

NEWS RELEASE**For Immediate Release****CONTACT:**

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(Denver, Colorado, US - 31 January 2002) - MPEG LA, LLC today announced that it will offer fair, reasonable, nondiscriminatory, worldwide access to patents that are essential to the MPEG-4 Visual (Simple and Core) digital compression standard under a single license to be known as the MPEG-4 (Visual) Patent Portfolio License ("License"). The License currently includes patents owned by the following companies: Canon Inc.; France Télécom; Fujitsu Limited; Hitachi, Ltd.; Hyundai Curitel, Inc.; KDDI Corporation; Matsushita Electric Industrial Co., Ltd.; Microsoft Corporation; Mitsubishi Electric Corporation; Oki Electric Industry Co., Ltd.; Philips Electronics; Samsung Electronics Co., Ltd.; Sanyo Electric Co., Ltd.; Sharp Kabushiki Kaisha; Sony Corporation; Telenor AS; Toshiba Corporation; and Victor Company of Japan, Limited. MPEG LA convened these patent owners in December 2000 following an independent patent expert's finding that each of them owns one or more patents essential to the international MPEG-4 Visual Standard. The objective of the License is to include as much essential MPEG-4 Visual (Simple and Core) intellectual property as possible in one license for the convenience of all users. Patent holders are required to include all of their essential MPEG-4 Visual (Simple and Core) patents worldwide. In addition, new patent holders and their essential patents will continue to be added following a determination of essentiality.

"The essential patent owners are pleased that their intellectual property has made a substantial and essential contribution to the development of this exciting new technology," said MPEG LA Chief Executive Officer Baryn S. Futa. "The MPEG-4 (Visual) Patent Portfolio License manifests their desire to 'partner' with other industry participants to encourage widespread adoption of MPEG-4. The patent owners understand the risks inherent in a startup technology in which companies large and small are asked to make a pioneering investment and are sensitive to the role that their licensing model will play in that process. Therefore, the License has been specially designed so that reasonable royalties are shared fairly by a variety of industry participants in order to stimulate early, rapid and widespread MPEG-4 product investment, development, deployment and use."

Under the License terms, Licensees will pay the following royalty rates for MPEG-4 Simple or Core Products:

- US \$0.25 per decoder (in hardware or software) for a license to make and sell and for personal use in receiving private video (i.e., not video for which a service provider or content owner receives remuneration as a result of offering/providing the video for viewing or having the video viewed), subject to a cap of \$1,000,000 per year/per legal entity.
- US \$0.25 per encoder (in hardware or software) for a license for personal use only to create private video data (i.e., not video for which a service provider or content owner receives remuneration as a result of offering/providing the video for viewing or having the video viewed), subject to a cap of \$1,000,000 per year/per legal entity.
- US \$0.00033/minute or portion (equivalent to US \$0.02/hour) based on playback/normal running time for every stream, download or other use of MPEG-4 video data in connection with which a service provider or content owner receives remuneration as a result of offering/providing the video for viewing or having the video viewed (including without limitation pay-per-view, subscription and advertiser/underwriter-supported services). This royalty, to be paid by entities that disseminate the MPEG-4 video data, is not subject to a cap. (In the case of MPEG-4 video for which the number of uses cannot be directly determined (e.g., video supplied as part of a basic cable service or to a transmitter for broadcasting), a surrogate (e.g., standard industry audience measurement) is under consideration.)
- US \$0.00033/minute or part (equivalent to US \$0.02/hour) based on playback/normal running time of MPEG-4 video data encoded (for other than personal use) on each copy of packaged medium. This royalty, to be paid by the packaged medium replicator, is not subject to a cap.
- For one year from the start date of the license program, parties that sign the license (or a memorandum of intent to sign

a license) will be forgiven their payment of royalties for all MPEG-4 Visual Simple and Core products during and before that one year period.

· The initial term of the License has not yet been finalized but when decided, will be subject to renewal on reasonable terms and conditions for the useful life of any patents in the Portfolio.

In agreeing to the foregoing terms, the patent holders considered the need for simplicity, promoting the widest possible use of MPEG-4, maximizing the opportunity for full efficient compliance with intellectual property licensing requirements and recognition of the likely business models for deploying MPEG-4 Visual Standard technology so as to assure that the License is aligned with the real-world flow of MPEG-4 commerce.

As the objective of the MPEG-4 (Visual) Patent Portfolio License is to include as much essential MPEG-4 Visual (Simple and Core) intellectual property as possible in one license, MPEG LA reiterates that any party that believes it has essential patents (Sections 9, 9.1 and 9.2 and Tables 9-1 and 9-2 of ISO/IEC 14496-2 Information Technology - Coding of Audio-Visual Objects - Part 2: Visual) and wishes to join upon successful evaluation, is invited to submit such patents to the independent Patent Evaluator together with a statement confirming its agreement with the objectives and intention to abide by terms and procedures governing the patent submission process, which may be obtained from Lawrence A. Horn, Vice President, Licensing and Business Development, MPEG LA, LLC (lhorn@mpegla.com, phone 1-301-986-6660, fax 1-301-986-8575).

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Overview of the MPEG-4 Standard

MPEG-4 is an ISO/IEC multi-media representation standard developed by its Moving Picture Experts Group (MPEG). MPEG also developed MPEG-1, which makes possible interactive video on CD-ROM and is present on virtually every personal computer, and MPEG-2, the core compression technology underlying the efficient transmission, storage and display of digitized moving images and sound tracks on which high definition television (HDTV), Digital Video Broadcasting (DVB), direct broadcast by satellite (DBS), digital cable television systems, multichannel-multipoint distribution services (MMDS), personal computer video, digital versatile discs (DVD), interactive media and other forms of digital video delivery, storage, transport and display are based.

MPEG-4 is the result of yet another international effort involving hundreds of researchers and engineers from all over the world. Building on the successes of MPEG's earlier standards, MPEG-4 enables integration of the production, distribution and content access features of digital television, interactive graphics applications and interactive multimedia across internet protocol, wireless, low bitrate, broadcast, satellite, cable and mobile environments. With MPEG-4, all content elements can be maintained as discrete objects enabling richer interactivity and use across many different devices. More information about MPEG-4 can be found at the home page of the MPEG-4 Industry Forum <http://www.m4if.org>.

MPEG LA, LLC

MPEG LA successfully pioneered one-stop technology standards licensing, starting with a portfolio of essential patents for the international digital video compression standard known as MPEG-2, which it began licensing in 1997. One-stop technology standards licensing enables widespread technological implementation, interoperability and use of fundamental broad-based technologies covered by many patents owned by many different patent holders. MPEG LA provides users with fair, reasonable, nondiscriminatory access to these essential patents on a worldwide basis under a single license. The MPEG-2 Patent Portfolio License now has more than 360 licensees and includes more than 400 MPEG-2 essential patents in 39 countries owned by 20 patent holders. As the legal and business template for one-stop technology standards licensing, MPEG LA also provides an innovative way to achieve fair, reasonable, nondiscriminatory access to patent rights for other technology standards - the high-speed transfer digital interconnect standard known as IEEE 1394 and the terrestrial digital television standard used in Europe and Asia known as DVB-T. In addition, MPEG LA has been asked to facilitate the development of joint licenses for other MPEG-4 technologies. The company is based in Denver, CO and has offices in Chevy Chase, MD (Washington DC metropolitan area), the greater San Francisco area and London, England. For more information, please refer to <http://www.mpegla.com>, <http://www.dvbla.com>, and <http://www.1394la.com>.

