incurred by the Advisors in connection with the services to be rendered hereunder (including, without limitation, travel and lodging expenses, word processing charges, messenger services, duplicating services, facsimile expenses and other customary expenditures) shall be reimbursed to the Advisors, or paid on behalf of the Advisors, promptly as billed."

3. Section 2 of the Agreement is hereby amended and restated, to read in its entirety as follows:

"Section 2. Term of Engagement. This Agreement shall be in effect for a period of one year and may be terminated prior to the expiration thereof by either the Company or the Advisors upon thirty (30) days' prior written notice. Upon any termination or expiration of this Agreement, the Advisors and their counsel shall be entitled to receive prompt payment of all unpaid fees and expenses accrued pursuant to Section 1 hereof up to and including the date of such termination or expiration. For the avoidance of doubt, such fees and expenses payable to the Advisors upon the termination or expiration of this Agreement shall not include the 7.25% fee described in the first sentence of Section 1. Sections 2, 4, 5, 7, 8 and 9 of this Agreement and the indemnity and other provisions contained in Schedule I hereto shall remain operative and in full force and effect regardless of any termination or expiration of this Agreement. It is expressly understood that neither the Advisors nor the Company shall have any continuing obligation or liability to one another under this Agreement upon termination or expiration hereof, except in respect of the matters specifically referenced in this Section 2.

The Advisors' engagement under this Agreement will also include the Advisors' right to act as the joint book-running managers for all follow-on offerings for 18 months following the offering (provided that, in the case of each of Imperial Capital or Ladenburg, such Advisor was an underwriter on behalf of the Company at the consummation of the offering), which right would also be subject to the Advisor's prior approval of any additional book-running manager and any co-managers, such approval not to be unreasonably withheld. For the avoidance of doubt, the each Advisor shall have no right under this Agreement to act as the joint book-running managers for follow-on offerings if such Advisor was not an underwriter on behalf of the Company at the time of the consummation of the IPO."

4. Except as specifically provided in and modified by this Amendment, the Agreement is in all other respects hereby ratified and confirmed and references to the Agreement shall be deemed to refer to the Agreement as modified by this Amendment.

5. This Amendment may be executed in counterparts, each of which when so executed and delivered will be an original, but all of which taken together shall constitute one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date set forth above.

IMPERIAL CAPITAL, LLC

By: 
Name: Chris Leonard
Title: EVP

LADENBURG THALMANN & CO. INC.

By: _____
Name: _____
Title: _____

FRIENDFINDER NETWORKS INC.

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date set forth above.

IMPERIAL CAPITAL, LLC

By: _____

Name:

Title:

LADENBURG THALMANN & CO. INC.

By: 

Name: Sol A. Saad

Title: Managing Director

FRIENDFINDER NETWORKS INC.

By: _____

Name:

Title:

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date set forth above.

IMPERIAL CAPITAL, LLC

By: _____
Name:
Title:

LADENBURG THALMANN & CO. INC.

By: _____
Name:
Title:

FRIENDFINDER NETWORKS INC.

By:  _____
Name: *Ezra Shashoua*
Title: *CEO*



Squire Sanders (US) LLP
200 South Biscayne Boulevard, Suite 4100
Miami, Florida 33131

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F +1 305 577 7001
squiresanders.com

- Sean T. Cork
- T+1 305 577 4718
- sean.cork@squiresanders.com

October 31, 2013

BMC Group, Inc.
Attn: FriendFinder Networks Claims Processing
18675 Lake Drive East
Chanhassen, MN 55317

Re: PMGI Holdings Inc. *et al.*
Case No. 13-12404-CSS

FriendFinders Networks, Inc.
Case No/ 13-12405-CSS

Dear Sir/Madam:

Enclosed are four original Proof of Claims for filing in the above referenced cases along with additional copies. Please return a conformed copy of each claim to this office in the enclosed self-addressed federal express envelope at your earliest convenience.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Sean Cork', written in a cursive style.

Sean Cork

Enclosure

From: (305) 577-2925
 Sean Cork
 Squire Sanders & Dempsey LLP
 200 South Biscayne Blvd
 Suite 4100
 Miami, FL 33131

Origin ID: MPBA



J13201306280326

Ship Date: 31OCT13
 ActWgt: 2.0 LB
 CAD: 3931033/INET3430

Delivery Address Bar Code



SHIP TO: (305) 577-4718

BILL SENDER

FriendFinder Networks Claims Proces
 BMC Group, Inc.
 18675 Lake Drive East

CHANHASSEN, MN 55317

Ref # 108593.00001
 Invoice #
 PO #
 Dept #

RECEIVED

NOV 01 2013

BMC GROUP

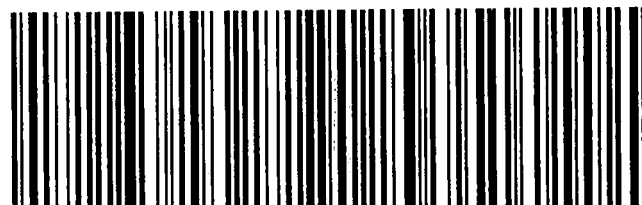
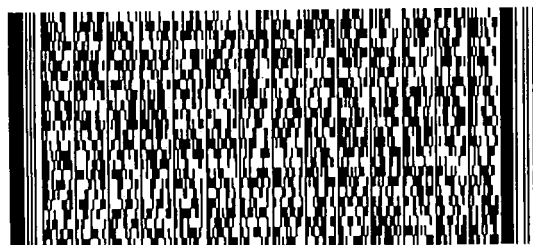
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