

PIPX Intellectual Property Sector Index Q1 2015 update

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Composition and description of the PIPX index

The PIPX index is designed to provide a measure of the market value and hence the health of the intellectual property licensing business. The index consists of 13 companies with a primary focus of licensing and enforcement of patent intellectual property. The companies included in the index are listed in Table 1. In addition to a focus on intellectual property, there are two additional criteria for inclusion in the index. The first is that they must be publically traded companies, so that a market value can be established for the company on a daily basis. For this reason a number of prominent intellectual property licensing companies are not included, such as Intellectual Ventures, Conversant, and IPNav. The second is that they must also have a market capitalization greater than \$100M in order to provide a level of stability and minimize the number of companies popping into and out of the index. This excludes some smaller companies that may be added to the index later if they grow to and maintain a market capitalization of greater than \$100 million. Many of the companies' market capitalizations have shrunk below \$100M since being added to the index

Table 1 – Intellectual Property Licensing Companies Included

Acacia Research	Interdigital	Vringo	VirnetX
Wi-LAN	Unwired Planet	Tessera	Rambus
RPX	Parkervision	Pendrell	Neonode
Marathon			

The index is a capitalization-weighted price-return measure of the change in value of this segment of publically traded companies. The effect of dividends and daily changes in the number of shares outstanding are not included. The index is initiated with a value of 100 on July 1, 2011. This date was chosen to avoid what would be several significant disruptions to the index, namely the RPX initial public offering in May 2011, the initial listing of Wi-LAN on the NASDAQ in April 2011, and the taking private of MOSAID in Oct 2011.

Figure 1 shows the performance of the PIPX index starting from July 2011 through March 31, 2015. Somewhat surprisingly, given the amount of interest and attention provided to IP licensing in recent years, the index trends down from July 2011 to about the middle of 2012 and from there has been relatively flat. This performance stands in contrast to that of the broader economy and of publicly traded companies in general. Figure 2 compares the PIPX to the S&P 500 over the period of interest. Unlike the PIPX, the S&P 500 consistently increases over the same period.

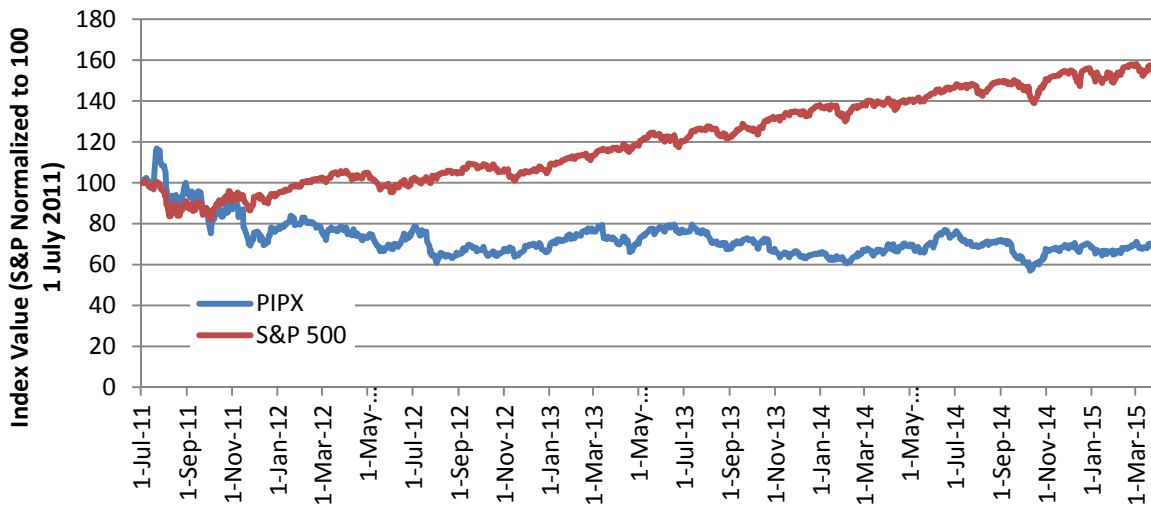


Figure 1 – Comparison of PIPX to S&P 500 (S&P 500 normalized to 100)

Q1 2015 Update

The PIPX index had a slightly down quarter (-1.6%) as compared to a slightly up quarter for the S&P 500 as shown in Figure 1. Changes in value of the component companies is shown in Figure 2, ranging from +18.2% for Vringo to -43.0% for Unwired Planet as shown in Figure 2. Figure 3 shows performance of the PIPX Index and the component companies over the last 12 months (31 Mar 2014 to 31 Mar 2015). The PIPX was relatively flat vs. a 10.4% gain in the S&P 500. Changes in component companies ranges from +73.4% for Marathon to -82.7% for Parkervision.

While change in the overall index was relatively small, the changes in companies within the index was in some cases rather large. Figures 4 and 5 show the contribution of each company, positive or negative, to the change in the overall index, for both Q1 and the last 12 months. For Q1, solid gains in Tessera and Rambus were offset by large decreases at Acacia and Wi-LAN. For the previous year, gains at Tessera, Rambus, and Interdigital were offset by losses at Acacai and Wi-LAN as well as many of the smaller market cap companies.

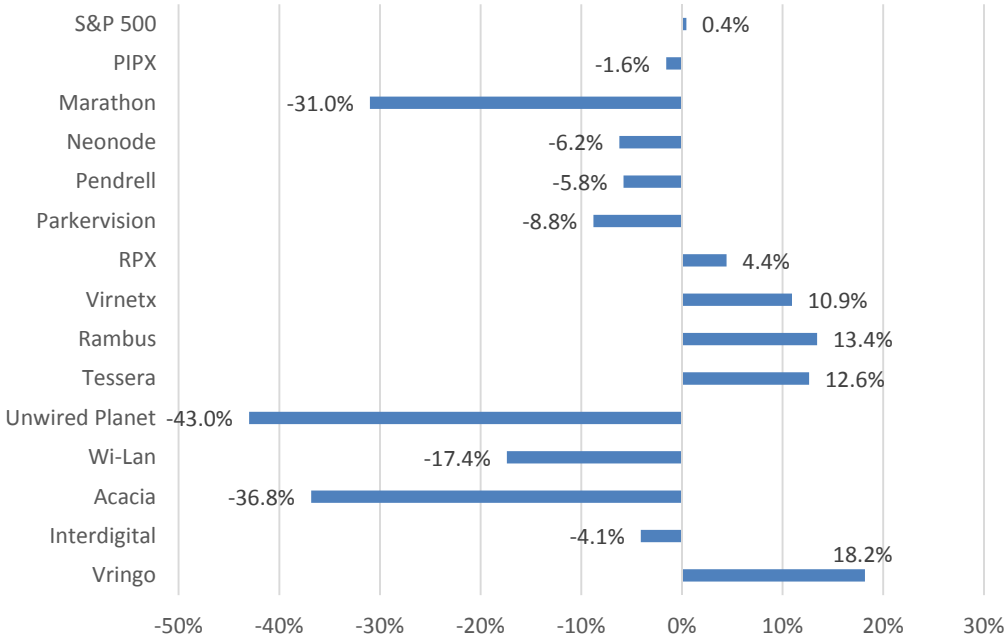


Figure 2 - Change in value of component companies and PIPX Index - Q1

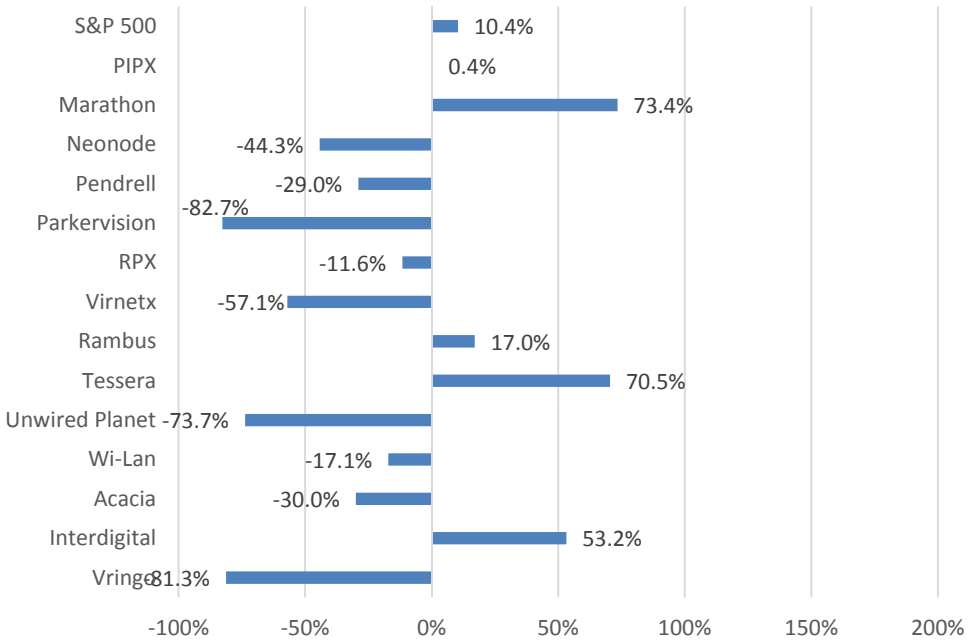


Figure 3 - Change in value of component companies and PIPX Index - Last 12 months

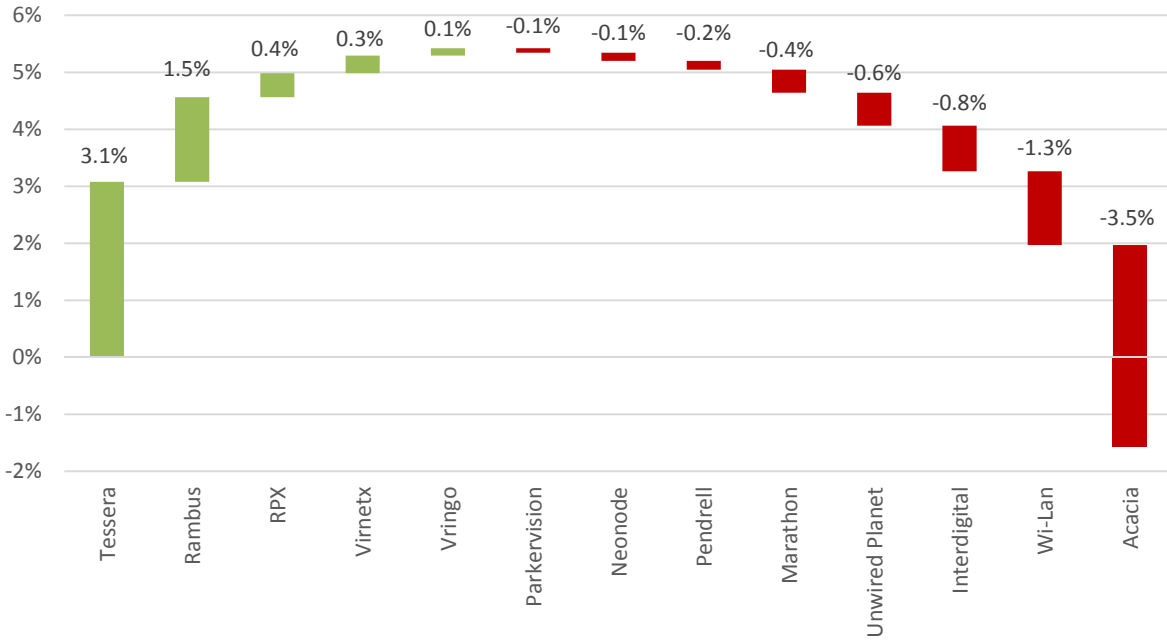


Figure 4 - How much each component company changed the PIPX Index - Q1

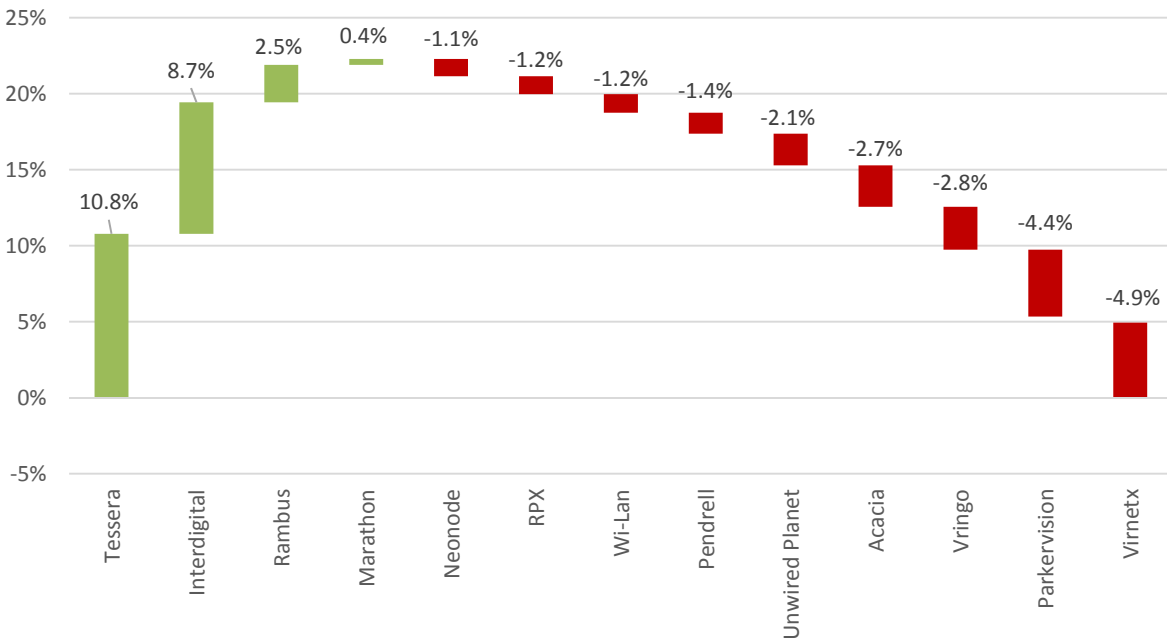


Figure 5 - How much each component company changed the PIPX Index - Last 12 months