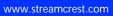
## **Current MPEG-4 Visual License Proposal**

| Field   | Mobile  | Internet                            | Broadcast  | Cable and DBS  | Packaged Media and Stored Content   |  |
|---|---|-------------------------------------|--|--|---|--|
| Encoder   | <pre>\$0.25/unit \$1M/yr cap,50K Unit floor Paid by manufacturer of end-user product</pre>  |                                     |  | <b>\$0.25/unit</b><br>Paid by manufacturer<br>of end-user product  |   |  |
| Decoder   | <pre>\$0.25/unit \$1M/yr cap, 50K Unit floor Paid by manufacturer of end-user product</pre>   |                                     |  | <b>\$0.25/unit</b><br>Paid by manufacturer<br>of end-user product  | r   |  |
| Use   | <ul> <li>\$0.25/yr per active user <ul> <li>-or</li> <li>\$0.02/hr per user (billed per minute)</li> <li>-or</li> </ul> </li> <li>\$1M/yr Flat Fee <ul> <li>50K Sub floor</li> <li>Paid by end-user content source</li> </ul> </li> </ul> |                                     | <b>\$1.25/unit</b><br>Paid by user<br>relationship owner | \$0.02/hr per user (billed per half-hour)<br>\$0.002 for short (<12min.) content<br>\$0.04 max<br>Rates one-half 5 years after copyright<br>Paid by content replicator |   |  |
| Caps  | *   | ise/Entity: \$5-<br>ply if \$1M cap | OM/yr<br>s above are used                                |  | No Caps   |  |
| <ul> <li>License through 2008, grace period through 2003</li> <li>Royalties apply only for "for which content or serv<br/>receives remuneration"</li> <li>Includes Simple and Core profiles. Patents in pool<br/>for other profiles without additional royalties</li> </ul> |   |                                     |  | vice provider<br>• Opti<br>may be used<br>• User   | ption for Systems: \$0.15/decoder, \$0.25 enc,<br>00K Cap, 10% of Visual for Packaged Media<br>ption for MPEG-J free if MPEG-J non-assert from<br>ensee<br>ser has rights to play Stored Content at least 20<br>mes or > 1 year after paying a "transactional fee"<br>streamcrest |  |



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## **Current Audio License Proposal**

Standard Rates:

## **MPEG-4 AAC Licensing Schedule:**

AAC Licensing
 announced

- Royalties paid by end-product manufacturer
- Licensing Agent not selected yet
- Other tools (TwinVQ, CELP) under discussion

| <b>Volume</b><br>(per channel / quarterly reset) | Consumer<br>Decoder or<br>Encoder<br>Channels | Consumer<br>Codec<br>Channels | Professional<br>Decoder<br>Channels | Professional<br>Encoder<br>Channels |  |
|--|---|-------------------------------|-------------------------------------|-------------------------------------|--|
|  | Implementations                               |                               |                                     |                                     |  |
|  | \$ 0.00                                       | \$ 0.00                       | \$ 0.00                             | \$ 0.00                             |  |
|  | Products                                      |                               |                                     |                                     |  |
| Flat Rate  | n/a   | n/a                           | \$ 2.00                             | \$ 20.00                            |  |
| 1 to 100,000                                     | \$ 0.50                                       | \$ 1.00                       |                                     |                                     |  |
| 100,001 to 500,000                               | \$ 0.37                                       | \$ 0.74                       |                                     |                                     |  |
| 500,001 to 1,000,000                             | \$ 0.27                                       | \$ 0.54                       |                                     |                                     |  |
| 1,000,001 to 5,000,000                           | \$ 0.22                                       | \$ 0.44                       |                                     |                                     |  |
| 5,000,001 to 10,000,000                          | \$ 0.17                                       | \$ 0.34                       |                                     |                                     |  |
| 10,000,001 or more                               | \$ 0.12                                       | \$ 0.24                       |                                     |                                     |  |

## PC-Based Software Pricing: (for private non-commercial use)

| Volume<br>(per channel / annual reset) | Consumer Decoder<br>Channels | Consumer Encoder<br>Channels | Consumer Codecs<br>Channels |
|--|------------------------------|------------------------------|-----------------------------|
| 1 to 100,000                           | \$ 0.25                      | \$ 0.50                      | \$ 0.75                     |
| 100,001 to 500,000                     | n/a                          | \$ 0.37                      | \$ 0.62                     |
| 500,001 to 1,000,000                   | n/a                          | \$ 0.27                      | \$ 0.52                     |
| Maximum annual payment                 | \$ 25,000                    | \$ 250,000                   | \$ 275,000                  |

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