EXHIBIT 2

(to Disclosure Statement re Moore Monetization Plan dated 10/29/2014)

Moore Innovations Group

Business Plan[1]

October, 2014

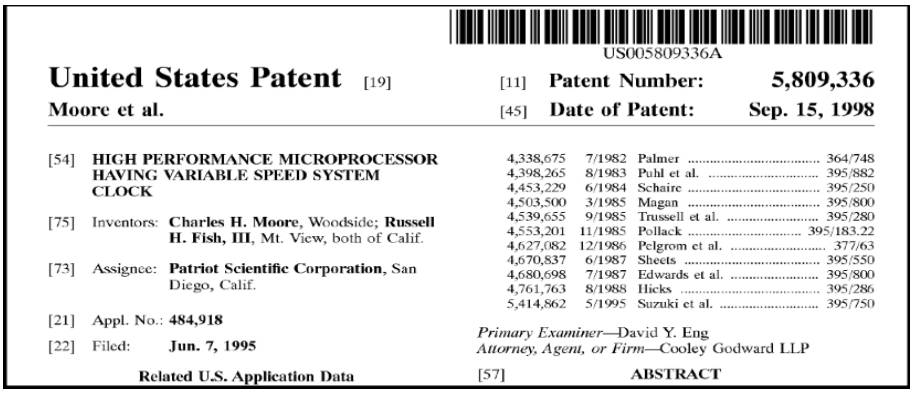
[1] The Moore Innovations Group Business Plan was developed by David Sciarrino for Charles H. Moore,. Mr. Sciarrino has been Mr. Moore's chief business consultant since 2010. He is also the CEO of Zaphod, Inc, a custom software development firm he has led since 2009, Mr. Sciarrino has extensive experience in the IP licensing field, having worked for over 4 years for The TPL Group / Alliacense as its Vice President of Licensing Operations, as well as for Patent Profit international, an IP Brokerage based in Menlo Park, CA. Mr. Sciarrino also holds an MBA degree from Pepperdine University as well as a Masters of International Business from IGS University, Paris France. Mr. Sciarrino's full bio has been attached as an exhibit to this plan.

Executive Summary

Moore Innovations is a company designed to promote, develop and license technology developed by Charles H. Moore. That technology derives from the MMP Portfolio of patents; Chuck Moore was the co-inventor of those patents, and he continues to practice his invention and to carry its technology forward.
Chuck Moore is an entrepreneur, scientist, mathematician, and computer scientist who has been developing cutting edge technology since the 1960s. Mr. Moore is the father of the FORTH computer language, and developed the RTX2000 microprocessor, derivatives of which are still widely used by NASA (and currently circling Saturn) today. Mr. Moore is listed as the inventor on scores of patents, some of which make up the MMP Portfolio.


Charles H. Moore

The MMP Portfolio of patents includes a group of patents that are widely accepted as representing some of the fundamental building blocks of the modern microprocessor. Developed in the late 1980's and 1990's, these patents have generated to date over $300M in royalty revenue to 110 licensees, including leading technology companies such as Sony, Panasonic, Toshiba, Hewlett Packard, Fujitsu, NEC, Philips, Ford and many, many more. Still, as of this writing, **more than 400 potential licensees remain in the market,** including Cisco, Hitachi, Google, LG, Samsung, and a host of other, Fortune 500 companies. The value of the future royalty stream from these potential licensees is estimated to be over $250M.



US005809336A

United States Patent [19]
Moore et al.

[11] **Patent Number: 5,809,336**
[45] **Date of Patent: Sep. 15, 1998**

[54] **HIGH PERFORMANCE MICROPROCESSOR HAVING VARIABLE SPEED SYSTEM CLOCK**

[75] Inventors: **Charles H. Moore**, Woodside; **Russell H. Fish, III**, Mt. View, both of Calif.

[73] Assignee: **Patriot Scientific Corporation**, San Diego, Calif.

[21] Appl. No.: **484,918**

[22] Filed: **Jun. 7, 1995**

Related U.S. Application Data

4,338,675	7/1982	Palmer	364/748
4,398,265	8/1983	Puhl et al.	395/882
4,453,229	6/1984	Schaire	395/250
4,503,500	3/1985	Magan	395/800
4,539,655	9/1985	Trussell et al.	395/280
4,553,201	11/1985	Pollack	395/183.22
4,627,082	12/1986	Pelgrom et al.	377/63
4,670,837	6/1987	Sheets	395/550
4,680,698	7/1987	Edwards et al.	395/800
4,761,763	8/1988	Hicks	395/286
5,414,862	5/1995	Suzuki et al.	395/750

Primary Examiner—David Y. Eng
Attorney, Agent, or Firm—Cooley Godward LLP

[57] **ABSTRACT**

The MMP Portfolio is at a crossroads. In 2005, MMP licensing came under the control of Technology Properties Limited LLC ("TPL"), owned by Daniel Leckrone. Mr. Leckrone subsequently shifted those licensing rights to his wholly owned company "Alliacense LLP." Under the direction of TPL, the MMP portfolio achieved substantial successes between 2005 and 2010. Since the shift to Alliacense in 2010, the portfolio has foundered, with steadily decreasing revenue over the last four years. **Alliacense has generated just one, negligible MMP license since August, 2013.** Meanwhile, TPL – the company that had for a time successfully licensed the MMP portfolio but that had given away its licensing rights to Alliacense – collapsed in March 2013, filing for Chapter 11 bankruptcy protection. Over 17 months into the bankruptcy, Mr. Leckrone and the Committee of TPL Creditors (who hope to be paid by the reorganized company) have belatedly prepared a "Joint Plan" for the re-organization of TPL. The interminable delays in drafting the Joint Plan, and the resulting threat to MMP viability as patent expiration dates approach, prompted Mr. Moore to develop and to propose his own plan for TPL reorganization (and the successful renewal of an MMP licensing program. In its latest form, Mr. Moore's 10/29/2014 *MMP Plan of Reorganization* (with an appropriate disclosure statement to the TPL creditors) will be considered by the Bankruptcy Court on November 19, 2014.

Mr. Moore's MMP Plan for TPL reorganization calls for the creation of a new commercialization entity, **" Moore Innovations Group"**, which is the subject of this business plan. Moore Innovations will at its outset be made up of a small group of highly skilled business, licensing and engineering professionals who will be tasked to educate prospective licensees about developments in the MMP technology, while at the same time promoting and developing interest in Mr. Moore's new Array Technology (which builds on his work with MMP).

Moore Innovations will offer a wide range of benefits to prospective licensees of the MMP portfolio:

- A thorough understanding of the patents and technology, as provided to them by the inventor himself (via website videos, presentations and DVD's) and through ready access to Moore Innovations personnel knowledgeable about the features and potential of the technology.
- An invitation to "MIGCon", a yearly conference sponsored and promoted by Moore Innovations; its purpose is to promote understanding and development of Mr. Moore's current and future technology, and to assist attendees (present and future licensees) in applying the technology to their own businesses and processes.
- Ability to consult and to contract with MIG engineering and business resources to help fend off attacks by "Patent Trolls".[2]

[2] A "Patent Troll" is a non-practicing entity (that is, a person or company holding a patent but not involved in the design or manufacture of any product or process associated with that patent) that holds or controls portfolios of

- The opportunity to license the use of MIG's proprietary "Troll Defender^{tm}"[3] software, allowing companies to track, manage and defeat Patent Troll attacks against them.
- Knowing that Moore Innovations, the company receiving licensing proceeds, is not a parasitic Patent Troll, but is rather a research and development based innovator that will invest licensing proceeds in and through a real inventor developing cutting edge technology that will benefit past, present and future licensees with the promise of high performance, low power microprocessors.

The Moore Innovations business strategy is straightforward. A small, dedicated team focused only on the Chuck Moore and MMP portfolio will be in place at the company. Employees will earn a competitive base salary with bonuses based on results and EBT (Earnings against the infringing HTC Claim Chart rather than against the claim language).[4]

The pricing of licenses, though proprietary to MIG, will be greatly simplified from the complex and wildly variable Alliacense model; pricing will be based on *per system* cost rather than product cost, as we believe it makes no sense to base a license on the total cost (price) of a product, as the value of infringing content differs wildly between toy airplanes and commercial aircraft, whereas most systems, or circuit assemblies fall within a relatively close range. We expect three levels of pricing, for companies at or below $1M in relevant revenue, between $1M and $100M, and over $100M.

MIG employees will handle all of the "back Office" operations of developing claim charts, marketing materials, website, pricing and financial analysis for the company; indeed, that process has already begun. Given the need for speed in setting up the revitalized licensing program – again, crucial patents begin expiring mid-year 2015 – MIG will not re-invent the licensing wheel: MIG will not create its own, in-house sales force for licensing. Rather, MIG will leverage a 3rd party firm to sell the portfolio; that is, to conduct and manage the licensing and commercialization of the portfolio. This segmentation of duties will avoid a steep learning curve for MIG while allowing each part of the approach to licensing to concentrate on its core competencies, thus cutting costs and, most crucially, <u>reducing time to market.</u>

If the licensing effort fails with a given infringer – and <u>only if</u> that licensing effort fails – that potential licensee will be re-classified into "collections", that is, litigation.

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patents and that seeks to profit from them through claims of patent infringement. Regrettably, Alliacense and TPL (the latter in its present configuration), being non-practicing entities, have been characterized as Patent Trolls. The result has been an end to licensing of MMP and a string of adverse court decisions that Mr. Moore proposes to reverse under the approach here described – an approach that features Moore Innovations at its core, because Moore Innovations is by any measure a <u>practicing</u> entity immune from the taint, and the devastating effect on licensing, of the "Patent Troll" label.

[3] *Troll Defender* is currently in development and is expected to be deployed in Q1, 2015.

[4] See attached sample claim chart in the appendix to this document.

If a license cannot be sold and litigation ensues, MIG will stand ready to provide as much or as little support as required to our litigation partner. But because MIG (unlike Alliacense, which has no sensitivity to conflict of interest on subjects such as this) will not turn its litigation support function into a profit center; any such litigation support will be provided "at cost". MIG does not condone nor will it charge high fees to its business and litigation partners, all of whom are viewed as being on the same team working toward a common goal.

For its initial financing, MIG will look first to PDS, the joint venture company between TPL and Patriot Scientific that was created in 2005 by those two companies and Mr. Moore. MIG will require a quarterly draw of $250,000 to begin and sustain operations; PDS should be able to provide such funding, given that confirmation of the Moor MMP Plan will relieve PDS of its current requirement of advancing twice that amount ($500,000 per quarter) to advance Alliacense's presently nonexistent MMP licensing. Total licensing commissions will be 20% on gross licensing revenues, and 5% on any litigation-based royalty revenue. MIG's monthly draw from PDS[5] will be refunded against commissions earned.

MIG's pro forma budget forecast sees the MMP portfolio generating $250M in gross revenues over the remaining lifespan of the portfolio. MIG's assumptions in forecasting such revenues: (1) There are still at least 400 potential infringer/licensees in the market. (2) MIG projects that its average expected future license (or, if necessary, litigation award) will be $600k per infringer/prospective licensee (in the past, per-infringer MMP receipts averaged $3 million, so MIG's assumption of $600k (20% of the historical average) is both conservative and more than feasible). In view of the value-added factors that MIG will bring to the table in every negotiation (compared to the take-it-or-leave-it negotiation style of previous Patent Troll licensing), Mr. Moore believes and expects that the average license or award generated through MIG will be much higher than $600k; however, that figure seems readily attainable and provides a solid basis for projected results.

MIG's projections for the next five years show MIG itself generating over $13 million in gross receipts, on $62 million in licensing revenue. No revenue has been forecast for additional MIG services to be provided to MMP licensees, such as software licensing and IP defense support, which could generate millions more over time.

The entire MMP program (including litigation), by contrast, is projected to bring in $250 million overall, **yielding net proceeds of $163 million to PDS for distribution as royalty payments.**

[5] In the event that PDS is unwilling to provide advances to MIG at half the level it has provided for years to Mr. Leckrone's company Alliacense, MIG reserves the right to seek third-party financing, which should be readily available given the substantial return to be expected.

Distribution from PDS is governed by a formula set out in a January 23, 2013 Agreement between and among parties including TPL, Patriot, PDS and Mr. Moore. The allocation formula provides that PDS is to distribute 50% of its cash proceeds to Patriot; 26.075% of its cash proceeds to TPL; and 23.925% of its cash proceeds to Mr. Moore.

MIG therefore projects that TPL, Patriot and Mr. Moore will share PDS' $163 million in net cash proceeds to be received over the next five years as follows:

To Patriot:	50% of $163,000,000, or	$ 81,500,000
To TPL:	**26.075% of $163,000,000, or**	**$ 42,502,250**
To Mr. Moore:	23.925% of $163,000,000, or	$ 38,997,750

The value added of creating an entity run by the inventor, for the purpose of supporting the inventor's new technology, coupled with the short remaining life of the patents, are the major reasons litigation is expected to generate the majority of the revenue for the portfolio.

MMP History

For all of its successes, the MMP Portfolio has led a troubled existence. In 2002, Mr. Moore engaged The TPL Group to help him develop his next generation technology, known as the "Array Technology", providing TPL exclusive commercialization rights to the MMP Portfolio. The royalty revenue generated by MMP would be used to fund the development of the Array Processor, originally branded as the "SeaForth Processor", being developed by Mr. Moore and his engineers at TPL's subsidiary company, IntellaSys.

The MMP commercialization program was quite successful early on. TPL had only one patent portfolio to promote (MMP); its inventor, Mr. Moore, was then "practicing his invention," engaged and working on new technology and funded by licensing revenues being generated by his invention. **TPL generated over $250M in MMP licensing royalties between 2005-2008**, with the revenue being split between TPL and Patriot, the co-owner of the MMP patents. A small percentage of this revenue trickled into Mr. Moore's hands through TPL's share.

TPL's fortunes began to change beginning in 2008. By then, the company was branching out in a number of different directions, starting new development programs from both of its divisions, IntellaSys and Alliacense[6]. As a result of this aggressive growth strategy, MMP money was being consumed at an alarming rate, since none of the programs were producing any measurable amount of revenue. In addition, many potential licensees began fighting back against TPL, branding it (and its related TPL Group company Alliacense) a "Patent Troll". Litigation costs, costs

[6] By 2008, the MMP portfolio was funding 9 different programs at TPL and it's subsidiaries. Alliacense was marketing MMP, CoreFlash, Fast Logic and Chipscale. IntellaSys was funding Array (2 development projects), OnSpec, Indigita, Hearing Healthcare, and Software Enhanced Radio.

related to patent re-examinations at the PTO, as well as project and development costs soared, without apparent management or control, just as licensing revenue began drying up.

By late 2007, a great deal of acrimony began to surface between Patriot and The TPL Group regarding the costs that Mr. Leckrone claimed to be incurring in the course of MMP commercialization effort, and the effectiveness of that effort. Mr. Moore was seeing very little of the royalty revenue being generated, as MMP gross distributions were diverted to other TPL programs without his consent (and without benefit to him). TPL, under siege, could no longer sustain itself. A TPL restructuring in January 2009 eliminated its IntellaSys division and nearly all the programs that were in development there. And thus ended Mr. Moore's involvement with TPL. His Array project was dead.

Mr. Leckrone's company Alliacense, on the other hand, continued to commercialize the four IP portfolios it had aggregated, confirming what had become obvious since 2007: with patent portfolios aggregated, and no products produced or in development, **TPL and Alliacense were indeed Patent Trolls.** The TPL Group was no longer supporting the development of the inventor's new technology; the only reason for the TPL Group's existence was its attempts to collect licensing royalties on IP it owned or managed, but had not developed and was not carrying forward.[7]

By the late 2000's, the patent licensing landscape was rapidly changing. Congress, under pressure from large technology firms, began looking into legislation that would reign in the "patent trolls". Companies that neither developed patents nor developed new technology (NPEs or Non Practicing Entities) were finding it harder and harder to license technology.

By 2010 and desperate for cash, TPL developed a new licensing strategy that would "bundle" multiple patent portfolios at the same time for a prospective licensee. While this strategy was beneficial to the licensee, it was problematic for the various patent owners who had to share the royalty revenue gained through such a program. Since TPL and Alliacense were the only entities that knew the entire value of a group of licenses, TPL would assign arbitrary values to each individual license within the group. This led to a conflict of interest for TPL, and also spurred a dispute and litigation between TPL and its PDS partner, Patriot. Patriot stated in its annual 10K report "*The [litigation] Action [against TPL] stemmed from TPL's notification of a license written in April 2010 which included a license of the MMP patents and other patents to use portfolios and technologies co-owned and potentially owned by TPL in the future. We objected to the amount of license consideration allocated to the MMP patent license as too low relative to the other license*

[7] TPL was the exclusive licensor and a partial owner of the IP portfolios being commercialized by Alliacense. Royalty revenue generated on behalf of the portfolios was then split by the various owners of those portfolios as per their original agreements.

components."[8] Patriot's suit against TPL resulted in a re-calculation of the bundled license and an agreement that would prevent Mr. Leckrone from selling MMP licenses without PDS (and therefore Patriot) approval. No bundling of licenses involving MMP has since occurred.

With its bundling strategy unraveling, TPL turned to litigation as its main method for generating MMP royalty revenue. For Mr. Leckrone, this shift allowed Alliacense to turn from licensing (from which he would receive a 20% commission) to "Litigation Support" (which generated a right of reimbursement in 100 cent dollars, not shared through PDS).

TPL litigation exploited two possible routes to revenue awards; the first was to move through the federal court system, while the second was to lodge complaints with the International Trade Commission. This strategy has achieved little.

In a case against the major technology firm HTC that wound through the federal court system in the Northern District of California, TPL put Mr. Moore forward as the owner and inventor, and the face of the MMP portfolio. The result was a jury verdict against HTC, with infringement found as to six claims of the MMP portfolio's US'336 patent. This June 2013 verdict in the HTC trial was a mixed result for TPL, Alliacense and the MMP portfolio owners. Yes, HTC was found to infringe US'336 on multiple claims. Yes, an external oscillator does not negate infringement. Also, it was shown that the microprocessors infringe the claim elements referring to variations in temperature, process and voltage. It is also noteworthy to state that the *Markman* definitions approved by the Northern District Court in the HTC case should continue, due to the effect of this fact-finding precedent, as more litigation against potential infringers moves forward. All of these are positive points for the MMP program.

Yet, the "Entire Market Value Rule" damages analysis stated in the verdict is problematic for the current licensing and litigation program conducted by Alliacense and TPL. **TPL received a fraction of the award it was seeking against HTC.** TPL's decimated damages resulted from jury acceptance of HTC's argument that the damages calculation should be based on a "firesale" license accepted by Alliacense in 2010 (the bundled license complained about by Patriot, above). The historical value of the licenses negotiated between 2005 – 2007 was negated by Alliacense's firesale license and its sacrifice of MMP value for its own cashflow needs.

Under the second prong of TPL's litigation strategy, TPL lodged complaints in the International Trade Commission, seeking injunctive relief for both the MMP and its CoreFlash portfolios. On its MMP case before the ITC, TPL chose not to utilize Mr. Moore, and it lost that decision. Regarding CoreFlash, the commission stated ". . .

[8] "Annual Report pursuant to Section 13 or 15(d) of the Securities and Exchange Act of 1934 for the fiscal year ended May 31, 2012", Patriot Scientific Corporation, August 29, 2012, pg F-17.

The Commission finds that the Federal Circuit's decision in InterDigital Communications, LLC v. ITC, 690 F.3d 1318 (Fed. Cir. 2012), 707 F .3d 1295 (Fed. Cir. 2013) and Microsoft Corp. v. ITC, 731 F.3d 1354 (Fed. Cir. 2013) require a complainant to make such a demonstration regardless of whether the domestic industry is alleged to exist under 19 U.S.C. & 1337(a)(3)(A), (B), or (C)." [9]With this determination, the ITC has effectively raised the bar for determining a domestic industry, **requiring an article protected by the patent.** Since TPL is a Non-Practicing Entity – making no products associated with any of the patent portfolios it commercializes – the ITC's CoreFlash decision effectively eliminates any opportunities for TPL or Alliacense to turn to the ITC to protect its patents.

As a result of the changing IP landscape, TPL's inability to develop a sustainable commercialization strategy and its choice of a failed litigation strategy, MMP licensing revenue has been reduced to next to nothing. TPL has stated in one of its debtor disclosure statements that *"TPL's revenues have completely stagnated since the filing of the Chapter 11 Petition and were on a downward projector since 2010 ($10.1 million in 2012, $11.3 million in 2011, and $17.6 million in 2010)"*[10] **Alliacense went over 1 year without generating a single dollar in MMP licensing revenue,** and only recently, in a desperate attempt to remain relevant, signed a negligible, nuisance value license. In 2007, The TPL Group signed licenses with Sony, NEC, Panasonic, Toshiba, Philips and many other technology giants. In September 2014 – after a full year of a no-result licensing program – The TPL Group signs. . . Palace Entertainment, **an amusement park operator.** Mr. Leckrone's management of TPL, and his dependence on his company Alliacense, have taken MMP licensing from the gold standard to a goldfish in a baggy.

Products & Services

MIG has one core concept between the products and services that it sells: Charles H. Moore, his inventions and his vision for the future. But that vision has a past, and in that past is the MMP Portfolio, a revolutionary group of basic technology patents that remain a fundamental building block of the modern day microprocessor. The MMP portfolio is a portfolio of 22 microprocessor and system patents in the US, Europe and Asia that are a core building block of today's microprocessor technology. The major patent in the portfolio is US'336. This patent, along with many others in the portfolio, have been relentlessly scrutinized over the years, having turned back questions of invalidity time and time again. In addition, in a landmark case for the portfolio, HTC, a multi-billion dollar corporation, was found guilty of infringing six claims of US'336 for several of it's products. While HTC has appealed this decision, MIG counsel advises that HTC's prospects for overturning a jury verdict are dim.

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[9] "Disclosure Statement RE: TPL Plan of Reorganization", February 14, 2014, Section II A, Pages 18-19.

[10] "Disclosure Statement RE: TPL Plan of Reorganization", February 14, 2014, Page 84

This verdict has tremendous positive ramifications for the portfolio as we move forward. The way infringement was proven in the case paves the way for a huge array of products, in a myriad of industries, to be seen as infringing on US'336 in the future. Potential infringing devices include:

- Cell Phones
- Computers
- Computer peripherals
- Televisions
- TV peripherals
- AV equipment
- Telecommunications equipment
- Networking equipment
- Robotics
- ATM machines
- POS equipment
- Gaming equipment
- Automotive equipment
- Aerospace

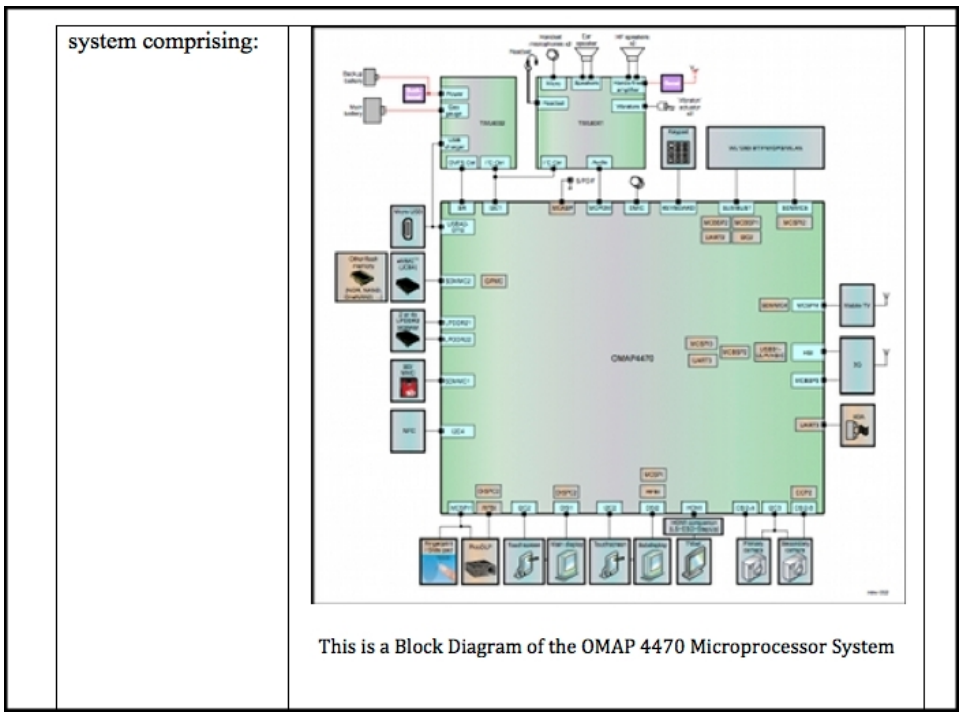
In essence, any "smart" device that communicates with people or other devices and employs microprocessors, potentially infringes the US'336 patent. The total value of the infringing products is believed to be in **the hundreds of billions of dollars.**

Companies go to enormous length and expense trying to invalidate patents by showing another, older patent "teaches" the same principles that a potentially infringing patent does. This is known in the industry as "prior art" and is usually the first line of defense provided by a company when confronted by a potential licensor. US'336 has gone through four difficult and costly re-examinations by the USPTO. The patent has prevailed each time. Assuming that it becomes more and more difficult to find potential prior art after a previous attempt has failed, **it is virtually certain that US'336 is and shall remain a valid patent until it expires.**

In addition, the HTC verdict provides US'336 a focal point from which to begin discussions and simplifies the task of educating a potential licensee as to the benefit of a patent license. In general, patents and patent claims are worded in an arcane fashion to suit patent prosecutors and the USPTO. They are therefore difficult to interpret and can be even more difficult to understand the meaning of what may or may not be well-defined words or terms. Thus, companies and patent owners frequently spar over the meaning of a word, or claim element, or claim. Yet when companies go through the patent litigation process, there is a pre-trial hearing by the U.S. District Court during which the judge examines evidence from the parties on the appropriate meanings of key words used in a patent claim. This is known as a "Claim Construction Hearing" and has been in common practice since the U.S. Supreme Court decided in *Markman v. Westview Instruments, Inc.* that patent

language is a matter of law for a judge to decide rather than a jury.[11] In the case of US'336, the *Markman* definitions have already been decided, resulting in much less ambiguity in the meaning of the terms within the patent claims. It should also be noted that due to the concept of precedent and the legal doctrine known as collateral estoppel, **these patent claim terms will remain defined by the *Markman* as previously outlined in the HTC case.**

In addition to the *Markman* definitions, the HTC case has provided US'336 with multiple infringing *claim charts*. A claim chart is a proof piece developed by a patent licensor that splits out claims into smaller claim elements. In general, each claim element is listed in a column on the left of a page and the corresponding proof of that element is listed in the center of the page.



Example of a Claim Chart element and associated proof piece.

Each claim chart has a various number of elements. Some claim charts can have as few as two elements while others may have as many as 25 or more. The number is dependent on how complex the claim is, as well as how complicated the licensor wants each element to be. It is truly an art developing a claim chart that is coherent without being redundant but not overly complex.

Because of the positive verdict in the HTC case, the US'336 claim chart can be altered in a way that can be even easier to understand than a normal claim chart. The reason is that several HTC claim charts have already been proven to infringe

[11] "Markman hearing", Wikipedia.org / wiki/markman_hearing

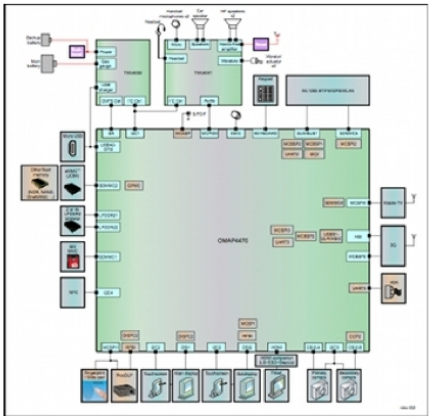
US'336. In fact, six claim charts based on three different systems have been developed that prove infringement, based on the current *Markman* definitions. Therefore, what Moore Innovations now proposes **is a three column claim chart.** The first column has the claim element. The 2nd column holds the infringing element as provided by the HTC case. And the 3rd column is the potentially infringing element of the infringing party. The logic is very simple:

If a = b, and b = c, then a = c

Or

If b = c, and b infringes claim element a, then c infringes claim element a

Or, put graphically:

A microprocessor system comprising:	 This is a Block Diagram of the OMAP 4470 Microprocessor System	 This is a Block Diagram of the OMAP 4470 Microprocessor System in the Archos 101XS tablet

Claim element example. The 1st column reveals the claim element. The 2nd (middle) column reveals the infringing chip (OMAP 4470) while the 3rd column (on right) shows the very same chip inside the *Archos 101 XS Tablet Computer.* Since it's been proven via the HTC trial that the OMAP 4470 infringes US'336, and since Archos uses the OMAP 4470 in its *101XS Tablet*, then the *Archos 101XS* Tablet infringes this particular claim element of US'336. (**Note:** the Archos 101XS Tablet is being used purely as an example for this exercise, and therefore this example does not constitute infringement of the US'336 patent.)[12]

By using this kind of deductive reasoning, it becomes quite obvious when a product infringes US'336. There is very little room for competing interpretations of the claim element, and since the terms have been clearly defined by the *Markman*, there is little doubt as to the meaning of the terms.

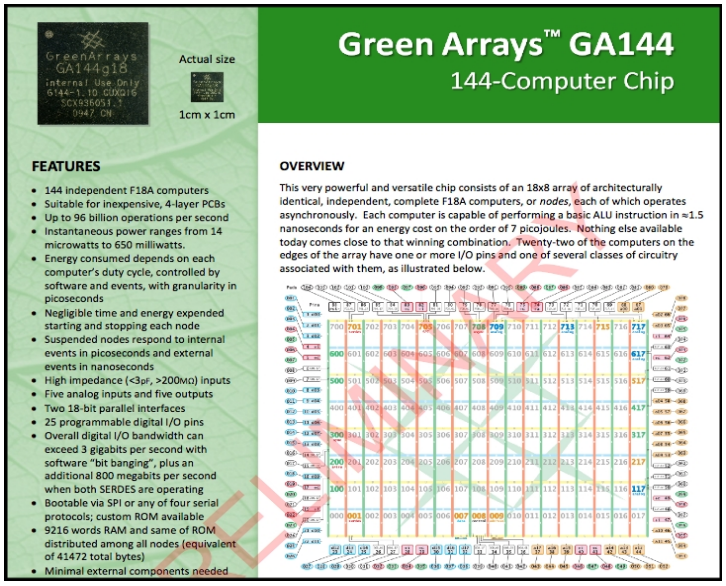
Other Products and Services

Scrupulous companies that care about protecting their own intellectual property understand that licensing technology is a vital part of doing business in today's

[12] OMAP is a Trademark of Texas Instruments. All rights reserved. Archos 101XS Tablet is a Trademark of Archos, Inc. All rights reserved.

global economy. Most companies want to do the right thing, but don't want to be shaken down by a Patent Troll, as giving in only invites more bad behavior on the part of the troll. This is the Achilles heel of the Non-Practicing Entity's licensing strategy. The NPE goes through grueling negotiations with a company in order to hammer out a licensing deal. Yet before the ink is dry, and the check is cashed, the troll will be back with another portfolio to put on corporate counsel's death for processing and payment. It's a cycle that most companies now believe must be broken.

Moore Innovations is a breakthrough. The company imports tremendous value with an MMP license. Each licensee will become part of the MMP family of licensors. Each will know that they are benefiting from technology developed by a true genius and inventor, Chuck Moore. It's his technology that **drives their products to performance levels that could not be achieved without it.** In addition, licensors can be certain in the knowledge that Moore Innovations is NOT a troll. MIG-generated revenues will support Mr. Moore's chip development company, GreenArrays, Inc.[13]



Royalties gained from MIG will be used to develop applications for the GA144, a cutting edge microprocessor that has **144** fully asynchronous, autonomous computers integrated into a substrate that is smaller than an eraser on a pencil. This is a chip so advanced that its performance to power consumption ratio beats all competition. This is one future of computing, and this is what an MMP license will promise to MIG customers. But GreenArrays needs funding to successfully bring this cutting edge technology to market. As was said in the film *The Right Stuff*, "You know what makes this bird fly? Funding! No bucks, no Buck Rogers".[14]

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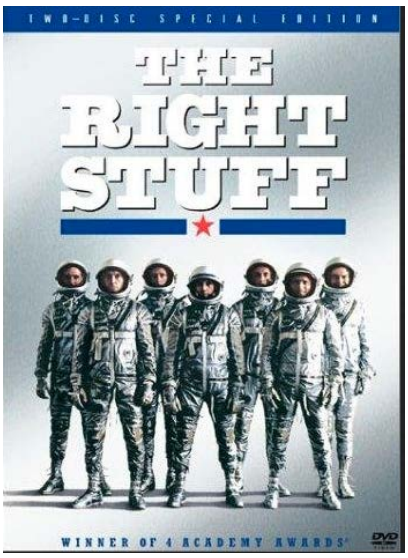
[13] Picture provided by and used with permission from GreenArrays, Inc. For more information, visit www.greenarraychips.com. All rights reserved.

[14] "The Right Stuff", Irwin Winkler, Producer, 1983. All rights reserved.



MIG intends to sponsor MIGCON, a yearly conference created exclusively for our licensees and potential licensees to attend. A broad range of topics will be discussed including developments with the new Array technology, new applications for the GA144 microprocessor, current updates on MMP, anti-troll strategies, product and development solutions and much, much more. Mr. Moore was a teacher before he was an inventor, and he has not lost his touch. We intend on making MIG the platform for a collaborative sharing of ideas with our licensee partners.

Moore Innovations will have developed advanced software that supports its licensing and litigation operations. Our *Troll Defender*^{tm} software will integrate CRM, claim charting, reverse engineering, and litigation support into a custom, modular system, reducing the time and expense associated with enhancing and defending corporate IP portfolios.[15] MIG anticipates offering versions of this software, as well as training and support to our licensees at commercially reasonable rates, substantially lower than will be marketed to non-licensees.

MIG will also offer our expert reverse engineering, claim charting, research and licensing support teams to our licensing partners at commercially reasonable rates, allowing our licensors the ability to outsource to MIG the capability to defend against trolls and other potential IP threats, allowing companies to concentrate on enhancing their own IP portfolios.

Market Overview

The MMP portfolio has been licensed to 110 companies worldwide, many of them from the Fortune 500. Industries represented include[16]:

[15] Troll Defender^{tm} is currently in development and is expected to be released in Q1, 2015.

[16] This is not an exhaustive list of licensees or industries, as that would become tediously long.

- A/V Equipment
    - Roland / Emerson
- Consumer Electronics
    - Sony / Panasonic
- Computers
    - Acer / Hewlett Packard
- Computer Peripherals
    - Onkyo / Belkin
- Telecommunications
    - Sierra Wireless / Blackberry
- Networking
    - Brocade / Extreme Networks
- Industrial Manufacturing
    - Bosch / Rockwell Automation
- Digital Photography
    - Olympus / Nikon
- Toy Manufacturers
    - Lego / Mattel
- Automotive
    - Ford / Caterpillar
- Retail Stores
    - Amazon / Disney
- Medical Devices
    - Alcon / Gerber Scientific

Basically, any sector that utilizes microprocessors in their products that communicate with people or other devices is a candidate for an MMP license.

Current research indicates that there are approximately 400 companies of substantial size remaining that could benefit from an MMP license. Conservatively speaking, and based on current licensing estimates, we believe the total remaining market for MMP licenses to be between $100 million and $400 million.

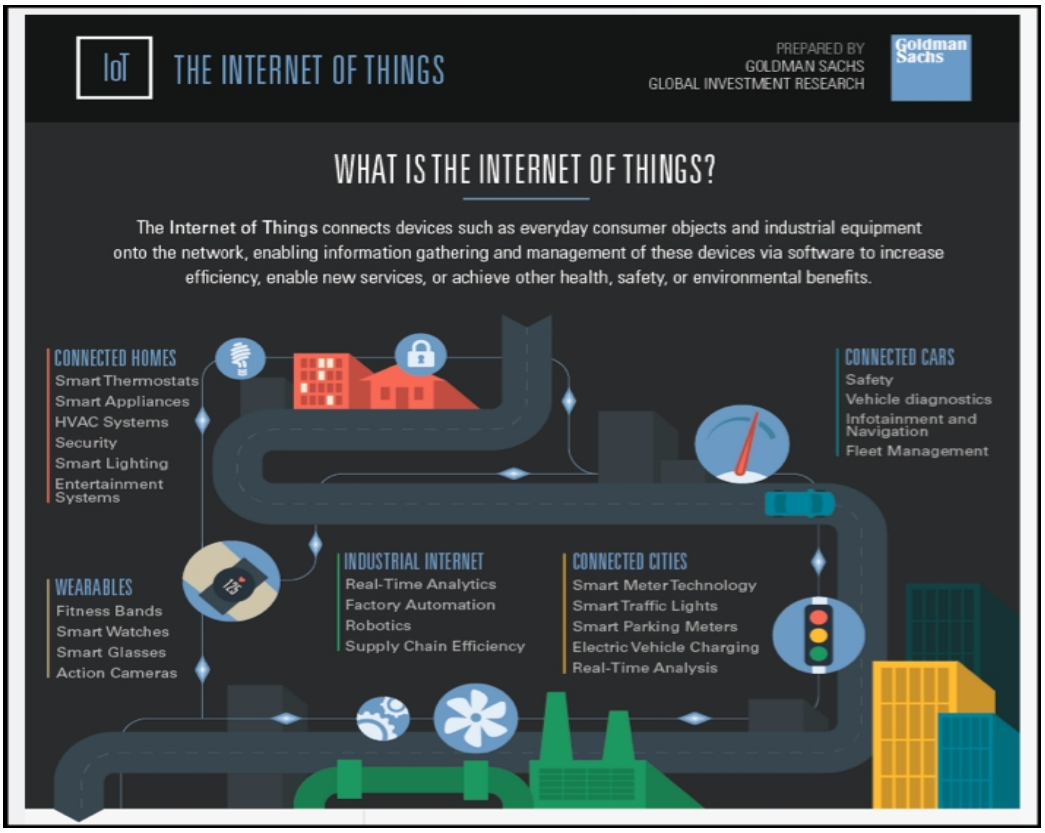
Market Trends

Because of the pressure being placed on NPEs over the past several years from both a government and industry standpoint, IP licensing has stagnated. Companies have been emboldened to fight and delay rather than give in to "IP Extortion". This is a perfectly good reason to resist these licensing efforts. There's no question that The TPL Group has met very stiff resistance since 2010. Yet we believe that by moving away from the NPE model of offering multiple portfolios as an attack on tech companies, to one that creates an entity that champions the technology of its owner, we will change the dynamic between licensor and licensee for the MMP portfolio.

MIG and Mr. Moore are not alone in recognizing that the time of the Patent Troll has passed, and that we are firmly in the era of the practicing entity. A recent Business Week article is entitled, "Silicon Valley's Most Hated Patent Troll Stops Suing and Starts Making." As reported on September 4, 2014, Intellectual Ventures is a patent aggregator that has been paid some $6 billion in licensing fees from companies like Google, Apple and Intel. Nonetheless, the company ("IV") is now moving aggressively to begin development and manufacturing activities – in other words, toward practicing its patents. In the process, IV has laid off 20 percent of its employees – most of whom were tied to its patent business. According to the article, IV "will soon be pumping out dozens of revolutionary products." See http://www.businessweek.com/articles/2014-09-04/intellectual-ventures-patent-troll-funds-startups-new-products.

For a properly placed licensing and commercialization company like MIG, the overall target market of potential infringers continues to increase, as more and more industries rely on devices that communicate with microprocessors. For example, the automotive industry is seeing explosive growth in the use of microprocessors inside vehicles, and with the advent of "The Internet of Things"[17], connectivity of any and all mundane devices is possible. The result is that the total remaining potential market may actually be larger than is currently forecast for the MMP portfolio.

[17] IoT promises to connect billions of everyday devices, merging the physical and online world. http://www.goldmansachs.com/our-thinking/outlook/iot-infographic.html.



Marketing Plan

Moore Innovations believes the MMP Portfolio has been badly damaged and its value greatly reduced by the reckless and self-interested conduct of The TPL Group. Under TPL and Alliacense management, the MMP Portfolio has suffered since 2009 for several reasons. They include:

- The TPL Group moved away from supporting MMP exclusively to supporting four portfolios, spreading resources thinly and arbitrarily.
- Shut down the IntellaSys division, relegating the company to NPE status (Non-Practicing Entity – troll)
- Mismanaged its financial resources so badly that it became necessary to sell "firesale" licenses at deep discounts just to remain in business, tremendously degrading the remaining value of the portfolio absent a clearcut break from the past and movement to a new valuation program.
- Angered and intimidated potential licensees, clear-cutting the MMP forest and then moving on.
- Stopped paying Mr. Moore his share of the MMP royalties, inviting a highly public lawsuit.
- Undervalued the MMP share of a multi-license deal, inviting a highly public lawsuit from Patriot Scientific.

- Did not pay Chester and Marcie Brown their share of MMP royalties that was owed to them, inviting a lawsuit and a judgment against TPL, leading the company into bankruptcy.
- Failed to see and respond to changing IP licensing market conditions.

The list can go on and on, but the bottom line quite simply is that **if MMP is to be resuscitated, it needs to be re-invented and re-introduced to the market under new management and leadership.**

Current perception is that the TPL Group management has shown a remarkable disdain for honesty, civility, and integrity when dealing in a business context. Moore Innovations will address and remedy these issues by placing a man known for his honesty, civility and integrity at the forefront of the company, Charles H. Moore. This will be the first step in bringing the portfolio back to life.

MIG envisions creating a documentary surrounding the life and accomplishments of Chuck Moore. In the manner of a *Frontline* documentary, we hope to bring to light the brilliance, intellect, modesty and integrity of Mr. Moore, and the positive effect the technology he developed has had on the world. In addition, we will explore his new Array technology, and all the possibilities we hope to achieve as we move forward. We expect this to be a very powerful piece, putting a human face on an abstract idea known as "Intellectual Property".

The culture at Moore Innovations will be one of collaboration, honesty, integrity and the desire to excel and focus on our goal, which is **to evangelize for Chuck Moore and his technology.** MMP licensing is a means to an end, and that end is to fund the development of his newest, greatest and perhaps last technological advance, the Array processor. This will be the major focus of Moore Innovations.

In addition to the documentary, MIG will create an interactive website explaining the MMP technology, and keep our visitors up to date with videos, blogs and other useful tools necessary in today's content based world. We will also provide up to date information regarding the Array technology with links to the GreenArrays website.

MIG, using a professional, 3rd party licensing firm, will introduce itself to potential licensees of MMP, with refreshed claim charts and enhanced understanding of the portfolio, current litigation and other aspects of the technology, but with a focus on moving into the future and away from the past. We will do our best to explain the value of an MMP license, and promote Mr. Moore. **MIG is not a troll.** MIG has one and only one portfolio. MIG is a practicing entity, and its leader is the inventor of MMP technology. MIG wants to help our licensees and potential licensees with reverse engineering, IP interpretation and valuation, troll defense and IP software services and solutions. Make no mistake, we will protect our IP rights, but we want

to make sure our potential licensees know that we are available to support them and become their business partner for years to come.

Licensing IP rights is a difficult and complex process. We believe that to be successful in IP licensing, three different constituencies must be convinced of the merits of your technology before any agreement can potentially be reached between licensee and licensor. Those three constituencies are:

- Engineering
- Legal
- Management

Engineering is mainly concerned with the case of infringement of the company products against the patents. *Do our products infringe your patents?* In general, the engineers will review the patents and the claim charts and develop their own interpretation of the terms associated with the claim elements. The licensor has it's own interpretation and the process moves forward slowly and methodically until there is agreement (or not) that the products actually do or do not infringe.

MMP (US'336 to be specific) has the luxury of already having the relevant terms defined by the court. There is no room for interpretation as the judge has already made the ruling. In addition, US'336 already has a set of infringing claim charts. By showing that the products of the potential licensee match the infringing claim charts of HTC, the case of infringement is very much cut and dry.

Legal, on the other hand, is mostly concerned with invalidity. *Are the patents valid?* If a potential licensee can show that there is "prior art" that teaches the licensor's patent, the patent is deemed to be invalid, and therefore does not need to be licensed. Referring back to US'336, there have been four re-examinations of the patent completed by the USPTO, and all four of those re-examinations have resulted in ruling maintaining the validity of the patent. To put this in context, most patents will go through one or perhaps two re-exams at the PTO. Rarely will a patent have to endure three. Four is virtually unheard of. Over the years technology companies have banded together in a desperate attempt to nullify US'336, and have failed. To their chagrin, US'336 is valid and enforceable, and shall remain so until it expires.

Management is mostly concerned with business risk. *What do we risk by licensing the technology? What do we risk by not licensing the technology?* In general, when dealing with another company in the field, companies will come up with cross-licensing arrangements. "I'll license your patents if you'll license mine." But when dealing with a Patent Troll, the troll isn't interested in the licensee's patents because the troll is a NPE. The troll wants money; it has no products to develop or sell. To company management, paying off the troll only makes the troll stronger, and will embolden the troll to continue to attack the company with more and more claim charts from more and more portfolios. It is a type of extortion, and management is

loath to play this game. Thus, the company fights. It moves against the troll's patents for invalidity. It moves against the troll in federal court. Litigation ensues, and only the lawyers win in the end.

But what happens when the inventor comes knocking on the door and is asking for a license in order to protect his IP to provide himself enough resources to move his new technology forward? What happens when that inventor is a true blue American genius and hero, a man whose inventions are powering satellites and spacecraft circling the cosmos at this very moment? What happens when his easy to interpret claim charts match those of previously infringing claim charts? Finally, what happens when the case for invalidity of his patents has been reduced to near zero? What happens is **the *business risk* of not licensing the portfolio goes up exponentially.** Add in the direct cost of litigation and the potential for *willful infringement*[18], and there is a much better chance at reaching a reasonable licensing agreement between the licensor and the licensee.

For the past five years, The TPL Group has been playing the Patent Troll game with the MMP Portfolio and has been losing. It's time to bring in MIG and begin winning again for Mr. Moore and his cutting edge technology.

Strategic Alliances

All companies need partners, and MIG is no different. We see five necessary strategic partners in order for MIG to be successful. They are:

- TPL
- Phoenix Digital Solutions
- A competent, aggressive litigation firm
- GreenArrays, Inc.
- A 3rd Party Licensor

TPL & PDS

Phoenix Digital Solutions ("PDS") is the joint venture company that currently licenses the MMP Portfolio for TPL and Patriot Scientific ("Patriot"). The MMP Plan for Reorganization call for the 2012 amendment to the original 2005 ComAg agreement between TPL and PTSC to be set aside as a preference, returning the MMP licensing rights to TPL. The MMP Plan also calls for the 2012 agreement between PDS / PTSC / TPL and Alliacense to be set aside as a preference. Setting these two agreements aside will free PDS and TPL to negotiate a new

[18] "infringement or active inducement of infringement is willful when it is done deliberately and intentionally, and with knowledge of the patent. Copying of an invention, if such copying continues after the existence of the patent is made known, is evidence of willfulness." - "Willful Infringement", Smith & Hopen,, US Registered Patent Attorneys, http://www.smithhopen.com/glossary_term/67/Willful-infringement

commercialization agreement with MIG, the details of which have been outlined in the MMP Plan for Reorganization.

MIG has outlined in the MMP Plan terms beneficial to both TPL and PDS, relative to the current agreements the companies have with each other and with Alliacense. These terms include:

- TPL (The Creditors Committee) will select one member of the MIG Board of Directors ("BoD")
- PDS will continue as the sole licensor of the MMP Portfolio. All royalty revenue and litigation awards earned for MMP will be sent directly to PDS for distribution as per the January 2013 PDS / TPL / Moore Agreement and the formula described above.
- Both PDS and TPL may provide counsel and advice to the management of MIG, as MIG intends to maintain an open and transparent relationship with these companies.
- MIG will look to PDS to provide $250,000 per quarter in funding MIG, which will be charged back against commissions earned by MIG.[19]
- MIG will earn 20% on gross licensing revenue earned for MMP licenses, and 5% for litigation settlements.
- TPL will be able to pursue licensing revenue for it's other portfolios autonomously and separately from MIG, as MIG will not be a "TPL Enterprise". MIG is a separate, stand alone company.

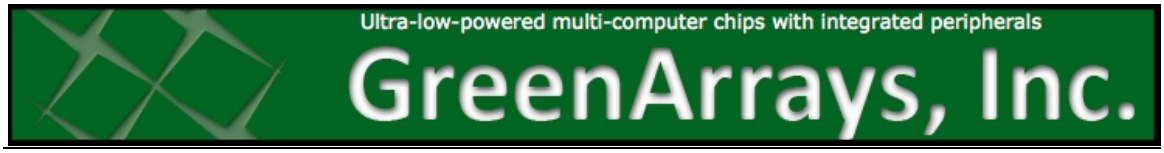
The Litigation Partner

[19] Should PDS refuse to furnish this quarterly advance – one-half of the advance to which Alliacense is presently entitled despite its inaction on the MMP portfolio – Mr. Moore will raise these operating funds independently.

MIG will require a litigation partner. Both PDS and TPL have working relationships with Agility IP Law, LLP ("Agility"), and Agility has achieved good results with regard to the MMP Portfolio, even working under the handicap of TPL Group affiliation. We hope to continue and deepen the relationship with Agility, or a comparable firm should Agility decline the opportunity to continue its MMP portfolio engagement with respect to future litigation. Litigation, though not preferable, will likely make up a large piece of the MIG business strategy moving forward.

MIG will provide its litigation partner with wide latitude in securing licenses and litigation awards from those companies that choose to litigate over infringement of the MMP portfolio. MIG will provide any and all assistance that its litigation partner requires, and will only pass through its costs in providing necessary support services, such as reverse engineering, product research, claim charting and the like. Since MIG and its partners all share the same goal, Mr. Moore believes that MIG should not earn a profit from assisting those companies that are moving the overall effort forward and contributing to the growth of MMP technology.

<u>GreenArrays, Inc.</u>



GrrenArray, Inc. ("GA") is a custom chip design business set up by Mr. Moore, his partners, friends and business associates in 2009 to continue the work on the Array processor. GA has achieved some remarkable things in the past five years, despite minimal funding. Chip development typically requires millions of dollars; GA developed the GA144 with a few hundred thousand dollars.

MIG hopes to partner with GA because we see some wonderful synergies available to both companies. GA can provide needed engineering expertise and support as well as information on the current and new Array technology being developed. MIG can help GA by getting the word out to potential licensees about its extraordinary technology. Both companies will benefit as we move forward together.

A third party licensing partner

MIG need not reinvent the wheel when it comes to licensing. First, MIG must move quickly to avoid losing the months remaining to license the '336 patent before it expires. Second, there are many licensing firms with experience and personnel able to move a licensing effort forward. MIG will not take the time and expend the effort to develop its own licensing capability, thereby losing much of the small window of opportunity available to restore and invigorate the MMP licensing program.

Recently, PDS, through PTSC, developed a relationship with "Dominion Harbor" in an effort, still being negotiated with Mr. Leckrone after eight months of talk, to take manage commercialization of 50% of the MMP Portfolio. Dominion Harbor is well versed in protecting IP rights, and has presumably familiarized itself with the MMP portfolio in anticipation of proceeding with arranging for licensing of 50% of target infringers (again, once the negotiation with Mr. Leckrone is concluded, the infringers have been identified, and Alliacense has been persuaded to part with its work product necessary to approach the infringers). Mr. Moore believes that an equitable arrangement can and will be developed between MIG and Dominion Harbor, or another reputable licensing firm, to manage not just 50% of the commercialization effort, but 100%. (Presumably, any licensing firm would welcome the opportunity to license to an entire market rather than settling for half a loaf.)

MIG has its core competency in the development of licensing pipelines, claim charting, reverse engineering and software development. A licensing firm such as Dominion Harbor will have as its main core competency the direct negotiation with potential licensees in a fair, respectful, ethical and businesslike manner.

A formidable partnership is in the making.

Portfolio Pricing

The pricing model put forward by The TPL Group was, in a word, incomprehensible. As was learned from public testimony at the HTC trial, Alliacense offered multiple tiers, for multiple industries, based on the full value of the infringing product. Some licenses were given away at firesale prices to meet Alliacense cashflow needs, damaging the value of the portfolio and the MMP brand; other licenses were sold as packaged bundles with unrelated patents, blurring the lines while creating conflicts of interest. MIG intends to move in a different, more coherent, direction.

The patent system is rather strange in that it employs the *entire market value rule* (EMVR) when valuing the license potential for a patent.[20] In essence, a licensor will

[20] Entire Market Value ("EMVR") applies to sales of a single, multifaceted device that incorporates a patented feature together with unpatented features. "When a patentee seeks damages on

calculate the value of a patent license on the total value of the product. Thus, if the patent is valued by the licensor at .05% of the value of the product, and the product is a $100 camera, then the charge per unit is:

$100 * .005 = 50 Cents / Unit.

Multiply that by the number of infringing units and you have the value of the royalty owed to the licensor. But, if the product is a $50,000 automobile, the calculation is:

$50,000 * .005 = $250 / Unit

While it is probable that the automobile is utilizing more microprocessors than the camera, it's unlikely it has *500 times more infringing content* than the camera.

The Patent Troll tries to leverage the EMVR as much as possible, because that's the Patent Troll business model. But as we've stated, MIG is not a troll – in fact, MIG is the anti-troll—and we have chosen a pricing model that makes sense. MIG will charge royalties based on the *Circuit Assembly* (eg; Printed Circuit Board, or PCB). US'336 is a system patent, meaning it involves a system of processors communicating with each other. Those systems, for the most part, reside within circuit assemblies. While circuit assemblies vary greatly in size and complexity, the variance is far less than that of the products they reside in. Less variance means a more stable pricing structure at the unit level.

Thus, using the example above, let's assume the camera has one PCB inside that requires a license and the automobile has eight. We will also assume the PCB cost to be $10 per unit. If we assume a royalty rate of .5%, then the per unit cost to each potential licensee is:

$10 * .5 = 50 Cents / Unit (Camera)
$10 * .5 * 8 = $4 / Unit (Automobile)

This is a rough example and there are many variables to be considered, and in some instances, the EMVR rule may be appropriate when valuing a license, as each potential licensee is different. Yet the goal is to develop a sane approach that is fair and consistent to each potential licensee.[21]

The Organization

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unpatented components sold with a patented apparatus, courts have allpied a formulation known as the "entire market value rule" to determine whether such components should be included in the damage computation. . . – "Damages for Unpatented Items / Entire Market Value Rule", Fish & Richardson, http://www.fr.com/marketvalue/Generic.aspx

[21] Calculating patent royalties is a notoriously difficult process, and the example above has no real basis with regard to the actual pricing MIG will employ as it moves forward. MIG pricing is proprietary and will be based on the historical records of licenses signed by TPL in the past.

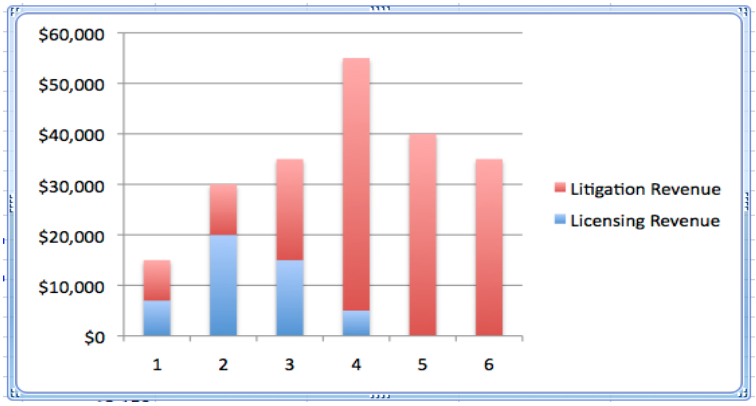
History tells us that a small, focused team of licensing professionals, engineers and support staff can successfully license the MMP portfolio. This is exactly what Moore Innovations proposes to do.

At the top of the company is Mr. Moore. He will be the Chairman of MIG, and will provide his experience, expertise and steady hand in deciding on the strategic direction of the company. In addition to Mr. Moore, there will be two additional people that will make up the MIG Board of Directors. Mr. Moore will choose one, and the TPL Creditor Committee will select the other seat. Mr. Moore believes this to be a fair and reasonable approach, allowing the TPL creditors to have direct input and a close view into the organization that is safeguarding TPL's most valued asset.

The Board shall select a CEO for Moore Innovations. Mr. Moore already has someone in mind that has the requisite experience, drive, and foresight to successfully lead the company. He has built licensing teams in the past, and has also built the operational infrastructure needed to lead a successful licensing campaign. He also knows the MMP Portfolio inside and out, and has represented Mr. Moore as his business consultant for the last five years. Mr. Moore has chosen David Sciarrino to lead Moore Innovations once the MMP Plan has been confirmed.[22]

As stated above, MIG plans to utilize a 3rd party licensing firm to promote Mr. Moore and to commercialize the MMP technology. MIG will supply the back office support, while the licensing organization (Dominion Harbor, or its comparable) will provide the front line negotiation strategy and personnel in the field.

Pro Forma Financials and Analysis[23]



[22] Resume's of the current leadership are attached to this document in the appendix.

[23] Detailed financial analysis is attached as an exhibit to this business plan. Footnotes on the pro formas is also attached.

The analysis will be split into two parts; (a) an analysis of the expected revenue stream to PDS and the direct expenses PDS can expect through FY 2020, and (b) pro forma MIG budget and expected profit / loss. MIG will be generating revenue for PDS. In return, it receives quarterly advances as well as commissions on licensing revenue generated by the MMP portfolio for PDS.

Pro Forma PDS Profit & Loss.
The pro forma projections in this document rely on some basic assumptions.

Basic assumptions include:

- Litigation contingency costs are assumed to be 30% of gross litigation awards.
- Litigation Commissions on licensing are 5%
- 3rd party direct costs are expected to be 2.5% of gross litigation awards.
- Licensing revenue is assumed to be 20% of the total, while litigation revenue is assumed to be 80% of the total. Litigation is weighted more as the patents are expiring in the next few years.

The budget forecast expects the MMP portfolio to generate $250M in gross revenues over the remaining lifespan of the portfolio. It is assumed that there are still +400 potential licensees in the market. This means that the average expected future license or litigation award will be just $625k per prospective licensee, well below the $3 million average generated previously. Mr. Moore believes the average will be much higher, but preferred to use conservative estimates when providing this forecast.

MIG Pro Forma Profit & Loss.

The MIG assumptions include the following:

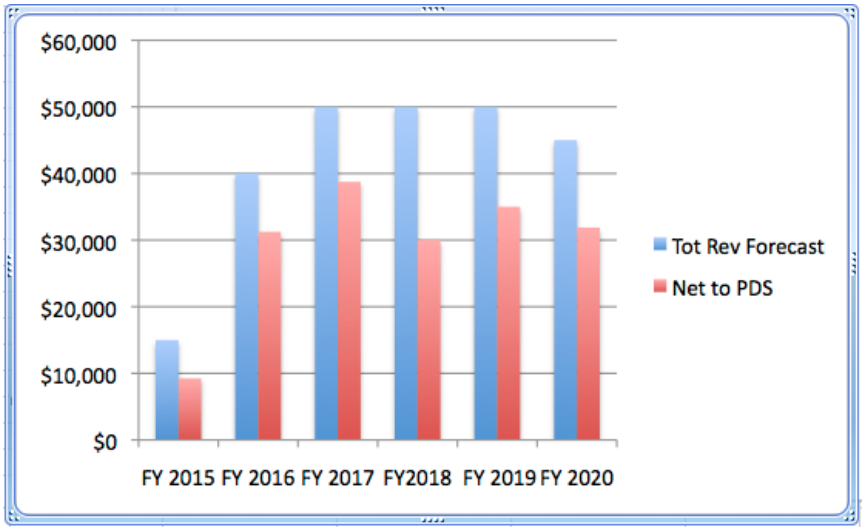
- $250k per quarter provided by PDS (or private funding) to MIG for operations for 3 years, or $3M total. These advances will be repaid with revenues generated by MIG.
- Benefits on salaries are assumed to be 20% of total salaries.
- Employee bonus pool will be equal to 20% of the EBT of MIG.
- Taxes are assumed to be 25% of EBT.

Analysis

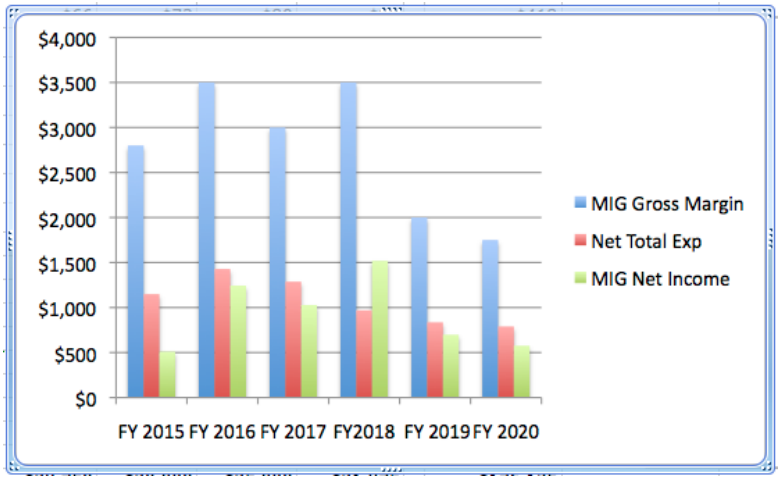
As stated above, the single focus of MIG, the marketing plan, the status of Mr. Moore, and everything stated above leads us to believe MMP can be revived and thrive over the next few years.

The original licensing pipeline revealed a total value of potential licensees to be over $1 billion in 2005. Technology has grown tremendously since that time and pervades nearly every aspect of our lives. Cell phones are smart phones, aircraft are

all incorporating "fly by wire" technology, automobiles are now travelling WiFi networks, and we're moving into the era of "the Internet of things". Thus, while the original pipeline for MMP technology was estimated to be $1 billion, the current pipeline is much higher. If we were to license just 25% of that number, we will achieve our goal of $250 million in MMP revenue over 6 years.



The graph above shows the expected gross margin to PDS generated from the MIG program. Gross Margin, after direct licensing and litigation expenses is expected to average over 71% over 6 years. This is due to the fact that MIG charges a higher percentage for commissions for licensing than it does litigation, and any litigation support provided would be at cost. This is much different that the current commercialization effort, that charges a high commission for licensing and litigation, as well as charging "top line" prices for licensing support. This has the effect of severely reducing gross margin, cutting the amount of royalty payments that can be expected to be released from PDS.



MIG expects to generate over $13 million in licensing and litigation revenue (after payment to the 3rd party licensing partner) from the commercialization of the MMP Portfolio. That is a combined, blended commission rate of 6.4% on MMP gross revenues to PDS. Direct and indirect operating expenses are expected to be $6.4 million, or 40% of gross commissions, resulting in a health 60% rate of earnings before taxes (EBT). The net profit MIG earns will be invested in marketing MIGs other services and products, such as IP Defender and IP support services. Since MIG will have a ready audience of 400 prospective licensees, we believe it will have a ready audience that will seriously consider using MIG's other services, allowing the company to grow far into the future.

Conclusion

The MMP Plan for reorganization is based on the separation and segmentation of TPL's IP assets (almost exclusively, licensing rights, since the patents themselves have been taken from TPL and given over into Leckrone entities) into separate "Silos". MIG is the commercialization entity that is to be created to manage the MMP portfolio, arguably the most valuable asset in the TPL stable of patents.

Yet Moore Innovations goal is not only to license IP; it also seeks the compatible and supportive goal of promoting and selling the vision and genius of its founder, Charles H. Moore. While MMP is a significant part of that vision, it is not the only part, and it represents the past. MIG is interested in evangelizing Mr. Moore's future technology, which is embodied in the GA144 microprocessor. The GA144 needs funding to succeed, funding to be derived from licensing MMP.

MIG will re-introduce the MMP brand to the technology world, removing the stigma of Patent Troll TPL and its sister company Alliacense from the portfolio. MIG wants to partner with its current and future licensees providing engineering and technical expertise to help these companies move forward.

MIG will incorporate a new three section claim chart for the US'336 patent, the most valuable patent in the portfolio. US'336 has withstood multiple attacks on its validity and has beaten a massive (and massively well-funded) technology giant in HTC. These facts, coupled with a true American hero and genius in Chuck Moore practicing the art of his inventions, provide MIG with a tremendous opportunity for success in the future.

MIG will offer software and services to its licensee partners, helping them fight off attacks by trolls and yielding for them the highest value possible for their own internal IP.

MIG will partner with TPL, PDS, a law firm partner (ideally Agility), GreenArrays and a third party licensing form (ideally, Dominion Harbor) to bring its vision to market.

MIG expects to generate $250 million in licensing and litigation revenue over the next five years, with nearly two thirds of the total revenue being returned to PDS for distribution as royalties. This is achievable because MIG will create a small group of licensing, business and engineering professionals to lead the effort for MMP.

The TPL Group's fortunes have been in decline for six years, and the probability of its current team resurrecting its brand is nonexistent. TPL is quite literally bankrupt, with no ideas for the future except continuing failed practices from the past. Alliacense, TPL's sister company, is still a Patent Troll. Trolls have been under increasing attack for years, and this reality is unlikely to change in the near or distant future.

MMP's future is now, and that future should be led by Moore Innovations Group.

MIG Pro Forma Financials 2015-2020 ($000)

MIG Forecast ($000)	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	6 Yr Total
PDS Advance	$1,000	$1,000	$1,000	$0	$0	$0	$3,000
NET MIG Lic Comms	$1,400	$3,000	$3,000	$1,000	$0	$0	$8,400
NET MIG Lit Comms	$400	$750	$1,250	$2,250	$2,500	$2,250	$9,400
Gross MIG Income	$2,800	$4,750	$5,250	$3,250	$2,500	$2,250	$20,800
Less: Sales Exp	$840	$3,000	$3,000	$600	$0	$0	$7,440
MIG Gross Margin	$1,960	$1,750	$2,250	$2,650	$2,500	$2,250	$13,360
Expenses							
Rent	$60	$60	$62	$64	$66	$68	$379
Utilities	$36	$12	$12	$13	$13	$14	$100
Telecom	$24	$12	$12	$13	$13	$14	$88
IT / Network / Software	$120	$120	$124	$31	$8	$8	$410
FedEx	$12	$20	$21	$5	$1	$1	$60
Prod Reserch / Subscriptions	$60	$200	$50	$25	$13	$0	$348
Teardown Product	$30	$60	$62	$31	$15	$0	$198
Travel	$100	$200	$220	$110	$55	$28	$713
Marketing Exp	$100	$100	$50	$25	$13	$6	$294
Other	$40	$44	$48	$53	$59	$64	$309
Operating Exp	$582	$828	$661	$369	$255	$202	$2,897
Salaries							
Sales Exp	$0	$0	$0	$0	$0	$0	$0
Admin (1)	$60	$60	$66	$73	$80	$80	$418
Engineers (1)	$96	$96	$106	$116	$128	$128	$669
Tear Down (1)	$84	$84	$87	$89	$92	$95	$530
Inside Sales (2)	$45	$72	$74	$37	$0	$0	$228
Finance	$120	$120	$124	$127	$131	$135	$757
Sales Interns / Analysts	$18	$24	$26	$13	$7	$7	$95
CEO	$144	$144	$144	$144	$144	$144	$864
Salaries Exp	$567	$600	$626	$599	$581	$588	$3,562
Net Total Exp	$1,149	$1,428	$1,287	$969	$836	$790	$6,459
EBT	$61	$322	$963	$1,681	$1,664	$1,460	$6,151
Bonus Pool (20% EBT)	$12	$64	$193	$336	$333	$292	$1,230
EBIT	$49	$258	$770	$1,345	$1,331	$1,168	$4,921
Tax (25%)	$12	$64	$193	$336	$333	$292	$1,230
MIG Net Income	$37	$193	$578	$1,009	$998	$876	$3,691