



Letter to Shareholders

June 2015

Dear Fellow Rightscorp Shareholders:

We are pleased to report that having now closed well over 200,000 cases of copyright infringement, we believe that Rightscorp is gaining traction by offering the best solution currently on the market for collecting lost royalties for artists and copyright holders from illegal file sharing. Our solution is being more widely accepted by copyright holders, as evidenced by their increasing participation in our solution. More and more industry leaders and organizations alike are examining the Rightscorp solution as we continue to deliver results to the marketplace and protect the rights of artists, creators and owners of copyrighted content online.

Online copyright infringement continues to menace the global entertainment industry and has only increased in the past several years. The Recording Industry Association of America (RIAA) has reported that in the decade since peer-to-peer (P2P) file-sharing site Napster emerged in 1999, music sales in the U.S. have dropped 47%, from \$14.6 billion to \$7.7 billion. The Motion Picture Association of America (MPAA) estimates that piracy costs studios over \$6 billion each year. Owners of copyrighted intellectual property report billions of dollars in lost revenues every year.

We closed out a very positive first quarter 2015 and are on track for continuing good growth metrics as we look towards the future of the Company. We became public in October 2013 with a mission -- to shine a light on the damage caused by copyright infringement and help protect artists and content owners by allowing them their right to monetize their assets online.

Since receiving \$2.7 million in funding late last year, we utilized that capital to ingest more content, propel our growth trend, expand our automation, and put the Company on the path to profitability. The capital raise marked the largest single injection of capital for the Company and the warrants attached to this deal, if exercised for cash, could potentially bring in another \$4.5 million. It was a significant milestone event for us. Our vision is to preserve, protect, and rightfully monetize digital assets, so that the next generation of great music, movies, video games, books, and software can be made and their creators can prosper.

The Peer-to-Peer File Sharing Epidemic

Rightscorp is at the forefront of finding a solution to the online P2P copyright infringement epidemic that is vexing the content industry. Presently about 22% of global internet bandwidth is used for online piracy. On an annual basis, \$2.7 billion in workers earnings are lost as a result of piracy. In addition, \$12.5 billion in economic losses are due to piracy in the music industry and on the software side, \$59 billion in global

commercial value has been lost due to pirated software. We feel that it's important to provide updates on the current landscape to our shareholders to demonstrate how piracy continues to negatively impact the overall entertainment industry.

A March 5th article in USA Today, highlighted our copyright and intellectual property protection service and in particular how the RIAA is beginning to crack down on illegal file sharing and copyright infringement. Rightscorp has a solution that works and people are beginning to pay attention as we are building interest and acceptance in conjunction to industry organizations such as RIAA and MPAA.

Our unique proprietary patent-pending technology crawls the internet, identifies repeat infringers of copyrighted material, and alerts the Internet Service Provider (ISPs) who then forward a letter warning infringers that they could be liable for \$150,000 in damages and provides a link to a reasonable \$20 settlement offer per infringement. If the infringer accepts the settlement, our automated system sends half of the payment to the copyright holder.

First Quarter 2015 Financial Highlights

In the first quarter 2015 we saw a 63% increase in revenues to \$307,904 up from \$188,933 for the same period in 2014 and a 27% sequential increase from \$241,928 in the fourth quarter 2014. Q1 2015 marks the largest quarter of revenue growth in our Company's history. During the period we also showed increases in ISP participation, and settlements closed. In March 2014, we had 50 participating ISPs, at the end of the first quarter 2015, that number is over 233 ISPs, representing an astonishing 466% growth in 12 months. We have settled and closed more than 200,000 copyright infringement cases with 1,000 cases closed on Comcast and Google Fiber. Our system is currently monitoring over 250,000 copyrights. During the quarter we also signed two new contracts to represent and 250,000 additional copyrights.

With regards to the Digital Millennium Copyright Act (DMCA), ISPs have Safe Harbor from third party liability for peer-to-peer illegal downloading and are obligated to terminate repeat infringers on their networks. As Rightscorp continues to notify ISPs of repeat infringers on their systems, liability grows unless the ISPs suspends service to the infringer. We believe this offers a win-win solution for ISPs to improve their bottom line by reducing the enormous cost created by illegal traffic.

During the past quarters we have struck deals with copyright owners to represent and collect on their digital media assets and collaborated with ISPs to support our vision for protecting copyrighted works. We effectively demonstrated a successful execution of our business model and made increases in our key business metrics. We announced in our earnings call that, organically our top line grew 63% and we believe shows our ability to generate consistent sustainable revenue growth.

At our presentation at the Content Protection Summit in December 2014, both Robert Steele and I highlighted that in the United States alone, peer-to-peer file sharing grew 18% from 2010 to 2013 on a data traffic basis. We estimated that over 2 billion units of movies were shared in 2013 and that music consumption on file sharing networks grew from 2.7 billion digital songs in 2010 to 8.3 billion digital songs shared in 2013. Approximately 74% of digital music was consumed on file sharing networks in 2013 without compensation to the copyright owners. In addition, our presentation forecasted a 40% increase in peer-to-peer file sharing by 2018, which includes 11.9 billion songs and over 3 billion movies illegally downloaded. Our research was based on source data from Cisco, Envisional, and Netnames.

We felt it was important to highlight these facts given that many people have wrongfully believed piracy was decreasing when in fact it was growing across every industry since 2010.

Operational Metrics Driving Our Growth

Rightscorp's growth is determined by three major key metrics.

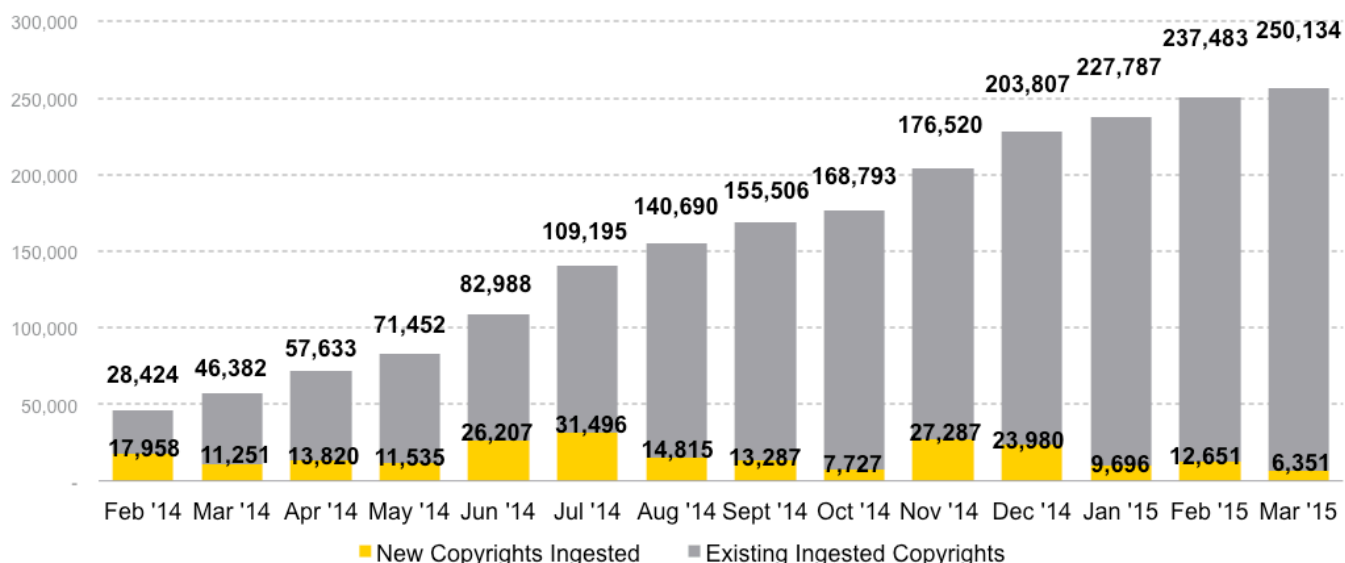
1) Copyrights: This is the addition of copyrights we acquire and sign on to represent – we call this our authorized copyright catalog. At the end of March 2015, we reported that we have surpassed over 1.5 million copyrights, which include music, movies, books, and other digital content;

2) Ingestion Rate: This is the process of adding content from our approved copyright catalog to our proprietary copyright monetization system. We continue to make strides in advancing and accelerating this ingestion process. The following chart shows a steady increase in the number of copyrights we have ingested this year;

3) ISPs: This is the number of participating ISPs that forward our notices and settlement offers. We mentioned earlier that this number has increased by 466% when compared to the last 12 months, to now over 233 ISPs. Increasing the amount of participating ISP participation is meaningful for us because each additional ISP allows us to pursue, monetize, and collect upon thousands of potential infringement cases;

These three factors directly impact our top line growth and help drive our business revenues.

Progression of Ingested Copyrights



Compounding these metrics, drives the number of closed cases of copyright infringements and hence the increase of our revenues. We have continually refined our technology to make our process more

streamlined and efficient and we received funding earlier this year that continues to help us boost our ingestion rates and increase our ability to monitor and protect our current client's copyrights.

The growing acceptance of our solution is shown by the press coverage we've received lately, and by the new clients adopting our solution. With all the right elements in place, we believe that we will generate another record year.

Recent Corporate Developments

We are pleased to have appointed Cecil Bond Kyte as our new Chief Financial Officer. Mr. Kyte was most recently CEO & Chairman of Save The World Air, Inc. (STWA), a publicly traded energy technology company. Initially a shareholder for over 14 years, he eventually spearheaded the restructuring and rebuilding of STWA. Mr. Kyte pioneered the company's development of Applied Oil Technology; a platform technology that promises to revolutionize energy transportation networks worldwide by advancing efficiencies in oil pipeline systems. At STWA, he took the company from roughly a \$10 million market cap in 2008 to a valuation in excess of \$350 million in 2013. After completing a successful turn-around he left STWA with part of his legacy that included assembling a new management team comprised of board members, executives and staff, positive shareholder equity, and over \$4 million cash in the bank. Furthermore, during his tenure STWA fortified its financial standing by securing over \$40 million in capital and a material contract with a \$35 billion energy company.

In the past year Mr. Kyte has also experimented with Hollywood by being an investor and executive producer of several film projects, cultivating significant relationships in the entertainment industry associated with such endeavors. Given the depth and breadth of his background, we believe he will be critical to helping Rightscorp achieve our financial targets. In addition, his background and fundamental understanding of the value of intellectual property make him the ideal candidate to complement our management team.

Going Forward: Multi-Billion Dollar Market

We continually see in the media how much exposure is being shed on copyright infringement and piracy.

In June of 2014, the Beastie Boys won a \$1.7 million judgment against Monster Beverage Corp for copyright infringement when Monster used a Beastie Boys song for an online video without a license. In late 2014, a judge ruled against Grooveshark, an online music service for thousands of copyright infringements. Grooveshark is similar to Napster and LimeWire and other services that used copyrighted work from the recording industry without permission. Grooveshark was found guilty of massive copyright infringement and is liable to multiple record companies and has since ceased operations.

In late 2014, BMG and Round Hill Music sued Cox Communications, claiming that Cox wasn't doing enough to stop copyright infringement on its network. This highly publicized case utilized data collected by Rightscorp while monitoring BMG and Round Hill copyrights against peer-to-peer infringement.

In March of 2015, a federal jury ruled that Robin Thicke's 2013 mega hit "Blurred Lines" had copied some elements of Marvin Gaye's song "Got to Give It Up" without permission. The jury found that Robin Thicke and co-writer Pharrell Williams had committed copyright infringement and will have to pay Gaye's family more than \$7.3 million.

Also in March of 2015, Jay Z agreed to pay 50% of royalties to Swiss jazz musician Bruno Spoerri after Jay Z used instrumentals for his hit song "Versus" without consent from the artist.


These are just a few of the examples that demonstrate the ramifications against piracy and the legal system supporting this. Rightscorp is at the forefront of online P2P copyright infringement battles that continue to rage on year-after-year. Rightscorp is one of the most effective and viable solutions to this multi-billion dollar problem, which affects multiple industries and causes millions of dollars in damages and lost wages. Each year we have made tremendous progress in all our key metrics and have amassed a massive catalog of copyrights that we protect from some of the biggest and most recognizable musicians, artists, TV shows, and movies.

This July, I will be Co-Chairing the 2015 Annual Anti-Piracy & Content Protection Summit in Los Angeles. I will be delivering a key presentation to key executives in the entertainment space on the legal obligations of ISPs to content creators and their liability for subscriber infringements. We continue to educate the public on our corporate mission and to protect those against illegal file-sharing.

I would like to thank you for your continued support of our vision for protecting and preserving the value of digital assets and copyrights, collecting for artists and copyright holders, while generating revenues for our company. We continue to focus on growing our operating metrics through discussions with larger holders of copyrights and major industry players. We are very encouraged by the progress thus far and believe we offer a compelling investment proposition to both our clients and investors.

On behalf of Rightscorp, we thank you for your support.

Sincerely,

A handwritten signature in black ink, appearing to read "Christopher Sabec", written in a cursive style.

Christopher Sabec
CEO