

LICENSE AGREEMENT

AUDIO MPEG, INC., a corporation organized under the laws of the Commonwealth of Virginia, with an office at 99 Canal Center Plaza, Suite 220, Alexandria, VA 22314, U.S.A. (“Audio MPEG”); **SOCIETA’ ITALIANA PER LO SVILUPPO DELL’ELETTRONICA, S.ISV.EL., S.P.A.**, a corporation organized under the laws of Italy, with headquarters in Via Castagnole, 59, I-10060 None (TO), Italy (“SISVEL”); and **<COMPANY NAME>**, a corporation organized under the laws of <Company Country> with headquarters in <Company Address> (“LICENSEE”), agree as follows:

WHEREAS:

- A. Koninklijke Philips Electronics N.V. (Groenewoudseweg 1, NL 5600 MD Eindhoven, The Netherlands), U.S. Philips Corporation (100 East 42nd St., New York, NY 10070), France Télécom and Télédiffusion de France acting through the France Télécom R&D (38-40 rue du Général Leclerc, F-92794 Issy-Les-Moulineaux Cedex 09, France), BRW (Bayerische Rundfunkwerbung GmbH, Arnulfstraße 42, D-80335 München, Germany) and IRT (Institut für Rundfunktechnik GmbH, Floriansmühlstraße 60, D-80939 München, Germany) (the “Rights Holders”) are the owners of the patents listed in Enclosures 1 and 2;
- B. Audio MPEG has the exclusive right to grant non-exclusive licenses to third parties under the US patent rights listed in Enclosure 1 for Licensed Products (as hereinafter defined);
- C. SISVEL has the exclusive right to grant non-exclusive licenses to third parties under the patent rights listed in Enclosure 2 for Licensed Products (as hereinafter defined);
- D. LICENSEE and its Controlled Companies (as hereinafter defined) are interested in acquiring a non-transferable, non-assignable, and non-exclusive license under the patent rights listed in Enclosures 1 and 2;
- E. Audio MPEG is willing to grant to LICENSEE a non-transferable, non-assignable, and non-exclusive license under the US patent rights listed in Enclosure 1;
- F. SISVEL is willing to grant to LICENSEE a non-transferable, non-assignable, and non-exclusive license under the patents listed in Enclosure 2.

Article 1. DEFINITIONS/ENCLOSURES

1.01 “Effective Date” shall mean [DATE TO BE INSERTED].

1.02 “Licensed Products” shall mean any consumer electronics product sufficiently assembled to be suitable for sale to or use by an end user, covered by at least one claim of the patent rights listed in Enclosure 1 or 2, and conforming to the ISO/IEC 11172-3 or ISO/IEC 13818-3. For example, Licensed Products include, but are not limited to, any hardware for transmitting and/or receiving and/or storing and/or reproducing audio signals such as set-top boxes, sound boards for computers, and MP3 players, regardless of whether they are standing alone or incorporated in other products such as cellular telephones, computers, home theatres, multimedia players, boom-boxes, car audio radios, or DVD players with MP3 capabilities, which conform to the ISO/IEC 11172-3 or ISO/IEC 13818-3. However, “Licensed Products” shall not include: (a) Products or part of products which make use of optical record carriers (and including such carriers), such as CD, Video-CD and DVD, only carrying records in standards other than MP3; (b) High-definition TV products according to the “Grand Alliance” standard as provided by ACATS on December 7, 1994, and any of its amendments and/or extensions; (c) products, methods, and/or services which conform to the DAB (Digital Audio Broadcast) Standard or any of its amendments and/or extensions; (d) components, such as, but not limited to, integrated circuit chips or chip sets, subsystem circuit boards (which are not PC or TV-cards sold to end-users), unless when sold to end-users to be incorporated into or used in combination with other products in a form that would constitute an end user consumer electronic product, including, but not limited to, products sold in kit form.

1.03 “US Patents” shall mean the United States patent rights listed in Enclosure 1 to this Agreement, and any divisional, continuation, reissue, reexamination, or extension thereof.

1.04 “Non-US Patents” shall mean those patent rights listed in Enclosure 2 to this Agreement, and any divisional, continuation, reissue, reexamination, or extension thereof.

1.05 “Logo” shall mean the MPEG Audio logo, as reproduced in Enclosure 5.

1.06 “Controlling Interest” means, in case of a corporation to own, at any time during the term of this Agreement, directly or indirectly, an amount of that number of shares thereof representing the right to elect a majority of the directors of the corporation or persons performing a similar function; and in the case of any other kind of business organization, it means direct or indirect ownership or control, at any time during the term of this Agreement, of the capital thereof, or other interest therein, by or through which LICENSEE exercises, or has the power to exercise, in any manner, directly or indirectly,

control or direction thereof.

1.07 "Controlled Company" means (i) any company, including any legal entity similar to a corporation, and more generally enterprises or any other kind of business organizations of which, on Effective Date or after Effective Date LICENSEE has a Controlling Interest; and (ii) any company, including any legal entity similar to a corporation, and more generally enterprises or any other kind of business organizations, which, on Effective Date or after Effective Date is directly or indirectly under a Controlling Interest of the same entity as LICENSEE; and (iii) the companies listed in Enclosure 3. A company shall be considered a Controlled Company only for the time a Controlling Interest exists. LICENSEE will provide an organization chart of all of the Controlled Companies to SISVEL and Audio MPEG on or before LICENSEE's signature and within one month of any changes in the identity or structure of the Controlled Companies.

Article 2. GRANT OF RIGHTS

2.01 Provided that the compensation under Article 4.01(a) and Article 4.03 infra has been paid, and the bank guarantee under Article 16.03 and Enclosure 6 infra has been provided to SISVEL and Audio MPEG: (i) Audio MPEG grants LICENSEE and its Controlled Companies a non-transferable, non-assignable, non-exclusive license, with no right to sublicense, under the US Patents, to make, have made, use, import, sell, offer to sell, or otherwise dispose of Licensed Products in the United States; (ii) SISVEL grants LICENSEE and its Controlled Companies a non-transferable, non-assignable, non-exclusive license, with no right to sublicense, under the Non-US Patents, to make, have made, use, import, sell, offer to sell, or otherwise dispose of Licensed Products in all countries of the world other than the United States.

2.02 Provided that the compensation under Article 4.01(a) and Article 4.03 infra has been paid, and the bank guarantee under Article 16.03 and Enclosure 6 infra has been provided to SISVEL and Audio MPEG: (i) Audio MPEG hereby releases, acquits, and forever discharges LICENSEE and its Controlled Companies listed in Enclosure 3, from any and all claims of infringement of the US Patents arising out of the Licensed Products manufactured, used, sold, leased or otherwise disposed of in the United States prior to the Effective Date which are listed in the royalty statement enclosed to the Addendum of this Agreement; (ii) SISVEL hereby releases, acquits, and forever discharges LICENSEE and

its Controlled Companies listed in Enclosure 3, from any and all claims of infringement of the Non-US Patents arising out of the Licensed Products exclusively manufactured, used, sold, leased or otherwise disposed of in countries different from the United States prior to the Effective Date which are listed in the royalty statement enclosed to the Addendum of this Agreement.

2.03 LICENSEE, for itself and its Controlled Companies, acknowledges and agrees that the license granted in Article 2.01 and the release granted in Article 2.02 are limited to Licensed Products sold or otherwise disposed of solely for private, non-professional use by consumers for licensed contents and no rights or licenses are granted under this Agreement for professional uses of Licensed Products.

2.04 No rights are granted under this Agreement for product features or functions that, although covered by the US Patents and/or Non-US Patents, do not conform to the ISO/IEC 11172-3 or ISO/IEC 13818-3.

2.05 No rights granted under this Agreement extend to any product or process, conforming to the ISO/IEC 11172-3 or ISO/IEC 13818-3 and covered by the US Patents and/or Non-US Patents, merely because it is used or sold in combination with a product licensed under this Agreement.

Article 3. SCOPE OF PROTECTION

3.01 Audio MPEG and SISVEL each represent and warrant that:

(1) The Rights Holders are the sole and exclusive owners of the US Patents and Non-US Patents; Audio MPEG has the right to grant licenses under the US Patents; and SISVEL has the right to grant licenses under the Non-US Patents.

(2) Audio MPEG and SISVEL each have the right, power and authority to enter into this Agreement on behalf of the Rights Holders and to grant LICENSEE and its Controlled Companies the rights, privileges, and releases herein set forth.

3.02 Nothing in this Agreement shall be construed as: (i) a warranty or representation by Audio MPEG and/or SISVEL as to the validity or scope of any of the US Patents and Non-US Patents; or (ii) a warranty or representation by Audio MPEG and/or SISVEL that anything made, used, imported, offered for sale, sold, or otherwise disposed of under any license granted in this Agreement is or will be free from infringement of patents different from the ones listed in Enclosures 1 and 2.

3.03 LICENSEE represents and warrants that it has the right to enter into this Agreement with Audio MPEG and SISVEL on its behalf and on behalf of its Controlled Companies.

Article 4. COMPENSATION

4.01 In consideration of the licenses and rights granted to LICENSEE by Audio MPEG and SISVEL under respectively the US Patents and the Non-US Patents, LICENSEE shall pay:

- (a) a non-refundable, non-recoupable sum of five thousand US Dollars (US\$ 5,000) as an entrance fee; and
- (b) a royalty as specified in the following royalty schedule of Article 4.02 and 4.04 for each Licensed Product.

4.02 The royalty for each calendar year shall be based on the number of Licensed Products manufactured, used, sold, offered for sale, imported, leased, or otherwise disposed of by LICENSEE and its Controlled Companies during each calendar year starting from and including the year of the Effective Date of this Agreement. The royalty for each calendar year shall be calculated as follows:

<i>Number of single mono channels in Licensed Products per calendar year</i>	<i>Royalty payment</i>
On those from 1 to 800,000	US\$ 0.30 per single mono channel
On those from 800,001 to 4,000,000	US\$ 0.20 per single mono channel
On those from 4,000,001 to 8,000,000	US\$ 0.18 per single mono channel
On those from 8,000,001 to 12,000,000	US\$ 0.16 per single mono channel
On those from 12,000,001 to 20,000,000	US\$ 0.14 per single mono channel
On those exceeding 20,000,000	US\$ 0.10 per single mono channel

The above table of royalties is to be understood according to the following example. If, for instance, 800,001 single mono channels are produced in one calendar year the royalty payment for that year is US\$ 240,000.20. If, for instance, 28,000,000 single mono channels are produced in one calendar year the royalty payment for that year is US\$ 4,160,000.00. No more than three channels will be charged for any single multi-channel sound representation.

Notwithstanding the foregoing, with respect to the payments of royalties for the licenses granted under this Agreement for LICENSEE'S activities from Effective Date until five years after the Effective Date, LICENSEE will not have to pay a cumulative amount higher than US Dollars twenty-two million five hundred thousand (US\$ 22,500,000.00) for the royalties due under this Agreement.

4.03 LICENSEE agrees to pay as consideration for the releases granted pursuant to Article 2.02 and in accordance with the royalty rates shown in Article 4.02: (a) the sum of US Dollars..... (US\$) to SISVEL and the sum of US Dollars..... (US\$) to Audio MPEG for all past calendar years except for the calendar year of the Effective Date of this Agreement; (b) the sum of US Dollars..... (US\$) to SISVEL and the sum of US Dollars..... (US\$) to Audio MPEG for all past calendar quarters of the calendar year of the Effective Date of this Agreement except for the calendar quarter of the Effective Date of this Agreement and (c) the sum of US Dollars..... (US\$) to SISVEL and the sum of US Dollars..... (US\$) to Audio MPEG for the calendar quarter of the Effective Date of this Agreement. The amount paid for the calendar quarter of the Effective Date of this Agreement (under the above point (c)) shall be deemed as an advance on the royalties due by LICENSEE for the total sales of Licensed Products for that calendar quarter. At the end of the calendar quarter in which this Agreement has been executed, the statement that will be sent to Audio MPEG and SISVEL in accordance with Article 5.03 shall reflect such adjustment.

4.04 LICENSEE shall divide every sum due according to Article 4.02 by the total number of channels licensed for that specific period and shall multiply the result by:

(a) the number of channels manufactured, used, sold, or otherwise disposed of in the United States for that same period. That is the amount that LICENSEE shall pay to Audio MPEG;

(b) the number of channels exclusively manufactured, used, sold, or otherwise disposed of in countries different from the United States for that same period. That is the amount that LICENSEE shall pay to SISVEL.

4.05 If LICENSEE purchases Licensed Products from a third party that is licensed to

manufacture and sell Licensed Products under the US Patents and the Non-US Patents, and such third party has fulfilled its obligations under such license, then LICENSEE shall have no royalty obligation under this Agreement for such Licensed Products purchased from such third party. The Licensed Products for which LICENSEE has no royalty obligation according to this Article 4.05 will not be considered when calculating the royalty due by LICENSEE according to Article 4.02 above, but they need to be listed in the royalty statements as per Article 5.03 below. If LICENSEE purchased products from an entity which either is not licensed under the US Patents and Non-US Patents or is in default of a license agreement under the US Patents and Non-US Patents, LICENSEE has the obligation to pay royalties for such products according to the general terms of this Agreement until this unlicensed party has entered into a license agreement under the US Patents and the Non-US Patents and has cured any default.

Article 5. PAYMENTS AND ROYALTY STATEMENT

5.01 The payment according to Article 4.01(a) is due to SISVEL on LICENSEE's signature. The payments according to Article 4.03 are due to SISVEL and Audio MPEG on LICENSEE's signature.

5.02 The payments according to Article 4.01(b) are due within one month from the end of each calendar quarter beginning with the calendar quarter of the Effective Date of this Agreement. The royalties accrued during each calendar quarter will be due within one month from the end of that calendar quarter.

5.03 LICENSEE shall, within one month after the end of each calendar quarter, render to both Audio MPEG and SISVEL a full royalty statement according to the form shown in Enclosure 4, including: (a) the total number of units and channels of Licensed Products manufactured, used, imported, sold, offered for sale, leased, or otherwise disposed of by LICENSEE and/or its Controlled Companies in the preceding calendar quarter licensed under this Agreement; for each shipment of those Licensed Products, the model number sold, a brief description of the product (i.e. DVD/MP3 player), the brand or trademark on the product, the name of the customer, the country of destination, the name of the manufacturer, the country of manufacture, the number of units, the number of channels; and the total amount due for that calendar quarter; (b) the name and the address of any entity not licensed under the US Patents and Non-US Patents, and what quantity of units and channels of Licensed Products were purchased from or sold to such entity; (c) the total

number of units and channels of Licensed Products that LICENSEE and/or its Controlled Companies purchased from or sold to a third party licensed under the US Patents and the Non-US Patents in the preceding calendar quarter, and, for each shipment of those Licensed Products, the model number sold, a brief description of the product (i.e. DVD/MP3 player), the brand or trademark on the product, the name of the customer, the country of destination, the name of the manufacturer, the country of manufacture, the number of units, and the number of channels; (d) the name and the address of any entity licensed under the US Patents and Non-US Patents, and what quantity of units and channels of Licensed Products were purchased from or sold to such entity. For each of the reports under (a) and (c) above, LICENSEE will specifically state (1) the quantities manufactured, used, sold, imported, or otherwise disposed of in the United States and the corresponding amount due to Audio MPEG, including any applicable withholding tax as per Article 5.08 below and the resulting net amount paid to Audio MPEG; and (2) the quantities exclusively manufactured, used, sold, imported, or otherwise disposed of in countries different from the United States and the corresponding amount due to SISVEL, including any applicable withholding tax as per Article 5.08 below and the resulting net amount paid to SISVEL. LICENSEE shall render to both Audio MPEG and SISVEL the above full royalty statement both in paper and in electronic format to be sent via e-mail to the addresses MPEG-reporting@sisvel.it and MPEG-reporting@audiompeg.com.

5.04 Payments and royalty statements for Licensed Products made, used, sold, offered for sale, imported, leased, or otherwise disposed of, as the case may be, will be made when those Licensed Products are invoiced or, if not invoiced, when shipped to a party other than LICENSEE or a Controlled Company of LICENSEE.

5.05 Payments to Audio MPEG are to be made in US\$ (US Dollars) to Audio MPEG's bank account at Wachovia Bank N.A., Roanoke, VA, 24040-7314, Account # 2000014031911, Routing # 051400549, S.W.I.F.T. PNBUS33. Audio MPEG reserves the right to change such account.

5.06 Payments to SISVEL are to be made in US\$ (US Dollars) to SISVEL's bank account at UNICREDIT BANCA D'IMPRESA, Filiale 8368, Via Stazione 11, I-10060 None (TO), Italy, Account N. 248.60.82, ABI 03226, CAB 01004 (IBAN IT 46 L 03226 01004 000002486082), S.W.I.F.T. UNCRIT2V. SISVEL reserves the right to change such account.

5.07 Any payment to Audio MPEG or SISVEL which is not made on the date(s) specified herein, shall accrue interest at the rate of one percent (1%) per month (or part thereof).

5.08 If any payment under this Agreement is subject to a withholding tax by LICENSEE's country and such tax (i) is required to be withheld from such payment by LICENSEE hereunder and (ii) is permitted to be withheld from such payment to Audio MPEG or SISVEL under an applicable tax convention, the amount of such tax shall be deducted from the payment by LICENSEE. LICENSEE shall promptly provide Audio MPEG or SISVEL, depending on to which of the two the reduced payment was made, with the proper tax certificate to obtain the corresponding tax credits. Should LICENSEE fail to send such a proper tax certificate within three (3) months from the date of the original payment, LICENSEE will immediately transfer to Audio MPEG or SISVEL, depending on which of the two received the reduced payment, the amount withheld from the original payment without any withholding of any sort. All payments in favor of SISVEL under this agreement are net of any due Italian VAT (I.V.A.), therefore, if LICENSEE is an entity organized under the laws of Italy, the due VAT (I.V.A.) must be added to any payment to SISVEL as provided for by the laws of Italy.

5.09 Any bank charges including those relating to the bank guarantee will be borne by LICENSEE and will not be deducted by any payment made by LICENSEE.

Article 6. AUDITING OF ROYALTY STATEMENT

6.01 LICENSEE and its Controlled Companies shall keep complete and accurate books and records, including, but not limited to, all production, purchases, stocks, deliveries, and sales records, and shall keep these books and records available for at least a period of five (5) years following the manufacture, sale or other disposal of each Licensed Product.

6.02 To verify the accuracy and completeness of the royalty statements provided for in Article 5, Audio MPEG and SISVEL shall each have the right to audit all the above mentioned books and records of LICENSEE and its Controlled Companies from time to time. Any such audit shall take place no more than once per calendar year unless a prior audit during that year revealed a discrepancy and shall be conducted by an independent certified public accountant appointed by Audio MPEG and/or SISVEL. Audio MPEG and/or SISVEL, depending on what the case might be, shall give LICENSEE written

notice of such audit at least five (5) days prior to the audit. LICENSEE shall willingly cooperate and provide all such assistance in connection with such audit as Audio MPEG and/or SISVEL and/or the auditors may require. The audit shall be conducted at Audio MPEG and/or SISVEL's expense. However, in the event that LICENSEE has failed to submit any royalty statements by their due date, as per Article 5 above, in respect of the period to which the audit relates, or in the event that a discrepancy exceeding three percent (3%) of the amounts due is established, all costs connected to the audit, including for example the preparation of the audit report, shall be borne by LICENSEE, without prejudice to any other claim or remedy as Audio MPEG and/or SISVEL may have under this Agreement or under applicable law. In addition to paying the royalty for any established discrepancy, in the event that the audit will establish that there is a discrepancy or error exceeding three percent (3%) of the number of channels of Licensed Products declared, LICENSEE agrees to pay US\$ 0.50 (fifty cents) per channel of Licensed Products exceeding the number of channels included in the original statement in addition to the royalties and interests due under this Agreement to partially reimburse Audio MPEG and SISVEL for the administrative costs which LICENSEE understands occur to monitor this Agreement for non-compliance. Audio MPEG and SISVEL will have the right to sue for and collect damages under this Agreement without regard to any limitations, including any applicable statutes pertaining to such limitations on the time for suing for and collecting such damages.

6.03 SISVEL and Audio MPEG's right to audit the books and records of LICENSEE and its Controlled Companies will continue to be available for SISVEL and Audio MPEG for five (5) years past the term of this Agreement or any termination of this Agreement.

Article 7. MARKING

7.01 If requested by Audio MPEG or SISVEL, LICENSEE shall place appropriate patent markings on an exposed surface of the Licensed Products. The content, form, location and language used in such markings shall be in accordance with the laws and practices of the country where such markings are used.

7.02 LICENSEE shall provide adequate notice throughout the distribution chain of Licensed Products concerning all limitations on the rights granted for such Licensed Products under this Agreement, including written notification that (a) the use of Licensed Products under this Agreement is limited to private non-professional use by consumers for

licensed contents; (b) no rights are granted for professional use; and (c) no rights granted under this Agreement extend to any unlicensed product or process used or sold in combination with a product licensed under this Agreement.

Article 8. ASSIGNMENT

8.01 This Agreement shall inure to the benefit of and be binding upon each of the parties hereto and their respective assignees. It may not be assigned in whole or in part by LICENSEE without the prior written consent of both Audio MPEG and SISVEL.

Article 9. TERM OF THE AGREEMENT

9.01 The Agreement shall be effective on the Effective Date, and shall remain in force for a period of five (5) years from the Effective Date. Upon expiration of this five (5) years term the Agreement shall be automatically extended for an additional period of five (5) years, unless terminated six (6) months prior to the expiry of the five (5) years term by written notice by LICENSEE or unless terminated earlier in accordance with the provisions of Article 10 below.

Article 10. TERMINATION

10.01 In the event one party fails to perform any material obligation under this Agreement, any of the other parties may terminate this Agreement at any time by means of written notice to the other party specifying the nature of such failure. Such termination shall be effective thirty (30) days after receipt of the notice if the breaches are not cured by then. Alternatively, a party may terminate this Agreement by (i) providing written notice to the other party of the nature of such failure, and if the breaches are not cured within thirty days, (ii) providing written notice to the other party that this Agreement is terminated. Termination under this alternative shall be effective upon such notice that this Agreement is terminated. Such rights of termination shall not be exclusive of any other remedies or means of redress to which the non-defaulting party may be lawfully entitled, and all such remedies shall be cumulative. Any such termination shall not affect any royalty or other payment obligations under this Agreement accrued prior to such termination.

10.02 Audio MPEG and SISVEL may jointly or independently terminate this Agreement forthwith by means of notice in writing to LICENSEE in the event that a creditor or other claimant attempts to take possession of, or a receiver, administrator or similar officer is

appointed over any of the assets of LICENSEE, or in the event that LICENSEE pledges its assets or otherwise seek to make or makes any voluntary arrangement with its creditors or seek protection from any court or administration order pursuant to any bankruptcy or insolvency law, or takes other actions indicating impending financial difficulties.

10.03 Audio MPEG and SISVEL shall have the right to jointly or independently terminate this Agreement forthwith or to revoke the license respectively granted under any of the US Patents and Non-US Patents in the event that LICENSEE or any of its Controlled Companies, directly or indirectly (e.g. via its customers and/or suppliers) brings a lawsuit or other proceeding to contest the validity or enforceability of any of the US Patents and/or Non-US Patents.

10.04 Audio MPEG and SISVEL may jointly or independently terminate this Agreement forthwith by means of notice in writing to LICENSEE in the event LICENSEE and/or its Controlled Companies breach Article 5, Article 6 or Article 15.

10.05 LICENSEE and its Controlled Companies represent and warrant that at the time of termination or expiration of this Agreement for any reason, LICENSEE and its Controlled Companies shall immediately cease the manufacture, sale, importation or any other disposition of Licensed Products. Should LICENSEE or any of its Controlled Companies breach the above representation by failing to cease the manufacture, sale, importation or any other disposition of Licensed Products after termination or expiration of this Agreement, LICENSEE agrees to pay a penalty in the amount of US Dollars ten (US\$ 10.00) for each Licensed Products manufactured, sold, imported or disposed of by LICENSEE or any of its Controlled Companies after termination or expiration of this Agreement. As an exception to immediate cessation, Licensed Products that are already manufactured at the termination/expiration date, and are included by LICENSEE and/or its Controlled Companies in a royalty statement forwarded to Audio MPEG and SISVEL in accordance with Article 5.03 above, and for which a royalty has been paid, may be sold provided that LICENSEE and its Controlled Companies agree in writing not to oppose any proceedings that they be enjoined from any other activity if they do not immediately cease.

10.06 Should LICENSEE breach Articles 4 and 5 of the Agreement by either not providing SISVEL and Audio MPEG with a royalty statement by its due date, or failing to pay the royalties due to SISVEL and Audio MPEG by the due date, any Licensed Products manufactured, put into use, imported, sold, leased, or otherwise disposed of after the end

of the last period for which LICENSEE has both provided SISVEL and Audio MPEG with a royalty statement in accordance with Articles 4.02 and 5.03 above by its due date and paid to SISVEL and Audio MPEG the corresponding royalties due according to Articles 4.02 and 5.03, will not be covered by the licenses granted under Article 2.01 above, until LICENSEE cures all of its breaches under the Agreement and SISVEL and Audio MPEG acknowledge in writing that all those breaches have been cured. Should LICENSEE breach Article 6 and the Addendum to this Agreement, by refusing or obstructing the audit according to Article 6, Licensed Products manufactured, put into use, imported, sold, leased, or otherwise disposed of after the day SISVEL or Audio MPEG has notified LICENSEE of this breach will not be covered by the Licenses granted under Article 2.01 above, until LICENSEE cures all of its breaches under the Agreement and SISVEL and Audio MPEG acknowledge in writing that all those breaches have been cured. In both of the above cases in this Article 10.06 in which LICENSEE is in breach of this Agreement: (i) SISVEL and Audio MPEG will have the right to communicate the fact that such products are not licensed and to exclude the name of LICENSEE and its Controlled Companies from any list of companies licensed under the US Patents and Non-US Patents in good standing; (ii) LICENSEE and its Controlled Companies will not have the right to claim to be licensed under the US Patents and Non-US Patents without specifying that LICENSEE is in breach of the Agreement and therefore their products are no longer covered by the license granted under this Agreement, and LICENSEE will not actively or passively communicate that it is licensed under the US Patents and Non-US Patents. LICENSEE will ensure that each agreement, contract, invoice, or other sales document under which the products are sold will specify in writing as a term of such sale that products are not licensed and remain subject to patent rights of Audio MPEG and SISVEL if LICENSEE fails to render to Audio MPEG and SISVEL royalties and royalty statements in a full and timely manner.

Article 11. MOST FAVORABLE CONDITIONS

11.01 In the event that a license under the US Patents and Non-US Patents as per Article 2.01 is granted by Audio MPEG and/or SISVEL for Licensed Products to a third party under conditions identical to those granted under this Agreement, but at a royalty rate more favorable than the royalty rate in this Agreement, LICENSEE shall be entitled to the same royalty rate as applicable to such third party, provided always that this provision

shall not apply in respect to cross-license agreements or other agreements providing for a consideration which is not exclusively based on payment of royalties and further provided that this provision shall not apply in respect to licenses or other arrangements made pursuant to a court decision or the settlement of a dispute between Audio MPEG and/or SISVEL and a third party, irrespective of the nature of such dispute, the terms of the court decision or the settlement terms, including any amount due for damages for past infringement.

11.02 The term “third party” as used in this Article shall not include companies or other legal entities related to Audio MPEG and/or SISVEL or any of the Rights Holders.

Article 12. LOGO

12.01 For the term of this Agreement and subject to the full and timely performance and observance by LICENSEE of all its undertakings and obligations hereunder, LICENSEE and its Controlled Companies shall be entitled to use the Logo enclosed in Enclosure 5 on the Licensed Products, as well as in advertisements and sales literature for Licensed Products, sold by LICENSEE and/or its Controlled Companies in accordance with the instructions laid down in Enclosure 5.

12.02 LICENSEE acknowledges and agrees that Audio MPEG and SISVEL make no warranty whatsoever that any use of the Logo will be free from infringement of any intellectual property rights.

Article 13. COMMUNICATION

13.01 Any communication relating to this Agreement shall be made, in the English language, to the following addresses:

for Audio MPEG:

AUDIO MPEG, Inc.
Gen. Richard I. Neal (Ret.)
99 Canal Center Plaza
Suite 220
Alexandria, VA 22314
U.S.A.

for SISVEL:

S.ISV.EL., S.P.A.
Ing. Sandro Spina
Via Castagnole, 59
I-10060 None (TO)
Italy

for LICENSEE:

<**COMPANY NAME**>
<Company representative>
<Company address>
<Company address>
<Company country>

Fax: +1-703-820-4531

Fax: +39-011-9863725

Fax: <Company fax number>

13.02 Any change of address shall be effective in respect to the other party after that it has been communicated and received by fax or registered mail, postage prepaid.

13.03 If mailed, the date of mailing of the communication shall be deemed to be the date on which such notice, request or communication has been received by the addressee.

Article 14. MODIFICATION AND ADDITIONS

14.01 Any modification of or addition to this Agreement and its Enclosures shall be made in written form.

Article 15. DISCLOSURE AND PUBLICITY

15.01 LICENSEE and its Controlled Companies, Audio MPEG, and SISVEL acknowledge and agree that, during the term of this Agreement and for a period of three (3) years after the last to expire of the US Patents and the Non-US Patents, they shall not disclose to any third party any information relating to the terms and conditions of this Agreement. Each party may announce or otherwise disclose the fact that this Agreement has been signed, and that there are no legal or administrative actions pending between the parties, but not the substance of the understanding between the parties, including but not limited to monetary compensation. This Agreement may however, if necessary, be disclosed to any judicial or other governmental authority to which disclosure is legally required.

Article 16. GENERAL PROVISIONS

16.01 LICENSEE shall be considered directly responsible for any infringement and/or non-performance of any provision of this Agreement by itself and/or by any of its Controlled Companies.

16.02 Controlled Companies shall not be considered third party beneficiaries under this Agreement and shall have no right to enforce any of the provisions hereof against Audio MPEG and/or SISVEL. Controlled Companies' sole rights and remedies shall be against LICENSEE.

16.03 As an assurance of fulfillment of its obligations under the terms of this Agreement, including payment of amounts due under the Agreement by their due date, submission of royalty statements by their due date, compliance with the audit procedures according to Article 6 above, LICENSEE will provide SISVEL and Audio MPEG with a continuing bank guarantee from a first class international bank according to the form shown and for the amount indicated in Enclosure 6 on or before LICENSEE's signature. SISVEL and Audio MPEG will have independently the right to call such bank guarantee each time

LICENSEE should fail to fulfill its obligations under the terms of this Agreement, including payment of amounts due under the Agreement by their due date, submission of royalty statements by their due date, compliance with the audit procedures according to Article 6 above. Any amount drawn from the bank guarantee will not be considered as a full or partial fulfillment of any obligations of LICENSEE under the terms of this Agreement, including the not fulfilled obligations for which the bank guarantee was called.

16.04 On or before LICENSEE's signature, LICENSEE will provide Audio MPEG and SISVEL with an organization chart showing the relationship of LICENSEE and all Controlled Companies. LICENSEE represents and warrants that such organization chart is accurate and will appropriately authenticate the organization chart. Should additional Controlled Companies arise and make, have made, use, import, sell, offer to sell, or otherwise dispose of Licensed Products, such additional Controlled Companies will automatically become a LICENSEE under the Agreement. Within thirty (30) days of any such activities: (a) LICENSEE will inform Audio MPEG and SISVEL of such activities; (b) LICENSEE will have such additional Controlled Companies execute a license agreement with Audio MPEG and SISVEL on the same terms as this Agreement; and (c) LICENSEE will provide Audio MPEG and SISVEL with an updated authenticated organization chart showing the relationship of LICENSEE and all Controlled Companies. Such additional entities and all entities who are a LICENSEE under the Agreement will be liable jointly and severally for any payments due under this Agreement for Licensed Products made, have made, used, imported, sold, offered to sell, or otherwise disposed of at any time by LICENSEE and Controlled Companies.

Article 17. MISCELLANEOUS

17.01 This Agreement sets forth the entire agreement and understanding between the parties as to the subject matter hereof and supersedes and replaces all prior arrangements, discussions and understandings between the parties relating thereto.

17.02 All definitions and Enclosures form an integral part of this Agreement.

17.03 This Agreement is in the English language and 3 (three) copies have been executed. Audio MPEG, SISVEL, and LICENSEE shall receive 1 (one) copy each.

17.04 Should any provision of this Agreement be finally determined void or

unenforceable in any judicial proceeding, such determination shall not affect the operation of the remaining provisions hereof. In such event, to the extent possible, such void or unenforceable provision shall be conformed to a valid provision closest to the intended effect of the invalid or unenforceable provision.

Article 18. APPLICABLE LAW

18.01 This Agreement shall be governed by, interpreted and construed in accordance with the laws of the United States and the Commonwealth of Virginia.

Article 19. JURISDICTION

19.01 Any disputes arising between the parties under this Agreement (including any question regarding its existence, validity or termination) not resolved between or among the parties shall be litigated in the courts located in Alexandria, Virginia, and the parties agree not to challenge personal jurisdiction in this forum. However, in case Audio MPEG and/or SISVEL is the plaintiff, Audio MPEG and/or SISVEL may at their sole discretion alternatively submit any such dispute to the competent courts in the venue of LICENSEE’s registered office, or to any of the competent courts where LICENSEE’s Licensed Products are manufactured, used, sold, leased or otherwise disposed.

AS WITNESS, the parties hereto have caused this Agreement to be signed on the date first written below.

Audio MPEG, Inc.	S.I.SV.EL., S.p.A.	[LICENSEE]
By:	By:	By:
Name:	Name:	Name:
Title:	Title:	Title:
Date:	Date:	Date:

ENCLOSURE 1 - List of US Patents

- 3) "Method for transferring digitized, block-coded audio signals using scale factors"
US Patent No. 5,991,715.
- 4) "Method for determining the global masking threshold in a bitrate-reducing source coding"
US Patent 5,740,317;
- 7) "Method for transferring digital audio signals"
US Patent No. 4,972,484.
- 8) "Digital transmission system using subband coding of digital signal"
US Patent No. 5,214,678.
- 9) "Digital transmission system, transmitter and receiver for use in the transmission system, and record carrier obtained by means of the transmitter in the form of a recording device"
US Patent No. 5,323,396;
US Patent No. 5,539,829;
US Patent No. 5,606,618;
US Patent No. 5,530,655;
US Patent No. 5,777,992;
US Patent No. 6,289,308;
US Published Patent Application No. 2001-44713-A1;
- 10) "Digital 3-channel transmission of left and right stereo signals and a center signal"
US Patent No. 5,610,985.
- 11) "Transmitter, receiver and record carrier for transmitting/receiving at least a first and a second signal component"
US Patent No. 5,481,643
- 12) "Transmission and reception of a first and a second main signal component"
US Patent No. 5,544,247.
- 13) "Encoding of a plurality of information signals"
US Patent No. 5,960,037.

- 14)** “Encoding apparatus for encoding a plurality of information signals”
US Patent No. 6,023,490.

- 15)** “Encoding of a plurality of information signals”
US Patent 5,878,080

ENCLOSURE 2 - List of Non-US Patents

1) German Patent No. 34 40 613

"Verfahren zum digitalen Übertragen eines Rundfunk-Programmsignals"

("Method for digitally transferring of a broadcast program signal")

Application date: November 7, 1984

Inventor: Theile

2) German Patent No. 36 39 753

"Verfahren zum Übertragen digitalisierter Tonsignale"

("Method for transferring digital audio signals")

Application date: November 21, 1986

Inventors: Theile, Stoll, Link

3) German Patent No. 59 104 347

"Verfahren zum Übertragen digitalisierter, blockcodierter Tonsignale unter Verwendung von Skalenfaktoren"

("Method for transferring digitised, block-coded audio signals using scale factors")

Application date: January 26, 1991

Inventor: Wiese

- PCT Application WO 92 13396 with designated states: FI, JP, KR, US;
Application date: June 27, 1991
- European Patent No. 568 532 with designated states: AT, CH, DE, DK, ES, FR, GB, GR, IT, LI, NL, SE;
- AT Patent No. 117 476;
- DE Patent No. 4 102 324;
- FI Patent No. 105 248;
- JP Patent No. 2 599 660;
- KR Patent No. 112 166.

4) German Patent No. 59 200 994

"Verfahren zum Ermitteln der globalen Mithörschwelle bei einer bitraten-reduzierenden Quellcodierung"

("Method for determining the global masking threshold in a bitrate-reducing source coding")

Application date: July 24, 1991

Inventor: Sedlmeyer, Brefort, Groh, Stoll, Link, Krafft, Wiese, Rosinski

- PCT Application WO 93 02508 with designated states: AU, CA, EP, JP, KR, US, EP;

- European Patent No. 595 944 with designated states: AT, BE, CH, DE, DK, ES, FR, GB, GR, IT, LU, NL, SE;
 - AT Patent No. 115 793;
 - AU Patent No. 652 476;
 - CA Patent No. 2 103 147;
 - DE Patent No. 4 124 493;
 - DK Patent No. 595 944;
 - ES Patent No. 2 067 336;
 - JP Patent No. 2 599 688;
 - KR Patent Application No. 242 893;
 - PCT Application EP92/01658;
- Priority: German Patent Application No. 41 24 493.1

5) German Patent No. 59 301 358

"Verfahren für die Fehlererkennung digitalisierter, datenreduzierter Ton- und Datensignale"

("Method for detecting errors of digitalized, data-reduced audio and data signals")

Application date: June 13, 1992

Inventors: Sedlmeyer, Wiese

- PCT Application WO 93 26099 with designated states: CA, JP, KR, US;
 - European Patent No. 646 300 with designated states: AT, BE, CH, DE, DK, ES, FR, GB, IT, LI, LU, NL, SE;
 - AT Patent No. 132 674;
 - DE Patent No. 4 219 400;
 - PCT Application EP 93 01454;
- Priority: German Patent Application No. P 42 19 400

6) German Patent No. 42 29 372

"Verfahren zur Übertragung der Quantisierungsinformation bei einer bitratenreduzierenden Quellcodierung"

("Method for transferring quantization information in bitrate-reduced source coding")

Application date: September 3, 1992

Inventors: Brefort, Sedlmeyer, Groh, Stoll, Link.

7) PCT Application EP 87/00723 (same as DE 36 39 753)

"Verfahren zum Übertragen digitalisierter Tonsignale"

("Method for transferring digital audio signals")

Priority: November 21, 1986

Priority Application: German Patent Application No. 36 39 753.1

Application date: November 20, 1987

- PCT Application WO 88 04117 with designated states: DK, FI, JP, KR, US;
- European Patent No. 0290581 with designated states: AT, BE, CH, DE, FR, GB, IT, LI, LU, NL, SE;
- AT Patent No. 66 553;
- DE Patent No. 3 772 381;
- DK Patent No. 172 621;
- FI Patent No. 84538;
- JP Patent No. 2 599 624;
- KR Patent No. 99 183.

8) European Patent No. 400 755

"Digital transmission system using subband coding of digital signal"

Priority Application: EP 89201408.5

Application date: June 2, 1989

Inventors: Dehéry, Rault, Roudaut, Breukers, Veldhuis

- AR Patent No. 246 135;
- AU Patent No. 634 237;
- BR Patent No. 9 002 618;
- CA Patent No. 2 017 841;
- CH Patent No. 400 755;
- CN Patent No. 1 023 280;
- CZ Patent No. 277 633;
- DE Patent No. 69 022 119;
- DK Patent No. 400 755;
- ES Patent No. 2 077 631;
- FI Patent Application No. 902 695;
- FR Patent No. 400 755;
- GB Patent No. 400 755;
- HK Patent No. 2134/96;
- HU Patent No. 206 572;
- IN Patent No. 176 073;
- IT Patent No. 400 755;
- JP Patent No. 3 069 611;
- KR Patent No. 181 292;
- MX Patent No. 172 514;
- MY Patent No. 105 781;

- PL Patent No. 165 159;
- PT Patent No. 94 224;
- RU Patent Application No. 2 145 464;
- SE Patent No. 400 755;
- SG Patent No. 9692050-9;
- SK Patent No. 277 633;
- TW Patent No. NI 47459;
- UA Patent No. 37174.

9) European Patent Application No. 90 201 356

"Digital transmission system, transmitter and receiver for use in the transmission system, and record carrier obtained by means of the transmitter in the form of a recording device"

Application date: May 29, 1990

Inventor: Lohhoff

Priority dates: June 2, 1989 of Dutch Appln. No. 8 901 402 and
February 13, 1990 of Dutch Appln. No. 9 000 338;

- EP Patent No. 402 973
- AR Patent No. 250 211;
- AT Patent No. E114 862;
- AU Patent No. 641 654;
- BA Patent Application No. 97269A;
- BE Patent No. 402 973;
- BR Patent No. PI 9 002 617;
- CA Patent Application No. 2 017 935;
- CH Patent No. 402 973;
- CN Patent No. 1 031 090;
- CZ Patent No. 283 598;
- DE Patent No. 69 014 422.9
- DK Patent No. 402 973;
- ES Patent No. 402 973;
- FR Patent No. 402 973;
- GB Patent No. 402 973;
- GR Patent No. 402 973;
- HK Patent No. 96-416;
- HU Patent No. 210 644;
- IN Patent No. 175 971;
- IT Patent No. 402 973;
- JP Patent No. 3 012 849;

- KR Patent No. 149 862;
- LU Patent No. 402 973;
- MX Patent No. 172 513;
- MY Patent No. 105 780;
- NL Patent No. 402 973;
- PL Patent No. 167 271;
- RU Patent Application No. 4 830 112;
- SE Patent No. 402 973;
- SG Patent No. 9690189.7;
- SI Patent No. 9 011 071;
- SK Patent No. 280 559;
- TW Patent No. 45033;
- UA Patent Application No. 93004526;

- EP Patent No. 599 824 with designated states: AT, BE, CH, DE, DK, ES, FR, GB, GR, IT, LI, LU, NL, SE;
- CN Patent Application No. 1 096 619-A;
- HK Patent Application No.1 012 112-A;
- IN Patent Application No. 95-217;
- IN Patent Application No. 98-296;
- SG Patent Application No. 9607808.4;
- EP Patent No. 599 825 with designated states: AT, BE, CH, DE, DK, ES, FR, GB, GR, IT, LI, LU, NL, SE;
- AT Patent No. 599 825;
- BE Patent No. 599 825;
- CN Patent Application No. 1 096 618-A;
- DE Patent No. 599 825;
- DK Patent No. 599 825;
- ES Patent No. 599 825;
- FR Patent No. 599 825;
- GB Patent No. 599 825;
- GR Patent No. 599 825;
- HK Patent Application No. 1 012 113-A;
- IN Patent Application No. 95-218;
- IN Patent Application No. 98-309;
- IT Patent No. 599 825;
- LU Patent No. 599 825;
- NL Patent No. 599 825;

- SE Patent No. 599 825;
- SG Patent Application No. 0046416;;

- EP Patent No. 660 540 with designated states: AT, BE, CH, DE, DK, ES, FR, GB, GR, IT, LI, LU, NL, SE;
- AT Patent No. 660 540;
- BE Patent No. 660 540;
- CH Patent No. 660 540;
- DE Patent No. 69 033 543.1;
- DK Patent No. 660 540;
- ES Patent No. 660 540;
- FR Patent No. 660 540;
- GB Patent No. 660 540;
- GR Patent No. 660 540;
- IT Patent No. 660 540;
- LU Patent No. 660 540;
- NL Patent No. 660 540;
- SE Patent No. 660 540;
- HK Patent Application No. 1 013 743-A;

- EP Patent No. 708 533 with designated states: AT, BE, CH, DE, DK, ES, FR, GB, GR, IT, LI, LU, NL, SE;
- AT Patent No. 708 533;
- BE Patent No. 708 533;
- CH Patent No. 708 533;
- DE Patent No. 708 533;
- DK Patent No. 708 533;
- ES Patent No. 708 533;
- FR Patent No. 708 533;
- GB Patent No. 708 533;
- HK Patent Application No.1 013 744-A;
- IT Patent No. 708 533;
- LU Patent No. 708 533;
- NL Patent No. 708 533;
- SE Patent No. 708 533;

- EP Patent Application No. 751 520-A3 with designated states: AT, BE, CH, DE, DK, ES, FR, GB, GR, IT, LI, LU, NL, SE;

- EP Patent Application No. 949 763-A2 with designated states: AT, BE, CH, DE, DK, ES, FR, GB, GR, IT, LI, LU, NL, SE;

10) European Patent No. 608 930

“Digital 3-channel transmission of left and right stereo signals and a center signal”

Priority date: January 22, 1993

Inventor: Ten Kate

- EP Patent No. 608 930 with designated states: DE, ES, FR, GB, IT, SE;
- DE Patent No. 69 424 888.6;
- ES Patent No. 608 930;
- FI Patent No. 94 00 267;
- FR Patent No. 608 930;
- GB Patent No. 608 930;
- IT Patent No. 608 930;
- JP Patent No. 94/318922;
- KR Patent Application No. 94/1097;
- SE Patent No. 608 930.

12) Patent Application WO 95/12254

“Transmission and reception of a first and a second main signal component”

Priority date: October 27, 1993

Inventor: ten Kate

- European Patent Application EP 678 226 with designated states: DE, FR, GB, SE;
- HK Patent Application No. 98114662.1;
- JP Patent Application No. 95/512501;
- KR Patent Application No. 95/702727;
- SG Patent No. 44933.

13) Patent Application WO 97/38493

“Encoding of a plurality of information signals”

Priority date: April 10, 1996

Inventor: Ten Kate

- European Patent Application EP 853842 with designated states AT, DE, FR, GB, IT;
- JP Patent Application No. 97-536001;
- KR Patent Application No. 97-709172;
- SG Patent No. 47 256;

- TW Patent No. 103 527.

14) Patent Application WO 97/38494

“Encoding apparatus for encoding a plurality of information signals”

Priority date: April 10, 1996

Inventor: Ten Kate

- CN Patent Application No. 1194737-A;
- EP Patent Application No. 832519 with designated states: AT, DE, FR, GB;
- JP Patent Application No. 97-536003;
- KR Patent Application No. 97-70925;
- SG Patent Application No. 9705475.3.

15) Patent Application WO 97/29554

“Encoding of a plurality of information signals”

Priority date: May 8, 1996

Inventor: Ten Kate

- CN Patent Application No. 1188572-A
- EP Patent Application 820664
- JP Patent Application No. 97-528333
- MY Patent No. PI9700484.

ENCLOSURE 3

Controlled Companies

[INSERT NAME AND FULL ADDRESS OF EACH CONTROLLED COMPANY]

ENCLOSURE 4 – Royalty Statement Form

LICENSEE: **XXXX XXXX XXXX**

Royalty Statement for the ____ calendar quarter of the Year YYYY according to the Patent License Agreement with Audio MPEG, Inc. and SISVEL S.p.A.

(a) Products Licensed under This Agreement

Model Number	Description	Brand or Trademark	Customer Name	Country of Destination	Name of Manufacturer	Country of Manufacture	US Units	Non-US Units	Total Units	US Channels	Non-US Channels	Total Channels
Totals												

	Channels	US Dollars
Total number of channels		
Number of channels between 1 and 800,000 x \$0.30		
Number of channels between 800,001 and 4,000,000 x \$0.20		
Number of channels between 4,000,001 and 8,000,000 x \$0.18		
Number of channels between 8,000,001 and 12,000,000 x \$0.16		
Number of channels between 12,000,001 and 20,000,000 x \$0.14		
Number of channels above 20,000,000 x \$0.10		
Total due		
Total due to Audio MPEG (Total due * Total US channels / Total number of channels)		
W/H Tax (If applicable, please indicate Tax Treaty and Article)		
Net Amount Paid via Wire Transfer to Audio MPEG		
Total due to SISVEL (Total due * Total Non US channels / Total number of channels)		
W/H Tax (If applicable, please indicate Tax Treaty and Article)		
Net Amount Paid via Wire Transfer to SISVEL		

ENCLOSURE 5 - Logo



For the use of the logo and for obtaining original artwork, please contact:
Philips System Standards & Licensing
Licensing Support
Building SFF-8, P.O. Box 80002
5600 JB Eindhoven, The Netherlands
Fax: +31-40-2732113
Website: <http://www.licensing.philips.com>

ENCLOSURE 6 - Bank Guarantee

AUDIO MPEG, INC.

99 Canal Center Plaza
Suite 220
Alexandria, VA 22314
U.S.A.

**SOCIETA' ITALIANA
PER LO SVILUPPO DELL'ELETTRONICA,
S.I.SV.EL., S.P.A.**

Via Castagnole, 59, I-10060
None (TO), Italy

We hereby open our irrevocable guarantee no. _____ in your favor

By order of: _____

On behalf of: _____

PLEASE INSERT
LICENSEE'S DETAILS

In Favor of: Audio MPEG Inc. and S.I.SV.EL., S.p.A.

Valid: From [INSERT EFFECTIVE DATE] until [INSERT DATE FIVE YEARS AFTER EFFECTIVE DATE]

We have been informed that [INSERT LICENSEE's NAME], hereinafter called LICENSEE, and you, as the licensors, have entered into a license agreement and have been asked by LICENSEE to issue this Letter of Guarantee in your favor to guarantee the fulfillment of its contractual obligations.

In consideration of the aforesaid, we [INSERT NAME OF BANK], by order of our customer, LICENSEE, acting on behalf of LICENSEE, hereby irrevocably undertake to pay to you on receipt of your first written demand any sum or sums claimed by you up to but not exceeding US\$ 150,000.00 (One Hundred Fifty Thousand United States Dollars) over the life of this Letter of Guarantee, provided always that such written demand is accompanied by your signed statement that LICENSEE has failed to fulfill its contractual obligations under the terms of the above mentioned License Agreement, including payment of amounts due under the Agreement by their due date, submission of royalty statements by their due date, compliance with the audit procedures according to Article 6 of the License Agreement.

We shall not be obliged to verify any statements contained in any of the notices of other documents which may be served on or presented to us in accordance with the terms of this guarantee and shall accept the statements therein as conclusive evidence of the facts states.

This guarantee is valid until [INSERT DATE FIVE YEARS AFTER EFFECTIVE DATE], and any claim under it must be received by us in writing on or before 1 (one) year after this date.

References to 'you' herein shall be construed as references to Audio MPEG, Inc. and Societa' Italiana per lo Sviluppo dell'Elettronica, S.I.SV.EL., S.p.A.