

Incentive Program Guidelines



March 2018

NOTICE: THE STRUCTURE OF THE HEVC ADVANCE LICENSING PROGRAM, INCLUDING THE TERMS HEVC ADVANCE IS CURRENTLY AUTHORIZED TO OFFER IN ITS PATENT PORTFOLIO LICENSE AGREEMENT, ARE SUBJECT TO REVIEW AND CHANGE UNTIL A LICENSE IS EXECUTED. ACCORDINGLY, THE CURRENT STATEMENTS ON THIS SITE AND THE TERMS IN THE EXEMPLAR DOCUMENTS AVAILABLE FOR DOWNLOAD SHOULD NOT BE RELIED UPON AS A GUARANTEE OF FUTURE TERMS OR CONDITIONS OF THE HEVC ADVANCE LICENSING PROGRAM OR THE TYPES OF ENTITIES TO WHOM HEVC ADVANCE OFFERS A LICENSE AND/OR REQUIRES TO BE LICENSED. THE ONLY WAY TO GUARANTEE CURRENTLY-STATED TERMS FOR YOUR COMPANY IS TO EXECUTE A LICENSE DURING THE PERIOD IN WHICH SUCH TERMS ARE AVAILABLE.

In-Compliance License Signing and Incentive Program Guidelines – Effective as of January 1, 2018

- HEVC Advance offers an incentive program for the initial five-year term. This program is available to enterprises that execute a HEVC Advance Patent Portfolio License Agreement within 12 months following the date of First Sale of a Consumer HEVC Product or HEVC Content on Digital Media Storage.
- This Program has 2 parts:
 - In-Compliance License Signing Discount with Capped Royalties. This program offers a substantial Royalty Rate discount and annual Caps for Consumer HEVC Products and HEVC Content on Digital Media Storage Sold prior to License Agreement execution (“Past Sales”).
 - As shown in the following summary, the amount of discount varies depending upon how quickly the enterprise executes a HEVC Patent Portfolio License Agreement, and
 - Ongoing 10% Royalty Discount. This program offers a 10% discount during the first five-year License Agreement term for Consumer HEVC Products and HEVC Content on Digital Media Storage Sold after License Agreement execution.

In-Compliance License Signing and Incentive Program Guidelines – Effective as of January 1, 2018, continued

- After the 12 month period, unless the Licensing Administrator extends the Incentive Period at its sole discretion, the Licensee Incentive Program will no longer be available and Standard Rates (without Caps) shall apply for all Past Sales and no discount will be available on sales from License Execution Date through the period ending December 31, 2020.

Incentive Program Summary – Effective as of January 1, 2018

	License Execution Period	Discount and CAPS availability on <u>Sales made prior to License Execution (1)</u>	Discount granted on future sales from License execution thru 12/31/2020 (2)
Start Date	Date of First Sale		
Period 1 Analysis/License Phase	Initial 6 months/2 Quarters	50% CAPS Apply	10% CAPS Apply
Period 2 License Phase	After Period 1 but within 9 months/3 Quarters	35% CAPS Apply	10% CAPS Apply
Period 3 License Phase	After Period 2 but within 12 months/4 Quarters	20% CAPS Apply	10% CAPS Apply
After Period 3	After 12 months/4 Quarters	0% (No Discount) No CAPS Standard Rates Apply	0% (No Discount) CAPS Apply

(1) Discount from “In-Compliance” Rates. Discounts do not apply to Lower-Priced Devices covered under the Connected Home and Other Devices Category that are sold at or under \$80 per unit.

(2) In-Compliance Royalty Rates and CAPS apply for future sales, providing Licensee is In-Compliance. Otherwise, Standard Rates apply. 10% discount only available if Licensee is In-Compliance.

 Thank You.

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This material is a brief high-level summary and overview of certain terms for information purposes only and does not create any contract or agreement. The actual terms are those contained in the HEVC Patent Portfolio License. This summary is subject to change at any time at the discretion of HEVC Advance.

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