

International Fight League, Inc.

Form S-1/A

November 28, 2007

Table of Contents

As filed with the Securities and Exchange Commission on November 28, 2007

Registration No. 333-146629

**SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**Amendment No. 1
to
Form S-1**

**REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

International Fight League, Inc.

(Exact name of Registrant as specified in its charter)

Delaware

*(State or Other Jurisdiction of
Incorporation or Organization)*

7900

*(Primary Standard Industrial
Classification Code Number)*

04-2893483

*(I.R.S. Employer
Identification Number)*

**424 West 33rd Street, Suite 650
New York, New York 10001
212.356.4000**

*(Address, including zip code, and telephone number,
including area code, of Registrant's principal executive offices)*

**Michael C. Keefe
International Fight League, Inc.
424 West 33rd Street, Suite 650
New York, New York 10001
212.356.4000**

*(Name, address, including zip code, and telephone number,
including area code, of agent for service)*

Copies to:

**Steven E. Siesser
Lowenstein Sandler PC
1251 Avenue of the Americas
New York, New York 10020
973.262.6700**

Approximate date of commencement of proposed sale to the public: From time to time after this Registration Statement becomes effective.

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, check the following box:

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

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

If this Form is a 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.

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

Table of Contents

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

(SUBJECT TO COMPLETION, DATED NOVEMBER 28, 2007)

PROSPECTUS

39,306,180 Shares

COMMON STOCK

This prospectus covers 39,306,180 shares of our common stock that may be offered for resale by the selling securityholders named in this prospectus and the persons to whom such selling securityholders may transfer their shares. No securities are being offered or sold by us pursuant to this prospectus. We will not receive any of the proceeds from the sale of these shares by the selling securityholders.

Shares of our common stock are quoted on the OTC Bulletin Board under the symbol IFLI. On November 27, 2007, the closing sales price for our common stock was \$0.20 per share.

The selling securityholders may sell their shares from time to time in the over-the-counter market or otherwise, in one or more transactions at fixed prices, at prevailing market prices at the time of sale or at prices negotiated with purchasers. This prospectus includes 13,976,180 shares of common stock that may be issued upon the exercise of warrants held by the selling securityholders. The selling securityholders will be responsible for any commissions or discounts due to brokers or dealers. We will pay substantially all of the expenses of registration of the shares covered by this prospectus.

Investing in our common stock involves risk. You should carefully consider the risk factors beginning on page 7 of this prospectus before purchasing shares of our common stock.

Neither the 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.

The date of this prospectus is _____, 2007.

TABLE OF CONTENTS

	Page
<u>SUMMARY</u>	1
<u>THE OFFERING</u>	4
<u>SUMMARY FINANCIAL DATA</u>	5
<u>RISK FACTORS</u>	7
<u>SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS AND INDUSTRY DATA</u>	15
<u>USE OF PROCEEDS</u>	15
<u>MARKET PRICE OF AND DIVIDENDS ON COMMON EQUITY AND RELATED STOCKHOLDER MATTERS</u>	16
<u>SELECTED FINANCIAL DATA</u>	18
<u>ABOUT THE OFFERING</u>	19
<u>SELLING SECURITYHOLDERS</u>	19
<u>PLAN OF DISTRIBUTION</u>	21
<u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	24
<u>BUSINESS</u>	35
<u>MANAGEMENT</u>	46
<u>COMPENSATION DISCUSSION AND ANALYSIS</u>	48
<u>CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS</u>	58
<u>PRINCIPAL STOCKHOLDERS</u>	60
<u>DESCRIPTION OF CAPITAL STOCK</u>	62
<u>LEGAL MATTERS</u>	65
<u>EXPERTS</u>	65
<u>WHERE YOU CAN FIND ADDITIONAL INFORMATION</u>	65
<u>INDEX TO FINANCIAL INFORMATION</u>	F-1
<u>EX-23.1: CONSENT OF ROTHSTEIN, KASS & COMPANY, P.C.</u>	

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with information different from that contained in this prospectus. The selling securityholders are offering to sell, and seeking offers to buy, shares of our common stock only in jurisdictions where offers and sales are permitted. The information in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of shares of our common stock.

Table of Contents

SUMMARY

This summary highlights information contained elsewhere in this prospectus and does not contain all of the information you should consider in making your investment decision. You should read this summary together with the more detailed information, including our financial statements and related notes, elsewhere in this prospectus. You should carefully consider, among other things, the matters discussed in Risk Factors.

Our Company

We are the world's first professional mixed martial arts (or MMA) sports league. Our business was founded in 2005 to organize, host and promote live and televised MMA sporting events and to capitalize on the growing popularity of MMA in the United States and around the world. At the core of our business are our teams, which comprise some of the world's most highly regarded MMA athletes and coaches. Our sporting events typically showcase four teams, in two-team match-ups, with athletes competing in one-on-one matches across five weight divisions. These events create a body of television programming content that we currently distribute through an arrangement with both Fox Sports Net (FSN), a national sports cable network available to over 80 million households across the U.S., MyNetworkTV, Inc. (MNTV), a broadcast network available to over 100 million homes across the U.S., and internationally through our arrangement with Alfred Haber Distribution, Inc., an international distributor of U.S. television programming. We earn revenue from live event ticket sales, sponsorships and promotions and licensing of our intellectual property. We have held eighteen live events, the first of which took place during the second quarter of 2006, the first period in which we recognized revenues. During the year ended December 31, 2006, we recognized a net loss of \$9.6 million and during the nine months ended September 30, 2007, we recognized a loss of \$17.5 million.

MMA is a sport that is growing in popularity around the world. In MMA matches, athletes combine a variety of fighting styles, such as boxing, judo, jiu jitsu, karate, kickboxing, muay thai, taekwondo and/or wrestling, in each fight. Typically, MMA sporting events are promoted either as championship matches or as vehicles for well-known individual athletes. Professional MMA competition conduct is regulated primarily by rules implemented by state athletic commissions and is currently permitted in about 35 jurisdictions. To foster athlete safety and a broader acceptance of the sport, we have established our own rules of conduct, including bans on certain dangerous moves, such as elbow strikes to an opponent's head, placing more emphasis on the sport and competition.

Our mission is to popularize our league based on the success of our teams while developing household stars similar to other professional sports leagues. Our uniqueness is derived from our team-based league structure, where individual exclusive athletes are members of teams that are regionally situated throughout the world. The league format enables the announcement of a full calendar of events in advance of the season, enabling fans, sponsors, and athletes to plan for a full year of events, which is a new concept for MMA. Each of our teams consists of a world recognized coach and five to eight athletes. During each team match, there are five one-on-one matches, one in each weight class (lightweight, welterweight, middleweight, light heavyweight, and heavyweight). The team with three one-on-one match victories wins the competition. The regular season is followed by post-season playoffs culminating in two teams competing for the annual IFL championship. We launched our first full season in 2007, which consisted of a six-month, nine event regular season and was being followed by a two-month, two event post-season. We held our nine 2007 regular season matches from January 19, 2007 through June 16, 2007 in Oakland, California, Houston, Texas, Atlanta, Georgia, Los Angeles, California, Moline, Illinois, Uncasville, Connecticut, Chicago, Illinois, Everett, Washington and Las Vegas, Nevada. The first round of the playoffs was held on August 2, 2007 in East Rutherford, New Jersey and the finals, which determined the league champion, were held on September 20, 2007 in Hollywood, Florida. In addition, we will be hosting our first Grand Prix all-star tournament, in which the four top athletes in each weight class will compete for the title belt to be awarded to the champion of each weight class. The first round took place on November 3, 2007 in Chicago, Illinois and the finals is scheduled for December 29, 2007 in Uncasville,

Connecticut.

Generally, athletes are signed to exclusive contracts for the entire season. These contracts typically provide a base compensation, as well as team and individual performance incentives. For most of our athletes,

Table of Contents

we retain exclusive rights to extend the 2007 regular season contract for an additional year and even if we do not extend the term, we have an exclusive first negotiation right for the 2008 season. This approach allows athletes to train on a full-time basis, which differs markedly from the event-by-event contracts that historically provided the only form of compensation for MMA athletes. Each athlete and team coach is and will be an independent contractor.

Our management believes that the league and team approach to MMA gives us a substantial competitive advantage in that our organization is not dependent on a single athlete's success and has the ability to build the popularity of individual athletes as well as its teams and the league in general.

Our operations are centered on the following three business components:

Live and Televised Entertainment, which consists of live events in arenas and free distribution of IFL content on television.

Sponsorships and Promotions, which consists of sponsorships for live events and televised productions and related promotion opportunities.

Branded Merchandise, which consists of licensing and marketing of our intellectual property.

In addition, we are evaluating the profitability of other revenue sources, such as franchise or team sales, digital rights and pay-per-view broadcasts.

Risks Affecting Us

Our business is subject to numerous risks, which are highlighted in the section entitled "Risk Factors" immediately following this prospectus summary. These risks represent challenges to the successful implementation of our strategy and the growth of our business. Some of these risks are:

our business represents a new business model for the MMA market and our MMA business has been operating for less than two years;

the markets in which we operate are highly competitive;

a future decline in the popularity of mixed martial arts;

we have experienced substantial financial losses and expect to incur net losses in the future;

our limited operating history makes forecasting our revenues and expenses difficult;

our revenues from operations are likely to be insufficient to meet our projected capital needs in the short term, therefore, we will need to raise additional capital;

our failure to obtain and maintain key agreements and arrangements could adversely affect our ability to distribute our television programming;

we may not be able to attract and retain key athletes and coaches;

insiders may exercise substantial control over us; and

if we execute definitive agreements for the currently proposed television distribution arrangement with Fox and Fox extends its agreements with us, our relationship will be exclusive as to U.S. television broadcast rights.

For further discussion of these and other risks you should consider before making an investment in our common stock, see **Risk Factors** beginning on page 7.

Corporate History

Prior to November 29, 2006, we were known as Paligent Inc., a Delaware corporation (**Paligent**). On November 29, 2006, we acquired International Fight League, Inc., a privately held Delaware corporation (**Old IFL**), pursuant to an agreement and plan of merger, dated as of August 25, 2006, as amended (the **Merger**

Table of Contents

Agreement), by and among us, IFL Corp., a Delaware corporation and our wholly-owned subsidiary (Merger Sub), and Old IFL, providing for the merger of Merger Sub and Old IFL, with Old IFL being the surviving corporation and becoming our wholly-owned subsidiary (the Merger). Immediately following the Merger, we changed our name to International Fight League, Inc., and Old IFL changed its name to IFL Corp. and continued to operate Old IFL's business of organizing and promoting a mixed martial arts sports league.

Immediately prior to the Merger, we completed a 1-for-20 reverse stock split of our common stock. Except as otherwise specified herein, all references herein to share amounts of our common stock reflect the reverse stock split. In addition, effective upon the closing of the Merger, all of the pre-Merger Paligent and Old IFL directors, became our directors. As part of the Merger, we also adopted the International Fight League, Inc. 2006 Equity Incentive Plan (the 2006 Equity Incentive Plan) under which all of the options to purchase shares of common stock of Old IFL outstanding prior to the Merger were converted into options to purchase shares of common stock of IFL.

As part of the Merger, we issued 30,872,101 shares of our common stock to the former stockholders of Old IFL in exchange for all of the issued and outstanding shares of common stock of Old IFL (including shares of Old IFL preferred stock which were converted to Old IFL common stock immediately prior to the Merger). As part of the Merger, in exchange for options to purchase 1,865,000 shares of Old IFL common stock, we issued to the holders thereof options to purchase an aggregate of 1,925,376 shares of our common stock under our 2006 Equity Incentive Plan having substantially the same terms and conditions as the Old IFL options. As a result of the Merger, the former stockholders of Old IFL became holders of IFL common stock, and holders of Old IFL options became holders of options to acquire shares of IFL common stock.

Following the reverse stock split and the Merger, there were 32,496,948 shares of IFL common stock outstanding, of which the pre-Merger stockholders of Paligent owned approximately 5% and the pre-Merger stockholders of Old IFL owned approximately 95%. As a result, Old IFL has been treated as the acquiring company for accounting purposes. The Merger has been accounted for as a reverse acquisition under the purchase method of accounting for business combinations in accordance with generally accepted accounting principles in the United States of America. Reported results of operations of the combined group issued after completion of the transaction will reflect Old IFL's operations.

Immediately after the Merger, we issued an additional 1,627,500 shares of IFL common stock to Richard J. Kurtz, Paligent's principal stockholder before the Merger, in exchange for his contribution of \$651,000 of indebtedness owing to him under a promissory note issued to him by Paligent.

Unless otherwise indicated or the context otherwise requires, the terms Company, IFL, we, us, and our refer to International Fight League, Inc. (formerly known as Paligent Inc.) and its subsidiaries, including IFL Corp., after giving effect to the Merger. Unless otherwise indicated or the context otherwise requires, the term our business refers to the mixed martial arts business of Old IFL as continued by IFL Corp. after the Merger.

Recent Developments

On November 19, 2007, our Board of Directors appointed Jay Larkin, our President and Chief Operating Officer at the time, as its acting Chief Executive Officer as a result of the resignation by Gareb Shamus as Chairman, Chief Executive Officer and interim Chief Financial Officer. Mr. Shamus is still a current member of our board. The Company is conducting a search for a new chief financial officer. Mr. Larkin joined us on September 21, 2007 as our President and Chief Operating Officer. The terms of Mr. Larkin's employment agreement are described under Management Executive Employment Contracts.

On November 19, 2007, we disclosed that we would be restating our financial statements to reflect a changing in our barter accounting for our arrangement with Fox Sports Net. The financial statements contained in this prospectus

reflect these changes. See Critical Accounting Policies and Estimates Restatements in the Management's Discussion and Analysis of Financial Condition and Results of Operations.

On August 6, 2007, we sold 25,330,000 shares of our common stock at a price of \$0.50 per share to a number of institutional and individual accredited investors in a private placement, for gross proceeds of

Table of Contents

\$12,665,000. As part of the transaction, we issued to the investors five-year warrants to purchase 12,665,000 shares of our common stock at an exercise price of \$1.05 per shares. In connection with the private placement, we incurred various expenses which included commissions to the placement agent, legal and accounting fees, and other miscellaneous expenses, of \$1 million. We also issued to the placement agent, as partial compensation for its services, a five-year warrant to purchase up to 729,900 shares of common stock at an exercise price of \$1.05 per share.

On April 2, 2007, we entered into an agreement and general release (the Agreement and Release), pursuant to which Salvatore A. Bucci, our former Chief Financial Officer, Executive Vice President and Treasurer was to resign effective at the close of business on June 30, 2007. This Agreement and Release was amended and restated as of June 19, 2007, to extend Mr. Bucci's resignation date to September 30, 2007. Under these arrangements, Mr. Bucci continued to serve as our Chief Financial Officer, Executive Vice President and Treasurer through September 30, 2007, at which time his resignation became effective. We have not yet replaced Mr. Bucci, but are searching for a successor.

Corporate Information

Our principal executive offices are located at 424 West 33rd Street, Suite 650, New York, New York 10001, and our telephone number is (212) 356-4000. Our website address is www.ifl.tv. The information on, or that can be accessed through, our website is not part of this prospectus.

International Fight League, IFL, Bulldogs, Condors, Red Bears, The Scorpions, The Razorclaws, Toronto The Tigersharks, The Pitbulls, The Silverbacks, The Wolfpack, The Sabres and The Anacondas are trademarks. Each trademark, trade name or service mark of any other company appearing in this prospectus belongs to its holder.

THE OFFERING

Common stock offered by the selling securityholders	39,306,180 shares*
Use of proceeds	All net proceeds from the sale of the shares of common stock offered under this prospectus by the selling securityholders will go to the stockholder who offers and sells them. We will not receive any of the proceeds from the offering of the shares by the selling securityholders. See Use of Proceeds.
OTC Bulletin Board symbol	IFLI
Risk Factors	You should read the Risk Factors section of this prospectus for a discussion of factors to consider carefully before deciding to purchase any shares of our common stock.

* Includes 13,976,180 shares of common stock that may be issued upon the exercise of warrants held by selling securityholders.

Table of Contents**SUMMARY FINANCIAL DATA**

You should read the data set forth below in conjunction with our consolidated financial statements and related notes, Management's Discussion and Analysis of Financial Condition and Results of Operation, and other financial information appearing elsewhere in this prospectus.

We derived the consolidated statements of operations data for the period from March 29, 2005 (date of inception) to December 31, 2005 and the consolidated balance sheet data as of December 31, 2005 from the audited consolidated financial statements of International Fight League, LLC, the predecessor to Old IFL, which were prepared in accordance with generally accepted accounting principles, included elsewhere in this prospectus.

We derived the consolidated statements of operations data for the year ended December 31, 2006 and the balance sheet data as of December 31, 2006 from our audited consolidated financial statements included elsewhere in this prospectus. We derived the consolidated statements of operations data for the nine months ended September 30, 2007 and the consolidated balance sheet data as of September 30, 2007 from our unaudited condensed consolidated financial statements included elsewhere in this prospectus. Our historical results are not necessarily indicative of the results to be expected in any future period.

	International Fight League, Inc.	International Fight League, Inc. for the Year Ended December 31, 2006	International Fight League, LLC
	for the Nine Months Ended September 30, 2007		March 29, 2005 (Date of Inception) to December 31, 2005
	(Unaudited)	(Restated)	
Consolidated Statements of Operations			
Data:			
Revenues			
Live and televised events			
Advertising sponsorships	\$ 337,070	\$ 274,080	\$
Live events box office receipts	1,994,550	671,665	
Television rights	1,957,500		
Branded merchandise	72,659	44,315	
Total revenues	4,361,779	990,060	
Cost of revenues			
Advertising sponsorships	110,647	165,180	
Live events costs	15,104,605	6,287,196	
Branded merchandise	67,035	21,390	
Total cost of revenues	15,282,287	6,473,766	
	6,604,486	3,858,790	(43,003)

Selling, general and administrative expenses

Stock-based compensation expense		277,368		48,410	
Operating loss		(17,802,362)		(9,390,906)	(43,003)
Other income (expenses):					
Dividend expense				(153,404)	
Interest expense		(2,894)		(90,647)	
Interest income		322,035		31,557	
Other income (expenses), net		319,141		(212,494)	
Net loss	\$	(17,483,221)	\$	(9,603,400)	\$ (43,003)
Net loss per common share basic and diluted:	\$	(0.30)	\$	(0.49)	\$
Weighted average common shares outstanding:					
Basic and diluted		58,627,000		19,691,000	

Table of Contents

	International Fight League, Inc. as of September 30, 2007 (Unaudited)	International Fight League, Inc. as of December 31, 2006	International Fight League, LLC as of December 31, 2005
Consolidated Balance Sheet Data:			
Cash and Cash Equivalents	\$ 9,342,595	\$ 16,623,159	\$ 1,136,960
Total Assets	\$ 10,233,358	\$ 17,427,637	\$ 1,147,227
Investor Advances	\$	\$	\$ 1,175,000
	6		

Table of Contents

RISK FACTORS

You should carefully consider the risks described below before making an investment decision. Our business, prospects, financial condition or operating results could be materially adversely affected by any of these risks. The trading price of our common stock could decline due to any of these risks and you may lose all or part of your investment. In assessing the risks described below, you should also refer to the other information contained in this prospectus, including our financial statements and the related notes, before deciding to purchase any shares of our common stock.

Risks Related To Our Business

Our business is difficult to evaluate because it represents a new business model for the MMA market and we have been operating for less than two years. The MMA market may not develop as we anticipate, and we may not successfully execute our business strategy.

Our league-based MMA business model focusing on team, rather than individual competition, is unique to the MMA industry and may not prove to be successful. We have a limited operating history upon which you can evaluate our business. Although we were organized in 2005, we did not begin revenue generating operations until 2006. The MMA industry is also rapidly growing and evolving and may not develop in a way that is advantageous for our business model. You must consider the challenges, risks and difficulties frequently encountered by early stage companies using new and unproven business models in new and rapidly evolving markets. Some of these challenges relate to our ability to:

increase our brand name recognition;

expand our popularity and fan base;

successfully produce live events;

manage existing relationships with broadcast television outlets and create new relationships domestically and internationally;

manage licensing and branding activities; and

create new outlets for our content and new marketing opportunities.

Our business strategy may not successfully address these and the other challenges, risks and uncertainties that we face, which could adversely affect our overall success and delay or prevent us from achieving profitability.

We have experienced losses and expect to incur substantial net losses in the future. If we do not achieve profitability, our financial condition and stock price could suffer.

Since the inception of our business in 2005, we have incurred significant losses and only began generating revenue during the second quarter of 2006. Through September 30, 2007, we have generated net losses of \$27.1 million.

Our ability to become profitable depends on our ability to generate and sustain substantially higher revenue while maintaining reasonable expense levels. In particular, although we intend to increase significantly our spending on marketing and promotional activities, these efforts may not be effective in growing our brand or increasing our fan

base. If we do not achieve profitability, we may not be able to continue our operations.

Our limited operating history makes forecasting our revenues and expenses difficult, and we may be unable to adjust our spending in a timely manner to compensate for unexpected revenue shortfalls.

As a result of our limited operating history, it is difficult to accurately forecast our future revenues. Current and future expense levels are based on our operating plans and estimates of future revenues. Revenues and operating results are difficult to forecast because they generally depend on our ability to promote events and the growth in popularity of the IFL franchise. As a result, we may be unable to adjust our spending in a

Table of Contents

timely manner to compensate for any unexpected revenue shortfall, which would result in further substantial losses. We may also be unable to expand our operations in a timely manner to adequately meet demand to the extent it exceeds expectations.

Our revenues from operations are likely to be insufficient to meet our projected capital needs in the short term, therefore, we will need to raise additional funds, which may not be available to us on favorable terms, if at all, thereby potentially disrupting the growth of our business and our ability to generate revenues.

Prior to June 30, 2006, Old IFL raised \$2.5 million from the issuance of preferred stock, which was converted to our common stock at the time of the Merger. From August to December 2006, we and Old IFL had received loans in the aggregate principal amount of approximately \$4.9 million from Richard Kurtz, one of our significant stockholders and a former director, to fund our MMA operations. We received \$22.2 million in net proceeds from the December 2006 sale of our common stock in a private sale and \$11.7 million in net proceeds from our August 2007 private sale of our common stock to the selling securityholders. We used approximately \$5.2 million of the proceeds from the December 2006 sale to repay our outstanding indebtedness to Mr. Kurtz and approximately \$200,000 for obligations assumed from Paligent at the time of the Merger.

We expect that our revenues from operations will be insufficient to meet our projected capital needs, unless we are able to increase our revenues through other sources, such as team or franchise sales, exploitation of our digital rights and promoting pay-per view events. Unless we can successfully increase our revenues through these other sources (in excess of the costs we incur to generate these revenues), we will likely be required to raise additional capital through equity or debt financings by the end of the second quarter of 2008. Such capital may not be available, or, if it is available, may not be available on terms that are acceptable to us. A future financing may be substantially dilutive to our existing stockholders and could result in significant financial and operating covenants that would negatively impact our business. If we are unable to raise sufficient additional capital on acceptable terms, we will likely have a cash shortage which would disrupt our planned growth and would have a material adverse effect on our financial condition or business prospects.

Our MMA content is being televised in the United States under a letter of intent with FSN and MNTV, which could be terminated at any time. If we do enter into a definitive agreement, FSN and MNTV will require exclusive rights to telecast our MMA content in the U.S.

We are currently televising our MMA content in the U.S. pursuant to a letter of intent with Fox Cable Networks, Inc. (Fox) and MNTV (Fox, together with MNTV, the Fox Entities). The letter of intent obligated both parties to negotiate definitive agreements in good faith and restricted us from discussing a television distribution arrangement with other parties. These obligations expired on May 31, 2007, and have not been renewed. However, we continue to produce shows for telecasting by FSN and MNTV, FSN and MNTV are continuing to broadcast our shows and have indicated they plan to continue to telecast them in the future, and MNTV has been paying us telecasting fees in accordance with the letter of intent. However, either the Fox Entities or we can terminate this arrangement at anytime. Accordingly, we cannot be certain the FSN or MNTV will continue to air our shows.

In addition, under the terms of the letter of intent, FSN and MNTV have, and we expect will require in any definitive documents we execute, the exclusive right to telecast our MMA content for regular season, playoff and championship events in the U.S., its territories and military bases. Given our arrangements with FSN and MNTV, we are prohibited from acquiring any additional third-party television coverage in the U.S. and its territories for our regular season, playoff and championship events. If MNTV decides to discontinue broadcasting our programming, we will have only a limited commitment from FSN to broadcast our league programming. In addition, under the current letter of intent, FSN will require in any definitive documents the unilateral option to extend the proposed three-year distribution agreement for two additional three-year terms. If we do execute definitive agreements with FSN and MNTV, and FSN

exercises each of these options and the MNTV contract is terminated or not renewed, we may be unable to obtain other television coverage in the United States for our league regular season and playoff events.

Table of Contents

No assurance can be given that we will be able to negotiate a definitive television rights agreement for our MMA content with the Fox Entities or with any other broadcaster or that such agreement will be favorable to us. Our revenues are dependent, indirectly, on the distribution of our free televised programming. Accordingly, any failure to maintain or renew arrangements with the Fox Entities or enter into agreements with other distributors, or a decision by the Fox Entities or these distributors to discontinue telecasting our programming, could adversely affect our operating results.

We depend on certain key executive personnel for our success, the loss of whom could adversely affect our business, financial condition and results of operations.

Our success depends on the continued availability and contributions of members of our senior management and other key personnel. The loss of the services of any of our executive officer or any of a number of other key personnel could delay or reduce our efforts to increase the popularity of our MMA league. Furthermore, recruiting and retaining qualified personnel to assist with these efforts will be critical to our success. The loss of members of our management team or our inability to attract or retain other qualified personnel or advisors, could significantly weaken our management team, harm our ability to compete effectively, harm our long-term business prospects, disrupt our relationships with advertisers and have a corresponding negative effect on our financial results, marketing and other objectives and impair our ability to develop our MMA league.

Our failure to continue to develop creative and entertaining programs and events would likely lead to a decline in the popularity of our brand of entertainment.

The creation, marketing and distribution of our live and televised entertainment, including our proposed future pay-per-view events, are at the core of our business and are critical to our ability to generate revenues across our media platforms and product outlets. Our failure to continue to create popular live events and televised programming would likely lead to a decline in our television ratings and attendance at our live events, which would likely harm our operating results.

Our insurance may not be adequate to cover liabilities resulting from accidents or injuries that occur during our physically demanding events.

We hold numerous live events each year. This schedule exposes our athletes and coaches who are involved in the production of those events to the risk of travel and event-related accidents, the consequences of which may not be fully covered by insurance. The physical nature of our events exposes athletes and coaches to the risk of serious injury or death. Although we provide the necessary and required health, disability and life insurance for our athletes and coaches on an event-by-event basis, this coverage may not be sufficient to cover all injuries they may sustain. Liability extending to us resulting from any death or serious injury sustained by one of our athletes or coaches during an event, to the extent not covered by our insurance, could adversely affect our operating results.

We face a variety of risks as we expand into new and complementary businesses.

We are a new company and are rapidly expanding our businesses. Risks of expansion may include:

- potential diversion of management's attention and other resources, including available cash;
- unanticipated liabilities or contingencies;
- reduced earnings due to increased depreciation and other costs;

failure to retain and recruit MMA athletes;