

LEADTOOLS VIDEO ON DEMAND
Duplication and Distribution License
(Per Copy Agreement)

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(City, State, Postal Code, Country)
Phone No.: _____ Fax No.: _____
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LEADTOOLS Registration/Serial No: _____
Title or Description of Licensee's Application: _____ (herein "Application Software") (Please fill in blank)

This Duplication and Distribution License ("Agreement") is made by and between LEAD Technologies, Inc., a North Carolina corporation, principally located at 1201 Greenwood Cliff, Suite 400, Charlotte, North Carolina 28204, USA ("LEAD") and Licensee. (Capitalized terms not otherwise defined herein will have the meaning ascribed to them in the License Agreement, as hereinafter defined.)

Recitals

1. Licensee has heretofore obtained a development license to use the Software in connection with the development of the Application Software in accordance with the terms of the LEADTOOLS Software License Agreement, a copy of which is included in the Software packaging and online help file, and the terms of which are hereby incorporated herein by this reference (herein the "License Agreement").
2. Licensee now wishes to obtain a license whereby it may internally deploy or commercially distribute the Application Software to end users and LEAD is willing to grant the licenses described herein provided Licensee complies with the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and promises set forth herein, the parties hereto, intending to be legally bound, do hereby agree as follows:

1. Effectiveness of License Agreement; Grant of Duplication and Distribution License.

(a) License Agreement. Licensee acknowledges that its use of the Software is governed by the terms, conditions, limitations and restrictions contained in the License Agreement and hereby agrees to faithfully abide by such terms and conditions and will not take any action with respect to the Software prohibited by the License Agreement. This Agreement is supplementary to the License Agreement, and this Agreement and the License Agreement together will govern Licensee's use of the Software and Application Software. Unless otherwise modified by the terms of this Agreement, all of the terms and conditions of the License Agreement remain in full force and effect. In the event of an inconsistency between this Agreement and the License Agreement, this Agreement will control.

(b) Duplication and Distribution License. Under LEAD's copyright, and subject to all the terms and conditions set forth in this Agreement and the License Agreement, including without limitation, the payment of the runtime licensing fees described in paragraph 2 hereof, LEAD hereby grants Licensee (and only Licensee) a non-exclusive, non-transferable, worldwide license to reproduce exact copies of the Redistributables (as such term is defined in the License Agreement) and include such files in the Application Software, and to deploy the Application Software on Licensee's owned and controlled computers and networks for use by Licensee's employees, contractors and affiliates and/or to commercially distribute the Application Software, directly or through customary distribution channels, to end users for their use without further distribution.

2. License Fees.

(a) Development License Fee. Licensee has been invoiced the initial development license fee for the Software (the price paid to LEAD or a LEAD reseller for the “box”) and either has paid or shall pay the initial license fee in accordance with the terms of the invoice.

(b) Codec Enabled Deployments. This subparagraph (b) applies to copies of the Application Software where encode capability of the Software is enabled.

(i) Free Copy. One free Deployment of Application Software is included with License’s development license.

(ii) Per Copy Runtime Licensing. Except as otherwise provided in paragraph 2(b)(i) and 2(b)(iii) hereof, Licensee will pay a runtime license fee of \$400 for each Deployment of Application Software to be reported and paid pursuant to paragraph 3 hereof.

(iii) Prepaid Runtime Licensing. In lieu of paying \$400.00 per copy as set forth in paragraph 2(b)(ii) hereof, Licensee may pay in advance for its projected runtime licensing needs in the quantities and for the prices set forth below:

<u>Quantity Prepaid</u>	<u>Price Per Copy</u>	<u>Minimum Prepayment</u>
50+	\$350.00	\$17,500.00
100+	300.00	30,000.00
250+	250.00	62,500.00
500+	225.00	112,500.00
1,000+	200.00	200,000.00
5,000+	175.00	875,000.00
10,000+	150.00	1,500,000.00

In order to receive the runtime pricing contained in this paragraph 2(b)(ii), Licensee must prepay for its runtime licenses in accordance with the above schedule prior to Deployment of the Application Software. To select a prepaid Deployment option, Licensee shall send LEAD a purchase order covering the desired number of copies of the Application Software before making the Deployments covered by the purchase order, and LEAD will generate an invoice covering the prepaid copies. During the term hereof, Licensee may, from time to time, issue multiple purchase orders for multiple quantity orders. For example, if Licensee desires to use or distribute 250 copies of the Application Software, and would like to take advantage of the \$250.00 per copy rate, Licensee must prepay for its runtime licenses at the rate of \$250.00 per copy (\$62,500.00 prepayment), whereupon Licensee will have the right to use or distribute up to 250 copies of the Application Software. Thereafter, from time to time, if Licensee desires to use or distribute additional copy(s) of Application Software and pay a rate of less than \$400.00 per copy for such additional copies, Licensee will be required, prior to shipment or use of any such additional copy(s) of Application Software, to prepay for such copy(s) by selecting any of the above prepayment options and making the applicable prepayment to LEAD. For quantity purposes, each purchase order will be viewed separately. For example, if Licensee prepays for 250 Deployments and subsequently places another order for 250 additional Deployments, the required prepayment due for the second 250 Deployments is \$62,500.00. **Any Deployment of Application Software for which runtime licensing has not been prepaid prior to distribution or use pursuant to the procedure described above will carry a runtime licensing obligation of \$400.00 per copy to be reported and paid quarterly in accordance with paragraph 3 below.**

(c) Decode Enabled Deployments. This subparagraph (c) applies to copies of Application Software where the decode capability of the Software is enabled and the encode capability of the Software is not enabled.

(i) Free Copy. One free Deployment of Application Software is included with License’s development license.

(ii) Per Copy Runtime Licensing. Except as otherwise provided in paragraph 2(c)(i) and 2(c)(iii) hereof, Licensee will pay a runtime license fee of \$25.00 for each Deployment of Application Software to be reported and paid pursuant to paragraph 3 hereof.

(iii) Prepaid Runtime Licensing. In lieu of paying \$25.00 per copy as set forth in paragraph 2(c)(ii) hereof, Licensee may pay in advance for its projected runtime licensing needs in the quantities and for the prices set forth below:

<u>Quantity Prepaid</u>	<u>Per Copy Price</u>	<u>Minimum Prepayment</u>
50+	20.00	1,000.00
100+	17.50	1,750.00
250+	15.00	3,750.00
500+	10.00	5,000.00
1,000+	7.50	7,500.00
5,000+	5.00	25,000.00
10,000+	3.00	30,000.00

In order to receive the runtime pricing contained in this paragraph 2(c)(iii), Licensee must prepay for its runtime licenses in accordance with the above schedule prior to Deployment of the Application Software. To select a prepaid Deployment option, Licensee shall send LEAD a purchase order covering the desired number of copies of the Application Software before making the Deployments covered by the purchase order, and LEAD will generate an invoice covering the prepaid copies. During the term hereof, Licensee may, from time to time, issue multiple purchase orders for multiple quantity orders. For example, if Licensee desires to use or distribute 50 copies of the Application Software, and would like to take advantage of the \$20.00 per copy rate, Licensee must prepay for its runtime licenses at the rate of \$20.00 per copy (\$1,000.00 prepayment), whereupon Licensee will have the right to use or distribute up to 50 copies of the Application Software. Thereafter, from time to time, if Licensee desires to use or distribute additional copy(s) of Application Software and pay a rate of less than \$25.00 per copy for such additional copies, Licensee will be required, prior to shipment or use of any such additional copy(s) of Application Software, to prepay for such copy(s) by selecting any of the above prepayment options and making the applicable prepayment to LEAD. **Any Deployment of Application Software for which runtime licensing has not been prepaid prior to distribution or use pursuant to the procedure described above will carry a runtime licensing obligation of \$25.00 per copy to be reported and paid quarterly in accordance with paragraph 3 below.**

3. Reporting and Payment. Licensee must purchase a runtime license for each Deployment of Application Software. For purposes hereof, a "Deployment of Application Software" shall mean any and all copies of the Application Software installed, used, distributed, leased, or sold by Licensee and any of its customers, employees, distributors, resellers, affiliates or other channel partners. If the Application Software is installed on a server or network by Licensee or its customers, the number of Deployments that must be reported and the number of runtime licenses that must be purchased hereunder will be the number of computers that are permitted access to the Application Software via the network or server. (However, see paragraph 4 hereof for server license options.) No additional runtime licensing is required for updates and upgrades to the Application Software distributed to users of the Application Software for which runtime licenses have been paid and accounted for hereunder unless a major new version of the Software (e. g. LEADTOOLS version 1, 2 etc.) is included in the upgrade. If a major new version of the Software is included in an upgrade to the Application Software, each user that is upgraded will be considered to be a new Deployment for purposes of runtime license payment and reporting hereunder. All amounts due hereunder are based on United States currency. Licensee agrees to maintain full, clear and accurate records as to all Deployments of the Application Software. Licensee will submit to LEAD, within thirty (30) days of the close of each calendar quarter, a report setting forth the number of Deployments of Application Software made during such quarter, and accompanying such report will be a check in the amount of runtime licensing that is due, if any. If no Deployments have been made during said quarter, Licensee will provide a certification so stating. Licensee shall keep adequate records to accurately determine the payments due under this Agreement. LEAD shall have the right, no more than once during any calendar year, to have an independent certified public accountant or other disinterested third party inspect the relevant records of Licensee on thirty (30) business days notice and during regular business hours to verify the reports and payments required to be made hereunder. Should an underpayment in excess of five percent (5%) be discovered, Licensee shall pay the cost of the audit. If Licensee is more than thirty (30) days late with any payment of amount due hereunder, interest will accrue from the date due until paid at the lesser of (i) 1.5% per month or (ii) the maximum rate of interest permitted by law.

4. Server Licenses. In lieu of purchasing runtime licenses, Licensee has the option of purchasing a Server License in certain circumstances. If the Application Software will reside solely at the server level (no Software is distributed to client machines), Licensee will have the option of purchasing Server Licenses for each server the Application Software is installed upon, and by purchasing a Server License, no additional runtime licensing will be required for the computers that are connected to the server accessing the Application Software. Purchasing a Server License is never a requirement. Licensee has the option of selecting licensing based on

sections 2(b) and (c) above. For example, if Licensee installs the Application Software on a server and only ten (10) computers are connected to the server, Licensee may purchase ten (10) runtime licenses and will not be required to purchase a Server License. On the other hand, if the Application Software is installed on a server that is connected to one thousand (1000) computers and Licensee purchases a Server License, Licensee will not be required to purchase runtime licenses for the computers that are connected to the server. Server Licenses may be purchased at the prices set forth below.

<u>Quantity of Server Licenses</u>	<u>Price Per Server</u>
1	\$3500.00
2	3250.00
3	3000.00
4	2500.00
5	2000.00

A server may have no more than 2 CPUs. If a server has more than 2 CPUs, a server license is required for each additional CPU. To purchase a Server License(s), Licensee shall send a purchase order to LEAD for the requisite number of servers and LEAD will send Licensee an invoice and upon payment, a Server License Certificate will be issued for the applicable number of Server Licenses.

5. New Versions; Upgrades. Minor version updates to the Software are provided to Licensee free of charge via LEAD's web site. Development licenses for major version upgrades will be LEAD's then prevailing upgrade price per Licensee developer provided Licensee. Any prepaid runtime licenses that have not been deployed at the time Licensee takes a license to a major new version of the Software will be carried forward and may be applied to Deployments of Application Software made with the major new version of the Software. Licensee will be under no obligation to update previously deployed user or client licenses with the new version of the Application Software that includes the major new version of the Software.

LEAD and Licensee have caused this Agreement to be executed in their names by the following authorized representatives.

LEAD TECHNOLOGIES, INC.

(Print Your Company Name Here)

By: _____ (SEAL)

By: _____ (SEAL)

(Authorized Signature)

Title: _____

Title: _____

Date: _____

Date: _____