

OCEAN TOMO

ASSET MANAGEMENT SERVICES



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.

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.

OTP, the ETF that tracks the OT300 stock index, generated an annualized excess return of 4.38% versus the S&P 500 (SPY) for the 10 quarters ended July 2009. Morningstar ranks OTP as the #1 performer of all Large Blend ETFs (U.S. & Foreign) since its inception. The OT300 has now outperformed SPY in 20 out of 20 rolling one-year periods.

The OT300 is constructed as follows: potential constituents are narrowed to a universe of companies that own patents. The patent-owning companies are then divided into 50 style and size groups and ranked according to their Innovation Ratios, with each group containing an approximately equal number of patent-owning companies. The securities in each group are ranked using a 100% rules-based methodology that identifies those securities with the highest Innovation Ratios, while maintaining broad-based diversification. The six highest ranking securities in each of the 50 groups are selected (a total of 300 securities) and then weighted by market capitalization.

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 the Intellectual Property Exchange International (IPXI.com), 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 a greater information ratio.

The enhanced indexes are constructed using a 130/30 ratio. Each starts with the underlying index weights, and then the weights are reduced by 30% in names with relatively weaker IP signals and increased by 30% in names with stronger IP signals. How much is added or reduced for an individual name is proportional to the IP signal. Since the IP signal is "sector neutral," this procedure does not change sector weightings. As a result, you get an index tracking product with return and information ratio outperformance.

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 in general were down 18%. Each of these generated market measures with significantly higher volatility.

Ocean Tomo is the only investment firm that can offer this investment program because of the patented processes that underlie the analysis of its proprietary IP dataset. The dataset took eight years to construct and continues to evolve, with weekly re-grading based on value changes attributable to new patent issuance. Once the system grades the quality of corporate IP portfolios, Ocean Tomo's Investments team constructs intra-sector relative value baskets by buying the stocks of companies with strong IP portfolios and short-selling the stocks of companies with weak or non-existent IP portfolios.

SPECIAL SITUATIONS

OTAM's Special Situations team invests in unique arbitrage opportunities as they relate to qualitative IP valuation. Types of Special Situations investments include PIPEs, IP collateralized debt, sale/license-back transactions, Unit License Right™ Contracts, and royalty securitizations. The scope and nature of these investments are considerably idiosyncratic and require a high degree of specialized IP and investment knowledge. For these reasons, OTAM is a market leader in this field.

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, low correlation).

About Ocean Tomo

Established in 2003, Ocean Tomo, LLC provides Financial Expert, Management Consulting, and Advisory services related to intellectual property (IP) and other intangible assets; corporate accounting investigations; regulatory and reporting obligations; solvency and restructuring; and contractual or competition disputes.

Practice offerings address economic damage calculations and testimony; accounting investigations and financial forensics; technology and intangible asset valuation; strategy and risk management consulting; mergers and acquisitions; debt and equity private placement; and IP brokerage.

Our services are built upon more than three decades of experience in the most rigorous 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:

- Completed over 1000 engagements, including over 300 valuation and 500 financial damages expert testimony engagements;
- Consulted and provided expert testimony on some of the highest profile matters over the past decades;
- Successfully closed hundreds of IP sale transactions with a cumulative transaction value well in excess of \$1 billion; and
- Originated more successful IP monetization solutions than any other firm, including creation of the world's oldest and most successful live patent auction.

Our track record of results spans more than 150 different industry segments. Because our past success provides the best indication of our capabilities, we are proud to serve more than 80% of the AM Law 100® and encourage potential clients to seek references from past clients.

Intangible assets comprise 90 percent of business value but are also subject to significant impairment due to enterprise and regulatory compliance risk. Ocean Tomo assists clients – corporations, law firms, governments, and institutional investors – in realizing Intellectual Capital Equity® value broadly defined.

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



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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 and 63 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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