

OCEAN TOMO

# OCEAN TOMO 300<sup>®</sup> PATENT INDEX METHODOLOGY



OCEAN TOMO<sup>®</sup>  
INTELLECTUAL CAPITAL EQUITY<sup>®</sup>

The Ocean Tomo 300<sup>®</sup> Patent Index is the first intellectual property index. It is a market capitalization weighted index comprised of 300 publicly traded companies that own quality patent portfolios. The Index was invented by Keith Cardoza and James Malackowski. The American Stock Exchange began to price the Index under the symbol OTPAT on September 13, 2006. The Index annually reconstitutes after the close on the last business day of October. The Index divisor was initially determined to yield a benchmark value of 5000.00 at the close of trading December 31, 2004. The Index is patent pending and was created by and is a trademark of, Ocean Tomo Capital, LLC.

## Index Methodology

The Index selection methodology is designed to identify six companies within each of 50 style and size groups (which include value, relative value, blend, growth at a reasonable price (GARP) and growth by decile) with the highest patent maintenance value to book value ratio as determined by Ocean Tomo, LLC. The Index is designed to actively represent a group of stocks that own quality patent portfolios. The Index constituent selection methodology was developed by Ocean Tomo as a quantitative approach to selecting stocks from a universe of 1,000 companies. The Index constituent selection methodology evaluates and selects stocks from a universe of 1,000 companies using a proprietary, 100% rules-based methodology developed by Ocean Tomo. The Index constituent selection methodology utilizes multi-factor proprietary selection rules to seek to identify those stocks that offer the greatest patent value opportunities while maintaining broad-based diversification. The approach is specifically designed to enhance investment applications and investability. The Index annually reconstitutes after the close of business on the last business day of October.

## Index Construction

Potential Index constituents include all equities trading on major U.S. exchanges that are among the 1,000 most liquid securities.

1. The potential Index constituents are then narrowed to a universe of companies that own patents.
2. The patent-owning companies are divided into 50 style and size groups with the highest patent value to book value ratio. Each group contains an approximately equal number of patent-owning companies.
3. The stocks in each group are ranked using a 100% rules-based methodology that seeks to identify those stocks that offer the greatest patent value opportunities while maintaining broad-based diversification.
4. The six highest ranking stocks in each group are selected (resulting in a total of 300 stocks) and are weighted by market capitalization.

## About Ocean Tomo

Ocean Tomo, the Intellectual Capital Merchant Banc™ firm, provides industry leading financial services related to intellectual property and intangible assets including financial expert testimony, valuation, strategy consulting, investment advisory, innovation management consulting and transaction brokerage.

Our Opinion, Management, and Advisory Services are built upon more than two decades of experience valuing intellectual property in the most rigorous of venues – State, Federal and international courts. Our financial, market and technical experts provide a unique understanding of the contributory value of proprietary innovation. This is the cornerstone of our business. This insight permeates every practice.

Collectively, Ocean Tomo professionals have:

- Executed over 750 engagements involving IP worth in excess of \$10 billion;
- Successfully closed transactions where disruptive technology played a key role, with cumulative transaction value in excess of \$650 million;
- Conducted over 250 valuation engagements and 300 financial damages expert testimony engagements.

Ocean Tomo assists clients – corporations, law firms, governments and institutional investors – in realizing Intellectual Capital Equity® value broadly defined.



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Mr. Trueman works closely with IP owners to help them monetize their IP through innovative and effective transaction platforms. He has a reputable history of offering IP licensing, transaction, business development, and strategy consulting services across a diverse set of industries and has led teams helping companies monetize IP, grow existing businesses and successfully launch new ventures.

