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RESEARCH FRONTIERS INC  
Form 10-Q  
November 08, 2010

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended September 30, 2010 Commission File No. 1-9399

RESEARCH FRONTIERS INCORPORATED  
(Exact name of registrant as specified in charter)

Delaware 11-2103466  
(State of incorporation or organization) (IRS Employer  
Identification No.)

240 Crossways Park Drive, Woodbury, N.Y. 11797  
(Address of principal executive offices) (Zip Code)

(516) 364-1902  
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

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. (Check one):

Large accelerated filer  Accelerated filer   
Non-accelerated filer  Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: As of November 8, 2010, there were outstanding 17,986,973 shares of Common Stock, par value \$0.0001 per share.

RESEARCH FRONTIERS INCORPORATED  
Consolidated Balance Sheets

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| Assets                                                           | Sept. 30, 2010<br>(Unaudited) | December 31, 2009 |
|------------------------------------------------------------------|-------------------------------|-------------------|
| Current assets:                                                  |                               |                   |
| Cash and cash equivalents                                        | \$ 5,969,992                  | 3,760,534         |
| Royalty receivables, net of reserves<br>of \$166,568 and 186,568 | 136,002                       | 226,491           |
| Prepaid expenses and other current assets                        | 497,863                       | 170,460           |
| Note receivable SPD Control Systems                              | --                            | 150,000           |
| Total current assets                                             | 6,603,857                     | 4,307,485         |
| Fixed assets, net                                                | 114,312                       | 143,770           |
| Note receivable SPD Control Systems                              | 150,000                       | --                |
| Deposits and other assets                                        | 65,323                        | 22,605            |
| Total assets                                                     | \$ 6,933,492                  | 4,473,860         |

Liabilities and Shareholders' Equity

|                                                                                                                                                            |              |              |
|------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------|
| Current liabilities:                                                                                                                                       |              |              |
| Accounts payable                                                                                                                                           | \$ 95,059    | 52,388       |
| Deferred revenue                                                                                                                                           | 61,250       | 25,000       |
| Accrued expenses and other                                                                                                                                 | 88,754       | 231,135      |
| Total liabilities                                                                                                                                          | 245,063      | 308,523      |
| Commitments and Contingencies                                                                                                                              |              |              |
| Shareholders' equity:                                                                                                                                      |              |              |
| Capital stock, par value \$0.0001 per share;<br>authorized 100,000,000 shares, issued and<br>outstanding 17,986,973 and 16,522,727<br>shares, respectively | 1,799        | 1,652        |
| Additional paid-in capital                                                                                                                                 | 86,224,793   | 80,563,038   |
| Accumulated deficit                                                                                                                                        | (79,538,163) | (76,399,353) |
| Total shareholders' equity                                                                                                                                 | 6,688,429    | 4,165,337    |
| Total liabilities and shareholders' equity                                                                                                                 | \$ 6,933,492 | 4,473,860    |

See accompanying notes to consolidated financial statements.

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RESEARCH FRONTIERS INCORPORATED

Consolidated Statements of Operations

(Unaudited)

|                                                                        | Nine months ended |                | Three months ended |               |
|------------------------------------------------------------------------|-------------------|----------------|--------------------|---------------|
|                                                                        | Sept 30, 2010     | Sept 30, 2009  | Sept 30, 2010      | Sept 30, 2009 |
| Fee income                                                             | \$ 425,942        | \$ 461,570     | \$ 137,702         | \$ 133,086    |
| Operating expenses                                                     | 2,476,490         | 2,582,097      | 585,506            | 617,061       |
| Research and development                                               | 1,099,693         | 1,155,951      | 305,532            | 360,188       |
|                                                                        | 3,576,183         | 3,738,048      | 891,038            | 977,249       |
| Operating loss                                                         | (3,150,241)       | (3,276,478)    | (753,336)          | (844,163)     |
| Net investment income                                                  | 11,431            | 14,216         | 3,945              | 4,110         |
| Net loss                                                               | \$ (3,138,810)    | \$ (3,262,262) | \$ (749,391)       | \$ (840,053)  |
| Basic and diluted net loss per common share                            | \$ (.18)          | (.21)          | (.04)              | (.05)         |
| Basic and diluted weighted average number of common shares outstanding | 17,264,146        | 15,911,080     | 17,062,472         | 16,242,646    |

See accompanying notes to consolidated financial statements.

RESEARCH FRONTIERS INCORPORATED

Consolidated Statements of Cash Flows

(Unaudited)

|                                                                             | Nine months ended |                |
|-----------------------------------------------------------------------------|-------------------|----------------|
|                                                                             | Sept 30, 2010     | Sept 30, 2009  |
| Cash flows from operating activities:                                       |                   |                |
| Net loss                                                                    | \$ (3,138,810)    | \$ (3,262,262) |
| Adjustments to reconcile net loss to net cash used in operating activities: |                   |                |
| Depreciation and amortization                                               | 32,706            | 29,941         |
| Stock-based compensation                                                    | 718,248           | 391,238        |
| Recovery of provision for uncollectible royalty receivable                  | (20,000)          | --             |
| Changes in assets and liabilities:                                          |                   |                |
| Royalty receivables                                                         | 110,489           | 64,593         |
| Prepaid expenses and other assets                                           | 35,959            | 45,481         |
| Deferred revenue                                                            | 36,250            | 67,500         |

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|                                                           |              |              |
|-----------------------------------------------------------|--------------|--------------|
| Accounts payable and accrued expenses                     | (99,710)     | (223,906)    |
| Net cash used in operating activities                     | (2,324,868)  | (2,887,415)  |
| Cash flows from investing activities:                     |              |              |
| Purchase of fixed assets                                  | (3,248)      | (22,398)     |
| Proceeds from investments (US Treasury Securities)        | --           | 2,299,496    |
| Net cash (used in) provided by investing activities       | (3,248)      | 2,277,098    |
| Cash flows from financing activities:                     |              |              |
| Net proceeds from issuance of common stock                | 4,537,574    | 2,803,650    |
| Net cash provided by financing activities                 | 4,537,574    | 2,803,650    |
| Net increase(decrease)in cash and cash equivalents        | 2,209,458    | 2,193,333    |
| Cash and cash equivalents at beginning of year            | 3,760,534    | 2,367,512    |
| Cash and cash equivalents at end of period                | \$ 5,969,992 | \$ 4,560,845 |
| Supplemental disclosure of non cash financing activities: |              |              |
| Receivable from issuance of common stock                  | \$ 406,080   | \$ --        |

See accompanying notes to consolidated financial statements.

### RESEARCH FRONTIERS INCORPORATED

#### Notes to Consolidated Financial Statements September 30, 2010 (Unaudited)

#### Basis of Presentation

The accompanying unaudited consolidated condensed financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and with the instructions to Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. All such adjustments are of a normal recurring nature. Operating results for the three and nine months ended September 30, 2010 are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2010. For further information, refer to the consolidated financial statements and footnotes thereto included in the Annual Report on Form 10-K relating to Research Frontiers Incorporated (the "Company") for the fiscal year ended December 31, 2009.

#### Business

The Company operates in a single business segment which is engaged in the development and marketing of technology and devices to control the flow of light. Such devices, often referred to as "light valves" or suspended particle devices (SPDs), use colloidal particles that are either incorporated within a liquid suspension or a film, which is usually enclosed between two sheets of glass or plastic having transparent, electrically conductive coatings on the facing surfaces thereof. At least one of the two sheets is transparent. SPD technology, made possible by a flexible light-control film invented by Research Frontiers, allows the user to instantly and precisely control the shading of glass/plastic

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manually or automatically. SPD technology has numerous product applications, including: SPD-Smart windows, sunshades, skylights and interior partitions for homes and buildings; automotive windows, sunroofs, sun-visors, sunshades, rear-view mirrors, instrument panels and navigation systems; aircraft windows; eyewear products; appliance applications and flat panel displays for electronic products. SPD-Smart light control film is now being developed for, or used in, architectural, automotive, marine, and aerospace applications.

### Patent Costs

The Company expenses costs relating to the development or acquisition of patents due to the uncertainty of the recoverability of these items.

### Revenue Recognition

The Company has entered into a number of license agreements covering its light-control technology. The Company receives minimum annual royalties under certain license agreements and records fee income on a ratable basis each quarter. In instances when sales of licensed products by its licensees exceed minimum annual royalties, the Company recognizes fee income as the amounts have been earned. Certain of the fees are accrued by, or paid to, the Company in advance of the period in which they are earned resulting in deferred revenue. Such excess amounts are recorded as deferred revenue and recognized into income in future periods as earned.

### Fee Income

Fee income represents amounts earned by the Company under various license and other agreements relating to technology developed by the Company. During the first nine months of 2010, six licensees of the Company accounted for approximately 18%, 13%, 13%, 13%, 11%, and 9%, respectively, of fee income recognized during such period. During the first nine months of 2009, six licensees of the Company accounted for approximately 44%, 19%, 8%, 8%, 6%, and 5%, respectively, of fee income recognized during such period.

### Stock-Based Compensation

GAAP requires that all stock-based compensation be recognized as an expense in the financial statements and that such costs be measured at the fair value of the award.

During the first nine months of 2010 the Company granted 175,500 fully vested options to employees and 500 fully vested options to a consultant. The relevant information for this option grant was as follows:

|                                       |         |
|---------------------------------------|---------|
| Fair value of option on date of grant | \$2.31  |
| Expected dividend yield               | --      |
| Expected Volatility                   | 76%     |
| Risk free interest rate               | 2.57    |
| Expected term of option               | 5 years |

In addition during the first nine months of 2010, the Company granted a total of 40,500 shares of restricted common stock to three directors. The market price of each share on the date of grant was \$3.69. These shares were fully vested on the date of grant.

The aggregate charge to operations relating to these options and share grants as well as charges relating to grants from prior years that vested

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during the first nine months of 2010 was \$718,248 and remaining unvested charges relating to these grants was \$176,104 at September 30, 2010.

No options were granted during the first nine months of 2009. During the nine months ended September 30, 2009, \$63,206 was charged to operations in connection with the vesting of an earlier option grant to a consultant. During the nine months ended September 30, 2009, the Company granted 100,000, 199,700 and 250 shares of restricted common stock to its directors, employees and a consultant, respectively. All of the shares granted to the directors and the consultant, as well as 1,200 shares granted to employees vested immediately upon grant. The remaining 198,500 shares vest ratably over the next 36 months. The market value per share on the date of grant was \$2.14. In connection with these grants, the Company charged \$391,238 to operations during the nine months ended September 30, 2009.

### Equity

During the first nine months of 2010 the Company sold, pursuant to the Company's effective registration statement filed with the SEC, equity in the Company as follows:

| Date               | Shares issued | Warrants issued | Unit price | Proceeds    |
|--------------------|---------------|-----------------|------------|-------------|
| March 3, 2010      | 588,602       | 117,719         | \$2.75     | \$1,618,653 |
| September 17, 2010 | 641,026       | 128,205         | \$3.90     | 2,500,000   |
| September 27, 2010 | 194,118       | 38,824          | \$4.25     | 825,000     |
| Total              | 1,423,746     | 284,748         |            | \$4,943,653 |

Warrants issued are five year warrants at an exercise price of \$5 per share for the March 3, 2010 offering and \$6.25 per share for the September offerings. Proceeds of \$406,080 relating to the September offerings were not received by the Company until October and have been included with prepaid expenses and other current assets in the balance sheet as of September 30, 2010.

### Treasury Stock

The Company did not repurchase any of its stock during the three and six months ended June 30, 2010 or 2009.

### Note Receivable from SPD Control Systems

On May 9, 2007, the Company began participating in the funding of the ongoing development of automotive controllers by SPD Control Systems Corp., a licensee of the Company. This development work is to produce the electronic controllers to operate SPD-Smart automotive windows and glass roof systems for one or more of the top five automotive makers in the world. The Company's funding of this project is reflected in the form of a senior secured convertible promissory note (the "Note") of SPD Control Systems Corp. held by Research Frontiers' wholly-owned subsidiary, SPD Enterprises Inc. The note bears interest at 10% per annum, is secured by all of the assets (including intellectual property) of SPD Control Systems, and is convertible at the option of SPD Enterprises into common stock of SPD Control Systems at an initial conversion price of \$0.50 per share. This conversion price is adjustable downward to result in the issuance to SPD Enterprises of additional shares of SPD Control Systems common stock under certain conditions.

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The Note provides for funding of up to \$150,000 by SPD Enterprises based upon the achievement of certain development milestones by SPD Control Systems. As of September 30, 2010, the principal and interest amount outstanding under this Note were \$150,000 and \$42,718, respectively. As part of a broader agreement between SPD Control Systems and the Company, effective as of May 9, 2010, the maturity date of this Note was extended to May 9, 2012 and the applicable conversion price for the Note was specified as \$0.25 per share of SPD Control Systems stock through May 9, 2012 and \$0.10 per share thereafter.

### Fair Value Measurements

We value financial instruments using a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets for identical assets or liabilities; Level 2, defined as inputs other than quoted prices for similar assets or liabilities in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Financial assets accounted for at fair value on a recurring basis at September 30, 2010 include cash equivalents of approximately \$6.0 million. These assets are carried at fair value based on quoted market prices for identical securities (Level 1 inputs).

### Recent Accounting Pronouncements

In January 2010, the FASB issued ASU No. 2010-06, "Fair Value Measurements and Disclosures (Topic 820) Improving Disclosures about Fair Value Measurements." ASU 2010-06 requires new disclosures regarding transfers in and out of the Level 1 and 2 and activity within Level 3 fair value measurements and clarifies existing disclosures of inputs and valuation techniques for Level 2 and 3 fair value measurements. The adoption of this standard did not have any impact on our financial position or results of operation.

### Management's Discussion and Analysis of Financial Condition and Results of Operations

#### Critical Accounting Policies

The following accounting policies are important to understanding our financial condition and results of operations and should be read as an integral part of the discussion and analysis of the results of our operations and financial position. For additional accounting policies, see note 2 to our consolidated financial statements, "Summary of Significant Accounting Policies," with our Form 10-K for December 31, 2009.

The Company has entered into a number of license agreements covering potential products using the Company's SPD technology. The Company receives minimum annual royalties under certain license agreements and records fee income on a ratable basis each quarter. In instances when sales of licensed products by its licensees exceed minimum annual royalties, the Company recognizes fee income as the amounts have been earned. Certain of the fees are accrued by, or paid to, the Company in advance of the period in which they are earned resulting in deferred revenue.

The Company expenses costs relating to the development or acquisition of patents due to the uncertainty of the recoverability of these items.

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All of our research and development costs are charged to operations as incurred. Our research and development expenses consist of costs incurred for internal and external research and development. These costs include direct and indirect overhead expenses.

The Company has historically used the Black-Scholes option-pricing model to determine the estimated fair value of each option grant. The Black-Scholes model includes assumptions regarding dividend yields, expected volatility, expected lives, and risk-free interest rates. These assumptions reflect our best estimates, but these items involve uncertainties based on market conditions generally outside of our control. As a result, if other assumptions had been used in the current period, stock-based compensation expense could have been materially impacted. Furthermore, if management uses different assumptions in future periods, stock-based compensation expense could be materially impacted in future years.

On occasion, the Company may issue to consultants either options or warrants to purchase shares of common stock of the Company at specified share prices. These options or warrants may vest based upon specific services being performed or performance criteria being met. In accounting for equity instruments that are issued to other than employees for acquiring, or in conjunction with selling, goods or services, the Company is required to record consulting expenses based upon the fair value as determined using a Black-Scholes option pricing model of such options or warrants on the date that such options or warrants vest.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting periods. Actual results could differ from these estimates. An example of a critical estimate is the full valuation allowance for deferred taxes that was recorded based on the uncertainty that such tax benefits will be realized in future periods.

### Results of Operations for the Nine Month Periods Ended September 30, 2010 and 2009

The Company's fee income from licensing activities for the first nine months of 2010 was \$425,942 as compared to \$461,570 for the first nine months of 2009. This difference in fee income was primarily due to the timing and amount of minimum annual royalties paid by new and existing licensees, and the date of receipt of such payment on certain license agreements, by end-product licensees. Fee income also includes earned royalties resulting from sales by certain licensees in the architectural and aircraft markets. Furthermore, the expiration of an agreement with a licensee in May 2009, regarding payments for guaranteed access to certain improvements in the Company's technology reduced fee income by approximately \$202,000. Without the expiration of this agreement, fee income for the first nine months of 2010 would have been higher than the same period in 2009. In addition to product sales in the architectural and aircraft markets included in fee income as described above, one licensee reported product sales in the automotive market, although the fee income generated from such sales did not exceed the minimum annual royalties recorded so no additional fee income was recorded with respect to such automotive sales. Certain license fees, which are paid to the Company in advance of the accounting period in which they are earned resulting in the recognition of deferred revenue for the current accounting



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period, will be recognized as fee income in future periods. Also licensees may offset some or all of their royalty payments on sales of licensed products for a given period by applying these advance payments towards such earned royalty payments. Because the Company's license agreements typically provide for the payment of royalties by a licensee on product sales within 45 days after the end of the quarter in which a sale of a licensed product occurs (with some of the Company's more recent license agreements providing for payments on a monthly basis), and because of the time period which typically will elapse between a customer order and the sale of the licensed product and installation in a home, office building, automobile, aircraft, boat, or any other product, there could be a delay between when economic activity between a licensee and its customer occurs and when the Company is paid its royalty resulting from such activity.

Operating expenses decreased by \$105,607 for the first nine months of 2010 to \$2,476,490 from \$2,582,097 for the first nine months of 2009. This decrease was principally the result of lower patent (\$34,000), insurance (\$43,000), professional fees (\$54,000) and directors fees and expenses (\$57,000) partially offset by higher payroll and stock compensation charges (\$87,000). Included in operating expenses are \$554,000 and \$371,000 of non cash stock option compensation charges for the nine months ended September 30, 2010 and 2009, respectively.

Research and development expenditures decreased by \$56,258 to \$1,099,693 for the first nine months of 2010 from \$1,155,951 for the first nine months of 2009. This decrease was principally the result of lower materials costs (\$51,000) as well as lower allocated insurance costs (\$41,000) offset by higher payroll and stock compensation charges (\$39,000). Included in research and development expenses are \$164,000 and \$20,000 of non cash stock option compensation charges for the nine months ended September 30, 2010 and 2009, respectively.

The Company's net investment income for the first nine months of 2010 was \$11,431, as compared to net investment income of \$14,216 for the first nine months of 2009. This difference was primarily due to lower interest rates.

As a consequence of the factors discussed above, the Company's net loss was \$3,138,810 (\$.18 per common share) for the first nine months of 2010 as compared to \$3,262,262 (\$.21 per common share) for the first nine months of 2009.

### Results of Operations for the Three Month Periods Ended September 30, 2010 and 2009

The Company's fee income from licensing activities for the three months ended September 30, 2010 was \$137,702 as compared to \$133,086 for the three months ended September 30, 2009. This difference in fee income was primarily due to the timing and amount of minimum annual royalties paid, and the date of receipt of such payment on certain license agreements, by end-product licensees. Fee income also includes earned royalties resulting from sales by certain licensees in the architectural and aircraft markets. In addition to product sales in the architectural and aircraft markets included in fee income as described above, during the quarter ended September 30, 2009, one licensee reported product sales in the automotive market, although the fee income generated from such sales did not

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exceed the minimum annual royalties recorded for such licensee during the third quarter of 2009, so no additional fee income was recorded with respect to such automotive sales. Certain license fees, which are paid to the Company in advance of the accounting period in which they are earned resulting in the recognition of deferred revenue for the current accounting period, will be recognized as fee income in future periods. Also licensees may offset some or all of their royalty payments on sales of licensed products for a given period by applying these advance payments towards such earned royalty payments. Because the Company's license agreements typically provide for the payment of royalties by a licensee on product sales within 45 days after the end of the quarter in which a sale of a licensed product occurs (with some of the Company's more recent license agreements providing for payments on a monthly basis), and because of the time period which typically will elapse between a customer order and the sale of the licensed product and installation in a home, office building, automobile, aircraft, boat, or any other product, there could be a delay between when economic activity between a licensee and its customer occurs and when the Company is paid its royalty resulting from such activity.

Operating expenses decreased by \$31,555 for the three months ended September 30, 2010 to \$585,506 from \$617,061 for the three months ended September 30, 2009. This decrease was the result of lower payroll and stock compensation charges (\$49,000), lower insurance costs (\$10,000), as well as lower marketing costs (\$19,000), partially offset by higher patent costs (\$36,000) and higher professional fees (\$12,000). Included in operating expenses are \$45,000 and \$34,000 of non cash stock option compensation charges for the three months ended September 30, 2010 and 2009, respectively.

Research and development expenditures decreased by \$54,656 to \$305,532 for the three months ended September 30, 2010 from \$360,188 for the three months ended September 30, 2009. This decrease was principally the result of lower payroll and stock compensation charges (\$23,000) lower materials costs (\$13,000) as well as lower allocated insurance costs (\$18,000). Included in research and development expenses are \$6,000 of non cash stock option compensation charges in each of the three months ended September 30, 2010 and 2009.

The Company's net investment income for the three months ended September 30, 2010 was \$3,945, as compared to net investment income of \$4,110 for the three months ended September 30, 2009. This difference was primarily due to lower interest rates.

As a consequence of the factors discussed above, the Company's net loss was \$749,391 (\$.04 per common share) for the three months ended September 30, 2010 as compared to \$840,053 (\$.05 per common share) for the three months ended September 30, 2009.

### Financial Condition, Liquidity and Capital Resources

During the nine months ended September 30, 2010, the Company's cash and cash equivalent balance increased by \$2,209,458 principally as a result of cash proceeds from the sale of common stock of \$4,537,574 partially

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offset by cash used to fund the Company's operating activities of \$2,324,868. At September 30, 2010, the Company had working capital of \$6,358,794 and its shareholders' equity was \$6,688,429.

The Company occupies premises under an operating lease agreement which expires on January 31, 2014 and requires minimum annual rent which rises over the term of the lease to approximately \$138,269.

The Company expects to use its cash to fund its research and development of SPD light valves and for other working capital purposes. The Company's working capital and capital requirements depend upon numerous factors, including the results of research and development activities, competitive and technological developments, the timing and cost of patent filings, the development of new licensees and changes in the Company's relationships with its existing licensees. The degree of dependence of the Company's working capital requirements on each of the foregoing factors cannot be quantified; increased research and development activities and related costs would increase such requirements; the addition of new licensees may provide additional working capital or working capital requirements, and changes in relationships with existing licensees would have a favorable or negative impact depending upon the nature of such changes. Based upon existing levels of cash expenditures, existing cash reserves and budgeted revenues, the Company believes that it would not require additional funding until the third quarter of 2012. There can be no assurance that expenditures will not exceed the anticipated amounts or that additional financing, if required, will be available when needed or, if available, that its terms will be favorable or acceptable to the Company. Eventual success of the Company and generation of positive cash flow will be dependent upon the extent of commercialization of products using the Company's technology by the Company's licensees and payments of continuing royalties on account thereof.

### Item 3. Quantitative and Qualitative Disclosures About Market Risk

The information required by Item 3 has been disclosed in Item 7A of the Company's Annual Report on Form 10-K for the year ended December 31, 2009. There has been no material change in the disclosure regarding market risk.

### Item 4. Controls and Procedures

#### Evaluation of Disclosure Controls and Procedures

Our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act, are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. We designed our disclosure controls and procedures to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officer, to allow timely decisions regarding required disclosure. Our chief executive officer and chief financial officer, with assistance from other members of our management, have reviewed the effectiveness of our disclosure controls and procedures as of September 30, 2010, and, based on their evaluation, have concluded that our disclosure controls and procedures were effective.

#### Changes in Internal Control Over Financial Reporting

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There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during the three months ended September 30, 2010 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

### Forward-Looking Statements

The information set forth in this Report and in all publicly disseminated information about the Company, including the narrative contained in "Management's Discussion and Analysis of Financial Condition and Results of Operations" above, includes "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and is subject to the safe harbor created by that section. Readers are cautioned not to place undue reliance on these forward-looking statements as they speak only as of the date hereof and are not guaranteed.

## PART II. OTHER INFORMATION

### Item 6. Exhibits

- 31.1 Rule 13a-14(a)/15d-14(a) Certification of Robert L. Saxe-Filed herewith.
- 31.2 Rule 13a-14(a)/15d-14(a) Certification of Joseph M. Harary-Filed herewith.
- 32.1 Section 1350 Certification of Robert L. Saxe - Filed herewith.
- 32.2 Section 1350 Certification of Joseph M. Harary - Filed herewith.

### SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunder duly authorized.

RESEARCH FRONTIERS INCORPORATED  
(Registrant)

/s/ Robert L. Saxe  
Robert L. Saxe, Chairman

/s/ Joseph M. Harary  
Joseph M. Harary, President, CEO and Treasurer  
(Principal Executive, Financial and Accounting Officer)

Date: November 8, 2010