

SEPs & Calculating FRAND Royalties

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Apple | Investment in SEPs

- Apple is a willing licensee and willing licensor
 - Has paid billions of US dollars for cellular SEP license rights
 - Has direct license rights to over 45% of all 4G-declared SEPs
 - Has agreements with licensors large and small
- Apple is an SSO contributor, standard implementer and component purchaser
 - Our engineers participate in over 90 SSOs and make technical contributions
 - We are among the world's largest customers of cellular components
 - We own over 2,000 SEPs

SEPs | FRAND Licensing Valuation

- Injunctive Relief
- Royalty Stacking
- Proportionality
- Apportionment

SEPs | FRAND Licensing Valuation

- Royalty Base
 - Smallest saleable patent practicing unit (baseband chip)
 - Apportioned & common across implementers
- Proportional Royalty
 - *Pro rata* ownership of declared cellular SEPs
- Merits Adjustment
 - Assessment of patent merits, contributions to standard, licensing & litigation history, over-declaration, *ex ante*, exhaustion, etc.

SEPs | FRAND Licensing Valuation



