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AT&T Royalty Monetization Analysis Overview

This Royalty Monetization approach illustrates the implied value owed to Voip-Pal.com, Inc. (“Voip-Pal”) by AT&T based upon the application of a modest royalty rate to historical apportioned profits from infringing wireless services sold by AT&T beginning FY 2007.

The analysis is based upon AT&T’s historical actual financial performance and metrics. The methodology underlying the analysis follows the methodologies of recent court cases including *VirnetX v. Apple*, *Summit 6 v. Samsung* and others in which a reasonable royalty rate is applied to apportioned profits (those specific to infringing features) on services that are found to have infringed.

We have selected a 9.05% (nine and 5 royalty rate (applied to apportioned profit) based upon our analysis of ten (10) recent major patent infringement court decisions. The weighted average court award (or settlement) as a percentage of apportioned profits in the analyzed cases is by our calculations 12.07%. As such, we believe that a 9.05% royalty rate on apportioned profits (which is 25% less than this weighted average) is reasonable if not conservative, particularly considering the very foundational nature of the Voip-Pal patents.

AT&T Royalty Monetization Analysis

This analysis illustrates AT&T’s estimated historical wireless segment profits from sales of its wireless services (equipment sales are excluded for conservatism). Service margins (per company filings) are applied to wireless services sales over the period to arrive at wireless service profit. An apportionment factor is then applied to such profits. While Voip-Pal believes its patents are utilized nearly every time a call is placed, in order to remain conservative, we have selected an apportionment factor of 65% (sixty five percent). The 9.05% royalty rate is then applied to apportioned profits to arrive at total royalties owed to Voip-Pal.

The table on the following page provides a detailed summary of the AT&T Royalty Monetization Analysis, which covers the period FY 2007 through Q1 2017.

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	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Wireless Segment - Service Revenues	\$38,678,000,000	\$44,249,000,000	\$48,563,000,000	\$53,510,000,000	\$56,726,000,000	\$59,186,000,000
Service Margin	34.5%	38.2%	40.2%	41.7%	38.7%	39.7%
Wireless Service Profit	\$13,332,350,000	\$16,916,250,000	\$19,543,150,000	\$22,313,670,000	\$21,930,271,600	\$23,467,249,000
Profit Apportionment	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Apportioned Wireless Service Profit	\$8,666,027,500	\$10,995,562,500	\$12,703,047,500	\$14,503,885,500	\$14,254,676,540	\$15,253,711,850
TOTAL ROYALTIES @ 9.050%	\$784,275,489	\$995,098,406	\$1,149,625,799	\$1,312,601,638	\$1,290,048,227	\$1,380,460,922

	FY 2013	FY 2014	FY 2015	FY 2016	Q1 2017	TOTAL FY 2007 - Q1 2017
Wireless Segment - Service Revenues	\$61,552,000,000	\$61,032,000,000	\$59,837,000,000	\$59,386,000,000	\$14,538,000,000	\$557,257,000,000
Service Margin	37.4%	42.0%	46.7%	48.7%	49.3%	41.3%
Wireless Service Profit	\$23,020,448,000	\$25,633,440,000	\$27,943,879,000	\$28,920,982,000	\$7,167,234,000	\$230,188,923,600
Profit Apportionment	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Apportioned Wireless Service Profit	\$14,963,291,200	\$16,661,736,000	\$18,163,521,350	\$18,798,638,300	\$4,658,702,100	\$149,622,800,340
TOTAL ROYALTIES @ 9.050%	\$1,354,177,854	\$1,507,887,108	\$1,643,798,682	\$1,701,276,766	\$421,612,540	\$13,540,863,431

Conclusion

AT&T has enjoyed significant sales of infringing wireless services and products and increase in market value since the release of the iPhone and ensuing smartphone explosion beginning in 2007.

As illustrated by the apportioned profits monetization analysis, the value owed to Voip-Pal by AT&T totals \$13.541 billion.

The above analysis does not reflect any amounts for punitive/treble damages. As Voip-Pal has been in communication with AT&T for several years regarding AT&T's use of Voip-Pal's technology, Voip-Pal fully expects it will be entitled to additional damages for AT&T's willful infringement. The table below illustrates the potential maximum damages owed by AT&T based upon Voip-Pal being awarded the damages sought plus 3.00x punitive damages.

Total Royalties Owed to Voip-Pal	\$13,540,863,431
Est. Total Damages (Incl. Punitive)	\$54,163,453,723
AT&T - Current Cash Position	\$14,884,000,000
<i>Damages as % of AT&T Cash Position</i>	363.9%

Including punitive damages of 3.00x, the potential maximum damages owed to Voip-Pal by AT&T total \$54.163 billion.