

RPX Investor Day

May 6, 2015

A Note from Our Lawyers

- ▶ The following presentation contains forward-looking statements. These forward-looking statements include statements regarding our future financial performance as well as any statements regarding the Company's strategic and operational plans.
- ▶ These forward-looking statements are subject to risks and uncertainties that could cause our actual results to differ materially from those reflected in the forward-looking statements. Many of the factors that could cause or contribute to such differences are described in the "Risk Factors" section of our most recent reports on Forms 10-K and 10-Q filed with the SEC.
- ▶ The Company does not intend, and undertakes no duty, to update any forward-looking statements to reflect future events or circumstances.
- ▶ In addition, we are discussing four non-GAAP financial measures in the attached presentation. This financial information is not intended to be considered in isolation or as a substitute for financial information prepared and presented in accordance with GAAP. For more information on these non-GAAP measures, please see our Q1 2015 News Release dated April 28, 2015 on the "Investor Relations" section of our corporate website. The tables provided in that release have more details on the GAAP financial measures that are most directly comparable to these non-GAAP financial measures and the related reconciliations between these financial measures.

Welcome

John A. Amster, Chief Executive Officer

NPE Litigation and Market Update

Justin Basara, Senior Director, Acquisitions

Many Metrics to Measure Litigation Volume

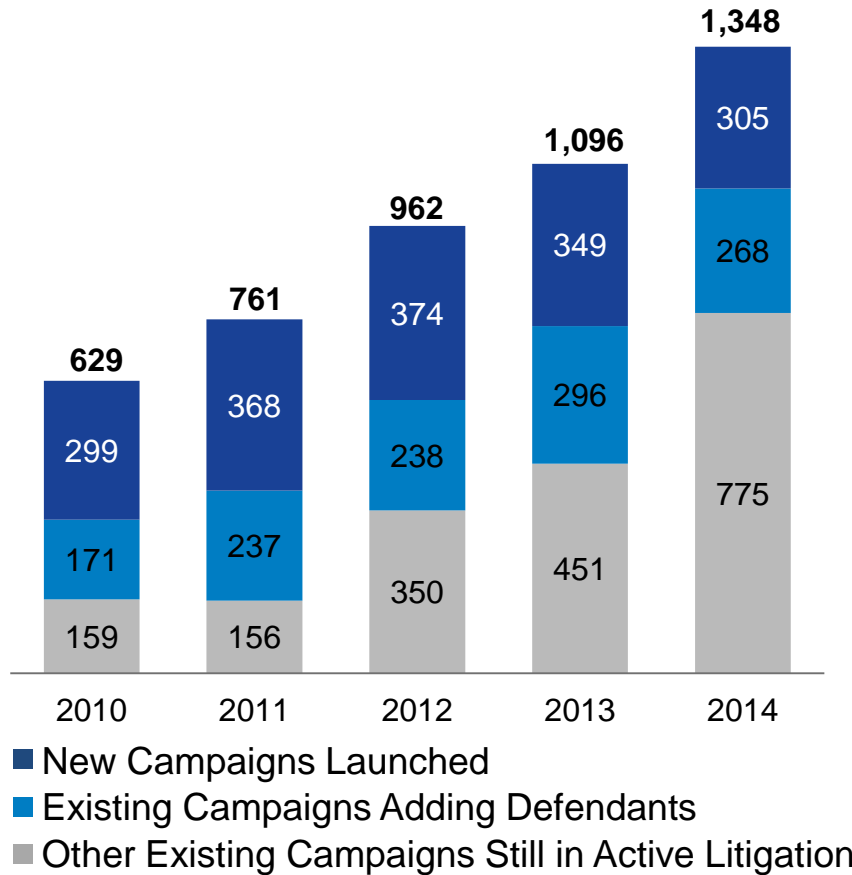
Adaptix Campaign Example

Docket #	Date filed	Transfer?	Defendant(s)
6:2012cv00022	1/13/2012	No	Alcatel-Lucent, AT&T, Sprint Nextel, Verizon
6:2012cv00123	3/9/2012	No	Alcatel-Lucent, Sprint Nextel
6:2012cv00122	3/9/2012	No	Alcatel-Lucent, Verizon
5:2014cv01379	3/25/2014	No	Amazon.com, AT&T
6:2013cv00432	5/28/2013	Yes	Amazon.com, AT&T
3:2013cv04468	9/26/2013	No	Apple, AT&T
5:2013cv01777	4/19/2013	No	Apple, AT&T
5:2013cv02023	5/2/2013	No	Apple, AT&T
6:2012cv00125	3/9/2012	Yes	Apple, AT&T
6:2013cv00028	1/4/2013	Yes	Apple, AT&T
6:2012cv00016	1/13/2012	Yes	Apple, Google Inc.
3:2013cv04469	9/26/2013	No	Apple, Verizon
5:2013cv01776	4/19/2013	No	Apple, Verizon
6:2012cv00124	3/9/2012	Yes	Apple, Verizon
6:2013cv00433	5/28/2013	No	ASUSTek Computer, AT&T
5:2014cv01380	3/25/2014	No	AT&T, Blackberry Limited
6:2013cv00434	5/28/2013	Yes	AT&T, Blackberry Limited
6:2013cv00049	1/10/2013	No	AT&T, Ericsson, T-Mobile
6:2013cv00050	1/10/2013	No	AT&T, Ericsson, T-Mobile
5:2013cv01778	4/19/2013	No	AT&T, HTC Corporation, Verizon
6:2012cv00019	1/13/2012	Yes	AT&T, HTC Corporation, Verizon
6:2012cv00017	1/13/2012	No	AT&T, LG Electronics, Inc., Verizon
6:2013cv00585	8/7/2013	No	AT&T, NEC Corporation, Verizon
6:2013cv00778	10/15/2013	No	AT&T, Pantech Co. Ltd.
5:2014cv01385	3/26/2014	No	AT&T, Sony Corporation
			+ 30 others

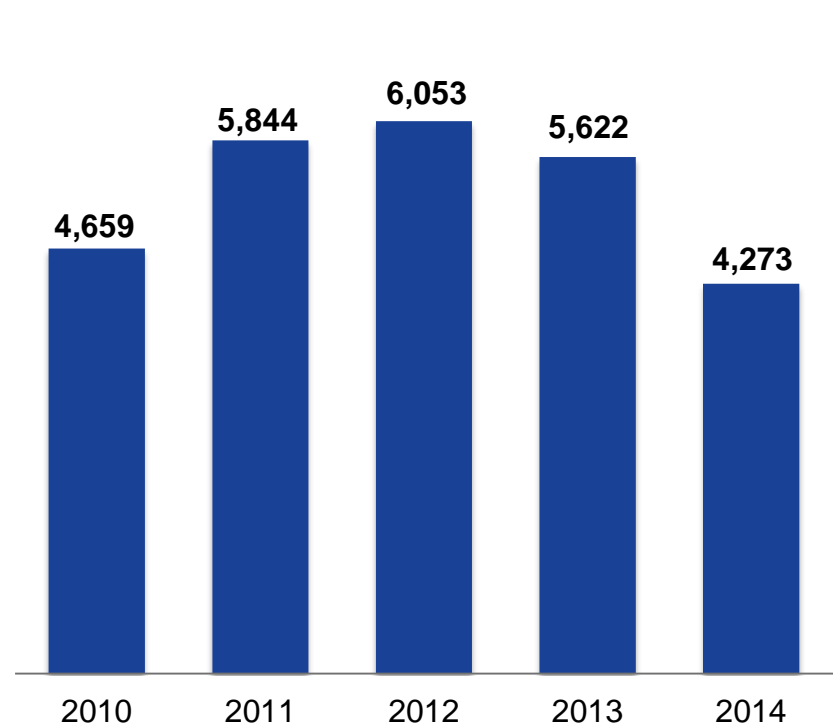
- 1** plaintiff
- 1** campaign
- 10** unique patents
- 26** unique defendants in campaign
- 55** cases
- 44** cases (if transfers eliminated)
- 116** total defendants in campaign
- 93** total defendants in campaign (if transfers eliminated)

More NPE Campaigns Targeting Fewer Defendants

Active NPE Campaigns in Year



NPE Defendants At Year-end



Source: RPX Research

Defensive Options

▶ Inter Partes Review (IPR)

- 853 IPRs filed against NPE owned patents in 2014, up 170%
- For completed IPRs¹: 49% settle, 30% not instituted, and 21% end at final decision
- 4% (48 of 1,239) of relevant NPE campaigns² had claims cancelled in an IPR

▶ Alice Challenges

- 82% of all *Alice*-related challenges successful to date
- 5% NPE market penetration (53 of 1,027 NPE campaigns)³

▶ RPX

- Resolves 20% of client NPE litigation
- Avoided an additional 3,000+ NPE litigations for clients

1. IPR petitions filed against NPE owned patents and before September 26, 2013. Includes closed matters only

2. Includes NPE campaigns adding a defendant between September 15, 2011 and September 26, 2013

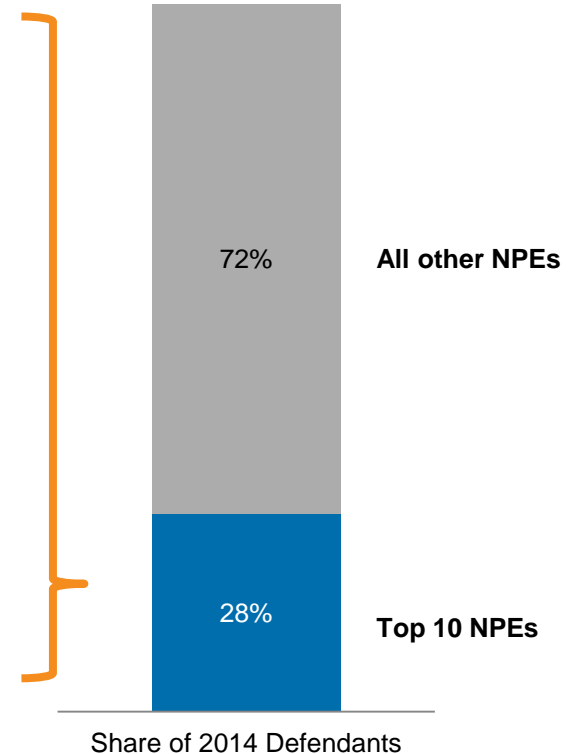
3. NPE campaigns active after *Alice vs. CLS Bank* decision on June 19, 2015

Source: RPX Research

Largest NPEs Represent >25% of Activity

Top 10 NPEs by Defendants Named in 2014

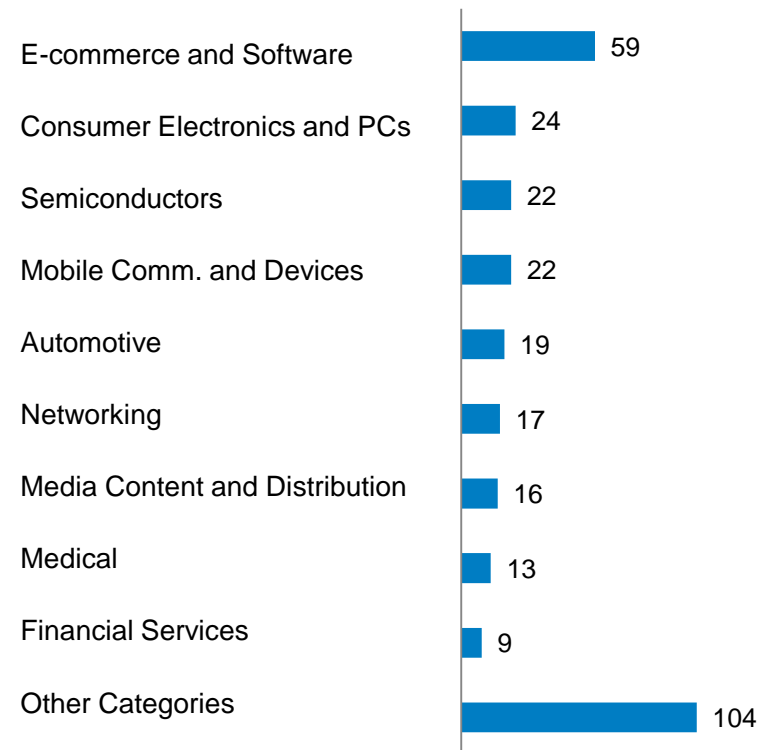
Rank	NPE	Defendants
1	Acacia Research Corporation	250
2	eDekka LLC	131
3	Marathon Patent Group Incorporated	125
4	IPNav	98
5	Empire IP LLC	85
6	Olivistar LLC	69
7	Simon Nicholas Richmond	68
8	Logitraq LLC	62
9	Hawk Technology Systems LLC	57
10	LPL Licensing LLC, Phoenix Licensing LLC	54



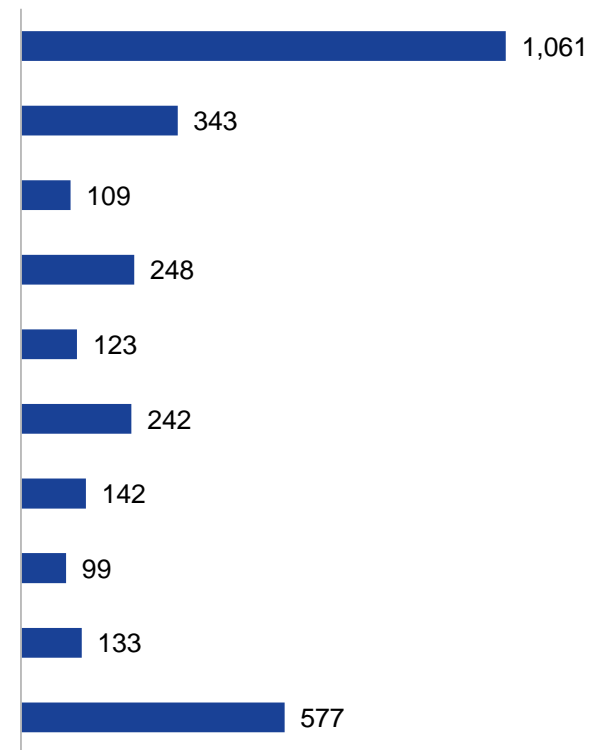
Programmatic NPE
 Single Campaign

More Litigation in Certain Sectors

New Campaigns 2014

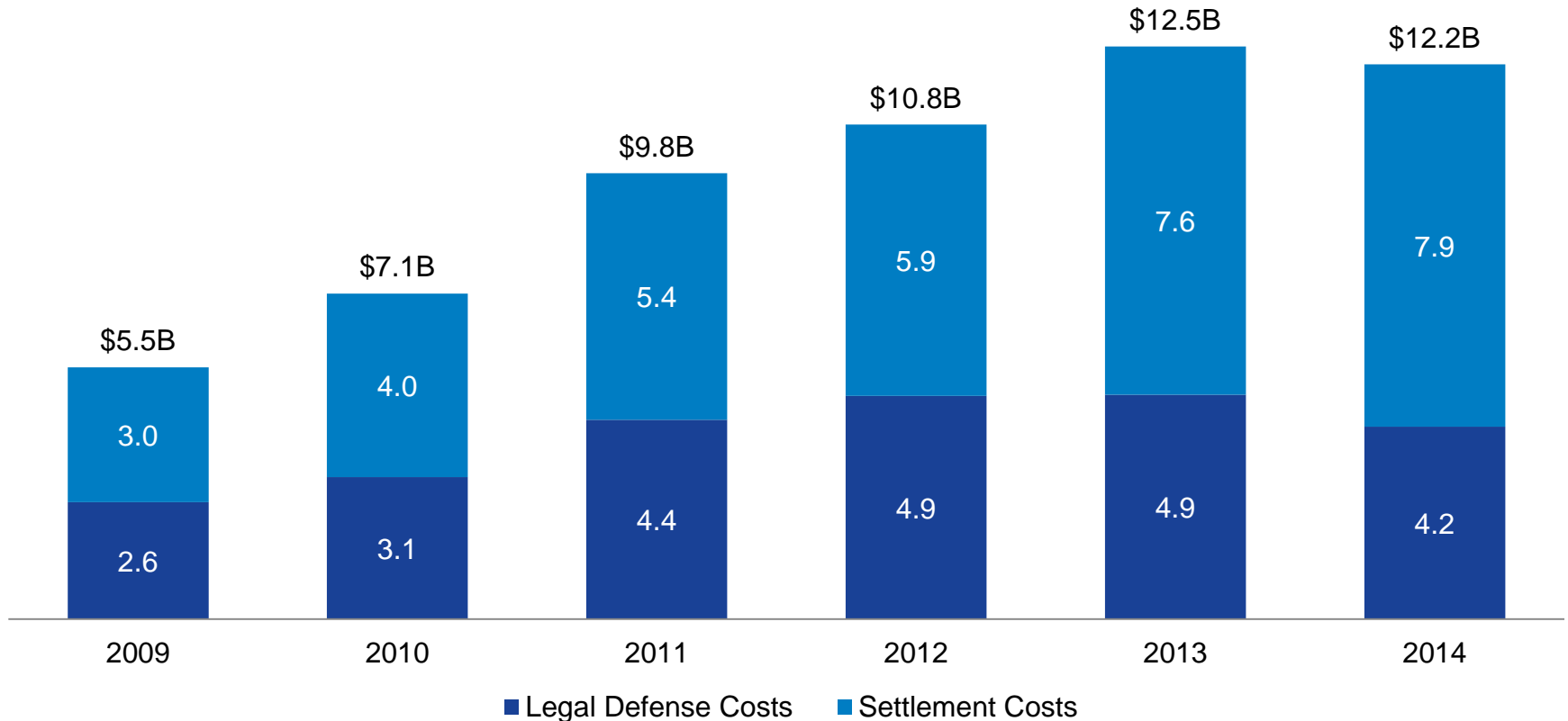


Defendants Added 2014



Source: RPX Research

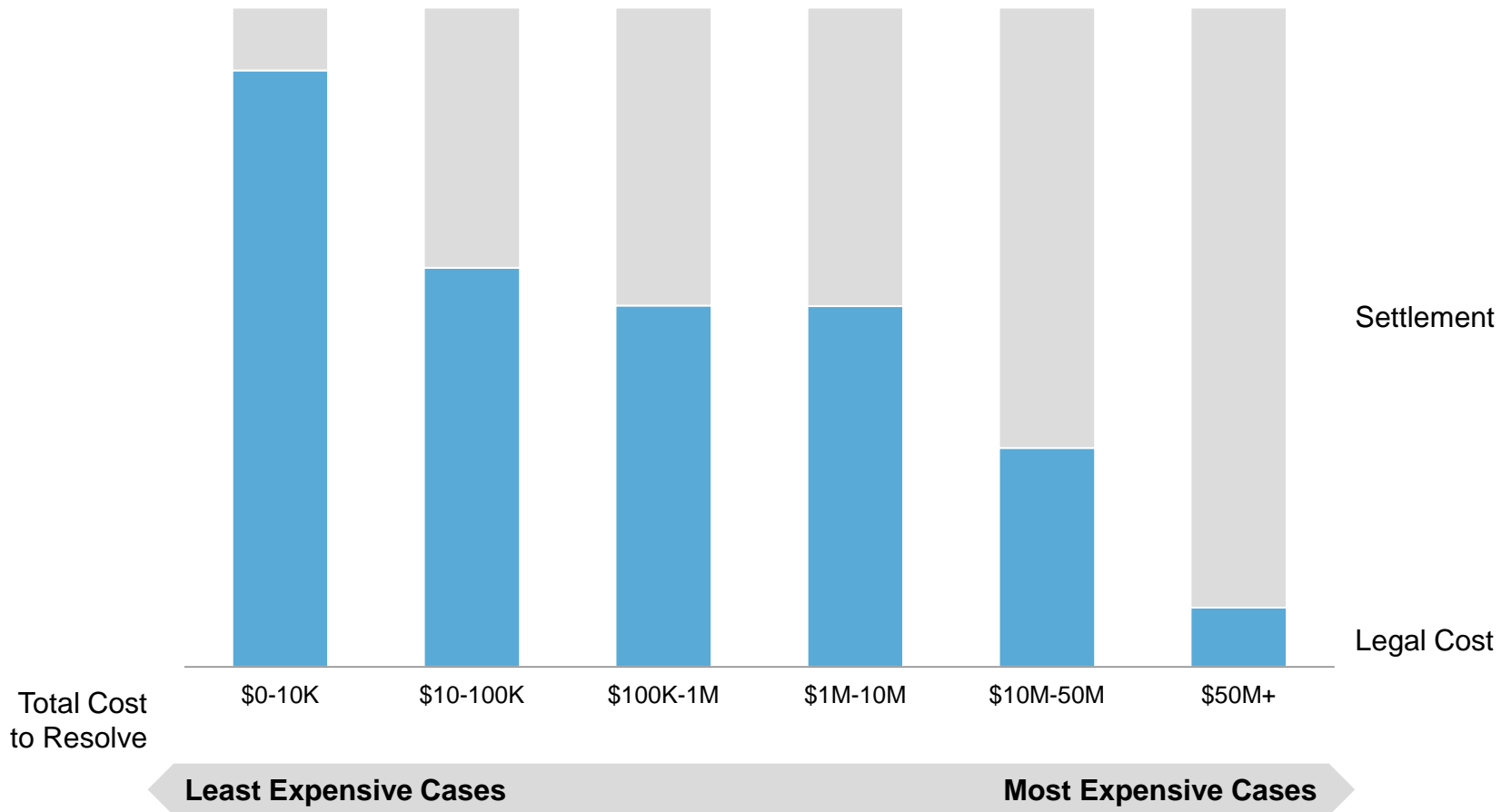
Estimated NPE Cost to Industry



Methodology notes: Costs from NPE litigation calculated from average legal and settlement costs, multiplied by total NPE litigation volumes. An additional gross-up is added to account for NPE-related costs outside of litigation (e.g. NPE assertions not proceeding to trial, IPR / re-exam proceedings, etc.)

Source: RPX Research. RPX NPE Cost Report 2014

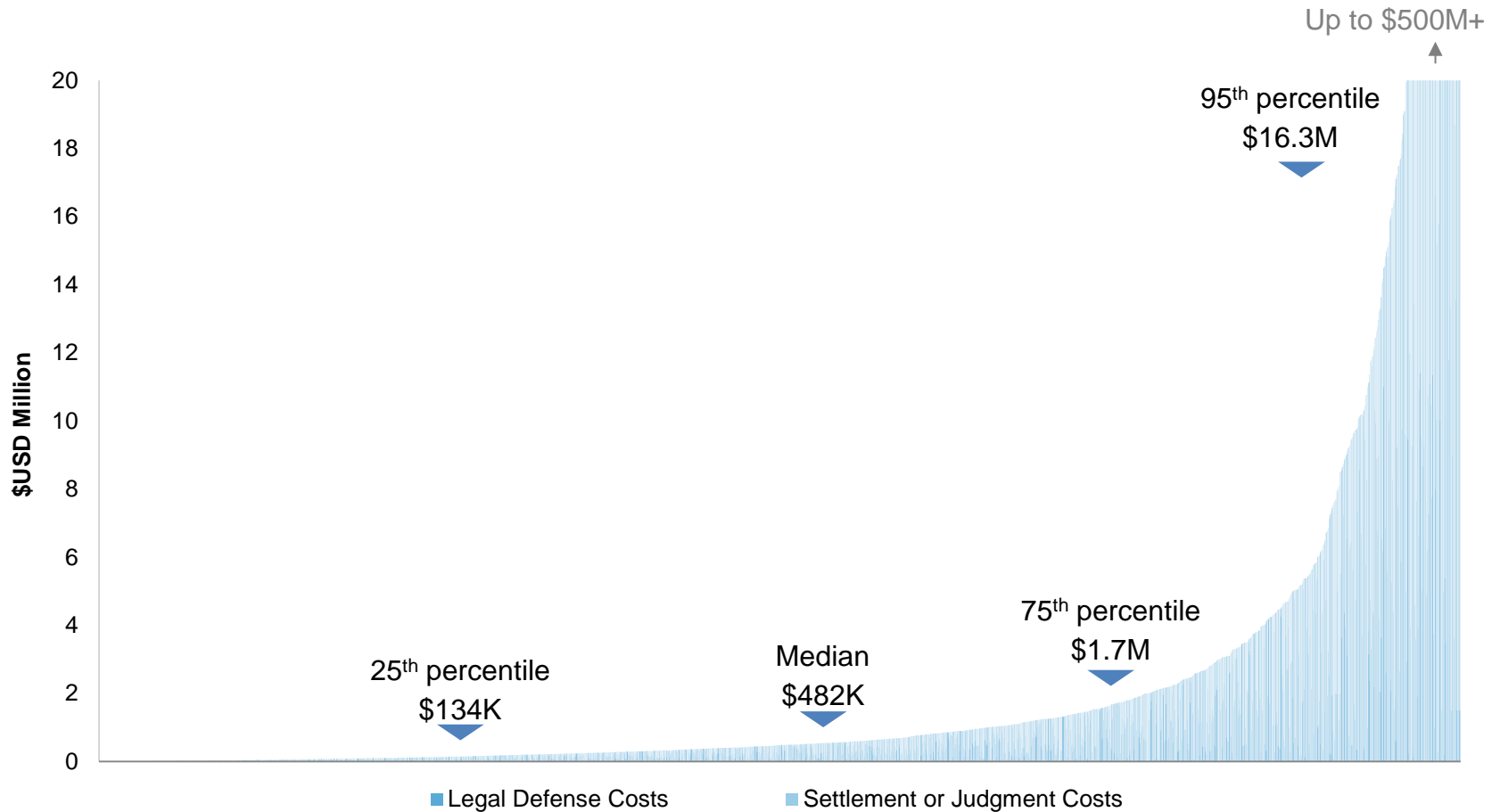
Legal Costs Generally Exceed Settlements



Source: RPX Research. RPX NPE Cost Report 2014

Wide Distribution of Resolution Costs

Cost to Resolve an NPE Suit



Source: RPX Research. RPX NPE Cost Report 2014

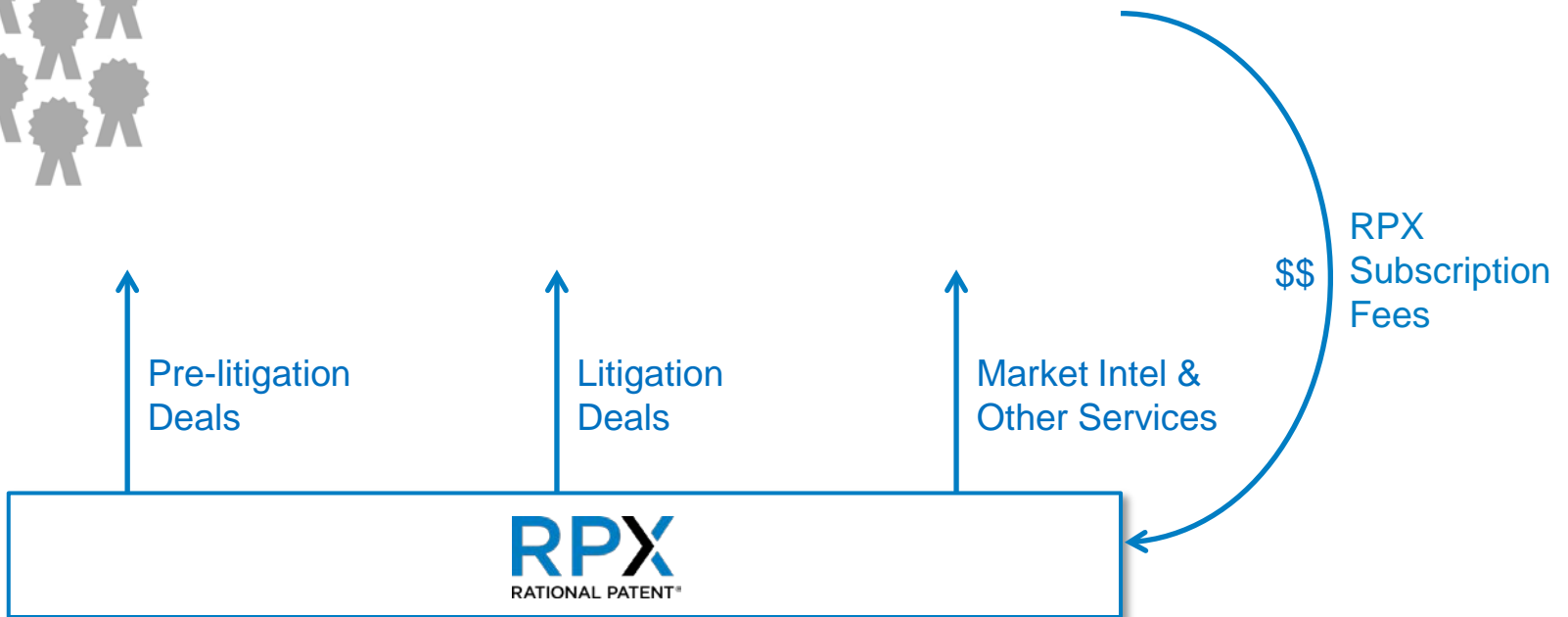
Thank You

Roots of a Patent Clearinghouse

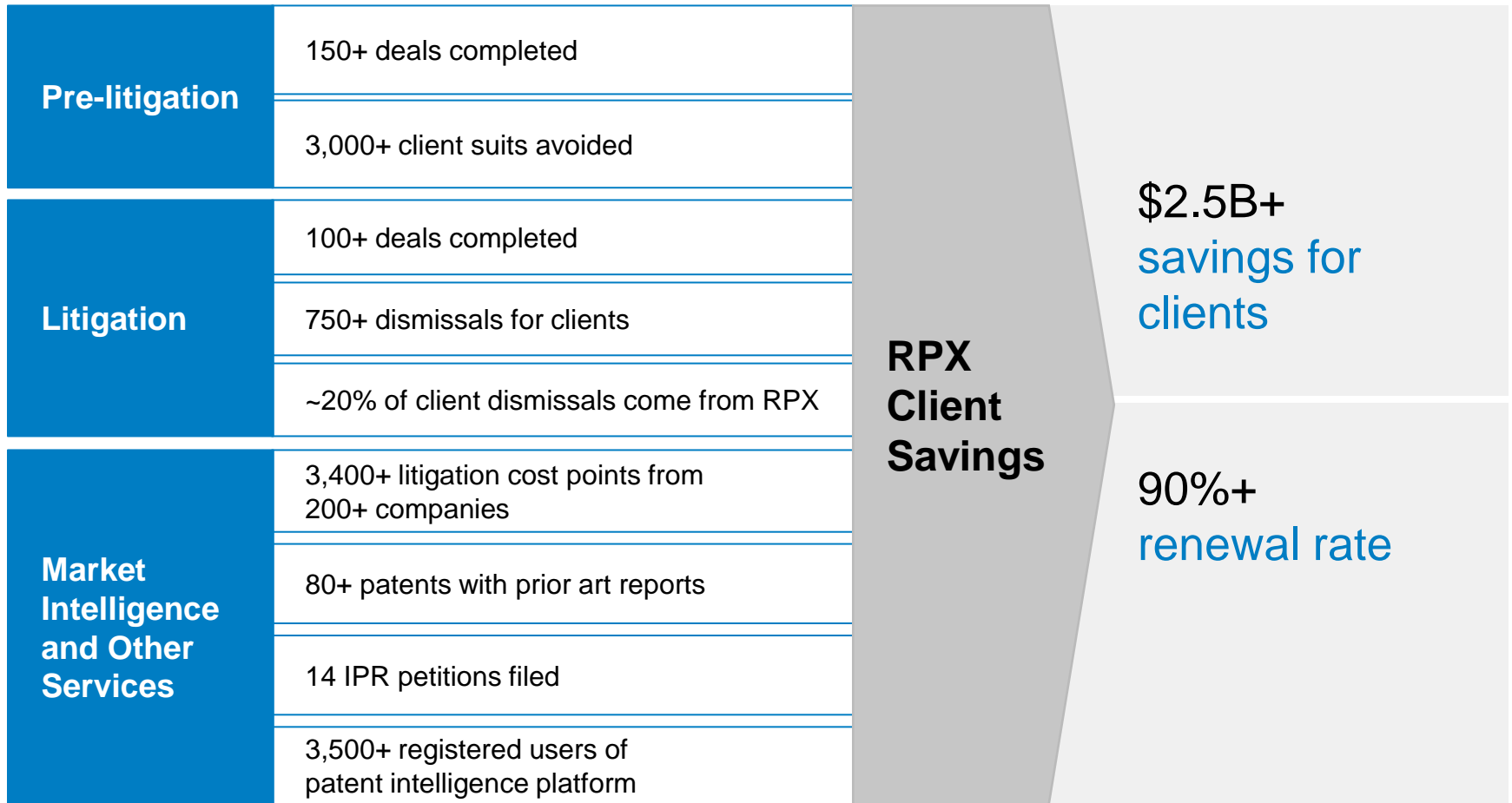
David Anderson, Senior Vice President, Corporate Development

RPX Membership Model

Pre-litigation
Patent Market



RPX Report Card

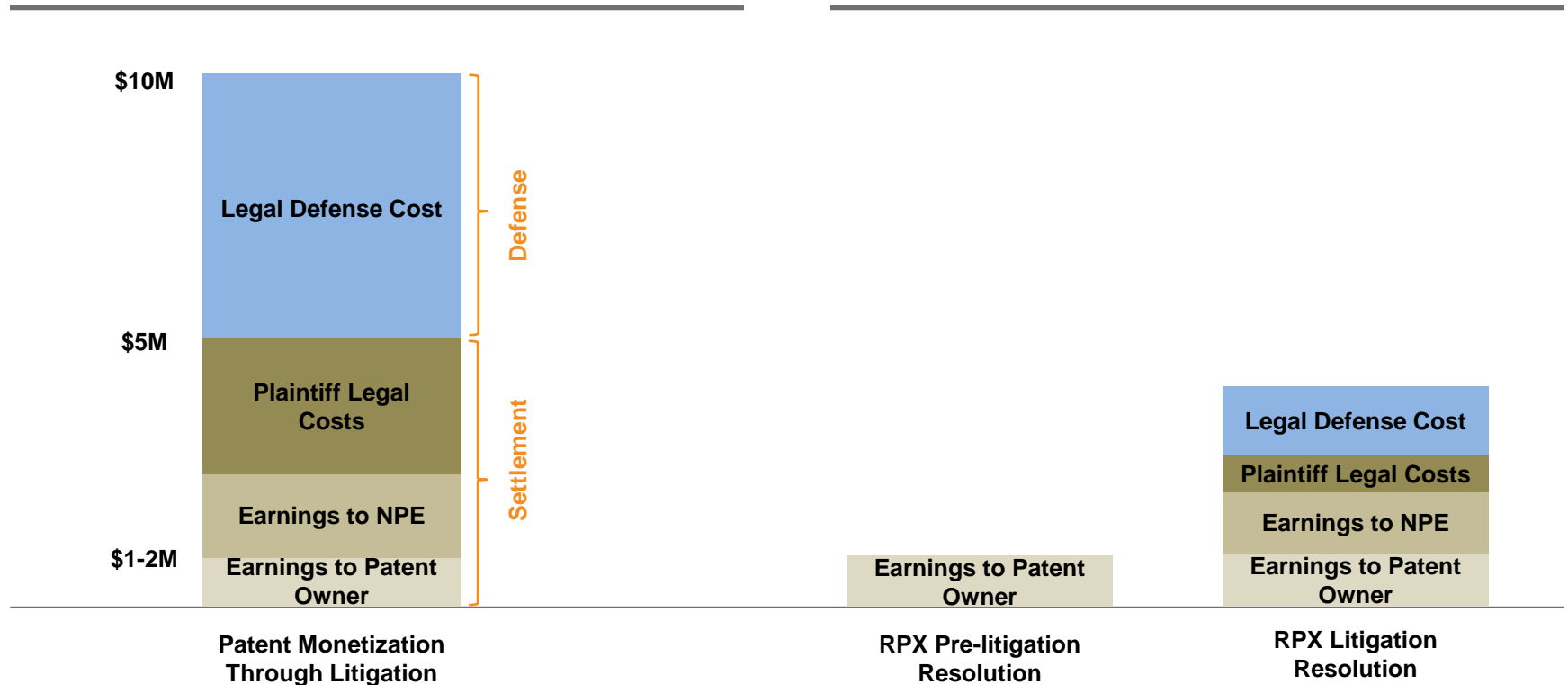


A Rational Alternative to Market Inefficiency

Illustrative Transactions

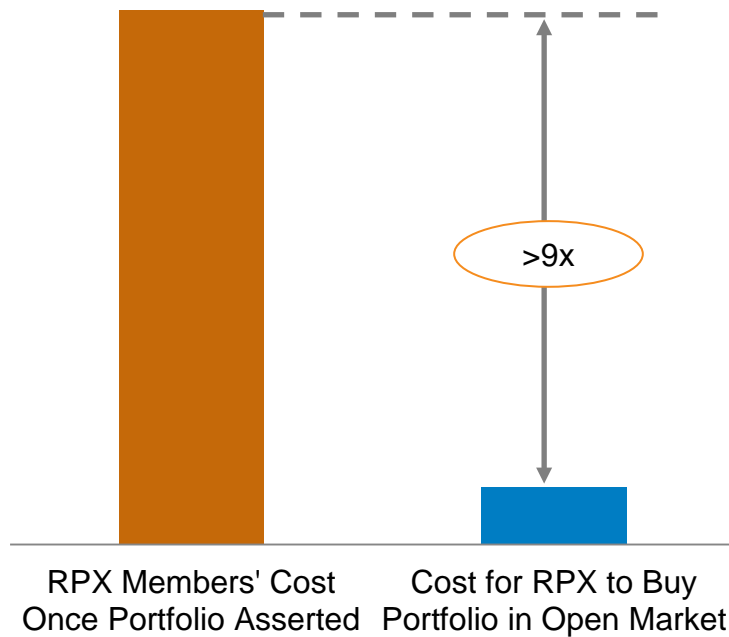
Litigation Model

RPX Model

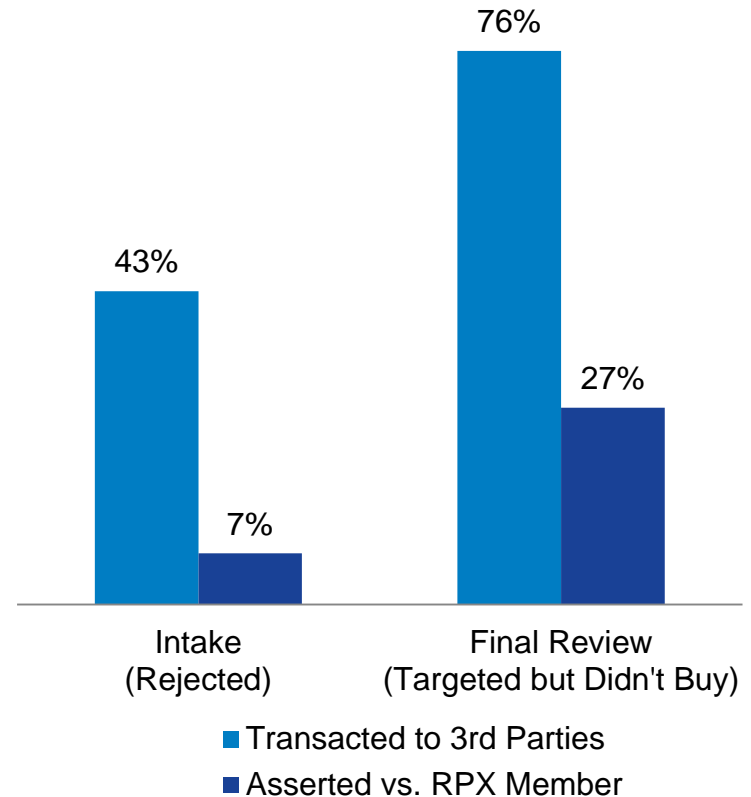


Pre-litigation Acquisition 9x More Efficient

Open Market Clearance Highly Efficient¹

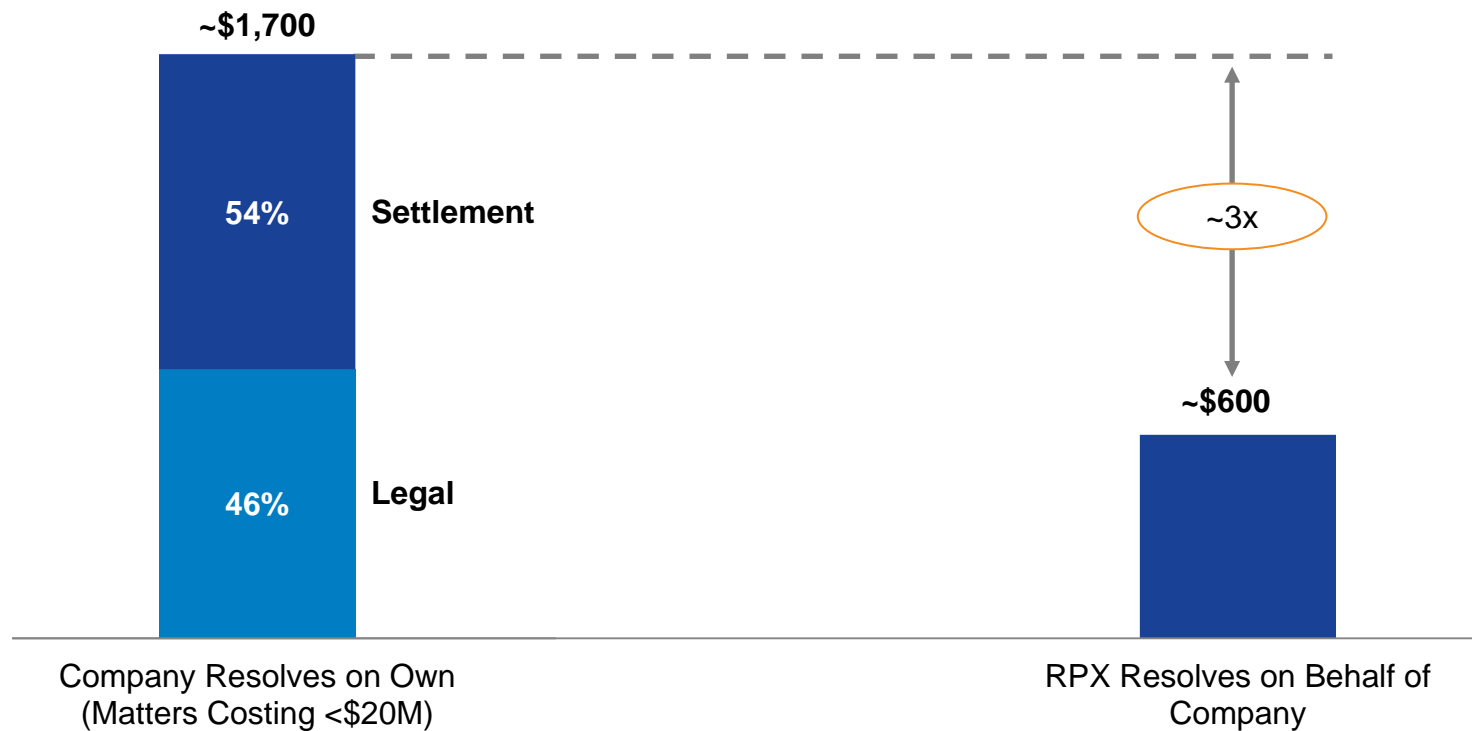


...and RPX Can ID High-risk Portfolios²



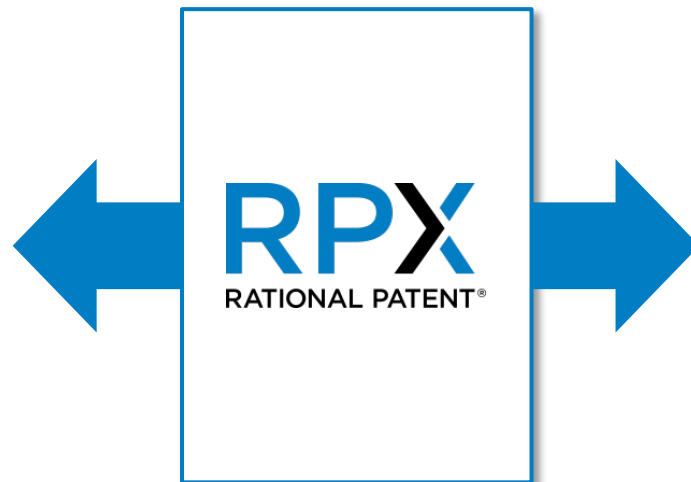
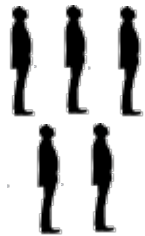
Litigation Acquisition ~3x More Efficient

Cost per dismissal (\$000s)

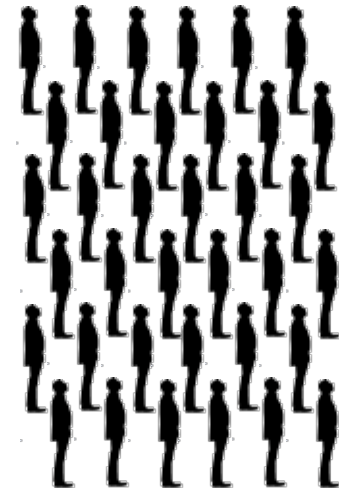


Beyond NPEs: RPX as a Clearinghouse

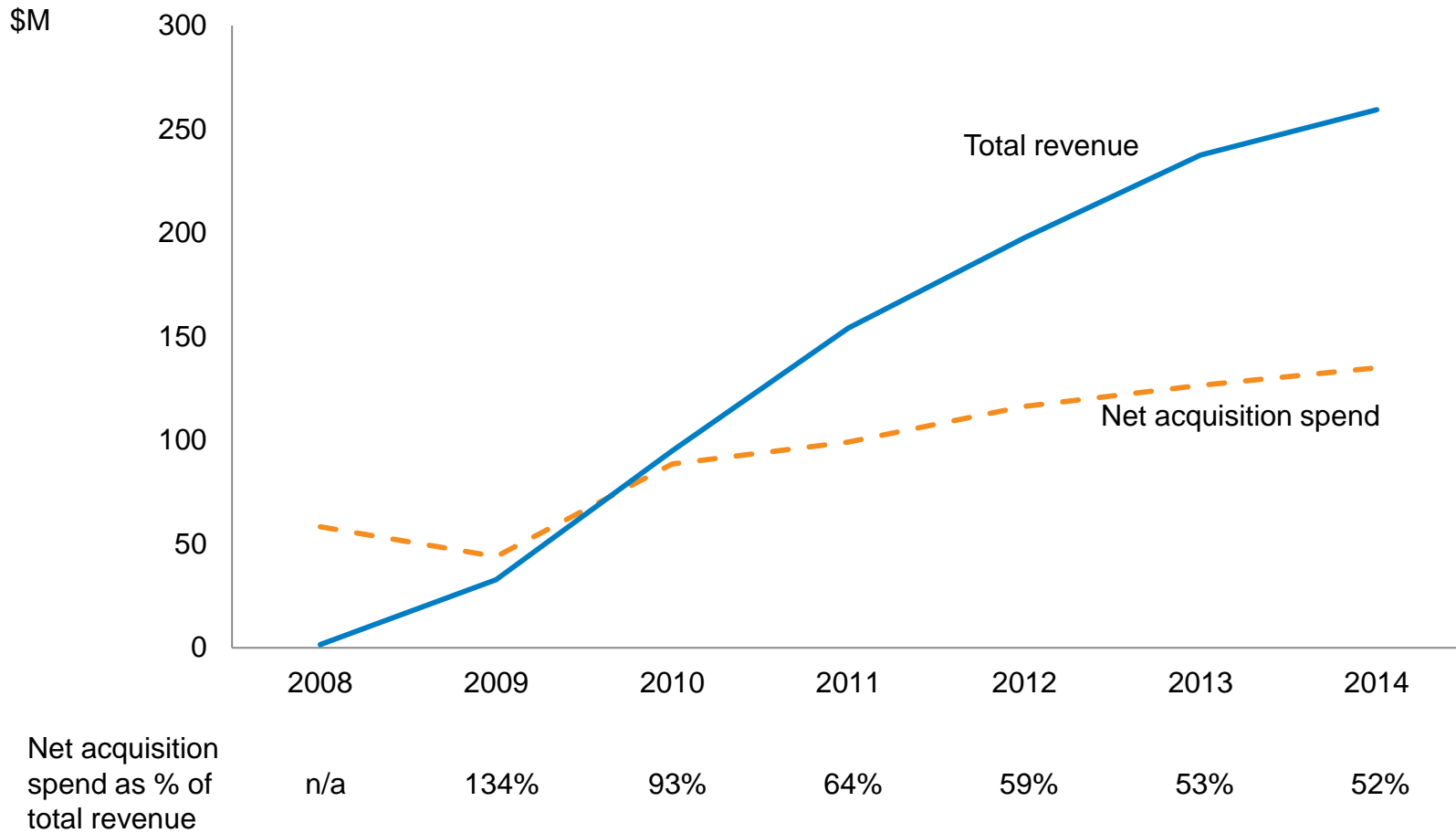
Rockstar



Licensees



Increasing Leverage and Impact of Network



Roots of a Clearinghouse

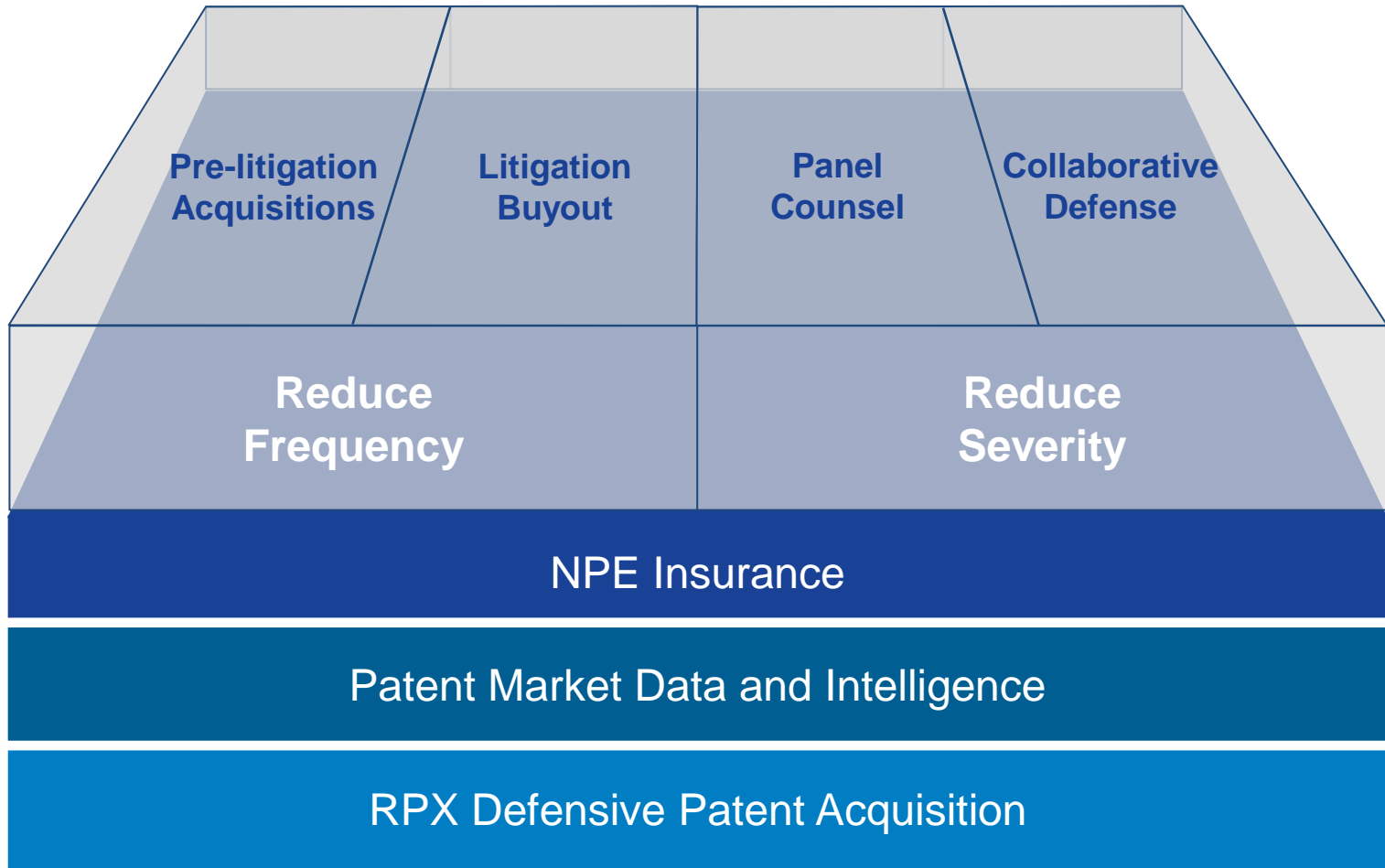
- ▶ **Network with critical mass of clients**
- ▶ **Proprietary data**
- ▶ **Technical expertise**
- ▶ **Trusted valuation approach**
- ▶ **Deal execution experience**

Thank You

An Expanding Suite of Insurance Solutions

Robert Kingsley, Vice President, Insurance Operations

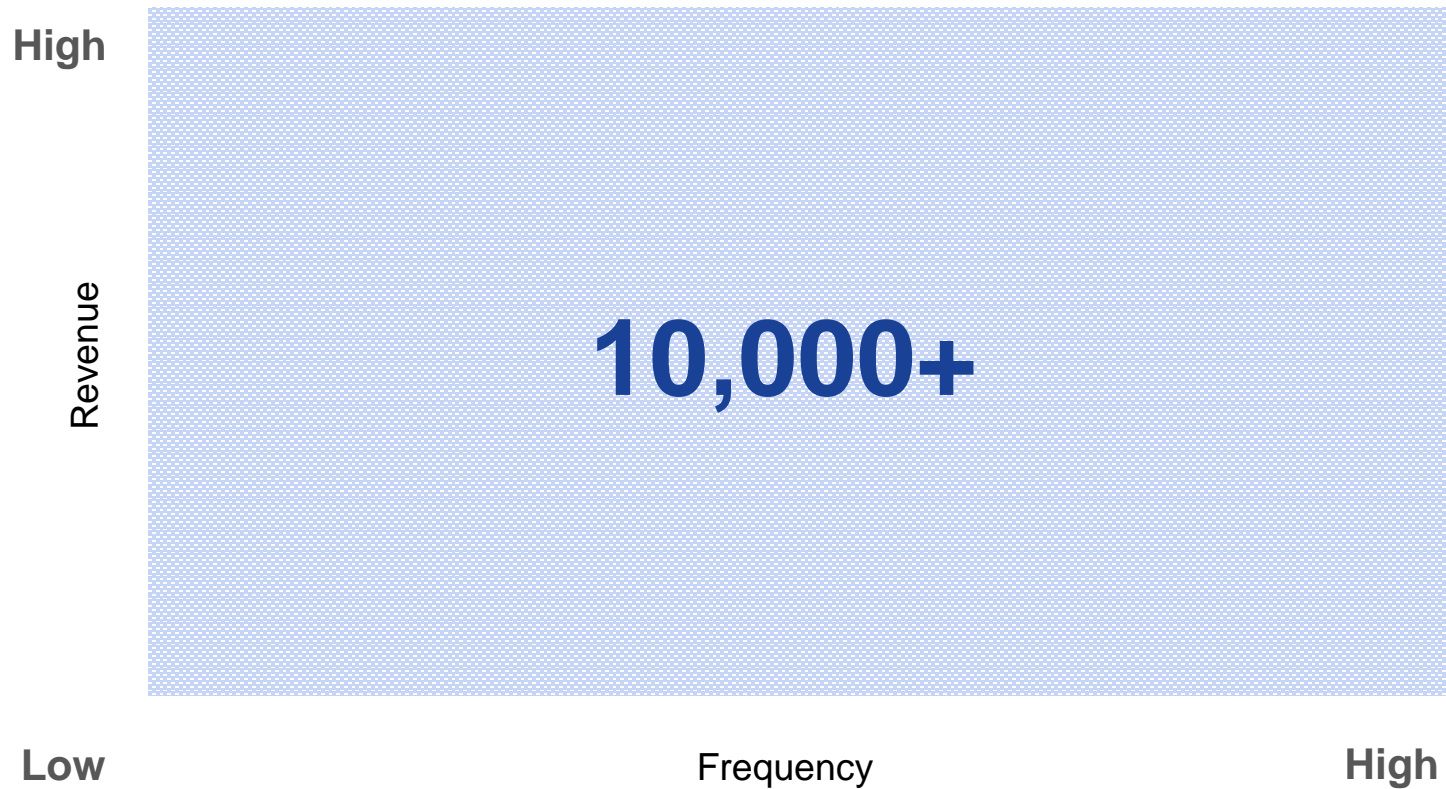
Built on the Core Service



Insuring the “Uninsurable”

- ▶ Patent insurance data previously unavailable
- ▶ Ability to quantify frequency and severity
- ▶ RPX data proven actuarial model insurance offering
- ▶ Data + expertise = underwriting advantage

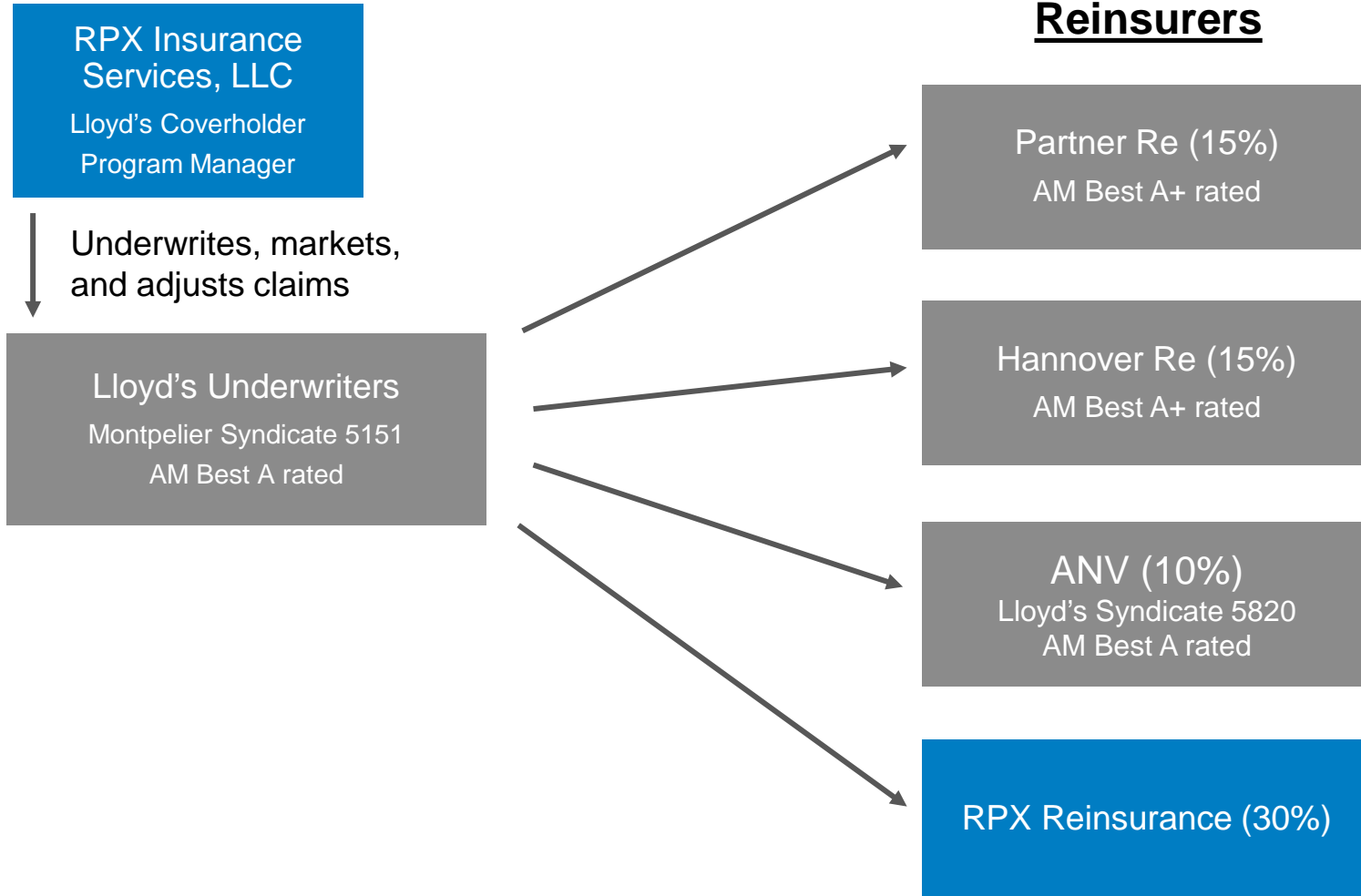
Broad Universe of Insurable Companies



Unfolding Strategy

- ▶ **May 2014: Agreement with Lloyd's of London**
- ▶ **Summer 2014: De-coupled insurance from membership**
- ▶ **Late 2014: Sold first policy through broker**
- ▶ **Late 2014: Launched low-cost policy for lower-risk companies**
- ▶ **Mid-2015: Introducing two additional products**

Strong Insurance Infrastructure

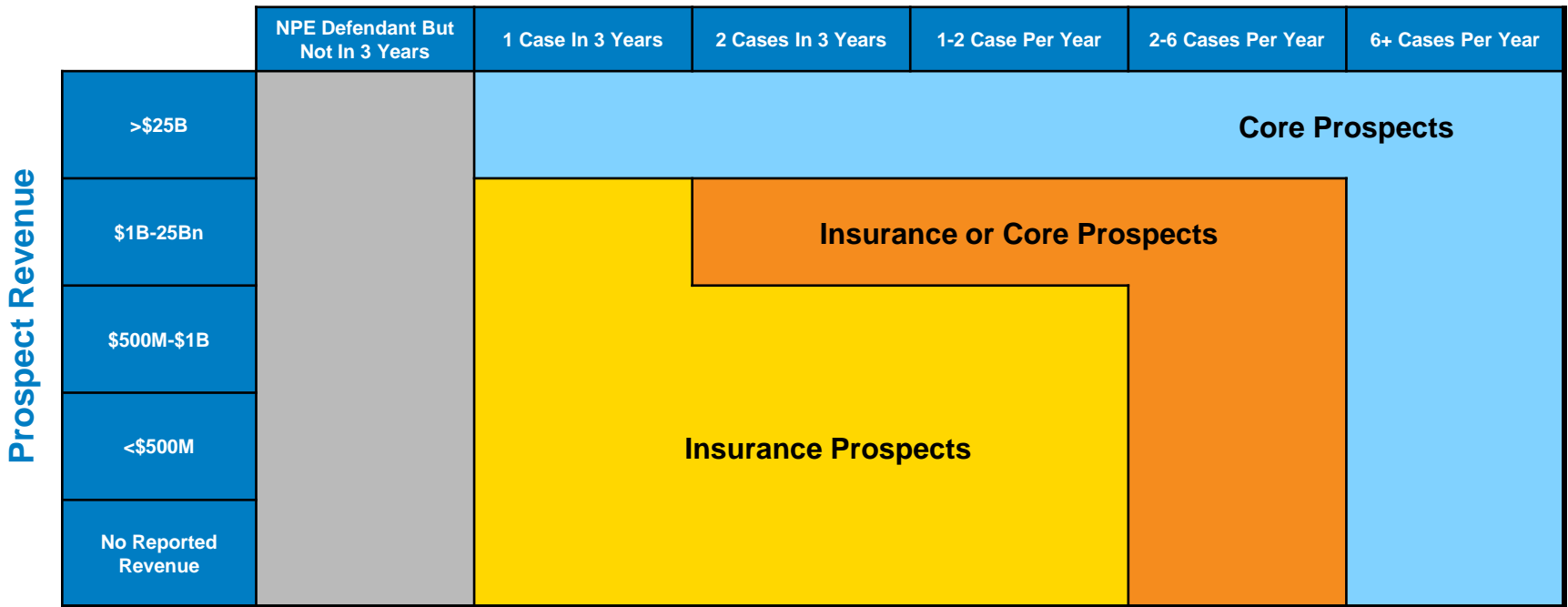


Keys to Success

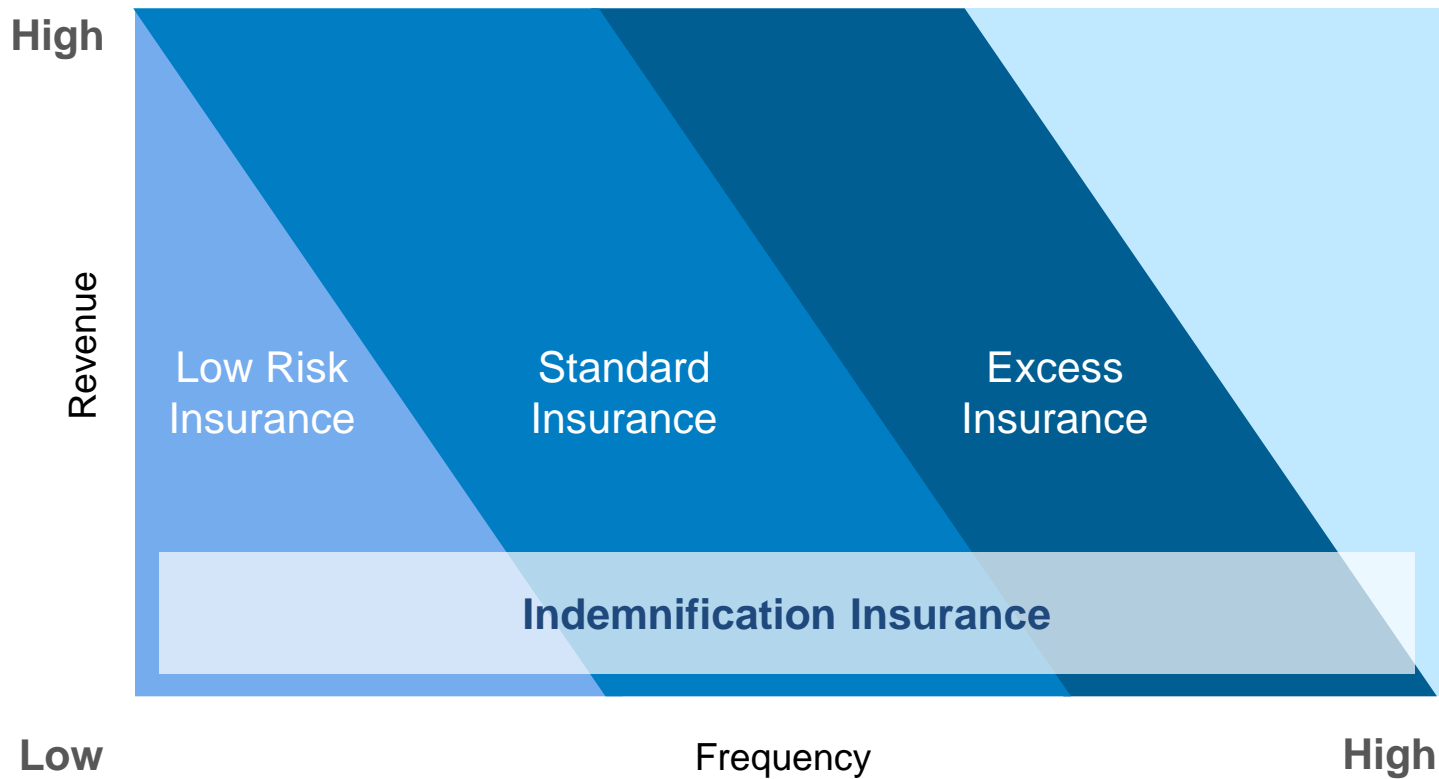
- ▶ **Proven actuarial model**
- ▶ **Accurate frequency predictions**
- ▶ **Reduced claim costs**
- ▶ **Increased awareness of NPE risk**
- ▶ **Channel to drive scale**
- ▶ **Expanded product offering**

TAM Drives Product Development

Frequency of NPE litigation (2012 to 2014)



Enhanced Offering Addresses Broad Market Needs



RPX Insurance Solution

- ▶ Large, underserved, newly-forming market
- ▶ Insurance business on track
- ▶ Leverages core service
- ▶ RPX data underlies pricing and claims capabilities
- ▶ Risk transfer and advisory solution

Thank You

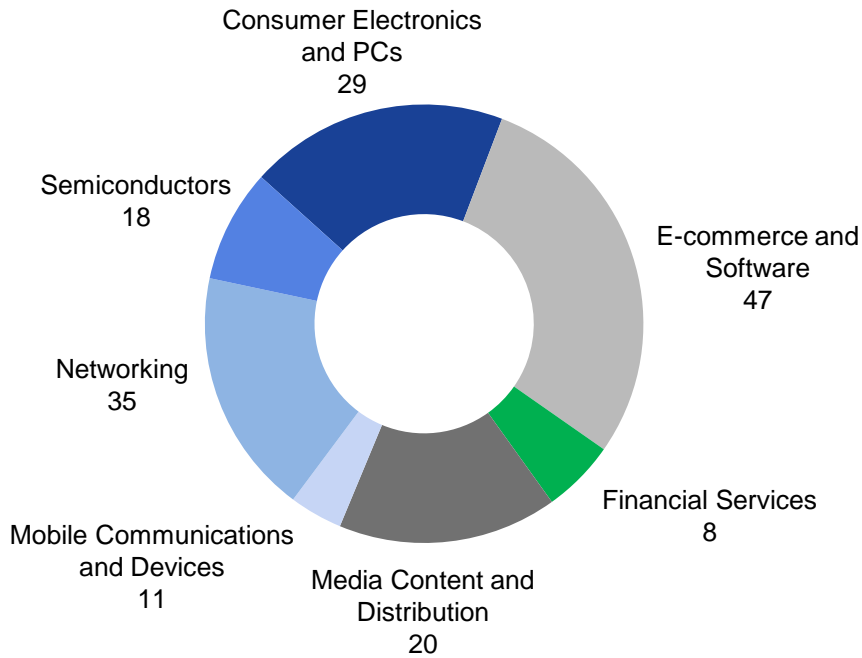
Broader Opportunity; Deeper Engagement

Steve Swank, Senior Vice President, Client Development and Client Relations

Network Composition

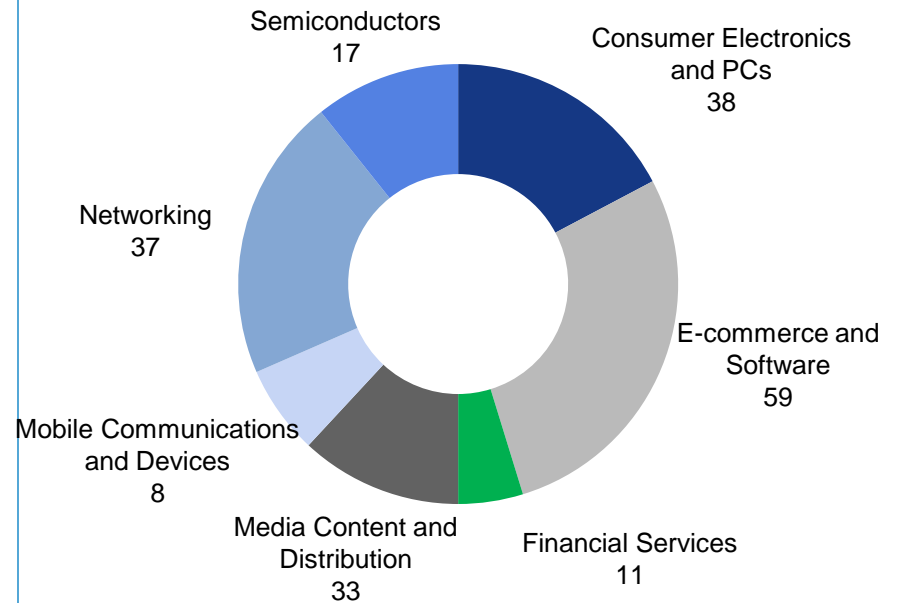
2013

168 Total¹



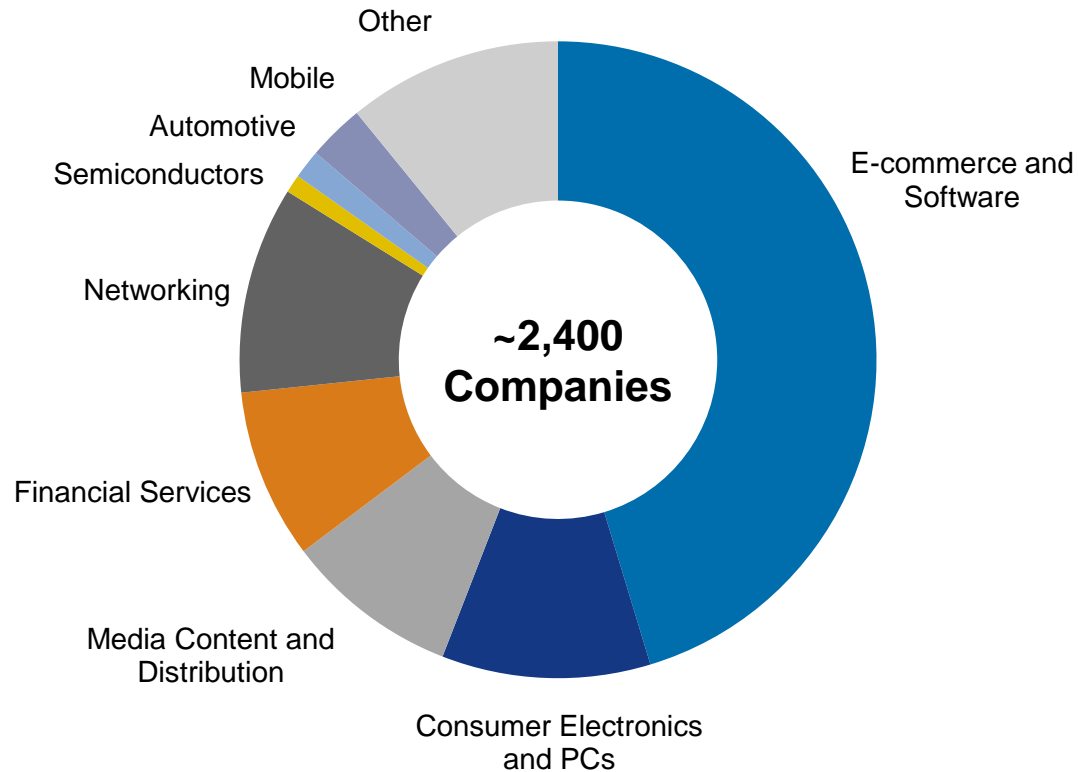
2014

204 Total¹

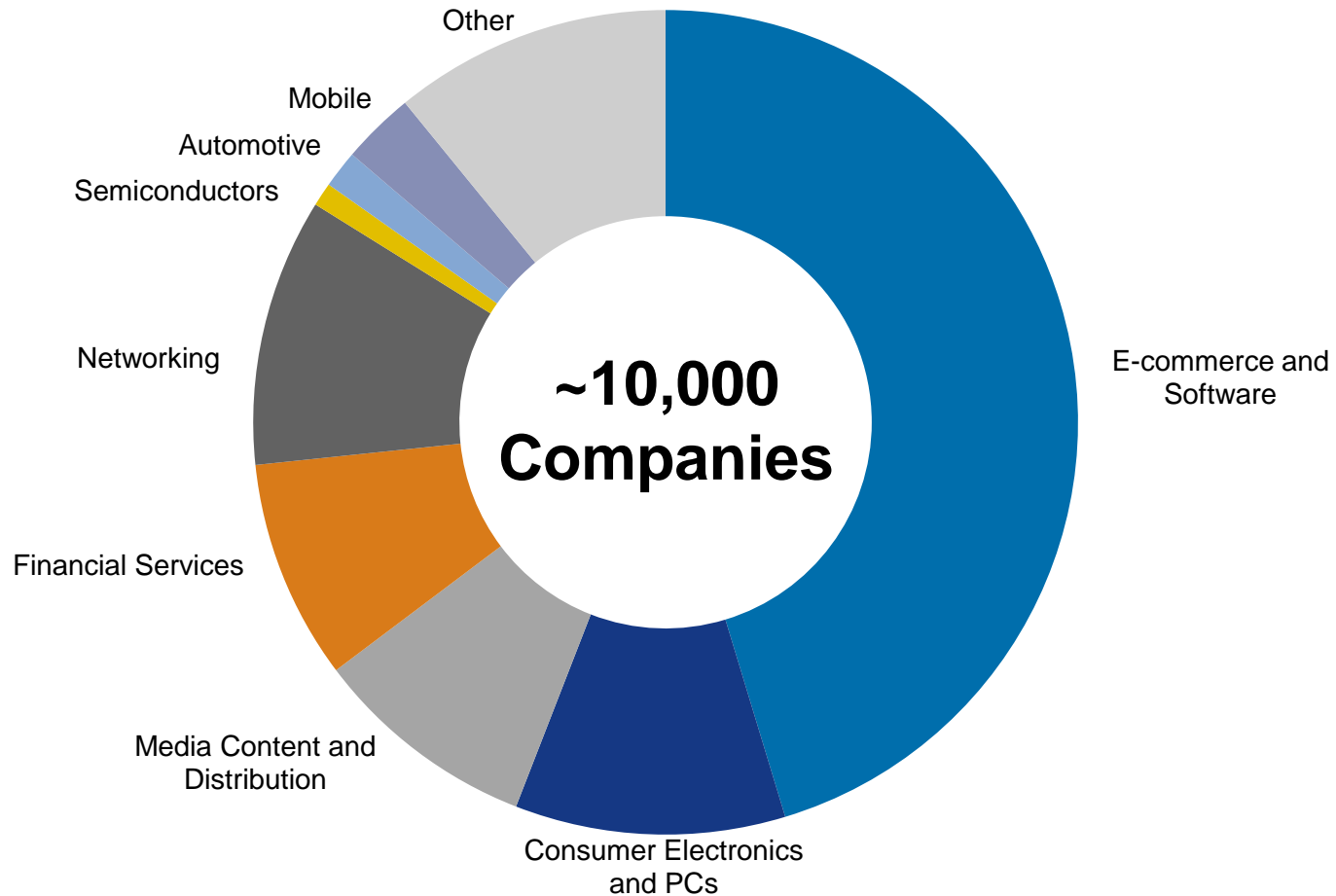


1) Client totals as of year-end

Pipeline – Yesterday and Today



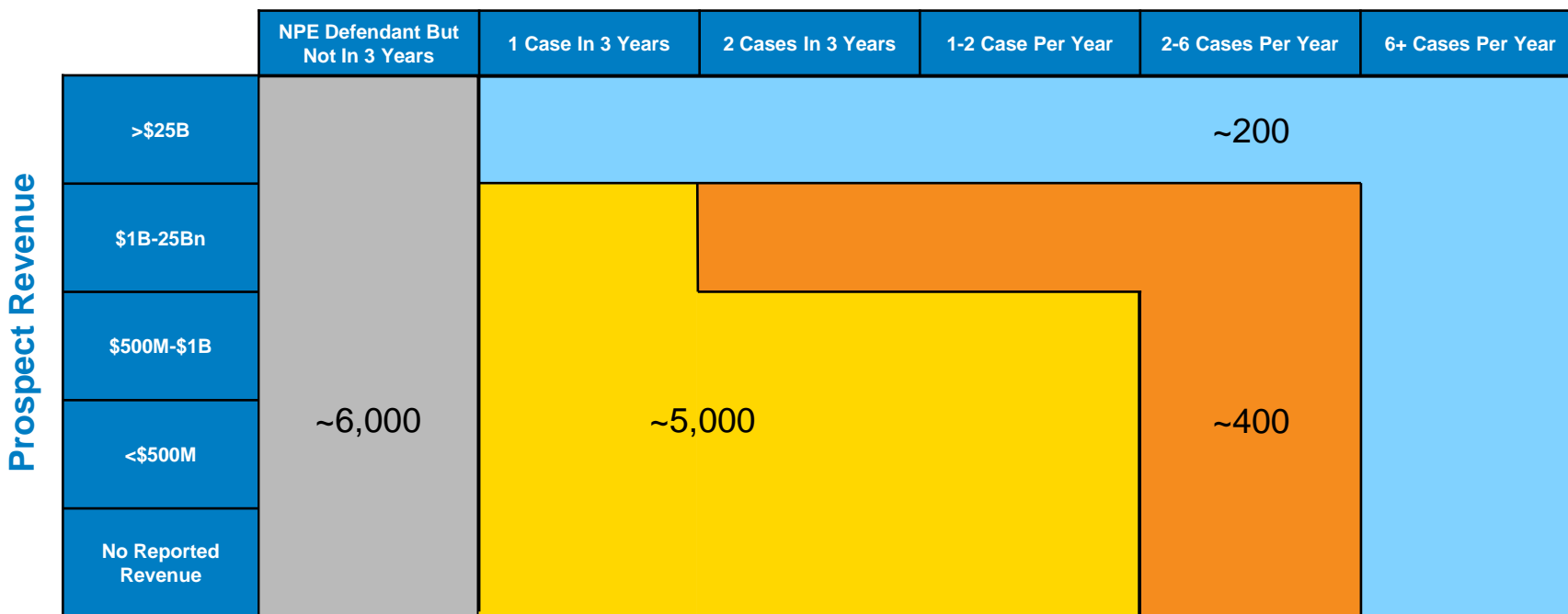
Pipeline – Yesterday and Today



RPX Products Span the Addressable Market

TAM 2014

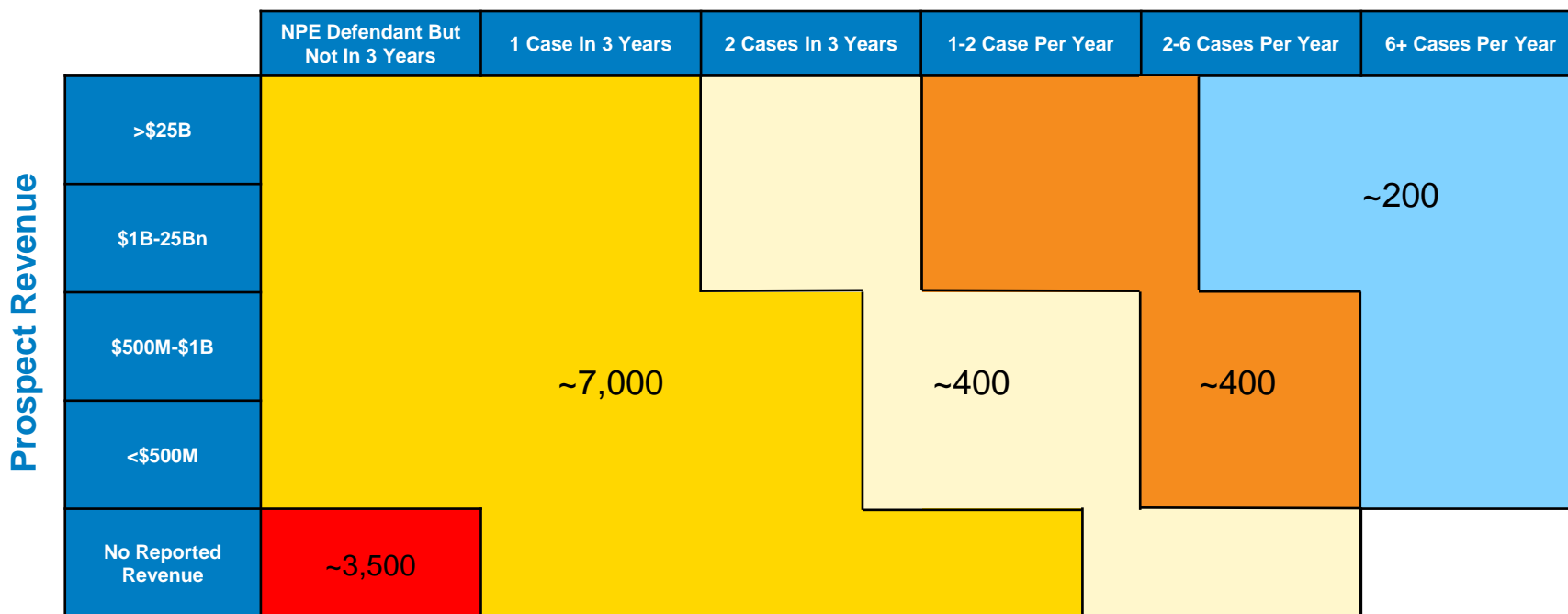
Frequency of NPE litigation (2012 to 2014)



RPX Products Span the Addressable Market

TAM 2015

Frequency of NPE litigation (2012 to 2014)



Greater Sophistication – Greater Opportunity

Frequency of NPE litigation (2012 to 2014)

	NPE Defendant But Not In 3 Years	1 Case In 3 Years	2 Cases In 3 Years	1-2 Case Per Year	2-6 Cases Per Year	6+ Cases Per Year
Prospect Revenue	>\$25B	Low Risk ~10,000 Prospects	Medium Risk ~1,400 Prospects		High Risk ~350 Prospects	
	\$1B-25Bn					
	\$500M-\$1B	RPX Solution: Insurance - \$1M limits	RPX Solution: Insurance - \$5M limits Membership Bundle	RPX Solution: Insurance - \$10M limits Membership Bundle		
	<\$500M	Est. Insurance Premium: \$7,500 - \$25,000	Est. Insurance Premium: \$25,000 - \$100,000 +	Est. Insurance Premium: \$100,000 and up +		
	No Reported Revenue		Potential Membership Bundle	Potential Membership Bundle		

Client Relations

▶ Strengthening the Relationship

- Quantifiable cost savings and early renewals
- Expansion of “premium” membership

▶ Expanding the Relationship

- New initiatives create more value and a “stickier” relationship
 - Patent Quality
 - RPX OPENSM
- Syndications
 - Proof point for clearinghouse vision
 - Enhances relationships and “premium” discussions
 - Opens dialogue with difficult prospects

Thank You

Patent Reform Update

Mallun Yen, Executive Vice President

2015: The Debate Continues

THE HILL
Grassley: Congress should act 'decisively' on patent reform
By Mario Trujillo - 03/18/15 10:18 AM EDT

STRONG Patents Act of 2015 -- An Alternative Patent Reform Bill

3/5/2015 by  Andrew Williams | McDonnell Boehnen Hulbert & Berghoff LLP [Contact](#)

NJ **THE SENATE IS FINALLY GETTING SERIOUS ABOUT SLAYING PATENT TROLLS**
April 29, 2015 Patent reform is back in the Senate, an

Grassley, Leahy: Patent reform legislation needs to strike right balance

LEGAL NEWSLINE STAFF WRITER • | MARCH 19, 2015 | 11:00 AM



Vox MONDAY, APRIL 27, 2015

2015 could be the year Congress takes action on patent trolls

Updated by Timothy B. Lee on April 27, 2015, 9:20 a.m. ET tim@vox.com

The Washington Times
Patent reform: Big government's latest comprehensive debacle By Carly Fiorina -- Saturday, March 14, 2015

Conservatives slam patent reform as secret Obama gift to Google

BY PAUL BEDARD | JANUARY 28, 2015 | 9:11 AM

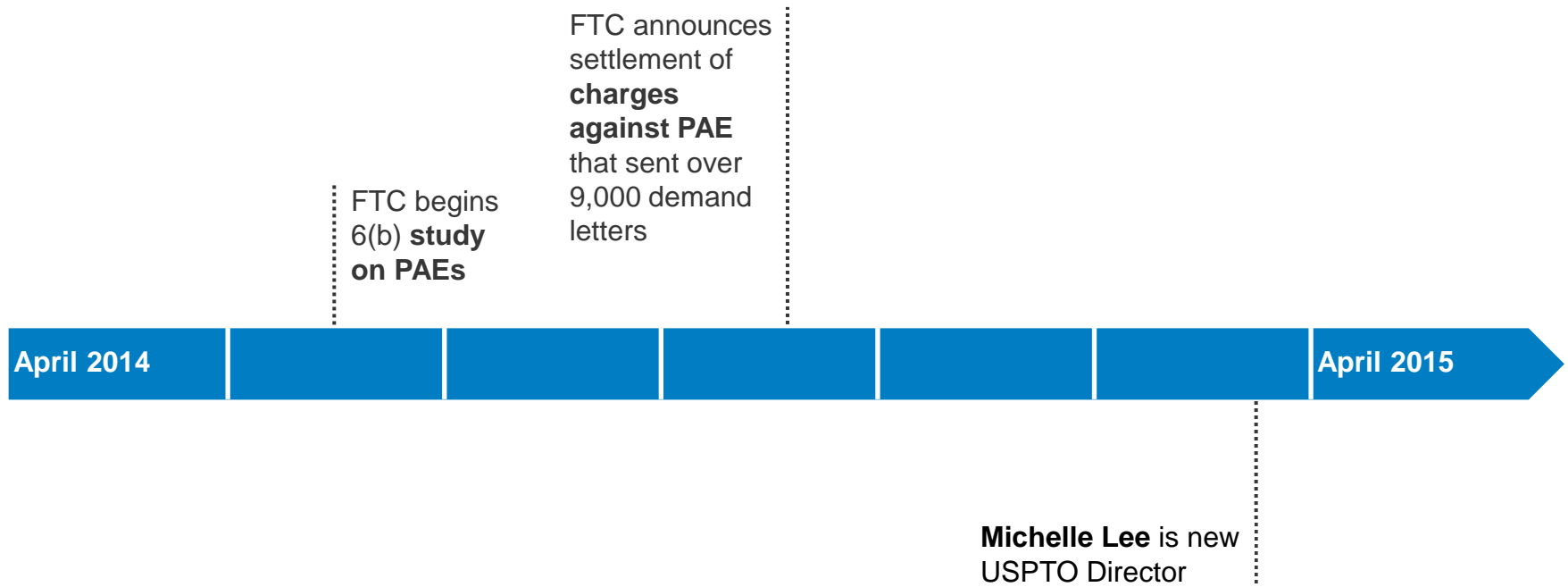


February 23 2015 **ACC** Association of Corporate Counsel

Patent reform: will "patent trolls" be singled out?

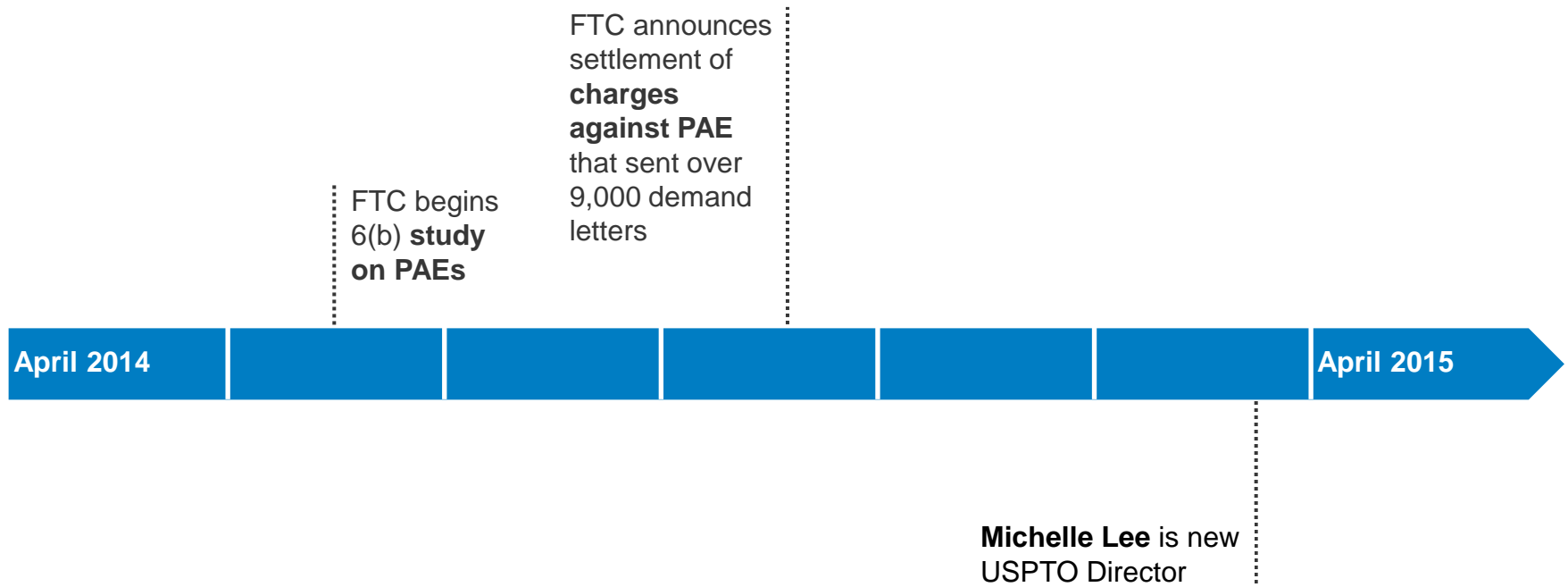
UNITED for PATENT REFORM Patent trolls are threatening businesses, jobs and innovation. Tell lawmakers to support patent reform now.

Patent Reform



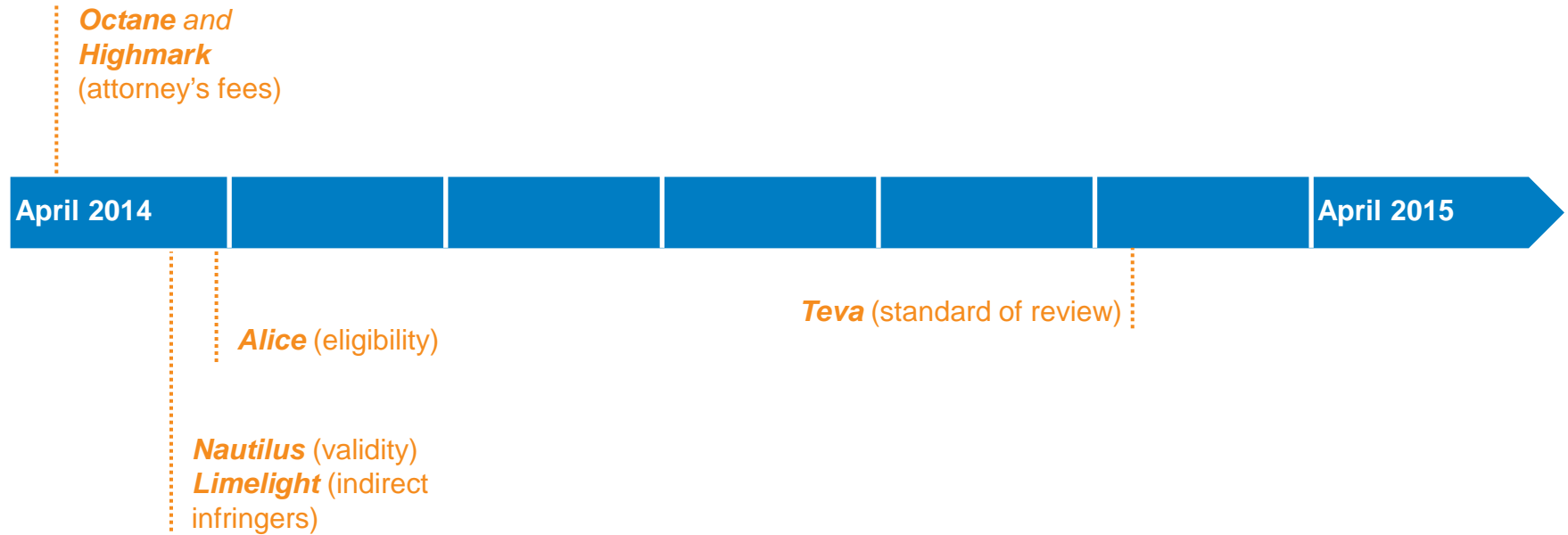
■ Legislative ■ Executive ■ Judicial

Patent Reform



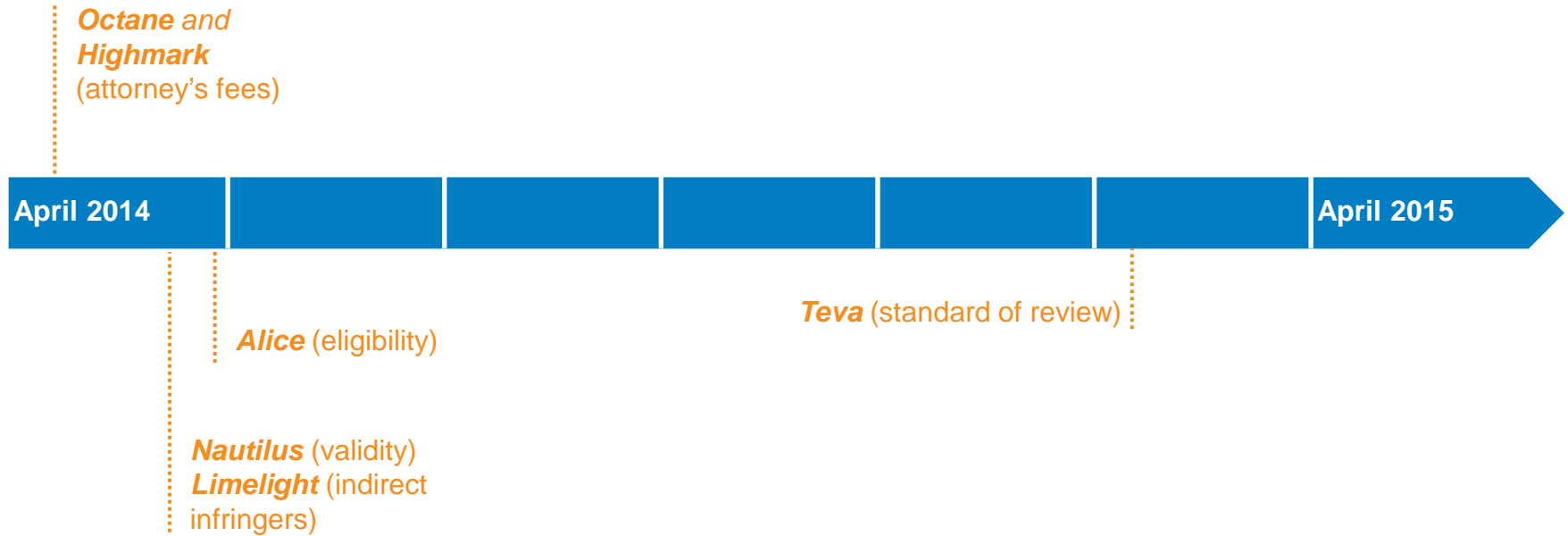
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Patent Reform



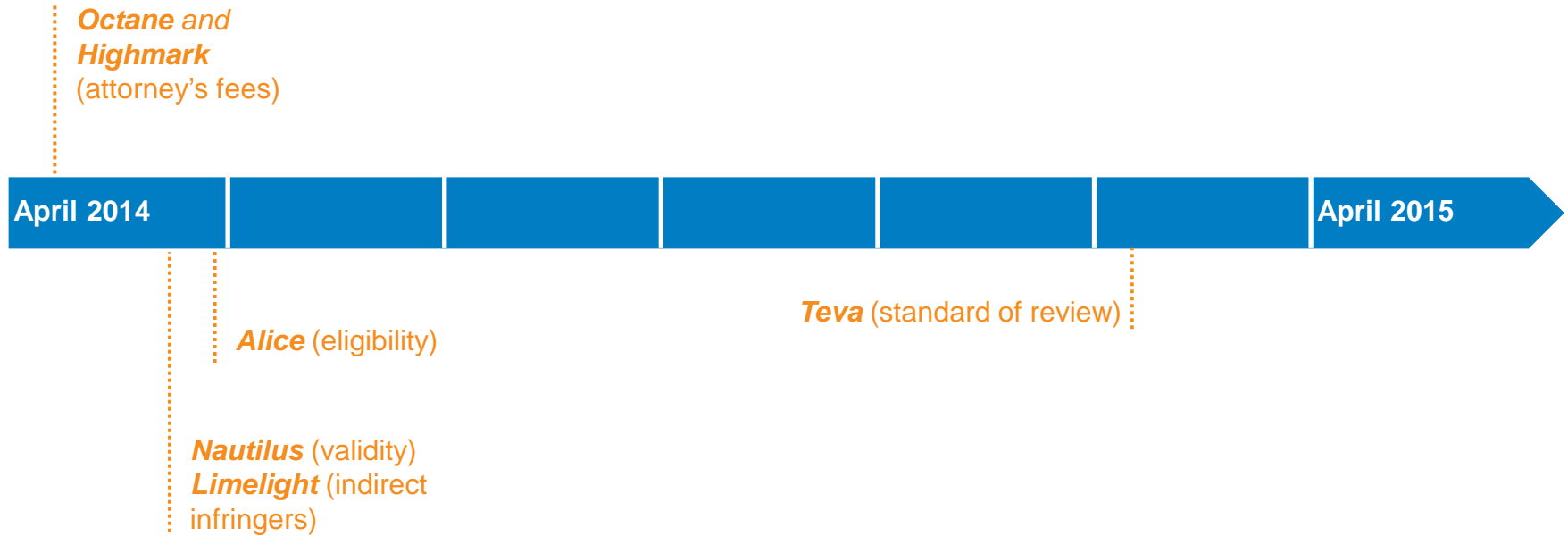
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Patent Reform



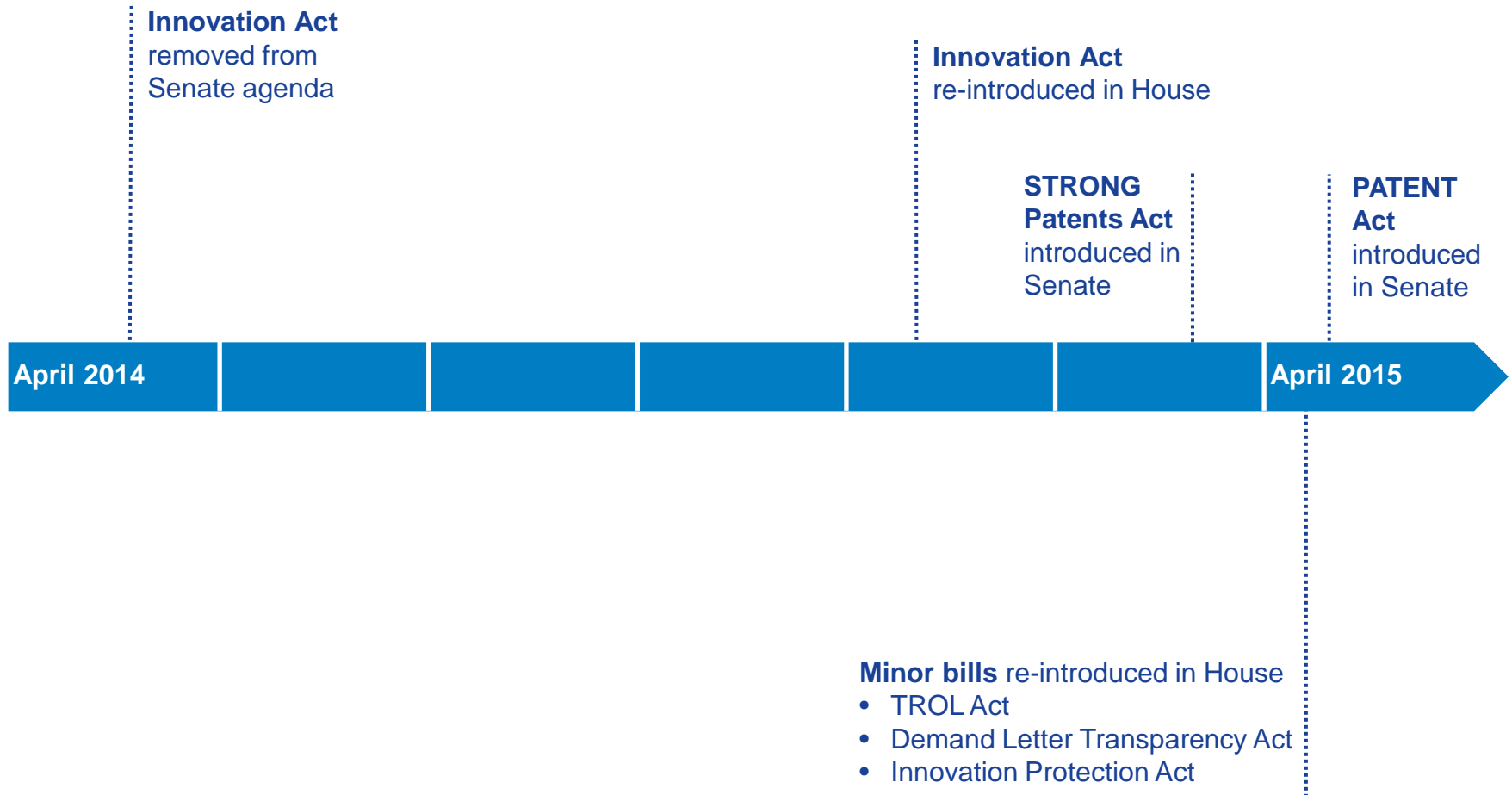
■ Legislative ■ Executive ■ Judicial

Patent Reform



■ Legislative ■ Executive ■ Judicial

Patent Reform



■ Legislative ■ Executive ■ Judicial

House vs. Senate

House

Innovation Act

More favorable to
patent challengers

Senate

PATENT Act

Vehicle for compromise?

STRONG Patents Act

More favorable to patent owners

House vs. Senate

House

Innovation Act

More favorable to
patent challengers

- Create default fee-shifting
- Stay customer suits

Senate

PATENT Act

Vehicle for compromise?

- ~ Fee-shifting, but not default
- ~ Yes, but limit “customer”

STRONG Patents Act

More favorable to patent owners

House vs. Senate

House

Innovation Act

**More favorable to
patent challengers**

- Create default fee-shifting
- Stay customer suits
- **Require initial disclosures**
- **Raise pleading requirements**
- **Limit early discovery**

Senate

PATENT Act

Vehicle for compromise?

- ~ Fee-shifting, but not default
- ~ Yes, but limit “customer”
- ✓ **Yes**
- ~ **Yes, but not as much**
- ~ **Yes, but differently**

STRONG Patents Act

More favorable to patent owners

House vs. Senate

House

Innovation Act

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PATENT Act

Vehicle for compromise?

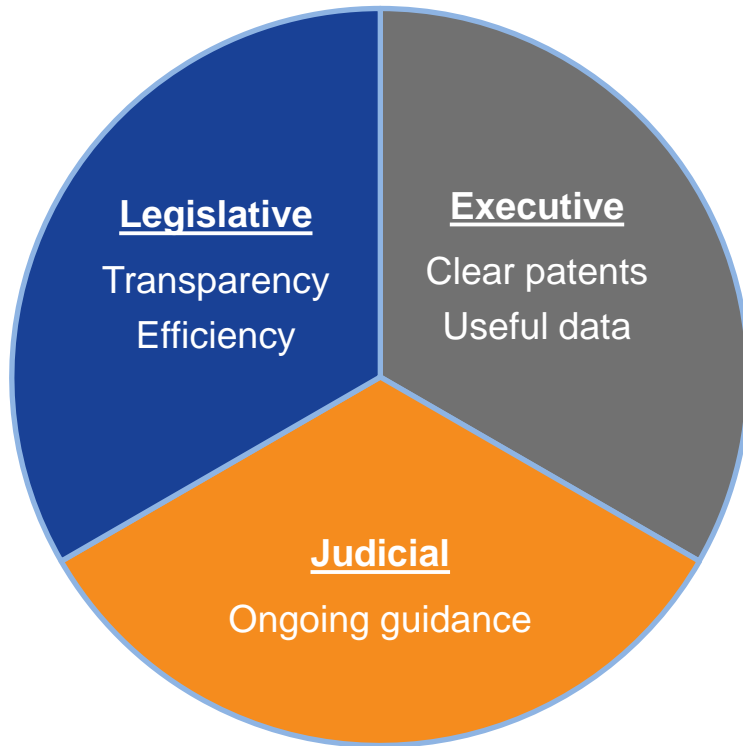
- ~ Fee-shifting, but not default
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- ✓ Yes
- ~ Yes, but not as much
- ~ Yes, but differently
- X Silent on PTO challenges**

STRONG Patents Act

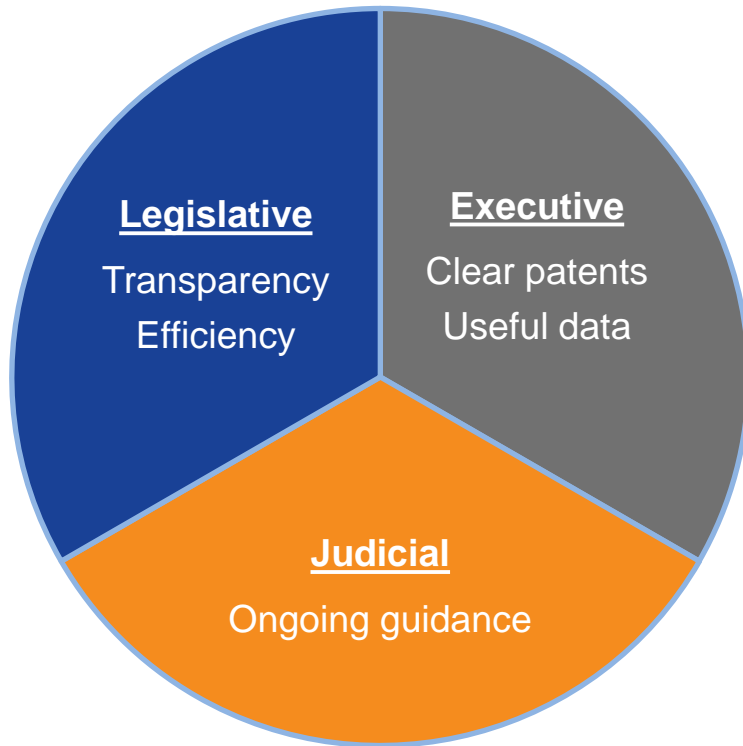
**More favorable to patent owners
Restricts PTO challenges**

Foundation of a Rational Patent System

RPX Policy Approach



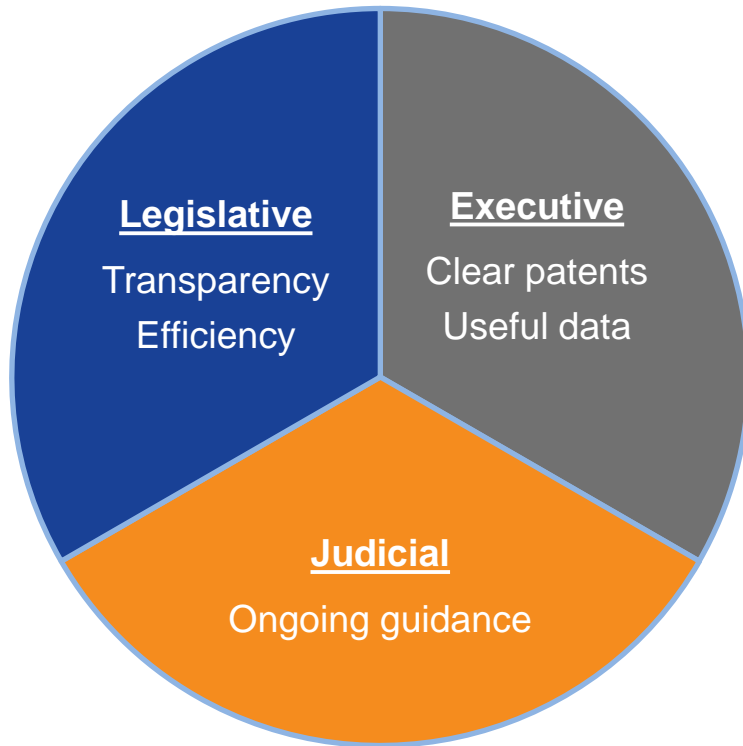
Foundation of a Rational Patent System



RPX Policy Approach

- ▶ **Centralize data and resources**
 - Collecting unstudied data
 - Aggregating patent quality initiatives

Foundation of a Rational Patent System



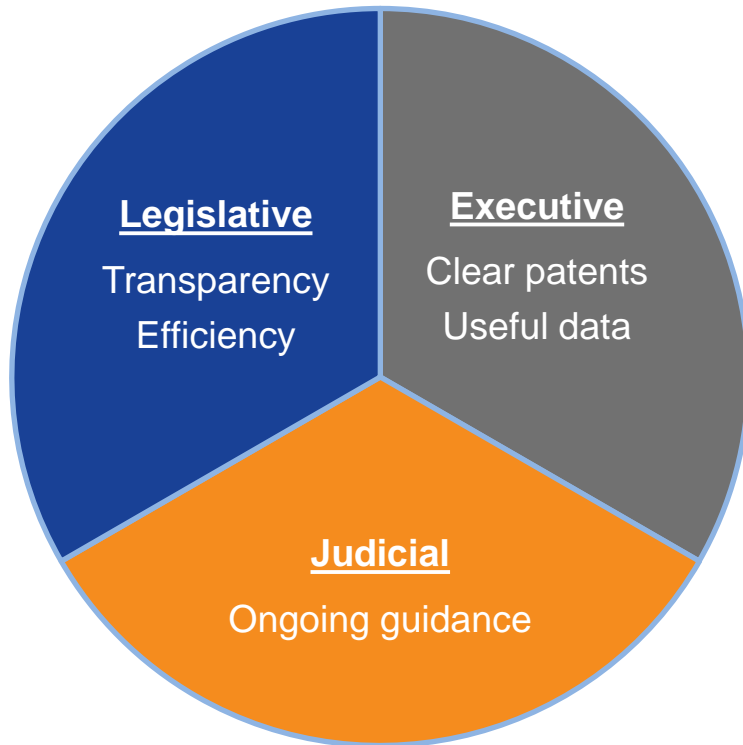
RPX Policy Approach

▶ Centralize data and resources

▶ Publish insight and analysis

- Publishing reports and studies
- Collaborating with scholars and informing debate

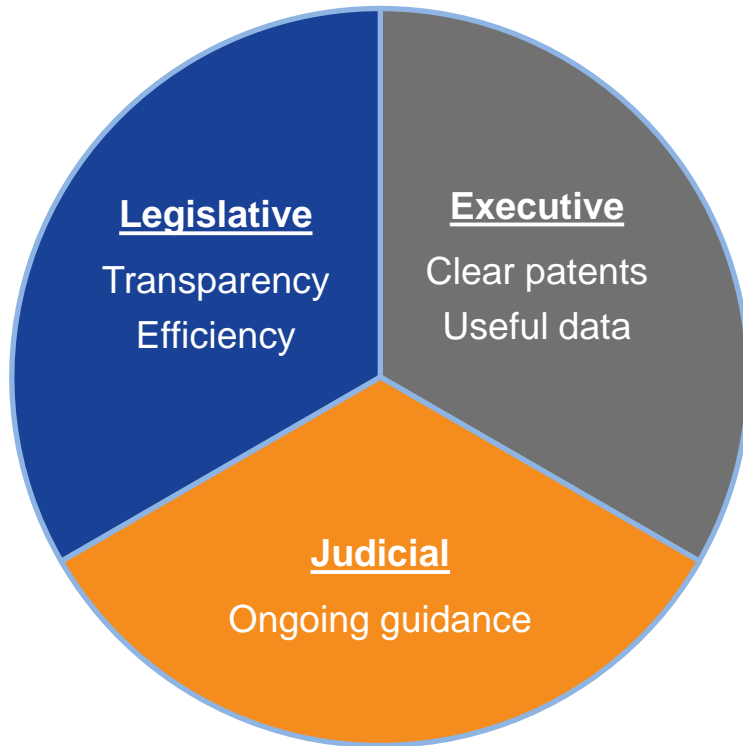
Foundation of a Rational Patent System



RPX Policy Approach

- ▶ **Centralize data and resources**
- ▶ **Publish insight and analysis**
- ▶ **Establish RPX as the trusted authority**
 - Proving value to universities, agencies, lawmakers, and industry

Foundation of a Rational Patent System



RPX Policy Approach

- ▶ **Centralize data and resources**
- ▶ **Publish insight and analysis**
- ▶ **Establish RPX as the trusted authority**

Thank You

Client Conversation

John A. Amster, Chief Executive Officer

Lunch Break

Financial Performance and Operating Model

Robert Heath, Chief Financial Officer

A Note from Our Lawyers

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Business Model Highlights

▶ Subscription/deferred revenue

- Pricing based on rate card at time of membership
- Generally paid annually in advance
- Revenue recognized ratably over membership year

▶ Cost of revenues

- Largely amortization of acquired patent assets
- Useful life = expected cash flows, not life of patents

▶ Acquisition metrics

- Net: RPX investment per balance sheet
- Gross: includes clients' syndicated/structured contributions

Financial Highlights

Growth

- ▶ FY 14 revenue up 9% to \$259.3 million
- ▶ FY 14 non-GAAP net income \$52.6 million
- ▶ 224 clients at March 31, 2015

Scale

- ▶ ~10% of open market activity
- ▶ \$370.5 million Cash, Cash Equivalents & Short-term Investments
- ▶ \$1.8+ billion invested (gross) in 250+ transactions

Predictability

- ▶ Subscription/deferred revenue model
- ▶ Multi-year contracts
- ▶ 90+% renewal rate

Operating Results

Recent Results

	Q1 2015	Q1 2014
Total Revenue	\$83.3	\$61.9
Subscription Revenue	\$66.2	\$60.8
Cost of Revenue ^[1]	\$34.7	\$28.9
SG&A ^[1]	\$15.1	\$13.1
Effective Tax Rate ^[1]	37%	37%
Net Income ^[1]	\$21.2	\$12.7
Diluted Non-GAAP EPS	\$0.38	\$0.23
WA Diluted Shares	55.2	54.4

Current Guidance

	Q2 2015	FY 2015
Subscription revenue	\$67.0 - \$67.5	\$265.0 - \$275.0
Fee-related revenue	\$0	\$20.0 - \$25.0
Total revenue	\$67.0 - \$67.5	\$285.0 - \$300.0
Cost of revenue ^[1]	--	\$145.0 - \$150.0
SG&A ^[1]	--	\$60.0 - \$64.0
Net income ^[1]	\$9.1 - \$9.6	\$50.0 - \$54.0
Effective tax rate ^[1]	37%	37%
WA diluted shares	55.6	55.9
Net acquisition spend	--	\$170.0

Note: [1] amounts are non-GAAP

RPX Insurance Financial Impact

Income Statement¹

- ▶ **Revenue**
 - 30% premiums assumed, less commission²
 - Management fee (30% of gross premiums)
- ▶ **Cost of revenue**
 - estimated claims, net (30% of risk assumed)

Balance Sheet¹

- ▶ **Prepaid and other assets**
 - 30% premiums assumed, less commission
- ▶ **Accrued liabilities**
 - 30% reported and estimated claims, net
- ▶ **Deferred revenue**
 - 30% unrecognized premiums assumed, less commission
 - 30% unrecognized management fee

1. In May 2014, we began assuming a portion of the underwriting risk on insurance policies that we issue on behalf of Lloyd's of London underwriting syndicate. Generally, since May 2014 all insurance policies placed have been under the reinsurance model

2. We assume 30% of the premium underwritten, we then pay 31% of the 30% premium we assumed as a ceding commission to Lloyds'

Thank You

Q&A
