

Fortress Intellectual Property Finance Group

Innovative Structured Finance Solution Providing
Patent-Backed Loans to Technology Companies

Conference Presentation
March 2013



FORTRESS

Patent: High Value Asset



Right to Exclude /
Prevent Others from
Making, Using, or
Selling an Invention

Monopoly for Length
of Patent (20 Years)

“Crown Jewels” in:

- High Tech
(Hardware, Software, Communications)
- Biotechnology
- Pharmaceuticals

Driver of Business Value and Competitiveness

Mobility Acquisition \$12.5B



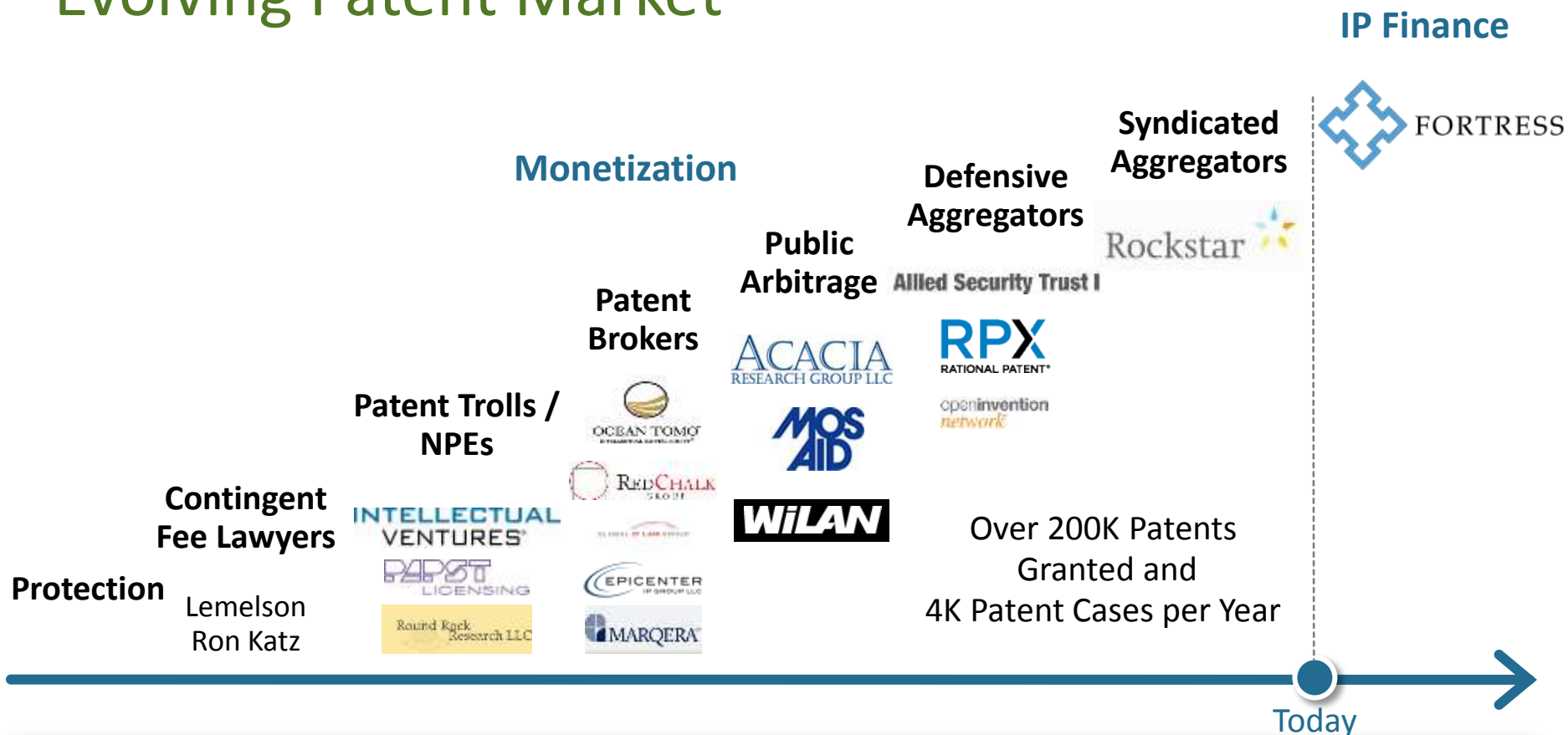
Patent Sale to Consortium \$4.5B



Patent Infringement Verdict \$1.1B

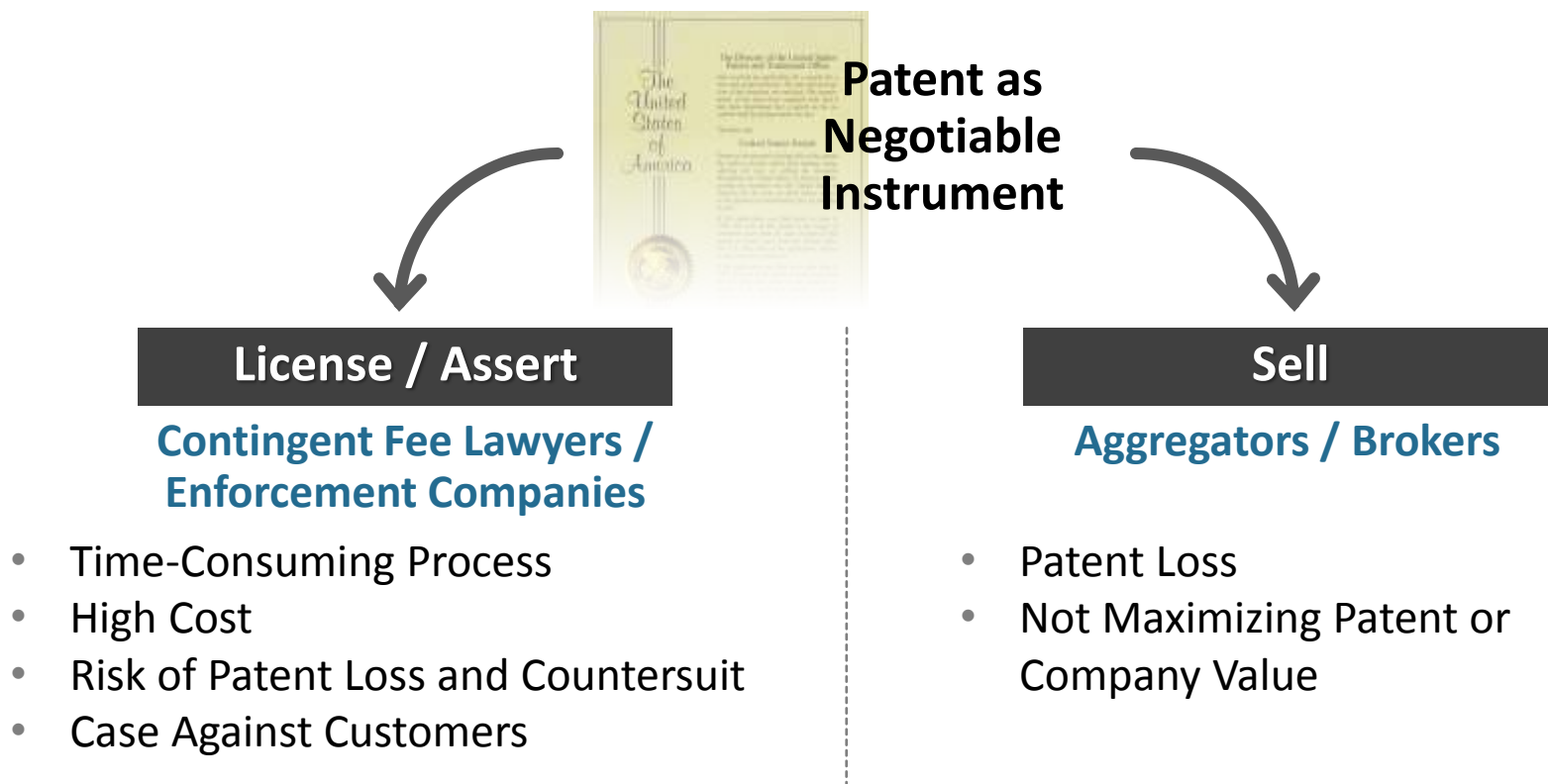


Evolving Patent Market



Market Based on How to Monetize Patents — Not Leverage Them

Companies Unable to Leverage Patents without Risking Company and Patents



Companies Will Not Sell Their Highest Value Core Patents,
So Today's Market Mostly Deals with Marginal Patents

New Alternative to Leverage Core IP: Patent-Backed Loans

	Traditional Debt (Bank, Venture, Mezzanine)	Venture Capital	Fortress Patent-Backed Loans
Recognize Patent Value	Yes	Yes	Separate from Enterprise Value
Process to Value Patents	No	No	Systematic and Scalable
Provide Capital Linked to Patent Value	No	No	Yes
Process to Monetize Patents	No	No	Deep Expertise and Track Record

Fortress Opens New Lens into Company Value
and Unlocks Highest Value, Core Patents as Loan Collateral

Meeting Financing Needs of Innovative Companies

	Liquidity for Traditionally Unbanked	Increased Flexibility for Bankable
Typical Borrower Profile	<ul style="list-style-type: none"> • Strong Patents • Tired Equity Syndicate • Slower Revenue Growth • No Access to New Equity • Little Access to Bank Debt 	<ul style="list-style-type: none"> • Strong Patents • Supportive Investors • High Revenue Growth • Access to Bank Debt • Access to New Equity

Fortress' Financing Solution

Collateralize High Value, Core Patents to Provide an Attractive New Source of Capital



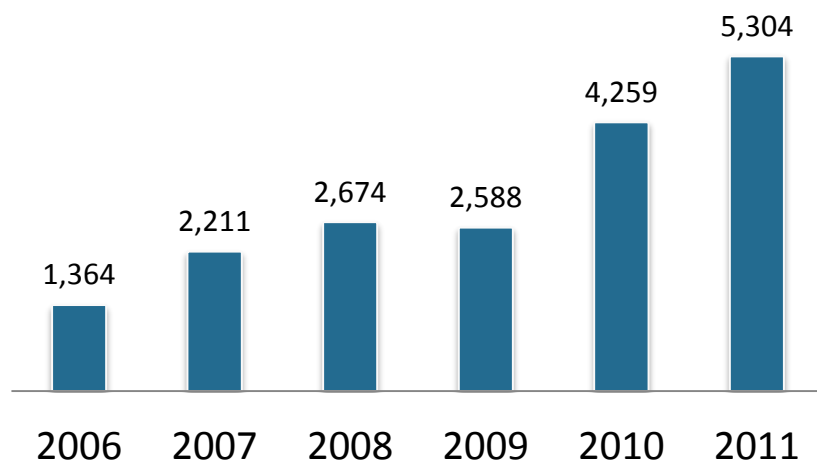
Borrower Benefits	<ul style="list-style-type: none"> • Immediate Liquidity • Retention of Core Patent Assets • Lower Cost of Capital • Increased Company Value • Complement to Other Financing • Upside Potential Even in Default
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Non Practicing Entities Downsizing Potential

NPE Litigation Industry Impact

NPE Litigation is on the rise, totaling \$29B in direct costs in 2011 alone*

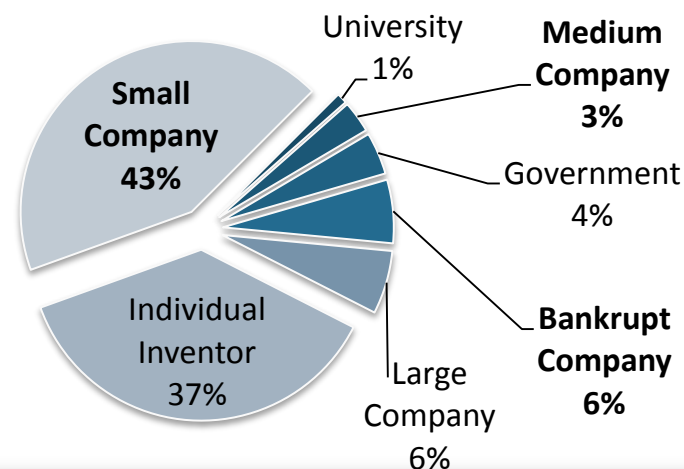
Number of NPE Defendants



NPE Patent Portfolio Sourcing

Most NPE patent portfolios originate from small or bankrupt companies*

Patent Source for NPEs



By Helping Small and Medium Operating Companies Extend Their Runway, Fortress May Dramatically Reduce the Flow of Patents to NPEs

* Source: Bessen and Meurer (2012), *The Direct Costs from NPE Disputes*; RPX Presentations