

CPRM FOR CONTENT DISTRIBUTION ADDENDUM
(For CPRM/CPPM Adopters)

This CPRM For Content Distribution Addendum (the "Addendum"), dated as of _____, _____, (the "Effective Date") is made by and among the Content Distribution Adopter named below, 4C Entity LLC ("4C LLC") and the following four parties (collectively, the "Founders").

- **International Business Machines Corp.**, a New York corporation with its principal offices located at New Orchard Road, Armonk, New York 10504, U.S.A. ("IBM");
- **Intel Corporation**, a Delaware corporation with an office located at 2200 Mission College Boulevard, Santa Clara, California 95052, U.S.A. ("Intel");
- **Panasonic Corporation**, a Japanese corporation having its principal place of business at 1006 Kadoma, Kadoma, Osaka 571-8501, Japan ("Panasonic"), and
- **Toshiba America Information Systems, Inc.**, a California corporation with its principal offices located at 9740 Irvine Boulevard, Irvine, California 92618-1697, U.S.A. ("TAIS").

WHEREAS, the Founders have negotiated certain agreements, including a Founders Agreement and Adopter Agreement, regarding the licensing of certain technologies developed by the Founders for the methods of encryption, data decryption, and renewability for purposes of protecting certain digital content from unauthorized interception and copying (collectively, the "4C Technology");

WHEREAS, the Founders wish to enable uses of certain portions of the 4C Technology, namely CPRM (as defined in the Adopter Agreement) for purposes of content distribution;

WHEREAS, the Content Distribution Adopter named below has entered into that certain 4C CPRM/CPPM License Agreement ("Adopter Agreement"), which has a respective Effective Date of _____; and

NOW THEREFORE, in consideration of the foregoing premises and the covenants and agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. License. For so long as the Adopter Agreement between Content Distribution Adopter, the Founders and 4C LLC is in full force and effect and the Content Distribution Adopter is not in default thereunder, the Founders grant a license under their respective Necessary Claims (as defined in the Adopter Agreement) and 4C LLC grants a license under its non-patent intellectual property to Content Distribution Adopter to use CPRM to protect Digital Audio Content and/or Digital Video Content (as those terms are defined in the Adopter Agreement) in

the distribution of such digital content according to one or more of the Authorized Uses set out in Exhibit A hereto, as may be amended by the Founders from time to time. The licenses granted under this Section 1 shall not apply to the use of CPRM for the protection of Digital Audio Content or Digital Video Content for which Content Distribution Adopter is prohibited by law or other relevant government regulation from applying such protection.

2. Expansion of Reciprocal Non Assertion Covenant. Content Distribution Adopter, on behalf of itself and its Affiliates, in addition to the Reciprocal Non-Assertion Covenant provided in the Adopter Agreement, further promises not to assert or maintain against Founders, Licensor, any entity which has executed a document substantially similar to this Addendum (“Fellow Content Distribution Adopter”), Affiliates thereof or any vendor, distributor, purchaser or other person in the chain of distribution, and accepts the promise of Fellow Content Distribution Adopters not to assert or maintain any claim of infringement under Fellow Content Distribution Adopters' and Affiliates' respective Necessary Claims, as well as under any trade secrets or copyrights in the Specifications, to the extent such Necessary Claims and/or trade secrets or copyrights are not already implicated in the Reciprocal Non-Assertion Covenant provided in the Adopter Agreement, for the use of CPRM in one or more of the Authorized Uses set out in Exhibit A attached hereto (“Content Distribution Necessary Claims”), and provided that such promise does not extend to any Fellow Content Distribution Adopter which is asserting its Content Distribution Necessary Claims against the promissor, Founders, Licensor, Fellow Content Distribution Adopter and Affiliates thereof where the promissor is not in breach of its obligations under its Adopter Agreement and/or Addendum. This section applies whether any particular Fellow Content Distribution Adopter has executed its respective Addendum before or after Content Distribution Adopter executes this Addendum. For avoidance of doubt, all details and limitations regarding the Reciprocal Non-Assertion Covenant provided in the Adopter Agreement apply *mutatis mutandis* to this expanded Reciprocal Non-Assertion Covenant as if written here in full.
3. Annual Administrative Fee. Within thirty (30) days of the Effective Date, Content Distribution Adopter shall pay 4C LLC the Administration Fees corresponding to the respective Authorized Uses set out in Exhibit A attached hereto. Adopter shall not be entitled to any refund thereof for any reason. Upon each anniversary of the Effective Date (the “Annual Payment Date”), Content Distribution Adopter shall pay 4C LLC the Annual Administration Fee for the following year which fee shall be used to offset 4C LLC’s administrative costs. 4C LLC may, upon at least thirty (30) days notice to Content Distribution Adopter, modify the Annual Administration Fee payable for the period beginning on the next Annual Payment Date, provided that any increase in such fees shall not exceed an amount commensurate with any increase in 4C LLC’s costs. Without limiting the foregoing, where costs per Fellow Adopter decrease, 4C LLC shall use commercially reasonable efforts to reduce the Annual Administration Fee.

4. No Other Licenses. Except for the rights expressly provided by this Addendum, no Founder nor 4C LLC grants or receives, by implication, or estoppel, or otherwise, any rights under any patents or other intellectual property rights. Specifically, nothing in this Addendum shall be construed as a grant of a right to distribute copyrighted content in any manner not authorized by the copyright owner and/or relevant law.
5. Limited Effect. This Addendum shall not be construed to waive any Founder's or 4C LLC's rights under law or any other agreement except as expressly set out here.
6. Compliance Rules. Content Distribution Adopter remains obligated to comply with all Compliance Rules set out in the Adopter Agreement, or, if applicable, with any supplemental Compliance Rules set out in connection with the Approved Uses set out in Exhibit A hereto.
7. No Amendment. Except to the extent contrary to the provisions of this Addendum, the provisions of the Adopter Agreement entered into by Content Distribution Adopter shall be incorporated by reference herein and made a part hereof.
8. Conflicting Terms. To the extent any terms of this Addendum conflict with the terms of the Adopter Agreement, the terms of this Addendum shall control.
9. Definitions. Capitalized terms not otherwise defined herein shall have the meaning attributed to them in the Adopter Agreement.

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In witness of their agreement, the parties have executed this Addendum below. This Addendum may be executed in multiple counterparts, each of which shall be deemed an original, and all of which, when taken together shall constitute one and the same instrument. The parties hereto confirm that any facsimile copy of another party's executed counterpart of this Addendum (or its signature page) will be deemed to be an executed original thereof.

International Business Machines Corp.

By: _____
Name: Jacob Pak _____
Title: Attorney-in-fact _____
Date: _____

**Panasonic Intellectual Property Corporation
of America**

By: _____
Name: Jacob Pak _____
Title: Attorney-in-fact _____
Date: _____

4C Entity LLC

By: _____
Name: Jacob Pak _____
Title: Manager _____
Date: _____

Intel Corporation

By: _____
Name: Jacob Pak _____
Title: Attorney-in-fact _____
Date: _____

Toshiba America Information Systems, Inc.

By: _____
Name: Jacob Pak _____
Title: Attorney-in-fact _____
Date: _____

Content Distribution Adopter

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT A
CPRM for Content Distribution
Authorized Uses

The following uses of CPRM constitute Authorized Uses, pursuant to Section 1 of this Addendum.

(1) Network Download

Delivery of Digital Audio Content and/or Digital Video Content in accordance with the CPRM for Network Download Specification to deliver such content in a protected fashion from a secure server directly to recordable media for playback by a Production/Sale Licensed Product.

Distribution Fees for this Authorized Use shall be as follows:

For a Service Provider, 0.4% (four-tenths of one percent) of Net Sales Price for every transaction conducted under the license granted in this Addendum subject to the following caps, and following an introductory period of six (6) months from the date of the first transaction under this Addendum during which time no Distribution Fee shall be due:

First year	US\$250,000.00
Second year	US\$500,000.00
Third year and every year thereafter	US\$1,000,000.00

For a Security Provider, US\$0.005 (one-half of a cent) per item of content protected by CPRM under the license granted in this Addendum, and which is not delivered to an end user without charge, subject to the following caps, and following an introductory period of six (6) months from the date of the first transaction under this Addendum during which time no Distribution Fee shall be due:

First year	US\$100,000.00
Second year	US\$175,000.00
Third year and every year thereafter	US\$250,000.00

(2) Prerecorded Content Distribution

Use of CPRM to make authorized recordings of Digital Audio Content and/or Digital Video Content on recordable media in commercial quantities for subsequent sale or other distribution.

Distribution Fees for this Authorized Use shall be as follows:

For a Service Provider, 0.4% (four-tenths of one percent) of Net Sales Price for every transaction conducted under the license granted in this Addendum subject to the following caps, and following an introductory period of six (6) months from the date of the first transaction under this Addendum during which time no Distribution Fee shall be due:

First year	US\$250,000.00
Second year	US\$500,000.00
Third year and every year thereafter	US\$1,000,000.00

For a Security Provider, US\$0.005 (one-half of a cent) per item of content protected by CPRM under the license granted in this Addendum, and which is not delivered to an end user without charge, subject to the following caps, and following an introductory period of six (6) months from the date of the first transaction under this Addendum during which time no Distribution Fee shall be due:

First year	US\$100,000.00
Second year	US\$175,000.00
Third year and every year thereafter	US\$250,000.00

(3) Record-on-Demand

Use of CPRM, other than under Authorized Use (1) above, to make authorized recordings of Digital Audio Content and/or Digital Video Content on recordable media on an individual, on-demand basis to customers providing their own recordable media and/or purchasing blank recordable media as part of the overall transaction.

Distribution Fees for this Authorized Use shall be as follows:

For a Service Provider, 0.4% (four-tenths of one percent) of Net Sales Price for every transaction conducted under the license granted in this Addendum subject to the following caps, and following an introductory period of six (6) months from the date of the first transaction under this Addendum during which time no Distribution Fee shall be due:

First year	US\$250,000.00
Second year	US\$500,000.00
Third year and every year thereafter	US\$1,000,000.00

For a Security Provider, US\$0.005 (one-half of a cent) per item of content protected by CPRM under the license granted in this Addendum, and which is not delivered to an end user without charge, subject to the following caps, and following an introductory period of six (6) months from the date of the first transaction under this Addendum during which time no Distribution Fee shall be due:

First year	US\$100,000.00
Second year	US\$175,000.00
Third year and every year thereafter	US\$250,000.00

For purposes of this Exhibit:

"Net Sales Price" with respect to a transaction conducted or product sold, used or otherwise disposed of by Content Distribution Adopter under the license granted in this Addendum, shall mean revenues recognized from the transaction or sale, use or other disposition of such product less sales, use and excise taxes and shipping charges included in those revenues. For avoidance of doubt, such revenues shall include not only monies charged for direct retail sales, but shall also include, without limitation, rental fees and monies such as subscription fees and service charges which may provide end user access to multiple transactions or products under this Addendum. However, in the case of a transaction or disposition of a product by Content Distribution Adopter to an Affiliate,

Net Sales Price will be the sales price of such type of transaction or product generally available to unaffiliated third parties making similar quantity commitments either by Content Distribution Adopter or any of its Affiliates; provided that if such type of transaction is not available or product is not sold to unaffiliated third parties, Net Sales Price shall be deemed the generally available sales price for similar quantities of the most similar type of transaction or product sold to unaffiliated third parties either by Content Distribution Adopter or any of its Affiliates. If a transaction or product is bundled with or incorporated into another product, which integrated product is disposed of to an Affiliate or unaffiliated third party, Net Sales Price of such integrated product shall be the sales price generally available to unaffiliated third parties for the amount of such type of product used to produce such integrated product (including wastage and allocable loss from yield problems with respect to such product); provided that if such type of product is not sold to unaffiliated third parties other than as incorporated into an integrated product, Net Sales Price of such item will be deemed to be an amount calculated in the manner provided above in this sentence using price data for the most similar type of product sold separately to unaffiliated third parties. Content Distribution Adopter shall transact no sale, the effect of which is to reduce the Distribution Fees paid by Content Distribution Adopter to Licensor, provided, however, that Content Distribution Adopter shall be free to determine the selling price of the licensed products, and that Content Distribution Adopter's sale of the licensed products subject to arms-length discounts, allowances and returns shall not be deemed to be a sale, the effect of which is to reduce the Distribution Fees paid by Content Distribution Adopter to Licensor.

"Security Provider" shall mean a Content Distribution Adopter (or its Affiliate) who encrypts Digital Audio Content and/or Digital Video Content with CPRM in support of another person's commercial retail transaction with an end user, and does not otherwise directly participate in or share the revenues of such commercial retail transaction.

"Service Provider" shall mean a Content Distribution Adopter (or its Affiliate) who, in addition to performing the role of Security Provider, also distributes Digital Audio Content and/or Digital Video Content protected with CPRM directly to an end user as part of a commercial retail transaction.

Administrative Fees. Content Distribution Adopter shall pay the Administrative Fee, as required by Section 3 of this Addendum, as follows:

For a Content Distribution Adopter acting as a Service Provider under one or more Authorized Uses, the Administrative Fee due within thirty (30) days of the Effective Date of this Addendum and on each subsequent Annual Payment Date shall be US\$15,000.00.

For a Content Distribution Adopter acting as a Security Provider under one or more Authorized Uses, the Administrative Fee due within thirty (30) days of the Effective Date of this Addendum shall be US\$2,000.00, and the Administrative Fee due on each subsequent Annual Payment Date shall be US\$6,000.00. This Administrative Fee shall be considered in the calculation of any caps contemplated in the Adopter Agreement.

Report and Payment. Content Distribution Adopter shall report to Licensor no later than thirty (30) days after the end of each calendar quarter, such report to include Content Distribution Adopter's sales under this Agreement for such calendar quarter ("Quarterly Report"). The Quarterly Report shall be prepared and submitted even if no sales under this Agreement have occurred for such calendar quarter; in such case, Content Distribution Adopter shall report zero sales. Coincident with the Quarterly Report, Content Distribution Adopter shall pay to Licensor all Distribution Fees due for the applicable calendar quarter, such Distribution Fees to be paid in United States Dollars with currency conversions calculated based upon the applicable closing exchange rates quoted by the authorized foreign exchange bank's foreign exchanges desk on the last day of the applicable calendar quarter. Distribution Fees shall be deposited via wire transfer into an account to be designated by Licensor. Distribution Fees paid later than thirty (30) days after the end of the applicable calendar quarter shall be subject to a five percent (5%) per month late fee.

Records and Audit. Content Distribution Adopter shall keep and maintain detailed and accurate books and records with regard to Net Sales Price, Distribution Fees and the calculation thereof. Licensor and its representatives shall be entitled to review and audit such books and records and/or compliance with this section from time to time during normal business hours upon reasonable notice to Content Distribution Adopter and at Licensor's expense; provided that Content Distribution Adopter shall bear any such expense if the review or audit shows an underpayment of more than five percent (5 %) for the applicable period.

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