

Kudo & Associates

2013/10/1

# YK3US Performance Report

■ What is YK3US ?

YK3US is a new index that indicates value of a US-patent from a viewpoint of cost approach, calculated by totalizing the expense for the patent legal procedures. For example, the legal procedures are...

- Basic filing fee
- Search Fee
- Examination Fee
- Attorney fee for patent application
- Additional fee for independent claims in excess of three
- Additional fee for Claims in excess of 20
- Issue Fee
- Patent Maintenance Fees 4years – 7years
- Patent Maintenance Fees 8years – 11years
- Patent Maintenance Fees 12years–
- family patent of foreign country

Etc....

YK3US is calculated by a computer. The YK3US program acquires information of legal procedures for getting or keeping patents by patents owner, and calculate costs of each procedure by using average cost tables, and attenuate these costs by using obsolescence-functions defined by statistical information.

\* YK3US calculation method was already patented in Japan and now pending in USA.

The Total YK3US of all patents a company holds express the patent power of this company. If “YK3US / Market Capitalization” is higher than average of the same industry, the stock price of this company is underestimated in comparison with the patent power. So, in the not so distant future, the stock price of this company will rise to the reasonable price.

“YK3US growth rate” means that patent power is increasing. The company which is increasing patent power is considered to be having a possibility of growth by utilizing increased patent power. So, the stock price of this company will gradually rise.

In this report, we probe that the “YK3US / Market Capitalization” and the “YK3US growth rate” could be a leading indicator of stock prices.

\* Historical YK3US can be calculated by using historical legal procedure data. In this report, We calculated Historical YK3US from past 20 years.

■ Target Companies

Target Companies are NYSE listed companies and NASDAQ listed companies which have YK3US.

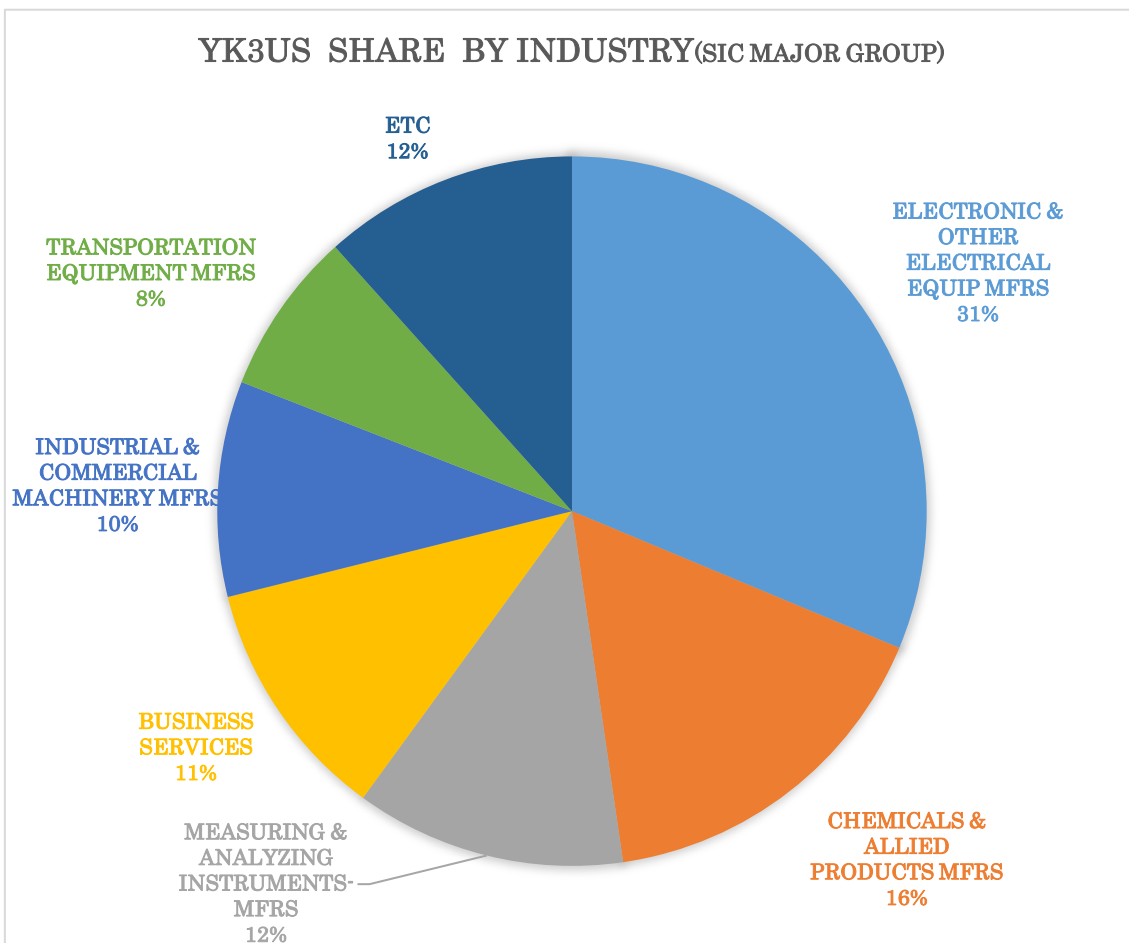
\*include foreign companies.

Num and the Rate of Companies have YK3US

	Companies have YK3US	All Companies	Rate
NYSE	818	2499	32.73%
NASDAQ	1021	2437	41.90%

Market capitalization and the Rate of Companies have YK3US

	Companies have YK3US	All Companies	Rate
NYSE	\$11,357,346,886	\$19,977,302,913	56.85%
NASDAQ	\$3,432,809,805	\$4,982,715,063	68.89%



■ Top10 Companies of YK3US volume

Top 10 Companies of YK3US volume is as follows.

	Company	SIC	SIC Industry Title	YK3US
1	CANON INC	3861	Photographic Equipment & Supplies	876,800,565.15
2	INTERNATIONAL BUSINESS MACHS CORP	7379	Computer Related Services	870,383,984.69
3	SONY CORP	3651	Household Audio & Video Equipment	821,814,173.14
4	QUALCOMM INC	3669	Communications Equipment, NEC	597,329,709.74
5	MICROSOFT CORP	7372	Services-Prepackaged Software	505,313,181.79
6	KONINKLIJKE PHILIPS ELECT NV	3651	Household Audio & Video Equipment	469,310,431.72
7	GENERAL ELEC CO	3699	Electrical Machinery, Equipment, and Supplies	415,686,659.54
8	INTEL CORP	3674	Semiconductors & Related Devices	411,775,933.78
9	HEWLETT PACKARD CO	3570	Computer & Office Equipment	410,190,868.17
10	PROCTER & GAMBLE CO	2834	Pharmaceutical Preparations	386,409,263.09

■ Top 10 Companies of YK3US growth rate

Top 10 Companies of YK3US growth rate is as follows.

	Company	SIC	SIC Industry Title	YK3US-growth
1	CERAGON NETWORKS	3663	Radio & TV Broadcasting & Communications Equipment	1.47%
2	VALE S A	1011	iron ores	1.05%
3	CLEARSIGN COMBUSTION CORP	3823	Industrial Instruments for Measurement, Display, and Control	0.97%
4	APOLLO GROUP INC	8221	Colleges, Universities, and Professional Schools	0.72%
5	OXFORD INDS INC	2329	Men's and Boys' Clothing	0.71%
6	LSI CORP	3674	Semiconductors & Related Devices	0.68%
7	DIAMOND OFFSHORE DRILLING INC	1381	Drilling Oil & Gas Wells	0.67%
8	FERRO CORP	2851	Paints, Varnishes, Lacquers, Enamels & Allied Products	0.66%
9	BIRKS & MAYORS INC	3911	Jewelry, Precious Metal	0.64%
10	UBIQUITI NETWORKS INC	3663	Radio & TV Broadcasting & Communications Equipment	0.64%

\* average YK3US growth rate of half year during 2008 and 2013

■ YK3US/Market Capitalization

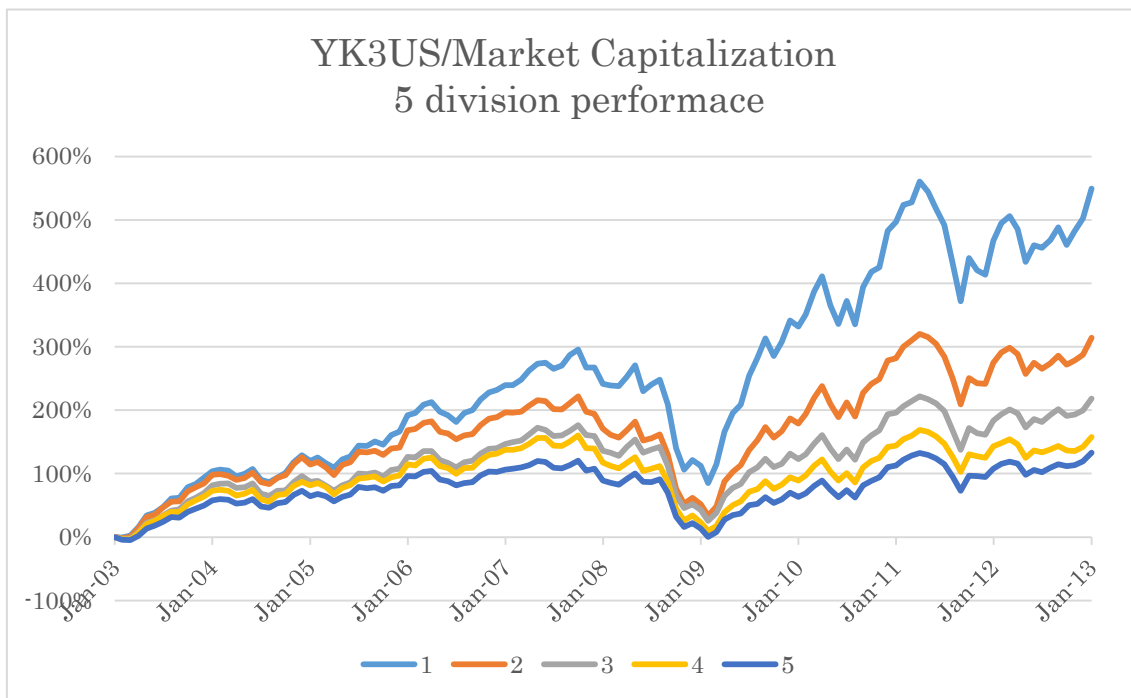
Top 10 Companies of “YK3US/Market Capitalization” is as follows.

	Company	SIC	SIC Industry Title	YK3US/MarketCap
1	CANON INC	3861	Photographic Equipment & Supplies	634872.29
2	ROSETTA GENOMICS LTD	2834	Pharmaceutical Preparations	489271.31
3	DIGIMARC CORP NEW	7373	Services—computer Integrated Systems Design	381647.79
4	CARDIOME PHARMA CORP	2834	Pharmaceutical Preparations	287999.59
5	VERENIUM CORP	2869	industrial organic chemicals	259864.01
6	ALEXZA PHARMACEUTICALS INC	2834	Pharmaceutical Preparations	213834.93
7	NTT DOCOMO INC	4813	Telephone Communications (No Radio Telephone)	213824.21
8	STEREOTAXIS INC	3845	Electromedical & Electrotherapeutic Apparatus	212633.94
9	GENVEC INC	2834	Pharmaceutical Preparations	200385.54
10	SYNERGY PHARMACEUTICALS INC FLA	2834	Pharmaceutical Preparations	196049.95

\*YK3US/Market Capitalization × 1,000,000

■ Performance of “YK3US/Market Capitalization”

Target companies were divided into 5 divisions by “YK3US/Market Capitalization” in each industry class. We made same-weight portfolios which are rebuild every month. Each division portfolio's performance between January 2003 and January 2013 is as follows



The performance of division 1 is as follows.

Sharp Ratio	1.6185381
Active return	6.95%
Active risk	4.29%
T(p-value)	0.0000005

\*companies which were in bottom 20% of the market capitalization in each month are excepted from the universe because of their low liquidity.

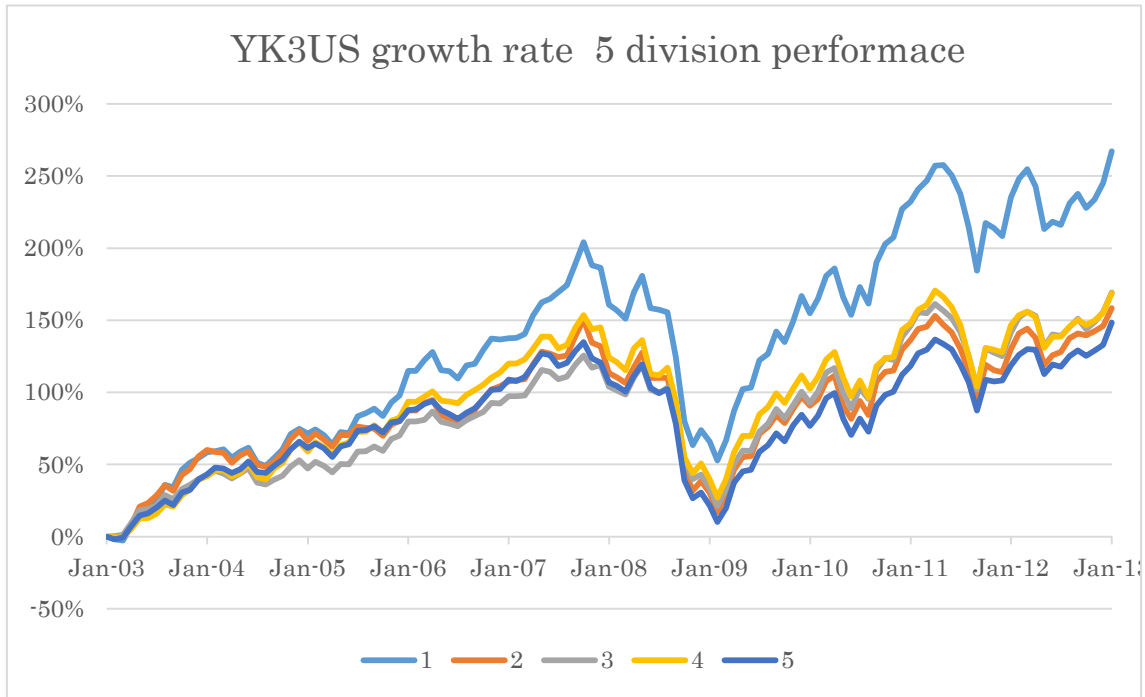
Top 20 Companies of Average return is as follows.

	CODE	COMPANY	Total holding period	Average return of holding period
1	PPHM	PEREGRINE PHARMACEUTICALS INC	1	210.94%
2	BKI	BUCKEYE TECHNOLOGIES INC	1	141.78%
3	RTK	RENTECH INC	4	113.39%
4	DAN	DANA HLDG CORP	4	53.91%
5	ATHX	ATHERSYS INC NEW	1	51.89%
6	HTCH	HUTCHINSON TECHNOLOGY INC	3	42.43%
7	HSNI	HSN INC DEL	5	39.13%
8	SLM	SLM CORP	3	34.49%
9	DECK	DECKERS OUTDOOR CORP	1	34.29%
10	ORBK	ORBOTECH LTD	2	32.25%
11	CORT	CORCEPT THERAPEUTICS INC	3	31.18%
12	POL	POLYONE CORP	3	29.86%
13	CA	CA INC	1	27.53%
14	NICE	NICE SYS LTD	1	27.07%
15	THLD	THRESHOLD PHARMACEUTICALS INC	11	26.16%
16	AKAM	AKAMAI TECHNOLOGIES INC	9	26.07%
17	CPTS	CONCEPTUS INC	2	23.71%
18	FCEL	FUELCELL ENERGY INC	9	21.66%
19	SCSS	SELECT COMFORT	1	21.21%
20	OVTI	OMNIVISION TECHNOLOGIES INC	2	20.41%



■ Performance of YK3US growth

Target companies were divided into 5 divisions by YK3US growth in each industry class. We made same-weight portfolios which are rebuild every month. Each division portfolio's performance between January 2003 and January 2013 is as follows



The performance of division 1 is as follows.

Sharp Ratio	0.8090415
Active return	3.15%
Active risk	3.89%
T(p-value)	0.0054736

\*the universe is configured from companies which were in top 20% of the market capitalization.

Top 20 Companies of average return is as follows.

	CODE	COMPANY	Total holding period	Average return of holding period
1	K	KELLOGG CO	2	8.30%
2	SPWR	SUNPOWER CORP	7	8.03%
3	ACXM	ACXIOM CORP	2	7.68%
4	REGN	REGENERON PHARMACEUTICALS INC	19	7.21%
5	TIBX	TIBCO SOFTWARE INC	1	6.64%
6	CTXS	CITRIX SYS INC	5	6.64%
7	PNR	PENTAIR LTD	3	6.42%
8	VRSN	VERISIGN INC	34	6.24%
9	JBL	JABIL CIRCUIT INC	12	5.94%
10	DBD	DIEBOLD INC	6	5.55%
11	CVLT	COMMVault SYSTEMS INC	1	4.98%
12	AVP	AVON PRODS INC	7	4.86%
13	STJ	ST JUDE MED INC	2	4.72%
14	N	NETSUITE INC	13	4.61%
15	D	DOMINION RES INC VA NEW	1	4.46%
16	CI	CIGNA CORP	7	4.32%
17	ISRG	INTUITIVE SURGICAL INC	79	4.30%
18	VRX	VALEANT PHARMACEUTICALS INTL INC CDA	29	4.29%
19	PCYC	PHARMACYCLICS INC	7	4.29%
20	PXD	PIONEER NAT RES CO	7	4.27%