

Koninklijke Philips Electronics N.V.

P.O. Box 218, 5600 MD Eindhoven, The Netherlands

Date:

Re: DVD Video Disc and DVD ROM Disc Patent License Agreement

Confidential

Dear Sirs,

Reference is made to the DVD Video Disc and DVD ROM Disc Patent License Agreement between [company name] (“[XYZ]”) and Koninklijke Philips Electronics N.V. (“Philips”) [signed on even date/dated] (“the Agreement”), as well as to the definitions used therein. Further reference is made to the Extension Letter to include the DVD Video and DVD ROM patents of LG Electronics Inc. signed between our companies and dated [.....].

You have confirmed to us that your company is manufacturing and supplying DVD Discs to AOL Time Warner Inc., New York, USA or to any of its Associated Companies (“Warner”).

We hereby inform you that the use of the patent rights owned by Sony Corporation (“Sony”) and Pioneer Corporation (“Pioneer”) as licensed under the Agreement in as far as it concerns the supply of DVD Discs to Warner are subject to certain agreements between Warner and Sony and Warner and Pioneer respectively, the contents of such agreements are not known to Philips. On the basis of such agreements Pioneer and Sony have allowed us to confirm that in respect of [XYZ’s] manufacture and sale of DVD Discs destined for Warner, Sony and Pioneer have each agreed to deal with the use of their respective patent rights licensed under the Agreement directly with Warner. This shall not apply in cases where Warner has explicitly instructed [XYZ] (with confirmation to Sony and/or Pioneer) that royalties will still have to be paid by [XYZ]. In such cases payment of royalties for the use of the Sony and/or Pioneer patents will still be due under the Agreement.

Accordingly, with respect to such DVD Discs supplied to Warner, unless notified otherwise by Warner, it is hereby agreed that, under the Agreement, your company will not have to pay a royalty for the use of the Sony and Pioneer patents relating to the DVD Systems. In deviation of Clause 4.2 of the Agreement, the royalty shall amount to US\$ 0.0375 for each DVD Disc sold to Warner before July 1, 2002 and US\$ 0.0318 for each DVD Disc sold to Warner on or after July 1, 2002.



The alternative royalty rate for DVD Discs sold to Warner under the Agreement for compliant licensees under the DVD Compliance Reward Program is US\$ 0.0238 for each DVD Disc sold on or after July 1, 2002.

Additionally, Philips and Warner have entered into an agreement effective January 1, 2004, by which Warner has agreed to pay the royalties for DVD Discs supplied by your company to Warner prior to October 24, 2003. Accordingly and provided that Warner pay these royalties by August 1, 2004, upon payment of the royalties by Warner to Philips for such supplies, your company will only be responsible for royalties on such supplies to Warner as from October 24, 2003.

For the avoidance of doubt, the royalty rate for DVD Discs supplied to entities other than Warner shall be the royalty rate as specified in Clause 4.2 of the Agreement.

By countersigning this Side Letter, [XYZ] represents that it has properly reported, or will within 30 days from the date of execution of this Side Letter report (using the attached Royalty Reporting Form), all DVD Discs supplied to Warner manufactured and sold as from the date of first production in accordance with the provisions of the Agreement.

This Side Letter shall constitute a legally binding and integral part of the Agreement.

If the above properly reflects our mutual understanding and agreement, please confirm so by signing the two copies of this Side Letter and returning same thereafter to us. Upon receipt thereof we will arrange for countersignature on behalf of Koninklijke Philips Electronics N.V.

Yours sincerely,

Koninklijke Philips Electronics N.V.

Agreed for and on behalf of

Name:
Title:

Name:
Title: