

Neonode, Inc  
Form S-3  
November 03, 2011

---

---

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON November 3, 2011

REGISTRATION NO. 333- \_\_\_\_\_

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

\_\_\_\_\_  
FORM S-3

REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

\_\_\_\_\_  
NEONODE INC.

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

94-1517641  
(I.R.S. Employer Identification  
Number)

Sweden Linnegatan 89, SE-115 23 Stockholm, Sweden  
USA 2700 Augustine Drive, Suite 100, Santa Clara, CA. 95054  
Sweden + 46 8 667 17 17  
USA + 1 (408) 496-6722  
(Address, including zip code, and telephone number, including area code,  
of registrant's principal executive offices)

David Brunton  
Chief Financial Officer  
Neonode Inc.  
651 Byrdee Way  
Lafayette, CA 94549  
(925) 768 0620  
(Address, including zip code, and telephone number, including area code, of agent for service)

\_\_\_\_\_  
Copies to:  
SRK Law Offices

Edgar Filing: Neonode, Inc - Form S-3

7 Oppenheimer St.

Rabin Science Park

Rehovot, Israel

Telephone No.: (718) 360-5351

Facsimile No.: (011) (972) 8-936-6000

---

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this registration statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box:

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

## CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Share(2)	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
<b>Primary Offering Shares:(3)</b>				
Common Stock, \$0.001 par value	4,000,000	\$5.575	\$22,300,000	\$2,589.03
<b>Secondary Offering Shares:(4)</b>				
Common Stock, \$0.001 par value	15,423,743	\$5.575	\$85,987,367	\$9,983.13
<b>Total:</b>	<b>19,423,743</b>	<b>\$5.575</b>	<b>\$108,287,367</b>	<b>\$12,572.16</b>

- (1) In accordance with Rule 416 under the Securities Act of 1933, as amended (the "Securities Act"), the common stock offered hereby shall also be deemed to cover additional securities to be offered or issued to prevent dilution resulting from stock splits, stock dividends, recapitalization, or similar transactions.
- (2) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(c) of the Securities Act, based on the average of the high and low prices of the common stock of the registrant as reported on the OTC Bulletin Board on November 1, 2011. It is not known how many shares will actually be sold under this registration statement or at what price or prices such shares will be sold.
- (3) Represents shares of common stock to be offered by the registrant.
- (4) Represents shares of common stock to be offered by the selling stockholders. The amount is comprised of (i) 9,988,137 outstanding shares of the registrant's common stock, (ii) 30,000 shares of the registrant's common stock issuable upon the conversion of convertible notes, and (iii) 5,405,606 shares of the registrant's common stock issuable upon the exercise of warrants. The shares, convertible notes, and warrants are held by certain selling stockholders named in the prospectus contained herein and any supplements thereto.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We and the selling stockholders may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities, and we and the selling stockholders are not soliciting offers to buy these securities, in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED NOVEMBER 3, 2011

## PROSPECTUS

19,423,743 SHARES OF COMMON STOCK  
PRIMARY OFFERING SHARES: 4,000,000  
SECONDARY OFFERING SHARES: 15,423,743

This prospectus relates to the "shelf" registration of the Company's common stock for the following purposes:

1. The registration for potential sale by us of up to 4,000,000 shares of our common stock, \$0.001 par value per share, ("Common Stock"), in a primary offering (the "Primary Offering Shares"), which shares we may sell from time to time in one or more offerings.
2. The registration for potential resale by the selling stockholders named in this prospectus of up to 15,423,743 shares of Common Stock, comprised of (i) 9,988,137 shares of our outstanding Common Stock, (ii) 30,000 shares of Common Stock issuable upon the conversion of convertible notes ("Notes"), and (iii) 5,405,606 shares of Common Stock issuable upon the exercise of warrants ("Warrants"), acquired by the selling stockholders in one or more private placement transactions (collectively referred to as the "Secondary Offering Shares"), which shares the selling stockholders may sell from time to time in one or more offerings.

We refer to the Primary Offering Shares and the Secondary Offering Shares, together, as the "Shares".

### Primary Offering Shares

Each time we sell the Primary Offering Shares, we will provide specific terms of the offering in a supplement to this prospectus. The prospectus supplement may also add, update, or change information contained in this prospectus. You should read this prospectus and the applicable prospectus supplement carefully before you invest in any securities. This prospectus may not be used to consummate a sale of securities unless accompanied by the applicable prospectus supplement.

We will sell the Primary Offering Shares directly to our stockholders or to purchasers or through agents on our behalf or through underwriters or dealers as designated from time to time. If any agents or underwriters are involved in the sale of any of these Primary Offering Shares, the applicable prospectus supplement will provide the names of the agents or underwriters and any applicable fees, commissions and discounts.

### Secondary Offering Shares

The selling stockholders are those holders named in the table under the section entitled "Selling Stockholders" beginning on page 13 of this prospectus or named in a supplement to this prospectus. The description of the issuances of the securities to the selling stockholders is set forth below in the section entitled "Secondary Offering Shares" beginning on page 10 of this prospectus, where the private placements are described.



The selling stockholders may from time to time sell the Secondary Offering Shares directly, or through underwriters, agents, brokers or dealers designated from time to time, on terms to be determined at the time of sale. Underwriters, agents, brokers or dealers may receive discounts, commissions, or concessions from the selling stockholders, from the purchasers in connection with sales of the Secondary Offering Shares, or from both. The prices at which these selling stockholders may sell the Secondary Offering Shares will be determined by the prevailing market price for the Secondary Offering Shares or in negotiated transactions. If underwriters or dealers are involved in the sale of the Secondary Offering Shares, their names, and any applicable purchase price, fee, commission or discount arrangement between or among them, will be set forth, or will be calculable from the information set forth, in a supplement to this prospectus.

Our Common Stock is listed on the OTCBB under the symbol "NEON.OB". On November 1, 2011, the closing price of our Common Stock, as reported on the OTCBB, was \$5.75 per share. The aggregate market value of our Common Stock held by non-affiliates as of November 1, 2011 was in excess of \$99 million.

We will receive proceeds from our sale of the Primary Offering Shares. We will not receive any of the proceeds from the sale of the Secondary Offering Shares by the selling stockholders, although we may receive proceeds from the exercise of Warrants for shares of our Common Stock. We are registering the Secondary Offering Shares on behalf of the selling stockholders, and we will bear the cost of the registration of these Shares.

**INVESTING IN OUR COMMON STOCK INVOLVES SUBSTANTIAL RISKS. SEE THE SECTION ENTITLED "RISK FACTORS" BEGINNING ON PAGE 5 OF THIS PROSPECTUS TO READ ABOUT FACTORS YOU SHOULD CONSIDER BEFORE BUYING SHARES OF OUR COMMON STOCK.**

**NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

The date of this prospectus is \_\_\_\_\_, 2011.

Table of Contents

	Page
About This Prospectus	1
Special Note Regarding Forward-Looking Statements	2
Prospectus Summary	2
Risk Factors	4
Use of Proceeds	10
Secondary Offering Shares	10
Selling Stockholders	13
Plan of Distribution	24
Description of Securities to be Registered	27
Legal Matters	29
Experts	29
Material Changes	29
Disclosure of SEC Position on Indemnification for Securities Act Liabilities	29
Where You Can Find More Information	30
Incorporation of Certain Documents by Reference	30

---



## ABOUT THIS PROSPECTUS

This prospectus is a part of a registration statement that we filed with the SEC utilizing a “shelf” registration process. Under this shelf registration process, we are registering for potential sale by us from time to time of up to 4,000,000 Primary Offering Shares in one or more offerings. In addition, we are registering for potential resale by the selling stockholders from time to time of up to 15,423,743 Secondary Offering Shares, which Secondary Offering Shares upon registration will be eligible for resale as freely-tradeable shares. The Secondary Offering Shares that we are registering pursuant to this prospectus are not currently freely-tradeable under Rule 144 without limitation or restrictions. Accordingly, we are registering these shares in order that they may be freely tradeable without limitation, similar to the outstanding shares of Common Stock held by non-affiliates.

This prospectus provides you with a general description of the Shares we and the selling stockholders may offer. To the extent required, the number of shares of our Common Stock to be sold, the purchase price, the public offering price, the names of any agent or dealer and any applicable commission or discount with respect to a particular offering by us or any selling stockholder may be set forth in an accompanying prospectus supplement. Each time we sell Primary Offering Shares under this shelf registration, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update, or change information contained in this prospectus. To the extent that any statement that we make in a prospectus supplement is inconsistent with statements made in this prospectus, the statements made in this prospectus will be deemed modified or superseded by those made in the prospectus supplement. You should read both this prospectus and any prospectus supplement, including all documents incorporated herein or therein by reference, together with additional information described under “Where You Can Find More Information.”

We have not authorized, and the selling stockholders may not authorize, any dealer, salesman or other person to give any information or to make any representation other than those contained or incorporated by reference in this prospectus and the accompanying prospectus supplement. You must not rely upon any information or representation not contained or incorporated by reference in this prospectus or the accompanying prospectus supplement. This prospectus and the accompanying prospectus supplement do not constitute an offer to sell or the solicitation of an offer to buy any securities other than the registered securities to which they relate, nor do this prospectus and the accompanying prospectus supplement constitute an offer to sell or the solicitation of an offer to buy securities in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. You should not assume that the information contained in this prospectus and the accompanying prospectus supplement is accurate on any date subsequent to the date set forth on the front of the document or that any information we have incorporated by reference is correct on any date subsequent to the date of the document incorporated by reference, even though this prospectus and any accompanying prospectus supplement is delivered or securities are sold on a later date.

To the extent permitted by applicable law, rules or regulations, we may add, update or change the information contained in this prospectus by means of a prospectus supplement or a post-effective amendment to the registration statement of which this prospectus forms a part, through filings we make with the SEC that are incorporated by reference into this prospectus, or by another method as may then be permitted under applicable law, rules or regulations.

**PRIOR TO MAKING A DECISION ABOUT INVESTING IN OUR COMMON STOCK, YOU SHOULD CAREFULLY CONSIDER THE SPECIFIC RISKS CONTAINED IN THE SECTION ENTITLED “RISK FACTORS” IN THIS PROSPECTUS, AND ANY APPLICABLE PROSPECTUS SUPPLEMENT, TOGETHER WITH ALL OF THE OTHER INFORMATION CONTAINED IN THIS PROSPECTUS AND ANY PROSPECTUS SUPPLEMENT OR APPEARING IN THE REGISTRATION STATEMENT OF WHICH THIS PROSPECTUS FORMS A PART.**

Edgar Filing: Neonode, Inc - Form S-3

In this prospectus, we refer to Neonode Inc. as “we,” “us,” “our,” the “Company” or “Neonode.” References to “selling stockholders” refer to those holders of our Common Stock listed herein under “Selling Stockholders,” who may sell the Secondary Offering Shares from time to time as described in this prospectus.

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, or Securities Act, and Section 21E of the Securities Exchange Act of 1934, or Exchange Act. Forward-looking statements reflect the current view about future events. When used in this prospectus, the words “anticipate,” “believe,” “estimate,” “expect,” “future,” “intend,” “plan,” or the negative of these terms and similar expressions as they relate to us or our management, identify forward-looking statements. Such statements, include, but are not limited to, statements contained in this prospectus relating to our business strategy, our future operating results, and liquidity and capital resources outlook. Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Our actual results may differ materially from those contemplated by the forward-looking statements. They are neither statements of historical fact nor guarantees of assurance of future performance. We caution you therefore against relying on any of these forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements include, without limitation, a decline in general economic conditions nationally and internationally; decreased demand for our products and services; market acceptance of our products and services; our ability to protect our intellectual property rights; the impact of any infringement actions or other litigation brought against us; competition from other providers and products; our ability to develop and commercialize new and improved products and services; our ability to raise capital to fund continuing operations; changes in government regulation; our ability to complete customer transactions and capital raising transactions; and other factors (including the risks contained in the section of this prospectus entitled “Risk Factors”) relating to our industry and to our operations and results of operations. Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove incorrect, actual results may differ significantly from those anticipated, believed, estimated, expected, intended or planned.

Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We cannot guarantee future results, levels of activity, performance, or achievements. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

## PROSPECTUS SUMMARY

The following is only a summary and therefore does not contain all of the information you should consider before investing in our securities. We urge you to read this entire prospectus carefully, including the more detailed consolidated financial statements, notes to the consolidated financial statements and other information incorporated by reference herein. See “Where You Can Find More Information” on page 30 for information regarding the documents incorporated by reference herein. In addition, investing in our Common Stock involves risks. You should carefully consider the information provided under the heading “Risk Factors” beginning on page 5.

### About this Prospectus

This prospectus relates to the "shelf" registration of the Company's Common Stock for the following purposes:

1. The registration for potential sale by us of up to 4,000,000 Primary Offering Shares.
2. The registration for potential resale by certain selling stockholders of up to 15,423,743 Secondary Offering Shares, which are comprised of 9,988,137 shares of our outstanding Common Stock, 30,000 shares of Common Stock issuable upon the conversion of the Notes, 5,405,606 shares of Common Stock issuable upon the exercise of the Warrants. The Secondary Offering Shares were issued in several private placement transactions that we entered into

in 2008, 2009, 2010 and 2011 (the “Private Placements”). The number of Secondary Offering Shares (including shares issuable upon the conversion of the Notes and upon the exercise of the Warrants) represents 46% of our issued and outstanding shares of Common Stock, and 56% of the issued and outstanding shares of Common Stock held by persons other than the selling stockholders, affiliates of our Company, or affiliates of the selling stockholders, in each case based on 33,369,785 shares of Common Stock issued and outstanding as of October 25, 2011 (and assuming the conversion of the Notes and exercise of the Warrants for the shares being registered hereby). We will not receive any proceeds from any future sale of the Secondary Offering Shares by the selling stockholders listed herein.

## Overview of the Company

We provide optical infrared touch screen solutions for handheld and small to mid-sized consumer and industrial electronic devices. We license our touch screen technology to Original Equipment Manufacturers (“OEMs”) and Original Design Manufacturers (“ODMs”) who embed our touch screen technology into electronic devices that they develop and sell. The cornerstone of our solution is our innovative optical infrared touch screen technology, named zForce®. Our patented zForce® technology offers a number of benefits compared to other touch screen technologies currently on the market. Our optical infrared technology offers clients lower cost and more functional alternatives to other touch screen technologies. zForce® also consumes less power than our competitors’ solutions, is able to function in a wide temperature range, requires no screen overlay and thus offers a much clearer picture while at the same time accommodating multi-touch functionality. zForce® combines full finger touch capabilities and high resolution pen support in the same solution.

Our technology licensing model allows us to focus on the development of solutions for multi-touch enabled screens, and thus we do not have to contend with the financial and logistical burden of manufacturing products, which is handled by our ODM/OEM clients. We license the right to use zForce® and software which, together with standard components from partners, creates a complete optical touch screen solution. The zForce® multi-touch product is our latest release and is currently being integrated into products such as mobile phones, mobile internet devices, eReaders, digital picture frames, printers, GPS devices and tablet PC’s.

## Corporate Information

Neonode Inc., formerly known as SBE, Inc., was incorporated in the State of Delaware on September 4, 1997. Our headquarters are located at Linnegatan 89, SE-115 23 Stockholm, Sweden, and our telephone number at this address is + 46 8 667 17 17. Our office in the U.S. is located at 2700 Augustine Drive, Suite 100, Santa Clara, California, USA 95054, and our telephone number at this address is (408) 496-6722. In addition, we lease office space located in Lafayette, California. Our website address is [www.neonode.com](http://www.neonode.com). Information contained on our website, or that can be accessed through our website, is not a part of this prospectus.

Registration of Shares

This prospectus relates to the registration for potential sale by us of up to 4,000,000 shares of our Common Stock, and the registration for potential resale by the selling stockholders of up to 15,423,743 Secondary Offering Shares, which are comprised of 9,988,137 shares of our outstanding Common Stock, 30,000 shares of our Common Stock issuable upon the conversion of the Notes, 5,405,606 shares of our Common Stock issuable upon the exercise of the Warrants.

Common Stock outstanding prior to registration	27,934,179 shares of Common Stock(1)
--	--------------------------------------

Common Stock being registered	
For Neonode	4,000,000 shares of Common Stock
For the selling stockholders	15,423,743 shares of Common Stock(2)
Total	19,423,743 shares of Common Stock

Common Stock to be outstanding after registration	37,369,785 shares of Common Stock(3)
---	--------------------------------------

Use of proceeds	We plan to use the net proceeds to us from this offering for working capital and other general corporate purposes. We will not receive any proceeds from the sale of the Secondary Offering Shares offered by the selling stockholders under this prospectus. However, we will receive up to \$8,465,307 in the aggregate from the selling stockholders if they exercise in full, on a cash basis, all of their unexercised Warrants. We will use such proceeds from the exercise of the Warrants for working capital and other corporate purposes.
-----------------	---

Risk Factors	See “Risk Factors” and the other information in this prospectus for a discussion of the factors you should consider before deciding to invest in shares of our Common Stock.
--------------	--

OTC Bulletin Board Symbol	“NEON.OB”
---------------------------	-----------

(1) As of October 25, 2011.

(2) Includes 9,988,137 shares of our outstanding Common Stock, 30,000 shares of Common Stock that are issuable upon the conversion of the Notes, and 5,405,606 shares of Common Stock that are issuable upon the exercise of the Warrants.

(3) Assumes the sale of all 4,000,000 Primary Offering Shares, full conversion of the outstanding Notes held by the selling stockholders to acquire 30,000 shares of Common Stock, and the full exercise of the unexercised Warrants held by the selling stockholders to acquire 5,405,606 shares of Common Stock.

Our common stock is traded on the OTCBB under the symbol “NEON.OB”.



## RISK FACTORS

An investment in our common stock involves a high degree of risk. Before investing in our common stock, you should consider carefully the specific risks detailed in this “Risk Factors” section and any applicable prospectus supplement, together with all of the other information contained in this prospectus and any prospectus supplement or incorporated by reference herein or therein. If any of these risks occur, our business, results of operations and financial condition could be harmed, the price of our common stock could decline, and you may lose all or part of your investment.

### Risks Related To Our Business

We may require additional capital to fund our operations, which capital may not be available on commercially attractive terms or at all.

We may require sources of capital in addition to cash on hand to continue operations and to implement our business plan. We project that we have sufficient liquid assets to continue operating for at least the next twelve months. We are currently evaluating different financing alternatives, including but not limited to selling shares of our common or preferred stock, or issuing notes that may be converted into shares of our common stock which could result in the issuance of additional shares. If our operations do not become cash flow positive, we will be forced to seek credit line facilities from financial institutions, additional private equity investment, or debt arrangements. No assurances can be given that we will be successful in obtaining such additional financing on reasonable terms, or at all. If adequate funds are not available on acceptable terms, or at all, we may be unable to adequately fund our business plan, which could have a negative effect on our business, results of operations, and financial condition. In addition, if funds are available, the issuance of equity securities or securities convertible into equity could dilute the value of shares of our common stock and cause the market price to fall, and the issuance of debt securities could impose restrictive covenants that could impair our ability to engage in certain business transactions.

We have never been profitable and we may suffer significant additional losses in the future.

Neonode Inc. was formed in 1997 and reconstituted in 2006 as a holding company, owning and operating Neonode AB, which had been formed in 2004. We had been primarily engaged in the business of developing and selling mobile phones. Following the liquidation of Neonode AB, we implemented a new strategy for our business. We have a limited operating history on which to base an evaluation of our business and prospects. Our prospects must be considered in light of the risks and uncertainties encountered by companies in the early stages of development, particularly companies in new and rapidly evolving markets. We were not successful in selling mobile phones and have refocused our business on licensing our touch screen technology. We may not be successful in entering the technology licensing business. Our success will depend on many factors, including, but not limited to:

- the growth of touch screen interface usage;

- the efforts and success of our OEM and other customers;

- the level of competition that we face; and

- our ability to meet customer demand for engineering support, new technology and ongoing service.

In addition, we have experienced substantial net losses in each fiscal period since our inception. These net losses resulted from a lack of substantial revenues and the significant costs incurred in the development of our products and infrastructure. Our ability to continue as a going concern is dependent on our ability to raise additional funds and

implement our business plan.

Our limited operating history and the emerging nature of our market, together with the other risk factors set forth in this report, make prediction of our future operating results difficult. There can also be no assurance that we will ever achieve significant revenues or profitability or, if significant revenues and profitability are achieved, that they could be sustained.

The report of our independent registered public accounting firm that accompanies our audited consolidated financial statements for the years ended December 31, 2010 and 2009 contains a going concern qualification in which such firm expressed substantial doubt about our ability to continue as a going concern. In addition to our history of losses, our accumulated deficit as of September 30, 2011 was approximately \$126.6 million. For the nine months ended September 30, 2011, we used cash in operations of approximately \$1.4 million.



Our operating results may fluctuate significantly as a result of a variety of factors, many of which are outside of our control.

We are subject to the following factors, among others, that may negatively affect our operating results:

- the announcement or introduction of new products by our competitors;
- our ability to upgrade and develop our products and infrastructure to accommodate growth;
- our ability to attract and retain key personnel in a timely and cost effective manner;
- technical difficulties;
- the amount and timing of operating costs and capital expenditures relating to the expansion of our business, operations, and infrastructure; and
- general economic conditions as well as economic conditions specific to the hand-held device and/or touch screen industry.

As a result of our limited operating history and the nature of the markets in which we compete, it is extremely difficult for us to forecast accurately. We have based our current and future expense levels largely on our investment plans and estimates of future events, although certain of our expense levels are, to a large extent, fixed. We may be unable to adjust spending in a timely manner to compensate for any unexpected revenue shortfall. Accordingly, any significant shortfall in revenues relative to our planned expenditures would have an immediate adverse effect on our business, results of operations and financial condition. Further, as a strategic response to changes in the competitive environment, we may from time to time make certain pricing, service, or marketing decisions that could have a material and adverse effect on our business, results of operations, and financial condition. Due to the foregoing factors, our revenues and operating results are and will remain difficult to forecast.

If we fail to develop and introduce new products and services successfully and in a cost effective and timely manner, we will not be able to compete effectively and our ability to generate revenues will suffer.

We operate in a highly competitive, rapidly evolving environment, and our success depends on our ability to develop and introduce new products, technology, and services that our customers and end users choose to buy. If we are unsuccessful at developing and introducing new products, technology, and services that are appealing to our customers and end users with acceptable quality, prices and terms, we will not be able to compete effectively and our ability to generate revenues will suffer.

The development of new products, technology, and services is very difficult and requires high levels of innovation. The development process is also lengthy and costly. If we fail to anticipate our end users' needs or technological trends accurately or if we are unable to complete the development of products and services in a cost effective and timely fashion, we will be unable to introduce new products and services into the market or successfully compete with other providers.

As we introduce new or enhanced products or integrate new technology into new or existing products, we face risks including, among other things, disruption in customers' ordering patterns, inability to deliver new products or technologies to meet customers' demand, possible product and technology defects, and potentially unfamiliar sales and support environments. Premature announcements or leaks of new products, features, or technologies may exacerbate

some of these risks. Our failure to manage the transition to newer products or the integration of newer technology into new or existing products could adversely affect our business, results of operations, and financial condition.

We are dependent on the ability of our customers to design, manufacture and sell their products that incorporate our touch screen technologies.

Our products and technologies are licensed to other companies which must be successful in designing, manufacturing and selling the products that incorporate our technologies. If our customers are not able to design, manufacture or sell their products, or are delayed in producing their products, our revenues, profitability, and liquidity, as well as our brand image, may be adversely affected.

We must significantly enhance our sales and product development organizations.

We will need to improve the effectiveness and breadth of our sales operations in order to increase market awareness and sales of our technologies, especially as we expand into new market segments. Competition for qualified sales personnel is intense, and we may not be able to hire the kind and number of sales personnel we are targeting. Likewise, our efforts to improve and refine our products require skilled engineers and programmers. Competition for professionals capable of expanding our research and development organization is intense due to the limited number of people available with the necessary technical skills. If we are unable to identify, hire, or retain qualified sales, marketing, and technical personnel, our ability to achieve future revenue may be adversely affected.

We will need to increase the size of our organization, and we may be unable to manage our growth effectively.

Our failure to manage growth effectively could have a material and adverse effect on our business, results of operations and financial condition. We anticipate that expansion of our organization will be required to address internal growth to handle licensing and research activities. This expansion may place a significant strain on management, operational, and financial resources. To manage the expected growth of our operations and personnel, we must both improve our existing operational and financial systems, procedures, and controls, and implement new systems, procedures, and controls. We must also expand our finance, administrative, and operations staff. Our current personnel, systems, procedures, and controls may not adequately support future operations. Management may be unable to hire, train, retain, motivate, and manage the necessary personnel, or to identify, manage and exploit existing and potential strategic relationships and market opportunities.

We are dependent on the services of our key personnel.

We are dependent on our current management for the foreseeable future. The loss of the services of any member of management could have a materially adverse effect on our operations and prospects.

We are dependent on a few customers.

Currently, we have entered into license agreements with eleven customers. Our accounts receivable as of September 30, 2011 was due from five customers. Our net revenues for the three months ended September 30, 2011 was earned from six customers, three of which accounted for approximately 94% of our total net revenues for this period. Our net revenues for the nine months ended September 30, 2011 was earned from eight customers, three of which accounted for approximately 89% of our net revenues for this period. Our customers are located in the US, Europe and Asia.

In the future, loss of any of these customers, a reduction in sales to any of these customers for any reason, or a failure of any of these customers to fulfill their financial or other obligations due to us could have a materially adverse affect on our business, financial condition, and future revenue stream.

If third parties infringe our intellectual property or if we are unable to secure and protect our intellectual property, we may expend significant resources enforcing our rights or suffer competitive injury.

Our success depends in large part on our proprietary technology and other intellectual property rights. We rely on a combination of patents, copyrights, trademarks and trade secrets, confidentiality provisions, and licensing arrangements to establish and protect our proprietary rights. Our intellectual property, particularly our patents, may not provide us with a significant competitive advantage. If we fail to protect or to enforce our intellectual property rights successfully, our competitive position could suffer, which could harm our results of operations.

Our pending patent and trademark applications for registration may not be allowed, or others may challenge the validity or scope of our patents or trademarks, including patent or trademark applications or registrations. Even if our patents or trademark registrations are issued and maintained, these patents or trademarks may not be of adequate scope or benefit to us or may be held invalid and unenforceable against third parties.

We may be required to spend significant resources to monitor and police our intellectual property rights. Effective policing of the unauthorized use of our products or intellectual property is difficult and litigation may be necessary in the future to enforce our intellectual property rights. Intellectual property litigation is not only expensive, but time-consuming, regardless of the merits of any claim, and could divert attention of our management from operating the business. Despite our efforts, we may not be able to detect infringement and may lose competitive position in the market before they do so. In addition, competitors may design around our technology or develop competing technologies. Intellectual property rights may also be unavailable or limited in some foreign countries, which could make it easier for competitors to capture market share.

Despite our efforts to protect our proprietary rights, existing laws, contractual provisions and remedies afford only limited protection. Intellectual property lawsuits are subject to inherent uncertainties due to, among other things, the complexity of the technical issues involved, and we cannot assure you that we will be successful in asserting our intellectual property rights. Attempts may be made to copy or reverse engineer aspects of our products or to obtain and use information that we regard as proprietary. Accordingly, we cannot assure you that we will be able to protect our proprietary rights against unauthorized third party copying or use. The unauthorized use of our technology or of our proprietary information by competitors could have an adverse effect on our ability to sell our products.

We have an international presence in countries whose laws may not provide protection of our intellectual property rights to the same extent as the laws of the United States, which may make it more difficult for us to protect our intellectual property.

As part of our business strategy, we target customers and relationships with suppliers and original equipment manufacturers in countries with large populations and propensities for adopting new technologies. However, many of these countries do not address misappropriation of intellectual property nor deter others from developing similar, competing technologies or intellectual property. Effective protection of patents, copyrights, trademarks, trade secrets and other intellectual property may be unavailable or limited in some foreign countries. In particular, the laws of some foreign countries in which we do business may not protect our intellectual property rights to the same extent as the laws of the United States. As a result, we may not be able to effectively prevent competitors in these regions from infringing our intellectual property rights, which could reduce our competitive advantage and ability to compete in those regions and negatively impact our business.

Changes in financial accounting standards or practices may cause unexpected fluctuations in and adversely affect our reported results of operations.

Any change in financial accounting standards or practices that cause a change in the methodology or procedures by which we track, calculate, record and report our results of operations or financial condition or both could cause fluctuations in, and adversely affect, our reported results of operations and cause our historical financial information not to be reliable as an indicator of future results.

Further deterioration in the state of the global economy and financial market conditions could adversely affect our ability to conduct business and our results of operations.

Global economic and financial market conditions, including severe disruptions in the credit markets and the continuing impact of the recent global economic recession may materially impact our customers and other parties with whom we do business. Continued or further deterioration in general economic and financial market conditions could materially adversely affect our financial condition and results of operations. Specifically, the impact of these volatile and negative conditions may include decreased demand for our products and services, decreased ability to accurately forecast future product trends and demand, and a negative impact on our ability to timely collect receivables from our customers. The foregoing economic conditions may lead to increased levels of bankruptcies, restructurings, and

liquidations for our customers, scaling back of research and development expenditures, delays in planned projects, and shifts in business strategies for many of our customers. Such events could, in turn, adversely affect our business through loss of sales.

7

---

Wars, terrorist attacks or other threats beyond our control could negatively impact consumer confidence, which could harm our operating results.

Wars, terrorist attacks or other threats beyond our control could have an adverse impact on the United States, Europe and the world economy in general, and consumer confidence and spending in particular, which could harm our business, results of operations and financial condition.

#### Risks Related to Owning Our Stock

If we continue to experience losses, we could experience difficulty meeting our business plan and our stock price could be negatively affected.

If we are unable to increase revenues from our touch screen technologies, we will experience continuing operating losses and negative cash flow from our operations. Any failure to achieve or maintain profitability could negatively impact the market price of our common stock. We anticipate that we will continue to incur product development, sales and marketing and administrative expenses. As a result, we will need to generate significant quarterly revenues if we are to achieve and maintain profitability. A substantial failure to achieve profitability could make it difficult or impossible for us to grow our business. Our business strategy may not be successful, and we may not generate significant revenues or achieve profitability. Any failure to significantly increase revenues would also harm our ability to achieve and maintain profitability. If we do achieve profitability in the future, we may not be able to sustain or increase profitability on a quarterly or annual basis.

Our certificate of incorporation and bylaws and the Delaware General Corporation Law contain provisions that could delay or prevent a change in control.

Our board of directors has the authority to issue up to 2,000,000 shares of Preferred stock and to determine the price, rights, preferences and privileges of those shares without any further vote or action by the stockholders. The rights of the holders of common stock will be subject to, and may be materially adversely affected by, the rights of the holders of any Preferred stock that may be issued in the future. The issuance of Preferred stock could have the effect of making it more difficult for a third party to acquire a majority of our outstanding voting stock. Furthermore, certain other provisions of our certificate of incorporation and bylaws may have the effect of delaying or preventing changes in control or management, which could adversely affect the market price of our common stock. In addition, we are subject to the provisions of Section 203 of the Delaware General Corporation Law, an anti-takeover law.

Because many of our existing investors may have paid substantially less than the offering price for the shares to be sold in this offering when they purchased their shares, new investors will incur immediate and substantial dilution in their investment.

Investors purchasing shares of common stock in this offering will incur immediate and substantial dilution in net tangible book value per share because the price that new investors pay will be substantially greater than the net tangible book value per share of the shares acquired. This dilution is due in large part to the fact that many of our existing investors paid substantially less than the offering price for the shares to be sold in this offering when they purchased their shares of common stock.

You may experience additional dilution upon the conversion of the Notes or the exercise of the Warrants.

As of September 30, 2011, we have 1,691,320 shares of Common Stock issuable upon conversion of outstanding notes (at an assumed conversion price of \$2.50 per share), and 5,405,606 shares of Common Stock issuable upon exercise of the outstanding Warrants, and 19,324 shares of common stock issuable upon exercise of outstanding

options. If the holders of the notes, Warrants, and options convert or exercise their rights, you may experience additional dilution in the net tangible book value of your Common Stock.



Our stock price has been volatile, and your investment in our common stock could suffer a decline in value.

There has been significant volatility in the market price and trading volume of equity securities, which is unrelated to the financial performance of the companies issuing the securities. These broad market fluctuations may negatively affect the market price of our common stock. You may not be able to resell your shares at or above the price you pay for those shares due to fluctuations in the market price of our common stock caused by changes in our operating performance or prospects, and other factors.

Some specific factors that may have a significant effect on our common stock market price include:

- actual or anticipated fluctuations in our operating results or future prospects;
- our announcements or our competitors' announcements of new products;
- the public's reaction to our press releases, our other public announcements, and our filings with the SEC;
- strategic actions by us or our competitors, such as acquisitions or restructurings;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- changes in accounting standards, policies, guidance, interpretations or principles;
- changes in our growth rates or our competitors' growth rates;
- developments regarding our patents or proprietary rights or those of our competitors;
- our inability to raise additional capital as needed;
- concern as to the efficacy of our products;
- changes in financial markets or general economic conditions;
- sales of common stock by us or members of our management team; and
- changes in stock market analyst recommendations or earnings estimates regarding our common stock, other comparable companies, or our industry generally.

Future sales of our common stock by our stockholders could negatively affect our stock price after this offering.

Sales of a substantial number of shares of our common stock in the public market by our stockholders after this offering, or the perception that these sales might occur, could depress the market price of our common stock and could impair our ability to raise capital through the sale of additional equity securities. All of the shares of common stock sold in this offering will be freely tradable without restrictions or further registration under the Securities Act of 1933, as amended, or the Securities Act, and thus the price of our common stock may decline.

Future sales of our common stock by us could adversely affect its price and our future capital-raising activities could involve the issuance of equity securities, which would dilute your investment and could result in a decline in the trading price of our common stock.

We may in the future sell securities in the public or private equity markets if and when conditions are favorable, even if we do not have an immediate need for additional capital at that time. Sales of substantial amounts of common stock, or the perception that such sales could occur, could adversely affect the prevailing market price of our common stock and our ability to raise capital. We may issue additional common stock in future financing transactions or as incentive compensation for our executive management and other key personnel, consultants and advisors. Issuing any equity securities would be dilutive to the equity interests represented by our then-outstanding shares of common stock. The market price for our common stock could decrease as the market takes into account the dilutive effect of any of these issuances. Furthermore, we may enter into financing transactions at prices that represent a substantial discount to the market price of our common stock. A negative reaction by investors and securities analysts to any discounted sale of our equity securities could result in a decline in the trading price of our common stock.

We will have broad discretion in using our net proceeds from this offering, and the benefits from our use of the proceeds may not meet investors' expectations.

Our management will have broad discretion over the allocation of our net proceeds from this offering as well as over the timing of their use without stockholder approval. We have not yet determined how the net proceeds of this offering to be received by us that will be used, other than for working capital and other general corporate purposes. As a result, investors will be relying upon management's judgment with only limited information about our specific intentions for the use of our net proceeds from this offering. Our failure to apply these proceeds effectively could cause our business to suffer.

If securities analysts do not publish research or if securities analysts or other third parties publish inaccurate or unfavorable research about us, the price of our common stock could decline.

The trading market for our common stock will rely in part on the research and reports that securities analysts and other third parties choose to publish about us. We do not control these analysts or other third parties. The price of our common stock could decline if one or more securities analysts downgrade our common stock or if one or more securities analysts or other third parties publish inaccurate or unfavorable research about us or cease publishing reports about us.

Our common stock is currently traded on the OTC Bulletin Board Market, which may impact our stock price and liquidity.

Our common stock is traded on the OTC Bulletin Board market, which is generally considered a less efficient and less prestigious market than other markets, such as the Nasdaq Capital Market. The price and liquidity of our stock may be adversely affected as a result of our common stock trading on the OTC Bulletin Board Market.

#### USE OF PROCEEDS

Unless otherwise provided in the applicable prospectus supplement, we intend to use the net proceeds from the sale by us of the Primary Offering Shares for general corporate purposes, including capital expenditures and working capital. We may also use a portion of the net proceeds from the sale by us of the Primary Offering Shares under this prospectus to acquire or invest in complementary businesses, technologies, product candidates or other intellectual property, although we have no present commitments or agreements to do so. Pending the uses described above, we intend to invest the net proceeds in interest-bearing, investment-grade securities.

We will not receive any proceeds from the sale of the Secondary Offering Shares by the selling stockholders. However, with respect to the 5,405,606 shares of Common Stock underlying the Warrants that may be offered by the selling stockholders under this prospectus, we will receive up to \$8,465,307 in the aggregate from the selling stockholders if they exercise in full, on a cash basis, all of their unexercised Warrants to purchase these shares of Common Stock. The holders of the Warrants may exercise their Warrants at any time until their expiration. There can be no assurance that any of the Warrants will be exercised. Because the holders of the Warrants may exercise the Warrants in their own discretion, if at all, we cannot plan on specific uses of proceeds beyond application of proceeds to general corporate purposes.

#### SECONDARY OFFERING SHARES

##### The Private Placements

The following is a description of the Private Placements in which the selling stockholders acquired their shares of Common Stock, Notes and Warrants.

##### December 2008 Share Exchange Transaction

On December 29, 2008, we entered into a Share Exchange Agreement with Neonode Technologies AB (f/k/a AB Cypresen AB nr 9683), a Swedish engineering company, and the stockholders of Neonode Technologies AB: Iwo Jima SARL, Wirelesstoys AB, and Athemis Ltd. (the "Neonode Technologies AB Stockholders"), pursuant to which we agreed to acquire all of the issued and outstanding shares of Neonode Technologies AB in exchange for the issuance

of 19,800 shares of our Series A Preferred Stock to the Neonode Technologies AB Stockholders. Pursuant to the terms of the Share Exchange Agreement, upon the closing of the transaction, Neonode Technologies AB became a wholly-owned subsidiary of the Company. The 19,800 shares of Series A Preferred Stock issued to the related parties to acquire Neonode Technologies AB have been converted to a total of 9,516,447 shares of our Common Stock.

### September 2009 Senior Convertible Secured Notes Financing Transaction

During the period from August 25, 2009 through December 15, 2009, we completed a private placement of convertible notes totaling \$987,000 that were converted, at the holder's option, into shares of our Common Stock at a conversion price of \$0.50 per share (the "Convertible Notes - 2009"). The convertible note holders had the right to have the conversion price adjusted to equal the lower stock price if we issued common stock or convertible notes at a lower conversion price than \$0.50 per share during the period that the notes were outstanding. The Convertible Notes - 2009 that were originally due on December 31, 2010 were extended to June 30, 2011 (see below under Warrant Repricing and Debt Extension Financing Transaction – 2010) and bore an annual interest rate of 7%, payable on June 30 and December 31 of each year that the convertible notes were outstanding. In addition, we issued 986,983 three-year warrants to the convertible note holders with an exercise price of \$1.00 per share. The warrants may be exercised and converted to common stock, at the warrant holder's option, beginning on the six-month anniversary of the date of issuance until the warrant expiration date. We are not obligated to register the common stock related to the convertible debt or the warrants. During the nine months ended September 30, 2011, we issued 1,851,486 shares of our common stock to holders of Convertible Notes – 2009 who converted principal of \$962,000 and \$13,707 of related accrued interest. We paid the remaining outstanding principal balance of \$25,000 of Convertible Notes – 2009 in cash on June 30, 2011. As of September 30, 2011, all of the Convertible Notes – 2009 have been paid in full with cash or have been converted to shares of our Common Stock.

### Senior Convertible Secured Notes - 2010

During the period from January 1, 2010 through June 30, 2010, we received \$1,597,000 in cash proceeds and converted \$163,000 of accounts payable related to a private placement of convertible notes and stock purchase warrants that were convertible, at the holder's option, into shares of our Common Stock at a conversion price of \$0.50 per share, and we issued 1,760,712 stock purchase warrants that had an exercise price of \$1.00 per share. The convertible note holders had the right to have the conversion price adjusted to equal the lower stock price if we issued stock or convertible notes at a lower conversion price than \$0.50 during the period that the notes were outstanding. These convertible notes were originally due on December 31, 2010 and were extended to June 30, 2011 (see below under Warrant Repricing and Debt Extension Financing Transaction – 2010) and bore an annual interest rate of 7%, payable on June 30 and December 31 of each year that the convertible notes were outstanding. The warrants may be exercised and converted to common stock, at the warrant holder's option, beginning on the six-month anniversary date of issuance until the warrant expiration date. We are not obligated to register the common stock related to the convertible debt or the warrants. During the nine months ended September 30, 2011, we issued 3,557,171 shares of our common stock to holders of Convertible Notes – 2010 who converted principal of \$1,750,143 and \$28,442 of related accrued interest. As of September 30, 2011 all of the convertible notes have been converted to shares of our Common Stock.

Mr. Per Bystedt, our Chairman of the Board, purchased \$16,000 of convertible notes as part of the financing transaction that has been converted into 32,780 shares of our Common Stock, and also received a warrant that can be exercised into 16,390 shares of our Common Stock at an exercise price of \$1.00 per share. In addition, Iwo Jima SARL, a company controlled by Mr. Bystedt, converted \$163,000 of amounts owed to it for Mr. Bystedt's past consulting services into convertible notes that have been converted into 326,705 shares of our Common Stock, and also received a warrant that can be exercised into 163,352 shares of our Common Stock at an exercise price of \$1.00 per share.

Davisa Ltd., a company controlled by Mr. Mats Dahlin, a member of the Board of Directors of our wholly-owned subsidiary Neonode Technologies AB, purchased a total of \$138,000 of convertible notes as part of the financing transaction that have been converted into 276,148 shares of our Common Stock, and also received warrants that can be exercised into 138,074 shares of our Common Stock at an exercise price of \$1.00 per share.

On September 24, 2010, we issued 6,932 shares of Common Stock and a warrant to purchase 6,933 shares of our Common Stock that has an exercise price of \$1.00 per share to an investor, Carl Molinder, who facilitated part of this private placement transaction.

On September 27, 2010, we issued an additional 15,000 shares of our Common Stock and an additional warrant to purchase 15,000 shares of our Common Stock an exercise price of \$1.00 per share to Davisa Ltd. for services provided for this private placement transaction.

Neither Mr. Molinder nor Davisa Ltd. provided any placement agent services or performed any brokering activities for the Company.

The warrants above were repriced during September and October 2010; see below for additional details of the terms of such warrants.

#### Warrant Repricing and Debt Extension Financing Transaction - 2010

During September and October 2010, all of the holders of the convertible notes and the holders of the stock purchase warrants issued in the 2009 and 2010 private placement transactions agreed to extend the maturity date of their convertible debt from December 31, 2010 to June 30, 2011 under the same terms and conditions as the original notes. Holders of 2,766,857 stock purchase warrants also agreed to exercise their previously granted three-year warrants with an exercise price of \$1.00 for a discounted exercise price of \$0.88 per share. They received 2,766,857 shares of our Common Stock and 2,766,857 replacement three-year warrants with an exercise price of \$1.38 for each warrant exercised.

Mr. Per Bystedt, our Chairman of the Board, and Iwo Jima Sarl, a company controlled by Mr. Bystedt, invested a total of \$258,000 of the \$2.4 million raised in the 2010 warrant repricing financing transaction and received 295,435 shares of our Common Stock. Mr. Bystedt and Iwo Jima Sarl also received a total of 295,435 replacement warrants to purchase our common stock. Mr. Bystedt paid \$59,000, and Iwo Jima Sarl paid \$21,000 in cash and converted \$178,000 of consulting fees payable by us for past consulting services.

On November 17, 2010, Davisa Ltd., a company controlled by Mr. Mats Dahlin, a member of the Board of Directors of our wholly owned subsidiary, Neonode Technologies AB, invested a total of \$161,000 in cash and converted \$28,000 in consulting fees payable by us and received a total of 215,725 shares of our Common Stock and 215,725 replacement warrants to purchase our Common Stock.

#### Senior Convertible Secured Notes - 2011

In March 2011, we entered into new warrant agreements with investors who participated in the Company's 2009 and 2010 private placement transactions and who had been issued warrants pursuant thereto (the "Current Warrants"). Pursuant to the warrant agreement, each warrant holder who exercised some or all of its outstanding Current Warrants at the applicable exercise price (\$0.50 per share, \$1.00 per share, and/or \$1.38 per share), received a number of New Warrants equal to fifty percent (50%) of the number of Current Warrants exercised by such warrant holder. The warrant holders exercised an aggregate of 493,426 outstanding Current Warrants, for an aggregate investment of \$515,000 and received 493,426 shares of Common Stock and 246,713 new five-year stock purchase warrants, with an exercise price of \$3.13 per share. The New Warrants may be exercised by cash payment or through cashless exercise by the surrender of warrant shares having a value equal to the exercise price of the portion of the warrants being exercised.

In addition, in the nine months ended September 30, 2011, we received approximately \$4.2 million in cash proceeds related to a private placement of convertible notes with investors who participated in our 2009 and 2010 private placement transactions, bearing interest at a rate of seven percent (7%) per annum, that matures on March 1, 2014, that can be converted at the holder's option, into 1,691,320 shares of our common stock at a conversion price of \$2.50 per share. The loan will automatically be converted into restricted shares of our Common Stock in the event that on or

before the loan due date either (a) our Common Stock is traded at a price per share of \$6.25 or higher for five (5) consecutive trading days, or (b) we consummate a financing in the amount of at least \$5 million. In the event that the loan principal and accrued interest is not repaid by us by the due date, and the investor has not previously converted the loan, the investor's sole remedy for such non-payment shall be the payment of additional annual interest at a rate of 10% per year. The accrued interest will be payable in stock, using the \$2.50 conversion price, or cash, at the holder's option, on June 30th and December 31st of each year. In addition, as part of the transaction, the Company issued 427,830 new five-year common stock purchase warrants, with an exercise price of \$3.13 per share, with each investor receiving a number of warrants that is equal in value to twenty-five percent (25%) of the Investor's loan to the Company. These warrants may be exercised by cash payment or through cashless exercise by the surrender of warrant shares having a value equal to the exercise price of the portion of the warrants being exercised.



Mr. Per Bystedt, our Chairman of the Board, invested a total of \$75,000 of the \$4.2 million raised in the 2011 private placement transaction, and received a convertible note that was convertible into 30,000 shares of our Common Stock and 7,500 New Warrants to purchase our Common Stock at \$3.13 per share.

Employees and relatives of employees of the Company, other than Mr. Bystedt, invested a total of \$218,000 of the \$4.2 million raised in the 2011 private placement transaction, and received convertible notes that was convertible into 87,364 shares of our Common Stock and a total of 8,735 New Warrants to purchase our Common Stock at \$3.13 per share.

Davisa Ltd. participated in the warrant exercise agreement and exercised 186,400 warrants with an exercise price of \$0.50 per share for \$93,200. Davisa Ltd. received 186,400 shares of our Common Stock and 93,200 New Warrants to purchase our Common Stock at \$3.13 per share.

#### Grants to Employees and Consultants

Employees and consultants were issued warrants pursuant to grants approved by the Board of Directors.

### SELLING STOCKHOLDERS

The following table sets forth information as of October 25, 2011, regarding beneficial ownership of each selling stockholder that may offer shares of our Common Stock pursuant to this registration statement. When we refer to the “selling stockholders” in this prospectus, we mean those persons listed in the table below, as well as the pledgees, donees, assignees, transferees, successors and others who hold any of the selling stockholders’ interest.

We have determined beneficial ownership in accordance with SEC rules. The information does not necessarily indicate beneficial ownership for any other purpose. Except as indicated in the footnotes to this table and pursuant to state community property laws, we believe, based on the information furnished to us, that the persons named in the table have sole voting and investment power with respect to all shares reflected as beneficially owned by them. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock that could be issued upon the exercise of outstanding options held by that person that are currently exercisable or exercisable within 60 days of October 25, 2011 are considered outstanding. These shares, however, are not considered outstanding when computing the percentage ownership of any other person.

Percentage of ownership prior to registration is based on 27,989,128 shares of our Common Stock outstanding on October 25, 2011, assuming conversion of all outstanding shares of our preferred stock into 54,949 shares of Common Stock. Percentage of ownership after registration is based on 37,424,734 shares of our Common Stock, which is comprised of (i) 27,989,128 shares of Common Stock outstanding as of October 25, 2011 (assuming conversion of all outstanding preferred stock), (ii) 4,000,000 Primary Offering Shares sold by us pursuant to this registration statement, (iii) 30,000 shares of Common Stock issuable upon conversion of the outstanding Notes, and (iv) 5,405,606 shares of Common Stock issuable upon exercise of all outstanding Warrants.

Edgar Filing: Neonode, Inc - Form S-3

Name and Address of Beneficial Owner(1)	Shares Beneficially Owned Prior to Registration		Number of Shares Being Registered(2)	Shares Beneficially Owned if all Registered Shares are Sold	
	Shares	Percentage (%)		Shares(3)	Percentage (%)
Per Bystedt (4)(5)(6) Chairman of the Board c/o Neonode Inc. Linnégatan 89 SE-115 23 Stockholm Sweden	4,658,017	16.67	4,055,377	602,640	1.61
Thomas Eriksson(7) CEO and Director c/o Neonode Inc. Linnégatan 89 SE-115 23 Stockholm Sweden	3,199,755	11.45	3,199,755	0	0
Mats Dahlin(8) Director of Neonode Technologies AB c/o Neonode Inc. Linnégatan 89 SE-115 23 Stockholm Sweden	1,002,253	3.59	982,393	19,960	*
David Brunton(4)(9) CFO c/o Neonode Inc. 651 Byrdee Way Lafayette, CA 94549	675,276	2.42	600,001	75,275	*
John Reardon(4)(10) Director c/o Neonode Inc. 2700 Augustine Dr., Suite 100 Santa Clara, CA 95054	292,033	1.04	283,109	8,924	*
Magnus Goertz(11) Founder and 10% holder c/o Neonode Inc. Linnégatan 89 SE-115 23 Stockholm Sweden	2,830,361	10.13	2,830,361	0	0
Joshua Silverman(12) 641 Lexington Avenue 26Th Floor New York, NY 10022-4503	5,232	*	5,232	0	0

Susan Major(13) PO Box 27 Rancho Santa Fe, CA 92067-0027	80,000	*	80,000	0	0
Lothar Pauly(14) Am Oberfeld 1A Worthsee Germany 82237	110,000	*	110,000	0	0
Shelter Island Opportunity Fund(15) 535 5th Ave, 25th Floor New York, NY 10017	13,760	*	13,760	0	0
Truk International Fund LP(16) 535 5th Ave, 25th Floor New York, NY 10017	2,240	*	2,240	0	0

Benjamin E Lipman(17) 386 Columbus Ave Number 5B New York Ny 10024	25,000	*		25,000	0	0
American Investments Ltd(18) 399 Park Ave, 12th Floor New York, NY 10022	50,000	*		50,000	0	0
El Equities LLC(19) 1 State Street Plaza, 29th Floor New York, NY 10004	40,000	*		40,000	0	0
Aaron Martin(20) 2602 Gage Court, Apt C Baltimore MD 21209	1,568	*		1,568	0	0
Patrik Axelsson(21) Nybrogatan 32 11439 Stockholm Sweden	55,000	*		55,000	0	0
AIGH Investment Partners(22) 399 Park Ave, 12th Floor New York, NY 10022	37,627	*		37,627	0	0
The Tzedakah Fund(23) 399 Park Ave, 12th Floor New York, NY 10022	47,034	*		47,034	0	0
Jan Jonaeus(24) Ladugatan 1 645 32 Strangnas Sweden	27,500	*		27,500	0	0
Alpha Capital Anstalt(25) 150 Central Park South, 2nd floor New York, NY 10019	125,000	*		125,000	0	0
Ellis International LP(26) 100 Merrick Rd, Suite 400 Rockville Center, NY 11570	10,000	*		10,000	0	0
Ellis International Ltd.(27) 100 Merrick Rd, Suite 400 Rockville Center, NY 11570	320,000	1.14	%	320,000	0	0
Spinner Family Foundation(28) 100 Merrick Rd, Suite 400 Rockville Center, NY 11570	98,771	*		98,771	0	0

## Edgar Filing: Neonode, Inc - Form S-3

Paul Packer(29) 1239 Veeder Dr Hewlett, NY 11557	15,000	*	15,000	0	0
Ajke Invest AB(30) Valhallavagen 133 11531 Stockholm Sweden	206,193	*	206,193	0	0
Carl Molinder(31) Valhallavagen 133 11531 Stockholm Sweden	58,162	*	58,162	0	0
John Nordling(32) Ensittarv 11 112 64 Stockholm Sweden	207,972	*	207,972	0	0
Petrus Holdings(33) 22 Avenue Marie-Therese Luxembourg Luxembourg L-2132	59,160	*	59,160	0	0
Varakani Limited(34) 42 Nestoros Kaimakli 1026 Nicosia Cyprus	130,000	*	130,000	0	0
Portimao Production AS(35) Stortingsgt 10 c/o Rtb As Oslo Norway 00161	59,000	*	59,000	0	0
Magnus Lindahl(36) Kristinavagen 9 Saltsjo-Dunnes Sweden 131 50	49,769	*	49,769	0	0
Iroquois Master Fund(37) 641 Lexington Avenue 26th fl New York NY 10022	50,000	*	50,000	0	0
Observerlink AB(38) Nybrogatan 15 114 59 Stockholm Sweden	87,469	*	87,469	0	0



Edgar Filing: Neonode, Inc - Form S-3

Anders Stjernstrom(39) Sturevagen 16 Lidingo Sweden 18133	24,947	*	24,947	0	0
Johan Eriksson(40) Reduttvagen 53 187 68 Taby Sweden	120,000	*	120,000	0	0
Niklas Kvist(41) Bjornstigen 9 13940 Varmdo Sweden	80,000	*	80,000	0	0
Anders Jansson(42) Alstromergatan 4 Stockholm Sweden 11247	80,000	*	80,000	0	0
Robert Pettersson(43) Folkparksvagen 164 126 39 Hagersten Sweden	83,145	*	83,145	0	0
Lars Sparf(44) Rödarvsgränd 14 Vällingby Sweden 162 45	87,500	*	87,500	0	0
Karolin Johanneson(45) Warrant Holder Ostermalmsgatan 66 Se 114 50 Stockholm Sweden	40,000	*	40,000	0	0
Douglas Young(46) 15074 McVay Ave San Jose, CA 95127	200,000	*	200,000	0	0
Joseph Shain(47) 27 Pinsker St Rehovot , Israel 76308	20,000	*	20,000	0	0
SRK Law Offices(48) Rabin Science Park 7 Oppenheimer St Rehovot, Israel 76701	80,000	*	80,000	0	0

Edgar Filing: Neonode, Inc - Form S-3

Skanebil Invest AB(49) Box 1115 Angelholm Sweden 262 22	55,000	*	55,000	0	0
Edasi AB(50) Friggavagen 4 Djursholm Sweden Se 182 63	35,825	*	35,825	0	0
Thomas Ivarson(51) Erik Dohlbergsollen 9 115 20 Stockholm Sweden	36,118	*	36,118	0	0
Bjorn Bjorka(52) Brunkebergsasen 26A 192 66 Sollen Tuna Sweden	1,500	*	1,500	0	0
Goran Nordenhok(53) Lokevagen 21 Djursholm Sweden 182 61	3,500	*	3,500	0	0
Staffan Knafve(54) Farhagsvagen 5 Akersberga Sweden S-184 63	14,025	*	14,025	0	0
Carl-Fredrik von Axelsson(55) Henrik Palmes Alle 16B 182 69 Djursholm Sweden	5,000	*	5,000	0	0
Peter Knafve(56) Valevagan 25 Djursholm Sweden 182 64	20,726	*	20,726	0	0



## Edgar Filing: Neonode, Inc - Form S-3

Mats Fornstedt(57) Hildingastigen 1 182 62 Djursholm Sweden	6,819	*	6,819	0	0
Magnus Lindahl(58) Kristinavagen 9 Saltsjo-Dunnes Sweden 131 50	10,000	*	10,000	0	0
Pernilla Olsen(59) Storagatan 59 Sigtuna Sweden 193 30	5,000	*	5,000	0	0
Ida Hankansson(60) 35 Coalecroft Road London United Kingdom SW15 6LW	4,000	*	4,000	0	0
Gavekal AB(61) Norrlandsgatan 15 Stockholm 111 43 Sweden	1,000	*	1,000	0	0
Hans Vrethem(62) Auravagen 33 S-18268 Djursholm Sweden	1,000	*	1,000	0	0
Banque Invik SA(63) 2-4 Avenue Marie-Theresa Luxemburg L-2132	30,000	*	30,000	0	0
Globis Capital Partners, LP(64) 60 Broad Street – 38th Floor New York, NY 10004	10,000	*	10,000	0	0
Scot Cohen(65) 641 Lexington Ave 26th Floor New York, NY 10022	10,000	*	10,000	0	0
Provo Peak Ventures LLC(66) 39 West 54th Street New York, NY 10019	7,500	*	7,500	0	0
Valo Group Fund LP(67) 320 South Quince Street Philadelphia, PA 19107	35,000	*	35,000	0	0

Edgar Filing: Neonode, Inc - Form S-3

Ryan A Miller(68) 320 South Quince Street Philadelphia, PA 19107	25,000	*	25,000	0	0
John Licciardello(69) 320 South Quince Street Philadelphia, PA 19107	20,000	*	20,000	0	0
Flintridge Lind C, L.P. (70) 2596 Grassy Springs Place Las Vegas, NV 89135	5,000	*	5,000	0	0
Chad Van Sweden(71) 218 Pearl Street Santa Monica, CA 90405	2,500	*	2,500	0	0
Clive Hollick(73) 13A Portobello Road London, UK W11 3Da	5,000	*	5,000	0	0
Gosta Bergholz(72) Klusstrasse 5 CM-8032 Zurich Switzerland	2,500	*	2,500	0	0
GP Bullhound Sidecar 2011 Limited(74) 47 Esplanade St. Helier Jersey, Channel Islands, JE1 OBD	25,000	*	25,000	0	0
GP Bullhound Sidecar Limited as General Partner of GP Bullhound Sidecar Fund LP(75) 47 Esplanade St. Helier Jersey, Channel Islands, JE1 OBD	25,000	*	25,000	0	0
Pritchards Trustees as Trustees of the Martin Gregory Smith 1990 Trust(76) Martello Court, Admiral Park St. Peter Port Guernsey, GY1 3HB	5,000	*	5,000	0	0

## Edgar Filing: Neonode, Inc - Form S-3

Michael Weiss(77) 25 Briarwood lane Lawrence, NY 11559	10,000	*	10,000	0	0
Marianne Robertson(78) 22631 Pacific Coast Highway #783 Malibu Ca 90265	1,500	*	1,500	0	0
Morris J Smith(79) 195 Wildacre Ave Lawrence, NY 11559	10,000	*	10,000	0	0
Isaac Fruchthandler(80) 973 East 18th Street Brooklyn, NY 11230	2,000	*	2,000	0	0
Jake Arjang(81) c/o FBE Limited 111 Broadway, 20th Fl New York, NY 10006	2,000	*	2,000	0	0
Stefan Kvist(82) Bjornstigen 9 13940 Varmdo Sweden	3,434	*	3,434	0	0
Ravi Ray(83) Tolvmansvägen 15 Huddinge Sweden 141 39	1,572	*	1,572	0	0
Per Roman(84) 52 Jermyn Street London, UK SW1Y 6Lx	2,500	*	2,500	0	0
Kingsbrook Opportunity Master Fund LP Partners(85) 2658 Del Mar Heights Road 55 Del Mar, CA, 19512	15,000	*	15,000	0	0
Ramin Remo Behdasht(86) 58 Carters Road Dural NSW Australia 2158	15,889	*	15,889	0	0
Henrik Persson(87) Sobelgrand 17 Bromma Sweden 167 58	2,000	*	2,000	0	0

Gunnar Frojdh(88) Dalarovagen 236 Dalaro Sweden Se 137 71	1,190	*	1,190	0	0
Capco Trustees Jersey Limited as Trustees of the Swedish International Pension Plan (1004) (89) P.O. Box 48 Sir Walter Raleigh House 48-50 The Esplanade St Helier Jersey JE4 8NX	170,000	*	170,000	0	0
Jorn Karlsson(90) Golfuagen 3 181 29 Lidingo Sweden	1,600	*	1,600	0	0
Michael Elyan(91) 77 St. Georges Crecent Drummoyne NSW 2047 Australia	20,000	*	20,000	0	0
Peter Mitchell(92) 67 Fairview Plaza, Apt. 1 Los Gatos, CA 95030	20,000	*	20,000	0	0
Total	16,130,422		15,423,743		

\* less than one percent

- (1) Unless otherwise noted, this table is based on information supplied to us by officers, directors, principal stockholders, and the selling stockholders, and on certain records of the company. Unless otherwise indicated in the footnotes to this table and subject to community property laws where applicable, we believe that each of the stockholders named in this table has sole voting and investment power with respect to the shares indicated as beneficially owned.
- (2) For purposes of this table, we have assumed that each selling stockholder will offer all of its Secondary Offering Shares for sale. However, we do not know when or in what amounts a selling stockholder may offer Shares for sale. The selling stockholders might not offer for sale any of the Secondary Offering Shares being registered pursuant to the registration statement of which this prospectus is a part.
- (3) For purposes of this table, we have assumed that (i) all of the Shares of Common Stock to be registered on the registration statement of which this prospectus is a part, including all shares of Common Stock underlying the Notes and the Warrants held by the selling stockholders, are sold, and (ii) no other shares of Common Stock are acquired or sold by the selling stockholder prior to the completion of the offering.
- (4) Includes 1,600, 8,800 and 8,924 shares of Common Stock that Messrs. Bystedt, Brunton and Reardon, respectively, have the right to acquire within 60 days after the date of this table under outstanding stock options. These shares are not being registered pursuant to this registration statement
- (5) Includes 2,996,299 shares of common stock and warrants to purchase 227,661 shares of common stock at an exercise price of \$1.38 per share that are held by Iwo Jima SARL. Iwo Jima SARL may be deemed an affiliate of Mr. Bystedt.
- (6) Includes 1,006,184 shares of common stock, warrants to purchase 388,773 shares of common stock at an exercise price of \$1.38 per share, warrants to purchase 7,500 shares of common stock at an exercise price of \$3.13 per share, and \$75,000 of convertible debt that can be converted into 30,000 shares of common stock that are held by Mr. Bystedt.  
  
Includes warrants to purchase 400,000 shares of common stock at an exercise price of
- (7) \$1.38 per share held by Mr. Eriksson, and 2,799,755 shares of Common Stock that are held by Wirelesstoy Sweden AB, an affiliate of Mr. Eriksson.
- (8) Includes 693,429 shares of common stock, warrants to purchase 215,724 shares of common stock at an exercise price of \$1.38 per share, warrants to purchase 93,200 shares of common stock at an exercise price of \$3.13 per share that are held by Davisa Ltd. Davisa Ltd. may be deemed an affiliate of Mr. Dahlin.
- (9) Includes 346,476 shares of common stock, 160,000 warrants to purchase shares of common stock at an exercise price of \$0.50 per share and 160,000 warrants to purchase shares of common stock at an exercise price of \$1.38 per share held by Mr. Brunton.

(10)

Edgar Filing: Neonode, Inc - Form S-3

Includes 3,109 shares of common stock, 200,000 warrants to purchase shares of common stock at an exercise price of \$0.50 per share and 80,000 warrants to purchase shares of common stock at an exercise price of \$1.38 per share held by Mr. Reardon.

- (11) Includes 2,830,361 shares of Common Stock that are held by Athemis Ltd., an affiliate of Mr. Goertz.
- (12) Includes 232 warrants to purchase shares of common stock at an exercise price of \$31.75 per share and 5,000 warrants to purchase shares of common stock at an exercise price of \$3.13 per share.
- (13) Includes 80,000 warrants to purchase shares of common stock at an exercise price of \$0.50 per share.
- (14) Includes 40,000 warrants to purchase shares of common stock at an exercise price of \$1.00 per share and 60,000 warrants to purchase shares of common stock at an exercise price of \$1.38 per share and 10,000 warrants to purchase shares of common stock at an exercise price of \$3.13 per share.
- (15) Includes 13,760 warrants to purchase shares of common stock at an exercise price of \$1.00 per share.

- (16) Includes 2,240 warrants to purchase shares of common stock at an exercise price of \$1.00 per share.
- (17) Includes 25,000 warrants to purchase shares of common stock at an exercise price of \$1.38 per share.
- (18) Includes 50,000 warrants to purchase shares of common stock at an exercise price of \$1.38 per share.
- (19) Includes 40,000 warrants to purchase shares of common stock at an exercise price of \$1.38 per share.
- (20) Includes 1,568 warrants to purchase shares of common stock at an exercise price of \$1.38 per share.
- (21) Includes 50,000 warrants to purchase shares of common stock at an exercise price of \$1.38 per share and 5,000 warrants to purchase shares of common stock at an exercise price of \$3.13 per share.
- (22) Includes 37,627 warrants to purchase shares of common stock at an exercise price of \$1.38 per share.
- (23) Includes 47,034 warrants to purchase shares of common stock at an exercise price of \$1.38 per share.
- (24) Includes 25,000 warrants to purchase shares of common stock at an exercise price of \$1.38 per share and 2,500 warrants to purchase shares of common stock at an exercise price of \$3.13 per share.
- (25) Includes 125,000 warrants to purchase shares of common stock at an exercise price of \$1.38 per share.
- (26) Includes 10,000 warrants to purchase shares of common stock at an exercise price of \$1.38 per share.
- (27) Includes 320,000 warrants to purchase shares of common stock at an exercise price of \$3.90 per share.
- (28) Includes 98,771 warrants to purchase shares of common stock at an exercise price of \$1.38 per share.
- (29) Includes 15,000 warrants to purchase shares of common stock at an exercise price of \$1.38 per share.
- (30) Includes 206,193 warrants to purchase shares of common stock at an exercise price of \$1.38 per share.
- (31) Includes 58,162 warrants to purchase shares of common stock at an exercise price of \$1.38 per share.

- (32) Includes 207,972 warrants to purchase shares of common stock at an exercise price of \$1.38 per share.
- (33) Includes 59,160 warrants to purchase shares of common stock at an exercise price of \$1.38 per share.
- (34) Includes 125,000 warrants to purchase shares of common stock at an exercise price of \$1.38 per share and 5,000 warrants to purchase shares of common stock at an exercise price of \$3.13 per share.
- (35) Includes 59,000 warrants to purchase shares of common stock at an exercise price of \$1.38 per share.
- (36) Includes 49,769 warrants to purchase shares of common stock at an exercise price of \$1.38 per share.
- (37) Includes 50,000 warrants to purchase shares of common stock at an exercise price of \$1.38 per share.
- (38) Includes 72,469 warrants to purchase shares of common stock at an exercise price of \$1.38 per share and 15,000 warrants to purchase shares of common stock at an exercise price of \$3.13 per share.
- (39) Includes 24,947 warrants to purchase shares of common stock at an exercise price of \$1.38 per share.
- (40) Includes 120,000 warrants to purchase shares of common stock at an exercise price of \$1.38 per share.
- (41) Includes 80,000 warrants to purchase shares of common stock at an exercise price of \$1.38 per share.



- (42) Includes 80,000 warrants to purchase shares of common stock at an exercise price of \$1.38 per share.
- (43) Includes 80,000 warrants to purchase shares of common stock at an exercise price of \$1.38 per share and 3,145 warrants to purchase shares of common stock at an exercise price of \$3.13 per share.
- (44) Includes 80,000 warrants to purchase shares of common stock at an exercise price of \$1.38 per share and 7,500 warrants to purchase shares of common stock at an exercise price of \$3.13 per share.
- (45) Includes 40,000 warrants to purchase shares of common stock at an exercise price of \$1.38 per share.
- (46) Includes 200,000 warrants to purchase shares of common stock at an exercise price of \$1.63 per share.
- (47) Includes 20,000 warrants to purchase shares of common stock at an exercise price of \$2.00 per share.
- (48) Includes 80,000 warrants to purchase shares of common stock at an exercise price of \$2.00 per share.
- (49) Includes 55,000 warrants to purchase shares of common stock at an exercise price of \$3.13 per share.
- (50) Includes 35,825 warrants to purchase shares of common stock at an exercise price of \$3.13 per share.
- (51) Includes 36,118 warrants to purchase shares of common stock at an exercise price of \$3.13 per share.
- (52) Includes 1,500 warrants to purchase shares of common stock at an exercise price of \$3.13 per share.
- (53) Includes 3,500 warrants to purchase shares of common stock at an exercise price of \$3.13 per share.
- (54) Includes 14,025 warrants to purchase shares of common stock at an exercise price of \$3.13 per share.
- (55) Includes 5,000 warrants to purchase shares of common stock at an exercise price of \$3.13 per share.
- (56) Includes 20,726 warrants to purchase shares of common stock at an exercise price of \$3.13 per share.
- (57) Includes 6,819 warrants to purchase shares of common stock at an exercise price of \$3.13 per share.

- (58) Includes 10,000 warrants to purchase shares of common stock at an exercise price of \$3.13 per share.
- (59) Includes 5,000 warrants to purchase shares of common stock at an exercise price of \$3.13 per share.
- (60) Includes 4,000 warrants to purchase shares of common stock at an exercise price of \$3.13 per share.
- (61) Includes 1,000 warrants to purchase shares of common stock at an exercise price of \$3.13 per share.
- (62) Includes 1,000 warrants to purchase shares of common stock at an exercise price of \$3.13 per share.
- (63) Includes 30,000 warrants to purchase shares of common stock at an exercise price of \$3.13 per share.
- (64) Includes 10,000 warrants to purchase shares of common stock at an exercise price of \$3.13 per share.
- (65) Includes 10,000 warrants to purchase shares of common stock at an exercise price of \$3.13 per share.
- (66) Includes 7,500 warrants to purchase shares of common stock at an exercise price of \$3.13 per share.
- (67) Includes 35,000 warrants to purchase shares of common stock at an exercise price of \$3.13 per share.
- (68) Includes 25,000 warrants to purchase shares of common stock at an exercise price of \$3.13 per share.

- (69) Includes 20,000 warrants to purchase shares of common stock at an exercise price of \$3.13 per share.
- (70) Includes 5,000 warrants to purchase shares of common stock at an exercise price of \$3.13 per share.
- (71) Includes 2,500 warrants to purchase shares of common stock at an exercise price of \$3.13 per share.
- (72) Includes 2,500 warrants to purchase shares of common stock at an exercise price of \$3.13 per share.
- (73) Includes 5,000 warrants to purchase shares of common stock at an exercise price of \$3.13 per share.
- (74) Includes 25,000 warrants to purchase shares of common stock at an exercise price of \$3.13 per share.
- (75) Includes 25,000 warrants to purchase shares of common stock at an exercise price of \$3.13 per share.
- (76) Includes 5,000 warrants to purchase shares of common stock at an exercise price of \$3.13 per share.
- (77) Includes 10,000 warrants to purchase shares of common stock at an exercise price of \$3.13 per share.
- (78) Includes 1,500 warrants to purchase shares of common stock at an exercise price of \$3.13 per share.
- (79) Includes 10,000 warrants to purchase shares of common stock at an exercise price of \$3.13 per share.
- (80) Includes 2,000 warrants to purchase shares of common stock at an exercise price of \$3.13 per share.
- (81) Includes 2,000 warrants to purchase shares of common stock at an exercise price of \$3.13 per share.
- (82) Includes 3,434 warrants to purchase shares of common stock at an exercise price of \$3.13 per share.
- (83) Includes 1,572 warrants to purchase shares of common stock at an exercise price of \$3.13 per share.
- (84) Includes 2,500 warrants to purchase shares of common stock at an exercise price of \$3.13 per share.
- (85)

Edgar Filing: Neonode, Inc - Form S-3

Includes 15,000 warrants to purchase shares of common stock at an exercise price of \$3.13 per share.

(86) Includes 15,889 warrants to purchase shares of common stock at an exercise price of \$3.13 per share.

(87) Includes 2,000 warrants to purchase shares of common stock at an exercise price of \$3.13 per share.

(88) Includes 1,190 warrants to purchase shares of common stock at an exercise price of \$3.13 per share.

(89) Includes 150,000 warrants to purchase shares of common stock at an exercise price of \$1.38 per share and 20,000 warrants to purchase shares of common stock at an exercise price of \$3.13 per share.

(90) Includes 1,600 warrants to purchase shares of common stock at an exercise price of \$3.13 per share.

(91) Includes 20,000 warrants to purchase shares of common stock at an exercise price of \$4.05 per share.

(92) Includes 20,000 warrants to purchase shares of common stock at an exercise price of \$3.90 per share.

Selling stockholders who are affiliates of registered broker-dealers may be deemed to be “underwriters” within the meaning of the Securities Act if such selling stockholders (a) did not acquire its Common Stock in the ordinary course of business or (b) had any agreement or understanding, directly or indirectly, with any person to distribute the Common Stock.

### Material Relationships with Selling Stockholders

Except as described below, no selling stockholder has had any material transaction or relationship with us or any of our predecessors or affiliates within the past three years.

Per Bystedt - Mr. Bystedt has served as Executive Chairman of the Company since January 28, 2011 and as the Chairman of the Board of Directors of the Company since May 2008. From May 2008 through January 2011, he served as Chief Executive Officer of the Company, and he served as the interim Chief Executive Officer of the Company from October 2005 through July 2006. Mr. Bystedt is the beneficial owner of Iwo Jima SARL, which company is one of the three Neonode Technologies AB Stockholders which participated in the share exchange transaction with the Company in December 2008.

Thomas Eriksson - Mr. Eriksson has served as the Chief Executive Officer of the Company since January 28, 2011, as a Director of the Company since December 2009, and as the Chief Executive Officer of Neonode Technologies AB, a wholly-owned subsidiary of the Company, since January 1, 2009. From February 2006 through December 31, 2008, Mr. Eriksson served as the Chief Technical Officer of the Company. Mr. Eriksson was one of the founders of Neonode Inc. in 2001. Mr. Eriksson is the beneficial owner of Wirelesstoy Sweden AB, which company is one of the three Neonode Technologies AB Stockholders which participated in the share exchange transaction with the Company in December 2008.

Magnus Goertz - Mr. Goertz is one of our founders, and through his company, Rector AB, he has entered into a consulting agreement with us to perform duties as a lead engineer. Mr. Goertz is the beneficial holder of approximately 2.8 million shares of our common stock, or approximately 10.13% of our outstanding shares of common stock as of September 30, 2011 on a fully diluted basis, and is the beneficial owner of Athemis Ltd., which company is one of the three Neonode Technologies AB Stockholders which participated in the share exchange transaction with the Company in December 2008.

David W. Brunton – Mr. Brunton serves as the Company's Vice President, Finance, Chief Financial Officer, Treasurer and Secretary.

John Reardon – Mr. Reardon has served as a director of SBE, Inc., the predecessor of Neonode Inc., since February 2004, and of the Company since February 2007. Mr. Reardon is the chairman of the Audit Committee, the Compensation Committee, and the Nominating and Governance Committee of the Company.

Mats Dahlin – Mr. Dahlin is a member of the Board of Directors of our wholly owned subsidiary, Neonode Technologies AB, is the beneficial owner of Davisa Ltd., a company that provided the Company with consulting services in connection with the Company's prior Private Placements.

SRK Law Offices – SRK Law Offices serves as legal counsel for the Company.

GP Bullhound – GP Bullhound Sidecar 2011 Limited, GP Bullhound Sidecar limited, and Per Roman are all affiliates of GP Bullhound LLC, a company that provides the Company with investment banking services.

Neonode Employees – The following selling stockholders are employees and/or consultants of Neonode and/or Neonode Technologies AB:

Per Bystedt  
Thomas Eriksson  
David W. Brunton

Johan Eriksson  
Niklas Kvist  
Anders Jansson  
Robert Pettersson  
Lars Sparf  
Karolin Johannesson  
Douglas Young  
Gunnar Frojdh  
Joseph Shain  
Ramin Remo Behdasht  
Michael Elyan  
Peter Mitchell

## PLAN OF DISTRIBUTION

### Primary Offering Shares

We may sell the Primary Offering Shares from time to time pursuant to underwritten public offerings, negotiated transactions, block trades, or a combination of these methods. We may sell the Primary Offering Shares separately or together:

- through one or more underwriters or dealers in a public offering and sale by them;
- through agents; and/or
- directly to one or more purchasers.

We may distribute the Primary Offering Shares from time to time in one or more transactions:

- at a fixed price or prices, which may be changed;
- at market prices prevailing at the time of sale;
- at prices related to such prevailing market prices; or
- at negotiated prices.

We may directly solicit offers to purchase the Primary Offering Shares being offered by this prospectus. We may also designate agents to solicit offers to purchase the Primary Offering Shares from time to time. We may sell the Primary Offering Shares being offered by this prospectus by any method permitted by law, including sales deemed to be an “at the market” offering as defined in Rule 415(a)(4) of the Securities Act of 1933, as amended, or the Securities Act, including without limitation sales made directly on the OTCBB, on any other existing trading market for our securities, or to or through a market maker. We will name in a prospectus supplement any agent involved in the offer or sale of our securities.

If we utilize a dealer in the sale of the securities being offered by this prospectus, we will sell the securities to the dealer, as principal. The dealer may then resell the securities to the public at varying prices to be determined by the dealer at the time of resale.

If we utilize an underwriter in the sale of the securities being offered by this prospectus, we will execute an underwriting agreement with the underwriter at the time of sale and we will provide the name of any underwriter in the prospectus supplement that the underwriter will use to make resales of the securities to the public. In connection with the sale of the securities, we or the purchasers of securities for whom the underwriter may act as agent, may compensate the underwriter in the form of underwriting discounts or commissions. The underwriter may sell the securities to or through dealers, and the underwriter may compensate those dealers in the form of discounts, concessions or commissions.

We will provide in the applicable prospectus supplement any compensation we will pay to underwriters, dealers or agents in connection with the offering of the securities, and any discounts, concessions or commissions allowed by underwriters to participating dealers. In compliance with guidelines of the Financial Industry Regulatory Authority, or

FINRA, the maximum consideration or discount to be received by any FINRA member or independent broker dealer may not exceed 8% of the aggregate amount of the securities offered pursuant to this prospectus and any applicable prospectus supplement. Underwriters, dealers and agents participating in the distribution of the securities may be deemed to be underwriters within the meaning of the Securities Act, and any discounts and commissions received by them and any profit realized by them on resale of the securities may be deemed to be underwriting discounts and commissions. We may enter into agreements to indemnify underwriters, dealers and agents against civil liabilities, including liabilities under the Securities Act, or to contribute to payments they may be required to make in respect thereof. In the event that an offering made pursuant to this prospectus is subject to FINRA Rule 5121, the prospectus supplement will comply with the prominent disclosure provisions of that rule.



The securities may or may not be listed on a national securities exchange. To facilitate the offering of securities, certain persons participating in the offering may engage in transactions that stabilize, maintain or otherwise affect the price of the securities. This may include over-allotments or short sales of the securities, which involves the sale by persons participating in the offering of more securities than we sold to them. In these circumstances, these persons would cover such over-allotments or short positions by making purchases in the open market or by exercising their over-allotment option. In addition, these persons may stabilize or maintain the price of the securities by bidding for or purchasing securities in the open market or by imposing penalty bids, whereby selling concessions allowed to dealers participating in the offering may be reclaimed if securities sold by them are repurchased in connection with stabilization transactions. The effect of these transactions may be to stabilize or maintain the market price of the securities at a level above that which might otherwise prevail in the open market. These transactions may be discontinued at any time.

We may authorize underwriters, dealers or agents to solicit offers by certain purchasers to purchase the securities from us at the public offering price set forth in the prospectus supplement pursuant to delayed delivery contracts providing for payment and delivery on a specified date in the future. The contracts will be subject only to those conditions set forth in the prospectus supplement, and the prospectus supplement will set forth any commissions we pay for solicitation of these contracts.

We may enter into derivative transactions with third parties, or sell securities not covered by this prospectus to third parties in privately negotiated transactions. If the applicable prospectus supplement so indicates, in connection with any derivative transaction, the third parties may sell securities covered by this prospectus and the applicable prospectus supplement, including in short sale transactions. If so, the third party may use securities pledged by us or borrowed from us or others to settle those sales or to close out any related open borrowings of stock, and may use securities received from us in settlement of those derivatives to close out any related open borrowings of stock. The third party in such sale transactions will be an underwriter and, if not identified in this prospectus, will be identified in the applicable prospectus supplement or a post-effective amendment to the registration statement of which this prospectus is a part. In addition, we may otherwise loan or pledge securities to a financial institution or other third party that in turn may sell the securities short using this prospectus. Such financial institution or other third party may transfer its economic short position to investors in our securities or in connection with a concurrent offering of other securities.

The underwriters, dealers and agents may engage in transactions with us, or perform services for us, in the ordinary course of business.

### Secondary Offering Shares

We are registering 15,423,743 Secondary Offering Shares. As used in this prospectus, the term “selling stockholders” includes pledgees, transferees or other successors-in-interest selling shares received from the selling stockholders as pledgors, assignees, borrowers or in connection with other non-sale-related transfers after the date of this prospectus. This prospectus may also be used by transferees of the selling stockholders, including broker-dealers or other transferees who borrow or purchase the shares to settle or close out short sales of shares of common stock. Selling stockholders will act independently of us in making decisions with respect to the timing, manner and size of each sale or non-sale related transfer. We will not receive any of the proceeds from sales of the Secondary Offering Shares by the selling stockholders, although we may receive proceeds from the exercise of Warrants for shares of our Common Stock. See “Use of Proceeds.”

We expect that the selling stockholders will sell their shares primarily through sales on the OTC Bulletin Board or any other stock exchange, market or trading facility on which our shares are traded or in private transactions. Sales of our common stock may be made at fixed prices, at prevailing market prices at the time of sale, at varying prices

Edgar Filing: Neonode, Inc - Form S-3

determined at the time of sale, or at negotiated prices and may be effected by means of one or more of the following transactions, which may involve cross or block transactions:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;

- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- settlement of short sales entered into after the effective date of the registration statement of which this prospectus is a part;
- broker-dealers may agree with the selling stockholders to sell a specified number of such shares at a stipulated price per share;
- through the writing or settlement of options or other hedging transactions, whether through an options exchange or otherwise;
- a combination of any such methods of sale; or
- any other method permitted pursuant to applicable law.

The selling stockholders also may resell all or a portion of the Secondary Offering Shares in open market transactions in reliance upon Rule 144 under the Securities Act, as permitted by that rule, or Section 4(1) under the Securities Act, if available, rather than under this prospectus, provided that they meet the criteria and conform to the requirements of those provisions.

The selling stockholders will have the sole discretion not to accept any purchase offer or make any sale of their Secondary Offering Shares if they deem the purchase price to be unsatisfactory at a particular time. To the extent required, this prospectus may be amended and supplemented from time to time to describe a specific plan of distribution, including the names of any broker-dealers, underwriters, or agents.

Broker-dealers engaged by the selling stockholders may arrange for other broker-dealers to participate in sales. Broker-dealers may receive commissions or discounts from the selling stockholders or, if any broker-dealer acts as agent for the purchase of Shares, from the purchaser, in amounts to be negotiated. Selling stockholders do not expect these commissions and discounts to exceed what is customary in the types of transactions involved.

In connection with sales of Secondary Offering Shares, or interests therein, selling stockholders may enter into hedging transactions with broker-dealers or other financial institutions, which may in turn engage in short sales of the common stock in the course of hedging the positions they assume. Selling stockholders may also engage in short sales, puts and calls or other transactions in our securities or derivatives of our securities and may sell and deliver shares in connection with these transactions.

Selling stockholders and any underwriters, broker-dealers or agents involved in an arrangement to sell any of the offered shares may, under certain circumstances, be deemed to be “underwriters” with respect to securities they sell within the meaning of the Securities Act. Any profit on such sales and any discount, commission, concession or other compensation received by any such underwriter, broker-dealer or agent, may be deemed an underwriting discount and commission under the Exchange Act. No selling stockholder has informed us that they have an agreement or understanding, directly or indirectly, with any person to distribute the common stock. If a selling stockholder should notify us that they have a material arrangement with a broker-dealer for the resale of their shares, we may be required to amend the registration statement of which this prospectus forms a part, and file a prospectus supplement to describe the agreement between the selling stockholder and broker-dealer, underwriter or agent, provide required information regarding the plan of distribution, and otherwise revise the disclosure in this prospectus as needed. If required, we

would also file the agreement between the selling stockholder and the broker-dealer as an exhibit to the post-effective amendment to the registration statement, of which this prospectus forms a part.

We have agreed to pay all fees and expenses incurred by us incident to the registration of the Shares, including SEC filing fees. Each selling stockholder will be responsible for all costs and expenses in connection with the sale of their shares of Common Stock, including brokerage commissions or dealer discounts.

There can be no assurance that the selling stockholders will sell any or all of the Secondary Offering Shares pursuant to the registration statement of which this prospectus forms a part.

Selling stockholders will be subject to applicable provisions of the Exchange Act and the rules and regulations thereunder, which provisions may limit the timing of purchases and sales of common stock by them. The foregoing may affect the marketability of such securities. To comply with the securities laws of certain jurisdictions, if applicable, the common stock will be offered or sold in such jurisdictions only through registered or licensed brokers or dealers.

Selling stockholders and other persons participating in the sale or distribution of the shares of Common Stock offered hereby will be subject to applicable provisions of the Exchange Act and rules and regulations promulgated thereunder, including, without limitation, to the extent applicable, Regulation M. With certain exceptions, Regulation M restricts certain activities of, and limits the timing of purchases and sales of, any of the shares by selling stockholders, affiliated purchasers, and any broker-dealer or other person who participates in the sale or distribution. Under Regulation M, these persons are precluded from bidding for or purchasing, or attempting to induce any person to bid for or purchase, any security subject to the distribution until the distribution is complete. Regulation M also prohibits any bids or purchases made in order to stabilize the price of a security in connection with the distribution of that security. All of these limitations may affect the marketability of the shares offered by this prospectus.

To our knowledge, no selling stockholder is a broker-dealer or an affiliate of a broker-dealer.

## DESCRIPTION OF SECURITIES TO BE REGISTERED

The following is a description of certain provisions relating to our capital stock. For additional information regarding our stock, please refer to our Amended and Restated Certificate of Incorporation and Bylaws which have previously been filed with the SEC.

### General

Our authorized capital stock consists of 850,000,000 shares of which there are 848,000,000 shares of common stock, par value \$0.001 per share, and 2,000,000 shares of preferred stock, par value \$0.001 per share.

### Common Stock

As of October 25, 2011, there were 27,934,179 shares of Common Stock outstanding. We are registering pursuant to this registration statement 19,423,743 shares of our Common Stock, in the aggregate, which includes 4,000,000 Primary Offering Shares, and 15,423,743 Secondary Offering Shares, which are comprised of 9,988,137 shares of our outstanding Common Stock, 30,000 shares of Common Stock which are issuable upon the conversion of the Notes and 5,405,606 shares of Common Stock which are issuable upon the exercise of the Warrants. The rights of all holders of our Common Stock are identical in all respects. The holders of our Common Stock are entitled to receive ratably such dividends, if any, as may be declared by the Board of Directors out of legally available funds. The current policy of the Board of Directors, however, is to retain earnings, if any, for reinvestment.

Upon liquidation, dissolution or winding up of the Company, the holders of our Common Stock are entitled to share ratably in all aspects of the Company that are legally available for distribution, after payment of or provision for all debts and liabilities.

The holders of our Common Stock do not have preemptive subscription, redemption, or conversion rights under our Amended and Restated Certificate of Incorporation. Cumulative voting in the election of Directors is not permitted. The outstanding shares of our Common Stock are validly issued, fully paid and non-assessable. The rights, preferences and privileges of holders of Common Stock will be subject to, and may be adversely affected by, the rights of holders of shares of any series of preferred stock that are presently outstanding or that may be designated and issued by us in the future.

### Preferred Stock

As of October 25, 2011, there were 83 shares of Series A Preferred Stock and 114 shares of Series B Preferred Stock outstanding. We are not registering any shares of our preferred stock.

The terms of the Series A and Series B Preferred Stock are as follows:

#### Dividends and Distributions.

##### Series A Preferred Stock:

The holders of shares of Series A Preferred Stock are entitled to participate with the holders of our common stock with respect to any dividends declared on the common stock in proportion to the number of shares of common stock issuable upon conversion of the shares of Series A Preferred Stock held by them.

##### Series B Preferred Stock:

The holders of shares of Series B Preferred Stock are entitled to participate with the holders of our common stock with respect to any dividends declared on the common stock in proportion to the number of shares of common stock issuable upon conversion of the shares of Series B Preferred Stock held by them.

#### Liquidation Preference

##### Series A Preferred Stock:

In the event of any liquidation, dissolution, or winding up of our operations, either voluntary or involuntary, subject to the rights of any other series of Preferred Stock to be established by the Board of Directors (the “Senior Preferred Stock”), the holders of Series A Preferred Stock shall be entitled to receive, after any distribution to the holders of Senior Preferred Stock and prior to and in preference to any distribution to the holders of common stock, \$0.001 for each share of Series A Preferred Stock then outstanding.

##### Series B Preferred Stock:

In the event of any liquidation, dissolution, or winding up of our operations, either voluntary or involuntary, subject to the rights of the Series A Preferred Stock and any other series of Preferred Stock to be established by the Board of Directors (collectively, the “Senior Preferred Stock”), the holders of Series B Preferred Stock shall be entitled to receive, after any distribution to the holders of Senior Preferred Stock and prior to and in preference to any distribution to the holders of common stock, \$0.001 for each share of Series B Preferred Stock then outstanding.

#### Voting.

The holders of shares of Series A Preferred Stock and Series B Preferred shall have one vote for each share of Series A Preferred Stock and Series B Preferred Stock held by them.

#### Conversion.

Initially, each share of Preferred A Stock and each share of Preferred B Stock was convertible into one share of our common stock. Any modification to the conversion rate requires shareholder approval. On March 31, 2009, our shareholders approved a resolution to increase the conversion ratio to 480.63 shares of common stock for each share of Series A Preferred Stock and to 132.07 shares of our common stock for each shares of Series B Preferred Stock.

#### Anti-Takeover Effects of Provisions of our Certificate of Incorporation, our Bylaws, and Delaware Law

Some provisions of our certificate of incorporation, our bylaws and Delaware Law contain provisions that could make the following transactions more difficult: acquisition of us by means of a tender offer; acquisition of us by means of a proxy contest or otherwise; or removal of our incumbent officers and directors. It is possible that these provisions could make it more difficult to accomplish or could deter transactions that stockholders may otherwise consider to be in their best interest or in our best interests, including transactions that might result in a premium over the market price of our shares.

These provisions, summarized below, are expected to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our board of directors. We believe that the benefits of increased protection of our potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us outweigh the disadvantages of discouraging these proposals because negotiation of these proposals could result in an improvement of their terms.

#### Undesignated Preferred Stock

The ability to authorize undesignated preferred stock makes it possible for our board of directors to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to change control of us. These and other provisions may have the effect of deferring hostile takeovers or delaying changes in control or management of our company.

#### Requirements for Advance Notification of Stockholder Nominations and Proposals

Our bylaws establish advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of the board of directors or a committee of the board of directors.

#### Elimination of Stockholder Action by Written Consent

Our certificate of incorporation eliminates the right of stockholders to act by written consent without a meeting.

#### Delaware Anti-Takeover Statute

We are subject to Section 203 of the Delaware General Corporation Law which prohibits persons deemed “interested stockholders” from engaging in a “business combination” with a Delaware corporation for three years following the date these persons become interested stockholders. Generally, an “interested stockholder” is a person who, together with affiliates and associates, owns, or within three years prior to the determination of interested stockholder status did own, 15% or more of a corporation’s voting stock. Generally, a “business combination” includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. The existence of this provision may have an anti-takeover effect with respect to transactions not approved in advance by the Board of Directors.

#### Transfer Agent

The transfer agent for our Common Stock is American Stock Transfer and Trust Company.

### LEGAL MATTERS

The validity of our Common Stock offered hereby, including our Common Stock offered hereby that is issuable upon conversion of the Notes and exercise of the Warrants, will be passed upon for us by SRK Law Offices. SRK Law Offices is the holder of a warrant to purchase 80,000 shares of our common stock, which are being registered pursuant to this registration statement.

### EXPERTS

The consolidated financial statements incorporated in this prospectus by reference from our Annual Report on Form 10-K for the year ended December 31, 2010 have been audited by KMJ Corbin & Company LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference, and has been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

### MATERIAL CHANGES

There have been no material changes in our affairs which have occurred since the end of the latest fiscal year for which certified consolidated financial statements were included in our latest Annual Report on Form 10-K and which have not been described in a report on Form 10-Q or Form 8-K filed under the Exchange Act.

### DISCLOSURE OF SEC POSITION ON INDEMNIFICATION FOR SECURITIES ACT LIABILITIES

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.



## WHERE YOU CAN FIND MORE INFORMATION

We electronically file annual, quarterly and special reports, proxy and information statements and other information with the SEC. The public may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The address of that site is <http://www.sec.gov>. Our website address is [www.neonode.com](http://www.neonode.com). Information contained in, or accessible through, our website is not a part of this prospectus.

## INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to "incorporate by reference" the information we file with them, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus, and information that we file later with the SEC will automatically update and supersede this information. We incorporate by reference the documents listed below and any filings that we will make with the SEC (other than current reports furnished under Item 2.02 or Item 7.01 of Form 8-K and exhibits filed on such form that are related to such items) under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the initial filing date of the registration statement of which this prospectus forms a part and prior to the termination of this offering:

- Our Annual Report on Form 10-K for the year ended December 31, 2010 filed with the SEC on March 31, 2011;
- Our Quarterly Report on Form 10-Q for the quarter ended March 31, 2011 filed with the SEC on May 16, 2011;
- Our Quarterly Report on Form 10-Q for the quarter ended June 30, 2011 filed with the SEC on August 5, 2011;
- Our Quarterly Report on Form 10-Q for the quarter ended September 30, 2011 filed with the SEC on October 31, 2011;
- Our Current Reports on Form 8-K filed with the SEC on March 28, 2011 and January 28, 2011;
- Our definitive information statement on Schedule 14C, filed with the SEC on October 5, 2011; and
- The description of our common stock included in our registration statement on Form 8-A.

In addition, any future filings made with the SEC pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act, prior to the termination of the offering, shall be deemed to be incorporated by reference herein.

We will furnish without charge to you, upon written or oral request, a copy of any or all of the documents incorporated by reference, including exhibits to these documents. You should direct any requests for documents to:

Corporate Secretary

Edgar Filing: Neonode, Inc - Form S-3

Neonode Inc.  
651 Byrdee Way  
Lafayette, CA. 94549  
(925) 768-0620

You should rely only on the information contained or incorporated by reference in this prospectus. We have not authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. The selling stockholders will not make an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus, as well as information we previously filed with the SEC and incorporated by reference in this prospectus, is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

## PART II

## INFORMATION NOT REQUIRED IN THE PROSPECTUS

## Item 14. Other Expenses of Issuance and Distribution

The following table sets forth the costs and expenses, other than underwriting discounts and commissions, if any, payable by us relating to the sale of common stock being registered. All amounts shown are estimates except for the SEC registration fee.

SEC registration fee	\$ 12,572.16
Legal fees and expenses	\$ 25,000.00
Accounting fees and expenses	\$ 3,500.00
Miscellaneous fees and expenses	\$ 6,000.00
Total	\$ 47,072.16

## Item 15. Indemnification of Directors and Officers

The registrant is incorporated under the laws of the State of Delaware. Section 145 of the Delaware General Corporation Law (“DGCL”) provides that a Delaware corporation may indemnify any persons who are, or are threatened to be made, parties to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of such corporation), by reason of the fact that such person was an officer, director, employee or agent of such corporation, or is or was serving at the request of such person as an officer, director, employee or agent of another corporation or enterprise. The indemnity may include expenses (including attorneys’ fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, provided that such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the corporation’s best interests and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his or her conduct was illegal. A Delaware corporation may indemnify any persons who are, or are threatened to be made, a party to any threatened, pending or completed action or suit by or in the right of the corporation by reason of the fact that such person was a director, officer, employee or agent of such corporation, or is or was serving at the request of such corporation as a director, officer, employee or agent of another corporation or enterprise. The indemnity may include expenses (including attorneys’ fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit provided such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the corporation’s best interests except that no indemnification is permitted without judicial approval if the officer or director is adjudged to be liable to the corporation. Where an officer or director is successful on the merits or otherwise in the defense of any action referred to above, the corporation must indemnify him or her against the expenses which such officer or director has actually and reasonably incurred. The registrant’s certificate of incorporation and bylaws provide for the indemnification of directors and officers of the Registrant to the fullest extent permitted under the DGCL.

Section 102(b)(7) of the DGCL permits a corporation to provide in its certificate of incorporation that a director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duties as a director, except for liability:

- for any transaction from which the director derives an improper personal benefit;
- for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;
- for improper payment of dividends or redemptions of shares; or
- for any breach of a director's duty of loyalty to the corporation or its stockholders.

As permitted by Section 145 of the DGCL, our Bylaws provide that (i) we are required to indemnify our directors and executive officers to the fullest extent permitted by the DGCL, (ii) we may, in our discretion, indemnify other officers, employees and agents as set forth in the DGCL, (iii) to the fullest extent permitted by the DGCL, we are required to advance all expenses incurred by our directors and executive officers in connection with a legal proceeding (subject to certain exceptions), (iv) the rights conferred in our Bylaws are not exclusive, (v) we are authorized to enter into indemnification agreements with our directors, officers, employees and agents and (vi) we may not retroactively amend the Bylaws provisions relating to indemnity.

We have entered into agreements with our directors and officers that require us to indemnify such persons against expenses, judgments, fines, settlements and other amounts that such person becomes legally obligated to pay (including expenses of a derivative action) in connection with any proceeding, whether actual or threatened, to which any such person may be made a party by reason of the fact that such person is or was our director or officer or any of our affiliated enterprises. Our obligation to indemnify our officers and directors is subject to certain limitations set forth in the indemnification agreements. The indemnification agreements also set forth certain procedures that will apply in the event of a claim for indemnification thereunder.

At present, there is no pending litigation or proceeding involving any of the registrant's directors, officers or key employees as to which indemnification is being sought nor is the registrant aware of any threatened litigation that may result in claims for indemnification by any of its officers or directors.

The registrant has an insurance policy covering its officers and directors with respect to certain liabilities, including liabilities arising under the Securities Act or otherwise.

The above discussion of the DGCL and our Certificate of Incorporation and Bylaws is not intended to be exhaustive and is qualified in its entirety by such statutes, Certificate of Incorporation and Bylaws.

#### Item 16. Exhibits

The attached Exhibit Index is incorporated herein by reference.

#### Item 17. Undertakings

(a) The undersigned Registrant hereby undertakes:

- (1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:
  - (i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933, as amended (the "Securities Act");

- (ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Securities and Exchange Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and
- (iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

Provided, however, that paragraphs (a)(1)(i), (ii) and (iii) above do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Securities and Exchange Commission by the Registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in this registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement.

- (2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
- (3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.
- (4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser:
  - (i) Each prospectus filed by the Registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and
  - (ii) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii), or (x) for the purpose of providing the information required by section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is a part of the registration statement will, as to a purchaser with a time of contract sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was a part of the registration statement or made in any such document immediately prior to such effective date.

(5) That, for the purpose of determining liability of the Registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities: the undersigned Registrant undertakes that in a primary offering of securities of the undersigned Registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned Registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned Registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned Registrant or used or referred to by the undersigned Registrants;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned Registrant or its securities provided by or on behalf of the undersigned Registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned Registrant to the purchaser.

(b) The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934, as amended) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Lafayette, State of California, on the 3rd day of November 2011.

NEONODE INC.

By: /s/ David W. Brunton  
 David W. Brunton  
 Chief Financial Officer, Vice President,  
 Finance  
 and Secretary

POWER OF ATTORNEY

KNOW ALL BY THESE PRESENT, that each person whose signature appears below constitutes and appoints Thomas Eriksson and David W. Brunton, and each of them, as his true and lawful attorney-in-fact and agent, each with the full power of substitution and resubstitution, for him and in his name, place or stead, in any and all capacities, to sign any and all amendments to this Registration Statement (including any and all post-effective amendments), and to sign any registration statement for the same offering covered by this Registration Statement that is to be effective upon filing pursuant to Rule 462 (b) promulgated under the Securities Act, and all post-effective amendments thereto, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their or his or substitutes, may lawfully do or cause to be done by virtue hereof. This Power of Attorney may be signed in several counterparts.

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title(s)	Date
/s/ Thomas Eriksson	Chief Executive Officer and Director	November 3, 2011
Thomas Eriksson	(Principal Executive Officer)	
/s/ David W. Brunton	Chief Financial Officer, Vice President, Finance	November 3, 2011
David W. Brunton	and Secretary (Principal Financial and Accounting Officer)	
/s/ Per Bystedt	Chairman of the Board and Director	



Edgar Filing: Neonode, Inc - Form S-3

November 3,  
2011

Per Bystedt

/s/ John Reardon

Director

November 3,  
2011

John Reardon

35

---

EXHIBIT INDEX

Number	Exhibit
4.1	Certificate of Designations, Preferences and Rights of the Series A and Series B Preferred Stock dated 29 December 2008 (incorporated by reference as Exhibit 4.1 of our Current Report on Form 8-K filed on December 31, 2008 )
4.2	Certificate of Increase of Designation of Series B Preferred Stock dated 2 January 2009 (incorporated by reference as Exhibit 4.2 of our Quarterly Report on Form 10-Q filed on October 31, 2011 )
4.3	Certificate of Increase of Designation of Series B Preferred Stock dated 28 January 2009 (incorporated by reference as Exhibit 4.3 of our Quarterly Report on Form 10-Q filed on October 31, 2011)
5.1	Opinion of SRK Law Offices
23.1	Consent of Independent Registered Public Accounting Firm
23.2	Consent of SRK Law Offices (included in the opinion filed as Exhibit 5.1)
24.1	Power of Attorney (included on signature page herein)