HEVC Patent Portfolio License Briefing*

*This presentation is for information purposes only. Actual license agreements provide the only definitive and reliable statement of license terms.
Objective

- Offer an alternative license for the convenience of users enabling them to acquire patent rights necessary for the HEVC standard (see next slide) from multiple patent holders in a single transaction as an alternative to negotiating separate licenses
Coverage

Coverage

• Each patent is essential to the HEVC standard (see previous slide)

• Patent holders submitted patents for evaluation of their essentiality by independent patent experts

• Worldwide coverage (including essential counterparts)

• Licensors include all essential patents
Coverage

• Attachment 1 to the License is updated regularly
  o New Licensors and essential patents may be added at no additional royalty for present license coverage during the current term; coverage for entire term
Current Patent Owners

Essential Patent Holders currently include

- Alpha Digitech, Inc.
- Apple Inc.
- British Broadcasting Corporation (BBC)
- Canon Inc.
- Digital Insights Inc.
- Electronics and Telecommunications Research Institute (ETRI)
- Fujitsu Limited
- Funai Electric Co., Ltd.
- Hangzhou Hikvision Digital Technology Co., Ltd.
- HUMAX Co., Ltd.
- IBEX PT Holdings
- IDEA HUB, Inc.
- Industry – Academy Cooperation Foundation of Sejong University
- INNOTIVE LTD
- Intellectual Discovery Co., Ltd.
- JVCKENWOOD Corporation
- Korea Advanced Institute of Science and Technology (KAIST)
- Korean Broadcasting System (KBS)
- KPIC Ltd.
- KT Corp.
- Kwangwoon University Industry – Academic Collaboration Foundation
- M&K Holdings Inc.
- Massachusetts Institute of Technology (MIT)
- Maxell, Ltd.
- NEC Corporation
- Nippon Hoso Kyokai (NHK)
- Nippon Telegraph and Telephone Corporation (NTT)
- NTT DOCOMO, INC.
- Orange SA
- Samsung Electronics Co., Ltd.
- Siemens Corp.
- SK Planet Co., Ltd.
- SK Telecom Co., Ltd.
- Sky Media Tech, Inc.
- SungKyunKwan University Research & Business Foundation
- Tagivan II, LLC
- The Trustees of Columbia University in the City of New York*
- University – Industry Cooperation Foundation of Korea Aerospace University
- University – Industry Cooperation Group of Kyung Hee University
- Vidyo, Inc.

*Up to and through date of last patent expiration
HEVC License Terms

• Decoder-Encoder Sublicenses
  o HEVC Products Sold to End Users by a Licensee with (a) ownership/control of the brand name or (b) if the HEVC Product bears no brand name, with discretion over decision to Sell
    • 0 - 100,000 units/year = no royalty (available to one Legal Entity in an affiliated group)
    • US $0.20 per unit after first 100,000 units each year
    • Maximum annual royalty payable by an Enterprise (Legal Entity and Affiliates) is $25M for present coverage during the first License Term
  o Includes right to make, use and sell
  o Royalties are payable for HEVC Products from May 1, 2013 forward

• Other
  o Royalty paid for HEVC Product sublicense (referred to above) includes right to use encoders/decoders for HEVC content
  o Vendors of semiconductor chips or other products that contain an HEVC encoder and/or decoder may pay royalties on behalf of their customer who is a Licensee (and has responsibility for assuring payment) subject to that Licensee’s annual cap
Term

- Current Term through December 31, 2020
- Renewable for successive 5-year periods for the life of any Portfolio patent on reasonable terms and conditions
- Rate Protection on Renewal – royalties for license grant or Royalty Cap will not increase by more than 20% at each renewal
Other Important Provisions

- Most Favorable royalty rates clause
- Licensee data is protected as confidential
- Grant-back on essential patents similar in scope to license grants