

RPX Corporation Investor Presentation

February 2018

Safe Harbor

The following presentation contains forward-looking statements, including statements regarding our future financial performance and business strategy, our plans and objectives for future operations, and our expectations regarding the future growth of a market for patent risk management, discovery services, and other legal services.

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 annual report on Form 10-K, and our quarterly reports on Form 10-Q, and our other filings with the SEC, including:

- we may experience significant quarterly fluctuations in our operating results,
- new legislation, regulations or court rulings related to enforcing patents could reduce the value of our service to clients or potential clients,
- we may not be able to compete effectively against others to attract new clients or acquire patent assets,
- we may not be successful with our new initiatives, and
- we may not be able to attract new clients and retain existing clients with respect to our patent risk management and discovery services.

In light of these risks and uncertainties, the forward-looking statements contained in this presentation may not occur, and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. We are not able, at this time, to provide a forward-looking reconciliation to GAAP outlook for the non-GAAP financial metric outlook because of the difficulty of estimating certain items that are excluded from the non-GAAP financial metrics. We do not intend, and undertake no duty, to update any forward-looking statements to reflect future events or circumstances.

RPX Overview

**Our
Mission**

**Reduce risk and cost
for corporate legal departments
through technology and market-based solutions**

**Our
Current
Markets**

Patent Risk Management



Discovery Management



**Our
Foundation**

**Data and
Analytics**

**Market-Based
Solutions**

**Applied
Technology**

**Deep Client
Relationships**

Our Current Businesses



Patent Risk Management

RPX acquires patents, offers insurance, and provides services to its network of operating companies to avoid the cost and risk of patent litigation



Discovery Management

Inventus provides intelligent document analysis, hosting and managed review to its clients for litigation and investigations

2017 Revenue

\$252.3M

\$78.2M

2017 Non-GAAP Adj. EBITDA-NPS

\$92.5M

\$20.8M

Clients

>330

>1,000

Industries

Technology, Financial Services, eCommerce, Media, Telecom, Automotive

Financial Services, Energy, Healthcare, Retail, Aerospace & Defense, Technology

Geographies

North America, Europe, Asia

North America, Europe

Emerging Leader in Services for Corp. Legal Departments



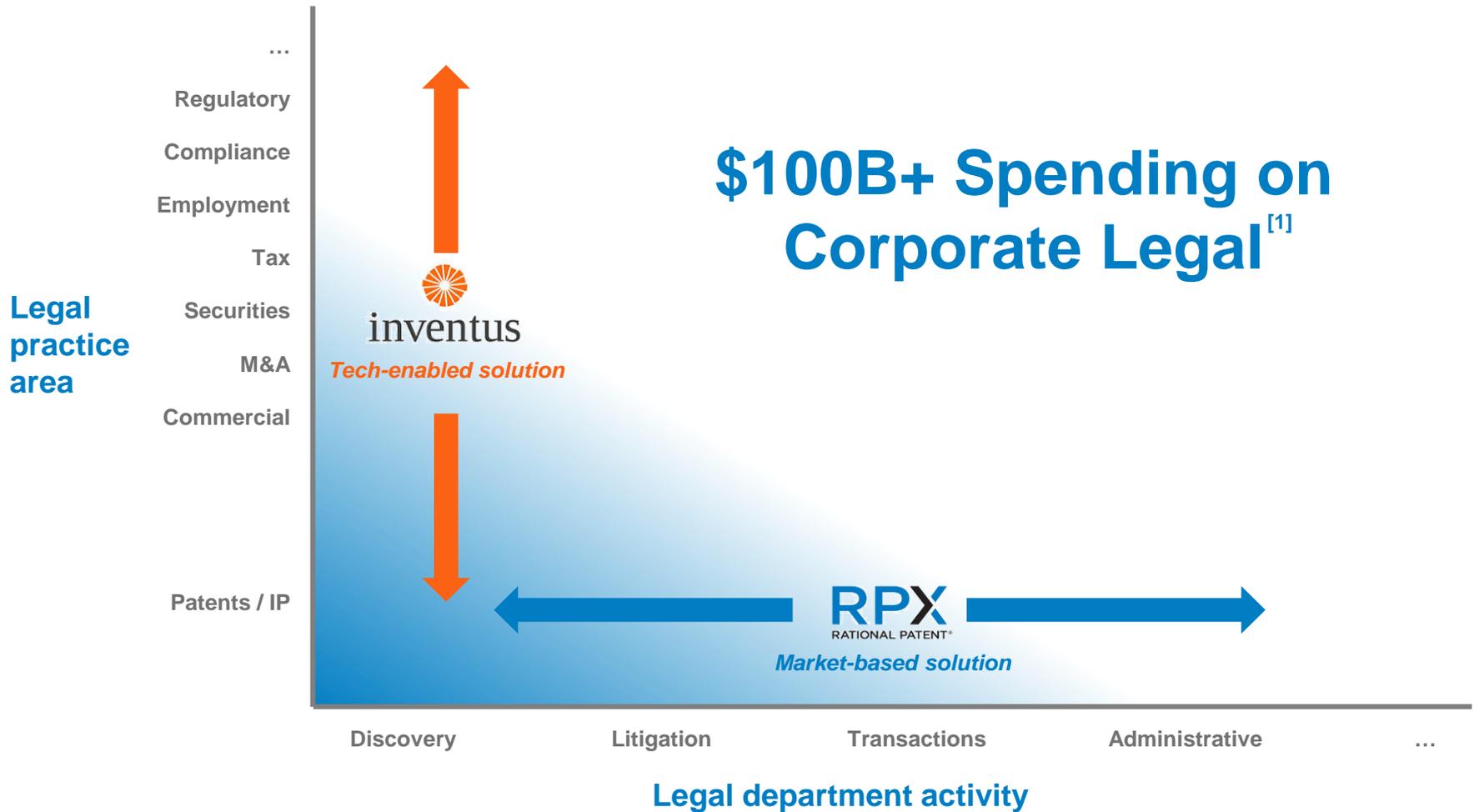
RPX

Trusted strategic partner for 1,250+ clients

Combine technology- and market-based expertise to create new services

~\$20B immediate market within a broader corporate legal market opportunity

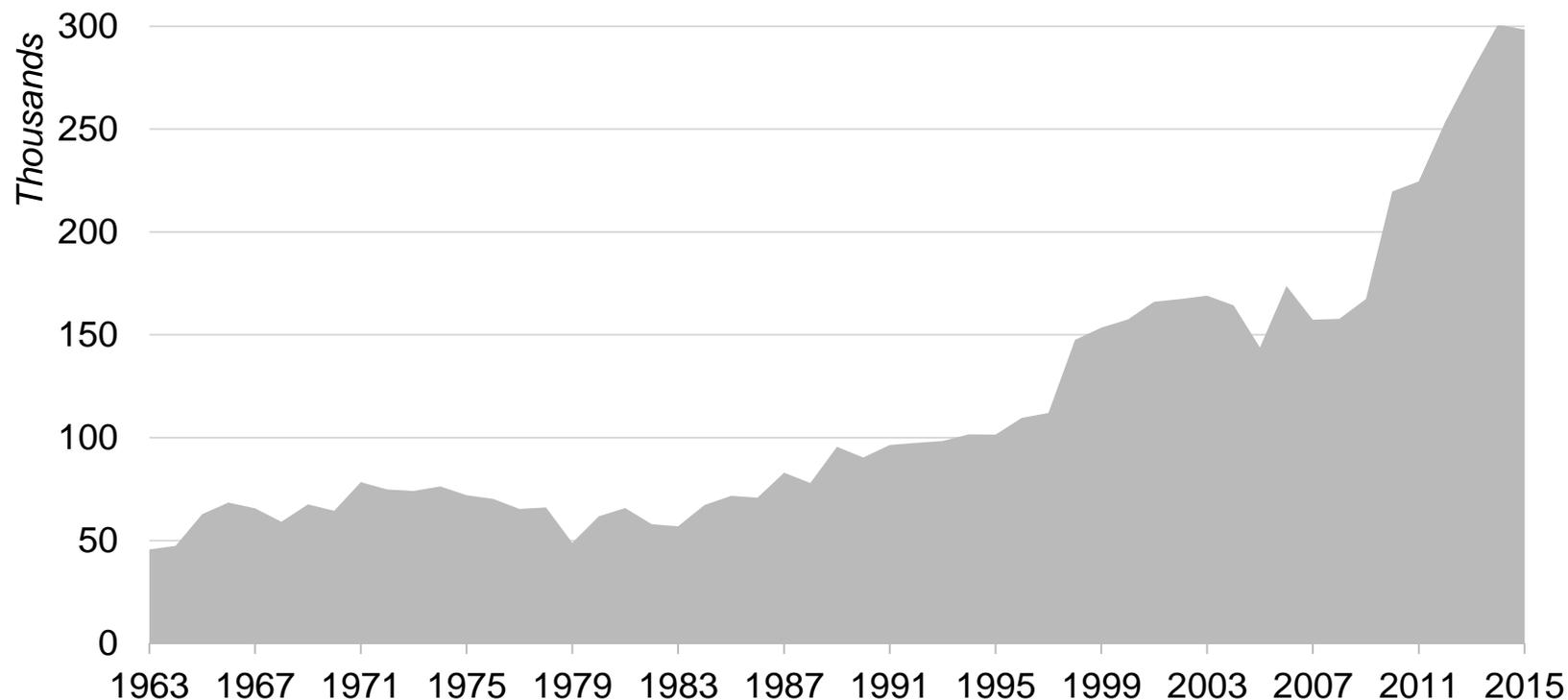
Well Positioned in \$100+ Billion Legal Market



^[1] Source: BTI Consulting Group, 2014. Reflects U.S. legal market, including \$60 billion spending on outside counsel and \$40 billion spending on corporate legal departments.

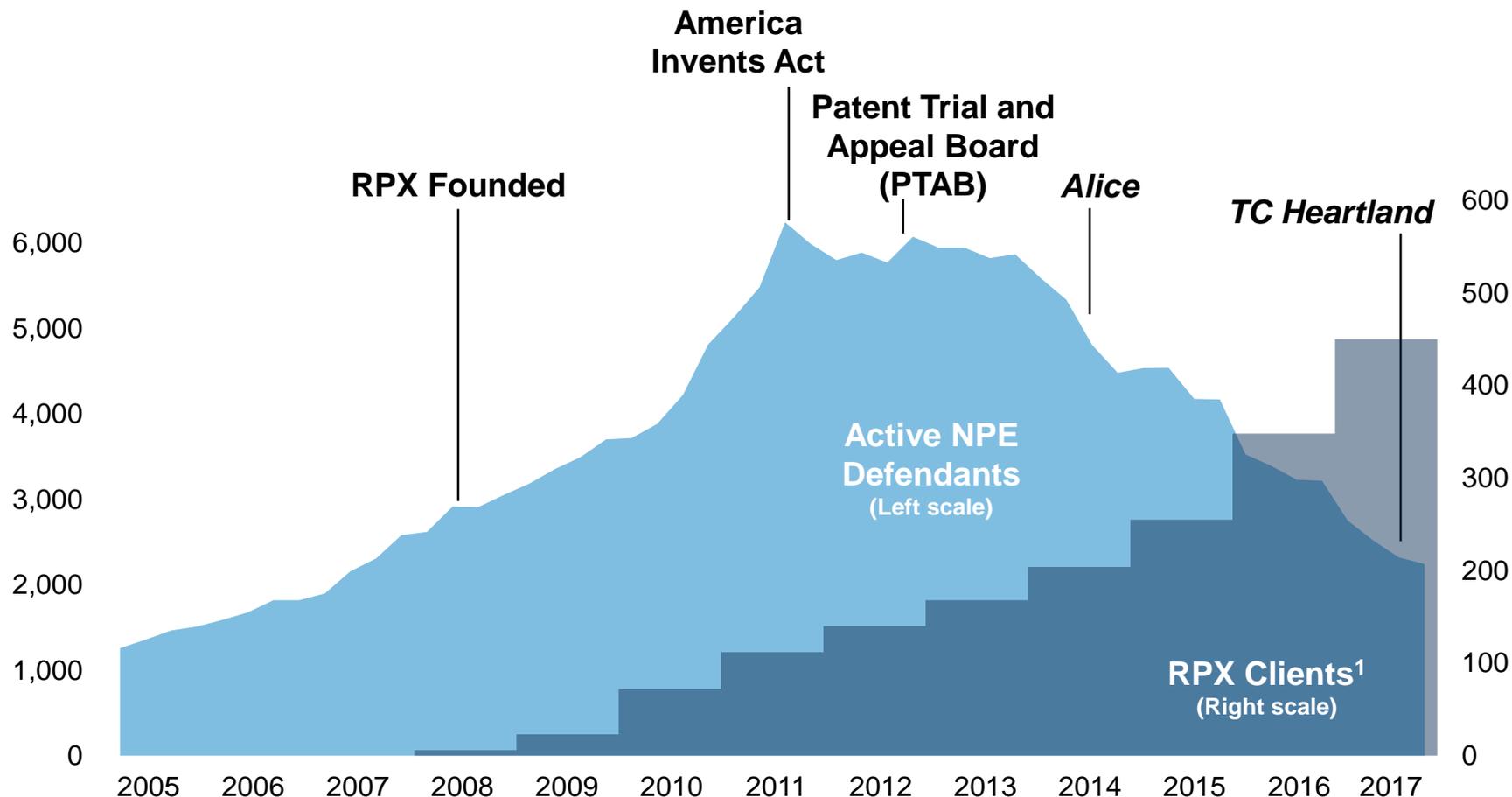
Steady Increase in Patent Issuance

US Utility Patents Issued



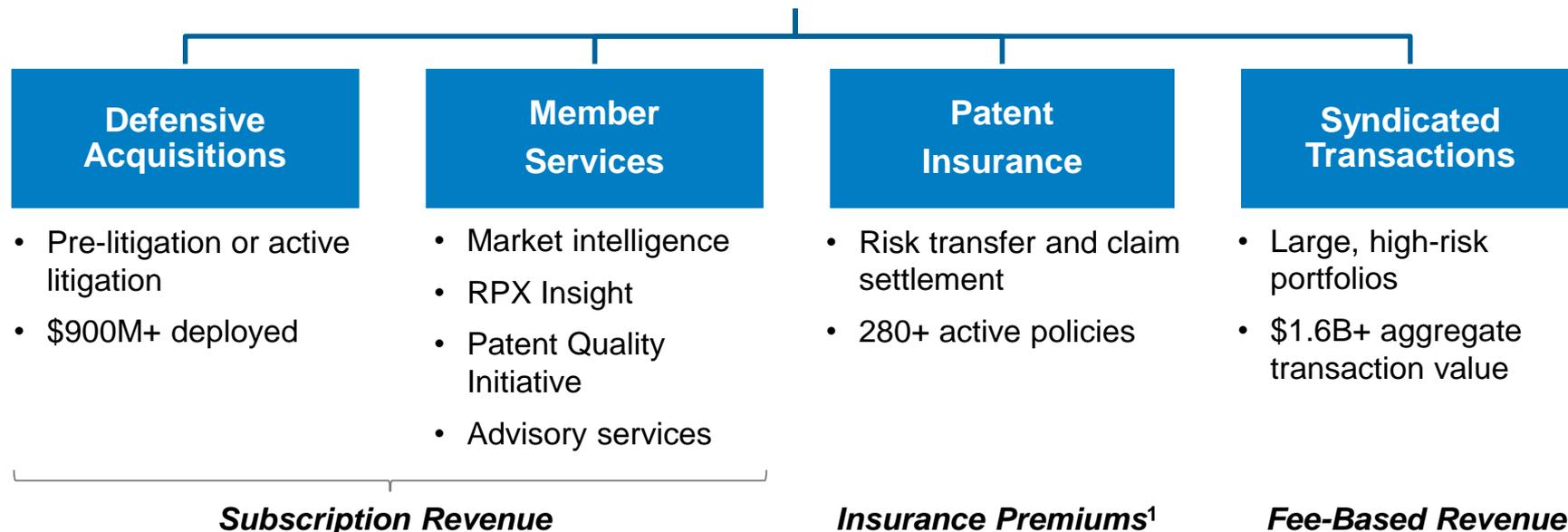
RPX Complements Reform to Address A Sizable Issue

Active NPE Defendants and RPX Client Base



1. Total number of companies receiving patent risk mitigation from RPX. Includes those covered by insurance as part of a portfolio coverage for a VC or PE firm.
Note: Growth of active NPE defendants estimated as defendants added minus defendants terminated within the quarter.

Patent Risk Management – The RPX Solution

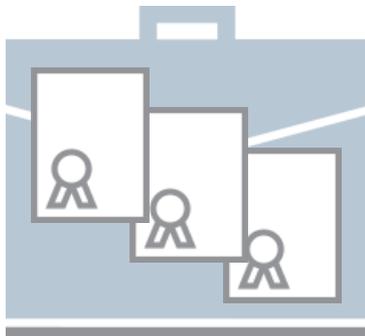


1,450+ litigations dismissals
\$3.7B+ in client cost savings

1. Included in Subscription Revenue line on income statement

Defensive Acquisitions

NPEs



→
←
Litigation acquisitions

Trusted Market Intermediary

RPX
RATIONAL PATENT™

Patent analysis
Price discovery
Negotiation and structuring

Operating Companies

RPX members and policyholders

↑ ↓
Open market acquisitions

Patent Market



Member Services

RPX Insight	<ul style="list-style-type: none"> • Litigation analysis across multiple venues • Patent portfolio analysis
RPX Reports	<ul style="list-style-type: none"> • NPE Cost Study: 1000s of patent licensing data points • Patent Marketplace: >7,000 patent portfolios offered to RPX Network
Prior Art Search	<ul style="list-style-type: none"> • Extensive database of Prior Art: 600+ searches completed • Best practices for identifying strong invalidity arguments
Custom Research	<ul style="list-style-type: none"> • Custom market and patent research supported by proprietary data • Thorough analysis to assist with strategic IP decisions
RPX Marketplace	<ul style="list-style-type: none"> • Up-to-date information on patents available for sale • Assessment for relevance and similarity to portfolio
Acquisition Advisory	<ul style="list-style-type: none"> • Price discovery and negotiation assistance • Identification of gaps in existing portfolio
IP Workshops	<ul style="list-style-type: none"> • Building IP capabilities: portfolio management, licensing, patent analysis, in-person and remote trainings
Syndicated Licensing	<ul style="list-style-type: none"> • Gain defensive patent rights through syndicated transactions • Intelligence and analysis on the largest portfolios on the market
Validity Challenge Co-filing	<ul style="list-style-type: none"> • 16 petitions co-filed with an RPX member to date • Opportunity to co-file IPRs with RPX

Patent Insurance

- ▶ **Market of 10,000+ companies with irregular/emerging patent risk**
- ▶ **Leverages core RPX service offering**
 - Converts proprietary cost data into actuarial model
 - Acquisition program clears market risk
 - RPX claims support markedly reduces cost of defense
- ▶ **Underwritten by Lloyds / “A” Rating from AM Best**
- ▶ **Building out national broker network**

Syndicated Transactions

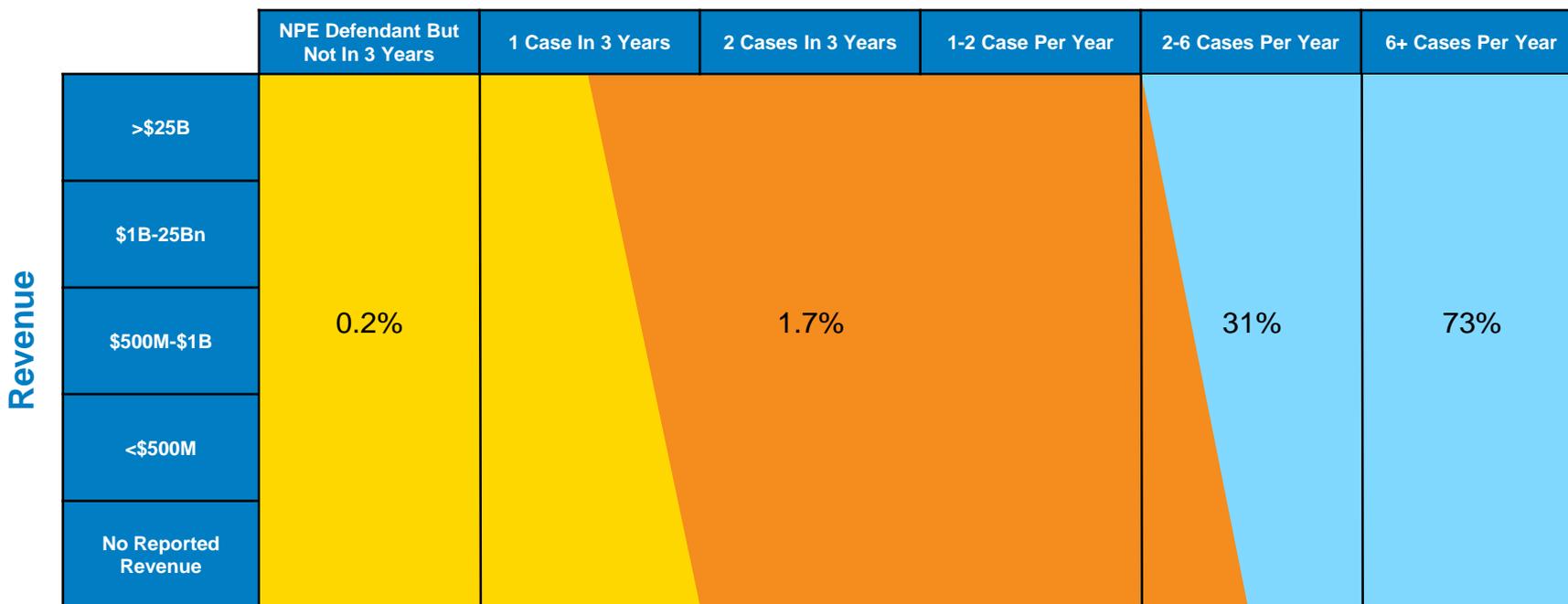
- ▶ **Clearinghouse for high-cost portfolios**
- ▶ **RPX manages transaction for a fee**
 - Portfolio valuation
 - Deal structuring, negotiation, execution
- ▶ **Syndicate members contribute cash**
- ▶ **30+ syndicated acquisitions to date; \$1.6B+ aggregate transaction value**

Origin of Patents	Micron Technology	Nortel Networks	Kodak
Counterparty	Round Rock Research	Rockstar Consortium	Bankruptcy Auction
Transaction Value	\$100M+	\$900M	\$528M
Patents	4,000+	4,000+	1,000+
Syndicate Members	20+	30+	12

Strong Penetration of High-Risk Clients... ...Opportunity Among Lower-Risk Clients

RPX Market Penetration in 2016

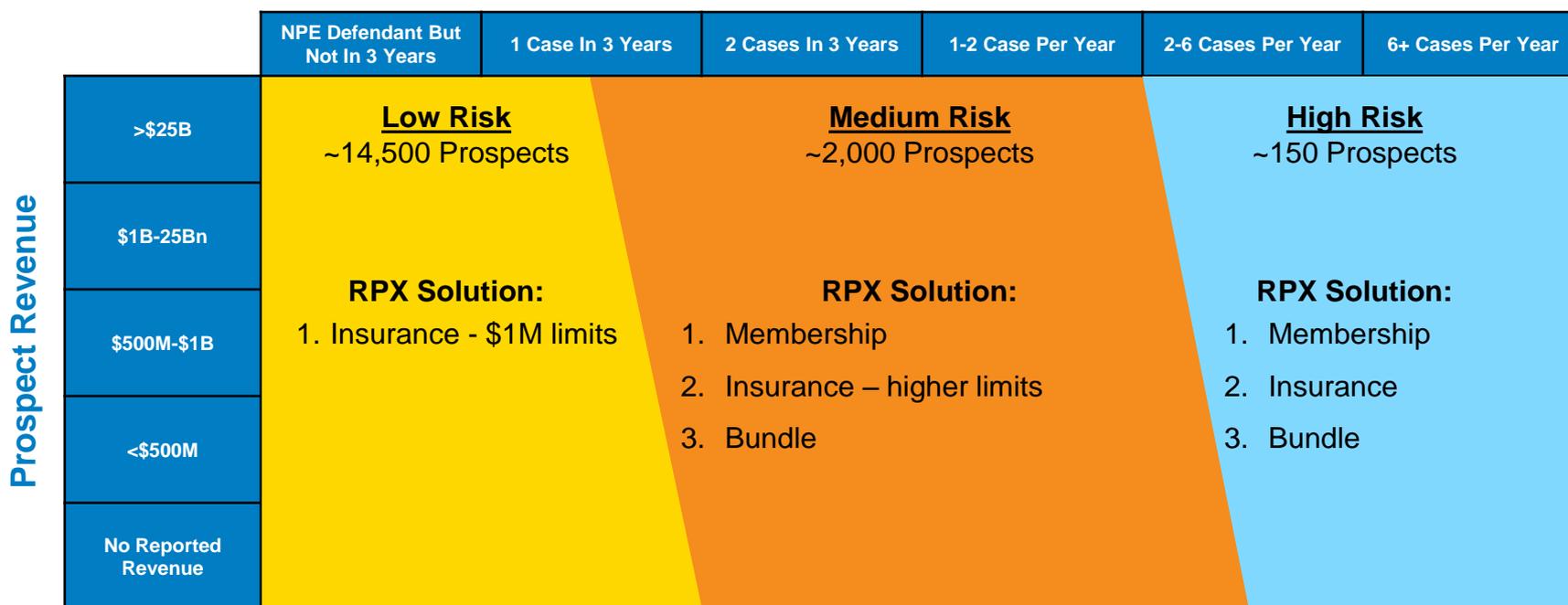
Frequency of NPE Litigation (2014 to 2016)



Methodology: Revenue is collected from third-party sources including CapIQ, Factset and Hoovers. Frequency of NPE litigation is measured by number of NPE suits filed against company from 2014 to 2016.

Strong Penetration of High-Risk Clients... ...Opportunity Among Lower-Risk Clients

Frequency of NPE Litigation (2014 to 2016)



Methodology: Revenue is collected from third-party sources including CapIQ, Factset and Hoovers. Frequency of NPE litigation is measured by number of NPE suits filed against company from 2014 to 2016. RPX members are excluded from the analysis.

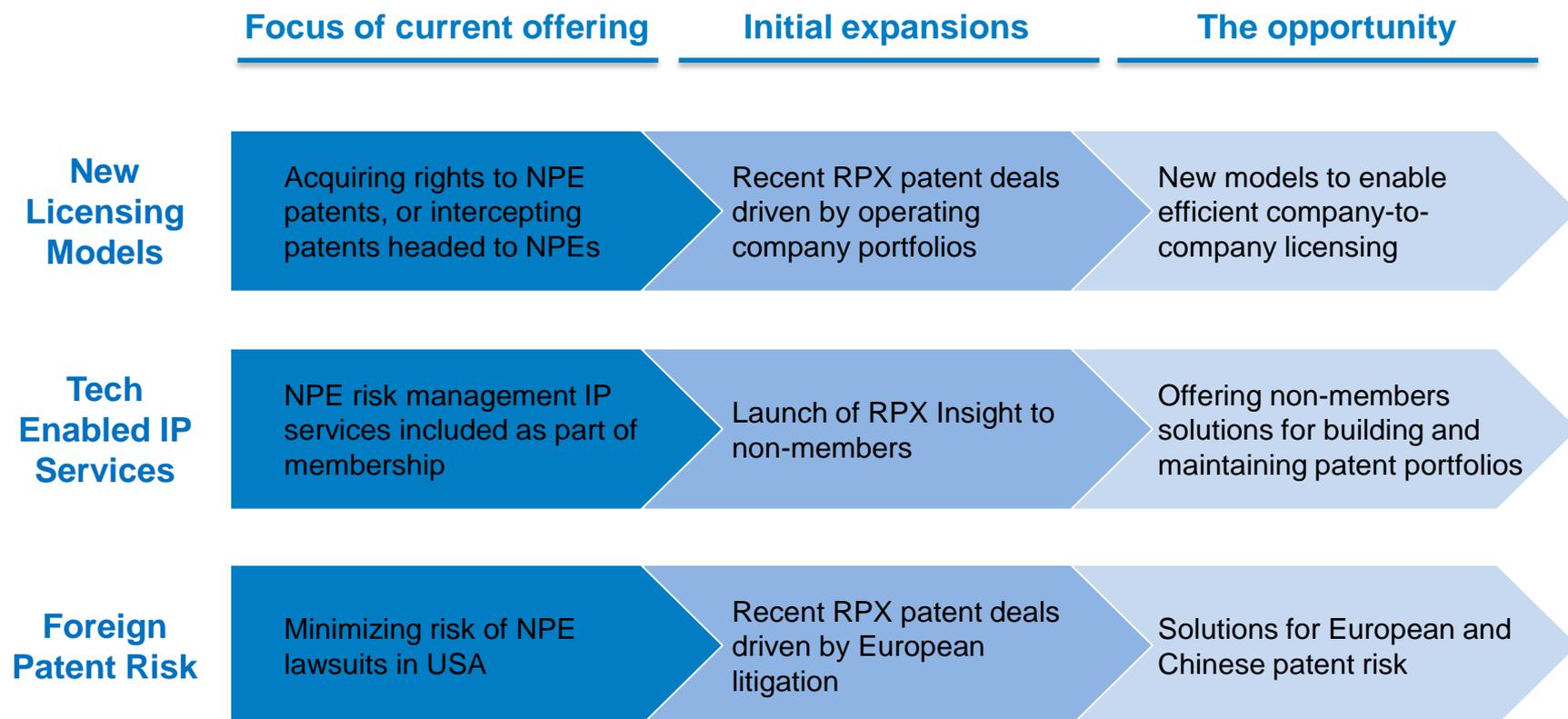
Long-Term, Loyal Client Network of >330 Clients

Count of RPX clients by length of relationship



Note: Count of clients by length of membership are as of Q2 2017. Overall count of >325 at end of Q3 reflects only billing entities (Portfolio deals with private equity funds count as one billing entity rather than counting each covered company within the firm's portfolio.)

Emerging Business Opportunities

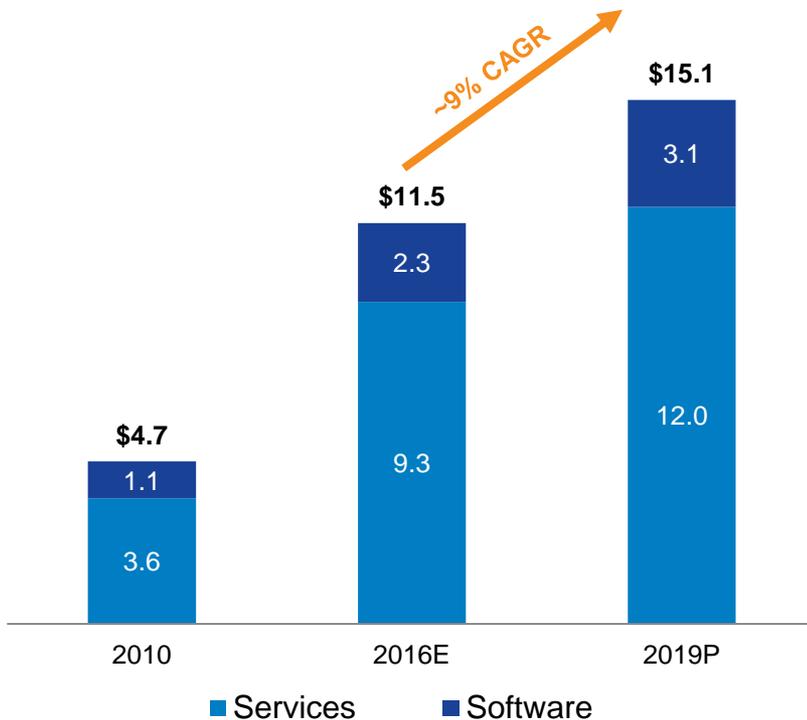


Proprietary Patent Market Data and Industry Relationships

The eDiscovery Market

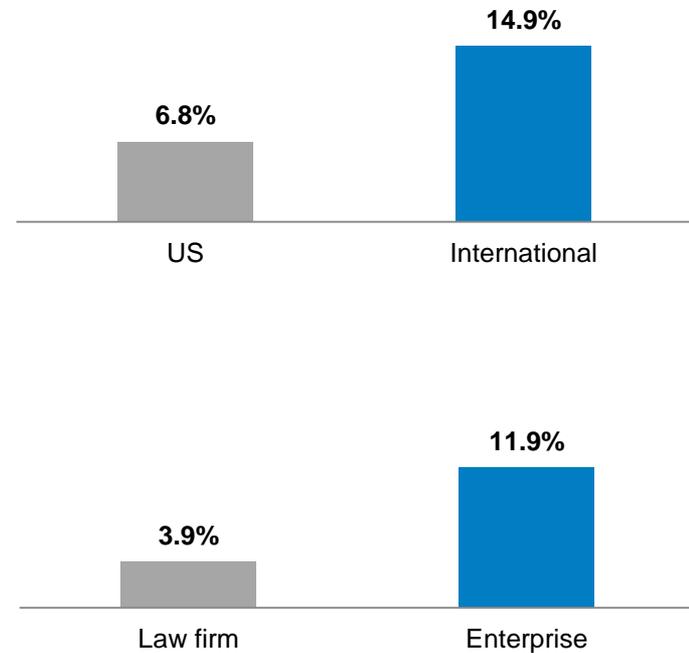
Overall Demand is Growing

eDiscovery Market



International and Enterprise CAGR

CAGR 2016E-2019



Sources: Data volume from IDC "THE DIGITAL UNIVERSE IN 2020: Big Data, Bigger Digital Shadows, and Biggest Growth in the Far East" (December 2012). Market size and growth from IDC "Worldwide eDiscovery Software Forecast 2015-2019" (June 2015) and "Worldwide eDiscovery Services Forecast 2015-2019" (January 2016).

The eDiscovery Process



Hosting/Analysis (Tech-Enabled)

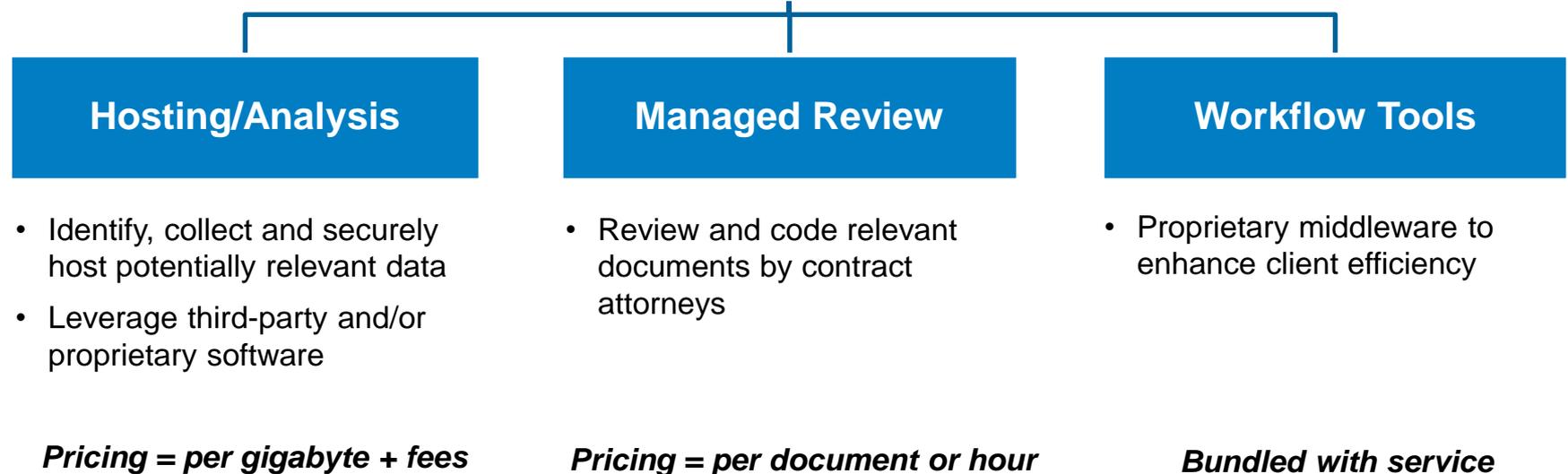
- **Identify** sources of data
- **Collect** data
- **Process** data into suitable formats
- **Cull** data to limit required review
- **Host** data securely
- **Analyze** data

Review (Human Labor)

- **Attorney review** of resulting documents
 - is it privileged?
 - is it relevant to the matter?
 - how should it be coded?
 - does it open new sources of data?
- **Delivery** of documents to requesting party
- **Presentation** at deposition or hearing

The Inventus Offering

Discovery Management Solutions



The Inventus Difference

- ▶ **Corporate legal focus (vs. law firms)**
 - ~2/3 of revenue currently
 - Longer-term relationships across multiple matters
- ▶ **Hosting/analysis focus**
 - Aligned incentives: reduce volume of costly attorney review
- ▶ **International presence**
 - Handle more complex, cross-border matters
- ▶ **Well developed technology platform**
 - Secure, efficient and transparent handling of client data
 - Mix of third-party and proprietary software
- ▶ **Trusted client relationships**

Growth Strategy



Financial Review

Highlights from Q4 2017 Earnings Call

- ▶ **Company is exploring strategic alternatives to maximize shareholder value**
- ▶ **Ended the year on a strong note, with results in-line or exceeding guidance ranges for FY2017**
 - Total revenue of \$330.5 million
 - Net cash provided by operating activities of \$181.5 million
 - Free cash flow^[1] of \$73.8 million
 - Cash, cash equivalents and short-term investments of \$157.2 million at year end
- ▶ **Non-cash charge of \$94.1 million in Q4, primarily relating to impairment of discovery services goodwill**
- ▶ **Implementing new revenue recognition standard (ASC 606) starting Jan 1, 2018**
 - Impacts patent risk management segment, but not discovery services segment
 - Membership fees no longer recognized ratably – portion ratable, portion upfront, and portion pass-through (no revenue)
 - Reported revenue and profit are lower under the new standard
 - Free cash flow is preferred measure for evaluating business performance under the new standard
- ▶ **Expect \$65-85 million of free cash flow^[1] in 2018, on lower top-line**
 - Patent risk management: Impact of accounting change, restructuring of certain agreements, and a reduced NPE risk environment
 - Discovery services: Anticipated ramp down of a few large European review projects in early 2018
- ▶ **Continued focus on emerging business opportunities within patent business and discovery services**

^[1]Free cash flow is defined as cash flow from operating activities less capital expenditures such as patent assets and property and equipment

Q4 and Historical Results

Quarterly Consolidated GAAP Results and Reconciliation of Net Income to Non-GAAP Adjusted EBITDA Less Net Patent Spend

(\$ in millions)

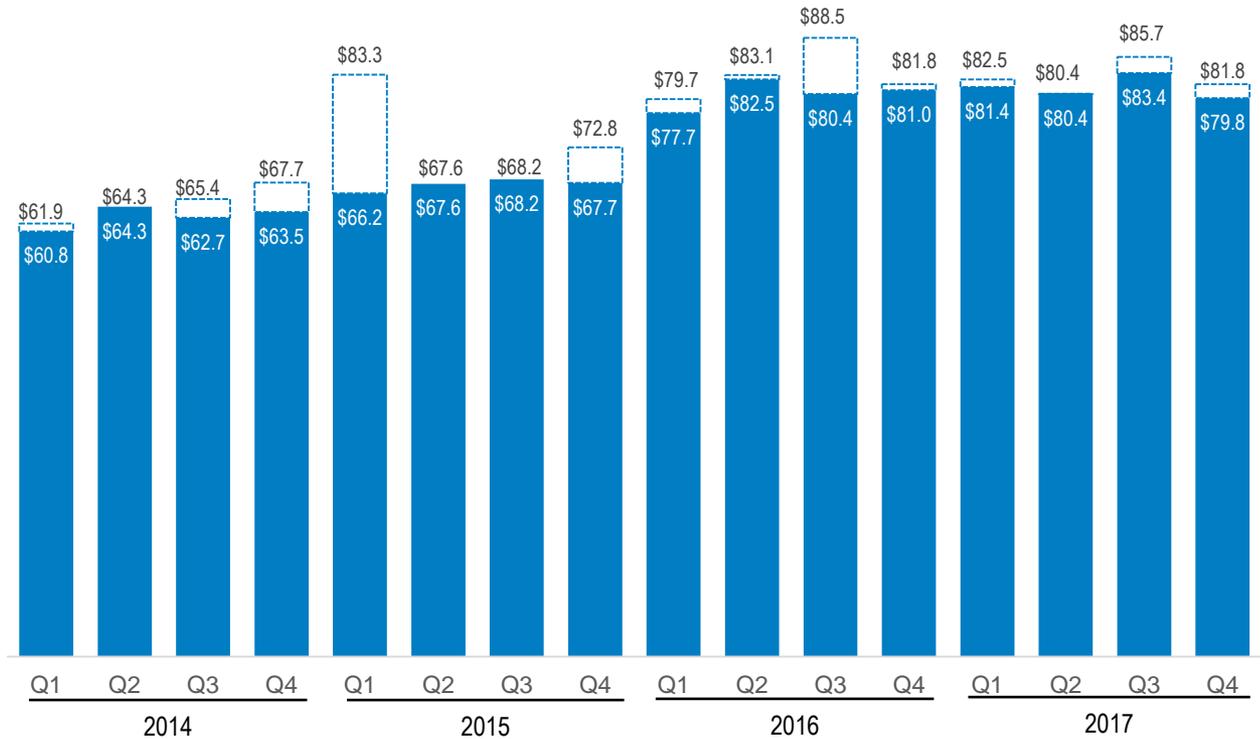
	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017
Revenue					
Subscription revenue	\$ 62.7	\$ 63.4	\$ 61.6	\$ 62.3	\$ 59.5
Discovery revenue	18.3	18.0	18.8	21.1	20.3
Total subscription and discovery revenue	81.0	81.4	80.4	83.4	79.8
Fee-related revenue	0.8	1.1	-	2.3	2.0
Total revenue	\$ 81.8	\$ 82.5	\$ 80.4	\$ 85.7	\$ 81.8
Cost of revenue	49.7	51.3	51.1	52.3	49.0
Selling, general, and administrative expenses	24.0	21.1	23.1	22.5	23.7
Impairment losses	-	-	-	-	94.1
Operating income	\$ 8.1	\$ 10.1	\$ 6.2	\$ 10.9	\$ (85.0)
Interest and other income (expense), net	(2.1)	(0.5)	0.4	0.1	(1.2)
Income before taxes	6.0	9.6	6.6	11.0	(86.2)
Provision for income taxes	4.2	3.6	2.4	4.6	9.5
Net income (loss)	\$ 1.7	\$ 6.0	\$ 4.2	\$ 6.4	\$ (95.7)
Net income (loss)	\$ 1.7	\$ 6.0	\$ 4.2	\$ 6.4	\$ (95.7)
Provision for income taxes	4.2	3.6	2.4	4.6	9.5
Interest and other (income) expense, net	2.1	0.5	(0.4)	(0.1)	1.2
Impairment losses	-	-	-	-	94.1
Depreciation and amortization	42.3	42.9	42.9	42.4	39.9
Stock-based compensation (including payroll taxes)	4.2	2.9	4.5	3.9	3.8
Non-GAAP Adjusted EBITDA	54.6	55.9	53.6	57.2	52.7
NPS	45.5	31.1	10.5	13.0	51.4
Non-GAAP Adjusted EBITDA - NPS	\$ 9.1	\$ 24.8	\$ 43.1	\$ 44.2	\$ 1.3

Revenue

Annual
(\$ in millions)



Quarterly
(\$ in millions)



Subscription and discovery services revenue^[1]

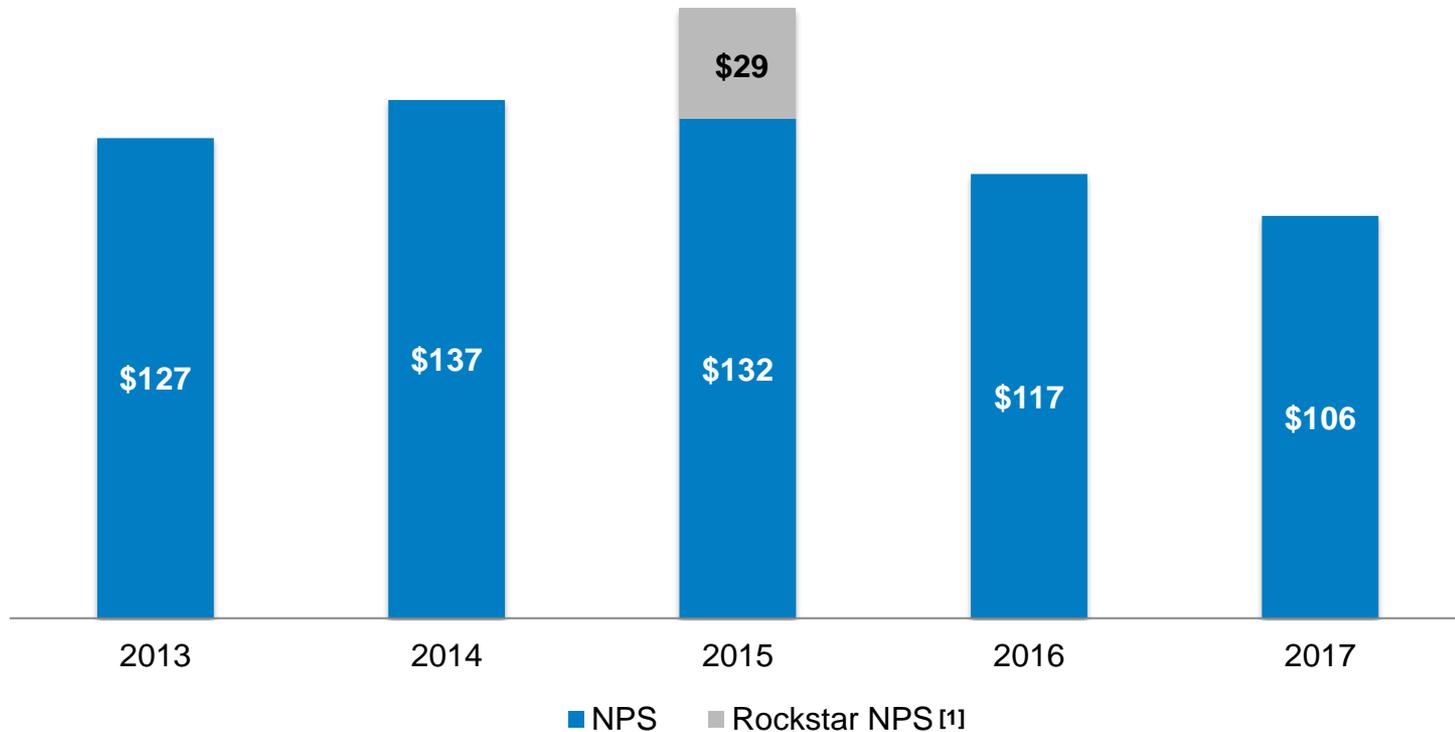


Fee-related revenue

^[1] Inventus acquisition closed January 22, 2016, at which point we began recognizing revenue from discovery services. Revenue for Q1 2016 reflects a partial quarter contribution.

Net Patent Spend (NPS)

(\$ in millions)



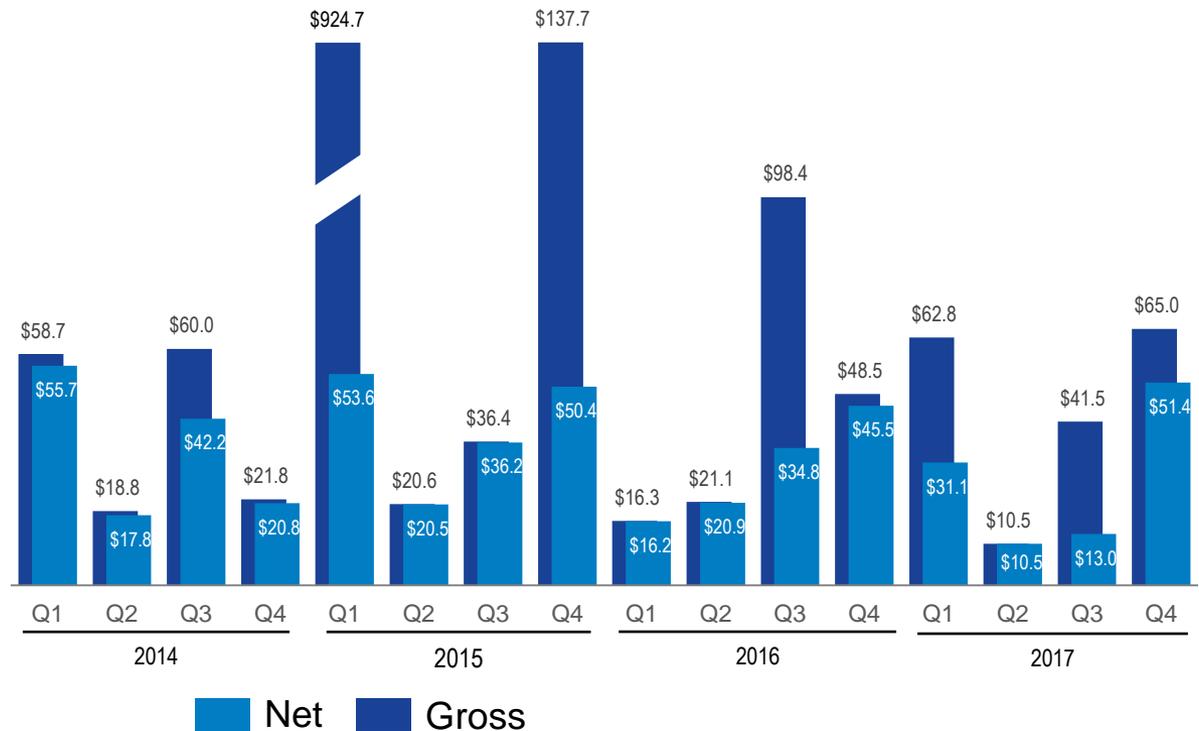
[1] 2014 excludes a \$25 million deposit made in December 2014 for acquisition of the Rockstar patent assets, which were acquired for a net purchase price of \$29 million and closed in January 2015.

Gross and Net Patent Spend^[1]

Annual
(\$ in millions)



Quarterly
(\$ in millions)

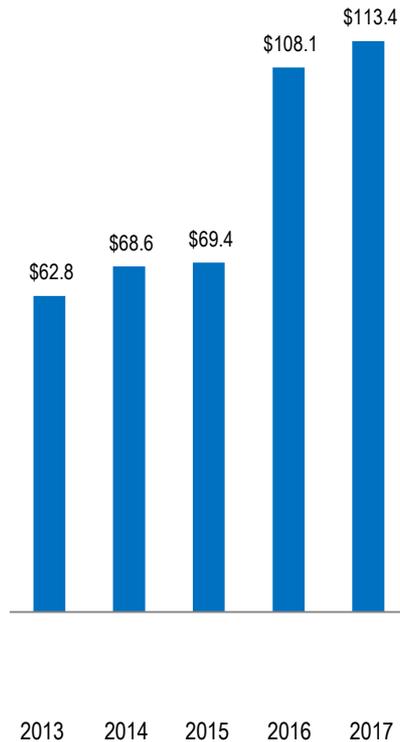


■ Net ■ Gross

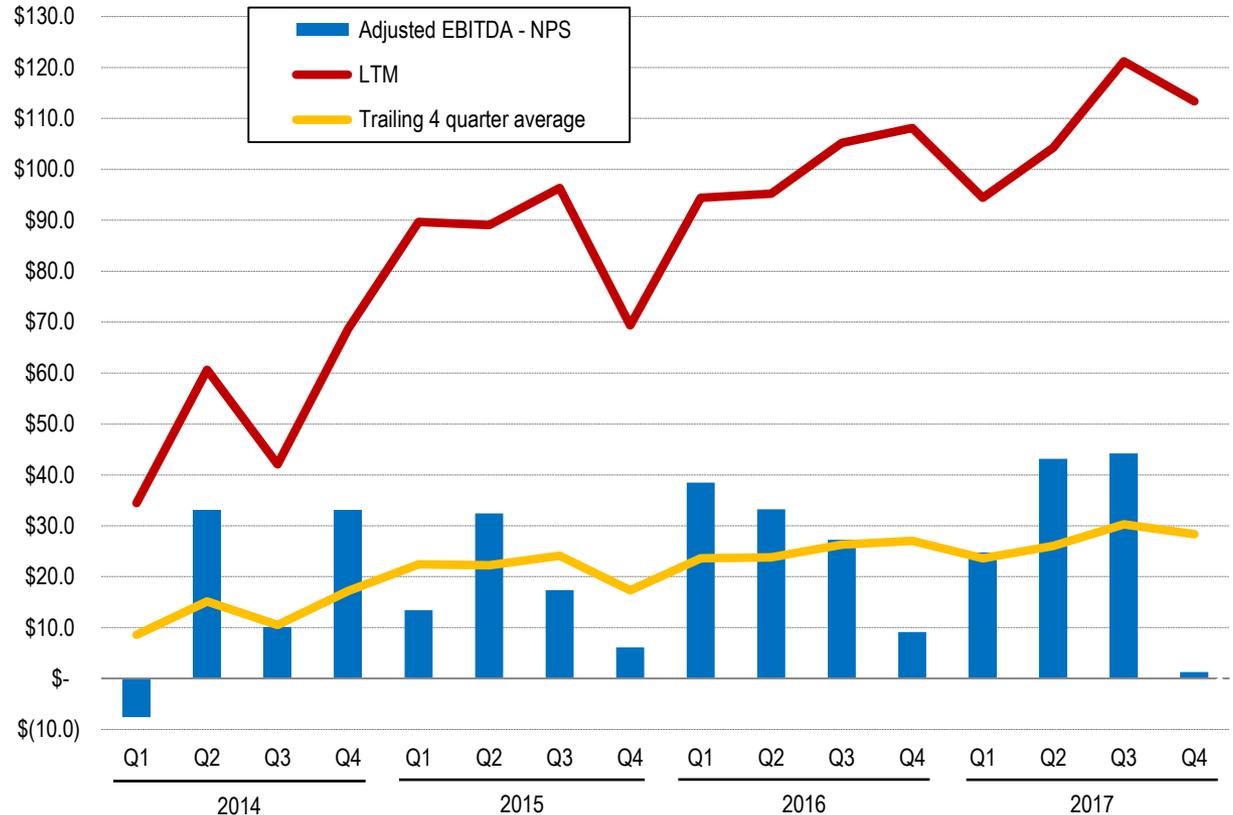
^[1] 2014 excludes a \$25 million deposit made in December 2014 for acquisition of the Rockstar patent assets, which were acquired for a net purchase price of \$29 million and closed in January 2015.

Adjusted EBITDA – NPS^[1,2,3]

Annual (\$ in millions)



Quarterly (\$ in millions)



^[1] Adjusted EBITDA less Net Patent Spend (NPS) is a non-GAAP metric. Refer to page 13 for reconciliation.

^[2] 2014 excludes a \$25 million deposit made in December 2014 for acquisition of the Rockstar patent assets, which were acquired for a net purchase price of \$29 million and closed in January 2015.

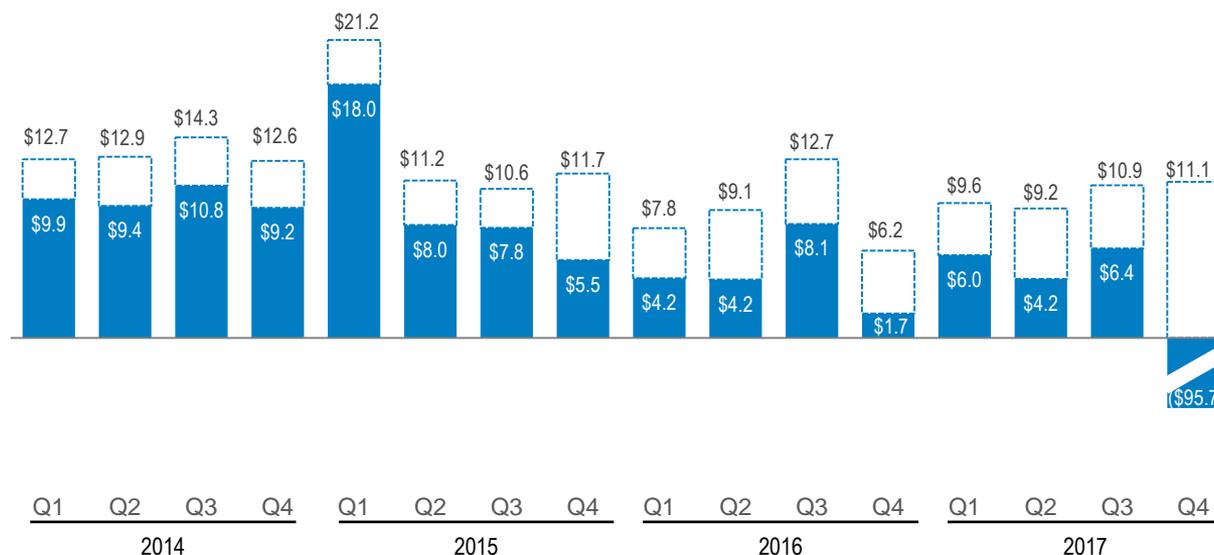
^[3] Inventus acquisition closed on January 22, 2016; Adjusted EBITDA less NPS for Q1 2016 reflects a partial quarter contribution.

Net Income – GAAP and Non-GAAP^[1]

Annual
(\$ in millions)



Quarterly
(\$ in millions)

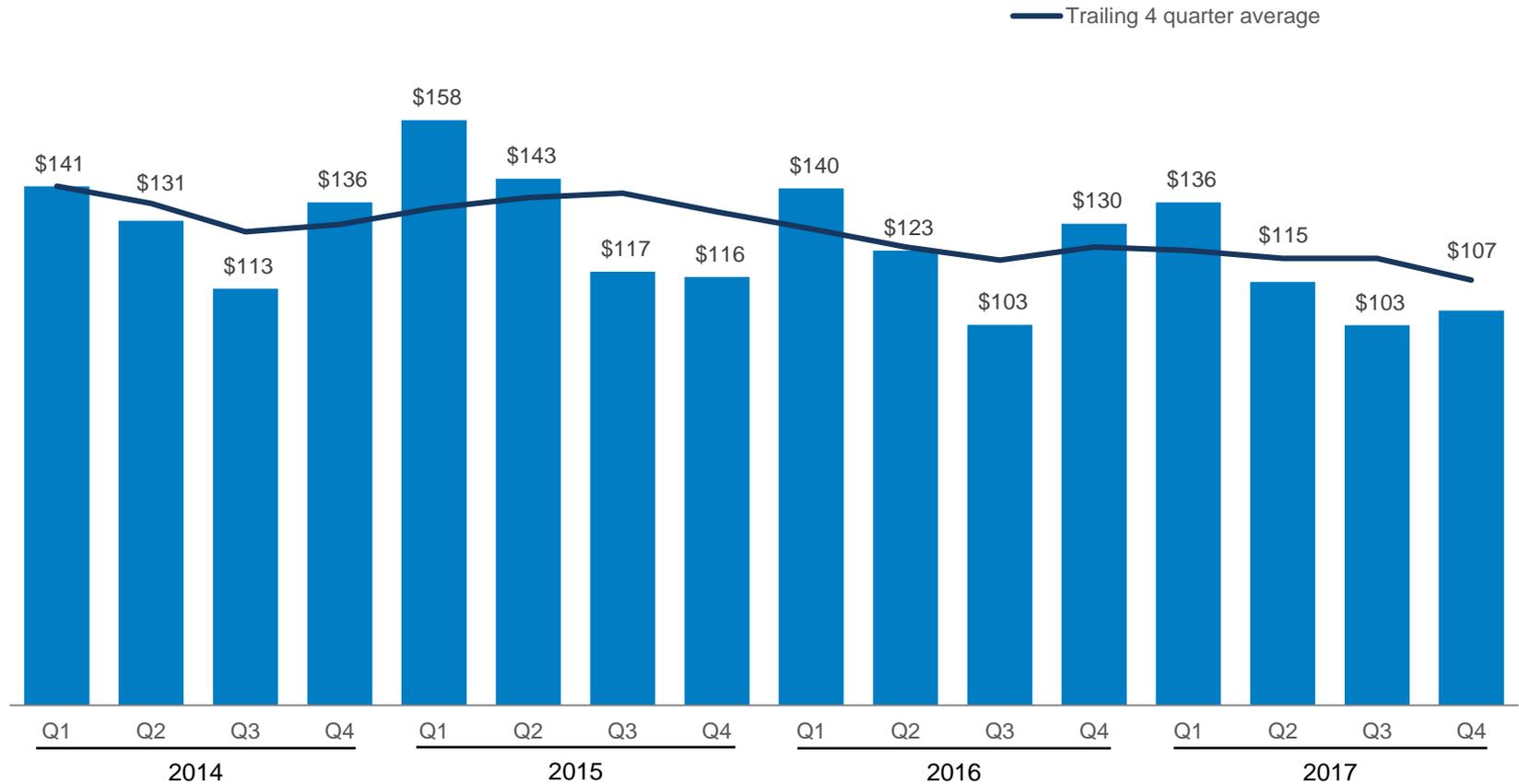


^[1] Inventus acquisition closed on January 22, 2016; Net Income for Q1 2016 reflects a partial quarter contribution.

^[2] Net Income is a non-GAAP metric. Refer to pages 12 - 13 for reconciliations.

Deferred Revenue

(\$ in millions)



GAAP to Non-GAAP Reconciliation

(\$ in millions, except per share data)

	Q4 2017	Q4 2016
Net income (loss)	\$ (95.7)	\$ 1.7
Stock-based compensation ^[1]	3.8	4.2
Amortization of acquired intangible assets ^[2]	2.1	2.4
Accelerated debt issuance costs ^[3]	1.3	-
Impairment losses ^[4]	94.1	-
Income tax adjustments ^{[5][6]}	5.5	(2.2)
Non-GAAP net income	\$ 11.1	\$ 6.2
Non-GAAP net income per share:		
Basic	\$ 0.22	\$ 0.13
Diluted ^[7]	\$ 0.22	\$ 0.12
Weighted-average shares:		
Basic	49.6	49.1
Diluted ^[7]	50.3	49.6

	Q4 2017	Q4 2016
Cost of revenue	\$ 49.0	\$ 49.7
Stock-based compensation ^[1]	(0.1)	-
Amortization of acquired intangible assets ^[2]	(0.5)	(0.5)
Non-GAAP cost of revenue	\$ 48.4	\$ 49.2
Selling, general and administrative expenses		
Stock-based compensation ^[1]	(3.7)	(4.2)
Amortization of acquired intangible assets ^[2]	(1.6)	(1.9)
Non-GAAP selling, general and administrative expenses	\$ 18.5	\$ 17.9
Interest and other income (expense), net		
Accelerated debt issuance costs ^[3]	1.3	-
Non-GAAP interest and other income (expense), net	\$ 0.1	\$ (2.1)
Provision for income taxes		
Tax effects of other non-GAAP exclusions ^[5]	9.1	2.2
Tax effects of Tax Cuts and Jobs Act ^[6]	(14.6)	-
Non-GAAP provision for income taxes	\$ 4.0	\$ 6.4

^[1] RPX excludes stock-based compensation and related employer payroll taxes from its non-GAAP financial measures.

^[2] RPX excludes amortization expense related to intangible assets (other than patents) acquired in conjunction with the acquisition of businesses from its non-GAAP financial measures.

^[3] RPX excludes fair value adjustments and gains on extinguishment related to its deferred payment obligations, realized losses on exchanges on short-term investments, acceleration of debt issuance costs from the early repayment of term debt from its non-GAAP financial measures.

^[4] RPX excludes non-cash impairment losses from its non-GAAP financial measures.

^[5] Amount reflects income taxes associated with the above noted non-GAAP exclusions.

^[6] RPX excludes one-time impacts of the Tax Cut and Jobs Act from its non-GAAP financial measures, specifically as it relates to the revaluation of deferred tax assets and repatriation toll charges.

^[7] The Company excludes the anti-dilutive effects of stock options and restricted stock units using the treasury-stock method of 0.7 million shares from its computation of net loss per share for the three months and year ended December 31, 2017. However, these are included when calculating non-GAAP net income per share as the effect is dilutive in these periods.

Reconciliation of Net Income to Non-GAAP Adjusted EBITDA Less Net Patent Spend

(\$ in millions)

	Q4 2016			Q4 2017		
	Patent Risk Management	Discovery Services	Consolidated	Patent Risk Management	Discovery Services	Consolidated
	Net income (loss)	\$ 1.3	\$ 0.4	\$ 1.7	\$ (8.7)	\$ (87.0)
Provision for income taxes	3.6	0.7	4.3	8.9	0.6	9.5
Interest and other (income) expense, net	0.8	1.3	2.1	1.4	(0.2)	1.2
Impairment losses	-	-	-	5.0	89.0	94.1
Depreciation and amortization	39.8	2.5	42.3	37.4	2.5	39.9
Stock-based compensation	4.1	0.1	4.2	3.3	0.5	3.8
Non-GAAP Adjusted EBITDA	49.6	5.0	54.6	47.2	5.5	52.7
Net patent spend (NPS)	(45.5)	-	(45.5)	(51.4)	-	(51.4)
Non-GAAP Adjusted EBITDA - NPS	\$ 4.1	\$ 5.0	\$ 9.1	\$ (4.2)	\$ 5.5	\$ 1.3

Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow

(\$ in millions)

	2017	2016
Net cash provided by operating activities	\$ 181.5	\$ 187.3
Purchase of property and equipment	(1.3)	(3.7)
Acquisition of patent assets	(106.3)	(116.7)
Free cash flow ^[1]	<u>\$ 73.8</u>	<u>\$ 66.8</u>

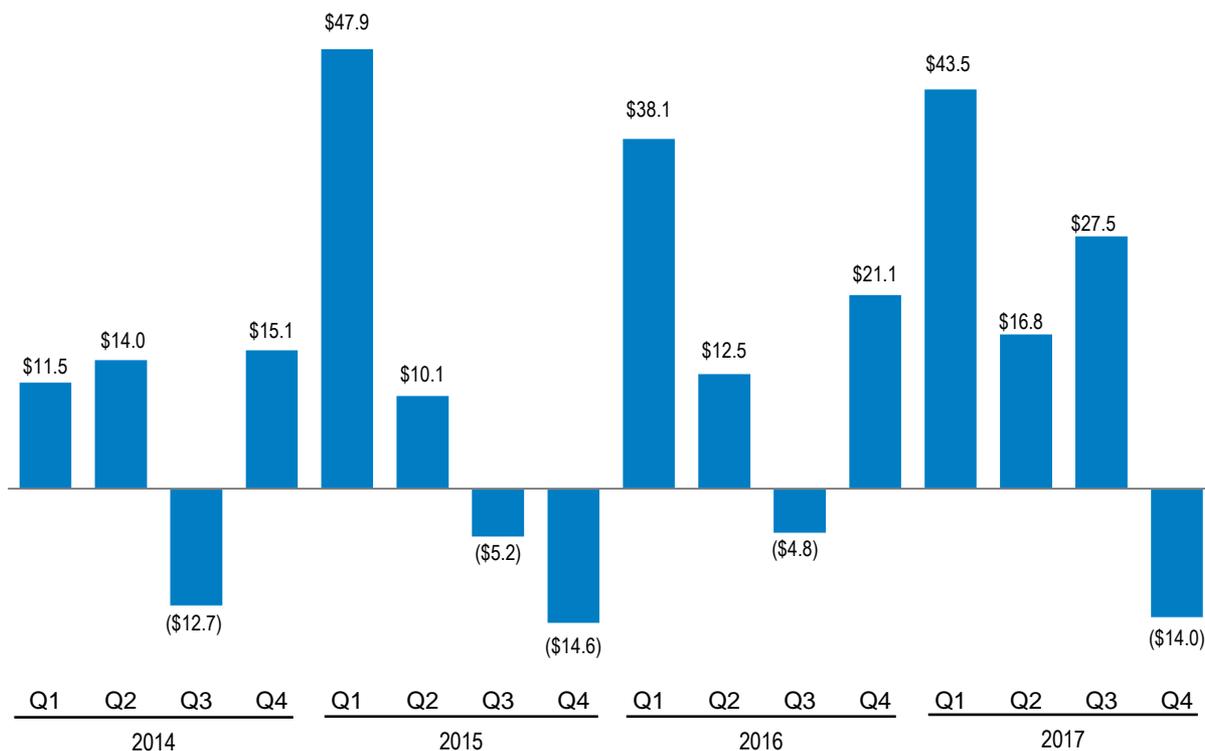
[1] Free cash flow is a non-GAAP measure which the Company defines as cash flow from operating activities less capital expenditures such as property and equipment and patent assets

Free Cash Flow^[1,2]

Annual (\$ in millions)



Quarterly (\$ in millions)



^[1] Free cash flow is a non-GAAP measure which the Company defines as cash flow from operating activities less capital expenditures such as property and equipment and patent assets

^[2] Inventus acquisition closed on January 22, 2016; Free Cash Flow for Q1 2016 reflects a partial quarter contribution.

Results Under ASC 605 and 606

Important Information Regarding ASC 605 and 606

- ▶ Historical financial information under ASC 605 and 606: We believe that showing our historical financial results under ASC 605 and ASC 606 provides additional transparency and that providing this additional disclosure in the short term will help our investors and analysts understand the impact of the change in revenue recognition standards, especially given the material difference expected in the timing of revenue recognition for our patent risk management. Note that the presentation under ASC 605 is not a substitute for the new ASC 606 revenue recognition standard under GAAP applicable for the first quarter of 2018.
- ▶ Guidance under ASC 605 and 606: The Company provided business outlook for the full year 2018 under ASC 606, as well as under ASC 605 for illustrative purposes and in order to provide additional transparency. The Company believes that providing this additional disclosure in the short term will help our investors and analysts understand the impact of the change in revenue recognition standards, especially given the material difference expected in the timing of revenue recognition for our patent risk management. Note that the presentation under ASC 605 is not a substitute for the new ASC 606 revenue recognition standard under GAAP.
- ▶ The 2017 and 2016 ASC 606 numbers are preliminary estimates and subject to change.

Income Statement Results Under ASC 605 and 606

Preliminary estimate, Unaudited^[4]
(\$ in millions)

	2017			2016		
	ASC 605	New Revenue Standard Adjustment	ASC 606	ASC 605	New Revenue Standard Adjustment	ASC 606
Revenue						
Subscription revenue	\$ 246.8	\$ (60.0)	\$ 186.8	\$ 255.4	\$ (62.8)	\$ 192.7
Fee-related revenue	5.4	23.6	29.0	11.6	39.5	51.1
Total patent risk management revenue	252.3	(36.4)	215.8	267.0	(23.2)	243.7
Discovery revenue	78.2	-	78.2	66.1	-	66.1
Total revenue	330.5	(36.4)	294.0	333.1	(23.2)	309.9
Cost of revenue	203.7	(27.3)	176.4	197.3	32.3	164.9
Selling, general and administrative expenses	90.5	0.6	91.1	100.5	(0.6)	99.8
Impairment losses	94.1	-	94.1	-	-	-
Operating income (loss)	(57.8)	(9.8)	(67.6)	35.4	9.7	45.1
Interest and other income (expense), net	(1.3)	-	(1.3)	(3.1)	-	(3.1)
Income (loss) before provision for income taxes	(59.1)	(9.8)	(68.8)	32.3	9.7	42.0
Provision for income taxes	20.1	0.0	20.1	14.1	3.6	17.7
Net income (loss)	<u>\$ (79.1)</u>	<u>\$ (9.8)</u>	<u>\$ (88.9)</u>	<u>\$ 18.2</u>	<u>\$ 6.1</u>	<u>\$ 24.3</u>

Reconciliation of Net Income (Loss) to Non-GAAP Adjusted EBITDA Less Net Patent Spend

Net income (loss)	\$ (79.1)	\$ (9.8)	\$ (88.9)	\$ 18.2	\$ 6.1	\$ 24.3
Provision for income taxes	20.1	0.0	20.1	14.1	3.6	17.7
Interest and other expense, net	1.3	-	1.3	3.1	-	3.1
Impairment losses ^[2]	94.1	-	94.1	-	-	-
Stock-based compensation ^[1]	15.0	-	15.0	18.6	-	18.6
Depreciation and amortization	168.1	(27.3)	140.8	171.6	(32.9)	138.8
Non-GAAP adjusted EBITDA ^[3]	219.4	(37.1)	182.3	225.6	(23.2)	202.4
Net patent spend	(106.0)	8.1	(97.9)	(117.4)	17.0	(100.4)
Non-GAAP adjusted EBITDA less net patent spend	<u>\$ 113.4</u>	<u>\$ (29.0)</u>	<u>\$ 84.4</u>	<u>\$ 108.2</u>	<u>\$ (6.2)</u>	<u>\$ 102.0</u>

^[1] RPX excludes stock-based compensation and related employer payroll taxes from its non-GAAP financial measures.

^[2] RPX excludes non-cash impairment losses from its non-GAAP financial measures.

^[3] RPX calculates non-GAAP adjusted EBITDA as GAAP earnings before other income or expenses, net, provision for income taxes, depreciation, amortization, non-cash impairment losses, and stock-based compensation expenses (inclusive of related employer payroll taxes).

^[4] 2017 and 2016 ASC 606 numbers are preliminary estimates and subject to change

Reconciliation of Net Income (loss) to Non-GAAP Net Income, as adjusted for ASC 606

Preliminary estimate, Unaudited^[7]
(\$ in millions)

	2017	2016
Net income (loss)	\$ (79.1)	\$ 18.2
Stock-based compensation ^[1]	15.0	18.6
Amortization of acquired intangible assets ^[2]	8.9	9.6
Fair value adjustment on deferred payment obligations ^[3]	-	(1.9)
Gain on extinguishment of deferred payment obligations ^[3]	-	(0.5)
Realized loss on exchange of short-term investments ^[3]	-	0.2
Accelerated debt issuance costs ^[3]	1.3	-
Impairment losses ^[4]	94.1	-
Income tax adjustments ^{[5][6]}	0.6	(8.5)
Non-GAAP net income	<u>\$ 40.7</u>	<u>\$ 35.7</u>

	2017	2016
Non-GAAP net income	\$ 40.7	\$ 35.7
New revenue standard adjustments ^[7]	(9.8)	6.1
New revenue standard adjustments related to the tax effects of Tax Cuts and Jobs Act ^[7]	3.6	-
Non-GAAP net income, as adjusted for ASC 606	<u>\$ 34.6</u>	<u>\$ 41.8</u>

^[1] RPX excludes stock-based compensation and related employer payroll taxes from its non-GAAP financial measures.

^[2] RPX excludes amortization expense related to intangible assets (other than patents) acquired in conjunction with the acquisition of businesses from its non-GAAP financial measures.

^[3] RPX excludes fair value adjustments and gains on extinguishment related to its deferred payment obligations, realized losses on exchanges on short-term investments, acceleration of debt issuance costs from the early repayment of term debt from its non-GAAP financial measures.

^[4] RPX excludes non-cash impairment losses from its non-GAAP financial measures.

^[5] Amount reflects income taxes associated with the above noted non-GAAP exclusions.

^[6] RPX excludes one-time impacts of the Tax Cuts and Jobs Act from its non-GAAP financial measures, specifically as it relates to the revaluation of deferred tax assets and repatriation toll charges.

^[7] The Company is providing annual adjustments from ASC 605 to ASC 606 for additional transparency. These adjustments for the years ended December 31, 2017 and 2016 are preliminary estimates and subject to change. These adjustments do not have an impact on the items excluded for non-GAAP presentation except the one-time tax effects of the Tax Cuts and Jobs Act relating to the revaluation of deferred taxes for the fourth quarter and year ended December 31, 2017 which increases the Company's provision for income taxes by \$3.6 million.

Reconciliation of GAAP to Non-GAAP Under ASC 606

Preliminary estimate, Unaudited^[7]
(\$ in millions)

	2017	2016
Cost of revenue	\$ 203.7	\$ 197.3
Stock-based compensation ^[1]	(0.5)	-
Amortization of acquired intangible assets ^[2]	(2.1)	(2.1)
Non-GAAP cost of revenue	201.2	195.1
New revenue standard adjustments ^[7]	(27.3)	(32.3)
Non-GAAP cost of revenue, as adjusted for ASC 606	\$ 173.9	\$ 162.8

	2017	2016
Selling, general and administrative expenses	\$ 90.5	\$ 100.5
Stock-based compensation ^[1]	(14.5)	(18.6)
Amortization of acquired intangible assets ^[2]	(6.9)	(7.5)
Non-GAAP selling, general and administrative expenses	69.1	74.4
New revenue standard adjustments ^[7]	0.6	(0.6)
Non-GAAP selling, general and administrative expenses, as adjusted for ASC 606	\$ 69.8	\$ 73.8

	2017	2016
Provision for income taxes	\$ 20.1	\$ 14.1
Tax effects of other non-GAAP exclusions ^[5]	14.0	8.5
Tax effects of Tax Cuts and Jobs Act ^[6]	(14.6)	-
Non-GAAP provision for income taxes	19.5	22.5
New revenue standard adjustments ^[7]	0.0	3.6
New revenue standard adjustments related to the tax effects of Tax Cuts and Jobs Act ^[7]	(3.6)	-
Non-GAAP provision for income taxes, as adjusted for ASC 606	\$ 15.9	\$ 26.2

^[1] RPX excludes stock-based compensation and related employer payroll taxes from its non-GAAP financial measures.

^[2] RPX excludes amortization expense related to intangible assets (other than patents) acquired in conjunction with the acquisition of businesses from its non-GAAP financial measures.

^[3] RPX excludes fair value adjustments and gains on extinguishment related to its deferred payment obligations, realized losses on exchanges on short-term investments, acceleration of debt issuance costs from the early repayment of term debt from its non-GAAP financial measures.

^[4] RPX excludes non-cash impairment losses from its non-GAAP financial measures.

^[5] Amount reflects income taxes associated with the above noted non-GAAP exclusions.

^[6] RPX excludes one-time impacts of the Tax Cuts and Jobs Act from its non-GAAP financial measures, specifically as it relates to the revaluation of deferred tax assets and repatriation toll charges.

^[7] The Company is providing annual adjustments from ASC 605 to ASC 606 for additional transparency. These adjustments for the years ended December 31, 2017 and 2016 are preliminary estimates and subject to change. These adjustments do not have an impact on the items excluded for non-GAAP presentation except the one-time tax effects of the Tax Cuts and Jobs Act relating to the revaluation of deferred taxes for the fourth quarter and year ended December 31, 2017 which increases the Company's provision for income taxes by \$3.6 million.

Guidance

FY 2018 Guidance

<i>In millions</i>	Guidance for FY 2018	
	Guidance (ASC 606)	Illustrative (ASC 605)
Subscription Revenue		\$200 - \$210
Fee Revenue		\$5 - \$10
Total Patent Risk Management Revenue	\$170 - \$195	\$205 - \$220
Discovery Revenue	\$62 - \$71	\$62 - \$71
Total Revenue	\$232 - \$266	\$267 - \$291
Cost of Revenue ^[1]	\$140 - \$149	\$159 - \$167
SG&A ^[1]	\$66 - \$72	\$66 - \$72
Operating Income^[1]	\$27 - \$40	\$42 - \$52
Net Income^[1]	\$18 - \$28	\$30 - \$38
Patent risk management adjusted EBITDA ^[1]	\$120 - \$140	\$155 - \$169
Discovery services adjusted EBITDA ^[1]	\$13 - \$17	\$13 - \$17
Total adjusted EBITDA^[1]	\$133 - \$157	\$168 - \$186
Net Patent Spend (NPS)	\$70 - \$90	\$80 - \$100
Consolidated adjusted EBITDA less net patent spend ^[1]	\$53 - \$77	\$78 - \$96
Free cash flow^{[1][2]}	\$65 - \$85	\$65 - \$85
Gross Patent Spend (GPS)	>\$150	>\$150
Effective Tax Rate ^[1]	32%	29%
WA Diluted Shares	51	51

^[1] Cost of Revenue, SG&A, operating income, net income, Adjusted EBITDA, Free cash flow, and effective tax rate are non-GAAP metrics.

^[2] Operating cash flow less capital expenditures including on patents