

OCEAN TOMO

OCEAN TOMO 300[®] PATENT INDEX METHODOLOGY



The Ocean Tomo 300[®] 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

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.

