

Spherix Inc.

(NASDAQ: SPEX)

A Breakout Waiting to Happen

Spherix Inc.

1350 Avenue of the Americas

Fl 2 NEW YORK, NY 10019

United States

www.spherix.com

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COMPANY OVERVIEW:

Spherix Incorporated (Spherix), incorporated on May 1, 1992, is an intellectual property company that owns patented and unpatented intellectual property. The Company is a patent commercialization company that realizes revenue from the monetization of intellectual property. Such monetization includes, but is not limited to, acquiring intellectual property from patent holders and in conducting and managing a licensing campaign.

The Company's activities generally include the acquisition and development of patents through internal or external research and development. In addition, the Company seeks to acquire existing rights to intellectual property through the acquisition of already issued patents and pending patent applications, both in the United States and abroad. The Company develops products and processes associated with its intellectual property and license its intellectual property to others seeking to develop products or processes or whose products or processes infringe its intellectual property rights through legal processes. Some patent holders tend to have limited internal resources and/or expertise to address the unauthorized use of their patented technologies or they simply make the business decision to outsource their intellectual property licensing. They can include individual inventors, large corporations, universities, research laboratories and hospitals.

INSIDE THE COMPANY:

Today Spherix presently offers a diversified commercialization platform for protected technologies. Spherix is committed to advancing innovation by active participation in all areas of the patent market. Spherix draws on portfolios of pioneering technology patents to partner with and support product innovation. The company is run by world class management led by Anthony Hayes, CEO of Spherix. Mr. Hayes is an attorney and former partner of Nelson Mullins Riley & Scarborough LLP, an AMLaw 100 firm. Mr. Hayes has successfully monetized patents through a wide variety of monetization methods, including price arbitrage and litigation licensing brought against companies such as Cisco, Broadcom, Nokia, Ericsson, Tellabs, and Alcatel-Lucent. Mr. Hayes has received national recognition during his legal career, including: Special recognition by President George W. Bush, American Board of Trial Advocates Young Lawyer of the Year; and City of Columbia "20 Under 40."

Mr. Hayes is supported by Darrel Dotson, who is licensed to practice in all state courts in Texas and before the United States Patent and Trademark Office. He is also licensed in the United States District Courts for the Eastern and Southern Districts of Texas. For the past 13 years, Darrell has specialized in intellectual property litigation, including analysis of the infringement, validity and enforceability of patents.

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Frank Reiner, rounds out the senior management as a seasoned and experienced patent licensing and monetization professional. Located in Silicon Valley and employed as the Vice President of Global Licensing for the Kudelski Group where his primary role is licensing a digital video patent portfolio. Prior to that Frank was the Vice President of Patent Licensing and Acquisition for Flextronics International Ltd. where he managed patent assertions made against Flextronics designed products and was responsible for building a defensive patent portfolio via internal innovation, invention and through patent acquisitions. Previously, Frank was a Partner at Intellectual Value Creation Services, LLC whose charter was to work as a patent monetization team for the IP Investment Group at Collier Capital supporting patent acquisitions, sales and licensing both from a technical and business perspective. Frank started his patent and licensing career at InterDigital Communications, LLC as the Senior Director of Licensing where he was responsible for InterDigital's patent licensing program in the cellular and wireless space. He participated in numerous patent license negotiations and patent infringement litigations, and he supported, patent prosecution and the management of existing patent license agreements.

It is clear that the management team along with the Technology Advisory Board run by Mr. Bruce Tsuji, is world class and well equipped with decades of experience to participate in the patented and unpatented intellectual property industry.

RECENT NEWS:

The company has recently announced that the United States Supreme Court recently heard oral arguments in *Cuozza Speed Technologies vs. Lee*, the first case of its kind where the Supreme Court has remarked on post grant administrative proceedings for challenging issued patents. The Supreme Court is addressing two questions. The first pertains to claim construction standards and whether the United States Patent and Trademark Office can use a different standard than the Federal District Court. The second question addresses whether institution decisions are insulated from judicial review. Anthony Hayes, CEO of Spherix, said, "We are encouraged by recent events in the macro patent landscape surrounding Inter Partes Review. Spherix intends on expanding our monetization efforts and will continue to monitor activity related to the Supreme Court in this important case."

Additionally, the company announced that the Company has filed two lawsuits for the infringement of intellectual property formerly owned by Nortel Networks. The cases were filed in the U.S. District Court for the District of Delaware against Level 3 Communications, TW Telecom and Fairpoint Communications Inc. The infringement claims relate to U.S. Patent No. RE40,999 ("the '999 patent"), entitled "VLAN Frame Format". Patent '999 is, among other things, closely associated with the practice of Institute of Electrical and Electronics Engineers ("IEEE") networking standard that supports virtual LANs (VLANs) on an Ethernet network. Anthony Hayes stated, "The patent on which these new litigations are based reflect inventions realized in the laboratories of Nortel Networks as its engineers focused on advancing technology to enable new products and services to benefit the telecom industry and provide new and more robust services to commercial enterprises and consumers. The Company was entrusted,

through a portfolio transfer transaction, to protect and monetize this patent and others in a large group of patents with a similar heritage. These patents were acquired from an affiliate of Rockstar Consortium, a consortium of technology leaders who paid \$4.5B to acquire many of the Company's patents, together with many additional patents ultimately distributed among consortium members. At its peak, Nortel grew to more than 90,000 employees, had a market capitalization of nearly \$300 billion, and had yearly revenues approaching \$30 billion. In 2000 alone, Nortel spent nearly \$4 billion on research and development with over 25,000 research-and-development employees. Spherix's patent portfolio has this exceptional pedigree and we will continue to work to monetize these assets to bring value for our shareholders and honor the creativity and vision of the inventors. We previously announced to shareholders that we intended to expand our monetization efforts and these suits are an early part of that effort. The Company is dedicated to granting rights to use its portfolio of industry leading inventions on fair and reasonable terms and welcomes inquiries from relevant industry participants to provide rights for use of such inventions without the necessity to access to the courts to enforce its rights and seek appropriate compensation. In fact, there are provisions contained within these two new complaints offering the defendants the opportunity to enter good faith negotiations for fair and reasonable licenses, in lieu of the Company formally serving the defendants.

RECENT PRICE ACTION:

For the past three months, the stock of SPEX has been trading in a corridor between \$1.71 and \$2.68 and has displayed a rather sideways trading pattern. Even with the recent news that the company has filed 10 patent infringements of which two are against licensees with market caps in excess of \$1 billion, the stock still has not reacted as analysts would predict. Management expects that the total size of potential impactec target revenues can reach as high as \$70 million in the next 5 years. To put that in perspective, the company is currently trading at a market cap of \$6.36 million with just 2.95 million outstanding shares. This stock has tremendously low float and is poised for a massive break out. Currently, the price is flirting with the 20 and 50 day Exponential Moving Average of \$2.20 and \$2.24 respectively. The company has a 52 – week high of \$14.06 and a low of \$1.52; the current price is situated with much more upside potential than downside, The risk – reward is favourable for this small cap NASDAQ player.



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CONCLUSION:

The stock of SPEX increased 9.05% or \$0.18 on May 5, hitting \$2.17. About 151,428 shares traded hands or 57.99% up from the average. Spherix Inc. (NASDAQ:SPEX) has declined 70.38% since September 29, 2015 and appears to have reached an inflexion point. With important and positive communications from management in the recent past that are setting up the company for huge gains in revenue, the share price is playing catch up with the story that has been developing behind the scenes. In the past, the company filed a SC 13G form regarding Kopin Mitchell P's filing, the filler now owns 4.99% of the Industrials-company, holding 1,770,254 shares. This most probably shows Kopin Mitchell P's confidence and optimism in the future of the company. Latest SEC filings show 14 hedge funds and institutional investors own Spherix Inc. The stock of SPEX registered a decrease of 23.46% in short interest. SPEX's total short interest was 146,500 shares in April as published by FINRA. It's down 23.46% from 191,400 shares, reported previously. With 71,000 shares average volume, it will take short sellers 2 days to cover their SPEX's short positions. All signs are pointing to a big move for the company as the wheels behind the scene that have been turning for over a year are beginning to come in to fruition and the stock is waiting to catch up.

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SOURCES:

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