

▶ **FIRST PRINCIPALS, INC.** assists its clients in optimizing the value of their innovations by developing and implementing strategies to license their patents to organizations who can most effectively bring them to market. The process includes evaluation of the licensing potential of the patent, development of an appropriate licensing strategy, and then implementation of the strategy. A typical assignment would be executed as follows:

Activity	<i>Details</i>	Time Frame
Evaluation	Assess patent strength and applicable market segments	Month 1
Strategy Development	Develop preliminary list of target licensee companies; determine level of interest through interactions with selected targets (pre-marketing)	Month 2
Pre-Marketing	Develop licensing terms, presentation materials, and final list of target licensees	Month 3
Marketing	Present licensing opportunity to target licensees	Month 4
"	Follow up with interested parties, and conclude license agreements as appropriate	Months 5-12

Prototypes: The value of technology is greatly enhanced by the availability of prototypes, or demonstration devices. In the Strategy Development phase, First Principals seeks companies willing to test the technology and provide working prototypes in return for preferential licensing terms. We work with our clients and their inventors to determine suitable partners for this purpose.

Contact Approvals: All target companies are approved in advance by the Client, if desired, although a streamlined approval process greatly accelerates implementation timeframes.

Reporting: We provide written reports at the end of the assessment stage and provide informal updates regularly throughout the assignment. At the end of 12 months, a final report is submitted to summarize the project, with marketing follow-up to continue as necessary beyond the twelve-month period.

Timeframe: The total period of obligation is typically for one year. That is, FPI expects its share of licensing revenue for any companies it has identified during a period of one year after the start of the contract.

Fees: Our fee schedule includes a modest retainer plus a success fee. The retainer is paid monthly over the course of the first four months. The success fee is typically a percentage of revenues returned to the Client as a result of our efforts.

▶ **FIRST PRINCIPALS, INC.** draws on its unique combination of technology know-how, expertise in market and industry analysis, and technical and competitive intelligence research to create products and services customized to your needs. We rely on cost-effective methods to turn under-performing intellectual property into revenue without the direct cost to the client of full-time, in-house staff. Our tools and techniques are supported by an unparalleled level of execution and attention to detail.