

OCEAN TOMO

INVESTMENTS



Ocean Tomo Investments uses its knowledge from valuing intangible assets to identify and capitalize on the growing importance of intellectual property (IP) as a distinct asset class. Ocean Tomo produces valuable offerings for the market place to take advantage of the inefficiencies of the IP asset class.

Investment Banking

Ocean Tomo Investment Banking (OTIB) provides IP-based services and products to corporations rich in intangible assets who are looking for non-traditional ways to approach their structural, capital and strategic issues. As the value of corporations increasingly becomes a function of their IP value, Ocean Tomo's Investment Banking services will remain at the forefront of value extraction, monetization and maximization.

ADVISORY

OTIB provides advisory services in connection with a wide range of strategic financial matters. These services are grounded by Ocean Tomo's ability to value IP from a bottom-up qualitative perspective, as well as from top-down quantitative methodologies. OTIB advisory services facilitate strategic IP-driven transactions, mergers and acquisitions, IP portfolio optimization and rationalization and competitive positioning.

FINANCING

IP COLLATERALIZED DEBT

OTIB provides financing for corporations who elect to use their IP to collateralize debt obligations. Ocean Tomo will value the IP and find financing sources that will rely on those valuations to extend credit. Capital comes from our network of relationships with commercial banks, private investment vehicles and other financial sponsors.

SALE/LICENSE-BACK

OTIB employs a sale/license-back (SLB) structure to help corporations monetize their IP without any associated business interruption. Through the SLB, OTIB facilitates the purchase of technology-based patents and related IP held by the client. The purchaser simultaneously enters into a non-exclusive agreement on a field-of-use basis for a fixed term and fixed amount to license-back those rights needed by the original patent owner to continue to operate. In some cases, the selling patent owner can participate in additional licensing revenues developed by the purchaser, further contributing to the seller's revenue.

CAPITAL MARKETS

UNIT LICENSE RIGHT™ (ULR) CONTRACTS

OTIB, through its affiliation with IPXI, helps corporations monetize their IP through the sale of Unit License Right™ (ULR) contracts. ULR contracts are a capital market's alternative to traditional debt (no interest or principal repayments required) or equity (no earnings or shares outstanding dilution). IP owners raise capital through the sale of ULR contracts, as they are purchased by what traditionally would have been a license through a negotiated, bi-lateral agreement. ULR contracts give the buyer a one-time right to use the associated technology without infringing the IP rights of the issuer. As they are traded on IPXI, ULR contracts will permit efficient price discovery through the market mechanism.



SECURITIZATIONS

The number of securitizations using IP as the underlying asset has increased significantly. This is a result of companies leveraging their IP royalty cash flows into collateral to achieve a lower cost of funding. OTIB facilitates IP securitizations by acting as a Special Servicer or Back-Up IP manager capable of understanding, managing and liquidating the IP assets in the case of an issuer default or other event of distress. Acting in this manner, OTIB satisfies the unique concerns of bond holders and rating agencies. OTIB served as the Special Servicer to the largest IP securitization completed to date.

RESTRUCTURING

OTIB acts as a special IP advisor in corporate restructurings and liquidations. Ocean Tomo, using its quantitative processes applied to its database of global patent owners, finds counter-parties for 363 sales of IP rights. OTIB also employs the SLB structure discussed above as an alternative to debtor in possession DIP loans. SLBs are superior to DIP loans since they bring cash to the balance sheet without subordinating existing creditors.

Asset Management

Ocean Tomo Asset Management (OTAM) has developed a family of investment products based on its proprietary Intellectual Property valuation methodologies. While IP alpha is common to all strategies, OTAM's strategies represent a spectrum of risk-adjusted returns, liquidities, correlations and holding periods. All quantitative products employ Ocean Tomo's team of investment, valuation, analytics and consulting experts.

RETAIL INVESTOR PRODUCTS

OCEAN TOMO 300® PATENT INDEX

The Ocean Tomo 300® Patent Index (NYSE Euronext: OTPAT) is the first intellectual property index. It represents a diversified portfolio of the 300 publicly traded companies in the U.S. with the highest Innovation Ratios.

IP-ENHANCED INDEX PRODUCTS

OTAM's quantitative IP investment program has the capability to create an IP-based absolute return or benchmarked fund for any size, style and sector criteria specified. In partnership with IPXI, Ocean Tomo has created IP-enhanced indexes for S&P 500 and 1500, NASDAQ and the Wilderhill Clean Energy Index. In each case, OTAM's enhanced index products outperform their benchmark indexes with greater information ratio.

ACCREDITED INVESTOR PRODUCTS

MARKET NEUTRAL FUND

Ocean Tomo's intra-sector market neutral strategy has been trading since October 2007. Since its inception, the fund has generated a positive gross return of 7% with less than 4% volatility. In 2008, while the strategy generated a positive gross return of 3.26%, the HFR Market Neutral Index was down 5.92%, the DJ Market Neutral Index was down 8.33%, the S&P 500 was down 38.5% and hedge funds were generally down 18%. Each of these generated market measures with significantly higher volatility.

SPECIAL SITUATIONS

OTAM's Special Situations team invests in unique arbitrage opportunities as they relate to qualitative IP valuation.

STRUCTURED PRODUCTS

Each of the investment products described above can be bundled into structured products. Doing so provides investors with all of the benefits of structured products (e.g. principal protection) and IP investments (e.g. unique alpha and low correlation).

Research

Ocean Tomo's Investment practice offers two types of investment research: long-term research support to fundamental investment groups looking to add IP insight into their alpha generating processes and special situations research support to investment groups looking to execute specific trades where IP is the driving catalyst. Fundamental IP research integrates quantitative and qualitative methods to identify competitive positions made defensible by IP or the ability to drive enhance returns through more efficient utilization of IP portfolios. Special situations research supports IP-based change of control, activist, distressed, patent arbitrage and litigation outcome investing. Ocean Tomo combines almost 20 years of hedge fund investing experience with more than 25 years of IP valuation experience to develop its unique research product.

Contact

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CONTACT

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Ryan Zurek is a Managing Director in Ocean Tomo Investment Group and in Ocean Tomo's Investments practice. He holds the FINRA Series 7 license.

Mr. Zurek plays an integral role in all aspects of the firm's investment banking and asset management initiatives, including facilitating IP-driven transactions, mergers and acquisitions, IP monetization strategies, financing and IP-based special situations investments. Mr. Zurek has significant experience in IP valuation, licensing strategy, market research and cash flow analysis. Prior to joining the Investments practice, Mr. Zurek spent 5 years with Ocean Tomo's Expert Testimony practice where he spearheaded engagements involving the valuation of intangible assets across a broad spectrum of technologies.



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INTELLECTUAL CAPITAL EQUITY[®]



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About Ocean Tomo

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

Our Opinion, Management, and Advisory Services are built upon more than three 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 and client engagement.

Collectively, Ocean Tomo professionals have:

- Executed over 1000 engagements involving IP worth in excess of \$10 billion;
- Successfully closed transactions where disruptive technology played a key role, with cumulative value in excess of \$750 million;
- Conducted over 300 valuation engagements and 500 financial damages expert testimony engagements.

Headquartered in Chicago, Ocean Tomo has offices in Greenwich, Houston and San Francisco.

Subsidiaries of Ocean Tomo include: Ocean Tomo Investment Group, LLC, a licensed broker-dealer under Federal and State securities law (brokercheck.finra.org Broker Check CRD #: 172912); OTI Data Networks, LLC and Patent Marking, LLC.

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