

Viggle Inc.
Form S-1
January 10, 2014

As filed with the U.S. Securities and Exchange Commission on January 9, 2014

Registration No. 333-[_____]

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

FORM S-1

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

VIGGLE INC.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	7370 (Primary Standard Industrial Classification Code Number)	33-0637631 (I.R.S. Employer Identification Number)
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902 Broadway, 11th Floor
New York, New York 10010
Tel.: (212) 231-0092
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Robert F.X. Sillerman
Chairman and Chief Executive Officer
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902 Broadway, 11th Floor
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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

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, 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, 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 post-effective amendment filed pursuant to Rule 462(d) 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.

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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

(Do not check if a 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	Proposed maximum aggregate offering price ⁽¹⁾	Amount of registration fee
Common Stock, par value \$\$.001 per share ("Common Stock") (2)	-	-	\$57,500,000	\$7,406

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act.

(2) Includes shares of Common Stock that may be issued upon the exercise of a 45-day option granted to the underwriters to cover over-allotments, if any.

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 hereafter 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 said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We 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 are not soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to completion, dated January 9, 2014

PRELIMINARY PROSPECTUS

VIGGLE INC.

[] Shares of Common Stock

We are offering [] shares of our common stock.

We will effect a reverse stock split on a 1-for-80 basis prior to the date of this prospectus. We also will effect a recapitalization of our outstanding preferred stock, converting all preferred stock into shares of common stock. Unless indicated otherwise and excluding our historical financial statements included in this prospectus, all information in this prospectus has been prepared on a pro forma basis to give effect to the reverse stock split and recapitalization.

Our common stock is currently quoted on the OTCQB marketplace and trades under the symbol "VGGL." The last reported sale price of our common stock on the OTCQB marketplace on January 6, 2014 was \$0.50 per share, or \$40.00 per share after giving effect to the reverse stock split. We will apply to list our common stock on the Nasdaq Capital Market and expect such listing to occur concurrently with the closing of this offering.

As part of this offering, Sillerman Investment Company II LLC, an entity affiliated with Robert F.X. Sillerman, our Executive Chairman, Chief Executive Officer, Director and principal stockholder, has indicated an interest in purchasing up to __ percent (__%) of the shares in this offering, at the public offering price. As of January 7, 2014, Mr. Sillerman, together with the other directors, executive officers and affiliates, beneficially own 7,487,244 of the outstanding shares of our common stock, representing approximately 80.2% of the voting power of the outstanding shares of our common stock, after giving effect to the reverse stock split and recapitalization.

Investing in our common stock involves a high degree of risk and substantial dilution. See the section entitled "Risk Factors" beginning on page 9 to read about factors you should consider before buying shares of our common stock. Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Public Offering Price	Underwriting discount and commissions (1)	Proceeds, before expenses, to us
Per share of common stock	\$	\$	\$
Total	\$	\$	\$

(1) See "Underwriting" for a description of compensation payable to the underwriters and for factors to be considered in determining the public offering price of our shares.

We have granted the underwriters a 45-day option to purchase up to [] additional shares of our common stock solely to cover over-allotments, if any.

The underwriters expect to deliver our common stock to purchasers in the offering on or about [], 2014.

Ladenburg Thalmann & Co. Inc.

The date of this prospectus is [], 2014

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You should rely only on the information contained in this prospectus in deciding whether or not to purchase our shares. We have not authorized anyone to provide you with information different from that contained in this prospectus.

PROSPECTUS SUMMARY

The following summary highlights some of the information contained in this prospectus, and it may not contain all of the information that is important to you in making an investment decision. You should read the following summary together with the more detailed information regarding our company and the common stock being sold by us in this offering, including the “Risk Factors” and our financial statements and related notes, included elsewhere in this prospectus. Unless the context otherwise requires, the terms “Viggle Inc.,” the “Company,” “we,” “us,” “our,” “our company” similar terms used in this prospectus refer to Viggle Inc. and its subsidiaries. Unless indicated otherwise and excluding historical financial statements included in this prospectus, all information in this prospectus has been prepared on a pro forma basis to give effect to the reverse stock split and the recapitalization.

Our Company

Our Vision

Viggle makes entertainment more rewarding.

Our Strategy

Viggle is an incentive-based, interactive loyalty program and application that seeks to enhance the TV viewing experience and make TV more rewarding for viewers, advertisers and producers. Viggle helps viewers decide what to watch and when, broadens the viewing experience with real time games and additional content, and rewards viewers for being loyal to their favorite shows throughout a season. For advertisers, Viggle provides clients targeted interactive ads to amplify their TV messaging. For TV networks and content producers, Viggle delivers promotional benefits by driving tune ins to specific shows, engaging viewers in a richer content experience, and increasing awareness of promoted shows. In addition, we recently launched our music service, which allows consumers to check in to songs on Viggle and earn points. As a media company, we seek to attract a significant and growing audience in order to sell advertising. We believe that making TV more rewarding and engaging around the shows consumers love will drive them to use Viggle.

Overview of Our Service

U.S. consumers can become Viggle users through a free app that works on multiple types of mobile phones and tablets and is distributed through the Apple App Store and the Google Play Store. After a consumer downloads the app, he or she must create an account. Viggle then allows consumers to play along with TV shows, share comments through social media, answer trivia questions or polls, chat with friends, play games, or discover more about the show, all while watching TV. Users can also use the application to discover new music. The app can listen to a song and identify it and allow users to build playlists and purchase the music. All of this activity earns the user points they can redeem for real rewards.

The Viggle user experience is simple. While watching TV or listening to music, a user taps the “check-in” button, which activates the device’s microphone. Viggle collects an audio sample of the content the user can hear and uses technology to convert that sample into a digital fingerprint. Within seconds, that digital fingerprint is matched against a database of reference fingerprints that are collected from at least 170 English and Spanish television channels within the United States and over 20 million songs. We are able to verify TV check-ins across broadcast, cable, online, satellite, time-shifted and on-demand content as well as most songs cataloged on Apple’s iTunes music library. The ability to verify check-ins is critical because users are rewarded with points for each check-in and engagement

(defined as a poll, video quiz, game or slide show). Users can redeem the points within the rewards catalog for items that have a monetary value such as unique deals and offers, products, sweepstakes, charitable donations,

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select retail gift cards and Viggle-branded merchandise. Once a user has “checked-in” to content, the app provides a set of optional games, tools, and information to enhance the consumer experience.

Today, Viggle points can be earned through six different activities: WatchPoints (1 point for every minute a user is checked-in on Viggle TV), Bonus Points (added points for connecting with promoted content), Live Engagement Points (points earned for playing MyGuy, Viggle Live or other games), Streaks and Quests (added points for connecting with a series of shows or songs), Music Match Points (points earned for matching a song on Viggle), and Advertising Points (advertising revenue we share with our customers in the form of points).

An illustration of how our app works is shown below:

From our launch on January 25, 2012 through September 30, 2013, 3,513,966 users have registered with Viggle, of which we have deactivated 200,224 for a total of 3,313,742 registered users. For the three months ended September 30, 2013, we had 474,796 monthly active users. The number of monthly active users is computed by determining those users that have logged into the Viggle app at any time during the month. As of September 30, 2013, our members have checked-in to 316,278,965 TV programs and spent an average of approximately 67 minutes of active time within the Viggle app per session. Active users for a given day are defined as those users who earned a point or redeemed a point that day. Users have redeemed a total of 2,418,222 rewards through September 30, 2013.

Our rewards catalog consists of a variety of deals, sweepstakes, products, Viggle merchandise (such as t-shirts) and select retail gift cards. For example, users may redeem 5,000 points for a 10% discount with certain retailers, redeem 100 points to participate in a sweepstakes to win an AppleTV, or redeem 37,000 points for a Viggle t-shirt. From time to time, we may change the rewards offered and the number of points required to earn any given reward. For the 2,418,222 reward redemptions through September 30, 2013, the average number of points used per redemption has been approximately 12,400 points and the total retail value to consumers was approximately \$15.4 million.

It is not possible for a user to earn points on the Viggle app without registering. In order to avoid double-counting and limit instances of fraud, the app is limited to five accounts per device (so as to allow for use by family members sharing a device), users are limited to a maximum of 6,000 points per day, users may receive points for matching to a song only once, users are limited to receive points for up to 20 music matches per day, and users are not able to share or combine points with different users or devices. While it is possible for users to establish multiple accounts which could overstate our actual number of registered active users and permit those fraudulent users to attempt to evade our rules in an effort to accumulate excess points by checking-in to TV shows at the same time on different devices, we monitor for such activity and, when discovered, take corrective action according to our published terms and conditions.

Through our wholly-owned subsidiary Wetpaint.com, Inc. (“Wetpaint”), which we acquired in December 2013, Viggle reports original news stories and publishes information content covering TV and music entertainment and celebrity lifestyles. Wetpaint operates media properties that attract more than 12 million unique monthly users and have a combined social reach of

over seven million Facebook “likes” and follows on Twitter. For Wetpaint, we define a monthly unique user as any visitor who has accessed Wetpaint through its websites or mobile websites in the month of measurement, as measured by Google Analytics (“GA”). We define combined social reach as the cumulative number of times people have “liked” a Wetpaint page on Facebook plus the cumulative number of times people have “followed” a Wetpaint account on Twitter.

Our Technology

The first version of the Viggle app was approved by Apple and launched to the public in the Apple iTunes App Store on January 25, 2012. It has been updated periodically. The approved version of the app works on Apple iOS devices such as the iPhone, iPad and iPod Touch. On June 27, 2012, we released a version of the app for use on Android smartphones and tablets. There is no guarantee as to how effectively the technology will perform. We continuously test and update the app with a goal of improving overall performance and usability. In order to insure the best user experience, Viggle requires a device operating system of iOS 5.0 or later for Apple devices or Android 2.3.3 or later for Android devices. It may become necessary to change the minimum required operating systems in the future.

We will consider adding versions for other mainstream mobile operating systems such as Windows Phone and Blackberry based on demand and other business factors. Distribution of the product will occur via regular online marketplaces for content and applications used by such mobile operating systems, and will include the Apple App Store for iOS devices or the Android marketplace for devices using the Android operating system.

The back-end technology for our app has been designed to accommodate the significant numbers of simultaneous check-ins required to support prime time television audiences. This back-end technology has the capacity to support simultaneous check-ins around major television events such as the Super Bowl. In addition to our own dedicated co-location facilities on the east and west coasts, we are using third-party cloud computing services from Amazon Web Services to help us scale our technical capacity as efficiently as possible.

Our Sales and Marketing Strategy

We began generating revenues in early calendar year 2012. Advertising is sold directly to brand marketers and television networks or through advertising agencies by our dedicated sales team. We also generate revenue through partnerships with third party mobile advertising networks. Our focus is on brand marketers that are most relevant to our target demographic of consumers between the ages of 18 and 49, and are active in television, digital and retail marketing. Our sales team is also briefing large advertising and media agencies on our capabilities so that they might recommend integration of our application into their client proposals. We generate revenue from standard mobile media advertising sales and affiliate programs:

- when our users click and view advertisements in our app;
- when a TV network or brand pays to have a particular show promoted either for a one-time airing or throughout a season;
- when our users complete an engagement appearing in our app that is created by an advertising agency, our brand partners or our team; and
- through affiliate or bounty commissions to third parties if our users purchase items or subscribe to services after clicking from our app to other apps or websites.

With the exception of one-time sponsorships with advertisers (which are charged a separate and specific fee), all advertising is serviced via a third-party advertising server for billing and verification purposes. Revenues are generated by measuring delivered impressions on a cost per thousand (CPM) basis and completed engagements on a cost per engagement (CPE) basis. Our sales team contracts with brand advertisers to deliver a specific number of impressions and/or engagements for a specific price per thousand impressions and/or per completed engagement. The third-party ad server then serves the ads and/or engagements within the app during the course of using the Viggle app. As impressions and engagements are delivered and completed, we bill brand partners or advertising agencies on a monthly basis for the media delivered at our contracted rates.

Our Target Consumers

We are targeting male and female consumers between the ages of 18 and 49. This target audience was selected due to the amount of entertainment content they consume on a weekly basis as well as the likelihood that they will have smartphones and other wireless devices such as tablets and laptops. To build our user base, we intend to target this audience using traditional media

techniques such as direct response, banner and mobile advertising, public relations, search engine optimization and search engine marketing across online, broadcast and print media outlets.

When a user signs up for and downloads our app, we collect the user's email, zip code, television provider and date of birth. The email enables us to verify the user and reduces the chance of fraud. The zip code allows us to present a relevant list of cable and satellite providers to the user to deliver the correct channel listing data. Knowing the television provider in turn helps us to increase the rate of success for television show matching. Knowing a user's birthday allows us to verify that the user is at least 13 years old.

Our Competitive Position

The market for digital and social media applications is intensely competitive and subject to rapid change. New competitors may be able to launch new businesses at relatively low cost. Many consumers maintain simultaneous relationships with multiple digital brands and products, making it easy to shift consumption from one provider to another. Additionally, the "Social TV" and "entertainment rewards" categories are nascent and have not yet attracted the attention of mainstream consumers and marketers. Many of our competitors are larger, more established and better-funded and have a history of successful operations. Although we launched the first version of our app in January 2012, there can be no assurance of how successful our product will be or how effectively the technology will perform.

While there are a variety of companies currently in the market that offer either manual check-in or audio verification during television viewing or audio matching for music, we believe Viggle differs significantly from competitors because we offer users real, as opposed to virtual, rewards such as unique deals and offers, products, sweepstakes, charitable donations, select retail gift cards and Viggle-branded merchandise, and our app drives our customers to engage and interact with entertainment content for longer periods of time. We believe that our app offers a more comprehensive range of features and functionality than those of our competitors, such as automatic check-ins using audio verification, in-app digital advertising engagements (such as games or videos, real-time polls and quizzes) and full social media integration that rewards our users for being more loyal to specific content or specific content producers and provides our users with, we believe, a more enjoyable entertainment experience. Such integration makes it easy for users to share what they are doing within the Viggle app with their social network and to follow show-specific commentary on Twitter and Facebook. We also offer users a listing of current and upcoming shows for which they can set reminders, learn more information and indicate their support of the show by "liking" it.

Other companies in the "Social TV" market focus on the simple ability of a user to communicate their television viewing activity to others in the user's social media circles. Other companies that tag music also focus on the social connectivity of matching, but do not reward the consumer for the consumer's loyalty. Instead of real rewards, these other companies offer their users virtual points, leader board status, digital badges or stickers. We believe that our target market will be motivated by the ability to earn real rewards on a frequent basis and to interact in real time via show-specific polls, quizzes, videos and games.

The Mobile Marketing Industry

According to data from Experian Marketing Services, U.S. consumers are now spending more than 58 minutes a day on their smartphones for a variety of activities including talking, texting, social networking, emailing, visiting websites and playing games. The emergence and growth of mobile devices has led to the "always connected consumer", and advertisers continue to search for ways to engage with this audience. Advertisers are spending considerable sums of money to target the mobile user, according to eMarketer, mobile ad spending will be \$8.5 billion in 2013, up 95% from \$4.4 billion in 2012, with projections of up to \$30 billion by 2017.

The way in which consumers are using their smartphones and tablets have changed in recent years with the growth in usage of apps, self-contained software programs specifically made for mobile devices. According to Flurry Analytics, the average number of apps used on a daily basis continues to grow, measuring 7.9 in Q4-2012 vs. 7.2 in Q4-2010. The emergence of the App marketplace has created a unique opportunity and challenge for developers and advertisers to monetize the usage by consumers.

The challenge presented with mobile advertising is that users can find the mobile advertising experience interruptive. While click-through banner ads are popular on web browsers, there is a higher degree of consumer engagement with watching an ad or interacting with an ad, and smart phone users expect more for their behavior. According to a December 2012 study conducted by Forrester Consulting on behalf of Tapjoy, a mobile advertising and publishing platform, 59% of smartphone users agreed that if they have to see ads while using an app, they would prefer to be offered a reward in exchange for watching or interacting with the ad.

Recent Developments

Acquisition of Wetpaint

On December 16, 2013, we and our subsidiary, Viggle Merger Sub Inc. (“Merger Sub”), entered into an agreement and plan of merger with Wetpaint, certain stockholders of Wetpaint and the stockholders’ agent, pursuant to which we acquired all of the outstanding capital stock and rights to acquire capital stock from the current stockholders of Wetpaint (the “Wetpaint Acquisition”). Wetpaint is a Seattle, Washington-based Internet company, founded in 2005, that publishes the website Wetpaint.com, focused on entertainment news, and develops a proprietary technology platform, the Social Distribution System, that is used to provide analytics for its own website as well as other online publishers. Please see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Acquisition of Wetpaint” for more information.

Reverse Stock Split

On January 8, 2014, our Board of Directors and the holders of a majority of the outstanding shares of our common stock approved a 1-for-80 reverse stock split of our outstanding shares of common stock, which will be effected before the consummation of this offering. Unless indicated otherwise and excluding our historical financial statements, information in this prospectus has been prepared on a pro forma basis that assumes the 1-for-80 reverse split of our issued and outstanding shares of common stock, options and warrants.

Recapitalization

On January 7, 2014, a special committee of our Board of Directors approved, and on January 8, 2014, upon the recommendation of the special committee, our Board of Directors approved, a recapitalization of the Company pursuant to which Sillerman Investment Company LLC, an affiliate of Mr. Sillerman, and the other holders of our Series A preferred stock and Series B preferred stock will exchange their Series A preferred stock and Series B preferred stock for shares of our common stock. There are currently 34,275 shares of Series A preferred stock outstanding, each of which has a stated value of \$1,000 and accrues dividends at 7% per share. Each share of Series A preferred stock will be exchanged for a number of shares of common stock equal to the stated value of the share, plus all accrued and unpaid dividends thereon, multiplied by 16. For example, if a share of Series A preferred stock has \$20 in accrued and unpaid dividends, then the stated value of such share plus accrued and unpaid dividends on the share would equal \$1,020, and the share would be exchanged for 16,320 shares of common stock, which amount would be further adjusted to 204 shares of common stock after giving effect to the reverse stock split described above. In addition, there are 21,804 shares of Series B preferred stock outstanding. Each share of Series B preferred stock will be exchanged for one share of common stock, which will then be further adjusted to 0.0125 shares after giving effect to the reverse stock split described above. We refer to these transactions collectively as the “Recapitalization.” Consummation of the Recapitalization is contingent upon and a condition to the completion of this offering.

Business Risks and Uncertainties

We commercially introduced our Viggle app in January 2012. We have incurred and continue to incur significant losses in connection with the development of our app, related products and services and the marketing of our business. Our business growth may be limited by a number of risks and uncertainties, including, among others:

- we have historically supported operations through funding and will likely need to continue to finance our operations and may not be able to obtain such financing as needed;

-

we market our products solely through the Apple App Store and the Google Play Store and are reliant on continued access to these sales platforms;

• we may not be able to integrate Wetpaint's business and operations;

• we operate in a highly competitive industry;

• we are particularly reliant on the services and resources of Robert F.X. Sillerman, our Executive Chairman, Chief Executive Officer, Director and principal stockholder;

• we expect to effect a 1-for-80 reverse stock split of our outstanding common stock prior to the date of this prospectus, which will entail certain risks if it is effected;

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- we need to obtain and enforce proprietary rights or claims of infringement; and
- we face potential losses from improper uses or fraud committed by the users of our products.

An investment in our common stock involves risks. You should read and consider the information set forth below in the section entitled “Risk Factors” beginning on page 9 and all other information set forth in this prospectus before investing in our common stock.

Corporate Information

The address of our principal executive office is 902 Broadway, 11th Floor, New York, New York 10010, and our telephone number is (212) 231-0092. Our Internet address is www.viggle.com. The information on our website is not incorporated by reference in this prospectus.

The Offering

Securities offered [_____] shares of common stock

Common stock outstanding before the offering 9,336,328 shares

Common stock to be outstanding after the offering [_____] shares

Use of proceeds We intend to use \$10,000,000 of net proceeds from this offering to pay down debt currently outstanding under a term loan agreement between us and Deutsche Bank Trust Company Americas (“Deutsche Bank”). We intend to use the remaining net proceeds received from this offering for marketing and sales, working capital and general corporate purposes. For a more complete description of our anticipated use of proceeds from this offering, see “Use of Proceeds.”

OTCQB symbol VGGL
We will apply to list our common stock on the Nasdaq Capital Market, and expect such listing to occur concurrently with the closing of this offering. There can be no assurance, however, that our Nasdaq Capital Market listing application will be approved.

Risk factors As part of your evaluation of our company, you should take into account not only our business plan and strategy, but also special risks we face in our business, including those described under “Business Risks and Uncertainties” on page 11. For a detailed discussion of these and other risks, see “Risk Factors” beginning on page 14.

The number of shares of our common stock to be outstanding after this offering is based on 9,336,328 shares of common stock outstanding as of January 7, 2014, and excludes as of that date:

- warrants to purchase an aggregate of 452,858 shares of common stock;
- stock options to purchase an aggregate of 217,651 shares of common stock; and
- an aggregate of 81,968 shares of common stock reserved for future issuance under our 2011 Executive Incentive Plan.

Unless otherwise specifically stated, all information in this prospectus assumes (i) no exercise of the underwriters’ over-allotment option, (ii) no exercise of the warrants that will be granted to the underwriters in connection with the consummation of the offering, exercisable at a per share price of 125% of the offering price in the offering, (iii) no exercise of outstanding stock options to purchase a total of 217,651 shares of our common stock at a weighted-average exercise price of \$133.60, (iv) no exercise of outstanding warrants to purchase a total of 452,858 shares of our common stock at a weighted-average exercise price of \$103.52, (v) exchange of shares of our outstanding Series A convertible preferred stock into shares of common stock pursuant to the Recapitalization, (vi) exchange of shares of our outstanding Series B convertible preferred stock into shares of common stock pursuant to the Recapitalization, and

(vii) consummation of a 1-for-80 reverse stock split prior to the date of this prospectus.

All shares and per share information in this prospectus reflects, and where appropriate, is restated for, a 1-for-10 reverse split of our outstanding shares of common stock that took effect on February 16, 2011, a 1-for-2 reverse stock split of our outstanding shares of common stock that took effect on June 7, 2012.

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Summary Consolidated Financial Data

The following summary consolidated financial and other data should be read in conjunction with, and are qualified by reference to, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and the accompanying notes included elsewhere in this prospectus. The consolidated statements of operations data for the fiscal years ended June 30, 2013 and 2012 and the consolidated balance sheet data as of June 30, 2013 were derived from our audited consolidated financial statements included in this prospectus. The consolidated statements of operations data for the three months ended September 30, 2013 and 2012 and the consolidated balance sheet data as of September 30, 2013 are derived from unaudited financial statements included elsewhere in this prospectus. Our results of operations for the interim period ended September 30, 2013 are not necessarily indicative of the results that will be obtained for the full fiscal year. The historical results presented below are not necessarily indicative of financial results to be achieved in future periods. The Consolidated Statement of Operations Data below does not include the impact of the 1-for-80 reverse stock split.

	Three Months Ended September 30,		Fiscal Year Ended June 30,	
	2013	2012	2013	2012
	(unaudited)			
	(in thousands, except share and per share data)			
Consolidated Statement of Operations Data:				
Revenues	\$4,338	\$2,052	\$13,907	\$1,735
Cost of watchpoints and engagement points	(2,579)	(2,228)	(8,461)	(5,639)
Selling, general and administrative expenses	(25,334)	(21,700)	(102,433)	(92,572)
Operating loss	(23,575)	(21,876)	(96,987)	(96,476)
Total other (expense) income	(684)	2,408	(5,654)	(35)
Net loss	\$ (24,281) \$ (19,468) \$ (91,403) \$ (96,511
Net loss per common share – basic and diluted	\$ (0.27) \$ (0.25) \$ (1.12) \$ (1.31
Weighted average common shares outstanding – basic and diluted	88,701,516	76,470,041	81,445,220	73,801,034
	As of September 30, 2013 (unaudited)			
	Actual	Pro Forma	Pro Forma	
			As Adjusted	
	(in thousands)			

Consolidated Balance Sheet Data:

Cash and cash equivalents	\$1,792	\$581
Working capital (deficiency)	(18,755)	(30,216
Total assets	16,064	58,491
Total liabilities	36,269	47,142
Total stockholders’ equity (deficit)	\$ (57,042) \$ 11,349

The unaudited pro forma consolidated balance sheet information above gives effect to (i) the acquisition of Wetpaint, (ii) the 1-for-80 reverse stock split, which we intend to effect prior to the date of this prospectus, and (iii) the Recapitalization, comprised of: (a) the exchange of all shares of Series A convertible preferred stock for shares of our post reverse split common stock, and (b) the exchange of all shares of Series B convertible preferred stock for shares of our post reverse split common stock. The unaudited pro forma information is presented for illustrative purposes only and is not necessarily indicative of the operating results or financial position that would have occurred if the transactions had been consummated at the dates indicated, nor is it necessarily indicative of the future operating results or financial position of the combined companies.

The pro forma as adjusted information gives effect to the receipt of net proceeds of approximately \$[_____] from the sale of [_____] shares of our common stock at an assumed offering price of \$[___] per share, the closing price of our common stock on [____], 2014, after deducting estimated underwriting discounts and commissions and offering expenses.

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RISK FACTORS

The shares of our common stock being offered for sale by our company are highly speculative in nature, involve a high degree of risk and should be purchased only by persons who can afford to lose their entire investment in our common stock. Before purchasing any of the shares of our common stock, you should carefully consider the following factors relating to our business and prospects. If any of the following risks actually occur, our business, financial condition or operating results may suffer, the trading price of our common stock could decline, and you may lose all or part of your investment. You should also refer to the other information about our company contained in this prospectus, including our financial statements and related notes.

Risks Related to Our Business

We have a history of losses, expect future losses and cannot assure you that we will achieve profitability.

We have incurred significant net losses and negative cash flow from operations since our inception. We incurred net losses of \$96.5 million and \$91.4 million for the fiscal years ended June 30, 2012 and June 30, 2013, respectively. We incurred a net loss of \$24.3 million for the three months ended September 30, 2013, and had an accumulated deficit of approximately \$244.7 million as of that date. Although our revenue has grown significantly since inception, we have not achieved profitability and cannot be certain that we will be able to sustain our current revenue growth rate or realize sufficient revenue to achieve profitability. Our ability to continue as a going concern is dependent upon raising capital from financing transactions, increasing revenue throughout the year and keeping operating expenses below our revenue levels in order to achieve positive cash flows, none of which can be assured. If we achieve profitability, we may not be able to sustain it.

Our independent registered public accounting firm's report contains an explanatory paragraph that expresses substantial doubt about our ability to continue as a going concern.

The report of our independent registered public accounting firm contained elsewhere in this filing for the fiscal year ended June 30, 2013 contained an explanatory paragraph expressing substantial doubt about our ability to remain a going concern because we have suffered recurring losses from operations and, at June 30, 2013, had deficiencies in working capital. We are unlikely to pay dividends or generate significant revenues or earnings in the immediate or foreseeable future. The continuation of our company as a going concern is dependent upon the continued financial support from our largest stockholders and the ability of our company to obtain necessary equity and debt financing to continue development of our business and to generate revenue. Management intends to raise additional funds through equity and debt offerings until sustainable revenues are developed. No assurance can be given that such equity and debt offerings will be successful or that development of our business will continue successfully.

If we are unable to successfully develop and market our products or features or our products or features do not perform as expected, our business and financial condition will be adversely affected.

With the release of any new product or any new features to an existing product, we are subject to the risks generally associated with new product or feature introductions and applications, including lack of market acceptance, delays in development and implementation, and failure of new products or features to perform as expected. In order to introduce and market new or enhanced products or features successfully with minimal disruption in customer purchasing patterns and user experiences, we must manage the transition from existing products in the market. There can be no assurance that we will successfully develop and market, on a timely basis, products, product enhancements or features that respond to technological advances by others, that our new products will adequately address the changing needs of the market or that we will successfully manage product transitions. Further, failure to generate sufficient cash from operations or financing activities to develop or obtain improved products and technologies could have a material

adverse effect on our results of operations and financial condition.

In addition, our technology is under continual development. While certain aspects of the product may currently be functioning on a basic level, we must perform more testing to ensure that the different components work together effectively and the audio sampling and matching technology being developed by us is accurate, performs well and integrates with metadata and points systems. Although the product has been launched for use on Apple iOS and Android devices, there is no assurance that the product will generate sufficient income from brand and network advertisers, which could have a material adverse effect on our results of operations and financial condition.

We distribute our products on Apple's iOS and Google's Android platforms, and if we are unable to maintain a good relationship with each of Apple and Google or if the Apple App Store or the Google Play Store were unavailable for any prolonged period of time, our business will suffer.

We distribute our products on Apple's iOS and Google's Android platforms. We believe that we have maintained a good relationship with both Apple and Google, but any deterioration in our relationship with either Apple or Google would materially harm our business and likely cause our stock price to decline. We are subject to each of Apple's and Google's standard terms and conditions for application developers, which govern the promotion, distribution and operation of applications on their respective storefronts. Each of Apple and Google has broad discretion to change its standard terms and conditions at any time. In addition, these standard terms and conditions can be vague and subject to changing interpretations by Apple or Google. Any change in these standard terms and conditions, or in Apple's or Google's interpretation of these standard terms and conditions, could materially harm our business, and we may not receive any advance warning of such change. In addition, each of Apple and Google have the right to prohibit a developer from distributing its applications on its storefront if the developer violates its standard terms and conditions. In the event that either Apple or Google ever determines that we are in violation of its standard terms and conditions, including by a new interpretation, and prohibits us from distributing our applications on its storefront, it would materially harm our business and likely cause our stock price to significantly decline. We also rely on the continued function of the Apple App Store and the Google Play Store, as we distribute our products exclusively through these two digital storefronts. There have been occasions in the past when these digital storefronts were unavailable for short periods of time. In the event that either the Apple App Store or the Google Play Store is unavailable for a prolonged period of time, it would have a material adverse effect on our revenues and operating results.

We may seek to raise additional funds, finance acquisitions or develop strategic relationships by issuing capital stock that would dilute your ownership.

We have financed our operations, and we expect to continue to finance our operations and acquisitions and to develop strategic relationships, by issuing equity or convertible debt securities, which could significantly reduce the percentage ownership of our existing stockholders. Furthermore, any newly issued securities could have rights, preferences and privileges senior to those of our existing common stock. Moreover, any issuances by us of equity securities may be at or below the prevailing market price of our common stock and in any event may have a dilutive impact on your ownership interest, which could cause the market price of our common stock to decline. We may also raise additional funds through the incurrence of debt or the issuance or sale of other securities or instruments senior to our common stock. The holders of any debt securities or instruments we may issue would likely have rights superior to the rights of our common stockholders.

Since we are controlled by our current insiders and their affiliates, you and our other non-management stockholders will be unable to affect the outcome in matters requiring stockholder approval.

As of January 7, 2014, approximately 7,487,244 shares of our common stock, not including warrants, options, or other rights to acquire common stock, are owned by Robert F.X. Sillerman, our Executive Chairman, Chief Executive Officer, Director, and principal stockholder, his affiliates, and current affiliates and insiders. Accordingly, Mr. Sillerman and current affiliates and insiders collectively control approximately 80.2% of the total voting power of our shares, with Mr. Sillerman directly or indirectly beneficially owning more than a majority of the outstanding shares of common stock. As a result, Mr. Sillerman essentially has the ability to elect all of our directors and to approve any action requiring stockholder action, without the vote of any other stockholders. It is possible that the interests of Mr. Sillerman could conflict in certain circumstances with those of other stockholders. Such concentrated ownership may also make it difficult for our stockholders to receive a premium for their shares of common stock in the event we merge with a third party or enter into other transactions that require stockholder approval. These provisions could also limit the price that investors might be willing to pay in the future for shares of our common stock.

We rely on key members of management, and the loss of their services could adversely affect our success and development.

Our success depends on the expertise and continued service of Mr. Sillerman and certain other key executives and technical personnel. These individuals are a significant factor in our growth and ability to meet our business objectives. In particular, our success is highly dependent upon the efforts of our executive officers and our directors, particularly Mr. Sillerman. It may be difficult to find a sufficiently qualified individual to replace Mr. Sillerman or other key executives in the event of death, disability or resignation, resulting in our being unable to satisfactorily execute our business. The loss of one or more of our executive officers and directors could slow the growth of our business, or it may cease to operate at all, which may result in the total loss of an investor's investment.

Compensation may be paid to our executive officers, directors and employees regardless of our profitability, which may limit our ability to finance our business and adversely affect our business.

Mr. Sillerman and other executive officers are receiving compensation, and other current and future employees of our company may be entitled to receive compensation, payments and reimbursements regardless of whether we operate at a profit or a loss. Any compensation received by Mr. Sillerman or any other senior executive in the future will be determined from time to time by our Board of Directors or our Compensation Committee. Such obligations may negatively affect our cash flow and our ability to finance our business, which could cause our business to fail.

Some of our executive officers and directors may have conflicts of interest in business opportunities that may be disadvantageous to us.

Mr. Sillerman and Mitchell J. Nelson, our Executive Vice President, Secretary and a director, are each engaged in other business endeavors, including Circle Entertainment Inc. (“Circle”), of which Mr. Sillerman is a director and Mr. Nelson is an executive officer. Mr. Sillerman is also the Chairman of SFX, a company in the live entertainment business. Under Mr. Sillerman’s employment agreement, he is obligated to devote his working time to our affairs, but may continue to perform his responsibilities as an executive officer of SFX and as a director of Circle, and may be involved in other outside non-competitive businesses. Mr. Sillerman has agreed to present to us any business opportunities related to or appropriate for our business. Pursuant to Mr. Nelson’s employment agreement, he is obligated to devote such time and attention to the affairs of our company as is necessary for him to perform his duties as Executive Vice President. He is also entitled to perform similar functions for Circle and performs general legal duties for SFX pursuant to the shared services agreements described in the section entitled “Certain Relationships and Related Transactions” in this prospectus. In addition, our newest director, Michael Meyer, is a member of the board of directors and chair of the audit committee of Circle and is also a member of the board of directors of SFX. Although Circle, SFX and our company have generally different business plans, interests and programs, it is conceivable there may be a conflict of interest in determining where a potential opportunity should be brought. Conflicts of interest are prohibited as a matter of corporate policy, except under guidelines approved by the Board of Directors, as set forth in our Code of Business Conduct and Ethics. Our Code of Business Conduct and Ethics also sets forth the procedures to follow in the event that a potential conflict of interest arises. For a description of our Code of Business Conduct and Ethics, please see the section entitled “Corporate Governance” below.

Our business and growth may suffer if we are unable to attract and retain key officers or employees.

Our ability to expand operations to accommodate our anticipated growth will depend on our ability to attract and retain qualified media, management, finance, marketing, sales and technical personnel. However, competition for these types of employees is intense due to the limited number of qualified professionals. Our ability to meet our business development objectives will depend in part on our ability to recruit, train and retain top quality people with advanced skills who understand our technology and business. No assurance can be given that we will be successful in this regard. If we are unable to engage and retain the necessary personnel, our business may be materially and adversely affected.

We are uncertain of our ability to manage our growth.

Our ability to grow our business is dependent upon a number of factors, including our ability to hire, train and assimilate management and other employees, the adequacy of our financial resources, our ability to identify and efficiently provide such new products and services as our customers may require in the future, and our ability to adapt our own systems to accommodate expanded operations.

Because of pressures from competitors with more resources, we may fail to implement our business strategy profitably.

The digital and mobile technology business is highly fragmented, extremely competitive, and subject to rapid change. The market for customers is intensely competitive and such competition is expected to continue to increase. We believe that our ability to compete depends upon many factors within and beyond our control, including the timing and market acceptance of new solutions and enhancements to existing businesses developed by us and our competitors. We are an entertainment company that utilizes digital media and Smartphone technology. If we are successful, larger and more established entertainment companies, with significantly greater resources, may try to enter the market with similar technologies, and may be in better competitive positions than we are. Many consumers maintain simultaneous relationships with multiple digital brands and products and can easily shift consumption from one provider to another. Our principal competitors are in segments such as:

- Applications promoting social TV experiences and discussions; and
- White label providers of social media and media-specific applications.

Additionally, new competitors may be able to launch new businesses at relatively low cost. Either existing or new competitors may develop new technologies, and our existing and potential advertisers may shift their advertising expenditures to these new technologies. We cannot be sure that we will be able to successfully execute our business in the face of such competition.

We may be unable to compete with larger or more established companies in two industries.

We face a large and growing number of competitors in the digital and mobile technology and entertainment industries. If we successfully combine digital and mobile technology with entertainment, we will have competitors from both the digital and mobile technology and entertainment industries. Many of these competitors have substantially greater financial, technical and marketing resources, larger customer bases, longer operating histories, greater name recognition, and more established relationships in these industries than do we. As a result, certain of these competitors may be in better positions to compete with us for customers and audiences. Further, our current and/or future competitors in the digital and mobile technology industry may develop or license technology that is similar to the Viggle app. We cannot be sure that we will be able to compete successfully with existing or new competitors.

Failure to successfully combine and integrate the business of Wetpaint in the expected time frame may adversely affect our future results.

The success of our acquisition of Wetpaint will depend, in part, on our ability to realize the anticipated benefits from combining the business of Wetpaint with our existing business. To realize these anticipated benefits, the businesses of Wetpaint must be successfully integrated and combined. If users of each of the Wetpaint and Viggle services do not prove to have an affinity to the new complementary services they are introduced to, results of the combination could be worse than anticipated. Our management may face significant challenges in consolidating Wetpaint's functions with ours, integrating the technologies, organizations, procedures, policies and operations, as well as addressing the different business cultures at the two companies, and retaining key personnel. If Wetpaint is not successfully integrated, the anticipated benefits of our acquisition of Wetpaint may not be realized fully or at all or may take longer to realize than expected. The integration may also be complex and time consuming, and require substantial resources and effort. The integration process and other disruptions resulting from our acquisition of Wetpaint may also disrupt each company's ongoing businesses and/or adversely affect their relationships with employees, users, and others with whom they have business or other dealings.

Since Wetpaint is a private company, we may be required to expend substantial sums in order to bring it into compliance with the various reporting requirements applicable to public companies and/or to prepare required financial statements, and such efforts may harm our operating results or be unsuccessful altogether.

Wetpaint is not subject to many of the requirements applicable to public companies, including Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, which requires that Wetpaint evaluate and report on its system of internal controls. In addition, we will need to evaluate and integrate the system of internal controls for Wetpaint. We did not conduct a formal evaluation of Wetpaint's internal controls over financial reporting prior to our acquisition of Wetpaint. If our finance and accounting staff or internal controls over financial reporting are inadequate, we may be required to hire additional staff and incur substantial legal and accounting costs to address such inadequacies. Moreover, we cannot be certain that our remedial measures will be effective. Any failure to implement required or improved controls, or difficulties encountered in their implementation, could harm our operating results or increase its risk of material weaknesses in internal controls.

We will incur significant transaction and merger-related transition costs in connection with our acquisition of Wetpaint.

We expect we will incur significant, non-recurring costs in connection with consummating the acquisition of Wetpaint and integrating the operations of Wetpaint. We may incur additional costs to maintain employee morale and to retain key employees. We may also incur significant fees and expenses relating to financing arrangements and legal, accounting and other transaction fees and costs associated with the acquisition of Wetpaint.

If we do not continue to develop and offer compelling content, products and services and attract new consumers or maintain the engagement of our existing consumers, our advertising revenues could be adversely affected.

In order to attract consumers and maintain or increase engagement on Viggle and Wetpaint [properties], we believe we must offer compelling content, products and services. Acquiring, developing and offering new content, products and services, as well as new functionality, features and enhanced performance of our existing content, products and services, may require significant investment and time to develop. In addition, consumer tastes are difficult to predict and subject to rapid change. If we are unable

to develop online content, products and services that are attractive and relevant to Viggle and Wetpaint users, we may not be able to maintain or increase our existing users' engagement on or attract new consumers to Viggle and Wetpaint properties and as a result our search rankings, traffic and usage metrics, and advertising revenues may be adversely affected.

Wetpaint relies on social media posts to drive traffic to its websites. Changes in rules, algorithms, and display formats of social media sites could result in a reduction in such traffic.

Wetpaint relies on posts on various social media platforms, including Facebook and Twitter, to drive users to its websites. In the event that Facebook or Twitter changes their respective terms and conditions to prevent such activity by Wetpaint, Wetpaint's user numbers could decrease. Further, these platforms change their algorithms and application programming interfaces, or API's, in the ordinary course of business, often without notice or explanation to publishers. Changes to these algorithms and API's may reduce the effectiveness of Wetpaint's publishing capabilities, and result in temporary or permanent reductions to the net numbers of fans and followers added each month, as well as the rate at which Wetpaint content is displayed to users and clicked upon. In such cases, traffic to Wetpaint websites could be adversely affected.

Wetpaint relies upon traffic from search engines such as Google to bring an influx of website visitors each month. Search engine traffic is dynamic in nature, and is subject to an ever-changing mix of user-entered keywords, competitive offerings, and algorithmic fluctuations by the search engines themselves.

Search engines such as Google represent a significant source of Wetpaint traffic, and the originating source for many users who become Wetpaint fans and followers on the social networks. The ranking of Wetpaint content in the various search engines is always changing, and relates to algorithmic assessments by the search engines compared to offerings that compete with Wetpaint. The popular keywords for which Wetpaint ranks highly could subside in their popularity, or Wetpaint may fail to maintain the rankings that it has had for such keywords. In addition, as new keywords become popular, Wetpaint content may fail to rank highly for those keywords.

If Wetpaint does not maintain talent, access, and reputation among sources for news stories, we would lose access to stories and our traffic and revenues could suffer.

Wetpaint is reliant upon an editorial organization and freelance talent that secures proprietary access to stories that interest our audience. Our ability to identify and create content that interests the audience is dependent on maintaining and growing our access to talent and sources. If we lose key editorial talent, or our reputation is not maintained, we could lose our ability to create the content that garners audience interests, and traffic and our revenues could be adversely affected.

If our products do not achieve market acceptance, we may not have sufficient financial resources to fund our operations or further development.

While we believe that a viable market exists for our products, there is no assurance that our technology will prove to be an attractive alternative to conventional or competitive products in the markets that we have identified. In the event that a viable market for our products cannot be created for our business or our products do not achieve market acceptance, we may need to commit greater resources than are currently available to develop a commercially viable and competitive product. There can be no assurance that we would have sufficient financial resources to fund such development or that such development would be successful. Further, our business requires the use of capital resources to purchase rewards for our rewards program, as discussed more fully below in the section entitled "The Company's 12-Month Plan for its Business." In addition, as we grow our number of monthly active users, our rewards costs will increase. We will need to increase our revenue per monthly active user in order to cover our rewards costs and to

become profitable; there is no guarantee that we will be able to do so. Additionally, there is no guarantee that we will have sufficient resources to fund our rewards program, which will have a material adverse effect on our business and operations. In addition, if our products do not generate sufficient revenues, or we are unable to raise additional capital, we may be unable to fund our operations. Our ability to raise additional funds will depend on financial, economic and other factors, many of which are beyond our control. There can be no assurance that, when required, sufficient funds will be available to us on satisfactory terms.

Our business will suffer if our network systems fail or become unavailable.

A reduction in the performance, reliability and availability of our network infrastructure would harm our ability to distribute our products to our users, as well as our reputation and ability to attract and retain users and content providers. Our systems and operations could be damaged or interrupted by fire, flood, power loss, telecommunications failure, Internet breakdown, earthquake and similar events. Our systems could also be subject to viruses, break-ins, sabotage, acts of terrorism, acts of vandalism, hacking,

cyber-terrorism and similar misconduct. We might not carry adequate business interruption insurance to compensate us for losses that may occur from a system outage. Any system error or failure that causes interruption in availability of products, or an increase in response time, could result in a loss of potential customers or content providers, which could have a material adverse effect on our business, financial condition and results of operations. If we suffer sustained or repeated interruptions, our products and services could be less attractive to our users and our business would be materially harmed.

If we fail to detect fraud, including click fraud, other invalid clicks on ads, or improper engagements, we could lose the confidence of our current and potential advertiser clients, incur additional costs, or both, which would cause our business to suffer.

We are exposed to the risk of fraudulent and other invalid clicks or conversions that advertisers may perceive as undesirable or that may cost us additional money for points given in connection with such activity. While our terms and conditions limit one account per person and we have specific controls in place to avoid fraud, such as limiting the number of accounts allowed per device and the number of points per day, there is no assurance that our controls will be effective. As a result, estimates of our registered users, monthly active users or other statistical information may be inflated as there may be some instances of double-counting users. We are aware that some people will attempt to evade our rules in an effort to accumulate excess points through a multitude of methods including, but not limited to, establishing multiple accounts, mimicking app activity through “scripting,” and using multiple devices simultaneously. We monitor our users to determine if any are attempting to do so and consider this fraudulent activity a violation of our published terms and conditions. We invalidate users whom we believe to violate these terms and conditions and continually make efforts to improve our systems to detect fraud and improve our defenses. Through September 30, 2013, we have invalidated 200,224 accounts for suspicious activity of a total of 3,513,966 registered accounts. Invalid clicks could result from inadvertent clicks or click fraud, where a mobile device user intentionally clicks on ads for reasons other than to access the underlying content of the ads. If fraudulent or other malicious activity is perpetrated by others, and we are unable to detect and prevent it, the affected advertisers may experience or perceive a reduced return on their investment. High levels of invalid click activity could lead to dissatisfaction with our advertising services, refusals to pay, refund demands or withdrawal of future business. If fraudulent or other malicious activity occurs, and we are unable to detect and prevent it, we could also experience increased costs relating to awarding points as a result of these activities. Any of these occurrences could damage our brand and lead to a loss of advertisers and revenue and increased costs.

We may be unable to protect our intellectual property rights from third-party claims and litigation, which could be expensive, divert management’s attention, and harm our business.

Our success is dependent in part on obtaining, maintaining and enforcing our proprietary rights and our ability to avoid infringing on the proprietary rights of others. We seek patent protection for those inventions and technologies for which we believe such protection is suitable and is likely to provide a competitive advantage to us. Because patent applications in the United States are maintained in secrecy until either the patent application is published or a patent is issued, we may not be aware of third-party patents, patent applications and other intellectual property relevant to our products that may block our use of our intellectual property or may be used in third-party products that compete with our products and processes. In the event a competitor or other party successfully challenges our products, processes, patents or licenses, or claims that we have infringed upon their intellectual property, we could incur substantial litigation costs defending against such claims, be required to pay royalties, license fees or other damages or be barred from using the intellectual property at issue, any of which could have a material adverse effect on our business, operating results and financial condition.

We also rely substantially on trade secrets, proprietary technology, nondisclosure and other contractual agreements, and technical measures to protect our technology, application, design, and manufacturing know-how, and work

actively to foster continuing technological innovation to maintain and protect our competitive position. We cannot assure you that steps taken by us to protect our intellectual property and other contractual agreements for our business will be adequate, that our competitors will not independently develop or patent substantially equivalent or superior technologies or be able to design around patents that we may receive, or that our intellectual property will not be misappropriated.

In addition, we use open source software in our services and will continue to use open source software in the future. From time to time, we may be subject to claims brought against companies that incorporate open source software into their products or services, claiming ownership of, or demanding release of, the source code, the open source software and/or derivative works that were developed using such software, or otherwise seeking to enforce the terms of the applicable open source license. These claims could also result in litigation, require us to purchase a costly license, or require us to devote additional research and development resources to changing our products or services, any of which would have a negative effect on our business and results of operations.

We are currently a defendant in an action commenced by Blue Spike, LLC, alleging patent infringement in connection with our audio recognition technology. We intend to vigorously defend ourselves against this lawsuit.

The SEC opened a formal order of investigation relating to a matter regarding certain dealings in our securities by an unaffiliated third party. In addition, we have also received an informal request from the SEC for the voluntary production of documents and information concerning certain aspects of our business and technology. Although we have provided documents in response to the SEC's request, there is no assurance that the SEC will not take any action against us.

The SEC opened a formal order of investigation relating to a matter regarding certain dealings in our securities by an unaffiliated third party. We have also received an informal request from the staff of the SEC, dated June 11, 2012, for the voluntary production of documents and information concerning certain aspects of our business and technology. We initially provided documents in response to such request on July 2, 2012, and we have provided supplements and documents for additional questions, as requested. We intend to cooperate with the SEC regarding this matter and any other requests we may receive. However, there is no assurance that the SEC will not take any action against us. A determination by the SEC to take action against us could be costly and time consuming, could divert the efforts and attention of our directors, officers and employees from the operation of our business and could result in sanctions against us, any or all of which could have a material adverse effect on our business and operating results.

Changes to federal, state or international laws or regulations applicable to our business could adversely affect our business.

Our business is subject to a variety of federal, state and international laws and regulations, including those with respect to privacy, advertising generally, consumer protection, content regulation, intellectual property, defamation, child protection, advertising to and collecting information from children, taxation, employment classification and billing. These laws and regulations, and the interpretation or application of these laws and regulations, could change. In addition, new laws or regulations affecting our business could be enacted. These laws and regulations are frequently costly to comply with and may divert a significant portion of management's attention. If we fail to comply with these applicable laws or regulations, we could be subject to significant liabilities which could adversely affect our business.

There are many federal, state and international laws that may affect our business, including measures to regulate consumer privacy, the use of copyrighted material, the collection of certain data, network neutrality, patent protection, cyber security, child protection, subpoena and warrant processes, taxes and tax reporting (including issuing IRS 1099 forms to our users), gift cards, employee classification, employee health care, and others. If we fail to comply with these applicable laws or regulations we could be subject to significant liabilities which could adversely affect our business.

In addition, most states have enacted legislation governing the breach of data security in which sensitive consumer information is released or accessed. If we fail to comply with these applicable laws or regulations we could be subject to significant liabilities which could adversely affect our business.

Many of our potential partners are subject to industry specific laws, regulations or licensing requirements, including in the following industries: pharmaceuticals, online gaming, alcohol, adult content, tobacco, firearms, insurance, securities brokerage, real estate, sweepstakes, free trial offers, automatic renewal services and legal services. If any of our advertising partners fail to comply with any of these licensing requirements or other applicable laws or regulations, or if such laws and regulations or licensing requirements become more stringent or are otherwise expanded, our business could be adversely affected. Furthermore, these laws may also limit the way we advertise our products and services or cause us to incur compliance costs, which could affect our revenues and could further

adversely impact our business.

There are a number of significant matters under review and discussion with respect to government regulations which may affect the business we intend to enter and/or harm our customers, and thereby adversely affect our business, financial condition and results of operations.

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Our business has substantial indebtedness.

We currently have, and will likely continue to have, a substantial amount of indebtedness. Our indebtedness could, among other things, make it more difficult for us to satisfy our debt obligations, require us to use a large portion of our cash flow from operations to repay and service our debt or otherwise create liquidity problems, limit our flexibility to adjust to market conditions, place us at a competitive disadvantage and expose us to interest rate fluctuations. As of December 31, 2013, we had total debt outstanding of approximately \$30 million. We expect to obtain the money to pay our expenses and pay the principal and interest on our indebtedness from cash flow from our operations and potentially from other debt or equity offerings. Accordingly, our ability to meet our obligations depends on our future performance and capital raising activities, which will be affected by financial, business, economic and other factors, many of which are beyond our control. If our cash flow and capital resources prove inadequate to allow us to pay the principal and interest on our debt and meet our other obligations, we could face substantial liquidity problems and might be required to dispose of material assets or operations, restructure or refinance our debt, which we may be unable to do on acceptable terms, and forgo attractive business opportunities. In addition, the terms of our existing or future debt agreements may restrict us from pursuing any of these alternatives.

Our earnings are subject to substantial quarterly and annual fluctuations and to market downturns.

Our revenues and earnings may fluctuate significantly in the future. General economic or other political conditions may cause a downturn in the market for our products or services. Despite the recent improvements in market conditions, a future downturn in the market for our products or services could adversely affect our operating results and increase the risk of substantial quarterly and annual fluctuations in our earnings. Our future operating results may be affected by many factors, including, but not limited to: our ability to retain existing or secure anticipated advertisers and publishers; our ability to develop, introduce and market new products and services on a timely basis; changes in the mix of products developed, produced and sold; and disputes with our advertisers and publishers. These factors affecting our future earnings are difficult to forecast and could harm our quarterly and/or annual operating results.

Public company compliance may make it more difficult to attract and retain officers and directors.

The Sarbanes-Oxley Act and new rules subsequently implemented by the SEC have required changes in corporate governance practices of public companies. As a public company, we expect these new rules and regulations to increase our compliance costs in fiscal 2014 and beyond and to make certain activities more time consuming and costly. As a public company, we also expect that these new rules and regulations may make it more difficult and expensive for us to obtain director and officer liability insurance in the future and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified persons to serve on our Board of Directors or as executive officers.

If we fail to establish and maintain an effective system of internal control, we may not be able to report our financial results accurately and timely or to prevent fraud. Any inability to report and file our financial results accurately and timely could harm our reputation and adversely impact the trading price of our common stock.

Effective internal control is necessary for us to provide reliable financial reports and prevent fraud. If we cannot provide reliable financial reports or prevent fraud, we may not be able to manage our business as effectively as we would if an effective control environment existed, and our business and reputation with investors may be harmed. We are required to establish and maintain appropriate internal controls over financial reporting. Failure to establish those controls, or any failure of those controls once established, could adversely affect our public disclosures regarding our business, prospects, financial condition or results of operations.

Risks Related to Our Securities and this Offering

Our historic stock price has been volatile and the future market price for our common stock is likely to continue to be volatile. This may make it difficult for you to sell our common stock for a positive return on your investment.

The public market for our common stock has historically been volatile. Any future market price for our shares is likely to continue to be volatile. This price volatility may make it more difficult for you to sell shares when you want at prices you find attractive. The stock market in general has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of specific companies. Broad market factors and the investing public's negative perception of our business may reduce our stock price, regardless of our operating performance. Further, the market for our common stock is limited and we cannot assure you that a larger market will ever be developed or maintained. We cannot predict the effect

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that the public offering of our common stock we are undertaking pursuant to this prospectus will have on the volume or trading price of our common stock. We cannot provide assurance that the market price of our common stock will not fall below the public offering price or that, following the offering, a stockholder will be able to sell shares acquired in this offering at a price equal to or greater than the offering price. Market fluctuations and volatility, as well as general economic, market and political conditions, could reduce our market price. As a result, these factors may make it more difficult or impossible for you to sell our common stock for a positive return on your investment.

A limited public trading market may cause volatility in the price of our common stock.

Our common stock is quoted on the OTCQB marketplace and trades under the symbol "VGGL". The quotation of our common stock on the OTCQB marketplace does not assure that a meaningful, consistent and liquid trading market currently exists, and in recent years such market has experienced extreme price and volume fluctuations that have particularly affected the market prices of many smaller companies like us. Our common stock is thus subject to this volatility. Sales of substantial amounts of common stock, or the perception that such sales might occur, could adversely affect prevailing market prices of our common stock and our stock price may decline substantially in a short time and our stockholders could suffer losses or be unable to liquidate their holdings. Also there are large blocks of restricted stock that have met the holding requirements under Rule 144 that can be unrestricted and sold. Our stock is thinly traded due to the limited number of shares available for trading on the market thus causing large swings in price.

There is no assurance of an established public trading market.

A regular trading market for our common stock may not be sustained in the future. The effect on the OTCQB marketplace of any proposed changes cannot be determined at this time. The OTCQB marketplace is an inter-dealer, over-the-counter market that provides significantly less liquidity than the Nasdaq Stock Market. Quotes for stocks included on the OTCQB marketplace are not listed in the financial sections of newspapers. As such, investors and potential investors may find it difficult to obtain accurate stock price quotations, and holders of our common stock may be unable to resell their securities at or near their original offering price or at any price. Market prices for our common stock will be influenced by a number of factors, including:

- the issuance of new equity securities pursuant to a future offering;
- changes in interest rates;
- competitive developments, including announcements by competitors of new products or services or significant contracts, acquisitions, strategic partnerships, joint ventures or capital commitments;
- variations in quarterly operating results;
- change in financial estimates by securities analysts;
- the depth and liquidity of the market for our common stock;
- investor perceptions of our company and the technologies industries generally; and
- general economic and other national conditions.

We will apply to list our shares of common stock for trading on the Nasdaq Capital Market. If our application is not approved, the liquidity and market price of our common stock could decrease.

We will apply to list our shares of common stock for trading on the Nasdaq Capital Market. However, we can provide no assurance that our Nasdaq Capital Market listing application will be approved. If our listing application is not approved by the Nasdaq Capital Market, our shares would continue to be listed on the OTCQB, which could adversely affect the market price and liquidity of our common stock. Our failure to become listed on the Nasdaq Capital Market or another established national securities exchange and subsequently maintain such listing could have a material adverse effect on the value of your investment in our company.

Exercise of stock options and warrants and conversion of preferred stock will dilute your percentage of ownership and could cause our stock price to fall.

As of January 7, 2014, we have outstanding stock options and warrants to purchase 217,651 shares of common stock and unvested restricted stock units for 98,381 shares of common stock. Exercise of any of these options or warrants, or conversion of any of the shares of preferred stock, would result in our issuing a significant number of additional shares of common stock. Additionally, we have available shares to issue stock options to purchase up to 81,968 shares of common stock under our 2011 Executive Incentive Plan, and in the future, we may increase the number of shares available for issuance under that plan. In the future, we may grant additional stock options, warrants and convertible securities. The exercise, conversion or exchange of stock options, warrants or convertible securities will dilute the percentage ownership of our other stockholders. Sales of a substantial number of shares of our common stock could cause the price of our common stock to fall and could impair our ability to raise capital by selling additional securities.

Our common stock is currently deemed a “penny stock,” which makes it more difficult for our investors to sell their shares.

Our common stock is subject to the “penny stock” rules adopted under Section 15(g) of the Exchange Act. The penny stock rules generally apply to companies whose common stock is not listed on the Nasdaq Stock Market or other national securities exchange and trades at less than \$4.00 per share, other than companies that have had average revenue of at least \$6,000,000 for the last three years or that have tangible net worth of at least \$5 million (\$2 million if the company has been operating for three or more years). These rules require, among other things, that brokers who trade penny stock to persons other than “established customers” complete certain documentation, make suitability inquiries of investors and provide investors with certain information concerning trading in the security, including a risk disclosure document and quote information under certain circumstances. Many brokers have decided not to trade penny stocks because of the requirements of the penny stock rules and, as a result, the number of broker-dealers willing to act as market makers in such securities is limited. If we remain subject to the penny stock rules for any significant period, it could have an adverse effect on the market, if any, for our securities. If our securities are subject to the penny stock rules, investors will find it more difficult to dispose of our securities.

Our Board of Directors and the holders of a majority of the outstanding shares of our common stock have approved a 1-for-80 reverse stock split that is intended to increase the price per share of our common stock such that it would not be subject to the “penny stock” rules, and we intend to apply to list our common stock on the Nasdaq Capital Market. However, no assurance can be given that we will be able to obtain or maintain any listing of our common stock on the Nasdaq Capital Market or other national securities exchange, or that the per share price of our common stock will improve following the reverse stock split such that our common stock will no longer be subject to these rules.

Our management team will have immediate and broad discretion over the use of the net proceeds from this offering and we may use the net proceeds in ways with which you disagree.

The net proceeds from this offering will be immediately available to our management to use at their discretion. We currently intend to use the net proceeds from this offering for marketing and sales, working capital and general corporate purposes, including acquisitions and the repayment of approximately \$10 million of long-term debt owed to Deutsche Bank. See “Use of Proceeds.” You will be relying on the judgment of our management with regard to the use of these net proceeds, and you will not have the opportunity, as part of your investment decision, to assess whether the proceeds are being used appropriately. It is possible that the net proceeds will be invested in a way that does not yield a favorable, or any, return for us or our stockholders. The failure of our management to use such funds effectively could have a material adverse effect on our business, prospects, financial condition and results of operation.

You will experience immediate and substantial dilution as a result of this offering and may experience additional dilution in the future.

You will incur immediate and substantial dilution as a result of this offering. After giving effect to the sale by us of [_____] shares of common stock in this offering at an assumed public offering price of \$[_____] per share, investors in this offering can expect an immediate dilution of \$[_____] per share, or [_____] % at the assumed public offering price. In addition, in the past, we have issued stock options, warrants and convertible notes to acquire shares of our common stock. To the extent these securities are ultimately exercised, you will sustain further dilution. We may also acquire other businesses and technologies or finance strategic alliances by issuing equity, which may result in additional dilution to our stockholders.

The issuance of shares of common stock in connection with acquisitions that we may complete in the future would have a dilutive impact on our existing stockholders.

We recently issued 1,403,706 shares of our common stock to the stockholders of Wetpaint in connection with our acquisition of Wetpaint (excluding shares of our common stock delivered into escrow to satisfy potential indemnification claims), resulting

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in subsequent significant and immediate dilution in the percentage ownership of our stockholders. In the future, we may also acquire other businesses and technologies or finance strategic alliances by issuing equity, which may result in additional dilution to our stockholders.

You will experience substantial dilution as a result of our future financings and other activities.

As we raise funds to meet our cash needs, you will incur substantial dilution. In addition, in the past, we have issued preferred stock, stock options, warrants and notes that are convertible or exercisable into shares of our common stock, both in connection with our financing activities and in connection with recruiting and retaining employees. To the extent these securities are ultimately converted or exercised, you will sustain further dilution.

Since we do not intend to declare dividends for the foreseeable future, and we may never pay dividends, you may not realize a return on your investment unless the price of our common stock appreciates and you sell your shares.

We will not distribute cash to our stockholders unless and until we can develop sufficient funds from operations to meet our ongoing needs and execute our business. The timeframe for that is inherently unpredictable, and you should not plan on it occurring in the near future, if at all. Our payment of any future dividends will be at the discretion of our Board of Directors after taking into account various factors, including but not limited to our financial condition, operating results, cash needs, growth plans and the terms of any credit agreements that we may be a party to at the time. Accordingly, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize a return on their investment. Investors seeking cash dividends should not purchase our common stock.

Risks Related to Our Proposed Reverse Stock Split

The proposed 1-for-80 reverse stock split will provide additional authorized shares for issuance by our Board of Directors, which could be used to frustrate a third-party transaction.

We expect to effect the 1-for-80 reverse stock split of our issued and outstanding common stock prior to the date of this prospectus, although there can be no assurances that the reverse stock split will be implemented. If the reverse stock split is effected, we would have additional authorized shares of common stock that the Board of Directors could issue in future without stockholder approval, and such additional shares could be issued, among other purposes, in financing transactions or to resist or frustrate a third-party transaction that is favored by a majority of the independent stockholders. This could have an anti-takeover effect, in that additional shares could be issued, within the limits imposed by applicable law, in one or more transactions that could make a change in control or takeover of us more difficult.

The reverse stock split may not increase our stock price sufficiently and we may not be able to list our common stock on the Nasdaq Capital Market, in which case this offering may not be completed.

We expect that the 1-for-80 reverse stock split of our outstanding common stock will increase the market price of our common stock so that we will be able to meet the minimum bid price requirement of the Listing Rules of the Nasdaq Capital Market. However, the effect of a reverse stock split upon the market price of our common stock cannot be predicted with certainty, and the results of reverse stock splits by companies in similar circumstances have been varied. It is possible that the market price of our common stock following the reverse stock split will not permit us to be in compliance with the applicable minimum bid or price requirements. If we are unable to meet the minimum bid or price requirements, we may be unable to list our shares on The Nasdaq Capital Market, in which case this offering may not be completed.

Even if the 1-for-80 reverse stock split achieves the requisite increase in the market price of our common stock, we cannot assure you that we will be able to continue to comply with the minimum bid price requirement of the Nasdaq Capital Market.

Even if the 1-for-80 reverse stock split achieves the requisite increase in the market price of our common stock to be in compliance with the minimum bid price of the Nasdaq Capital Market, there can be no assurance that the market price of our common stock following the reverse stock split will remain at the level required for continuing compliance with that requirement. It is not uncommon for the market price of a company's common stock to decline in the period following a reverse stock split. If the market price of our common stock declines following the effectuation of the reverse stock split, the percentage decline may be greater than would occur in the absence of a reverse stock split. In any event, other factors unrelated to the number of shares of our common stock outstanding, such as negative financial or operational results, could adversely affect the market price of our

common stock and jeopardize our ability to meet or maintain the Nasdaq Capital Market's minimum bid price requirement. In addition to specific listing and maintenance standards, the Nasdaq Capital Market has broad discretionary authority over the initial and continued listing of securities, which it could exercise with respect to the listing of our common stock.

Even if the proposed 1-for-80 reverse stock split increases the market price of our common stock, there can be no assurance that we will be able to comply with other continued listing standards of the Nasdaq Capital Market.

Even if the market price of our common stock increases sufficiently so that we comply with the minimum bid price requirement, we cannot assure you that we will be able to comply with the other standards that we are required to meet in order to maintain a listing of our common stock on the Nasdaq Capital Market. Our failure to meet these requirements may result in our common stock being delisted from the Nasdaq Capital Market, irrespective of our compliance with the minimum bid price requirement.

The proposed 1-for-80 reverse stock split may decrease the liquidity of our stock.

The liquidity of our common stock may be affected adversely by the 1-for-80 reverse stock split given the reduced number of shares that will be outstanding after the reverse stock split, especially if our stock price does not increase as a result of the reverse stock split. In addition, the proposed reverse stock split may increase the number of shareholders who own odd lots (less than 100 shares) of our common stock, creating the potential for such shareholders to experience an increase in the cost of selling their shares and greater difficulty effecting sales.

After the reverse stock split, the resulting stock price may not attract new investors, including institutional investors, and may not satisfy the investing requirements of those investors. Consequently, the trading liquidity of our common stock may not improve.

Although we believe that a higher stock price may help generate greater or broader investor interest, there can be no assurance that the reverse stock split will result in a share price that will attract new investors, including institutional investors. In addition, there can be no assurance that the share price will satisfy the investing requirements of those investors. As a result, the trading liquidity of our common stock may not necessarily improve.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements. The forward-looking statements are contained principally in the sections entitled "Prospectus Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business." These statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by the forward-looking statements. These risks and uncertainties include, but are not limited to, the factors described in the section captioned "Risk Factors" above.

In some cases, you can identify forward-looking statements by terms such as "anticipates," "believes," "could," "estimates," "expects," "intends," "may," "plans," "potential," "predicts," "projects," "should," "would" and similar expressions intended to forward-looking statements. Forward-looking statements reflect our current views with respect to future events and are based on assumptions and are subject to risks and uncertainties. Given these uncertainties, you should not place undue reliance on these forward-looking statements.

Also, forward-looking statements represent our estimates and assumptions only as of the date of this prospectus. You should read this prospectus and the documents that we reference in this prospectus, or that we filed as exhibits to the registration statement of which this prospectus is a part, completely and with the understanding that our actual future

results may be materially different from what we expect.

Except as required by U.S. federal securities laws, we assume no obligation to update any forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in any forward-looking statements, even if new information becomes available in the future.

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USE OF PROCEEDS

We estimate that we will receive net proceeds of \$[_____] from the sale of [_____] shares of common stock being offered at an assumed public offering price of \$[_____] per share after deducting \$[_____] for underwriting discounts and commissions and estimated expenses of approximately \$[_____] , which includes legal, accounting, printing costs and various fees associated with the registration of our shares. If the underwriter exercises its right to purchase an additional [_____] shares of common stock, we will receive an additional \$[_____] after deducting \$[_____] for underwriting discounts and commissions. Assuming no exercise of our underwriter's over-allotment option, we intend to use the net proceeds of the offering as follows:

	Application of Net Proceeds	Percentage of Net Proceeds
Repayment of long-term debt ⁽¹⁾	\$	%
Sales and marketing ⁽²⁾		%
Working capital and general corporate purposes ⁽³⁾		%
Total	\$	%

⁽¹⁾ Includes the repayment of approximately \$10 million of long-term debt owed to Deutsche Bank under a term loan agreement between us and Deutsche Bank with an interest rate per annum equal to, at our option, (i) the LIBOR Rate plus 4% or (ii) the Prime Rate plus 1.75% and a maturity date of December 16, 2013 (the "DB Line").

⁽²⁾ Includes the hiring of additional sales personnel and expenditures associated with marketing and supporting our Viggle platform.

⁽³⁾ Working capital and general corporate purposes include amounts required to pay officers' compensation, professional fees, ongoing public reporting costs, office-related expenses and other corporate expenses including interest and overhead. Working capital and general corporate purposes may also include cash expenditures necessary to fund acquisitions.

Pending use of the proceeds of this offering, we will invest the net proceeds of this offering in short-term, investment grade, interest-bearing instruments. We intend to use \$10 million of net proceeds from this offering to pay down debt currently outstanding under the DB Line. We intend to use the remaining net proceeds received from this offering for marketing and sales, working capital and general corporate purposes. We currently anticipate that, after giving effect to the application of proceeds described above, the balance of the net proceeds of this offering, together with our available funds, will be sufficient to meet our anticipated needs for working capital and capital expenditures through at least 12 months following the closing of this offering. We anticipate that after 12 months from the closing of this offering, additional financing may be needed. No assurance can be given that such additional financing will be available on terms acceptable to us, if at all.

The allocation of the net proceeds of this offering set forth above represents our best estimates based upon our current plans and assumptions regarding industry and general economic conditions and our future revenues and expenditures. If any of these factors change, it may be necessary or advisable for us to reallocate some of the proceeds within the above-described categories or to use portions for other purposes. Investors will be relying on the judgment of our management regarding application of the net proceeds of this offering.

DIVIDEND POLICY

We have never declared or paid cash dividends. Any future decisions regarding dividends will be made by our Board of Directors. We currently intend to retain and use any future earnings for the development and expansion of our business and do not anticipate paying any cash dividends in the foreseeable future.

CAPITALIZATION

The following table sets forth our capitalization as of September 30, 2013:

• on an actual basis;

on a pro forma basis giving effect to (i) the acquisition of Wetpaint, (ii) the 1 for 80 reverse stock split, which we intend to effect prior to the date of this prospectus, and (iii) the Recapitalization, comprised of (a) exchange of all shares of Series A convertible preferred stock for post reverse split common stock and (b) the exchange of all shares of Series B convertible preferred stock for shares of our post reverse split common stock; and

on a pro forma as adjusted basis to reflect the receipt of net proceeds of approximately \$[_____] from the sale of [_____] shares of our common stock at an assumed offering price of \$[_____] per share, the closing price of our common stock on [_____] 2014, after deducting estimated underwriting discounts and commissions and offering expenses.

	As of September 30, 2013 (unaudited)(in thousands)		
	Actual	Pro Forma	Pro Forma As Adjusted
Loans payable, less current portion	\$11,000	\$11,000	\$—
Series A Convertible Preferred Stock, \$1,000 stated value, authorized 100,000 shares, issued and outstanding 33,320 shares	36,837	—	—
Stockholders' deficit:			
Series B Convertible Preferred Stock, \$1,000 stated value, authorized 50,000 shares, issued and outstanding 21,364 shares	3,916	—	—
Common stock, \$0.001 par value; authorized 300,000,000 shares, 75,202,298 shares issued and outstanding on an actual basis, 8,555,389 on a pro forma basis, and xxxxxx on a pro forma as adjusted basis	75	9	—
Additional paid-in capital	198,214	274,392	—
Treasury stock, 15,922,154 shares	(10,986)	(10,986) —
Due from executive officer	(3,595)	(3,595) —
Accumulated deficit	(244,666)	(248,586) —
Total stockholders' equity (deficit)	(57,042)	11,234	—
Total capitalization	\$(9,205) \$22,234	\$—

PRICE RANGE OF COMMON STOCK

Our common stock is quoted on the OTCQB marketplace and trades under the symbol “VGGL.” We will apply to list our common stock on the Nasdaq Capital Market, and expect such listing to occur concurrently with the closing of this offering.

The following table sets forth the range of high and low closing prices of our common stock as reported by the OTCQB marketplace for the periods indicated. These prices do not reflect the 1-for-80 reverse stock split that we anticipate effecting prior to the completion of this offering.

	High	Low
Fiscal 2012		
First quarter (July-September 2011)	\$ 10.70	\$ 4.75
Second quarter (October-December 2011)	7.50	4.89
Third quarter (January-March 2012)	8.90	5.50
Fourth quarter (April-June 2012)	6.50	2.50
Fiscal 2013		
First quarter (July-September 2012)	\$ 5.60	\$ 0.70
Second quarter (October-December 2012)	2.30	1.10
Third quarter (January-March 2013)	1.25	0.70
Fourth quarter (April-June 2013)	0.88	0.32
Fiscal 2014		
First quarter (July-September 2013)	\$ 0.78	\$ 0.60
Second quarter (October 1 – December 31, 2013)	0.69	0.40

These quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission, and may not represent actual transactions. These prices have been adjusted from the actual prices for applicable pre-split periods to reflect the 1-for-10 reverse stock split of our outstanding shares of common stock that took effect on February 16, 2011, the 1-for-2 reverse stock split of our outstanding shares of common stock that took effect on June 7, 2012.

The last reported sale price of our common stock on the OTCQB marketplace on December 31, 2013 was \$0.47 per share.

As of December 31, 2013, we had 100 stockholders of record and approximately 950 beneficial owners of our common stock.

Securities Authorized for Issuance under Equity Compensation Plans

The table below shows information with respect to our 2011 Executive Incentive Plan as of June 30, 2013. For a description of our 2011 Executive Incentive Plan, see Note 10 in the Notes to our Consolidated Financial Statements. All amounts listed below do not give effect to the 1-for-80 reverse stock split expected to be completed prior to the date of this prospectus.

Plan Category	(a) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	(b) Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (1)(2)	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a) #)
Equity compensation plans approved by security holders	(#) 19,773,896	(\$) 1.70	(a) # 10,226,104
Equity compensation plans not approved by security holders	—	—	—

(1) 1,869,168 restricted stock units are outstanding and vest 1/3 on the first, second and third anniversary of the date of grant. There is no exercise price.

(2) 18,818,547 stock options were granted to directors, officers, and employees during the fiscal year at a range of \$0.50 to \$2.30. The options vest over three or four year periods.

(3) This includes 1,869,168 restricted stock units and options to purchase 17,904,728 shares.

The weighted average exercise price of \$1.70 reflects the weighted average exercise price of all options outstanding as of June 30, 2013. The restricted stock units referred to in Footnote 1 above do not have an exercise price and therefore are not included in this weighted average.

DILUTION

If you invest in our common stock, your investment will be diluted immediately to the extent of the difference between the public offering price per share of common stock you pay in this offering, and the pro forma net tangible book value per share of common stock immediately after this offering. Unless otherwise indicated, share and per share amounts below reflect the proposed 1-for-80 reverse stock split of our issued and outstanding common stock.

Pro forma net tangible book value represents the amount of our total tangible assets reduced by our total liabilities. Tangible assets equal our total assets less goodwill and intangible assets. Pro forma net tangible book value per share set forth in the table below represents our pro forma net tangible book value divided by the number of shares of common stock outstanding, after giving effect to (i) the acquisition of Wetpaint, (ii) our proposed 1-for-80 reverse stock split and (iii) the Recapitalization. Our actual net tangible book value as of September 30, 2013 was approximately \$(27.5) million or \$(29.60) per post reverse split share of common stock.

Pro forma as adjusted net tangible book value gives effect to (i) the receipt of net proceeds of approximately \$[_____] from the sale of [_____] shares of our common stock at an assumed offering price of \$[_____] per share, the closing price of our common stock on [_____] , 2014, after deducting estimated underwriting discounts and commissions and offering expenses. Our pro forma as adjusted net tangible book value at September 30, 2013 would have been approximately [_____] , or \$[_____] per share. This represents an immediate increase in net tangible book value of approximately \$[_____] per share to our existing stockholders, and an immediate dilution of \$[_____] per share to investors purchasing shares in the offering.

The following table illustrates this per share dilution, giving effect to the transactions described in the paragraph immediately above:

	Pro Forma as of September 30, 2013	Pro Forma, as Adjusted
Assumed public offering price per share	—	—
Net tangible book value per share as of September 30, 2013	—	—
Increase attributable to net proceeds received from this offering	—	—
Pro forma net tangible book value per share as of September 30, 2013 after giving effect to this offering	—	—
Dilution in net tangible book value per share to new investors	—	—

If the underwriters exercise their over-allotment option to purchase [_____] shares of common stock at the assumed offering price of \$[_____] per share, the adjusted net tangible book value after this offering would be \$[_____] per share, representing an increase in net tangible book value of \$[_____] per share to existing stockholders and immediate dilution of \$[_____] per share to new investors in this offering.

The foregoing illustration does not reflect potential dilution as of January 7, 2014 from the exercise of outstanding stock options or warrants to purchase an aggregate of 670,509 shares of our common stock.

UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

On December 16, 2013, we entered into the acquisition agreement with Merger Sub, Wetpaint, certain stockholders of Wetpaint and Shareholder Representative Services LLC (solely in its capacity as the Stockholders' Agent). The acquisition agreement and the transactions contemplated thereby were approved by our Board of Directors, the board of directors of each of Merger Sub and Wetpaint, and a majority of the holders of Wetpaint common stock and Wetpaint preferred stock. On December 16, 2013, Merger Sub merged with and into Wetpaint, with Wetpaint continuing as the surviving corporation and our wholly-owned subsidiary. The acquisition is intended to qualify as a tax-free reorganization under Section 368(a) of the Code.

In connection with the acquisition, all outstanding shares of Wetpaint capital stock were converted into the right to receive an aggregate amount of cash and shares of our common stock payable as described below. At the completion of the acquisition, (i) \$1,633,500 in cash (subject to certain adjustments for payment of certain transaction expenses by us and bonus and premium payments to certain Wetpaint employees and stockholders) and \$18,016,667 in shares of our common stock (subject to certain adjustments as described below) were delivered to the holders of Wetpaint capital stock in accordance with the allocation set forth in the acquisition agreement, and (ii) \$4,491 in cash and \$3,750,000 in shares of our common stock were delivered to an escrow agent to satisfy potential indemnification claims and cover certain expenses of the escrow agent. On or before February 15, 2014, (a) an aggregate amount of \$3,366,500 in cash (subject to certain adjustments for changes in Wetpaint's net working capital, payment of certain transaction expenses by us and bonus and premium payments to certain Wetpaint employees and stockholders) will be delivered to the holders of Wetpaint capital stock in accordance with the allocation set forth in the acquisition agreement and (b) \$45,509 in cash will be delivered to the escrow agent to cover certain expenses of the escrow agent. The values of shares of Viggle common stock and restricted stock units noted above were based on the average closing market price of the Company's common stock during the 10 days prior to completion of the Acquisition, in accordance with the Acquisition Agreement.

Pursuant to the terms of the acquisition agreement, if we complete the Recapitalization on or before December 31, 2015, the stock consideration paid in the Acquisition shall be adjusted such that (i) if upon giving effect to the Recapitalization, the shares constituting such stock consideration collectively represent less than 13.17% of the total outstanding shares of our common stock on a fully-diluted basis (subject to certain adjustments set forth in the merger agreement), we will issue to our stockholders that are former stockholders of Wetpaint (the "Wetpaint/Viggle Holders") the additional number of shares of our common stock as is necessary such that the shares constituting the stock consideration, as so adjusted, represent 13.17% of the total outstanding shares of our common stock on a fully-diluted basis (subject to certain adjustments set forth in the merger agreement) as of such time, and (ii) if upon giving effect to the Recapitalization, the shares constituting the stock consideration collectively represent greater than 17.55% of the total outstanding shares of our common stock on a fully-diluted basis (subject to certain adjustments set forth in the merger agreement), then we will cancel such number of shares of our common stock constituting the stock consideration as is necessary such that the stock consideration, as so adjusted, collectively represent 17.55% of the total outstanding shares of our common stock on a fully-diluted basis (subject to certain adjustments set forth in the merger agreement) as of such time. We have determined a fair value of \$6,100,000 for this contingent consideration and have added such amount to the total acquisition price.

The following unaudited pro forma combined financial statements have been prepared to give effect to the acquisition. These unaudited pro forma combined financial statements are derived from the historical consolidated financial statements of the Company and Wetpaint. These financial statements have been adjusted as described in the notes to the unaudited pro forma combined financial statements.

The unaudited pro forma combined balance sheet combines the historical consolidated balance sheets of the Company and Wetpaint as of September 30, 2013, and includes preliminary adjustments to reflect the events that are directly

attributable to the acquisition. In addition, the unaudited pro forma combined statements of operations combine the historical consolidated statements of our operations and the operations of Wetpaint and have also been adjusted to give effect to pro forma events that are directly attributable to the acquisition and expected to have a continuing impact on the combined results. The unaudited pro forma combined statements of operations have been prepared assuming the acquisition closed on July 1, 2012.

We have prepared the unaudited pro forma combined financial statements based on available information using assumptions that it believes are reasonable. These pro forma financial statements are being provided for informational purposes only and do not claim to represent our actual financial position or results of operations had the acquisition occurred on the date specified nor do they project our results of operations or financial position for any future period or date. In addition, the pro forma financial statements do not contemplate the cost or impact of any restructuring activities or synergies resulting from the acquisition.

The unaudited pro forma combined financial statements were prepared using the acquisition method of accounting as outlined in Accounting Standards Codification (“ASC”) 805, Business Combinations. Based on the acquisition method of accounting, assets and liabilities are recorded based on their fair values as of the date of the completion of the acquisition. The

estimated fair values of the net assets acquired are preliminary and subject to final adjustments and provided for informational purposes only.

Unaudited Pro Forma Combined Balance Sheet

	As of September 30, 2013 (in thousands)			
	Historical Viggle	Historical Wetpaint	Pro Forma Adjustments	Pro Forma Combined
Assets				
Current Assets:				
Cash and Cash Equivalents	\$1,792	\$905	\$(2,116))c	\$581
Accounts Receivable, net	2,239	505	—	2,744
Prepaid Expenses	879	118	—	997
Other Receivables	329	—	—	329
Total current assets	5,239	1,528	(2,116))	4,651
Restricted Cash	696	—	—	696
Equipment, Net	2,753	92	—	2,845
Intangibles, Net	4,367	311	17,674	d 22,352
Goodwill	2,953	—	24,836	e 27,789
Other assets	56	103	—	159
Total assets	\$16,064	\$2,034	\$40,393	\$58,491
Liabilities, convertible redeemable preferred stock and stockholders' deficit				
Current liabilities				
Accounts Payable and Accrued Expenses	4,874	631	9,523	f 15,028
Reward points payable	8,837	—	—	8,837
Common stock warrant liability	283	—	—	283
Deferred revenue	—	719	—	719
Current Portion of Loan Payable	10,000	—	—	10,000
Total current liabilities	23,994	1,350	9,523	34,867
Loans Payable, less current portion	11,000	—	—	11,000
Other Long-Term Liabilities	1,275	—	—	1,275
Total liabilities	36,269	1,350	9,523	47,142
Series A Convertible Preferred Stock, \$1,000 stated value, authorized 100,000 shares, issued and outstanding 33,320 shares as of September 30, 2013	36,837	—	—	36,837
Series C Convertible Preferred Stock, par value \$.0001 per share, 2,500,000 shares authorized, 2,485,089 shares issued and outstanding	—	24,897	(24,897))g	—
Series B Convertible Preferred Stock, par value \$.0001 per share, 3,600,000 shares authorized, 3,512,875 shares issued and outstanding	—	9,459	(9,459)	g —
Series A Convertible Preferred Stock, par value \$.0001 per share, 5,250,000 shares authorized, 5,250,000 shares issued and	—	5,180	(5,180)	g —

outstanding				
Commitments and contingencies	—	—	—	—
Stockholders' Deficit				

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Series B Convertible Preferred Stock, \$1,000 stated value, authorized 50,000 shares, issued and outstanding 21,364 shares as of September 30, 2013	3,916	—	—		3,916
Common stock, \$0.001 par value: authorized 300,000,000 shares, issued and outstanding 75,202,298 shares as of September 30, 2013	75	—	49	b	124
Additional paid-in-capital	198,214	1,574	33,851	b, g	233,639
Treasury stock, 15,922,154 shares as of September 30, 2013	(10,986)	—	—		(10,986)
Due from Executive Officer	(3,595)	—	—		(3,595)
Accumulated deficit	(244,666)	(40,426)	36,506	g	(248,586)
Total stockholders' deficit	(57,042)	(38,852)	70,406		(25,488)
Total liabilities, convertible preferred stock and stockholders' equity	\$16,064	\$2,034	\$40,393		\$58,491

Unaudited Pro Forma Combined Statements of Operations
(amounts in thousands except per share amounts)

	Three Months Ended September 30, 2013 (in thousands)			
	Historical Viggle	Historical Wetpaint	Pro Forma Adjustments	Pro Forma Combined
Revenues	\$4,338	\$1,685		\$6,023
Cost of watchpoints and engagement points	(2,579)			(2,579)
Selling, general and administrative	(25,334)	(2,022)	\$(642)	(27,998)
Operating loss	(23,575)	(337)	(642)	(24,554)
Other income:				
Other expense	84	25	—	109
Interest (expense) income, net	(768)	—	—	(768)
Total other income	(684)	25	—	(659)
Net loss before income taxes	(24,259)	(312)	(642)	(25,213)
Income taxes	(22)	—	—	