

Koninklijke Philips Electronics N.V.

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

Date:

Re: **Alternative royalty rate for DVD-Video Players incorporating the AC-3 technology as well as the DTS technology**

Dear Sirs,

Reference is made to the Patent License Agreement for the use of the AC-3 technology in the manufacture of DVD-Video Players [**choose:** dated/of even date] and the Patent License Agreement for the use of the DTS technology in the manufacture of DVD-Video Players [**choose:** dated/of even date] between Koninklijke Philips Electronics N.V. ("Philips") and [**fill in:** company name + legal entity], as well as to the definitions used therein.

The above-mentioned agreements together are hereinafter referred to as "the Agreements".

It is hereby confirmed that your company is engaged in the manufacture and sale of DVD-Video Players incorporating both the AC-3 technology and the DTS technology.

As DVD-Video Players incorporating the AC-3 technology and DVD-Video Players incorporating the DTS technology are the subject of separate license agreements, your company, in accordance with the provisions of the Agreements, is required to pay separate royalties at the standard royalty rates as specified in each of the Agreements. However, in deviation of Clause 3.1 of each of the Agreements and provided that your company is in full compliance with its obligations under said Agreements, Philips hereby offers your company an alternative royalty rate of US\$ 0.225 (twenty-two and one half US Dollar cents) per audio channel, with a maximum royalty of US\$ 0.675 (sixty-seven and one half US Dollar cents) for each DVD-Video Player incorporating both the AC-3 technology and the DTS technology sold on or after the Effective Date of the Agreements.

In the event that your company fails to comply at any time with any of its obligations under any one of the Agreements, instead of the alternative royalty rate indicated above, each of the standard royalty rates as specified in the Agreements will apply.



Please confirm your agreement with the above by signing both copies of this Side Letter and returning same thereafter to us for our countersignature after which this Side Letter shall form an integral part of the Agreements. We will return one countersigned copy to you.

Yours sincerely,

Koninklijke Philips Electronics N.V.

Name:
Title:

Agreed for and on behalf of
[Company]

Name:
Title:

Reference copy