



OCEAN TOMO  
INTELLECTUAL CAPITAL EQUITY

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MEDIA CONTACT:  
Wendy Chou  
718.812.6707  
[wchou@oceantomo.com](mailto:wchou@oceantomo.com)

**IN RESPONSE TO CLIENT DEMANDS, OCEAN TOMO  
INTRODUCES FAIRNESS OPINIONS FOR INTELLECTUAL  
PROPERTY TRANSACTIONS**

**Chicago, IL – July 18, 2006** – Ocean Tomo, LLC is introducing Fairness Opinions for Intellectual Property (IP) transactions. These opinions will provide senior management and boards of companies with comfort that they have received (or paid) appropriate consideration in IP divestitures, acquisitions, cross-licenses, litigation settlements and other IP intensive transactions. This new service offering is prompted by client demand resulting from the significant increase in IP transactions, the importance of corporate IP assets as a percentage of shareholder value, recently proposed intangible asset appraisal regulations and corporate and shareholder litigation risks.

“The marketplace for intellectual property has grown dramatically in the past five years. Still, intellectual property transactions and associated valuations remain complex and often lack comparables in the marketplace upon which to gauge the appropriate price that should be paid or received.” said Michael Lasinski, Managing Director in charge of Ocean Tomo’s Valuation Practice Group. “Furthermore, it is not uncommon for intellectual property to be dormant in one company and then result in a significant business opportunity for another. This can lead to dramatically different fair value determinations by two parties in a transaction. Senior management and corporate boards are no longer willing to rely on current practices and rules of thumb as satisfactory support for their positions in these transactions.”

Evidencing the importance of IP assets are the following market facts: Intangible value as a percentage of market value of companies comprising the S&P 500® Index has grown significantly over the past decades and was measured at 79.7% in 2005. Consumer staples had an intangible asset value of approximately 94% as a percentage of market capitalization in 2005. Multiple sources estimate that US-based licensing revenue exceeds \$150 billion annually. A settlement in a single IP litigation in April of this year approached \$2 billion. A company whose sole business is the licensing of IP assets has a market capitalization of more than \$400 million and a price-to-sales ratio of more than 20. In sum, IP assets represent a company’s most valuable asset class today.

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200 West Madison, 37<sup>th</sup> Floor  
Chicago, Illinois 60606  
312.327.4400  
[www.oceantomo.com](http://www.oceantomo.com)



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Because of the value of IP, it is not surprising that regulators and companies are becoming more concerned about IP transactions. Within the last year, the Treasury Department and the Internal Revenue Service issued proposed Cost-Sharing regulations under Section 482 and Notice 2006-34 – Taxation of Cross Licensing Arrangements that will likely affect how companies transact and, ultimately, value their IP. Further, the American Society of Appraisers (ASA) has released two draft standards (Draft BVS-IX – Intangible Asset Valuation, and Draft SBVS-3 – Intellectual Property Valuation) for the valuation of IP assets. These proposed standards outline specific factors that must be considered by ASA members when valuing various classes of IP, including patents, trade secrets, trademarks and copyrighted works.

The value of IP as a corporate asset coupled with the current regulatory and litigiousness of the marketplace provide corporate management and boards sufficient incentive to seek the appropriate opinions of fairness when transacting these critical assets.

For more information on any of the topics within this article, please contact Michael Lasinski at (312) 377-4836 or [mlasinski@oceantomo.com](mailto:mlasinski@oceantomo.com).

### *About Ocean Tomo, LLC:*

*Ocean Tomo, LLC ([www.oceantomo.com](http://www.oceantomo.com)), the Intellectual Capital Merchant Banc<sup>®</sup> firm, was established in 2003. The firm specializes in understanding and leveraging intellectual property assets and provides IP-related M&A advisory, valuations, expert services, analytics and auction services. Ocean Tomo works closely with IP owners, advisors and investors, and has offices in Chicago, San Francisco, Palm Beach, Orange County and Washington, DC. Subsidiaries of Ocean Tomo include: Ocean Tomo Capital Fund, LP -- a \$200 million private equity investment fund; and Ocean Tomo Asset Management, LLC -- an SEC Registered Investment Advisor offering hedge funds utilizing IP-based strategies.*

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