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NEWS RELEASE

For Immediate Release

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Correction to May 18, 2004 News Release Titled "MPEG LA Announces Final AVC/H.264 License Terms"

(Denver, Colorado, US – 20 May 2004) – MPEG LA today issued a correction to its May 18, 2004 press release announcing final terms of license to be included in the AVC Patent Portfolio License http://www.mpegla.com/news/n_04-05-18_avc.pdf. The correction is to part 2 of the Attachment to the May 18, 2004 news release referring to Participation Fees (Where End User pays directly for AVC Video) for Subscription AVC Video. In the case of Subscription AVC Video, the 100,000 annual subscriber no-royalty threshold will not be limited to one legal entity in an affiliated group. The corrected Attachment is appended.

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MPEG LA, LLC

MPEG LA successfully pioneered one-stop technology platform licensing with a portfolio of essential patents for the international digital video compression standard known as MPEG-2. One-stop technology

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platform licensing enables widespread technological implementation, interoperability and use of fundamental broad-based technologies covered by many patents owned by many patent holders. MPEG LA provides users with fair, reasonable, nondiscriminatory worldwide access to essential patents from multiple patent holders in a single transaction as a non-exclusive alternative to entering into separate license agreements with individual patent holders. MPEG LA is not related to any standards agency and is not an affiliate of any patent holder. In addition to MPEG-2, MPEG LA licenses portfolios of essential patents for the IEEE 1394 Standard, the DVB-T Standard, the MPEG-4 Visual Standard and the MPEG-4 Systems Standard. MPEG LA also is facilitating licenses for the AVC/H.264 Standard, DRM Reference Model v 1.0 and the VC-9 Specification. For more information, please refer to <http://www.mpegla.com>, <http://www.1394la.com> and <http://www.dvbla.com>.

CORRECTED

Attachment

The licensing terms outlined below are for informational purposes only. They are not an offer to license and may not be relied upon for any purpose. The AVC Patent Portfolio License scheduled to be available at the beginning of this summer will provide the actual terms of license on which users may rely.

1. Decoder-Encoder Manufacturer Sublicenses

- AVC products sold by a legal entity to end users and as branded OEM for PC but not sold as part of a PC Operating System (decoder, encoder or product consisting of one decoder and one encoder = “unit”)
 - 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
 - Above 5 million units/year, royalty = US \$0.10 per unit
 - Maximum annual royalty (“cap”) for Enterprise (commonly controlled legal entities): \$3.5M per year 2005-2006, \$4.25M per year 2007-08, \$5M per year 2009-10
- Legal entity selling branded AVC products OEM for PC OS may pay for its customers as follows:
 - 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/year
 - Above 5 million units/year, royalty = US \$0.10 per unit
 - Enterprise cap: \$3.5M per year 2005-2006, \$4.25M per year 2007-08, \$5M per year 2009-10
- Includes right to make, sell and personal use by or between end users such as in connection with a video teleconference or mobile messaging (but not uses covered by #2 below)
- Royalties begin January 1, 2005

2. Participation Fees

- Where End User pays directly for AVC Video
 - Title-by-Title (e.g., where viewer determines titles to be viewed or number of viewable titles are otherwise limited) – 12 minutes of AVC Video or less = no royalty; >12 minutes in length, royalty payable is the lower of (a) 2% of price paid to licensee on first arms length sale of the video or (b) \$0.02 per title. Categories of licensees include legal entities that are (i) replicators of physical media, and (ii) service/content providers (e.g., cable, satellite, video DSL, internet and mobile) of VOD, PPV and electronic downloads to end users.
 - Subscription (not limited by title) per legal entity (e.g., service or content provider) that sells AVC video to the end user for remuneration – 100,000 or fewer subscribers per year = no royalty; >100,000 to 250,000 subscribers per year = \$25,000; >250,000 to 500,000 subscribers per year = \$50,000; >500,000 to 1M subscribers per year = \$75,000; >1M subscribers per year = \$100,000.

CORRECTED

- Where remuneration is from other sources
 - Free Television AVC Video – (a) one-time \$2,500 per transmission encoder or (b) annual fee per broadcast market starting at \$2,500 per Calendar Year per Broadcast Markets of at least 100,000 but no more than 499,999 Households, \$5,000 per Calendar Year per Broadcast Market which includes at least 500,000 but no more than 999,999 Households, and \$10,000 per Calendar Year per Broadcast Market which includes 1,000,000 or more Households.
 - Free Internet Broadcast (not title-by-title, not subscription) – no royalty during first term (through 2010), and royalty thereafter shall not exceed the Free Television AVC Video fees for the period after 2010.
- Enterprise cap: \$3.5M per year 2006-07, \$4.25M per year 2008-09, \$5M per year 2010
- Royalties begin January 1, 2006

3. General Terms

- First term through 2010
- Renewable for additional 5-year terms for life of patents
 - Rate protected – royalties will not increase by more than 10% at each renewal