

From: [REDACTED]
To: "Mike Verne (E-mail)" <mverne@nc.gov>
Date: 5/1/02 12:11PM
Subject: FMV / IP

Mike:

I have one more question with regard to the deal that I have been pestering you with this week -- the new nexus with US test. Our client not only owns patents but is also a licensee of patents, some of which grant worldwide license rights. Thus, the license covers patents issued not only by the PTO but also by other offices. Again, my client, the acquired company, is a Canadian company. Is there any existing guidance as to how one would value such IP rights for purposes of the nexus with US test? (Some licenses are exclusive and others are not).

[REDACTED]

Advised that an allocation of the value of worldwide license rights must be made to determine the value of that portion that relates to the U.S. Only the value of the U.S. portion would count toward the \$50 MM assets located in the U.S. limitation in 802.51. This would apply to both exclusive and non-exclusive licenses, even though entering into a non-exclusive licensing agreement is not a reportable event. (N. Ovuka concurs on this last point).

Bruchon
5/1/02