

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended September 30, 2017

or

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission File Number: 001-33304



FINJAN HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

20-4075963
(I.R.S. Employer
Identification No.)

2000 University Ave., Suite 600
East Palo Alto, CA 94303

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

(Do not check if a smaller reporting company)

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of November 6, 2017, 27,707,329 shares of the registrant's common stock, par value \$0.0001 per share, were outstanding.

FINJAN HOLDINGS, INC.
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PART I - FINANCIAL INFORMATION
Item 1. Financial Information

FINJAN HOLDINGS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except shares and par value)

	September 30, 2017	December 31, 2016
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 33,395	\$ 13,678
Accounts receivable	—	1,066
Prepaid expenses and other current assets	543	292
Total current assets	33,938	15,036
Property and equipment, net	167	203
Investment	2,618	2,745
Intangible assets, net	8,279	—
Other long-term assets	322	321
Total assets	\$ 45,324	\$ 18,305
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 2,831	\$ 1,858
Accounts payable - related parties	13	88
Accrued expenses	504	1,832
Accrued income taxes	241	3
Warrant liability	1,783	—
Other liabilities, current - patent purchase	1,000	33
Total current liabilities	6,372	3,814
Other liabilities, non-current	91	119
Other liabilities, non-current - patent purchase	5,500	—
Total liabilities	11,963	3,933
Commitments and contingencies (Note 2)		
Redeemable Preferred Stock		
Series A Preferred stock - \$0.0001 par value, no shares and 83,502 shares issued and outstanding at September 30, 2017 and December 31, 2016, respectively (Liquidation preference of \$13,777 at December 31, 2016)	—	13,486
Series A-1 Preferred stock - \$0.0001 par value, 153,000 shares and no shares issued and outstanding at September 30, 2017 and December 31, 2016, respectively (Liquidation preference of \$18,934 at September 30, 2017)	18,009	—
Stockholders' equity		
Preferred stock - \$0.0001 par value; 10,000,000 shares authorized; 153,000 shares designated Series A-1 Redeemable Preferred Stock at September 30, 2017	—	—
Common stock - \$0.0001 par value; 80,000,000 shares authorized; 27,483,994, and 23,102,728 shares issued and outstanding at September 30, 2017 and December 31, 2016, respectively	3	2
Additional paid-in capital	23,722	18,140
Accumulated deficit	(8,373)	(17,256)
Total stockholders' equity	15,352	886
Total liabilities and stockholders' equity	\$ 45,324	\$ 18,305

The accompanying notes are an integral part of the condensed consolidated financial statements

FINJAN HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except share and per share amounts)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Revenues	\$ —	\$ 1,141	\$ 27,056	\$ 9,988
Cost of revenues	—	—	4,008	2,237
Gross profit	—	1,141	23,048	7,751
Research and development expense	655	259	1,142	364
Selling, general and administrative expenses	5,112	4,184	14,284	10,953
Total operating expenses	5,767	4,443	15,426	11,317
Income (loss) from operations	(5,767)	(3,302)	7,622	(3,566)
Other income				
Change in fair value of warrant liability	1,530	—	1,530	—
Income (loss) before income taxes	(4,237)	(3,302)	9,152	(3,566)
Provision for income taxes	—	—	269	—
Net income (loss)	(4,237)	(3,302)	8,883	(3,566)
Accretion of Preferred stock	—	(1,309)	(3,925)	(6,789)
Net income (loss) to common stockholders	\$ (4,237)	\$ (4,611)	\$ 4,958	\$ (10,355)
Net income (loss) per share, basic	\$ (0.16)	\$ (0.14)	\$ 0.36	\$ (0.16)
Net income (loss) per share, diluted	\$ (0.16)	\$ (0.14)	\$ 0.34	\$ (0.16)
Net income (loss) per share applicable to common stockholders, basic	\$ (0.16)	\$ (0.20)	\$ 0.20	\$ (0.45)
Net income (loss) per share applicable to common stockholders, diluted	\$ (0.16)	\$ (0.20)	\$ 0.19	\$ (0.45)
Weighted-average common shares outstanding, basic	27,327,936	22,853,865	24,588,296	22,775,918
Weighted-average common shares outstanding, diluted	27,327,936	22,853,865	26,138,201	22,775,918

The accompanying notes are an integral part of the condensed consolidated financial statements

FINJAN HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2017	2016
Cash flows from operating activities:		
Net income (loss)	\$ 8,883	\$ (3,566)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	257	42
Change in fair value of warrant liability	(1,530)	—
Stock-based compensation	641	682
Accounts receivable	1,066	—
Prepaid expenses and other current assets	(252)	137
Accrued expenses	(1,328)	1,848
Accounts payable	973	(88)
Accounts payable - related parties	(75)	(4)
Other current liabilities	(33)	(38)
Other non-current liabilities	(28)	—
Accrued income taxes	238	—
Net cash provided by (used in) operating activities	<u>8,812</u>	<u>(987)</u>
Cash flows from investing activities:		
Purchase of intangible assets	(2,000)	—
Purchase of property and equipment	—	(9)
Purchase of additional investment	—	(550)
Proceeds from investments	127	—
Net cash used in investing activities	<u>(1,873)</u>	<u>(559)</u>
Cash flows from financing activities:		
Proceeds from Common share offering, net of issuance costs	11,951	—
Proceeds from sale of Series A-1 preferred shares, net of issuance costs	14,375	—
Proceeds from sale of Series A preferred shares, net of issuance costs	—	9,490
Redemption of Series A Preferred shares	(13,777)	(2,593)
Proceeds from exercise of stock options	229	111
Net cash provided by financing activities	<u>12,778</u>	<u>7,008</u>
Net increase in cash and cash equivalents	19,717	5,462
Cash and cash equivalents - beginning	13,678	6,101
Cash and cash equivalents - ending	<u>\$ 33,395</u>	<u>\$ 11,563</u>

Supplemental disclosures of cash flow information:

Accretion of series A preferred stock to redemption value	\$	291	\$	6,789
Accretion of series A-1 preferred stock to redemption value	\$	3,634	\$	—
Series A-1 warrant liability	\$	3,313	\$	—
Patent purchase in exchange for payable	\$	6,500	\$	—

The accompanying notes are an integral part of the condensed consolidated financial statements

FINJAN HOLDINGS, Inc.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 – THE COMPANY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Finjan Holdings, Inc., a Delaware corporation (the “Company” or “Finjan Holdings”), is a cybersecurity company focused on licensing and enforcement, developing mobile security applications, providing consulting services, and investing in cybersecurity technologies and intellectual property. Licensing and enforcement of its cybersecurity technology patent portfolio is operated by its wholly-owned subsidiary Finjan, Inc. (“Finjan”). Development and licensing of select former patents of International Business Machines Corporation, a New York corporation (“IBM”) (NYSE: IBM) in the security sector are operated by its wholly-owned subsidiary Finjan Blue, Inc. (“Finjan Blue”). The mobile security business is operated by its wholly owned subsidiary Finjan Mobile, Inc., (“Finjan Mobile”) and the consulting services business is operated by its wholly-owned subsidiary, CybeRisk Security Solutions LLC (“CybeRisk”). Revenues and operations from the Company's Finjan Blue security business, Finjan Mobile security business and the Company's CybeRisk advisory services were deemed immaterial for the three and nine months ended September 30, 2017 and 2016.

BASIS OF PRESENTATION

These unaudited condensed consolidated financial statements have been prepared following the requirements of the Securities and Exchange Commission (“SEC”), for interim reporting. As permitted under those rules, certain footnotes and other financial information that are normally required by accounting principles generally accepted in the United States of America (“U.S. GAAP”) can be condensed or omitted. The December 31, 2016 condensed consolidated balance sheet was derived from audited financial statements, but does not include all disclosures required by U.S. GAAP. The information included in this quarterly report on Form 10-Q should be read in conjunction with the consolidated financial statements and notes thereto of the Company for the year ended December 31, 2016 which were included in the annual report on Form 10-K filed by the Company on March 27, 2017.

In the opinion of management, these condensed consolidated financial statements have been prepared on the same basis as the annual consolidated financial statements and notes thereto of the Company and include all adjustments, consisting only of normal recurring adjustments, considered necessary for the fair presentation of the Company's financial position and operating results. The results for the three and nine months ended September 30, 2017 are not necessarily indicative of the operating results for the year ending December 31, 2017, or any other interim or future periods.

USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, the Company evaluates its estimates, including those related to stock-based compensation, investments, the determination of the economic useful life of property and equipment, income taxes and valuation allowances against net deferred tax assets. Management bases its estimates on historical experience or on various other assumptions that it believes to be reasonable under the circumstances. Actual results could differ from those estimates.

PRINCIPLES OF CONSOLIDATION

The condensed consolidated financial statements include the accounts of Finjan Holdings and its wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

LONG-LIVED ASSETS SUBJECT TO AMORTIZATION

Amortization of intangible assets with finite lives are amortized over their estimated useful lives. The Company reviews them for impairment periodically or whenever impairment exists. The Company continually evaluates whether events or changes in circumstances might indicate that the remaining estimated useful life of long-lived assets may warrant revision, or that the remaining balance may not be recoverable. When factors indicate that long-lived assets should be evaluated for possible impairment, the estimate of fair value is based on the best information available as of the date of the assessment, is subjective and requires judgment, including management assumptions as deemed appropriate and would be based on generally accepted valuation methodologies.

REVENUE RECOGNITION

Revenue is recognized when persuasive evidence of an arrangement exists, delivery of the product or service has occurred, all obligations have been performed pursuant to the terms of the agreement, the sales price is fixed or determinable, and collectability is reasonably assured.

Revenue from the Company's cybersecurity business results from grants of licenses to its patented cybersecurity technology and settlements reached from legal enforcement of the Company's patent rights. Revenue is recognized when the arrangement with the licensee has been signed and the license has been delivered and made effective, provided the license fees are fixed or determinable and collectability is reasonably assured.

The total amount of the consideration received upon any settlement or judgment is allocated to each element based on the fair value of each element. Elements provided in either settlement agreements or judgments include, the value of a license, legal release and interest. Fair value of licensing agreements and royalty revenues, are recognized as revenues in the condensed consolidated statement of operations. Elements not related to license agreements and royalty revenue in nature will be reflected in other income (expense), net in the condensed consolidated statements of operations. Legal release as part of a settlement agreement is recognized as a separate line item in the condensed consolidated statements of operations when value can be allocated to the legal release. When the Company reaches a settlement with a defendant, no value is allocated to the legal release since the existence of a settlement removes legal standing to bring a claim of infringement, and without a legal claim, the legal release has no economic value. The element that is applicable to interest income will be recorded in other income (expense), net.

When settlements or judgments are achieved at discounts to the fair value of a license, the Company allocates the full settlement or judgment, excluding specifically named elements as mentioned above, to the value of the license agreement or royalty revenue under the residual method relative to full license fair value prior to the discount.

FOREIGN CURRENCY

Foreign currency denominated assets and liabilities of foreign subsidiaries, where the local currency is the functional currency, are translated into U.S. dollars using the exchange rates in effect at the balance sheet dates, and income and expenses are translated using average exchange rates during the period. The resulting foreign currency translation adjustments were deemed immaterial for the periods presented.

Gains and losses from foreign currency transactions are included in other income (expense), net in the accompanying condensed consolidated statements of operations. Foreign currency transaction gains (losses) were immaterial for the periods presented, and are included as general and administrative expense, in the accompanying condensed consolidated financial statements.

CONCENTRATIONS OF CREDIT RISK

The Company maintains substantially all of its cash and cash equivalents in financial institutions located in the United States. At times, the Company's cash and cash equivalent balances may be uninsured or in deposit accounts that exceed the Federal Deposit Insurance Corporation insurance limits. The Company has not experienced any losses in such accounts. As of September 30, 2017, and December 31, 2016, substantially all of the Company's cash and cash equivalents are uninsured.

PREFERRED STOCK

The Company accounts for the redemption premium and issuance costs on its preferred stock by recognizing changes in the redemption value immediately as they occur and adjusting the carrying value of the security to equal the redemption value at the end of each reporting period. This method views the end of the reporting period as if it were also the redemption date for the security.

ACCOUNTING FOR WARRANTS

The Company classifies as equity any contracts that (i) require physical settlement or net-share settlement or (ii) gives the Company a choice of net-cash settlement or settlement in its own shares (physical settlement or net-share settlement). The Company classifies as assets or liabilities any contracts that (i) require net-cash settlement (including a requirement to net-cash settle the contract if an event occurs and if that event is outside the control of the Company) or (ii) gives the counterparty a choice of net-cash settlement or settlement in shares (physical settlement or net-share settlement).

DERIVATIVE LIABILITIES

In connection with the issuance of Series A-1 Preferred Stock, the Company issued a warrant with variable consideration. The Company determined that this instrument is an embedded derivative pursuant to ASC 815, “Derivatives and Hedging.”

The accounting treatment of derivative financial instruments requires that the Company record the warrant, at its fair value as of the inception date of the agreement and at fair value as of each subsequent balance sheet date. Any change in fair value is recorded as a change in the fair value of derivative liabilities for each reporting period at each balance sheet date. The Company reassesses the classification at each balance sheet date. If the classification changes as a result of events during the period, the contract is reclassified as of the date of the event that caused the reclassification.

The Monte Carlo Valuation model is used to estimate the fair value of the warrant. The model was developed for use in estimating the fair value of traded options or warrants. The expected volatility is estimated based on the most recent historical period of time equal to the weighted average life of the instrument granted.

The principal assumptions used in applying the model were as follows:

	For Three and Nine Months Ended September 30, 2017
Assumptions:	
Risk-free interest rate	1.5% - 1.6%
Expected life	3 years
Expected volatility	60%
Dividends	0.0%

FAIR VALUE OF FINANCIAL INSTRUMENTS

The reported amounts of the Company’s financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, approximate their fair value due to their short maturities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. These fair value measurements apply to all financial instruments that are measured and reported on a fair value basis.

Where available, fair value is based on observable market prices or is derived from such prices. The Company uses the market approach valuation technique to value its investments. The market approach uses prices and other pertinent information generated from market transactions involving identical or comparable assets or liabilities. The types of factors that the Company may take into account in fair value pricing the investments include available current market data, including relevant and applicable market quotes.

Based on the observability of the inputs used in the valuation techniques, financial instruments are categorized according to the fair value hierarchy, which ranks the quality and reliability of the information used to determine fair values.

Financial assets and liabilities carried at fair value are classified and disclosed in one of the following three categories:

- Level 1 Quoted market prices available in active markets for identical assets or liabilities as of the reporting date.
- Level 2 Pricing inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date.
- Level 3 Pricing inputs that are generally unobservable inputs and not corroborated by market data.

Changes in fair value measurements categorized within Level 3 of the fair value hierarchy are analyzed each period based on changes in estimates or assumptions and recorded as appropriate.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the assignment of an asset or liability within the fair value hierarchy is based on the lowest level of input that is significant

to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

A summary of the Company's Level 3 derivative liabilities for the nine months ended September 30, 2017 is as follow (in thousands):

Balance, December 31, 2016	\$	—
Fair value of derivative liabilities at issuance		3,313
Fair value change of derivative liabilities		(1,530)
Balance, September 30, 2017	\$	1,783

NET INCOME (LOSS) PER COMMON SHARE

Basic net income (loss) per common share is based upon the weighted-average number of common shares outstanding. Diluted net income (loss) per common share is based on the weighted-average number of common shares outstanding and potentially dilutive common shares outstanding and computed as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
(In thousands, except share and per share data)				
Numerator:				
Net income (loss) to common stockholders	\$ (4,237)	\$ (4,611)	\$ 4,958	\$ (10,355)
Denominator:				
Weighted-average common shares, basic	27,327,936	22,853,865	24,588,296	22,775,918
Weighted-average common shares, diluted*	27,327,936	22,853,865	26,138,201	22,775,918
Net income (loss) per common share:				
Basic:	\$ (0.16)	\$ (0.20)	\$ 0.20	\$ (0.45)
Diluted:	\$ (0.16)	\$ (0.20)	\$ 0.19	\$ (0.45)

* The diluted earnings per common share included 462,046 unvested Restricted Stock Units and the weighted average effect of 1,087,859 stock options that are potentially dilutive to earnings per share for the nine months ended September 30, 2017, since the exercise price of such securities was less than the average market price during the period. For the three months ended September 30, 2017 and three and nine months ended September 30, 2016, these securities would be anti-dilutive and were excluded.

Potentially dilutive common shares from employee equity plans are determined by applying the treasury stock method to the assumed exercise of warrants and share options and were excluded from the computation of diluted net income (loss) per share because their inclusion would be anti-dilutive and consist of the following:

	September 30,	
	2017	2016
Stock options	1,620,507	1,718,832
Warrants	2,355,506	—
Restricted Stock Units	462,046	431,747
Total	4,438,059	2,150,579

INCOME TAXES

The Company accounts for income taxes pursuant to the asset and liability method which requires deferred income tax assets and liabilities to be computed annually for temporary differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. The income tax provision or benefit is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

The tax provision for the nine months ended September 30, 2017 is solely comprised of federal alternative minimum tax. During the nine months ended September 30, 2017, the Company used approximately \$7.7 million of its net operating loss carryforwards, resulting in a reduction to the deferred tax valuation allowance of approximately \$2.6 million. No tax provision was recorded for the three and nine months ended September 30, 2016 due to the operating loss generated in the period. For the three months ended September 30, 2017, the income tax provision was deemed immaterial.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers (Topic 606). This ASU is a comprehensive new revenue recognition model that requires a company to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. In August 2015, FASB issued ASU 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date, which deferred the effective date of ASU 2014-09 to reporting periods beginning after December 15, 2017, with early adoption permitted for reporting periods beginning after December 15, 2016. Subsequently, FASB issued ASUs in 2016 containing implementation guidance related to ASU 2014-09, including: ASU 2016-08, Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net), which is intended to improve the operability and understandability of the implementation guidance on principal versus agent considerations; ASU 2016-10, Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing, which is intended to clarify two aspects of Topic 606: identifying performance obligations and the licensing implementation guidance; and ASU 2016-12, Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients, which contains certain practical expedients in response to identified implementation issues. The Company has established an implementation plan and believes the systems in place are adequate to support application of this guidance. The Company expects to adopt this guidance in the first quarter of fiscal 2018. The Company is evaluating the impact of adopting this new accounting standard on its condensed consolidated financial statements.

In February 2016, FASB issued ASU No. 2016-02 "Leases" that requires a lessee to recognize the assets and liabilities that arise from operating leases. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. The new guidance is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption is permitted. The Company is currently evaluating the effect of the standard on its condensed consolidated financial statements and related disclosures.

In March 2016, the FASB issued ASU No. 2016-09, "Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting" ("ASU 2016-09"). The standard is intended to simplify several areas of accounting for share-based compensation arrangements, including the income tax impact, classification on the statement of cash flows and forfeitures. ASU 2016-09 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016. The adoption of this standard did not have a material impact on the Company's condensed consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments." ASU No. 2016-15 clarifies and provides specific guidance on eight cash flow classification issues that are not currently addressed by current GAAP and thereby reduce the current diversity in practice. ASU No. 2016-15 is effective for public business entities for annual periods, including interim periods within those annual periods, beginning after December 15, 2017, with early application permitted. This guidance is applicable to the Company's fiscal year beginning January 1, 2018. The Company is currently evaluating the standard to determine the impact of its adoption on the Company's condensed consolidated financial statements.

In July 2017, the FASB issued ASU 2017-11, "Earnings Per Share (Topic 260), Distinguishing Liabilities from Equity (Topic 480) and Derivatives and Hedging (Topic 815): I. Accounting for Certain Financial Instruments with Down Round Features; II. Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and

Certain Mandatorily Redeemable Noncontrolling Interests with a Scope Exception". Part I of this update addresses the complexity of accounting for certain financial instruments with down round features. Down round features are features of certain equity-linked instruments (or embedded features) that result in the strike price being reduced on the basis of the pricing of future equity offerings. Current accounting guidance creates cost and complexity for entities that issue financial instruments (such as warrants and convertible instruments) with down round features that require fair value measurement of the entire instrument or conversion option. Part II of this update addresses the difficulty of navigating Topic 480, Distinguishing Liabilities from Equity, because of the existence of extensive pending content in the FASB Accounting Standards Codification. This pending content is the result of the indefinite deferral of accounting requirements about mandatorily redeemable financial instruments of certain nonpublic entities and certain mandatorily redeemable noncontrolling interests. The amendments in Part II of this update do not have an accounting effect. This ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018. Early adoption is permitted. The Company is currently evaluating the effect of the standard on its condensed consolidated financial statements and related disclosures.

Other recent accounting standards that have been issued or proposed by FASB or other standards-setting bodies that do not require adoption until a future date are not expected to have a material impact on the Company's condensed consolidated financial statements upon adoption.

NOTE 2 – COMMITMENTS AND CONTINGENCIES

Operating Leases

The following table sets forth the Company's aggregate future minimum payments under its operating lease commitments as of September 30, 2017 (in thousands):

For the year ending December 31,

2017 (remaining three months)	\$	172
2018		459
	<u>\$</u>	<u>631</u>

The Company accounts for its leases under the straight-line method of accounting. Deferred rent payable was \$41,000 and \$69,000 as of September 30, 2017 and December 31, 2016, respectively, and is included in non current liabilities on the condensed consolidated balance sheets.

Rent expense was \$197,000 and \$573,000 for the three and nine months ended September 30, 2017, respectively, and \$188,000 and \$586,000 for the three and nine months ended September 30, 2016, respectively.

Rental income was \$89,000 and \$267,000 for the three and nine months ended September 30, 2017, respectively, and \$88,000 and \$260,000 for the three and nine months ended September 30, 2016, respectively.

Sublease income is recorded as a reduction in rental expense. Future minimum lease payments to be received under the sublease agreements as of September 30, 2017 are as follows (in thousands):

For the year ending December 31,

	<u>New York</u>	<u>Menlo Park</u>	<u>Total</u>
2017 (remaining three months)	\$ 42	\$ 33	\$ 75
2018	127	—	127
	<u>\$ 169</u>	<u>\$ 33</u>	<u>202</u>

Capital Commitments

On November 21, 2013, the Company made a \$5.0 million commitment to invest in JVP VII Cyber Strategic Partners, L.P. (the "JVP Fund"), an Israel-based limited partnership venture capital fund seeking to invest in early-stage cyber technology companies. If and when the Company funds the entire amount of the investment, it will be less than a 10% limited partnership interest in which the Company will not be able to exercise control over the fund. Accordingly, the Company has accounted for this investment under the cost method of accounting.

On June 8, 2015, the Company received a cash distribution of \$0.8 million as a portion of a gross entitlement of \$1.3 million from its investment in the JVP Fund, the remainder \$0.5 million was reinvested in the fund. Along with its cash investments of \$2.3 million, it represents a total investment of \$2.6 million, net of \$0.13 million distribution received from JVP Fund as of

March 31, 2017, the distribution is a portion of the proceeds allocated to the Company's investment. As of September 30, 2017, the Company has a \$2.7 million outstanding capital commitment to the venture capital fund, which can be called any time.

Contractual Commitments

Finjan Mobile

On April 21, 2017, the Company and Finjan Mobile, a wholly-owned subsidiary of the Company, entered into a Confidential Avira VPN Platform Distribution Agreement (the "Distribution Agreement") with Avira, Inc., a Delaware corporation ("Avira"). Pursuant to the Distribution Agreement, Avira will provide its Virtual Private Network ("VPN") platform and technical support ("VPN Platform") to Finjan Mobile, and Finjan Mobile will utilize the VPN Platform as part of its Vital Security™ suite of product offerings. Avira also granted Finjan Mobile related license rights in connection with the Distribution Agreement and starting July 1, 2017, Finjan Mobile will pay Avira \$3.9 million in fees under the Distribution Agreement, payable in 12 quarterly installments of \$325,000 over the next 3 years. The Company has analyzed the terms of the agreement and has accounted for the transaction as a service agreement, to be expensed over the service period. As of September 30, 2017, the Company has a \$3.6 million contractual obligation due over the next 11 quarters.

Finjan Blue

The Company and Finjan Blue entered into a Patent Assignment and Support Agreement (the "Patent Assignment Agreement") with IBM effective as of August 24, 2017. Pursuant to the Patent Assignment Agreement, Finjan Blue acquired select IBM patents in the security sector (the "IBM Security Patents") in exchange for \$8.5 million cash, payable as follows: (i) \$2.0 million upon execution of the Patent Assignment Agreement and (ii) \$6.5 million over the subsequent four years. The Company's initial \$2.0 million payment was made on August 24, 2017. For the three and nine months ended September 30, 2017, the Company recorded \$0.2 million in amortization of these intangible assets. There were no similar expenses in 2016. In accordance with ASC 350-30-35-2 through 35-4, Intangibles-Goodwill and Other, the Company determined that the useful life of the patents acquired under the Patent Assignment and Support Agreement should be amortized is the four year term of the agreement. These costs are pre-revenue and charged to selling, general and administrative expenses accordingly.

IBM will support Finjan Blue in its development and licensing of the IBM Security Patents and provide assistance for such efforts as needed for the term of the Agreement and Finjan Blue will reimburse IBM for reasonable time and out of pocket costs for such assistance, however IBM will not receive further proceeds from such efforts. IBM does have reservation of rights with respect to the IBM Security Patents for its current licensees and open source initiatives.

NOTE 3 - ACCRUED EXPENSES

The components of accrued expenses are as below:

	September 30, 2017	December 31, 2016
	(in thousands)	
Legal - Litigation / Licensing	\$ 100	\$ 1,195
Compensation	194	560
Other	210	77
	\$ 504	\$ 1,832

NOTE 4 - LICENSE, SETTLEMENT AND RELEASE AGREEMENT

On April 21, 2017, the Company entered into a Confidential Patent License Agreement (the "April 2017 Agreement") with a European corporation ("EU Licensee"). Pursuant to the April 2017 Agreement, EU Licensee will obtain a license to our patent portfolio and will pay Finjan \$4.9 million cash, in license fees, paid as follows, (i) \$2.3 million to be paid within 10 days after the effective date of the April 2017 Agreement, (ii) \$1.3 million on or before January 31, 2018, and (iii) \$1.3 million on or before January 31, 2019. The Company recognized \$2.3 million of the \$4.9 million license as revenues as of June 30, 2017, in accordance with the Company's revenue recognition policy as described in Note 1. Such license does not grant EU Licensee any right to transfer, sublicense or grant any rights under the April 2017 Agreement to a third party except as specifically provided under the April 2017 Agreement. Such license also has certain provisions relating to certain unlicensed products of any company that acquires EU Licensee, or is acquired by EU Licensee or its affiliates, in which case additional license fees may apply. The specific terms of the April 2017 Agreement are confidential.

On March 30, 2017, Finjan entered into a Confidential Master Agreement (the "Sophos Agreement") with Sophos Group plc, a public limited company organized and existing under the laws of England and Wales, Sophos Limited, a corporation organized and existing under the laws of England and Wales ("Sophos Limited"), and Sophos Inc. ("Sophos Inc."), a Massachusetts corporation (collectively, "Sophos"). Pursuant to the Master Agreement, Finjan and Sophos Inc. agreed to dismiss the suit Finjan, Inc. v. Sophos, Inc. before the United States District Court of the Northern District of California (case no. 3:14cv1197-WHO) with prejudice. The Master Agreement also provides for full releases by the parties and covenants not to sue. Under the terms of the Sophos Agreement, on March 30, 2017, Sophos will obtain a fully paid up license to the Finjan patent portfolio and pay a license fee of \$15.0 million in cash, which Finjan received on March 31, 2017. The Company recognized \$15.0 million as revenues as of March 31, 2017, in accordance with the Company's revenue recognition policy as described in Note 1. Finally, in connection with the Sophos Agreement, on March 30, 2017, Finjan Mobile entered into a Confidential Patent Cross License Agreement (the "Finjan Mobile Cross License Agreement") with Sophos Limited. Pursuant to the terms of the Finjan Mobile Cross License Agreement, the parties will grant patent cross licenses in the Field of Use and Sophos Limited will pay Finjan Mobile \$2.5 million cash, \$1.25 million on or before March 31, 2018, and \$1.25 million on or before March 31, 2019.

On March 24, 2017, Finjan entered into a Patent License, Settlement and Release Agreement with Avast Software s.r.o., a company organized under the laws of the Czech Republic ("Avast"), reached an agreement (the "Avast Agreement") that upon Avast's satisfaction of certain terms, Finjan would dismiss its breach of contract and patent infringement claims, filed in the U.S. District Court for the Northern District of California (Case No. 3:17-cv-00283-BLF), against Avast and its newly acquired subsidiary, AVG Technologies, with prejudice. Under the terms of the Avast Agreement, Avast agreed to pay Finjan \$7.745 million in cash on or before March 24, 2017. Payment was received on March 24, 2017 and was recorded as revenue in the first quarter of 2017, in accordance with the Company's revenue recognition policy, as described in Note 1. As provided in the Avast Agreement, specific terms of the agreement are confidential.

On March 2, 2017, Finjan entered into a Confidential Patent License Agreement (the "Veracode Agreement") with Veracode, Inc., a Delaware corporation ("Veracode"). Pursuant to the Veracode Agreement, Veracode would obtain a license to the Finjan patent portfolio and agreed to pay a license fee of \$2.0 million in cash, which Finjan received on March 2, 2017 and was recorded as revenue in the first quarter of 2017, in accordance with the Company's revenue recognition policy, as described in Note 1. Such license does not grant Veracode any right to transfer, sublicense or grant any rights under the Veracode Agreement to a third party except as specifically provided under the Veracode Agreement. Such license also has certain provisions relating to certain unlicensed products of any company that acquires Veracode, or is acquired by Veracode or its affiliates, in which case additional license fees may apply. The specific terms of the Veracode Agreement are confidential.

On June 3, 2016, Finjan entered into a Patent License, Settlement and Release Agreement (the "Proofpoint Agreement") with Proofpoint, Inc. and Armorize Technologies (collectively, "Proofpoint"). The Proofpoint Agreement provides for the licensee to pay Finjan the sum of \$10.9 million in cash, in which \$4.3 million was received on June 6, 2016, \$3.3 million was received on December 28, 2016, and \$3.3 million is payable on or before January 3, 2018. The Company recognized \$4.3 million and \$3.3 million of the \$10.9 million license as revenues as of June 30, 2016 and December 28, 2016, respectively, in accordance with the Company's revenue recognition policy as described in Note 1. The remaining balance of \$3.3 million under the terms of the Proofpoint Agreement will be recognized as revenues when collectability is reasonably assured. In exchange for the foregoing and other valuable consideration, Finjan agreed to, subject to certain restrictions, limits and other conditions, grant Proofpoint a non-exclusive, irrevocable (except in the case of non-payment by Proofpoint or other material breach), worldwide license under Finjan Patents during the Term as specified in the Proofpoint Agreement.

NOTE 5 - STOCKHOLDERS' EQUITY

Preferred Stock

Series A

During the nine months ended September 30, 2017, the Company redeemed \$13.8 million or 83,502 shares of the Company's Series A Preferred stock; \$8.4 million reduced the original recorded value of the Series A Preferred stock and \$5.4 million reduced the accreted value. As a result, the Company has now retired all shares of Series A Preferred Stock issued in its \$10.2 million Series A Preferred Stock financing.

Series A-1

In June 2017, Finjan entered into a Series A-1 Preferred Stock Purchase Agreement with Soryn HLDR Vehicle II LLC, a Delaware limited liability company ("Soryn HLDR"), pursuant to which the Company agreed to issue to Soryn HLDR in a private placement an aggregate of 153,000 shares of the Company's Series A-1 Preferred Stock at a purchase price of \$100.00 per share, for aggregate proceeds of \$15.3 million. The closing of the private placement occurred on June 19, 2017. The Company incurred issuance costs of \$1.0 million which were recorded as an offset to the preferred stock. Such costs will be recognized as a deemed dividend upon the earlier of redemption or the date at which the Preferred Stock can be redeemed.

The Series A-1 Preferred Stock was accounted for under Section 480-10-S99 - Distinguishing Liabilities from Equity (FASB Accounting Standards Codification 480) as amended by ASU 2009-04 - Accounting for Redeemable Equity Instruments ("ASU 2009-04"). Under ASU 2009-04, a redeemable equity security is to be classified as temporary equity if it is conditionally redeemable a) at a fixed or determinable price on a fixed or determinable date, b) at the option of the holder, or c) upon the occurrence of an event that is not solely within the control of the issuer. The Company's financing is redeemable at the option of the holder under the specified terms and conditions of such preferred stock. Therefore, the Company classified the Series A-1 Preferred Stock as temporary equity in the condensed consolidated balance sheet.

The Series A-1 Preferred Stock have redemption features at the option of the Company that have a determinable price and determinable date based on the following liquidation preferences:

The lesser of:

2.8x the original purchase price (OPP); or the following:

- 1.2375x the OPP if redeemed within 180 days of closing; or
- 1.3x the OPP if redeemed between 180 and 270 days of closing; or
- 1.34x the OPP if redeemed between 270 days and 360 days of closing; or
- 1.575x the OPP if redeemed between 360 days and 720 days of closing; or
- Thereafter, 1.75x the OPP plus 0.125x the OPP for every 90 day period the preferred remains outstanding.

The redemption feature is also at the option of the holder in accordance with the terms and conditions set forth in the Certificate of Designation and is redeemable as a percentage of certain revenues, which varies by type of revenue as well as date received. These revenues include monetary awards, damages, fees, recoveries, judgments in a suit, as well as monies received from gross licensing, royalty or similar revenue. Such monetary awards are not solely within the control of Finjan, however, have not been triggered as of September 30, 2017.

The Company accretes changes in redemption value over the period from the date of issuance to the earliest redemption dates of the security. The increase in the redemption value is a deemed dividend that increases the carrying value of the Series A-1 Preferred Stock to equal the redemption value at the end of each reporting period with an offsetting decrease to additional paid-in-capital. During the nine months ended September 30, 2017, the Company recorded a deemed dividend of \$3.6 million, representing an increase to the Series A-1 Preferred Stock's redemption (liquidation) value, net of costs.

The Company also agreed to issue to Soryn HLDR a fully vested common stock warrant (the "Warrant"), to purchase 2,355,506 shares of common stock, \$0.0001 par value per share of the Company at an exercise price of \$3.18 per share, the Warrant has a term of three years. The closing of 2,000,000 shares occurred on June 19, 2017, 309,136 occurred June 30, 2017 and 46,370 on July 25, 2017. The Warrant has the rights to acquire a variable amount of common stock at a fixed price for the first 15 months. Under ASC 815-40-15-8A, the Warrant is not considered indexed to the Company's stock, and thus it has a derivative feature and has been classified as a liability. The Company has valued the Warrant at inception using a Monte Carlo valuation model, recording a \$3.3 million Warrant liability at inception. The warrant was revalued at September 30, 2017, reducing the Warrant liability by \$1.5 million to \$1.8 million, the change in the fair value of the warrant was recorded in Other Income. As of September 30, 2017 the aggregate intrinsic value of the warrant was \$0, with a weighted average contracted term of 3 years.

Common Stock

On June 30, 2017, the Company completed an underwriting agreement (the "Underwriting Agreement") with B. Riley & Co., LLC (the "Underwriter") pursuant to which the Company agreed to issue and sell an aggregate of 3,600,000 shares of its common stock, par value \$0.0001 per share (the "Common Stock"), at a public offering price of \$3.15 per share gross proceeds, with net proceeds to the Company of \$2.90 per share, for a total of \$10.4 million. Under the terms of the Underwriting Agreement, the Company also granted the Underwriters a 30-day over-allotment option to purchase an additional 540,000 shares of Common Stock, which was exercised July 21, 2017. The Company received \$1.6 million net proceeds from the exercise of the over-allotment.

On June 30, 2017, as a result of the common stock offering, pursuant to the terms and conditions of the Warrant issued to Soryn HLDR, the number of shares of Common Stock exercisable under the Warrant increased from 2.0 million to 2.3 million. On July 21, 2017, upon the exercise of the over-allotment option the number of shares of Common Stock for which such Warrant is exercisable increased an additional 0.05 million shares. The Warrant is exercisable at \$3.18 per common share for all such shares.

NOTE 6 – STOCK BASED COMPENSATION

On July 10, 2014, the Company's stockholders approved the Finjan Holdings, Inc. 2014 Incentive Compensation Plan (the "2014 Plan") at the annual meeting of stockholders, pursuant to which 2,196,836 shares of common stock were authorized for issuance.

Upon shareholder approval of the 2014 Plan, the 2013 Global Share Option Plan was terminated, other than with respect to options outstanding under such plan 1,620,507 options remain outstanding under the 2013 and 2014 plans as of September 30, 2017.

On June 24, 2015, the Company adopted the 2015 Israeli Sub-plan (the "2015 Israeli Sub-plan") to the Company's 2014 Plan, which enables the Company to grant options, and issue shares of common stock to employees and non-employees, who are employed by the Company or any of its affiliates, who are residents of the State of Israel.

On June 21, 2017, at the annual meeting of stockholders, the Company's shareholders approved an increase of 1,000,000 shares to the Finjan Holdings, Inc. 2014 Plan. As of September 30, 2017, the Company has 1,670,276 shares available for issuance under the 2014 Plan.

The Company has issued a total of 1,213,084 Restricted Stock Units ("RSUs") of which 462,046 remain outstanding as of September 30, 2017. RSUs generally vest over three or four years, with one-third or one-fourth, respectively, vesting on the one-year anniversary followed by quarterly vesting thereafter.

Stock-based compensation to employees and non-employees are recognized as expense in the condensed consolidated statement of operations. The compensation cost for all stock-based awards is measured at the grant date, based on the fair value of the award (determined using Black-Scholes option pricing model for stock options and fair value for RSUs), and is recognized as an expense over the requisite service period (generally the vesting of the equity awards). Determining the fair value of stock-based awards at the grant date requires significant estimates and judgments, including future employee stock option exercise behavior and requisite service periods.

During the three and nine months ended September 30, 2017, the Company expensed \$221,000 and \$641,000, respectively, and \$229,000 and \$682,000 for the three and nine months ended September 30, 2016, respectively, of stock-based compensation in the condensed consolidated statements of operations. All stock-based compensation expenses were related to selling, general

and administration. The aggregate intrinsic value of stock options and RSU's outstanding and exercisable as of September 30, 2017 was \$2.4 million.

During the three and nine months ended September 30, 2017, the Company granted options to purchase zero and 165,000 shares of common stock, respectively. During the three and nine months ended September 30, 2017, the Company granted 176,212 and 376,212 RSUs of common stock, respectively.

During the three and nine months ended September 30, 2017, 21,840 and 141,840 stock options were exercised, resulting in cash proceeds of \$0.2 million, respectively.

Number of Options Outstanding and Exercisable		Number of RSUs Outstanding	
Outstanding 2013 & 2014 Plans – December 31, 2016	1,607,347	Non vested - December 31, 2016	185,260
Options granted	165,000	Shares granted	376,212
Options exercised	(141,840)	Shares vested	(99,426)
Options forfeited	(10,000)	Shares forfeited	—
Options expired	—	Shares expired	—
		Non Vested & Outstanding - September 30, 2017	462,046
Outstanding – September 30, 2017	1,620,507		
Exercisable – September 30, 2017	1,255,822		

The Company estimates the fair values of stock options using the Black-Scholes option-pricing model. The assumptions used in the Black-Scholes option-pricing model and the weighted-average grant date fair value of the option awards for the periods presented were as follows:

	Nine Months Ended September 30,	
	2017	2016
Volatility	132% - 141%	149% - 152%
Expected term (in years)	6	7
Risk-free rate	1.82% - 2.19%	1.22% - 1.26%
Expected dividend yield	0%	0%
Weighted-average grant date fair value per option	\$ 1.45 - 3.32	\$ 0.96 - 1.15

As of September 30, 2017, total compensation cost not yet recognized related to unvested stock options was approximately \$1.1 million, which is expected to be recognized over a weighted-average period of 1.5 years.

Options granted during the nine months ended September 30, 2017 had a weighted average exercise price of \$1.61 per share, and a weighted average contractual term of 10 years.

The risk-free interest rate is based on the U.S. Treasury rates with maturities similar to the expected term of the option. The volatility is a measure of the amount by which the Company's share price has fluctuated or is expected to fluctuate and was based on historical volatility of comparative companies that are similar to the Company. For the nine months ended September 30, 2017, the Company updated its volatility assumptions to reflect the increased trading history in the Company's stock. The expected term was estimated using the simplified method. The simplified method calculates the expected term as the average of the time to vesting and the contractual life of the option. The dividend yield is 0% as the Company has never declared or paid any cash dividends and does not anticipate paying dividends in the future.

NOTE 7 – RELATED PARTY TRANSACTIONS

In the course of business, the Company obtains legal services from a firm in which the Company's Chairman is a partner. The Company incurred approximately \$38,000 and \$114,000 in legal fees to the firm for both three and nine months ended September 30, 2017, and 2016, respectively. As of September 30, 2017, and December 31, 2016, the Company had balances due to this firm of \$13,000 and \$88,000 respectively.

The Company obtained social media and investor related services from a firm in which the Company's Chief Financial Officer holds a 50% interest. The Company incurred approximately \$22,000 in fees to the firm during the nine months ended September 30, 2016. The Company canceled this agreement in June 2016.

NOTE 8 - LITIGATION, CLAIMS AND ASSESSMENTS

A. United States District Court Actions

Finjan, Inc. v. FireEye, Inc., Case No. 13-cv-03133SBA, (N.D. Cal)

Finjan filed a patent infringement lawsuit against FireEye, Inc. ("FireEye") in the United States District Court for the Northern District of California on July 8, 2013, asserting that FireEye, Inc. is directly and indirectly infringing certain claims of Finjan's U.S. Patent Nos. 6,804,780, 7,058,822, 7,647,633, 7,975,305, 8,079,086, and 8,225,408, through the manufacture, use, importation, sale, and/or offer for sale of its products and services, including but not limited to FireEye's Threat Protection Platform, including the FireEye Malware Protection System, the FireEye Dynamic Threat Intelligence, and the FireEye Central Management System. Finjan amended its Complaint on August 16, 2013, to add U.S. Patent No. 6,154,844 to the list of asserted patents. The principal parties in this proceeding are Finjan, Inc. and FireEye, Inc. Finjan seeks entry of judgment that FireEye, Inc. has infringed, is infringing, and has induced infringement of the above-listed patents, a preliminary and permanent injunction from infringing, or inducing the infringement of the above-listed patents, an accounting of all infringing sales and revenues, damages of no less than a reasonable royalty and consistent with proof, enhanced damages, and enhanced damages for willful infringement, costs, interest, and reasonable attorneys' fees under 35 U.S.C. §285. FireEye, Inc. answered Finjan's Amended Complaint on September 3, 2013, by denying Finjan's allegations of infringement and counterclaiming that the asserted patents are invalid under 35 U.S.C. §§ 101, 102, 103 and/or 112. Both parties have demanded a jury trial. On June 2, 2014, the Honorable Sandra Brown Armstrong entered an Order Granting Motion to Stay Pending Reexamination of U.S. Patent Nos. 7,058,822 ("the '822 Patent") and 7,647,633 ("the '633 Patent"). Accordingly, the action was placed off calendar until the U.S. Patent and Trademark Office ("USPTO") completed its administrative reexamination proceedings. On February 16, 2016, the USPTO issued an Ex Parte Reexamination Certificate confirming the validity of claims 1-8 and 16-27 of the '822 Patent. On May 31, 2016, pursuant to the Court's Order Granting Motion to Stay Pending Reexamination, the parties filed a joint status report regarding the status of reexamination proceedings of the '822 and '633 Patents. On September 16, 2016, the USPTO issued an Ex Parte Reexamination Certificate confirming the validity of claims 1-7 and 28-33 of the '633 Patent. On October 4, 2016, the Court directed the parties that if FireEye intends to file a Renewed Motion to Stay, it must do so by November 4, 2016. On November 3, 2016, FireEye filed its Renewed Motion for Stay. Finjan's response to the motion was filed November 17, 2016, and FireEye filed a reply on November 23, 2016. The Court vacated the hearing on the Motion to stay scheduled for December 14, 2016 and stated that the Motion will be decided on the pleadings. On March 28, 2017, the Court denied FireEye's Renewed Motion to Stay the case. On April 20, 2017, the Court conducted a case management conference. On May 1, 2017, the Court issued a Scheduling order setting a claim construction hearing for January 28, 2018. On May 31, 2017, FireEye filed an Amended Answer to Finjan's First Amended Complaint, and Finjan filed a Second Amended Complaint to add claims of willful infringement and claims of infringement of U.S. Patent No. 8,141,154. On June 14, 2017, Finjan filed an answer and counterclaims to FireEye's Amended Counterclaims and FireEye filed an answer to Finjan's Second Amended Complaint. On June 29, 2017, Finjan filed an answer to FireEye's Amended Counterclaims. A claim construction/Markman hearing is scheduled for January 18, 2018. There can be no assurance that Finjan will be successful in settling or litigating these claims.

Finjan, Inc. v. Blue Coat Systems, Inc., Case No. 13-cv-03999-BLF (N.D. Cal.)

Finjan filed a patent infringement lawsuit against Blue Coat Systems, Inc., ("Blue Coat") in the United States District Court for the Northern District of California on August 28, 2013, asserting that Blue Coat is directly and indirectly infringing certain claims of Finjan's U.S. Patent Nos. 6,154,844, 6,804,780, 6,965,968, 7,058,822, 7,418,731, and 7,647,333. The principal parties in this proceeding are Finjan and Blue Coat. This action is before the Honorable Judge Beth Labson Freeman. The Court held a claim construction hearing, or Markman Hearing, for this matter on August 22, 2014. The Court entered its Markman Order entitled "Order Construing Claims in U.S. Patent Nos. 6,154,844, 7,058,822, 7,418,731, and 7,647,633," on October 20, 2014, which is available on PACER (www.pacer.gov), as Docket No. 118. Trial for this action took place from July 20, 2015 through August 4, 2015. On August 4, 2015, the jury returned a unanimous verdict that each of the Finjan asserted patents are valid and

enforceable. Further, the jury returned a unanimous verdict that Finjan's U.S. Patent Nos. 6,154,844, 6,804,780, 6,965,968, and 7,418,731 were literally infringed by Blue Coat, and that U.S. Patent No. 7,647,633 was infringed by Blue Coat under the Doctrine of Equivalents. Upon the findings of infringement, the jury also awarded Finjan approximately \$39.5 million in damages as reasonable royalties for Blue Coat's infringement. On September 9, 2015, the Court held a bench trial on non-jury legal issues, and issued findings of fact and conclusions of law on November 20, 2015. On November 20, 2015, the Court entered Judgment in favor of Finjan. On January 29, 2016, the Court taxed costs against Blue Coat. A hearing for the parties' post-trial motions was held on April 28, 2016. On July 18, 2016, the Court issued an order upholding the jury's verdict of infringement, validity, and damages, and denying Blue Coat's motion to amend the Court's findings of fact and conclusions of law, denying Blue Coat's motion for judgment as a matter of law, granting Blue Coat's motion to amend the judgment to show infringement under the doctrine of equivalents is moot for U.S. Patent Nos. 6,154,844, 6,804,780, and 6,965,968, denying Blue Coat's motion for a new trial, denying Finjan's motion for enhanced damages, granting Finjan's motion for pre- and post-judgment interest, and denying Finjan's motion for attorneys' fees. Blue Coat filed a Notice of Appeal to the United States Court of Appeals for the Federal Circuit on August 17, 2016, and an Amended Notice of Appeal on August 22, 2016. On September 2, 2016, the parties submitted a joint stipulation for approval of a supersedeas bond and a stay of enforcement of the judgment pending the resolution of Blue Coat's appeal. On September 7, 2016, the Court approved Blue Coat's bond in the amount of \$40,086,172.78. Blue Coat filed its Opening Appellant Brief on December 20, 2016, and appealed the patent eligibility of U.S. Patent No. 6,154,844, infringement of U.S. Patent Nos. 6,154,844, 6,965,968, and 7,418,731, and the jury's damages award. Finjan filed its Response Brief on January 30, 2017. Blue Coat filed its Reply Appeal Brief on February 13, 2017. The hearing before the Federal Circuit was held on September 8, 2017. No decision has been entered to date. Finjan has not received any revenue from Blue Coat with respect to this lawsuit. There can be no assurance that Finjan will be successful in collecting the full amount of the jury award.

Finjan, Inc. v. Sophos Inc., Case No. 14-cv-01197-WHO (N.D. Cal.)

Finjan filed a patent infringement lawsuit against Sophos Inc. ("Sophos") in the United States District Court for the Northern District of California on March 14, 2014, asserting that Sophos is directly and indirectly infringing certain claims of Finjan's U.S. Patent Nos. 6,154,844, 6,804,780, 7,613,918, 7,613,926, 7,757,289, and 8,141,154. Finjan amended the Complaint on April 8, 2014 to add U.S. Patent Nos. 8,677,494 and 8,566,580 to the list of asserted patents. Finjan asserts infringement against Sophos through the manufacture, use, importation, sale, and/or offer for sale of its products and services, including but not limited to End User Protection Suites, Endpoint Antivirus, Endpoint Antivirus - Cloud, Sophos Cloud, Unified Threat Management, Next-Gen Firewall, Secure Web Gateway, Secure Email Gateway, Web Application Firewall, Network Storage Antivirus, Virtualization Security, SharePoint Security, Secure VPN, Secure Wi-Fi and Server Security. The principal parties in this proceeding are Finjan and Sophos. This action is before the Honorable William H. Orrick. Finjan seeks entry of judgment that Sophos has infringed and is infringing the above-listed patents, a judgment that Sophos has induced infringement of U.S. Patent Nos. 6,804,780, 7,613,918, 7,613,926, 7,757,289, 6,154,844, and 8,667,494, a judgment that Sophos has contributorily infringed U.S. Patent No. 8,566,580, a preliminary and permanent injunction from infringing, inducing, or contributorily infringing the same patents, an accounting of all infringing sales and revenues, damages of no less than a reasonable royalty and consistent with proof, enhanced damages, costs, interest, and reasonable attorneys' fees under 35 U.S.C. §285. A claim construction or Markman Hearing occurred on February 13, 2015. The Court entered its Markman Order entitled "Claim Construction Order" on March 2, 2015, which is available on PACER (www.pacer.gov), as Docket No. 73. On April 9, 2015, Finjan filed a Second Amended Complaint that included a certificate of correction for the '154 Patent. On November 17, 2015, Finjan filed a Third Amended Complaint to add claims of Sophos's willful infringement. Sophos filed an answer to Finjan's Third Amended Complaint on December 4, 2015. On May 24, 2016, the Court issued an order on the parties' motions to strike, motions for summary judgment, and discovery matters. In its Order, the Court granted Sophos' motion for summary judgment of non-infringement for U.S. Patent Nos. 7,757,289 and 7,613,918, denied the remainder of Sophos' motion for summary judgment, denied Finjan's motion for summary judgment of infringement for U.S. Patent Nos. 7,613,926 and 8,677,494, granted Finjan's motion for summary judgment that certain prior art references were not publicly accessible, granted Finjan's motion to strike in part to exclude certain prior art, granted Sophos's motion to strike in part to exclude portions of Finjan's expert reports on infringement, and deferred ruling on Finjan's motion for summary judgment of validity for U.S. Patent Nos. 8,141,154, 8,677,494, 6,804,780, 8,154,844 and 7,613,926 after reviewing supplemental filings to be submitted with the parties' pre-trial filings. The Court also precluded Sophos from relying on documents that were produced after the close of fact discovery. A mandatory settlement conference was held on July 25, 2016 with no settlement. On August 26, 2016, the parties stipulated to withdrawing allegations in the case, including Finjan's claim of infringement of U.S. Patent No. 8,566,580.

Trial for this action took place from September 6, 2016 through September 21, 2016. On September 21, 2016, the jury returned a unanimous verdict that each of the Finjan asserted patents are valid and enforceable. Further, the jury returned a unanimous verdict that Sophos literally infringed U.S. Patent Nos. 6,154,844, 8,677,494, 6,804,780, 7,613,926 and 8,141,154 and awarded Finjan \$15 million in damages. The jury found that Sophos did not willfully infringe Finjan's patents. On October 31, 2016, the Court entered Judgment in favor of Finjan. Sophos filed post-trial motions on December 20, 2016, asking the Court to overturn jury's determination and to find that there was no infringement, that U.S. Patent Nos. 6,154,844 and 8,677,494 are not

patent eligible, the damages were improper, and that collateral estoppel should apply, or, in the alternative, grant a new trial. The Court held a hearing on the post-trial motions on January 18, 2017, and on March 14, 2017, the Court issued an order denying Sophos' request to overturn the jury's determination and to find that there was no infringement, held that U.S. Patent Nos. 6,154,844 and 8,677,494 are patent eligible, that damages were proper, that collateral estoppel was not applicable, and denied the request for a new trial. The Court also granted Finjan's request for pre- and post-judgment interest. On March 30, 2017, the parties entered into a settlement agreement, see Note 4 and on April 4, 2017, the Court ordered, pursuant to stipulation between the parties, that all claims in the case be dismissed with prejudice.

Finjan, Inc. v. Blue Coat Systems LLC, Case No. 5:15-cv-03295-BLF (N.D. Cal.)

Finjan filed a second patent infringement lawsuit against Blue Coat Systems LLC ("Blue Coat") in the United States District Court for the Northern District of California on July 15, 2015, asserting that Blue Coat is directly infringing certain claims of Finjan's U.S. Patent Nos. 6,154,844, 6,965,968, 7,418,731, 8,079,086, 8,225,408, 8,677,494, and 8,566,580 (collectively, the "asserted patents"), through the manufacture, use, importation, sale, and/or offer for sale of its products and services, including but not limited to the Web Security Service, WebPulse Cloud Service, ProxySG Appliances and Software, Blue Coat Systems SV2800 and SV3800, Malware Analysis Appliances and Software, Security Analytics Platform, Content Analysis System, and Mail Threat Defense, S400-10 and S400-20. Finjan seeks entry of judgment that Blue Coat has infringed and is infringing the above-listed patents, a preliminary and permanent injunction from the infringement of the same patents, an accounting of all infringing sales and revenues, damages of no less than a reasonable royalty consistent with proof, and enhanced damages for willful infringement, costs, interest, and reasonable attorneys' fees under 35 U.S.C. §285. Blue Coat filed its Answer to the Complaint with Jury Demand and Counterclaim with Jury Demand against Finjan on September 8, 2015. On September 29, 2015, Finjan filed its Answer to Blue Coat's Counterclaim. This second Blue Coat action is also assigned to the Honorable Beth Labson Freeman. On December 15, 2015, Blue Coat filed a Motion to Stay the case pending final resolution of Case 5:13-cv-03999-BLF, and Motions for Joinder of several Petitions for *Inter Partes* review ("IPR") on five of seven asserted patents, and *Ex Parte* Reexamination requests for two asserted patents, filed previously by other defendants. A case management conference was held on December 17, 2015. On March 1, 2016 Finjan filed an amended Complaint to add existing Finjan U.S. Patent No. 9,141,786 and two newly issued Finjan U.S. Patent Nos. 9,189,621 (issued November 17, 2015) and 9,219,755 (issued December 22, 2015). On March 18, 2016, Blue Coat filed its Answer to the Amended Complaint and Counterclaims with Jury Demand. On April 8, 2016, Finjan filed its Answer to Blue Coat's Counterclaims. On April 28, 2016, the Court held a hearing on Blue Coat's motion to stay. On June 10, 2016, Finjan notified the Court on the status of the IPR and *Ex Parte* Reexamination proceedings for the asserted patents. On June 27, 2016, Finjan filed an Amended Answer to Blue Coat's counterclaims, adding an affirmative defense of collateral estoppel. On June 27, 2016, Blue Coat filed an Amended Answer to Finjan's Amended Complaint. On July 11, 2016, Finjan filed a motion to strike certain affirmative defenses in Blue Coat's Amended Answer, and a reply to Blue Coat's counterclaims. On July 26, 2016 the Court denied Blue Coat's motion to stay the second case pending proceedings before the USPTO and the United States Patent Trial and Appeal Board's ("PTAB"). On July 28, 2016 Finjan filed a motion for preliminary injunction against Blue Coat. The preliminary injunction would prohibit Blue Coat from making, using, offering to sell or selling within the U.S. or import into the U.S. the Dynamic Real-Time Rating component of Blue Coat's WebPulse product. On August 12, 2016, the parties filed a joint claim construction statement setting forth the parties' undisputed and disputed claim terms. On August 19, 2016, the Court issued an Order setting a schedule for discovery relating to Finjan's preliminary injunction motion. On August 23, 2016, Blue Coat filed a motion to strike Finjan's infringement contentions on the grounds of collateral estoppel and res judicata, which Finjan opposed on September 27, 2016. On September 16, 2016, Blue Coat filed a motion for judgment on the pleadings under 35 U.S.C. § 101, claiming that the asserted claims of the '494 patent are ineligible for lack of patentable subject matter. The Court held a claim tutorial hearing on February 3, 2017, but canceled the Markman hearing when Finjan and Blue Coat agreed to the meaning of all terms. The hearing on Finjan's Motion to Strike Blue Coat's Sixth, Ninth and Tenth Affirmative Defenses, Finjan's Motion for Preliminary Injunction and Blue Coat's Motion for Judgment on the Pleadings was heard on November 10, 2016. On November 14, 2016, the Court granted-in-part Finjan's Motion to Strike Blue Coat's Affirmative Defenses. On November 22, 2016, the Court denied Finjan's Motion for a Preliminary Injunction. On December 13, 2016, the Court denied Blue Coat's Motion for Judgment on the Pleadings. On January 31, 2017, the Court granted-in-part and denied-in-part Finjan's motion to compel discovery from Blue Coat. On February 7, 2017, Finjan supplemented its infringement contentions. On February 2, 2017, the Court granted-in-part and denied-in-part Blue Coat's Motion to Strike Finjan's Infringement Contentions. On April 18, 2017, Blue Coat filed a Motion to Strike Portions of Finjan's Expert Reports. Finjan filed its opposition brief on May 2, 2017. On May 9, 2017, Blue Coat filed its reply brief in support of its Motion to Strike Portions of Finjan's Expert Reports. The Court scheduled Blue Coat's motion to strike to be heard on July 20, 2017. On May 17, 2017, Finjan filed a Motion for Summary Judgment of Infringement and Validity and Blue Coat filed a Motion for Summary Judgment of Noninfringement. The Parties filed their opposition briefs to the summary judgment motions on May 31, 2017, and their reply briefs on June 7, 2017. A summary judgment hearing was held on June 22, 2017. On July 28, 2017, the Court granted in part and denied in part Blue Coat's motion to strike Finjan's infringement expert reports. The Court also issued an order regarding the parties' motions for summary judgment on July 28, 2017. In its Order, the Court granted Blue Coat's motion for summary judgment of non-infringement of certain products for U.S. Patent Nos. 8,566,580 and certain products for U.S. Patent No. 9,141,786; denied the remainder of Blue Coat's motion for

summary judgment; granted Finjan's motion for summary judgment of validity of U.S. Patent Nos. 7,418,731, 8,677,494, 8,566,580, 8,154,844, and 6,965,968; and denied the remainder of Finjan's motion for summary judgment. A pretrial conference was held on October 5-6, 2017. On October 31, 2017, the Court granted the parties' stipulation to narrow issues for trial. In the stipulation, the parties stipulated to withdraw Blue Coat's affirmative defenses of invalidity and laches and counterclaims of invalidity, and Finjan's affirmative defenses of waiver and collateral estoppel-issue preclusion as those defenses relate to invalidity. The parties also stipulated to withdraw Finjan's claims of infringement regarding the '086 Patent, the '755 Patent, claims 1 and 7 of the '844 Patent, claim 2 of the '731 Patent, and claims 14 and 16 of the '494 Patent, and all accused product combinations containing the Security Analytics, ProxySG, and Content Analysis System products, and Blue Coat's counterclaims and affirmative defenses of non-infringement regarding the '086 Patent, the '755 Patent, claims 1 and 7 of the '844 Patent, claim 2 of the '731 Patent, claims 14 and 16 of the '494 Patent, and all accused product combinations containing the Security Analytics, ProxySG, and Content Analysis System products. The parties also stipulated to withdraw the '086 Patent and jointly seek termination of the *inter partes* review concerning the '086 Patent with respect to Blue Coat (IPR2016-01444) as well as dates damages commence for the asserted patents for the purpose of the jury calculating damages. Trial began October 31, 2017. There can be no assurance that Finjan will be successful in settling or litigating these claims.

Finjan, Inc. v. Symantec Corporation., Case No. 14-cv-02998-HSG (N.D. Cal.)

Finjan filed a patent infringement lawsuit against Symantec Corporation ("Symantec") in the United States District Court for the Northern District of California on June 30, 2014, asserting that Symantec is directly and indirectly infringing certain claims of Finjan's U.S. Patent Nos. 7,756,996, 7,757,289, 7,930,299, 8,015,182, and 8,141,154, through the manufacture, use, importation, sale, and/or offer for sale of certain products and services. Finjan amended the Complaint on September 11, 2014 to add U.S. Patent Nos. 6,154,844, 7,613,926 and 8,677,494. The accused products and services include Symantec Endpoint Protection, Symantec Endpoint Protection Small Business Edition, Network Access Control, Norton Internet Security, Norton Anti-Virus, Norton 360, Safe-Web Lite, Norton Safe Web, Messaging Gateway, Messaging Gateway for Service Providers, Messaging Gateway Small Business Edition Managed Security Services-Advance Threat Protection, Advanced Threat Protection Solution, Symantec Protection Engine for Cloud Services, Symantec Protection Engine for Network Attached Storage, Symantec Mail Security for Domino, Symantec Mail Security for Microsoft Exchange, Symantec Scan Engine for Windows, Web Security.cloud, Email Security.cloud, AntiVirus/Filtering for Domino, AntiVirus for Linux, Mail Security for SMTP, Scan Engine for Linux/Solaris, AntiVirus for Caching/Messaging/NAS for Linux/Solaris, Protection Engine for Linux/Solaris, AntiVirus for Caching/Messaging/NAS for Windows, Web Gateway and Norton Security. The principal parties in this proceeding are Finjan and Symantec. Finjan seeks entry of judgment that Symantec has infringed and is infringing the asserted patents, has contributorily infringed and is contributorily infringing U.S. Patent No. 8,015,182, and has induced infringement, and/or is inducing infringement of U.S. Patent Nos. 6,154,844, 7,613,926, 7,756,996, 7,757,289, 7,930,299, and 8,677,494, a preliminary and permanent injunction from infringing, contributorily infringing, or inducing the infringement of the same patents, an accounting of all infringing sales and revenues, damages of no less than a reasonable royalty and consistent with proof, enhanced damages, and enhanced damages for willful infringement, costs, interest, and reasonable attorneys' fees under 35 U.S.C. §285. Symantec answered the Amended Complaint on September 25, 2014, by denying Finjan's allegations of infringement and counterclaiming that the asserted patents are invalid under 35 U.S.C. §§ 101, 102, 103 and/or 112. Symantec filed an Amended Answer on October 31, 2014, removing its Fourteenth Affirmative Defense of unenforceability. Both parties have demanded a jury trial. This matter is assigned to the Honorable Haywood S. Gilliam, Jr., United States District Judge. A Markman Hearing was heard on June 29, 2015.

On July 3, 2015, Symantec filed petitions for IPR before the PTAB for all asserted claims of U.S. Patent Nos. 8,015,182, 8,141,154, 7,757,289, 7,930,299, and 7,756,996. On September 10, 2015, Symantec filed a total of 11 IPR petitions for all asserted claims of asserted patents. On August 20, 2015, Symantec filed a motion to stay the case pending completion of these eight IPR petitions. The motion was heard on October 1, 2015 and on October 9, 2015, the Court stayed the case pending the PTAB's decision on whether to institute IPR of the claims that are the subject of Symantec's petitions. On January 14, 2016, the PTAB denied institution of six IPRs of five asserted patents. On January 21, 2016, the parties filed a joint status report giving the Court an update regarding the status of the IPR petitions. On February 26, 2016 the PTAB denied institution of an additional two IPRs filed on separate patents, denying a total of eight petitions as of February 26, 2016. On March 11, 2016 the PTAB denied two more IPR's on patents against Symantec, denying a total of 10 petitions to date. On March 18, 2016, the PTAB granted institution on the 11th Petition by Symantec, relating to U.S. Patent No. 8,677,494 (IPR2015-01892). On March 29, 2016, the parties jointly requested the Court lift the stay, and on March 30, 2016, the Court lifted the stay. On April 15, 2016, the parties jointly submitted a proposed schedule to the Court for the remainder of the case. On August 1, 2016 the Court issued a Scheduling Order indicating a timeline to trial but without specifically identifying a trial date. On August 31, 2016, the parties filed a joint stipulation requesting that the Court set a date for a settlement conference. There was a settlement conference that took place on March 3, 2017, and the parties provided an update on settlement discussions on March 17, 2017.

On August 25, 2016, Symantec filed an administrative motion requesting leave to submit supplemental authority regarding various claim construction issues and requesting the Court take judicial notice of statements made during and in connection with

the IPR proceedings. Finjan opposed the motion on August 28, 2016. On August 24, 2016, Finjan filed a request that the Court take judicial notice of the PTAB's construction of certain claim terms in connection with its denial to institute inter partes review with respect to U.S. Patent Nos. 7,613,926 and 8,677,494. On August 25, 2016, Finjan filed a request that the Court take judicial notice of the PTAB's construction of certain claims in connection with its granting-in-part of inter partes review of U.S. Patent No. 8,677,494 and denial of inter partes review of U.S. Patent No. 7,613,926. Following a hearing on November 3, 2016, the Court granted the Motion and ordered the parties to file a joint statement by no later than November 11, 2016, proposing an expedited schedule for disclosures, briefs, and a Markman hearing if "deemed necessary by the Court". Finjan filed an opening supplemental claim construction brief on November 29, 2016, Symantec filed a responsive supplemental claim construction brief on December 13, 2016, and Finjan filed a reply brief on December 20, 2016. A supplemental Markman Hearing was held on January 20, 2017. The Court issued a Claim Construction Order on February 10, 2017. The Court issued an Order denying Symantec's Motion to Strike Finjan's Infringement Contention and Sanctions on February 15, 2017. A case management conference was held on February 21, 2017 to discuss the schedule of the case. On March 14, 2017, the Court issued an order scheduling summary judgment motions to be filed by September 22, 2017, the pretrial conference to be held on February 27, 2018, and a 10-day trial to commence on April 9, 2018. On March 24, 2017 and May 26, 2017, the parties provided updates on settlement discussions to the Court. On July 28, 2017, Symantec filed a Motion to Strike Finjan's Doctrine of Equivalents Infringement Contentions. Finjan's opposition to Symantec's Motion to Strike was filed on August 11, 2017, and Symantec's Reply was filed on August 18, 2017. On September 13, 2017, the Court issued an order denying Symantec's Motion to Strike Finjan's Doctrine of Equivalents Infringement Contentions. On August 18, 2017, IAC Search & Media, Inc. ("IAC") filed a Motion to Intervene and Sever with respect to claims related to the '182 Patent. Finjan and Symantec filed their respective Opposition to IAC's Motion to Intervene on September 1, 2017, and IAC filed its Reply on September 8, 2017. On September 29, 2017, the Court granted IAC's request to intervene and extend the case schedule, and declined to sever the claims related to the '182 Patent. On October 10, 2017, the Court issued an order scheduling summary judgment motions to be filed on January 11, 2018, the summary judgment hearing on February 15, 2018, and a pretrial conference on June 5, 2018. Trial is scheduled for July 9, 2018. On October 19, 2017, Finjan filed a motion to amend its answer to add collateral estoppel as an affirmative defense, and Symantec filed its opposition on November 2, 2017. Finjan will file its reply in support of its motion to amend its answer to add collateral estoppel as an affirmative defense on November 9, 2017. There can be no assurance that Finjan will be successful in settling or litigating these claims.

Finjan, Inc. v. Palo Alto Networks, Inc., Case No. 3:14-cv-04908 PJH (N.D. Cal.)

Finjan filed a patent infringement lawsuit against Palo Alto Networks, Inc. ("Palo Alto Networks") in the United States District Court for the Northern District of California on November 4, 2014, asserting that Palo Alto Networks is directly and indirectly infringing certain claims of Finjan's U.S. Patent Nos. 6,804,780, 6,965,968, 7,058,822, 7,418,731, 7,613,918, 7,613,926, 7,647,633, 8,141,154, 8,225,408, and 8,677,494, through the manufacture, use, importation, sale, and/or offer for sale of its products and services, including but not limited to Next-Generation Security Platform, Next-Generation Firewall, Virtualized Firewall, WildFire Subscription, WildFire Platform, URL Filtering Subscription, Threat Prevention Subscription, and Advanced EndPoint Protection. Palo Alto Networks failed to timely respond to the Complaint and Finjan submitted an application for Entry of Default. On Palo Alto Networks' request, Finjan stipulated to an extension of time for Palo Alto Networks to respond. The principal parties in this proceeding are Finjan and Palo Alto Networks. Finjan seeks entry of judgment that Palo Alto Networks has infringed and is infringing the above-listed patents, and has induced infringement and is inducing infringement of U.S. Patent Nos. 6,804,780, 6,965,968, 7,058,822, 7,418,731, 7,613,918, 7,613,926, 7,647,633, 8,141,154, 8,225,408, and 8,677,494, a preliminary and permanent injunction from infringing, or inducing the infringement the same patents, an accounting of all infringing sales and revenues, damages of no less than a reasonable royalty consistent with proof, and enhanced damages for willful infringement, costs, interest, and reasonable attorneys' fees under 35 U.S.C. §285. Palo Alto Networks filed its Answer and Counterclaims on December 31, 2015, by denying Finjan's allegations of infringement and counterclaiming that the asserted patents are invalid under 35 U.S.C. §§ 101, 102, 103 and/or 112. Both parties have demanded a jury trial. On October 8, 2015, the Honorable Edward M. Chen recused himself from the case and requested the case be reassigned to another judge. Also on October 8, 2015, the case was reassigned to the Honorable Phyllis J. Hamilton in the Oakland division of the District Court for the Northern District of California. On September 25, 2015, Palo Alto Networks filed a petition for IPR before the PTAB of U.S. Patent No. 8,141,154. On September 30, 2015, Palo Alto Networks filed petitions for IPR of U.S. Patent Nos. 7,058,822, 7,418,731, 7,647,633 and 8,225,408. On November 4, 2015, Palo Alto Networks filed an IPR petition of U.S. Patent Nos. 7,613,926. On November 5, 2015, Palo Alto Networks filed IPR petitions of U.S. Patent Nos. 6,965,968 and 8,141,154. On November 6, 2015, Palo Alto Networks filed IPR petitions of U.S. Patent Nos. 6,804,780, 7,613,918, 8,225,408 and 8,667,494. On December 10, 2015, the matter was stayed pending a decision by the PTAB on whether to institute IPR of Finjan's claims of its ten patents asserted against Palo Alto Networks. On March 21, 2016, the PTAB instituted trial on claims 1-8, 10 and 11 of U.S. Patent No. 8,141,154, and on April 20, 2016, the PTAB instituted trial on the same claims from a separate petition. On March 29, 2016, the PTAB instituted trial on U.S. Patent No. 8,225,408, claims 14 and 19 of U.S. Patent No. 7,647,633, and denied institution of inter partes review for U.S. Patent Nos. 7,058,822 and 7,418,731. On May 9, 2016, the PTAB denied institution of trial on U.S. Patent Nos. 7,613,926, 6,965,968, 6,804,780, and 7,613,918. On May 13, 2016, the PTAB instituted trial on U.S. Patent No. 8,677,494.

On May 26, 2016, the Court ordered the stay to remain in effect until the PTAB's final determination of the instituted IPRs. There can be no assurance that Finjan will be successful in settling or litigating these claims.

Finjan, Inc. v ESET, LLC et al., Case No. 3:16-cv-03731-JD (N.D. Cal.)

Finjan filed a patent infringement lawsuit against ESET, LLC ("ESET, LLC") and ESET SPOL S.R.O. ("ESET SPOL") (collectively "ESET") in the United States District Court for the Northern District of California on July 1, 2016, asserting that ESET infringes Finjan's U.S. Patent Nos. 6,154,844, 6,804,780, 7,975,305, 8,079,086, 9,189,621, and 9,219,755, through the manufacture, use, importation, sale, and/or offer for sale of its products and services, including but not limited to, ESET ThreatSense, ESET Advanced Heuristic, ESET DNA Signature, Host-based Intrusion Prevention System (HIPS), and ESET LiveGrid technologies including ESET'S Home Protection, Small Office, and Business product lines and ESET Services. Finjan seeks entry of a judgment that ESET has infringed and is infringing the asserted patents, a preliminary and permanent injunction from the infringement of the same patents, an accounting of all infringing sales and revenues, damages of no less than a reasonable royalty consistent with proof, and enhanced damages for willful infringement, costs, interest, and reasonable attorneys' fees under 35 U.S.C. § 285. On July 14, 2016, this case was assigned to the Honorable James Donato in the San Francisco division. On July 27, 2016, ESET, LLC filed a motion to dismiss or stay this action on the grounds that ESET, LLC first filed a declaratory judgment action in the Southern District of California (ESET, LLC v. Finjan, Inc., Case No. 16-cv-01704 (S.D. Cal.)). A hearing was held on this motion on August 31, 2016, during which the Court stayed this matter pending the Southern District's resolution of Finjan's motion to dismiss ESET, LLC's declaratory judgment action. On September 16, 2016, the Southern District dismissed ESET LLC's declaratory judgment action without prejudice. On September 27, 2016, Finjan filed a notice of supplemental authority informing the Court that ESET's declaratory judgment action in the Southern District of California was dismissed without prejudice and requesting that the Court lift the stay. A Case Management Conference was held on October 6, 2016, wherein the Court granted Finjan's request to lift the stay, referred the matter to a settlement conference, and ordered service of the Complaint on ESET's counsel on behalf of ESET SPOL under Federal Rules of Civil Procedure 4(f). On January 27, 2017, the Court ordered that this Case be transferred to the Southern District of California under 28 U.S.C. § 1404(a). This case was transferred to the Southern District of California on January 30, 2017 and was assigned to the Honorable Cathy Ann Bencivengo on February 8, 2017, Case No. 3-17-cv-00183 (S.D. Cal.). There can be no assurance that Finjan will be successful in settling or litigating these claims.

Finjan, Inc. v. ESET, LLC et al., Case No. 3:17-cv-00183 (S.D. Cal.)

Finjan filed a patent infringement lawsuit against ESET, LLC ("ESET, LLC") and ESET SPOL S.R.O. ("ESET SPOL") (collectively, "ESET") in the United States District Court for the Northern District of California on July 1, 2016 (Case No. 3:16-cv-03731-JD (N.D. Cal.)), which was transferred to the Southern District of California on January 31, 2017. This action is currently before the Honorable Cathy Ann Bencivengo. A Case Management Conference was held on March 20, 2017. On October 20, 2016, defendant ESET, LLC filed a motion to dismiss Finjan's Complaint for failure to state a claim for patent infringement. On November 2, 2016, defendant ESET SPOL filed a motion to dismiss Finjan's Complaint for lack of personal jurisdiction and for failure to state a claim for patent infringement. A hearing regarding ESET's motions to dismiss was held on March 20, 2017. On March 21, 2017, the Court denied the motions to dismiss. On April 3, 2017, ESET SPOL S.R.O. and ESET, LLC filed Answers to Finjan's Complaint, by denying Finjan's allegations of infringement and asserting counterclaims of non-infringement and invalidity, unenforceability, and invalidity under 35 U.S.C. §§ 101, 102, 103, 112, and/or 116. Both parties have demanded a jury trial. On April 10, 2017, the Court issued an order regarding claim construction briefing and discovery, and scheduled a Markman hearing for September 25, 2017. On April 24, 2017, Finjan filed (i) a motion to strike Defendants' affirmative defenses and to dismiss Defendants' counterclaims; and (ii) answers to Defendants' counterclaims. On May 16, 2017, ESET filed its Opposition to Finjan's motion to strike and motion to dismiss, and on May 23, 2017, Finjan filed its Reply in support of its motion to strike and motion to dismiss. On June 12, 2017, the Parties filed a Joint Claim Construction and Hearing Statement. On July 24, 2017, the Court granted Finjan's motion to strike ESET's affirmative defenses and dismiss counterclaims with leave to amend. ESET filed its Amended Answer and Counterclaims on August 4, 2017. On August 28, 2017, Finjan filed a Motion to Strike ESET's Amended Affirmative Defenses and Dismiss Amended Counterclaims, ESET filed its Opposition on September 18, 2017, and on September 25, 2017, Finjan filed its Reply. The Court denied Finjan's Motion to Strike ESET's Amended Affirmative Defenses and Dismiss Amended Counterclaims on October 2, 2017. The Court held a Markman hearing on September 25 and 26, 2017. On October 16, 2017, Finjan filed its Answer to ESET's Amended Counterclaims. There can be no assurance that Finjan will be successful in settling or litigating these claims.

ESET, LLC v. Finjan, Inc., Case No. 16-cv-01704 (S.D. Cal.)

ESET, LLC ("ESET") filed a Complaint for Declaratory Judgment against Finjan, Inc. ("Finjan") in the United States District Court for the Southern District of California on July 1, 2016, asserting that there is an actual controversy between the parties to declare that ESET does not infringe any claim of U.S. Patent No. 7,975,305 ("the '305 Patent"). ESET sought an entry

of judgment that it has not infringed any claim of the '305 Patent, an injunction against Finjan from asserting any of the claims in the '305 Patent against ESET or any of its customers or suppliers, and a finding that the case is exceptional and an award of fees and costs under 35 U.S.C. § 285. On July 11, 2016, ESET filed an Amended Complaint for Declaratory Judgment, seeking entry of judgment that it does not infringe any claim of the U.S. Patent Nos. 6,154,844, 6,804,780, 7,975,305, 8,079,086, 9,189,621, and 9,219,755. ESET seeks an injunction against Finjan from asserting infringement of these patents against ESET or any of its customers or suppliers, and a finding that the case is exceptional and an award of fees and costs under 35 U.S.C. § 285. On July 26, 2016, Finjan filed a motion to dismiss the action pursuant to the first-to-file rule, asserting that Finjan was first to file an action in the Northern District of California with respect to five of the six patents at issue between the parties (Finjan, Inc. v ESET, LLC et al., Case 3:16-cv-03731-JD (N.D. Cal.)). In the alternative, Finjan sought to have the case transferred to the Northern District of California on the basis that it is the most appropriate venue. On September 26, 2016, the Court granted Finjan's motion and dismissed this action without prejudice. ESET has appealed the dismissal to the Court of Appeals for the Federal Circuit. The Federal Circuit dismissed this Appeal to the Federal Circuit on February 2, 2017 after the Court in Finjan, Inc. v. ESET, LLC et al., Case 3:16-cv-03731-JD, transferred that case to the Southern District of California.

Finjan, Inc. v. Cisco Systems, Inc., Case No. 17-cv-00072-BLF (N.D. Cal.)

Finjan filed a patent infringement lawsuit against Cisco Systems, Inc. ("Cisco") in the United States District Court for the Northern District of California on January 6, 2017, asserting that Cisco infringes Finjan's U.S. Patent Nos. 6,154,844, 6,804,780, 7,647,633, 8,141,154 and 8,677,494 through the manufacture, use, importation, sale, and/or offer for sale of its products and services, including but not limited to, Cisco's Advanced Malware Protection, Cisco Collective Security Intelligence, Cisco Outbreak Filters, Talos Security Intelligence and Research Group, and AMP Threat Grid technologies, including Cisco AMP for Endpoints, Cisco AMP for Networks (also referred to by Cisco as "NGIPS"), Cisco AMP for ASA with FirePOWER Services, Cisco AMP Private Cloud Virtual Appliance, Cisco AMP for CWS, ESA, or WSA, Cisco AMP for Meraki MX, Cisco AMP Threat Grid. Finjan seeks entry of a judgment that Cisco has infringed and is infringing the asserted patents, a preliminary and permanent injunction from the infringement of the same patents, an accounting of all infringing sales and revenues, damages of no less than a reasonable royalty consistent with proof, and enhanced damages for willful infringement, costs, interest, and reasonable attorneys' fees under 35 U.S.C. § 285. Finjan filed a Proof of Service for January 12, 2017 on January 18, 2017. This matter is assigned to the Honorable Beth Labson Freeman, United States District Judge. On March 6, 2017, Cisco answered Finjan's Complaint by denying Finjan's allegations of infringement, and alleging a counterclaim of breach of contract. On March 27, 2017, Finjan filed an amended complaint. On April 7, 2017, the Court granted the parties' stipulation that Cisco has until April 24, 2017 to answer or otherwise respond to Finjan's First Amended Complaint. On April 24, 2017, the Court granted the parties' stipulation for Cisco to answer or otherwise respond to Finjan's First Amended Complaint by April 26, 2017. On April 26, 2017, Cisco filed a motion to dismiss Finjan's first amended complaint for failure to state a claim for willful infringement. On May 10, 2017, Finjan filed an opposition brief to Cisco's motion to dismiss, and Cisco filed a reply brief to its motion to dismiss on May 17, 2017. On June 1, 2017, the parties filed a joint case management statement. On June 7, 2017, the Court granted Cisco's motion to dismiss with leave to amend. A case management conference was held on June 8, 2017, during which the Court set the following dates: October 31, 2019 for summary judgment hearings, March 26, 2020 for *Daubert* hearings, April 23, 2020 for the final pretrial conference and June 1, 2020 for trial. The Court also set dates for the claim construction tutorial and hearing, which were later moved to June 7, 2018 for the tutorial and June 15, 2018 for the hearing. On June 16, 2017, the Court granted the parties' stipulation for Cisco to answer or otherwise respond to Finjan's complaint within 14 days of Finjan's deadline to file a second amended Complaint. On July 7, 2017, Finjan filed a Second Amended Complaint. On July 21, 2017, Cisco filed a motion to dismiss Finjan's Second Amended Complaint. Finjan's opposition to Cisco's motion to dismiss was filed on August 4, 2017, Cisco filed its reply on August 15, 2017 and the hearing is set for December 14, 2017. The last date to hear dispositive motions is October 31, 2019. There can be no assurance that Finjan will be successful in settling or litigating these claims.

Finjan, Inc. v. ESET SPOL S.R.O. et al., Docket Nos. 2 Ni 53/16 (EP). 4c O 33/16 (Düsseldorf District Court and Munich Court)

Finjan filed a patent infringement lawsuit against ESET SPOL. S.R.O. (ESET SPOL"), a Slovak Republic Corporation, and ESET Deutschland GmbH (collectively "ESET") in the Düsseldorf District Court of Germany on July 1, 2016, asserting that ESET infringes Finjan's European Patent No. 0 965 094 B1 ("the '094 Patent"), through the offering and/or delivering to customers in the Federal Republic of Germany software covered by the '094 Patent, including but not limited to ESET's ThreatSense, ESET Advanced Heuristic, ESET DNA Signature, ESET LiveGrid technologies, including ESET's Home Users, Small Office, and Business product lines and ESET services. Finjan seeks a judgment sentencing ESET to a fine for each violation of patent infringement or, alternatively imprisonment of ESET directors, cease and desist orders for offering or delivering infringing software, providing Finjan with profit information for offering or delivering infringing software, damages, which Finjan has suffered or shall suffer as a result of ESET offering or delivering infringing software since November 1, 2008. The infringement hearing was held on October 5, 2017. No decision has been entered into to date. On November 24, 2016, ESET filed a nullity action. Finjan responded to the nullity action contesting the nullity action completely and requesting the Court to reject the action and impose

the cost of the proceedings to the claimant. There can be no assurance that Finjan will be successful in settling or litigating these claims.

Finjan, Inc. v. Blue Coat Systems, Inc., and Blue Coat Systems GmbH., Docket Nos. 2 Ni 22/17 (EP), 4c O 57/16 (Dusseldorf District Court and Munich Court)

Finjan filed a third patent infringement lawsuit against Blue Coat Systems, Inc., which is its first patent infringement suit against Blue Coat's subsidiary Blue Coat Systems GmbH, located in Munich Germany in the Dusseldorf District Court of Germany on October 14, 2016. Finjan asserts that Blue Coat infringes Finjan's European Patent No. 0 965 094 B1 ("the '094 Patent"), through the offering and/or delivering to customers in the Federal Republic of Germany software covered by the '094 Patent, including but not limited to Blue Coat's ProxySG Secure Web Gateway, Blue Coat's Content Analysis System, Blue Coat's Malware Analysis Appliance, Webpulse, Security Analytics, Web Security Service, and Advanced Secure Gateway. Finjan seeks a judgment sentencing Blue Coat to a fine for each violation of patent infringement or, alternatively imprisonment of Blue Coat's directors, cease and desist orders for offering or delivering infringing software, providing Finjan with profit information for offering or delivering infringing software, damages, which Finjan has suffered or shall suffer as a result of Blue Coat offering or delivering infringing software since November 1, 2008. Blue Coat filed a nullity action. Finjan responded to the nullity action contesting the nullity action completely and requesting the Court to reject the action and impose the cost of the proceedings to the claimant. The infringement hearing is currently set for November 27, 2017. There can be no assurance that Finjan will be successful in settling or litigating these claims.

Finjan, Inc. v. SonicWall, Inc., Case No. 5:17-cv-04467 (N.D. Cal.)

Finjan filed a patent infringement lawsuit against SonicWall, Inc. ("SonicWall") in the United States District Court for the Northern District of California on August 4, 2017, asserting that SonicWall is directly and indirectly infringing certain claims of Finjan's U.S. Patent Nos. 6,154,844, 7,058,822, 6,804,780, 7,613,926, 7,647,633, 8,141,154, 8,677,494, 7,975,305, 8,225,408, and 6,965,968, through the manufacture, use, sale, importation, and/or offer for sale of its products and services, including but not limited to, Appliance Products utilizing Capture ATP and/or Gateway Security Services and Email Security Products utilizing Capture ATP and/or Gateway Security Services. Finjan seeks entry of a judgment that SonicWall has infringed and is infringing the asserted patents, a preliminary and permanent injunction from the infringement of the same patents, an accounting of all infringing sales and revenues, damages of no less than a reasonable royalty consistent with proof, and enhanced damages for willful infringement, costs, interest, and reasonable attorneys' fees under 35 U.S.C. § 285. This matter is assigned to the Honorable Beth Labson Freeman, United States District Judge. A case management conference is scheduled for December 14, 2017. On October 13, 2017, SonicWall filed a Motion to Dismiss Finjan's Complaint for Failure to State a Claim for Willful Infringement. Finjan filed its Opposition on October 27, 2017, and SonicWall's Reply was due November 3, 2017. A hearing regarding the Motion to Dismiss is scheduled for March 29, 2018. There can be no assurance that Finjan will be successful in settling or litigating these claims.

Finjan, Inc. v. Bitdefender Inc., et al., Case No. 5:17-cv-04790 (N.D. Cal.)

Finjan filed a patent infringement lawsuit against Bitdefender Inc. and Bitdefender S.R.L. ("Bitdefender") in the United States District Court for the Northern District of California on August 16, 2017, asserting that Bitdefender is directly and indirectly infringing certain claims of Finjan's U.S. Patent Nos. 6,804,780, 7,930,299, 8,141,154, and 8,677,494, through the manufacture, use, sale, importation, and/or offer for sale of its products and services, including but not limited to, Total Security, Family Pack, Internet Security, Antivirus Plus, Security for XP and Vista, Antivirus for Mac, Mobile Security, GravityZone Enterprise Security, GravityZone Elite Security, GravityZone Advanced Business Security, GravityZone Business Security, Hypervisor Introspection, Security for AWS, Cloud Security for MSP, GravityZone for xSP, and BOX. Finjan seeks entry of a judgment that Bitdefender has infringed and is infringing the asserted patents, a preliminary and permanent injunction from the infringement of the same patents, an accounting of all infringing sales and revenues, damages of no less than a reasonable royalty consistent with proof, and enhanced damages for willful infringement, costs, interest, and reasonable attorneys' fees under 35 U.S.C. § 285. Bitdefender's answer is to be filed on November 23, 2017. This matter is assigned to the Honorable Haywood S. Gilliam, Jr., United States District Judge. A case management conference is scheduled for November 21, 2017. There can be no assurance that Finjan will be successful in settling or litigating these claims.

Finjan, Inc. v. Juniper Networks, Inc., Case No. 4:17-cv-05659 (N.D. Cal.)

Finjan filed a patent infringement lawsuit against Juniper Networks, Inc. ("Juniper") in the United States District Court for the Northern District of California on September 29, 2017, asserting that Juniper is directly and indirectly infringing certain claims of Finjan's U.S. Patent Nos. 6,154,844, 6,804,780, 7,647,633, 7,613,926, 8,141,154, 8,677,494, 7,975,305, and 8,225,408, through the manufacture, use, sale, importation, and/or offer for sale of its products and services, including but not limited to,

SRX Gateways, SRX Gateways using Sky ATP, and Contrail. Finjan seeks entry of a judgment that Juniper has infringed and is infringing the asserted patents, has and is inducing infringement, a preliminary and permanent injunction from the infringement of the same patents, an accounting of all infringing sales and revenues, damages of no less than a reasonable royalty consistent with proof, and enhanced damages for willful infringement, costs, interest, and reasonable attorneys' fees under 35 U.S.C. § 285. This matter is assigned to the Honorable William H. Alsup, United States District Judge. A case management conference is set for January 11, 2018. On November 8, 2017, the parties filed a stipulation that Juniper shall respond to Finjan's Complaint by December 22, 2017, Finjan shall respond to Juniper's counterclaims, if any, by January 26, 2018, and Finjan shall file its opposition to Juniper's pleading motions, if any, by January 19, 2018. The Court has not yet ordered the stipulated dates. There can be no assurance that Finjan will be successful in settling or litigating these claims.

B. Proceedings before the United States Patent & Trademark Office (USPTO)

Ex Parte Reexamination Proceedings

As defined by the USPTO, an *Ex Parte* Reexamination is a "proceeding in which any person may request reexamination of a U.S. Patent based on one or more prior patents or printed publications. A requester who is not the patent owner has limited participation rights in the proceedings."

U.S. Patent No. 8,079,086 (Assignee, Finjan, Inc.)

A first third-party request for *Ex Parte* Reexamination of U.S. Patent No. 8,079,086 was filed on October 7, 2013, on behalf of FireEye, Inc. and assigned Reexamination Control Number 90/013,015. The USPTO denied FireEye's request on November 19, 2013, and the reexamination proceedings terminated on January 14, 2014.

A second third-party request by FireEye, Inc., for *Ex Parte* Reexamination of U.S. Patent No. 8,079,086 was filed on February 7, 2014, and assigned Reexamination Control Number 90/013,147. The USPTO denied FireEye's second request on March 27, 2014, and the reexamination proceedings terminated on April 29, 2014.

A third third-party request for *Ex Parte* Reexamination of Claims 17 and 24 of U.S. Patent No. 8,079,086 was filed on December 9, 2015 by Proofpoint, Inc. and assigned Reexamination Control Number 90/013,654. The reexamination request was partially granted on February 2, 2016. Requester's petitioned the Director to reconsider the partial denial and the petition was granted on March 21, 2016. A response to non-final Office Action was filed on August 10, 2016. On November 23, 2016, the Patent Office issued a Reexamination Certificate confirming the patentability of all claims.

U.S. Patent No. 7,975,305 (Assignee, Finjan, Inc.)

A third-party request for *Ex Parte* Reexamination of Claims 1, 2, 5 and 13 of U.S. Patent No. 7,975,305 was filed on December 11, 2015 by Proofpoint, Inc. and assigned Reexamination Control Number 90/013,660. The request for reexamination was granted on January 19, 2016 and a non-final Office Action was mailed on April 12, 2016. A response to the non-final Office Action was filed on June 13, 2016. A Final Action was mailed on August 24, 2016 with a response due October 24, 2016. A response to the Final Action was filed on October 24, 2016 and a second interview with the Patent Office was conducted. The Patent Office issued an Advisory Action maintaining the rejections. A Notice of Appeal was filed on November 11, 2016 and an Appeal Brief was filed on January 23, 2017. An Examiner's Answer was mailed on March 29, 2017. Finjan's Reply Brief and Request for Oral Hearing were filed on May 30, 2017. We now await a date for Oral Hearing. There can be no assurance that Finjan will be successful in rebutting the patentability challenge before the USPTO.

U.S. Patent No. 7,647,633 (Assignee, Finjan, Inc.)

A third-party request for *Ex Parte* Reexamination of Claims 1-7 and 28-33 of U.S. Patent No. 7,647,633 was filed on October 7, 2013, on behalf of FireEye, Inc. and assigned Reexamination Control Number 90/013,016. The request for reexamination was granted and a non-final Office Action was mailed November 19, 2013. The non-final Office Action included rejections of Claims 1-7 and 28-33 under various prior art (including previously considered and disclosed prior art) under 35 U.S.C. §§ 102 and/or 103. An in-person Examiner interview was conducted at the USPTO on February 4, 2014, and a timely response to non-final Office Action was filed on February 19, 2014. The response to non-final Office Action included arguments and a supporting declaration by Finjan showing commercial success, industry praise, and copying by others of products covered by pending claims; a declaration by a technology expert rebutting improper technical interpretations of the prior art and the invention; and additional new claims for consideration. Additionally, a renewed petition to accept an unintentionally delayed priority claim was also submitted and the petition was granted on January 23, 2015. An updated filing receipt reflecting the priority claim was issued. A final Office Action was issued May 22, 2015, and a Notice of Appeal was filed by Finjan on May 22, 2015. Finjan's appeal brief was filed August 24, 2015, appealing the rejections of Claims 1-7, 28-33 and 42-52. An Examiner's Answer was received on December 18, 2015. Finjan filed its Reply Brief requesting reversal of the rejections and a Request for Oral Hearing February 18, 2016. An Oral Hearing was conducted on June 22, 2016 and a decision reversing the Examiner's rejections of claim 1-7, 28-33,

42, 44, 48 and 49 was mailed on June 29, 2016. An amendment canceling rejected claims 43, 45-47 and 50-52 was filed on July 5, 2016 to move the application to Notice of Intent to Issue Reexamination Certificate (NIRC). A Reexamination Certificate confirming the patentability of original claims 1-7 and 28-33 and new claims 42, 44, 48 and 49 was issued on September 16, 2016.

A second third-party request for *Ex Parte* Reexamination of Claims 8 and 12 of U.S. Patent No. 7,647,633 was filed on December 9, 2015 by Proofpoint, Inc. and assigned Reexamination Control Number 90/013,652. The reexamination request was granted on February 3, 2016. On May 10, 2016, the USPTO terminated the reexamination and mailed a Notice of Intent to Issue a Reexamination Certificate and on May 26, 2016, a Reexamination Certificate was issued confirming the patentability of all claims.

U.S. Patent No. 7,058,822 (Assignee, Finjan, Inc.)

A third-party request for *Ex Parte* Reexamination of Claims 1-8 and 16-27 of U.S. Patent No. 7,058,822 was filed on October 7, 2013, on behalf of FireEye, Inc. and assigned Reexamination Control Number 90/013,017. The request for reexamination was granted and a non-final Office Action was mailed December 6, 2013. The non-final Office Action included rejections of Claims 1-8 and 16-27 under various prior art (including previously considered and disclosed prior art) under 35 U.S.C. §§ 102 and/or 103. An in-person Examiner interview was conducted at the USPTO on February 4, 2014, and a timely response to non-final Office Action was filed on March 6, 2014. A final Office Action was mailed on September 8, 2014 and a response thereto was filed on October 8, 2014, which included proposed claims amendments and arguments rebutting the various prior rejections. On October 23, 2014, an Advisory Action was issued by the Patent Office maintaining the rejections from the final Office Action and indicating that Finjan's proposed claims amendments would not be entered. On December 8, 2014, Finjan: (1) filed a petition to the Director of the Central Reexamination Unit (CRU) under 37 CFR 1.181 challenging the Examiner's failure to enter the amendments and requesting entry; and (2) a notice of appeal to the Patent Trial and Appeal Board. Finjan filed an appeal brief on February 8, 2015. The Examiner filed a brief on March 30, 2015. Finjan filed a Reply Brief and a Request for Oral Hearing on June 1, 2015, and the Appeal was docketed at the PTAB and assigned Appeal No. 2015-006304. An oral hearing before the PTAB took place on November 3, 2015. On December 30, 2015, the PTAB issue a decision reversing the Examiner's rejection of Claims 1-8 and 16-27 and new claims 37 and 40 added during prosecution of the reexamination. On February 16, 2016, an *Ex Parte* Reexamination Certificate (Certificate No. US 7,058,822 C1) was issued to Finjan by the USPTO. Finjan was granted U.S. Patent Nos. 9,141,786 and 9,219,755 containing additional claims on September 22, 2015 and December 2, 2015, respectively.

U.S. Patent No. 6,154,844 (Assignee, Finjan, Inc.)

A third-party request for *ex parte* reexamination of claims 32 and 42 of U.S. Patent No. 6,154,844 was filed on December 9, 2015 by Proofpoint, Inc. and assigned Reexamination Control Number 90/013,653. The request for reexamination was granted on January 13, 2016. On March 30, 2016, the Patent Office terminated the reexamination and mailed a Notice of Intent to Issue a Reexamination Certificate. On May 13, 2016, a Reexamination Certificate was issued confirming the patentability of all claims.

U.S. Patent No. 7,930,299 (Assignee, Finjan, Inc.)

A third-party request for *ex parte* reexamination of claims 13, 14-18, 20 of U.S. Patent No. 7,930,299 was filed on September 16, 2016 and assigned Reexamination Control Number 90/013,811. The request for reexamination was granted on November 14, 2016. On January 17, 2017, Finjan filed a petition to consider pre-institution argument requesting, *inter alia*, that the Director rescind and/or terminate the reexamination pursuant to 35 U.S.C. § 325(d). A decision dismissing Finjan's petition to vacate the reexamination order was mailed on March 27, 2017. A Petition for Writ of Mandamus was filed with the Court of Appeal for the Federal Circuit (CAFC) requesting review of the Office's Dismissal. The CAFC denied the petition. We now await an action from the Patent Office. There can be no assurance that Finjan will be successful in rebutting the patentability challenge before the USPTO.

U.S. Patent No. 8,015,182 (Assignee, Finjan, Inc.)

A third-party request for *ex parte* reexamination of claims 8-11, 13 of U.S. Patent No. 8,015,182 was filed on September 16, 2016 and assigned Reexamination Control Number 90/013,812. The request for reexamination was granted on October 17, 2016. On December 19, 2016, Finjan filed a petition to consider pre-institution argument requesting, *inter alia*, that the Director rescind and/or terminate the reexamination pursuant to 35 U.S.C. § 325(d). A decision dismissing Finjan's petition to vacate the reexamination order was mailed on March 27, 2017. A Petition for Writ of Mandamus was filed with the Court of Appeal for the Federal Circuit (CAFC) requesting review of the Office's Dismissal. The CAFC denied the petition. A non-final Office Action rejecting claims 8-11 and 13 was issued on April 13, 2017. An Examiner Interview was conducted on May 23, 2017 and a response to the non-final Office Action was filed on June 13, 2017. We now await further action from the Patent Office. There can be no assurance that Finjan will be successful in rebutting the patentability challenge before the USPTO.

U.S. Patent No. 7,756,996 (Assignee, Finjan, Inc.)

A third-party request for ex parte reexamination of claims 1-7 of U.S. Patent No. 7,756,996 was filed on September 16, 2016 and assigned Reexamination Control Number 90/013,813. The request for reexamination was granted on November 14, 2016. On January 17, 2017, Finjan filed a petition to consider pre-institution argument requesting, *inter alia*, that the Director rescind and/or terminate the reexamination pursuant to 35 U.S.C. § 325(d). A decision dismissing Finjan's petition to vacate the reexamination order was mailed on March 27, 2017. A Petition for Writ of Mandamus was filed with the Court of Appeal for the Federal Circuit (CAFC) requesting review of the Office's Dismissal. The CAFC denied the petition. We now await an action from the Patent Office. There can be no assurance that Finjan will be successful in rebutting the patentability challenge before the USPTO.

Inter Partes Reexamination Proceedings

As defined by the USPTO, an *Inter Partes* Reexamination is a "proceeding in which any person who is not the patent owner and is not otherwise estopped may request examination of a U.S. Patent issued from an original application filed on or after November 29, 1999, based on one or more prior patents or printed publications. Both patent owner and third party requester have participation rights throughout the proceeding, including appeal rights." Effective September 16, 2012, the American Invents Act ("AIA") replaced *Inter Partes* Reexaminations with proceedings referred to as post-grant review and *Inter Partes* Review ("IPR"). Post-grant proceedings are generally available immediately after patent issuance. For patents filed under the pre-AIA first to invent rules (*i.e.*, applications filed prior to March 16, 2013, IPRs can be initiated immediately following issuance of patent. For patents examined under the AIA first-to-file rules (*i.e.*, applications filed on or after March 16, 2013), IPRs can be initiated after the nine-month window of eligibility for post-grant review.

U.S. Patent No. 6,480,962 (Assignee, Finjan, Inc.)

A third-party request for *Inter Partes* Reexamination of all Claims 1-55 of U.S. Patent No. 6,480,962 was filed on November 29, 2011, on behalf of Symantec Corporation, and assigned Reexamination Control Number 95/001,836. The request for reexamination was granted and a non-final Office Action was mailed January 25, 2012. The non-final Office Action included rejections of claims 1-55 under numerous prior art references and combinations of such references (including previously considered and disclosed prior art) under 35 U.S.C. §§ 102 and/or 103. Finjan filed a response to non-final Office Action and the USPTO mailed an Action Closing Prosecution (ACP) on October 2, 2013. Finjan responded to the ACP on December 2, 2013, which included proposed claim amendments for consideration. Symantec responded on January 2, 2014. On June 27, 2014, the USPTO stated that the proposed claim amendments would not be entered and issued a Right of Appeal Notice. On July 1, 2014, Finjan filed a Notice of Appeal of the rejection of Claims 1-55 followed by an Appeal Brief on September 2, 2014. The Requester Symantec filed a respondent brief on October 2, 2014. The Examiner filed a brief on March 25, 2015. Finjan filed a Rebuttal Brief on April 27, 2015 and a Request for Oral Hearing on May 26, 2015. The Rebuttal Brief maintained Finjan's request to review the rejections of Claims 2-4, 7-11, 13-14, 16-20, 22-32, 34-36, 39-44, 46-51, 53 and 54. Claims 1, 5, 6, 12, 15, 21, 33, 37, 38, 45, 52 and 55 were withdrawn from appeal in view the final invalidity decision issued on September 15, 2014 by the Federal Circuit. The Appeal was forwarded to the PTAB in accordance with the Notice mailed June 2, 2015. Finjan also sought examination of additional claims through multiple Track I expedited continuation applications. Finjan was granted U.S. Patent Nos. 9,189,621 and 9,291,755 containing those additional claims on November 17, 2015 and December 22, 2015, respectively. Oral argument was heard on February 17, 2016. On February 29, 2016, the PTAB issued a decision affirming the rejections of the Examiner. On March 29, 2016, Finjan filed a request for rehearing regarding the rejection of claims 22-32 and 46 and the Requester filed comments on April 28, 2016. The PTAB denied Finjan's Request for Rehearing on August 5, 2016. Finjan did not appeal the PTAB decision to the Federal Circuit. A Reexamination Certificate canceling the rejected claims 2-4, 7-11, 13-14, 16-20, 22-32, 34-36, 39-44, 46-51, 53 and 54 was issued on January 12, 2017.

Inter Partes Review Proceedings

As defined by the USPTO, *Inter Partes* Review ("IPR") is a trial proceeding conducted at the Patent and Trial and Appeal Board (PTAB or Board) to review the patentability of one or more claims in a patent only on a ground that could be raised under §§ 102 or 103, and only on the basis of prior art consisting of patents or printed publications. For first-inventor-to-file patents IPR process begins with a third party (a person who is not the owner of the patent) filing a petition after the later of either: (1) nine months after the grant of the patent or issuance of a reissue patent; or (2) if a post grant review is instituted, the termination of the post grant review. These deadlines do not apply to first-to-invent patents. The patent owner may file a preliminary response to the petition. An IPR may be instituted upon a showing that there is a reasonable likelihood that the petitioner would prevail with respect to at least one claim challenged. If the proceeding is instituted and not dismissed, a final determination by the Board will be issued within one year (extendable for good cause by six months). The procedure for conducting IPR took effect on September 16, 2012, and applies to any patent issued before, on, or after September 16, 2012.

U.S. Patent No. 7,613,926 (the “’926 Patent”)

On March 19, 2015, Sophos, Inc. filed a petition for IPR of U.S. Patent No. 7,613,926 (IPR2015-00907). Finjan filed a Patent Owner’s Preliminary Response (“POPR”) to the petition on June 26, 2015. The PTAB denied Sophos’ petition to institute the IPR proceeding on the ‘926 Patent on September 24, 2015. On October 26, 2015, Sophos filed a Request for Rehearing, and on December 4, 2015, the PTAB denied Sophos’ Request for Rehearing.

U.S. Patent No. 8,677,494 (the “’494 Patent”)

On April 8, 2015, Sophos, Inc. filed a petition for IPR of U.S. Patent No. 8,677,494 (IPR2015-01022). Finjan filed a POPR to the petition on July 14, 2015. The PTAB denied Sophos’ petition to institute the IPR proceeding on the ‘494 Patent on September 24, 2015. On October 26, 2015, Sophos filed a Request for Rehearing, and on January 28, 2016, the PTAB denied Sophos’ Request for Rehearing.

U.S. Patent No. 7,756,996 (the “’996 Patent”)

On July 3, 2015, Symantec Corporation filed two (2) separate petitions for IPR of U.S. Patent No. 7,756,996 (IPR2015-01545/01546). Finjan filed POPRs to the petitions October 19 and 20, 2015. The PTAB denied both of Symantec’s petitions to institute IPR proceedings on the ‘996 Patent on January 14, 2016. On February 16, 2016, Symantec filed a Request for Rehearing, and on February 25, 2016, the PTAB denied Symantec’s Request for Rehearing.

U.S. Patent No. 7,757,289 (the “’289 Patent”)

On July 3, 2015, Symantec Corporation filed a petition for IPR of U.S. Patent No. 7,757,289 (IPR2015-01552). Finjan filed a POPR to the petition on October 19, 2015. The PTAB denied Symantec’s petition to institute IPR proceedings on the ‘289 Patent on January 14, 2016.

U.S. Patent No. 7,930,299 (the “’299 Patent”)

On July 3, 2015, Symantec Corporation filed a petition for IPR of U.S. Patent No. 7,930,299 (IPR2015-01549). Finjan filed a POPR to the petition October 20, 2015. The PTAB denied Symantec’s petition to institute IPR proceedings on the ‘299 Patent on January 14, 2016.

U.S. Patent No. 8,015,182 (the “’182 Patent”)

On July 3, 2015, Symantec Corporation filed a petition for IPR of U.S. Patent No. 8,015,182 (IPR2015-01548). Finjan filed a POPR to the petition on October 20, 2015. The PTAB denied Symantec’s petition to institute IPR proceedings on the ‘182 Patent on January 14, 2016.

U.S. Patent No. 8,141,154 (the “’154 Patent”)

On July 3, 2015, April 19, 2016, and May 26, 2016, Symantec Corporation filed three (3) separate petitions for IPR of U.S. Patent No. 8,141,154 (IPR2015-01547; IPR2016-00919; IPR2016-01071), and moved to join the petition for IPR filed by Palo Alto Networks with respect to the ‘154 Patent (IPR2016-00151). Finjan filed a POPR to the petition in IPR2015-01547 on October 19, 2015. The PTAB denied Symantec’s petition to institute IPR proceedings in IPR2015-01547 on January 14, 2016. On February 16, 2016, Symantec filed a Request for Rehearing with respect to IPR2015-01547, and on February 25, 2016, the PTAB denied Symantec’s Request for Rehearing. With respect to IPR2016-00919 and IPR2016-01071 on the ‘154 Patent, the PTAB granted Symantec’s motions for joinder on September 8, 2016. On March 15, 2017, the PTAB issued a final written decision maintaining the validity of the instituted claims in both IPR2016-00919 and IPR2016-01071.

U.S. Patent No. 8,677,494 (the “’494 Patent”)

On September 10, 2015, Symantec filed a petition for inter partes review of the ‘494 Patent (IPR2015-01892). Finjan filed a POPR to the petition on December 28, 2015. On March 18, 2016, the PTAB granted Symantec’s petition to institute the IPR proceeding on claims 1, 2, 5, 6, 10, 11, 14, and 15 of the ‘494 Patent. On April 1, 2016, Finjan filed a request for rehearing. The PTAB denied the request for rehearing on May 23, 2016. On March 15, 2017, the PTAB issued a final written decision maintaining the validity of claims 5, 10, 11, 14, and 15 and invalidating claims 1, 2, and 6 of the ‘494 Patent. Symantec filed a Notice of Appeal to the United States Court of Appeals for the Federal Circuit on May 16, 2017, and on May 18, 2017, Finjan filed its Notice of Appeal to the United States Court of Appeals for the Federal Circuit (Case No. 17-2034 and 2017-2047). Symantec and Blue Coat filed its Opening Appellant Brief on August 25, 2017. The Federal Circuit consolidated Case No. 17-2543 filed by Palo Alto Networks and Blue Coat Systems with Case No. 17-2034. Palo Alto Networks’ and Blue Coat Systems’ Opening Appellant Brief is due January 2, 2018.

On September 11, 2015, Symantec Corp. filed a petition for inter partes review of the ‘494 Patent (IPR2015-01897). Finjan filed a POPR to the petition on December 28, 2015. The PTAB denied Symantec’s petition to institute the IPR proceeding on the ‘494 Patent on February 26, 2016.

U.S. Patent No. 6,154,844 (the “844 Patent”)

On September 11, 2015, Symantec Corporation filed a petition for IPR of U.S. Patent No. 6,154,844 (“the ‘844 Patent’”) (IPR2015-01894). Finjan filed a POPR to the petition on December 17, 2015. The PTAB denied institution of the IPR proceeding on the ‘844 Patent on March 11, 2016.

U.S. Patent No. 7,613,926 (the “926 Patent”)

On September 11, 2015, Symantec, Corp. (“Symantec”) filed two petitions for IPR of the ‘926 Patent (IPR2015-01893, IPR2015-01895). Finjan filed its POPRs to the Petition on December 17, 2015. The PTAB denied Symantec’s petition to institute the IPR proceeding for IPR2015-01895 on February 26, 2016. The PTAB denied Symantec’s petition to institute the IPR proceeding for IPR2015-01893 on March 11, 2016.

U.S. Patent No. 8,141,154 (the “154 Patent”)

On September 25, 2015 and November 5, 2015, Palo Alto Networks Inc. filed two (2) separate petitions for IPR of U.S. Patent No. 8,141,154 and a Motion for Joinder to Symantec’s Petition for IPR of the ‘154 Patent (IPR2015-01547). (IPR2015-01979; IPR2016-00151). Finjan filed a POPR to the first petition in IPR2015-01979 on December 29, 2015. With respect to IPR2015-01979, the PTAB granted institution of IPR proceedings on the ‘154 Patent on March 21, 2016. On April 5, 2016, Finjan filed a partial request for rehearing, and on April 19, 2016, the PTAB denied Finjan’s partial request for rehearing. On July 12, 2016, Finjan submitted a Patent Owner Response to the Petition. With respect to IPR2016-00151 on the ‘154 Patent, Finjan filed a POPR on February 17, 2016, and on April 20, 2016, the PTAB instituted trial on claims 1-8, 10, and 11, denied institution on the remaining claims and denied Palo Alto Network’s Motion for Joinder. On May 4, 2016, Finjan filed a partial request for rehearing, and on June 2, 2016, the PTAB denied Finjan’s Request for Rehearing. On June 16, 2016, the parties filed a joint notice to amend the Scheduling Order. On August 31, 2016, Finjan filed its Patent Owner Response to Palo Alto Network’s Petition in IPR 2016-00151. The parties had an oral hearing for IPR2016-00151 on January 24, 2017 and on March 15, 2017, the PTAB issued a final written decision maintaining the validity of all instituted claims. The parties had an oral hearing for IPR2015-01979 on December 15, 2016 and on March 15, 2017, the PTAB issued a final written decision maintaining the validity of all instituted claims. On April 14, 2017, Palo Alto Networks filed a request for rehearing. On May 19, 2017, the PTAB denied Palo Alto Networks’ request for rehearing. Palo Alto Networks and Symantec Corp. filed Notice of Appeals for IPR2016-00151, IPR2015-01979, IPR2016-00919, and IPR2016-01071 to the United States Court of Appeals for the Federal Circuit on July 19, 2017 (Case No. 17-2315 and 17-2314). On July 24, 2017, the Federal Circuit consolidated the two appeals. On October 30, 2017, Palo Alto Networks and Symantec Corp. filed their Opening Appellant Brief. Finjan’s Responsive Brief is due December 6, 2017.

U.S. Patent No. 7,647,633 (the “633 Patent”)

On September 30, 2015, Palo Alto Networks, Inc. filed a petition for IPR of U.S. Patent No. 7,647,633 (IPR2015-01974). Finjan filed a POPR to the petition on January 7, 2016. On March 29, 2016, the PTAB granted institution of IPR proceedings with respect to claims 14 and 19 of the ‘633 Patent, and denied institution with respect to all other challenged claims. On April 12, 2016, Palo Alto Networks filed a request for rehearing. On May 18, 2016, the PTAB denied Palo Alto Networks’ Request for Rehearing. On June 1, 2016, the parties filed a joint notice to amend the Scheduling Order. On August 9, 2016, Finjan filed its Patent Owner Response to Palo Alto Network’s Petition in IPR 2015-01974. The parties had an oral hearing on January 5, 2017, and on March 16, 2017, the PTAB issued a final written decision maintaining the validity of all instituted claims.

U.S. Patent No. 7,058,822 (the “822 Patent”)

On September 30, 2015, Palo Alto Networks Inc. filed a petition for IPR of United States Patent No. 7,058,822 (IPR2015-01999). Finjan filed a POPR to the petition on January 6, 2016. The PTAB denied institution of IPR proceedings on the ‘822 Patent on March 29, 2016. On April 28, 2016, Palo Alto Networks filed a Request for Rehearing, and on May 18, 2016, the PTAB granted Palo Alto Networks’ Request for Rehearing but did not alter its Decision denying institution.

U.S. Patent No. 7,418,731 (the “731 Patent”)

On September 30, 2015, Palo Alto Networks Inc. filed a petition for IPR of United States Patent No. 7,418,731 (IPR2015-02000). Finjan filed a POPR to the petition on January 8, 2016. The PTAB denied institution of IPR proceedings on the ‘731 Patent on March 23, 2016. On April 22, 2016, Palo Alto Networks filed a Request for Rehearing. On May 20, 2016, the PTAB denied Palo Alto Networks’ Request for Rehearing.

U.S. Patent No. 8,225,408 (the “408 Patent”)

On September 30, 2015 and November 6, 2015, Palo Alto Networks Inc. filed two (2) separate petitions for IPRs of United States Patent No. 8,225,408 (IPR2015-02001; IPR2016-00157). Finjan filed POPRs to the petitions on January 6, 2016, and February 17, 2016, respectively. On March 29, 2016, the PTAB granted institution of the IPR proceedings in IPR2015-02001 and IPR2016-00157 and consolidated the two IPR proceedings. On April 12, 2016, Finjan filed requests for rehearing. On May 16, 2016, the PTAB denied Finjan’s Requests for Rehearing. On June 27, 2016, the parties filed a joint notice to amend the Scheduling Order. On August 9, 2016, Finjan filed its Patent Owner Response to Palo Alto Network’s Petition in IPR 2015-02001

and IPR 2016-00157. The parties had an oral hearing on January 5, 2017, and on March 17, 2017, the PTAB issued a final written decision maintaining the validity of all instituted claims. Palo Alto Networks and Blue Coat Systems LLC filed a Notice of Appeal to the United States Court of Appeals for the Federal Circuit on May 22, 2017 (Case No. 17-2059). Palo Alto Networks and Blue Coat Systems LLC filed their Opening Appellant Brief on September 15, 2017.
U.S. Patent No. 7,613,926 (the “’926 Patent”)

On November 4, 2015, Palo Alto Networks, Inc. filed a petition for IPR of the ‘926 Patent (IPR2016-00145). Finjan filed its POPR on February 17, 2016. The PTAB denied Palo Alto Networks’ petition to institute the IPR proceeding on the ‘926 Patent on May 9, 2016.

U.S. Patent No. 6,965,968 (the “’968 Patent”)

On November 5, 2015, Palo Alto Networks Inc. filed two (2) separate petitions for IPR of United States Patent No. 6,965,968 (IPR 2016-00149, IPR2016-00150). Finjan filed POPRs to the petitions on February 17, 2016. On May 16, 2016, the PTAB denied institution of IPR proceedings on both petitions.

U.S. Patent No. 6,804,780 (the “’780 Patent”)

On November 6, 2015, Palo Alto Networks Inc. filed a petition for IPR of United States Patent No. 6,804,780 (IPR 2016-00165). Finjan filed a POPR to the petition on February 17, 2016. On April 21, 2016, the PTAB denied institution of IPR.

U.S. Patent No. 7,613,918 (the “’918 Patent”)

On November 6, 2015, Palo Alto Networks Inc. filed a petition for IPR of United States Patent No. 7,613,918 (IPR 2016-00164). Finjan filed a POPR to the petition on February 17, 2016. On May 5, 2016, the PTAB denied institution of IPR.

U.S. Patent No. 8,677,494 (the “’494 Patent”)

On November 6, 2015, Palo Alto Networks Inc. filed a petition for IPR of United States Patent No. 8,677,494 (IPR 2016-00159). Finjan filed a POPR to the petition on February 17, 2016. On May 13, 2016, the PTAB granted institution of IPR. On May 27, 2016, Finjan filed a Request for Rehearing, and on June 23, 2016 the PTAB denied Finjan’s Request for Rehearing. On June 27, 2016, the parties filed a joint notice to amend the Scheduling Order. On August 12, 2016, Finjan filed its Patent Owner Response to Palo Alto Network’s Petition in IPR 2016-00159. The parties had an oral hearing on February 16, 2017. On April 11, 2017, the PTAB issued a final written decision stating that claims 3 - 5 and 10 - 15 have not been shown to be unpatentable, and claims 1, 2, and 6 have been shown to be unpatentable. Finjan filed a request for rehearing on May 11, 2017, and on July 17, 2017, the PTAB denied Finjan’s request. Palo Alto Networks and Blue Coat Systems LLC filed a Notice of Appeal for IPR2016-00159 and IPR2016-01174 to the United States Court of Appeals for the Federal Circuit on September 14, 2017, and on September 28, 2017, Finjan filed its Notice of Appeal (Case No. 17-2543). The Federal Circuit consolidated the appeal with Case No. 17-2034.

U.S. Patent No. 6,965,968 (the “’968 Patent”)

On January 19, 2016, Blue Coat Systems, Inc. filed two petitions for IPR of the ‘968 Patent (IPR2016-00478; IPR2016-00479) and a Motion for Joinder to Palo Alto Networks’ Petition for IPR of the ‘968 Patent (IPR2015-00149; IPR2015-00150). On April 22, 2016, Finjan filed a POPR to the petitions. On June 20, 2016, the PTAB denied institution of IPR proceedings on both petitions.

U.S. Patent No. 7,647,633 (the “’633 Patent”)

On January 20, 2016, Blue Coat Systems, Inc. filed a Petition for IPR of U.S. Patent No. 7,647,633 (“the ‘633 Patent”) (IPR2016-00480) and a Motion for Joinder to Palo Alto Networks’ Petition for IPR of the ‘633 Patent (IPR2015-01974). On April 22, 2016, Finjan filed a POPR to the petition. On June 24, 2016, the PTAB instituted IPR, and granted Blue Coat’s Motion for Joinder. On March 16, 2017, the PTAB issued a final written decision maintaining the validity of all instituted claims.

U.S. Patent No. 7,418,731 (the “’731 Patent”)

On January 21, 2016, Blue Coat Systems, Inc. filed a Petition for IPR of U.S. Patent No. 7,418,731 (“the ‘731 Patent”) (IPR2016-00493) and a Motion for Joinder to Palo Alto Networks’ Petition for IPR of the ‘731 Patent (IPR2015-02000). On April 29, 2016, Finjan filed a POPR to the petition. On June 8, 2016, the PTAB denied institution of IPR.

U.S. Patent No. 6,804,780 (the “’780 Patent”)

On January 21, 2016, Blue Coat Systems, Inc. filed a petition for IPR of U.S. Patent No. 6,804,780 (IPR2016-00492) and a Motion for Joinder to Palo Alto Networks’ Petition for IPR of the ‘780 Patent (IPR2016-00165). On April 29, 2016, Finjan filed a POPR to the petition. On June 8, 2016, the PTAB denied institution of IPR.

U.S. Patent No. 6,154,844 (the “844 Patent”)

On January 25, 2016, Blue Coat Systems, Inc. filed a Petition for IPR of U.S. Patent No. 6,154,844 (IPR2016-00498) and a Motion for Joinder to Symantec Corp.’s Petition for IPR of the ‘844 Patent (IPR2015-01894). On April 29, 2016, Finjan filed a POPR to the petition. On June 20, 2016, the PTAB dismissed the Petition and motion for joinder pursuant to Blue Coat’s motion to dismiss.

U.S. Patent No. 8,225,408 (the “408 Patent”)

On April 27, 2016, Blue Coat Systems, Inc. filed two (2) separate petitions for IPRs of United States Patent No. 8,225,408 (IPR2016-00955; IPR2016-00956), and Motion for Joinder to Palo Alto Networks, Inc.’s Petitions for IPR of the ‘408 Patent (IPR2015-02001 and IPR2016-00157). On August 30, 2016, the PTAB granted Blue Coat Systems, Inc.’s Motions for Joinder. On March 17, 2017, the PTAB issued a final written decision maintaining the validity of all instituted claims in IPR2015-02001 and IPR2016-00157.

U.S. Patent No. 8,677,494 (the “494 Patent”)

On April 14, 2016 and on June 10, 2016, Blue Coat Systems, Inc. filed two Petitions for IPR of United States Patent No. 8,677,494 (IPR2016-00890; IPR2016-01174) and a Motion for Joinder to Symantec Corp.’s Petition for IPR of the ‘494 Patent (IPR2015-01892) and Palo Alto Networks, Inc.’s Petition for IPR of the ‘494 Patent (IPR2016-00159). The PTAB granted Blue Coat’s motions for joinder. On March 15, 2017, the PTAB issued a final written decision maintaining the validity of claims 5, 10, 11, 14, and 15 and invalidating claims 1, 2, and 6 of the ‘494 Patent in IPR2015-01892.

U.S. Patent No. 8,141,154 (the “154 Patent”)

On April 21, 2016, Proofpoint, Inc. and Armorize Technologies, Inc. filed a Petition for IPR of U.S. Patent No. 8,141,154 (IPR2016-00937) and a Motion for Joinder to Palo Alto Networks, Inc.’s Petition for IPR of the ‘154 Patent (IPR2015-01979). On June 24, 2016, the PTAB terminated the IPR proceedings pursuant to a joint motion.

U.S. Patent No. 7,647,633 (the “633 Patent”)

On April 29, 2016, Proofpoint, Inc. and Armorize Technologies, Inc. filed a Petition for IPR of U.S. Patent No. 7,647,633 (“the ‘633 Patent” (IPR2016-00966) and a Motion for Joinder to Palo Alto Networks’ Petition for IPR of the ‘633 Patent (IPR2015-01974). On June 24, 2016, the PTAB terminated the IPR proceedings pursuant to a joint motion.

U.S. Patent No. 8,225,408 (the “408 Patent”)

On April 29, 2016, Proofpoint, Inc. and Armorize Technologies, Inc. filed two separate Petitions for IPR of U.S. Patent No. 8,225,408 (the “408 Patent”) (IPR2016-00967; IPR2016-00970) and a Motion for Joinder to Palo Alto Networks’ Petition for IPR of the ‘408 Patent (IPR2015-02001; IPR2016-00157). On June 24, 2016, the PTAB terminated the IPR proceedings pursuant to a joint motion.

U.S. Patent No. 8,079,086 (the “086 Patent”)

On July 15, 2016, Blue Coat Systems, Inc. filed a Petition for IPR of U.S. Patent No. 8,079,086 (the “086 Patent”) (IPR2016-01444). Finjan filed its POPR on November 18, 2016. The PTAB denied institution of IPR on February 16, 2017. Blue Coat Systems, Inc. filed a request for hearing on March 20, 2017 and July 18, 2017 the PTAB granted Blue Coat Systems, Inc.’s request and instituted IPR.

U.S. Patent No. 8,225,408 (the “408 Patent”)

On July 15, 2016, Blue Coat Systems, Inc. filed a Petition for IPR of U.S. Patent No. 8,225,408 (the “408 Patent”) (IPR2016-01441). On November 18, 2016, Finjan filed a POPR. On December 13, 2016, the PTAB authorized Blue Coat to file a Reply to the POPR and Finjan a sur-reply to respond to the arguments in Petitioner’s Reply. On January 23, 2017, the PTAB denied institution of IPR.

U.S. Patent No. 8,677,494 (the “494 Patent”)

On July 15, 2016, Blue Coat Systems, Inc. filed a Petition for IPR of U.S. Patent No. 8,677,494 (the “494 Patent”) (IPR2016-01443). On January 23, 2017, the PTAB denied Blue Coat’s petition to institute the IPR proceeding on the ‘494 Patent.

U.S. Patent No. 8,225,408 (“408 Patent”)

On October 28, 2016, FireEye, Inc. filed a Petition for IPR of the ‘408 Patent (IPR2017-00157) and a Motion for Joinder to Blue Coat Systems, Inc.’s Petition for IPR of the ‘408 Patent (IPR2016-01441). Finjan filed its POPR on February 3, 2017 and the PTAB denied institution of IPR of Blue Coat’s Petition for IPR on January 23, 2017. On April 13, 2017, the PTAB denied the Petition and Motion for Joinder.

U.S. Patent No. 8,079,086 (the “’086 Patent”)

On October 28, 2016, FireEye, Inc. filed a petition for IPR of the ’086 Patent (IPR2017-00155) and a Motion for Joinder to Blue Coat’s Petition for IPR of the ’086 Patent (IPR2016-01444). Finjan filed its POPR on February 3, 2017 and on May 1, 2017, the PTAB denied institution of IPR. FireEye filed a request for rehearing on May 31, 2017. The PTAB denied institution of IPR of Blue Coat’s Petition for IPR in IPR2016-014444 on February 16, 2017. Blue Coat filed a request for hearing on March 20, 2017 and on July 18, 2017, the PTAB granted Blue Coat Systems, Inc’s request and instituted IPR. On July 19, 2017, the PTAB granted FireEye’s request and joined it as a party to the Blue Coat proceeding.

U.S. Patent No. 9,189,621 (the “’621 Patent”)

On March 1, 2017, Blue Coat Systems LLC filed a petition for IPR of the ’621 Patent (IPR2017-00995). Finjan filed its POPR on June 22, 2017. On September 5, 2017, the PTAB instituted IPR for claims 1, 4-6, 9, 12-14, 17, 24, 35, 37, and 42.

U.S. Patent No. 9,141,786 (the “’786 Patent”)

On March 1, 2017, Blue Coat Systems LLC filed a petition for IPR of the ’786 Patent (IPR2017-00996). Finjan filed its POPR on June 14, 2017. On September 5, 2017, the PTAB denied institution of IPR.

U.S. Patent No. 9,219,755 (the “’755 Patent”)

On March 1, 2017, Blue Coat Systems LLC filed a petition for IPR of the ’755 Patent (IPR2017-00997). Finjan filed its POPR on June 15, 2017. On September 5, 2017, the PTAB denied institution of IPR.

U.S. Patent No. 7,975,305 (the “’305 Patent”)

On July 4, 2017, ESET, LLC and ESET SPOL S.R.O. filed a petition for IPR of the ’305 Patent (IPR2017-01738)

U.S. Patent No. 8,079,086 (the “’086 Patent”)

On August 16, 2017, ESET, LLC and ESET SPOL S.R.O. filed a petition for IPR of the ’086 Patent and motion for joinder to Blue Coat Systems, Inc. v. Finjan, Inc. IPR2016-01444 (IPR2017-01969). On November 3, 2017, Finjan filed its POPR.

U.S. Patent No. 6,154,844 (the “’844 Patent”)

On September 22, 2017, Cisco Systems, Inc. filed a petition for IPR of the ’844 Patent (IPR2017-02154).

U.S. Patent No. 8,677,494 (the “’494 Patent”)

On September 22, 2017, Cisco Systems, Inc. filed a petition for IPR of the ’494 Patent (IPR2017-02155).

Except for the foregoing disclosures, Finjan is not presently aware of any other material pending legal proceedings, to which Finjan or any of its subsidiaries are a party or of which any of its property is the subject.

Litigation, including patent litigation, is inherently subject to uncertainties. As such, there can be no assurance that Finjan will be successful in litigating and/or settling any of these claims.

Item 2. Management’s discussion and analysis of financial condition and results of operations

The following discussion includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, about Finjan Holdings, Inc., (the “Company” or “Finjan Holdings”), financial condition and results of operations, including discussions about management’s expectations for the business. These include statements regarding our expectations, intentions, beliefs and projections about our future results, performance, prospects and opportunities. These statements can be identified by the fact that they do not relate strictly to historical or current facts or by the use of words such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “project,” “potential,” “should,” “will,” “will be,” “would,” and the negative of these terms and similar expressions, but this is not an exclusive way of identifying such statements. Readers are cautioned that forward-looking statements are not guarantees of future performance. Our actual results, performance and achievements may differ materially from those expressed in, or implied by, the forward-looking statements contained in this report as a result of various risks, uncertainties and other factors. Important factors that could cause our actual results to differ materially from our expectations include, without limitation, our ability to execute our business plan, the outcome of pending or future enforcement actions, our ability to expand our technology portfolio, the enforceability of our patents, the continued use of our technologies in the market, the development of products and services for the consumer and enterprise market, the sufficiency of our existing cash and investments to meet our cash needs for at least the next 12 months, the development or continuation of a liquid trading market for our securities, regulatory developments and other factors described under Item 1A. “Risk Factors,” as set forth in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 and any subsequent quarterly or current reports. The following discussion should also be read in conjunction with the audited and unaudited consolidated financial statements and notes thereto, as set forth in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 and any subsequent quarterly or current reports, including this Quarterly Report on Form 10-Q.

The Company will continue to file annual, quarterly and current reports, proxy statements and other information with the U.S. Securities and Exchange Commission (the “SEC”). Forward-looking statements speak only as of the dates specified in such filings. Except as expressly required under federal securities laws and the rules and regulations of the SEC, we do not undertake any obligation to update any forward-looking statements to reflect events or circumstances arising after any such date, whether as a result of new information or future events or otherwise. You should not place undue reliance on the forward-looking statements included in this report or that may be made elsewhere from time to time by us, or on our behalf. All forward-looking statements attributable to us are expressly qualified by these cautionary statements.

Overview

We operate a cybersecurity business, focused on licensing and enforcement, developing mobile security applications, providing advisory services, and investing in emerging cybersecurity technologies and intellectual property.

Operations

We operate our cybersecurity business through wholly-owned subsidiaries including, Finjan, Finjan Blue, Finjan Mobile and CybeRisk.

Through Finjan, we own a portfolio of patents, related to software and hardware technologies that proactively detect malicious code and thereby protect end users from identity and data theft, spyware, malware, phishing, trojans and other web and network threats. Founded in 1997, Finjan developed and patented technologies that are capable of detecting previously unknown and emerging threats on a real-time, behavior-based, basis, in contrast to signature-based methods of intercepting only known threats to computers. The older signature-based methods, were standard in the web and network security industry during the 1990s. As the web and endpoint security industries - known as cybersecurity - have transitioned to behavior-based detection of malicious code, we believe that our patented technologies continue to be widely used by third parties in a number of market segments. We intend to maximize the economic benefits of our technologies through further licensing and to broaden our technologies and patent holdings through acquisitions and strategic partnerships.

As a core element of our continued patent licensing and enforcement business, our management team, having expertise with technology and intellectual property ("IP") monetization, monitors a number of markets and assesses and observes the adoption of our patented technologies in these markets. Our management team, in conjunction with outside legal, technical, and financial experts concludes on a case-by-case basis whether or not they believe that Finjan's patented technologies are being used. Based on these observations, we continue to believe our patented technologies are highly relevant in specific cybersecurity technology areas including, but not limited to, endpoint/cloud software, web gateway/internet infrastructure, and networking equipment markets. From that basis, the Company pursues unlicensed entities through licensing, assertion of claims or both to preserve the value of our portfolio in general. This also reinforces the value to existing licensees of the Finjan patent portfolio.

Since the sale of its hardware and software operations in 2009, Finjan's primary source of income and related cash flows has been the enforcement of its patent rights against unauthorized use and, to a lesser extent, income derived from intellectual property licenses granted to third parties for the use of patented technologies that are owned by Finjan.

Finjan Blue was founded to support our development and licensing efforts of the IBM Security Patents obtained by Finjan Blue through the Patent Assignment and Support Agreement with IBM. The Agreement, the terms of which are confidential, includes pathways for Finjan and IBM to consider development efforts in the future and provides for the sharing of pertinent institutional knowledge and resources by IBM to Finjan Blue.

Finjan Mobile was founded to ensure that mobile devices are protected against spies, phishing and malware attacks. Given the uptrend in mobile device usage coupled with the amount of transient corporate data, the average mobile user presents and represents higher risks of data loss through hacking. The consumer mobile device has become so convenient that consumers often ignore online security and download apps and blindly agree to terms of service, purchase products, pay bills, connect to free Wi-Fi, and not think twice about personal data and photos stored on their devices. As such, in June of 2015, the Company started research and development of security products for mobile devices which not only benefit from technologies developed and patented by Finjan but with the invention of new mobile technologies will help us expand our existing patent portfolio.

CybeRisk was founded to deliver global advanced cyber risk and cyber security advisory services. Through a team of employees and consultants, based in East Palo Alto & Tel Aviv, CybeRisk assesses corporate risk exposure and delivers appropriate mitigation strategies. CybeRisk's unique and focused offering, positions CybeRisk as the piece that interconnects the "server room to the board room".

As of September 30, 2017, we had 12 employees. We intend to hire or engage additional full-time professionals, employees, and/or consultants in alignment with our growth strategy. Although the market is highly competitive for attracting and retaining highly qualified professionals in our industry, we continue our endeavor to find such candidates for our Company. Our management team and additional personnel that we may hire in the future will be primarily responsible for executing and implementing our licensing and enforcement strategy, including analyzing licensing and enforcement opportunities, making tactical decisions related to our strategy, identifying new applications for our existing cybersecurity technologies and pursuing opportunities to invest in new technologies through strategic partnerships and acquisitions.

Industry Trends and Outlook

We believe cybersecurity will again be a very active sector in 2018. Cybersecurity is not just another technology but a critical business issue that intersects government, corporations and individual citizens. We have recently seen a number of devastatingly successful cybersecurity breaches targeting high profile government offices and corporations. The full extent of the cost and damage associated with these attacks may not be known for some time. Nonetheless, these attacks are expected to continue, along with their associated and sometimes unprecedented costs. In many cases, it is not just the government or corporation that suffers losses or damages but their clients and customers, who can also fall victim by the breach of their personal and otherwise confidential data. These issues have forced both government and corporations to take a serious look at their vulnerabilities, which will lead to increased spending on cybersecurity infrastructure, including hardware and software, as well as cybersecurity consulting services.

Given our 20-year history in the cybersecurity market we have had the benefit of actively participating in the progression on how technology has moved to meet the new threats and demands. We believe this puts us in a unique position to make observations and determine the best course of action in order to make investments in new developing technologies. There is still a limited appreciation for how much personal data is being pushed out over the internet for anyone to capture and unlike desktops and laptop computers, mobile devices do not have the same kind of access to security. We believe this represents a unique opportunity for Finjan to develop products for consumer mobile devices that were once only available to our enterprise customers. As such, we are building upon our current patented technology and migrating it into the mobile platform so consumers can have greater control of their security and personal information

We believe that there are some proponents of patent law reform, largely made up of an individual or coalitions of technology corporations that continue to seek statutory limitations on how companies can enforce their patents. In an effort to ensure fair and balanced protections for all good faith patent owners, our executives have dedicated time and resources to actively educate our lawmakers and existing and prospective stakeholders on how certain proposed reforms could harm individual inventors, startups, small companies, the licensing industry and therefore, U.S. innovation and the economy as a whole.

Further, since the enactment of the Leahy-Smith America Invents Act ("AIA") on September 16, 2011, several aspects of the patent law have been interpreted by the courts, including what constitutes patentable subject matter, inducement of infringement, and (attorney) fee-shifting to the non-prevailing party in the context of litigation, among other issues. Moreover, under AIA, patents previously granted by the USPTO may be reviewed through post-patent grant proceedings such as reexamination or IPR. It is becoming a trend, if not a practice, for accused infringers to petition for reexaminations or IPRs of asserted patents as these proceedings may give the petitioner "two bites at the apple." The outcome of the proceedings can range from decisions favorable to the patent holder, favorable to both parties, or favorable to the petitioner. If the outcome is the latter, the value of the challenged patent can be materially reduced or extinguished. Thus, patent rights, including enforcement of such rights against unauthorized use is inherently subject to uncertainties.

Future Growth Strategy

Our mission, for the foreseeable future, is to build a diversified cybersecurity technology company benefiting from historical investments in technology and patents while expanding into new product and services offerings. We believe our patented technologies continue to hold significant value and we intend to vigorously protect our investment, the value of our existing licensees' investments, and the value that technology and intellectual property represents for our shareholders. We are pursuing and will continue to pursue our growth through the following objectives:

- *Develop and Expand Existing Patent Portfolio* - We have obtained and endeavor to continue to obtain new patents relating to security technologies through research and development and/or acquisition in the cybersecurity space. For example:
 - On September 13, 2016, Finjan was issued U.S. Patent No. 9,444,844 ('844 Patent) covering malicious mobile code runtime monitoring system and methods;
 - On October 5, 2016, Finjan was issued European Patent No. EP 1 810 152 B1 covering method and system for adaptive rule-based contents scanners;
 - On December 20, 2016, Finjan was issued U.S. Patent No. 9,525,680 ('680 Patent). The '680 Patent relates to secure communication between a client and a server computer using certificates, even when a non-secure computer intermediates between the client and the server.
 - On January 24, 2017, Finjan Mobile received its first US patent, U.S. Patent No. 9,554,279 ('279 Patent). The patent relates to authorizing a mobile device to access a secure server based in part on whether the mobile device is currently located within an authorized geographical area.

- *Invest in Internal Research & Development through Finjan Mobile* - We continue to pursue internal research and development of security technologies that both relate to Finjan's existing patented inventions as well as new concepts to meet an ever-expanding market need. Since we do not yet have sufficient internal personnel to engage in large-scale research and development, we currently operate this business with limited internal staff focused on strategy and market development while software development is completed under contract with external developers. Products currently available and in development include Finjan Mobile Secure Browser with an integrated VPN and next generation multi-factor authentication security applications utilizing geo-location techniques on mobile devices.

On September 6, 2017, Finjan Mobile released VitalSecurity™ Gen 4.0 Secure Mobile Browser (VitalSecurity 4.0). The patented VitalSecurity 4.0 is a fully functional browser with an integrated VPN for use on Apple and Android platforms, and uses and builds upon the incorporation of Finjan, Inc.'s, core security patented technology. Key features of VitalSecurity 4.0 include:

- Integrated VPN allows users to connect to virtual locations worldwide
- Traffic is encrypted and users' location is masked from other apps and websites
- Passcode and opt-in biometric Touch ID security
- Complete browser functionality including tabs, history, and bookmarks
- Tracker detection and blocking allow users to effortlessly identify and turn off unwanted trackers on any web page in four categories (Advertising, Analytics, Content, and Social)
- Virus scanning and security reporting that alerts users to the safety level of every web page visited in three categories (Safe, Suspicious, Danger)

VitalSecurity 4.0 is available for download on the IOS and Android platforms in the iTunes and Google Play stores and the VPN can be downloaded for Mac and Windows on [FinjanMobile.com](#)

The Company continues to explore inorganic growth and acquisition opportunities to complement the vision for Finjan Mobile.

- *Continue to Develop and Invest in CybeRisk* - CybeRisk provides services to enterprise customers on a wide variety of threats, current and future issues, and prevention. CybeRisk's advisory services enable customers to accelerate the maturity of their cyber security posture and are intended to augment a company's own security and risk capabilities. We intend to further invest in CybeRisk and grow our cybersecurity advisory services business. This could include one or more of the following: the hiring of additional qualified personnel, and the expansion of the business globally from its current headquarters in East Palo Alto & office in Tel Aviv.
- *Expand our IP Assets through Acquisitions and Strategic Partnerships* - We intend to acquire and develop new technologies and invest in intellectual property through strategic partnerships, acquisitions of technology-focused companies, IP portfolios or other assets and other initiatives. We endeavor to identify relevant security technologies and patents that have been, or are anticipated to be, widely adopted by third parties in connection with the manufacture or sale of products and services, and to which we can bring enforcement actions (i.e., licensing or litigation) and other expertise. We may also broaden our technology and patent holdings by working with inventors and universities, acquiring technology companies, investing in research laboratories, start-ups, and by creating strategic partnerships with companies, large and small, seeking to effectively and efficiently monetize their technology and patent assets. While we anticipate that we will initially focus on acquisitions and strategic partnerships involving technologies relating to network, web and endpoint cybersecurity, we may seek to diversify to a broader market in the future. Our experience with monetizing both technologies and patents may be considered valuable by potential acquisition candidates and strategic partners who may lack resources or know-how to effectively and efficiently generate a return for those investments.

Through Finjan Blue, we entered into a Patent Assignment and Support Agreement with IBM, effective August 24, 2017. Pursuant to the Patent Assignment Agreement, Finjan Blue acquired select IBM patents in the security sector in exchange for \$8.5 million cash, payable as follows: (i) \$2.0 million upon execution of the Patent Assignment Agreement and (ii) \$6.5 million over the subsequent four years, final payment due August 24, 2021. IBM will support Finjan Blue in its development and licensing of the IBM Security Patents, and provide assistance for such efforts as needed for the term of the Agreement and Finjan Blue will reimburse IBM for reasonable time and out of pocket costs for such assistance, however IBM will not receive further proceeds from such efforts. IBM has reservation of rights with respect to the IBM Security Patents for its current licensees and open source initiatives. Finjan Blue and IBM also agreed to explore further development and licensing opportunities.

- *Continue to Demonstrate Best Practices in Pursuing Licensing Relationships and Enforcing our Patent Rights* - In March 2014, we adopted Best Practices to demonstrate our commitment to ethical, transparent and consistent business practices for intellectual property licensing. We called upon and continue to promote industry-wide adoption of a set of best practices, through leadership organizations such as the Licensing Executive Society (LES) and the Open Register of Patent Owners that support technological advancements, investments in innovation, and continued job creation while protected by a robust patent system. In February of 2017, the American National Standards Institute or ANSI had approved LES' application to receive accreditation to become a Standards Development Organization or SDO. With this new endorsement and governance from ANSI, Finjan is moving swiftly to build industry consensus for IP and patent related matters in a number of disciplines. We intend to continue pursuing a proactive campaign that adheres to our best practices guidelines while rigorously protecting our intellectual property rights. We have entered into preliminary discussions with numerous potential licensees in accordance with these Best Practices, but acknowledge that it takes many discussions and many months for preliminary discussions to culminate in a license agreement, if at all. While it is our preference to resolve our patent-related disputes through amicable business solutions, protecting the value of our patented technology is paramount.

Although we currently pursue growth initiatives through the above strategies, unforeseen market and industry conditions and new developments may necessitate changes in our strategies. We intend to remain resilient, flexible, and open to new opportunities that benefit our shareholders.

Recent Accounting Pronouncements

See "NOTE 1 - The Company and summary of significant accounting policies, - Recently issued accounting pronouncements"

Comparability to Future Results

We have set forth below selected factors that we believe have had, or can be expected to have, a significant effect on the comparability of our recent or future results. In addition to the factors described below, please see Item 1A. "Risk Factors" for additional factors that may affect our operating results.

Fluctuations of Income, Expenses and Cash Flows Related to Licensing and Enforcement

Our licenses and Judgments may not be recurring, and are not necessarily indicative of the income or cash flows that we expect to generate in the future from our existing technology portfolio or otherwise. We expect income, expenses and cash flows related to patent enforcement to be unpredictable and to fluctuate significantly from period to period. A number of factors, many of which are beyond our control, may affect the timing and amount of our income and cash flows related to patent licensing and enforcement actions, including, but not limited to, trial dates, the strength of our claims and likelihood of achieving an acceptable license on settlement, the timing and nature of any appeals and our ability to collect on any favorable Judgments. Significant fluctuations in our income and cash flows may make our business difficult to manage and adversely affect our business and operating results. We do not recognize income from our licensing and enforcement actions until the terms are fixed and determinable or litigation is finalized (whether resolved at trial or in a settlement).

Our expenses, principally with respect to litigation costs, may also vary significantly from period to period depending upon a number of factors, including, but not limited to, whether fees of outside legal counsel are paid on an hourly, contingent or other basis, the timing of depositions, discovery and other elements of litigation, costs of expert witnesses and other consultants, and other costs incurred in support of enforcement actions.

As a result of the factors described above and other known and unknown risks affecting our business, our historical operating performance may not be indicative of our future results.

Stock-Based and Other Executive Compensation

Our Board of Directors has adopted the Finjan Holdings 2014 Incentive Plan, which our shareholders approved at our 2014 annual meeting of stockholders on July 10, 2014, pursuant to which 2,196,836 shares of common stock were originally authorized for issuance. At our 2017 annual meeting of stockholders on June 21, 2017, our shareholders authorized an increase of 1,000,000 shares to the Finjan Holdings, Inc., Amended and Restated 2014 Incentive Compensation Plan (as amended, the “2014 Plan”). A total of 462,046 restricted stock units and 1,620,507 options remain outstanding as of September 30, 2017, under the 2013 and 2014 Plans. We expect that future equity-based awards will continue to be made under the 2014 Plan to our directors, officers and other employees and consultants. As a result, to the extent relevant, we may incur non-cash, stock-based compensation expenses in future periods that may not be comparable to past periods.

We continue to increase the number of our employees to help execute our strategy in the cybersecurity business and support our public company functions, and expect to hire additional employees in both capacities. Accordingly, we will continue to incur compensation expenses in future periods that we did not incur during the historical period presented in our financial statements.

Results of Operations

Three and nine months ended September 30, 2017 compared with three and nine months ended September 30, 2016

	For Three Months Ended September 30,				For Nine Months Ended September 30,			
	2017	2016	Change	%	2017	2016	Change	%
(In millions, except percentages)								
Revenue	\$ —	\$ 1.1	\$ (1.1)	(100)%	\$ 27.1	\$ 10.0	\$ 17.1	171 %
Cost of revenues	—	—	—	— %	4.0	2.2	1.8	82 %
Gross profit	—	1.1	(1.1)	(100)%	23.1	7.8	15.3	196 %
Gross Margin	—%	100%			85%	78%		
Operating expenses:								
Research and development	0.7	0.2	0.5	250 %	1.1	0.4	0.7	175 %
Sales, general and administrative ⁽¹⁾	5.0	4.2	0.8	19 %	14.3	11.0	3.3	30 %
Total operating expenses	5.7	4.4	1.3	30 %	15.4	11.4	4.0	35 %
Other Income								
Change in fair value of warrant liability	1.5	—	1.5	— %	1.5	—	1.5	— %
Provisions for income taxes	—	—	—	— %	0.3	—	0.3	— %
Net income (loss)	\$ (4.2)	\$ (3.3)	\$ (0.9)	28 %	\$ 8.9	\$ (3.6)	\$ 12.5	347 %
⁽¹⁾ Includes stock based compensation	\$ 0.2	\$ 0.2	\$ —	— %	\$ 0.6	\$ 0.7	\$ (0.1)	(14.3)%

Revenues for the three and nine months ended September 30, 2017 decreased 100% or \$1.1 million to nil and increased 171% or \$17.1 million to \$27.1 million, compared to \$1.1 million and \$10.0 million for the three and nine months ended September 30, 2016, respectively. Revenue is derived from multiple license agreements that we entered into with third-parties following negotiations pursuant to our licensing and enforcement program. Revenue is determined by the timing of these licensing agreements and can vary period to period.

Costs of revenues include legal fees directly associated with our licensing and enforcement program and were nil and \$4.0 million for the three and nine months ended September 30, 2017, respectively and nil and \$2.2 million for the same periods in 2016. Gross profit as a percentage of revenue was nil and 85% for the three and nine months ended September 30, 2017, respectively, versus 100% and 78% for the same periods in 2016, respectively. We accrue and/or recognize cost of goods sold

upfront when initially recognizing a new agreement, while a portion of the revenue is recognized when it becomes fixed and determinable, often over several quarters. As a result, margins between periods can and do often vary significantly.

Research and development expenses were \$0.7 million and \$1.1 for the three and nine months ended September 30, 2017, respectively, representing an increase of \$0.5 million or 250% and \$0.7 million or 175%, respectively, as compared to the same periods in 2016. Our focus on research and development consisted primarily of professional services associated with the development of our mobile security application products. We continue to accelerate our efforts in security application products, including mobile.

Selling, general and administrative expenses ("SG&A") during the three and nine months ended September 30, 2017 of \$5.0 million and \$14.3 million, respectively, an increase of \$0.8 million or 19% and \$3.3 million or 30% as compared to \$4.2 million and \$11.0 million for the same periods ended September 30, 2016, respectively. SG&A expenses are largely related to litigation, headcount and amortization of the IBM patent assignment acquired this quarter. For the three and nine months ended September 30, 2017 litigation expenses increased by \$0.6 million or 28% and \$2.1 million or 42%, respectively, to \$2.9 million and \$7.2 million from \$2.3 million and \$5.1 million during the same periods in 2016, respectively. These costs are primarily due to the timing of various outstanding actions as described in "Note 8 - LITIGATION, CLAIMS AND ASSESSMENTS ". Personnel expenses were \$0.7 million and \$2.9 million for the three and nine months ended September 30, 2017, a decrease of \$0.1 million or 13% and an increase of \$0.5 million or 20%, respectively, as compared to \$0.7 million and \$2.5 million during the same periods in 2016, respectively. Operations related expenses were \$0.5 million and \$1.0 million during the three and nine months ended September 30, 2017, an increase of \$0.3 million for both three and nine months ended September 30, 2017, as compared to the same periods in 2016. This was primarily due to the amortization of the IBM Patent Assignment agreement during the period.

Other income for both three and nine months ended September 2017, of \$1.5 million was a result of re-valuation of the warrant liability for the Warrant that was issued to Soryn HLDR in the second quarter of 2017.

The provision for income taxes of \$0.3 million is tied to the net income recognized during the year. There was a loss in the same period in 2016 resulting in no taxes being recognized during that time.

Liquidity and Capital Resources

Overview

Our cash requirements are, and will continue to be, dependent upon a variety of factors. We expect to continue devoting significant capital resources to the litigations in process and any other litigation we pursue. We also expect to require significant capital resources to maintain our issued patents, prosecute our patent applications, acquire new technologies as part of our growth strategy, and attract and retain qualified personnel on a full-time basis.

In addition:

- On November 21, 2013, we made a \$5 million commitment to invest in an innovation fund through JVP to invest in early-stage cyber technology companies, of which \$2.7 million of the commitment remains unfunded as of September 30, 2017. The fund can make a call on our remaining \$2.7 million commitment at any time. We expect to make payments to honor this commitment if and when capital calls are made by the fund. We have sufficient cash on hand to fund such obligations.
- On April 21, 2017, we entered into a \$3.9 million agreement with Avira, Inc., to provide services to support our VPN Platform effective July 1, 2017, payable over 3 years in quarterly payments of \$0.3 million. As of September 30, 2017, the Company has a \$3.6 million contractual obligation due over the next 11 quarters.
- We entered into a \$8.5 million Patent Assignment and Support Agreement with IBM effective August 24, 2017. As of September 30, 2017, the Company has a \$6.5 million contractual obligation due over the next 4 years, with final payment August 24, 2021.

We lease our corporate headquarters office in East Palo Alto, CA and offices in New York, New York, Menlo Park, California and Tel Aviv, Israel. Under the terms of the four leases, we owe minimum lease obligations of \$0.6 million over the remaining life of the leases, of which \$0.5 million is for the East Palo Alto headquarters lease. During 2015, we entered into subleases for each of the Menlo Park and New York offices for essentially the remaining duration of the leases. As of September 30, 2017, the total future minimum lease payments to be received under the Menlo Park and New York subleases were \$0.03 million and \$0.2 million, respectively.

Our licensing agreements provide for installment payments totaling \$8.4 million through March 2019, comprised of \$5.9 million due by first quarter of 2018 and \$2.5 million due first quarter of 2019. Revenue will be recognized in accordance with our revenue recognition policy (See "NOTE 1 - The Company and summary of significant accounting policies, - Revenue Recognition")

The amount and timing of cash flows from our licensing and enforcement activities are subject to uncertainties stemming primarily from uncertainties regarding the rates of adoption of our patented technologies, the success of our licensing efforts and the outcome of enforcement actions. As a result, our income and cash flows may vary significantly from period to period.

	<u>September 30, 2017</u>	<u>December 31, 2017</u>
	<u>(in millions)</u>	
Cash & cash equivalents	\$ 33.4	\$ 13.7

As of September 30, 2017, we had \$33.4 million of cash and cash equivalents, an increase of \$19.7 million from \$13.7 million at December 31, 2016. This is primarily attributable to \$26.6 million received from financing activities, \$8.8 million provided by operating activities, less \$1.9 million used in investing activities, and \$13.8 million cash used in financing activities to redeem and retire our Series A Preferred Stock.

Based on current forecasts, management believes that our cash and cash equivalents will be sufficient to meet our anticipated cash needs for working capital for at least the next 12 months from the date of filing of this quarterly report. Such forecasts include approximately \$5.9 million of licensing revenue to be received by March 31, 2018 under existing contracts. We may, however, encounter unforeseen difficulties that may deplete our capital resources more rapidly than anticipated. If we need additional funding, either debt or equity, to support our licensing and enforcement activities, planned research and development activities and to better solidify our financial position, it may not be available on favorable terms, or at all. Under such circumstances, if we are unable to obtain additional funding on a timely basis, the Company may be required to curtail or terminate some or all our business plans.

	<u>Nine Months Ended September 30,</u>	
	<u>2017</u>	<u>2016</u>
	<u>(in millions)</u>	
Net cash provided by operating activities	\$ 8.8	\$ (1.0)
Net cash provided by (used in) investing activities	\$ (1.9)	\$ (0.6)
Net cash provided by financing activities	\$ 12.8	\$ 7.0

Cash flows from Operating Activities:

Net cash provided by our operating activities of \$8.8 million during the nine months ended September 30, 2017 is primarily due to net income of \$8.9 million, plus \$0.3 million in depreciation and amortization and \$0.6 million of stock-based compensation, \$0.5 million decrease in operating assets and liabilities and \$1.5 million change in warrant liability. Net cash used in our operating activities of \$1.0 million during the nine months ended September 30, 2016 is primarily due to a \$3.6 million loss during the period, offset by \$1.9 million in changes in operating assets and liabilities and \$0.7 million of stock based compensation.

Cash used in Investing Activities:

During the nine months ended September 30, 2017 cash used in investing activities of \$1.9 million was primarily due to the purchase of assets under the Patent Purchase Agreement, cash used in investing activities was \$0.6 million for the same period in 2016, primarily related to the purchase of additional investment in accordance with commitment to the JVP fund.

Cash provided by Financing Activities:

Net cash provided by financing activities was \$12.8 million during the nine months ended September 30, 2017 versus \$7.0 million during the nine months ended September 30, 2016. For the nine months ended September 30, 2017, cash provided by financing activities primarily resulted from the Series A-1 Preferred Stock Financing totaling \$14.4 million and a Common Shares financing for \$12.0 million, offset by redeeming and retiring Series A Preferred Stock Financing of \$13.8 million. During the nine months ended September 30, 2016, net cash provided by financing activities primarily resulted from the Series A Preferred Stock Financing in May 2016, net of redemptions in the period.

Off-Balance Sheet Arrangements

We do not have any material off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Our exposure to market risk for changes in interest rates relates primarily to our holdings of cash and cash equivalents. Our cash and cash equivalents as of September 30, 2017, totaled \$33.4 million and consisted primarily of cash and money market funds with original maturities of three months or less from the date of purchase. Our primary exposure to market risk is interest income sensitivity, which is affected by changes in the general level of the interest rates in the United States. However, because of the short-term nature of the instruments in our portfolio, a sudden change in market interest rates of 10% would not be expected to have a material impact on our financial condition or results of operations. We do not have any foreign currency or other derivative financial instruments.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management evaluated, with the participation of our President and Chief Executive Officer, Philip Hartstein, and our Chief Financial Officer and Treasurer, Michael D. Noonan, the effectiveness of the design and operation of our disclosure controls and procedures, as of the end of the period covered by this quarterly report. Based on our evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective, as of September 30, 2017, to provide reasonable assurance that information required to be disclosed in reports that we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported accurately and within the time periods specified in the Securities and Exchange Commission rules and forms and accumulated and communicated to our management, including our President and Chief Executive Officer and Chief Financial Officer and Treasurer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

During the quarter ended September 30, 2017, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including our President and Chief Executive Officer and Chief Financial Officer and Treasurer, has designed our disclosure controls and procedures and our internal control over financial reporting to provide reasonable assurances that the controls' objectives will be met. However, management does not expect that disclosure controls and procedures or our internal control over financial reporting will prevent or detect all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within Finjan Holdings, Inc. have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any system's design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of a system's control effectiveness into future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

See "NOTE 8 - Litigation, Claims, and Assessments" to our Condensed Consolidated Financial Statements.

Item 1A. Risk Factors

There have been no material changes to the factors disclosed in Item 1A. Risk Factors in the Company's Annual Report on Form 10-K for the year ended December 31, 2016.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

All unregistered sales of equity securities during the quarter ended September 30, 2017 have been reported by the Company on Form 8-K filed with the SEC.

Item 3. Defaults upon Senior Securities

Not Applicable.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

Not Applicable.

Item 6. Exhibits

Exhibit Number	Exhibit Description
3.1	Certificate of Designation of Series A-1 Preferred Stock dated June 19, 2017 (incorporated by reference to Exhibit 3.1 to our current report on Form 8-K filed on June 20, 2017)
4.1	Warrant dated June 19, 2017 between Finjan Holdings, Inc. and Soryn HLDR Vehicle II LLC (incorporated by reference to Exhibit 4.1 to our current report on Form 8-K filed on June 20, 2017)
10.1	Series A-1 Preferred Stock Purchase Agreement, dated June 15, 2017, between Finjan Holdings, Inc. and Soryn HLDR Vehicle II LLC (incorporated by reference to Exhibit 10.1 to our current report on Form 8-K filed on June 20, 2017)
10.2	Patent Assignment and Support Agreement, dated effective as of August 24, 2017 by and between Finjan Blue, Inc., a Delaware corporation and wholly-owned subsidiary of the Finjan Holdings, Inc., and International Business Machines Corporation, a New York corporation*%
31.1	Certification of Principal Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
31.2	Certification of Principal Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
32.1	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002†*
101.INS	XBRL Instance Document***
101.SCH	XBRL Taxonomy Extension Schema Document***
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document***
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document***
101.LAB	XBRL Taxonomy Extension Label Linkbase Document***
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document***
*	Filed herewith.
%	Confidential treatment has been requested with respect to certain omitted portions of this exhibit. Omitted portions have been filed separately with the Securities and Exchange Commission
†	This certification is being furnished and shall not be deemed “filed” with the SEC for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, and shall not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference.
***	Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files in Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: November 9, 2017

Finjan Holdings, Inc.
(Registrant)

/s/ Philip Hartstein

Philip Hartstein
President and Chief Executive Officer
(Principal Executive Officer)

/s/ Michael Noonan

Michael Noonan
Chief Financial Officer and Treasurer
(Principal Financial Officer)

PATENT ASSIGNMENT AND SUPPORT AGREEMENT

THIS PATENT ASSIGNMENT AND SUPPORT AGREEMENT (this “Agreement”), is entered into by and between Finjan Blue, Inc., a Delaware corporation (“Finjan Blue”), a wholly owned subsidiary of Finjan Holdings, Inc. (“Parent”) and International Business Machines Corporation, a New York corporation (“IBM”). Finjan Blue and IBM will be referred to herein collectively as the “Parties” and each individually as a “Party.” Parent, Finjan, Inc., and Finjan Mobile, Inc. are also executing this Agreement for the purposes specified below.

A. WHEREAS, the Parties have had discussions regarding certain IBM patents and the Parties desire to preserve and protect the value of such patents;

B. WHEREAS, IBM has the right to assign its interest in the Assigned Patents as defined below;

C. WHEREAS, subject to the terms below, IBM desires to assign to Finjan Blue all of IBM’s right, title and interest in, to, and under the Assigned Patents and Finjan Blue desires to acquire such right, title, and interest in, to, and under the Assigned Patents; and

D. WHEREAS, the Parties desire for IBM to make available to Finjan Blue, inventors, engineering and subject matter experts to the extent described below, to support enforcement efforts of Finjan Blue relative to the Assigned Patents as more fully described below. The Parties also desire to continue an open dialogue with respect to potential future assignment, development or technology licensing opportunities.

In consideration of the licenses, terms, conditions and recitals set forth below, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

TERMS AND CONDITIONS

1. **ASSIGNMENT.**

1.1 Assigned Patents. Subject to all rights granted to others prior to the Effective Date, to IBM’s reservation of rights set forth in Section 5, and to the terms in Section 2.1, IBM hereby sells, conveys, transfers, assigns and delivers to Finjan Blue all of IBM’s right, title and interest in, to and under the Assigned Patents, including the right to sue for injunctive relief and damages for past infringement of any of the Assigned Patents.

1.2 Costs of Perfection. Finjan Blue shall be solely responsible for all actions and all costs whatsoever, including but not limited to taxes, attorneys’ fees and patent office fees in any jurisdiction, arising after the Effective Date and associated with the perfection of Finjan Blue’s right, title, and interest in and to each Assigned Patent and recordation thereof.

1.3 Documents for Recordation. With respect to the Assigned Patents, that are pending or issued in the United States and other jurisdictions, IBM shall deliver, no later than ten (10) days after the execution of this Assignment, an executed document having the form and substance of Exhibit D. Unless additional documents and instruments are necessary to perfect Finjan Blue’s right, title, and interest in and to such Assigned Patents and recordation thereof, IBM’s execution of such documents and their timely delivery to Finjan Blue shall fully satisfy IBM’s obligations under this Section 1.3 with respect to assignment of such Assigned Patents that are pending or issued in these geographies. In the case that additional documents and instruments are necessary to perfect Finjan Blue’s right, title, and interest in and to the Assigned Patents and recordation thereof, upon Finjan Blue’s written request and at Finjan Blue’s expense, IBM shall promptly execute such documents and instruments prepared by Finjan Blue.

1.4 Delivery of Prosecution Materials. No later than sixty (60) days after the Effective Date, IBM shall deliver (or instruct its agents or counsel to deliver) to Finjan Blue or its designee copies of the patent

Confidential Treatment has been requested for portions of this document marked as “[*]”. A complete version of this document has been filed separately with the Securities and Exchange Commission. 1 of 22**

prosecution file in the form and as maintained by the IBM Intellectual Property Law Department or its outside counsel for each Assigned Patent, including all patent office filings, declarations and assignments from each named inventor of the Assigned Patents, but not including any IBM confidential information which is not related to the conception or reduction to practice or patentability or enforceability or validity of any Assigned Patent, to the extent they are in IBM's or its counsel's control or possession and accessible with reasonable effort, which may be delivered in electronic form.

1.5 Schedule of Due Dates; IBM Responsibilities. IBM has provided Finjan Blue a written schedule of all Due Dates that it keeps in its normal course of business, for any actions or costs related to the Assigned Patents or Assigned Patent Applications occurring within ninety (90) days of the Effective Date. IBM shall perform all required actions and pay all associated costs for Due Dates solely with respect to Assigned Patent Applications occurring prior to delivery of the prosecution files under Section 1.4.

1.6 Future Prosecution Costs. Except as set forth in Section 1.5, Finjan Blue shall be solely responsible for all actions and all costs, including attorneys' fees and patent office fees in any jurisdiction, having a Due Date after the Effective Date and associated with: (i) maintaining the enforceability of any of the Assigned Patents; or (ii) further prosecution of any of the Assigned Patents.

1.7 Assignment of Certain Patent Family Members. It is the intent of IBM to assign, if they exist, all Patent Family Members and Patent Application Family Members on the terms and subject to the conditions of this Agreement. If, during the term of the Agreement either Party identifies any patent or patent application that is a Patent Family Member or Patent Application Family Member, IBM shall (to the extent that it has the right to do so at the time) promptly by amendment to this Agreement: (i) assign to Finjan Blue, all of IBM's right, title and interest it has, as of the date of such assignment, in, to, and under such Patent Family Member or Patent Application Family Member, as applicable, subject to any rights granted to others prior to the Effective Date of the assignment and IBM's reserved rights set forth in Section 5, and to the terms in Section 2 and the other terms of this Agreement, and subject only to the representations and warranties set forth in this Agreement that are true at the time of such assignment; (ii) execute or cause to be executed all documents or instruments set forth in this Agreement as if such Patent Family Member or Patent Application Family Member had been included in the Assigned Patents on the Effective Date, substituting the date of such assignment for the Effective Date to Finjan Blue; and (iii) at IBM's expense, do all lawful acts and execute or cause to be executed all documents or instruments reasonably necessary to perfect Finjan Blue's right, title, and interest in and to such Patent Family Member or Patent Application Family Member, and recordation thereof as if such Patent Family Member or Patent Application Family Member had been included in the Assigned Patents on the Effective Date.

1.8 Certain Patent Applications Deemed Assigned Patents. In the event Finjan Blue, or any successor in interest, assignee or exclusive licensee of any Assigned Patent, files any patent application that (a) claims, or is entitled to claim, priority from any Assigned Patent, and (b) does not claim any new matter, then such patent application and any patent issuing thereon shall be subject to the obligations of Finjan Blue as if such patent application or any patent issuing thereon were an Assigned Patent.

1.9 IBM Strategic Open Source Software. As between IBM and Finjan Blue, and subject to the restrictions set forth in Section 5, Finjan Blue as the acquirer of IBM's right, title, and interest in each Assigned Patent, has sole discretion whether or not to institute any action or suit against third parties for infringement of any Assigned Patent or to defend any action or suit that challenges or concerns the validity of any Assigned Patent. Notwithstanding the above, Finjan Blue agrees not to commit Restricted Enforcement Actions against IBM Strategic Open Source Software. If Finjan Blue commits such Restricted Enforcement Actions, IBM may, at its option, grant licenses and releases under the Assigned Patents for such IBM Strategic Open Source Software. Nothing in this Section 1.9 shall prevent Finjan Blue from filing a patent infringement lawsuit as a counterclaim or a cross-claim against a third party in response to a patent infringement lawsuit filed by that party, and in such circumstance IBM shall not be permitted to grant a license or release under this Section.

1.10 Limitations. Except with respect to the Assigned Patents as expressly set forth in this Agreement, and the covenants in Section 3, no license, immunity, ownership interest, or other right is granted under this Agreement, either directly or by implication, estoppel, or otherwise.

2. PAYMENTS.

2.1 Fees. As consideration for the assignment to Finjan Blue under this Agreement, Finjan Blue shall pay to IBM the sum of EIGHT MILLION FIVE HUNDRED THOUSAND US dollars, (USD \$8,500,000.00) in accordance with the following schedule:

(a) USD 2,000,000 upon execution of this Agreement;

[***]

on or before the fourth anniversary of the Effective Date.

2.2 Means of Payment. Finjan Blue shall make its payments under this Agreement via wire transfer in immediately available funds to the following account for the benefit of IBM:

[***]

An Agreement Reference Number will be assigned to this Agreement by IBM upon execution. This number should be included in all communications and wire transfer payments.

2.3 Taxes. Each Party shall pay all taxes imposed by the government, including any political subdivision thereof, of any country in which said party is doing business, as the result of said party's furnishing consideration hereunder. In the event such a tax becomes payable as a result of a Party's furnishing consideration in respect of a sublicense granted to any of its Subsidiaries, said Party shall be responsible for determining the amount of and paying, or causing said sublicensed Subsidiary to pay, said tax.

2.4 Validity, Enforcement. Each Party covenants, represents and warrants to the other Party that neither it nor its Subsidiaries, as applicable, shall contest, assist, provide funding or participate in any way in a contest of the validity or enforceability of the Assigned Patents, in any forum, domestic or foreign, including the Federal Trade Commission, the United States Patent and Trademark Office or the International Trade Commission or their foreign equivalents. This provision does not prohibit a Party or its Subsidiaries from: (a) raising a defense, including invalidity, in a judicial proceeding or filing a petition for *inter partes* review or other post-grant review with an administrative agency in response to a claim of infringement filed against them by the other Party; (b) responding to a court order or valid subpoena; provided that the responding Party shall use commercially reasonable efforts to provide notice of the order or subpoena to the extent permitted by law, to the extent the individual responsible for responding to such subpoena on behalf of a Party has actual knowledge of this obligation, and in such case will allow the other Party the opportunity to oppose the order or subpoena if it so desires; or (c) belonging to organizations that might take actions inconsistent with this paragraph, including paying membership dues and participating in organizational meetings, so long as that

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Party does not encourage, induce, direct, control, or otherwise participate in, the actions described in the first sentence of this Section.

2.5 Parent Company Guaranty. Parent hereby unconditionally and irrevocably guarantees to IBM, the due and timely performance and observance by Finjan Blue of all obligations, liabilities, commitments, undertakings, and warranties of Finjan Blue under or in connection with this Agreement.

3. COVENANTS NOT TO SUE.

3.1 IBM Covenant. Provided Finjan Blue makes the payments in accordance with the schedule in Section 2.1, IBM covenants not to sue (or to permit an IBM Subsidiary or Affiliate to sue) Finjan Blue or Parent or any of their Subsidiaries (collectively, the "Finjan Beneficiaries") for patent infringement, under its Patent Rights, under any theory of direct or indirect infringement, for any actions taken by the Finjan Beneficiaries during the period of five (5) years after the Effective Date.

3.2 Finjan Party Covenants. Each of Finjan Blue, Parent, Finjan, Inc., and Finjan Mobile, Inc., covenants not to sue (or to permit any of their respective Subsidiaries or Affiliates to sue) IBM or any of its Subsidiaries (collectively, the "IBM Beneficiaries") for patent infringement, under its Patent Rights, under any theory of direct or indirect infringement, for any actions taken by the IBM Beneficiaries during the period of five (5) years after the Effective Date.

3.3 Assignees. Each of the Parties, and Parent, Finjan, Inc., and Finjan Mobile, Inc., shall make its covenant set forth in this Section binding on any assignee of its Patent Rights.

3.4 [*]**

4. SUPPORT.

4.1 IBM Support.

(a) **Inventors.** The Parties hereto acknowledge that any prosecution, maintenance, reexamination, reissue and enforcement of the Assigned Patents after the Effective Date may require the provision of assistance from employees or agents (to the extent IBM has the authority to control any such agent) of IBM who are inventors on the Assigned Patents ("Inventors"). Upon Finjan Blue's written request, provided any such Inventor is still employed by or under contract with IBM, at the time of such request, IBM shall timely make available to Finjan Blue the applicable Inventor, by phone and for a reasonable amount of time, to provide factual information related to their inventions in the Assigned Patents. IBM shall direct any such Inventor to provide such assistance to Finjan Blue in a professional, honest and workmanlike manner. Finjan Blue shall reimburse IBM reasonable time and out-of-pocket costs for such support in accordance with IBM's then current rates for the engineering services of the Inventor, and with respect to contractors, no less than the costs IBM incurs as a result of such contractor providing support in accordance with this Section. IBM does not guarantee the accuracy of any statements or information provided by Inventors under this Section.

With respect to any former IBM employees or current or former consultants (including outside counsel) who are inventors or prosecuting attorneys of an Assigned Patent, IBM agrees to waive any of IBM's confidentiality restrictions (but not any attorney-client privilege relative to the Assigned Patents or the person's involvement

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therewith) that would prevent such individuals from disclosing information reasonably necessary to provide assistance to Finjan Blue in the same manner as described above for Inventors.

(b) **Point of Contact; Privileged Information.** Finjan Blue shall not communicate with any IBM employee or contractor in connection with this Agreement or the Assigned Patents other than through the point of contact set forth in Section 13.1 below. Any assistance provided under this Section 4 shall not include an obligation to disclose any attorney-client privileged information, provided, however, IBM may in its discretion waive such privilege and provide such information related to an Assigned Patent. Nothing in this Section 4.1 shall constitute a waiver of Finjan Blue's legal rights to conduct discovery in connection with any litigation involving an Assigned Patent.

(c) **Access to Other Personnel.** IBM acknowledges that Finjan Blue may request to speak with subject matter experts of the technology claimed in the Assigned Patents who know the state of the art at the time of the invention, or someone with information regarding the filing or enforcement of the Assigned Patents, and any such request shall be addressed under a separate agreement between the Parties.

4.2 Other Opportunities. Finjan Blue desires and IBM acknowledges Finjan Blue's interest in pursuing potential technology licensing opportunities and/or joint development opportunities between the Parties. IBM agrees to engage in discussions with Finjan Blue regarding such opportunities.

4.3 Searching LFMS Database. Upon Finjan Blue's reasonable request, IBM shall within ten (10) business days conduct a search of IBM's patent licensing database (LFMS) to confirm whether a third party is an IBM Licensee and, to the extent not prohibited by law or contract (and, where applicable, will notify Finjan Blue when it is so prohibited by law or contract), provide a response to Finjan Blue as to whether such search using the third party name provided by Finjan Blue results in a record in LFMS. The foregoing right shall be limited to no more than ten (10) inquiries per calendar year.

4.4 Privileged Information. If Finjan Blue requests IBM confidential information in connection with Sections 4.1 or 4.3 of this Agreement, and if such information has been designated by IBM as privileged, then the Parties may discuss in good faith the possibility of entering into a limited common interest agreement that serves to preserve the privilege with respect to such IBM confidential information.

5. RESERVED RIGHTS.

5.1 Reserved Licenses. IBM reserves and retains, and Finjan Blue hereby grants to IBM, in each case for the benefit of IBM and its Subsidiaries, and its and their permitted successors and assigns, an irrevocable, nonexclusive, worldwide, fully paid-up, royalty free right and license under the Assigned Patents, to make, have made, use, have used, import, have imported, license, offer to sell, sell, lease, and otherwise transfer any product or service, and to practice and have practiced any method. Such reserved right and license includes the right to grant, without notice or accounting and with any required consents hereby deemed granted by Finjan Blue, sublicenses and releases of the same or lesser scope, only to: (x) subject to Section 3.4, entities who, after the Effective Date, become a Subsidiary of IBM or a Subsidiary of one of IBM's Subsidiaries, and (y) the entities below and only for the scope expressly specified below, without any right to grant further sublicenses other than to a Subsidiary to:

(a) **Divested Subsidiaries.** Subsidiaries that cease to be a Subsidiary of IBM or are transferred to a third party after the Effective Date, then the license granted to such Subsidiary under this Section 5.1(a) shall be limited to cover the products and services (including those under development by the Subsidiary) of such Subsidiary at the time it ceases to be a Subsidiary, and bug fixes for and new versions of the foregoing. Subject to the foregoing sentence, any license granted to such Subsidiary under this subsection shall not extend to any material new features or to any new product or service created after the date such Subsidiary ceased to be a Subsidiary of IBM;

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(b) **Existing Obligations to Third Parties** any IBM Licensee or other third party with respect to which IBM or any of its Subsidiaries has granted or provided, or has or incurs a duty or obligation to grant or otherwise provide, a release, license, immunity, covenant not to sue, or similar right or covenant under any Assigned Patent, where such grant, provision, duty or obligation is based upon a written agreement existing prior to the Effective Date, or upon any unwritten but legally enforceable promise, covenant, representation, conduct or action occurring prior to the Effective Date, with such third party; provided, however, that any sublicense granted pursuant to the terms of this Section 5.1(b) shall be no broader than necessary to fulfill such duty or obligation;

(c) **Spinoff of Product Lines** any third parties to which, after the Effective Date, IBM or any of its Subsidiaries transfers a product line or a service line, provided however, any sublicense granted pursuant to this Section 5.1(c) shall be limited to the particular product or service line being transferred, and products and services under development by IBM at the time of transfer, and bug fixes for or new versions thereto. Subject to the foregoing sentence, any sublicense granted to such third party under this subsection shall not extend to any material new features or to any new product line or service line created after the date of transfer;

(d) **Strategic OSS** third parties in accordance with Section 1.11; and

(e) **IBM Strategic Partners** any IBM Strategic Partners and their Subsidiaries.

No Listed Entity shall receive a license under clause (e) above.

5.2 Protection for IBM Customers. IBM reserves and retains, for the benefit of itself and its Subsidiaries and its and their successors and assigns, an irrevocable, nonexclusive, worldwide, fully paid-up, royalty free right to grant immunities from suit under each Assigned Patent to third parties where the suit is based on products, methods, technologies, or services to the extent provided directly or indirectly to the third parties by IBM or its Subsidiaries.

5.3 Reinstatement of Rights. IBM reserves the right to license or re-license any IBM Licensees that, by operation of law or for any other reason, lose rights under any of the Assigned Patents due to a transfer of rights, assignment or exclusive license of any Assigned Patent.

5.4 Recording IBM's Reserved Rights. Finjan Blue shall execute all documents and instruments, and shall do all lawful acts, in each case as may be reasonably necessary, at IBM's request, to record or perfect the reserved rights of IBM and its Licensees under this Agreement. Any acts undertaken by Finjan Blue solely under this section 5.4 shall be at IBM's expense.

5.5 Existing Royalty or other Consideration Arrangements. IBM reserves and retains, for the benefit of itself and IBM's Subsidiaries, and its and their successors and assigns, all rights to past, present, and future royalties and other consideration given or to be given in exchange for rights with respect to any Assigned Patent arising or accruing under agreements existing prior to the Effective Date in accordance with Sections 5.1, 5.2 and 5.3.

5.6 No Interference with Contract Rights. Neither Party shall knowingly interfere with (i) any contract or contractual relationship related to rights granted under the Assigned Patents, between the other Party or its Subsidiaries and its or their licensees; or (ii) any benefits that the other Party or any licensee of such Party gains through such contract or contractual relationship. Neither Party shall challenge the validity and enforceability of such contracts, duties or obligations of the other Party on the grounds that they were not of record, or that it had no notice of or were otherwise unaware of such contracts, duties or obligations.

5.7 Subsequent Licenses of Assigned Patents. Finjan Blue shall make all rights granted and exclusive licenses made by Finjan Blue with respect to the Assigned Patents subject to the licenses and other rights granted to others prior to the Effective Date and reserved by IBM under this Agreement.

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5.8 Term of Reserved Right and Licenses. The term of the rights and licenses reserved pursuant to this Section 5 shall be from the Effective Date and continue until the date that the last Assigned Patent expires.

5.9 Rights Not Granted. All rights not expressly granted in this Agreement with respect to a Party's Patent Rights, including, without limitation, the right to enforce those Patent Rights against third parties and collect royalties and damages, are hereby reserved and retained exclusively by that Party.

6. CONFIDENTIALITY.

6.1 Obligations. The Parties may disclose the existence of this Agreement and the fact that the Assigned Patents were assigned by IBM to Finjan Blue, and may issue the mutually agreed-upon language of the press release attached hereto as Exhibit F. However, none of Parent, Finjan Blue or IBM or any of their Subsidiaries or Affiliates shall issue a press release or provide any public comment concerning the terms of this Agreement or the Parties' negotiations thereof. Except as permitted under Section 6.2, the Parties shall keep the terms of this Agreement confidential and shall not now or hereafter divulge any of the applicable terms to any third party except:

(a) with the prior written consent of the other Party;

(b) as otherwise may be required by applicable law, regulation or order of a governmental authority of competent jurisdiction (and to legal counsel, insurers, accountants, banks, and financial sources and advisors as is reasonably required in connection with compliance with such law, regulation or order), provided that (i) before such disclosure, written notice must be given to, and receipt acknowledged by, the non-disclosing party allowing it to determine whether such disclosure should be protected from public disclosure, and (ii) it is disclosed subject to an ethical obligation of confidentiality or pursuant to a confidentiality agreement;

(c) as may be required in litigation subject to any court-entered protective orders limiting disclosure for use in the subject litigation;

(d) to counterparties, legal counsel, insurers, accountants, auditors, banks, investment bankers, and financing sources and their advisors, if reasonably required in connection with ordinary course operation of the business or undertaking corporate or financial transactions, provided it is disclosed subject to an ethical obligation of confidentiality or pursuant to a confidentiality agreement;

(e) as required to enforce the terms of this Agreement; or

(f) by IBM or its Subsidiaries, on a confidential basis, to any third party to which IBM or its Subsidiaries has a duty or obligation to grant a license, covenant not to sue, immunity or other right under any Assigned Patent.

6.2 Securities Disclosures. Notwithstanding the confidentiality obligations in this Agreement, each Party acknowledges and agrees that the other Party may comply with its securities disclosure obligations under applicable laws and regulations including referencing or disclosing this Agreement and any of its statements as required (each such disclosure, a "Securities Disclosure"). In making a Securities Disclosure, each Party agrees to act in good faith to maintain the confidentiality of this Agreement, each provision hereof and thereof, and each exhibit hereto and thereto, to the greatest extent reasonably possible, consistent with all legal and regulatory obligations.

7. REPRESENTATIONS AND WARRANTIES; COVENANTS.

7.1 Mutual Representations and Warranties. Each Party represents, warrants and covenants that: (a) it is duly existing; (b) it has the full power and authority to enter into this Agreement and

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bind its Subsidiaries; that there are no other persons or entities whose consent to this Agreement or whose joinder herein is necessary to make fully effective the provisions of this Agreement

7.2 IBM Representations and Warranties. IBM represents and warrants that:

- (a) it has the full right and power to assign its rights in each Assigned Patent as set forth in Section 1;
- (b) there are no outstanding financial liens or security interests in or over the Assigned Patents;
- (c) the IBM Intellectual Property Law department has not received any notice from the USPTO of any re-examinations, reissues, interferences, oppositions, or similar proceedings pending involving the Assigned Patents;
- (d) Assigned Patents have never been found invalid or unenforceable in any administrative, arbitration, or judicial proceeding; and
- (e) [***].

(f) IBM MAKES NO REPRESENTATION OR WARRANTY REGARDING THE VALIDITY OR ENFORCEABILITY OF ANY ASSIGNED PATENT. IBM MAKES NO OTHER REPRESENTATIONS, WARRANTIES, OR COVENANTS, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY REPRESENTATION, WARRANTY, OR COVENANT THAT THE PRACTICE OF ANY INVENTION CLAIMED IN AN ASSIGNED PATENT WILL NOT INFRINGE ANY OTHER PATENT THAT IS OR WAS AT ANY TIME OWNED BY IBM (AND FOR THE AVOIDANCE OF DOUBT, NO LICENSE, EXPRESS OR IMPLIED, IS PROVIDED HEREUNDER FOR SUCH INFRINGEMENT), NOR SHALL IBM HAVE ANY LIABILITY WITH RESPECT TO INFRINGEMENT BY FINJAN BLUE OF PATENTS OR OTHER RIGHTS OF THIRD PARTIES.

7.3 Finjan, Inc., Finjan Mobile, Inc., and Parent each represent, warrant, and covenant that as of the Effective Date it has the full right and power to grant the covenant in Section 3.0.

8. WARRANTY DISCLAIMERS AND LIMITATIONS OF LIABILITY.

8.1 EXCEPT FOR THE EXPRESS REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS AGREEMENT, THE PARTIES MAKE NO EXPRESS REPRESENTATIONS AND GRANT NO WARRANTIES, EXPRESS OR IMPLIED, EITHER IN FACT OR BY OPERATION OF LAW, BY STATUTE OR OTHERWISE.

8.2 EXCEPT AS SET FORTH IN SECTION 12.1, NO PARTY SHALL BE LIABLE TO THE OTHER PARTY, WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE AND STRICT LIABILITY) OR OTHERWISE, FOR ANY SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES ARISING HEREUNDER, INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS OR GOODWILL, BUSINESS INTERRUPTIONS AND CLAIMS OF SUPPLIERS, DISTRIBUTORS, CUSTOMERS, LICENSEES, END USERS OF ANY OF THE OTHER PARTY'S PRODUCT, OR ANY OTHER THIRD PARTIES, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. EXCEPT FOR A PARTY'S OBLIGATIONS UNDER SECTIONS 12, AND FINJAN BLUE

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BREACH OF SECTION 2.1 OR SECTION 11.3, IN NO EVENT SHALL EITHER PARTY'S CUMULATIVE LIABILITY TO THE OTHER PARTY FOR ALL BREACHES OF THIS AGREEMENT, INCLUDING BUT NOT LIMITED TO BREACH OF REPRESENTATION OR WARRANTY UNDER SECTION 7, EXCEED ONE HUNDRED PERCENT (100%) OF THE TOTAL CONSIDERATION PAID BY FINJAN BLUE TO IBM AT THE TIME OF THE BREACH, AS SET FORTH IN SECTION 2.1 UNDER THIS AGREEMENT.

9. ENFORCEMENT OF AGREEMENT.

9.1 Injunctive Relief. The Parties acknowledge and agree that: (a) any breach of this Agreement may result in immediate and irreparable injury for which there is no adequate remedy available at law; and (b) in addition to any other remedies available, specific performance and injunctive relief may be appropriate remedies to compel performance of this Agreement.

9.2 Recovery of Attorneys' Fees. In in any action to enforce this Agreement the prevailing Party may recover its reasonable attorneys' fees and costs.

10. TERM AND TERMINATION.

10.1 Term. The term of this Agreement will commence on the Effective Date and, unless earlier terminated as provided in Section 10.2, will expire upon the earlier of (a) the fifth anniversary of this Agreement or (b) the date that Finjan Blue fulfills its payment obligations under Section 2.1. The Parties may mutually agree in writing to extend the term of this Agreement for an additional three (3) year period after the initial term.

10.2 Termination. IBM may terminate this Agreement if Finjan Blue fails to make any payment due under Section 2.1, and if such non-payment is not cured within sixty (60) days after receiving written notice of the nonpayment from IBM. Either party may terminate the covenants granted in Section 3 if an Affiliate of the other Party asserts one or more of its Patent Rights in breach of Section 3.

10.3 Reversion. Effective upon written notice from IBM after a Reversion Event, Finjan Blue hereby transfers and assigns to IBM all right, title and interest in and to the Assigned Patents that Finjan Blue has, including the right to sue for injunctive relief and damages for infringement of any of the Assigned Patents accruing on and after the Reversion Effective Date. At Finjan Blue's expense, and without additional consideration from IBM, Finjan Blue shall execute and deliver to IBM any additional documents and instruments reasonably requested by IBM after the Reversion Effective Date that are necessary to perfect IBM's right, title and interest in and to such Assigned Patents and recordation thereof. Finjan Blue hereby irrevocably appoints IBM as Finjan Blue's agent to execute and deliver any such additional documents and instruments that Finjan Blue fails to execute and deliver to IBM pursuant to this Section within thirty (30) days after IBM's written request. For the avoidance of doubt, Finjan Blue agrees that this Reversion applies to each of its successors in interest, assigns and exclusive licensees of each Assigned Patent pursuant to Section 11.

10.4 Survival. Sections 1, 2.3, 2.4, 2.5, 3, 5, 6, 7, 8, 9, 10, 11, 12, 13, and 14, will survive any termination of this Agreement.

11. ASSIGNMENTS AND TRANSFERS.

11.1 Finjan Blue Permitted Successors. Finjan Blue may not assign or transfer this Agreement, or any of its rights or duties hereunder, including by operation of law, except: (a) to a Subsidiary of Finjan Blue, (b) to its legal successor in the event of a reorganization, provided that after the reorganization the successor and its Subsidiaries have essentially the same assets as Finjan Blue and its Subsidiaries had prior to the reorganization, or (c) to a successor in interest, where such successor assumes all of the rights, duties, restrictions, and obligations with respect to the Assigned Patents under this Agreement, provided that Finjan

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Blue must pay the remaining balance owed under Section 2.1 prior to a transfer under this clause (c). Any assignment or transfer in violation of this Section 11.1 is void.

11.2 IBM Permitted Successors. IBM may not assign or transfer this Agreement, or any of its rights or duties hereunder, including by operation of law, except: (a) to a Subsidiary of IBM, (b) to its legal successor in the event of a reorganization, provided that after the reorganization the successor and its Subsidiaries have essentially the same assets as IBM and its Subsidiaries had prior to the reorganization, or (c) to a successor in interest, where such successor assumes all of the rights, duties, restrictions, and obligations with respect to the Assigned Patents under this Agreement. Any assignment or transfer of the Agreement in violation of this Section 11.2 is void.

11.3 Subsequent Transfers of the Assigned Patents. Finjan Blue shall make all assignments, and subsequent transfers of rights under the Assigned Patents subject to all rights granted to others prior to the Effective Date and the licenses and other rights reserved by IBM under this Agreement. Finjan Blue agrees to compel its permitted successors in interest and any assignee or exclusive licensee of the Assigned Patents to abide by terms that are the same as the terms of this Agreement and to ensure that IBM is designated as third party beneficiary with respect to said terms in all subsequent transfer of rights, assignments and exclusive licenses.

12. INDEMNIFICATION.

12.1 Indemnity by Finjan Blue. Finjan Blue shall reimburse IBM for costs and expenses and damages (including but not limited to reasonable employee time and reasonable attorneys' fees) arising from Finjan Blue's activities relating to defense, enforcement or licensing of any Assigned Patent. In addition, if a third party responds to Finjan Blue litigation relating to an Assigned Patent with a claim against IBM or an IBM Subsidiary, then Finjan Blue shall assume sole control of the defense of the claim, insofar as the claim relates to the validity or enforceability of the Assigned Patent, at Finjan Blue's expense and Finjan Blue shall pay all damages or settlement amounts payable to the claimant. IBM may participate in the defense of a claim with its own counsel at its expense.

12.2 Indemnity by IBM. IBM shall reimburse Finjan Blue for costs and expenses and damages (including but not limited to reasonable employee time and reasonable attorneys' fees) arising from IBM's enforcement of its agreements granting licenses under the Assigned Patents. In addition, if a third party responds to IBM litigation relating to IBM's licensing of the Assigned Patents with a claim related to its rights under an Assigned Patent against Finjan Blue, Parent, Finjan, Inc., and Finjan Mobile, Inc., then IBM shall pay all damages or settlement amounts payable to the claimant. If the claim alleges an Assigned Patent is invalid or unenforceable, then Finjan Blue shall assume sole control of the defense of the claim at Finjan Blue's expense. If the claim does not contest the validity or enforceability of any Assigned Patent, then IBM shall have sole control of the defense, at IBM's expense, and Finjan Blue may participate in the defense with its own counsel at its expense.

12.3 Notice and Cooperation. The indemnified party shall: (a) provide prompt written notice of any claim; and (b) provide the indemnifying party with the authority, information, and assistance that the indemnifying party deems reasonably necessary for the defense and settlement of the claim. An indemnified party shall not make any admission or take any action relating to the claim that it knows is prejudicial to its defense without the indemnifying party's written consent.

13. MISCELLANEOUS.

13.1 Notices. Notices and other communications relevant to this Agreement or to any of the Assigned Patents shall be sent by facsimile, e-mail, by registered or certified mail or by reputable courier to the following address. Notices and other communications sent by facsimile shall be effective upon sending

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if followed within twenty-four (24) hours by a mailed confirmation. Notices and other communications sent by mail or courier shall be effective upon deposit with the postal service or with the courier.

If to IBM:

[***]

If to Finjan Blue:

[***]

or to such other address as a Party shall notify the other in accordance with this Section 13.1.

13.2 Amendments; Modifications. No amendment or modification hereof shall be valid or binding upon the Parties unless made in writing and signed as aforesaid. Each Party specifically disclaims reliance on any representations or warranties not embodied in this Agreement.

13.3 Freedom to Prosecute Patents. Except as expressly provided in this Agreement, each Party agrees that the other Party may prosecute and maintain its patents and pending applications in its own best interest, and none of the Parties shall be liable for any damages resulting from actions taken in connection with such prosecution or maintenance.

13.4 Severability. If any provision or portion of a provision of this Agreement is held by a court of competent jurisdiction to be unenforceable or invalid under any applicable statute or rule of law, such court is authorized to modify such provision to the minimum extent necessary to make it enforceable and valid, and the remaining provisions or portions of provisions of this Agreement shall in no way be affected or impaired thereby. If any of the material rights of Party are found to be invalid, illegal or unenforceable in any respect for any reason, at that Party's option this Agreement will be renegotiated.

13.5 Governing Law. This Agreement shall be construed, and the legal relations between the Parties shall be determined, in accordance with the law of the State of Delaware, USA, as such law applies to contracts signed and fully performed in such State, without regard to the principles of conflicts of law thereof. As part of the consideration received hereunder, each of the Parties consents to the jurisdiction of any Delaware state court and any federal court of the United States of America in the District of Delaware with competent jurisdiction. Each of the Parties waives all objections to Delaware venue for any action instituted hereunder.

13.6 Headings. The headings of sections are inserted for convenience of reference only and are not intended to be part of or to affect the meaning or interpretation of this Agreement.

13.7 Entire Agreement. This Agreement, the attached exhibits and their attachments, embody the entire understanding of the Parties with respect to the subject matter of this Agreement and merges all prior discussions between the Parties. Neither Party shall be bound by any condition, definition, warranty, understanding or representation with respect to the subject matter hereof other than as expressly provided herein.

13.8 Counterparts. This Agreement and any amendments hereto may be signed in one or more counterparts, each of which, when signed and delivered, shall be deemed to be an original. All such counterparts

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together shall constitute one and the same valid and binding agreement, even if all of the Parties have not signed the same counterpart. Signatures to this Agreement may be delivered by facsimile, in which case the facsimile copy of an original signature shall be deemed to be an original signature.

13.9 Relationship of Parties. Nothing contained herein, or done pursuant to this Agreement, will constitute the Parties entering into a joint venture or partnership or will constitute either Party being the agent of the other Party for any purpose or in any sense whatsoever.

13.10 United States Bankruptcy Code Section 365(n). All rights and licenses granted under or pursuant to this Agreement are, and will otherwise be deemed to be, for purposes of Section 365(n) of the United States Bankruptcy Code, licenses of rights to “intellectual property” as defined under Section 101 of the United States Bankruptcy Code or any applicable foreign equivalent. Each Party agrees that the other Party, as a licensee of rights under this Agreement, will retain and fully exercise all of its respective rights and elections under the United States Bankruptcy Code or the applicable foreign equivalent.

13.11 Trademark Logo. Except as permitted by law, nothing in this Agreement confers in either Party any right to use any of the trademarks or logos of the other Party without the prior written consent of the trademark owning Party. IBM's guidelines for referencing its trademarks in a fair use manner can be found at: https://www.ibm.com/legal/us/en/copytrade.shtml#section_2. Finjan Blue's guidelines for referencing its trademarks will be provided in writing.

13.12 Place of Execution. The Parties agree that this Agreement has been executed in the United States.

13.13 Independent Counsel. Neither Party shall be considered the author of this Agreement for the purpose of interpreting any provision herein. Each Party acknowledges that its legal counsel has reviewed and approved this Agreement including its exhibits and attachments.

14. DEFINITIONS

14.1 “Affiliates” means any entity that directly Controls, is Controlled by, or is under common Control with, an entity.

14.2 “Assigned Patents” means the Listed Patents, the Assigned Patent Applications, patents issuing from the Assigned Patent Applications, the patent applications described in Section 1.8, and patents that may reissue from the foregoing on or after the Effective Date.

14.3 “Assigned Patent Applications” means the patent applications listed in Exhibit C still pending as of the Effective Date.

14.4 “Listed Entity” means an entity identified on Exhibit E. An entity may be removed from Exhibit E by Finjan Blue by amending this Agreement.

14.5 “Control” means the legal, beneficial, or equitable ownership of more than fifty percent (50%) of the voting power, equity, or other ownership interest in an entity.

14.6 “Due Date” means the latest date on which a payment can be made or an action taken without incurring a penalty, surcharge or other additional payment.

14.7 “Effective Date” means 11:59PM United States Eastern Time on the day IBM receives the payment specified in Section 2.1(a).

14.8 “IBM Licensee” means any third party to which IBM: (i) pursuant to a written agreement effective prior to the Effective Date has granted or is obligated to grant licenses, immunities, covenants not

to sue or any other rights under an Assigned Patent; or (ii) otherwise reserves the right under Section 5 of this Agreement to grant licenses, immunities, covenants not to sue or any other rights under an Assigned Patent.

14.9 “IBM Patent Rights” means all Patent Rights of IBM except for the Assigned Patents and the Assigned Patent Applications.

14.10 “IBM Strategic Open Source Software” means (a) OSS produced or distributed by software development communities of which IBM or its Subsidiaries is a member or a contributor, or the code of which IBM or its Subsidiaries uses, distributes, or relies on for its products; (b) OSS which was released prior to five years after the Effective Date (other than code owned by a commercial entity which first qualifies as OSS after that entity is put on notice by Finjan Blue of infringement of an Assigned Patent); and (c) OSS which is included in one or more of the following Linux distributions: RedHat, Fedora, Novell/SUSE, Debian.

14.11 “IBM Strategic Partner” shall mean (a) any customer of IBM or any of its Subsidiaries that has purchased, or executed one or more contracts for purchase of, IBM’s or any of its Subsidiaries’ products or services over the five year period prior to the Effective Date; or (b) any supplier from whom IBM or any of its Subsidiaries purchased, or executed one or more contracts for purchase of goods or services over the five year period prior to the Effective Date; where the gross purchase price of such products, goods or services for that customer or supplier was at least \$10,000,000.00.

14.12 “Listed Patents” means the patents listed in Exhibit A and Exhibit B to this Agreement.

14.13 “Finjan Blue Patent Rights” means the Assigned Patents, the Assigned Patent Applications, and all other Finjan Blue Patent Rights.

14.14 “Open Source Software” or “OSS” means any computer software program whose source code is published and available for inspection and use by anyone, and is made available under a license agreement that permits recipients to copy, modify and distribute the program’s source code without payment of fees or royalties. All licenses certified by opensource.org and listed on their website are Open Source Software licenses.

14.15 “Patent Application Family Member” means a patent application that (i) has been filed prior to the Effective Date or is filed after the Effective Date in any jurisdiction, and (ii) claims priority from, claims common priority with or to which priority is claimed by an Assigned Patent or Assigned Patent Application, including, but not limited to, continuations, continuations in part, continuing prosecution applications, requests for continuing examinations, and divisions of an Assigned Patent.

14.16 “Patent Family Member” means a patent, in any jurisdiction (other than Brazil), that claims priority from, claims common priority with or to which priority is claimed by an Assigned Patent, including, but not limited to, reexaminations, extensions, continuations, continuing prosecution applications, requests for continuing examinations, divisions, and counterparts of an Assigned Patent.

14.17 “Patent Rights” means any issued patent and any pending patent application anywhere in the world that a party owns or controls at any time during the term of this Agreement where such patent or patent application was filed, or claims priority to an application filed, on or before the fifth anniversary of the Effective Date. For purposes of this definition, a patent or patent application is deemed to be controlled by an entity if that entity has the right to assert a claim of infringement or grant a license under that patent or patent application.

14.18 “Restricted Enforcement Actions” means threatening or filing a patent infringement lawsuit that alleges that the development, distribution, sale, import, or use of a product infringe any of the Assigned Patents against use of IBM Strategic Open Source Software, only if the asserted claims of the Assigned Patent are necessary to practice the standard or use the Open Source Software (that is, all commercially reasonable implementations of all normative portions of the specification for such standard or all uses of the Open Source

Software would infringe the asserted claims). Restricted Enforcement Actions do not include filing a patent infringement lawsuit as a counterclaim or a cross-claim against a third party in response to a patent infringement lawsuit filed by that party.

14.19 “Reversion Effective Date” shall mean the date of the Reversion Event.

14.20 “Reversion Event” shall mean Finjan Blue’s breach of Section 2.1 (Payment) without a cure within sixty (60) days after receiving receipt of written notice of such breach.

14.21 “Specification” means all parts of an Assigned Patent Application as originally filed, including but not limited to abstract, background, summary of the invention and detailed description.

14.22 “Subsidiary” means a corporation, company or other entity: (a) more than fifty percent (50%) of whose outstanding shares or securities (representing the right to vote for the election of directors or other managing authority) are now or hereafter owned or controlled, directly or indirectly, by an entity; or (b) which does not have outstanding shares or securities, as may be the case in a partnership, joint venture or unincorporated association, but more than fifty percent (50%) of whose ownership interest representing the right to make the decisions for such entity is now or hereafter owned or controlled, directly or indirectly by an entity.

[Signature Page Follows]

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WITNESS WHEREOF, the Parties have executed and delivered this Agreement effective as of the Effective Date.

FINJAN BLUE, INC.

INTERNATIONAL BUSINESS MACHINES
CORPORATION

By: /s/ Philip Hartstein By: /s/ Leigh Price

Name: Philip Hartstein Name: Leigh Price

Title: CEO Title: Vice President, Intellectual Property and
Licensing

For purposes of Sections 2, 3, 7, 13, and 14 only:

FINJAN HOLDINGS, INC.

By: /s/ Philip Hartstein

Name: Philip Hartstein

Title: President & CEO

For purposes of Section 3, 7, 13, and 14 only:

FINJAN, INC.

FINJAN MOBILE, INC.

By: /s/ Philip Hartstein By: /s/ Philip Hartstein

Name: Philip Hartstein Name: Philip Hartstein

Title: CEO Title: CEO

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EXHIBIT A

Listed Patents (United States)

IBM Docket Number	Country	Patent Number	Application Number	Filing Date	Issue Date
AUS919980381US1	US	6314428	09/140375	8/26/1998	11/6/2001
AUS920100075US1	US	9160756	12/782757	5/19/2010	10/13/2015
AUS920110169US1	US	8694786	13/252713	10/4/2011	4/8/2014
AUS920110264US1	US	8782351	13/272780	10/13/2011	7/15/2014
AUS920110264US2	US	8788763	13/482782	5/29/2012	7/22/2014
AUS920120064US1	US	8640252	13/465116	5/7/2012	1/28/2014
CA920120020US1	US	8935794	13/888827	5/7/2013	1/13/2015
CA920120020US2	US	9160762	14/574790	12/18/2014	10/13/2015
DE920110121US1	US	9317697	13/750547	1/25/2013	4/19/2016
DE920120033US1	US	9189625	14/018140	9/4/2013	11/17/2015
DE920120033US2	US	9536085	14/869509	9/29/2015	1/3/2017
END920075106US2	US	7346929	09/592404	6/13/2000	3/18/2008
END920075106US3	US	7770225	12/032512	2/15/2008	8/3/2010
END920075107US1	US	6907531	09/608282	6/30/2000	6/14/2005
END920120187US1	US	9003480	13/799257	3/13/2013	4/7/2015
END920130168US1	US	9271146	14/220620	3/20/2014	2/23/2015
END920130168US2	US	9679159	14/989849	1/7/2016	6/13/2017
GB919980002US1	US	6199204	09/158704	9/22/1998	3/6/2001
GB919980042US1	US	6202207	09/136225	8/19/1998	3/13/2001
POU920070195US1	US	8495357	11/959575	12/19/2007	7/23/2013
YOR920100259US1	US	8381242	12/839533	7/20/2010	2/19/2013
YOR920100259US2	US	8683599	13/602549	9/4/2012	3/25/2014
YOR920100259US3	US	8793800	13/646182	10/5/2012	7/29/2014
YOR920120945US1	US	9231970	13/790040	3/8/2013	1/5/2016
YOR920120945US2	US	9172717	13/968594	8/16/2013	10/27/2015

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EXHIBIT B

LISTED PATENTS (Non-US Patents)

IBM Docket Number	Country	Patent Number	Application Number	Filing Date	Issue Date
AUS920110264CN1	CN	ZL201280049932.4	201280049932.4	10/11/2012	2/24/2016
AUS920110264GB1	GB	2508553	1404280.8	10/11/2012	9/10/2014
GB919980002GB1	GB	2333864	9801661.1	1/28/1998	4/8/2003
GB919980042GB1	GB	2333865	9808657.2	4/24/1998	4/15/2003
AUS920110264JP1	JP	5736090	2014-517066	10/11/2012	4/24/2015
GB919980002JP1	JP	3385590	11-006203	1/13/1999	1/10/2003

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EXHIBIT C

PENDING APPLICATIONS

US

IBM Docket Number	Country	Application Number	Filing Date	Published Application Number
*END920075106US1	US	60/146175	7/29/1999	

* inactive

NON-US

IBM Docket Number	Country	Application Number	Filing Date	Published Application Number
CA920120020CA1	CA	2777434	5/18/2012	
DE920110121CN1	CN	201380007724.2	1/24/2013	
AUS920110264DE1	DE	112012003988.2	10/11/2012	
DE920110121DE1	DE	112013000473.9	1/24/2013	112013000473T5
*DE920110121EP1	EP	12153410.1	2/1/2012	
DE920110121GB1	GB	1415069.2	1/24/2013	GB2513798
*DE920120033GB1	GB	1217732.5	10/4/2012	GB2506622
*AUS920110264PCT1	PCT	JP2012/006528	10/11/2012	WO2013/054528
*DE920110121PCT1	PCT	EP2013/051310	1/24/2013	WO2013/113607

* inactive

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Exhibit D

Form of Recordable Patent Assignment and Reservation

For good and valuable consideration, the receipt of which is hereby acknowledged, and subject to the reservations stated in the Patent Assignment Agreement Reference No. L _____ between the parties with an effective time and date of 11:59pm United States Eastern Time on _____, 2016 ("Effective Date") ("Patent Assignment Agreement"), International Business Machines Corporation, a New York corporation having a place of business at Armonk, New York, (hereinafter "ASSIGNOR"), hereby grants and assigns to _____, a _____ corporation having a place of business at _____, (hereinafter "ASSIGNEE"), all of IBM's right, title and interest in and to the patents identified in Exhibits A and B, and the patent applications identified in Exhibit C, attached hereto, (hereinafter, collectively, "ASSIGNED PATENTS"), to have and to hold the same, unto ASSIGNEE for its own use and enjoyment and for the use and enjoyment of its successors and assigns, including all damages for infringement of any of the Assigned Patents accruing on and after the Effective Date and the sole right to sue therefore under such Assigned Patents, for the full term or terms of all such ASSIGNED PATENTS, subject to all rights granted under the ASSIGNED PATENTS to third parties prior to said Effective Date.

ASSIGNOR hereby reserves and retains, for the benefit of itself and its subsidiaries and its and their successors and assigns, the rights and licenses set forth in the Patent Assignment Agreement.

IN WITNESS WHEREOF, ASSIGNOR has caused this Patent Assignment and Reservation to be duly signed on its behalf.

INTERNATIONAL BUSINESS MACHINES CORP:

Signature: _____ Date: _____

Name:
Title:

ACCEPTED:

FINJAN BLUE

Signature: _____ Date: _____

Name:
Title:

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EXHIBIT E

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EXHIBIT F

PRESS RELEASE

[TBD]

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CERTIFICATION

I, Michael Noonan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Finjan Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 9, 2017

By: _____ /s/ Michael Noonan

Michael Noonan
Chief Financial Officer and Treasurer

