

Koninklijke Philips Electronics N.V.

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

Date:

Re: **Royalty rate for DVD- Video Recorders incorporating the AC-3 encoding and decoding 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 Recorders [choose: dated/of even date] and the Patent License Agreement for the use of the AC-3 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 Recorders incorporating the AC-3 encoding technology. Further, it is hereby confirmed that your company adds the playback functionality of a DVD-Video Player incorporating the AC-3 decoding technology to such DVD- Video Recorders.

As DVD- Video Recorders incorporating the AC-3 encoding technology and DVD-Video Players incorporating the AC-3 decoding 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 royalty rates as specified in each of the Agreements. However, in deviation of Clause 3.1 of each of the Agreements, Philips hereby confirms that the royalty rate of US\$ 0.20 (twenty US Dollar cents) per audio channel, with a maximum royalty of US\$ 0.60 (sixty US Dollar cents) shall be payable only once for each DVD- Video Recorder with the playback functionality of a DVD-Video Player, incorporating both the AC-3 encoding and decoding technology.



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