

October 31 , 1989

Mr. Sakae Okubo, Chairman
Specialists Group on Coding for Visual Telephony
Project Team-3, Room Y-922A
NTT Human Interface Laboratories
1-2356 Take , Yokosuka 238-03 , JAPAN

Subject: Statement on patents on the p x 64 kbit/s video coding
for audiovisual services

Dear Mr. Okubo:

Matsushita Communication Industrial Co., Ltd. (hereinafter " MCI ") will , upon adoption of such Recommendation by CCITT , grant licenses under its patents on a non-exclusive basis and on non-discriminatory fair and reasonable terms to all users solely for their use in complying with the Recommendation , but on a condition that any such user first express willingness to grant to MCI , for itself and its subsidiaries , similar licenses under such user's patents , if any , for use in complying with the Recommendation.

The grant by MCI will be for licenses to make , have made , use , sell , lease and import any equipment complying with the Recommendation.

As used herein ,

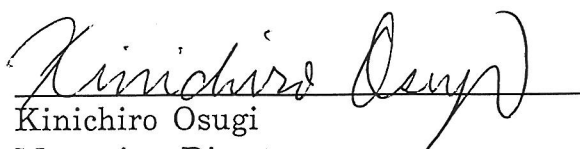
" Patents " means patents for inventions made prior to the adoption of the Recommendation which patents are owned or controlled by the grantor (MCI or the user) or its subsidiaries ; provided , however , that in no event will any licenses granted pursuant to this commitment include licenses under any patent the use of which is not essential to meeting the Recommendation or which can be avoided by those skilled in the art through the exercise of their best efforts.

" Recommendation " means a recommendation by the CCITT for a preferred algorithm for the p x 64 kbit/s video coding for audiovisual services.

" Subsidiary " means any corporation , company or other entity more than fifty percent of whose voting shares or outstanding capital stock is owned or controlled directly or indirectly by MCI.

With kindest regards,

Sincerely yours,



Kinichiro Osugi

Managing Director

Director Corporate Engineering Division

MATSUSHITA COMMUNICATION

INDUSTRIAL CO., LTD.