

Qualcomm 5G NR Royalty Terms Statement

Qualcomm Incorporated today disclosed a framework for industry participants to access Qualcomm's patented inventions used in the upcoming 3rd Generation Partnership Project (3GPP) 5G New Radio (NR) standards. The framework includes licensing terms and conditions for licenses to Qualcomm's cellular essential patents for both single and multi-mode branded mobile handsets that fully conform to cellular standards up to and including release 15 of the 3GPP specifications.

Consistent with Qualcomm's Fair, Reasonable and Non-Discriminatory (FRAND) commitments, European Telecommunications Standards Institute (ETSI) Intellectual Property Right (IPR) policy and industry practice, Qualcomm's cellular standard essential patent licensing program is based upon licensing mobile handsets that fully conform to the 3GPP Standards.

Under Qualcomm's licensing program for cellular essential patents, the following royalty terms will apply on a worldwide basis to a license for Original Equipment Manufacturer (OEM) branded mobile handsets that implement the 5G NR standard, up to and including release 15 of the 3GPP specifications:

- An effective running royalty rate of 2.275% of the selling price of branded single-mode 5G handsets; and
- An effective running royalty rate of 3.25% of the selling price of branded multi-mode (3G/4G/5G) handsets.

The terms described herein are generally consistent with over 150 cellular essentials-only license agreements Qualcomm has signed for China since 2015 for 3G/4G branded handsets, except that Qualcomm will in future negotiations offer to include the later releases of 4G and the first 5G release without increasing the royalty rates currently applicable under such agreements.

In addition, Qualcomm will continue to offer licenses for OEM branded mobile handsets that include both Qualcomm's cellular standard essential patents as well as those patents not essential to the standard, a total portfolio of over 130,000 patents and pending applications worldwide at royalty rates of 4% of the selling price for branded single-mode handsets and 5% of the selling price for branded multi-mode handsets.

Qualcomm expects initial 5G handsets to be available in commercial quantities in 2019.

The royalty terms described in this statement are based upon a number of factors, for example, Qualcomm's understanding of the current 5G NR release 15 standards under development and its existing patent portfolio, and may be revised in the future based on changes that affect Qualcomm's framework, including changes to the standards, IPR policy, Qualcomm's patent portfolio or other material changes. The licensing framework described in this statement is subject to the terms and conditions offered in Qualcomm's standard form license agreement(s).