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May 14, 1999

TSB

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Mr. H. Zhao
Director, Telecommunication Standardization Bureau
International Telecommunication Union
Place des Nations
CH-1211 Geneva 20
Switzerland

Fax: +41 22 733 72 56

Re: Patent Statement for Draft Recommendations: G.992.1, G.992.2, G.994.1, G.995.1, G.996.1, G.997.1, H.225.0, Annex G, H.245 version 5, H.323 Annex E, H.323 Annex F, H.341, H.450.4, H.450.5, H.450.6, H.450.7, T.136 ("the Proposed Recommendations")

Dear Mr. Zhao;

This letter sets forth Intel Corporation's ("Intel") policy regarding patents and patent applications that Intel owns directed to and essential for the practice of the Proposed Recommendations (such patents and applications collectively "IPR"). Intel is not willing to waive its rights in its IPR. However, provided that the Proposed Recommendations is adopted by the ITU without any substantive changes or additions to the current "determined" version of the Proposed Recommendations, Intel is willing to negotiate licenses under its IPR in accordance with the ITU's policy contained in paragraph I.2.2 of Appendix I, *Statement on TSB Patent Policy*, to Section 8 of Resolution 1, *Rules of Procedure of the ITU Telecommunication Standardization Sector (ITU-T)*.

In particular, Intel is willing to negotiate nonexclusive, worldwide licenses under its IPR that permit the manufacture, use, sale, offer for sale and importation of the portions of any product that implement and are compliant with all relevant portions of the Proposed Recommendations; provided that these licenses may not extend to any part or function of a product that is not required to implement or comply with the Proposed Recommendations. Intel will grant these licenses on reasonable and non-discriminatory terms after the current "determined" version of the Proposed Recommendations have been formally adopted by the ITU without any substantive changes or additions. Also, Intel's license grant may be conditioned upon the licensee's grant of a reciprocal license under the licensee's IPR and IPR owned by parties with which licensee is affiliated.

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In assessing what terms are reasonable, Intel may refer to the royalty rates that a potential licensee has set for its own IPR and IPR of parties with which it may affiliated. Intel also reserves the right to grant licenses to its IPR as part of a cross-license with any other party.

Please contact the Office of the General Counsel at Intel Corporation, +1 (408) 765-1125 concerning any licensing matters.

Very truly,



Steven Stewart
Intel IP Counsel

cc: Ron Epstein