

## PATENT ASSIGNMENT

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SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	NUNC PRO TUNC ASSIGNMENT
EFFECTIVE DATE:	06/26/2007
CONVEYING PARTY DATA	
Name	Execution Date
DTS AZ Research, LLC	06/26/2007
RECEIVING PARTY DATA	
Name:	DTS, Inc.
Street Address:	5220 Las Virgenes Rd.
City:	Calabasas
State/Country:	CALIFORNIA
Postal Code:	91302
PROPERTY NUMBERS Total: 2	
Property Type	Number
Patent Number:	7724964
Patent Number:	7110605
CORRESPONDENCE DATA	
Fax Number:	8184361835
Phone:	818-436-1000
Email:	cody.dobson@dts.com
<i>Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent via US Mail.</i>	
Correspondent Name:	DTS, Inc./Attention Cody Dobson
Address Line 1:	5220 Las Virgenes Rd.
Address Line 4:	Calabasas, CALIFORNIA 91302
NAME OF SUBMITTER:	Gaurav K. Mohindra
Total Attachments: 7 source=Assignment#page1.tif source=Assignment#page2.tif	

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## TERMINATION AGREEMENT

This Termination Agreement (this "Agreement") is made and entered into as of June \_\_, 2007, by and among DTS, Inc., a Delaware corporation f/k/a Digital Theater Systems, Inc. ("DTS"), DTS AZ Research LLC, a Delaware limited liability company ("DTS AZ" and, together with DTS, the "DTS Parties"), Ali Bilgin, an individual ("AB"), Eric Gifford, an individual ("EG"), and Michael Marcellin, an individual ("MM" and, collectively with AB and EG, the "Founders"), with reference to the following:

A. DTS and the Founders are members of DTS AZ and are parties to that certain Limited Liability Company Agreement of DTS AZ, made as of July 1, 2004 (the "LLC Agreement");

B. The DTS Parties, the Founders, DTS AZ and DTS (BVI) Limited are parties to that certain License Agreement, made as of April 27, 2006 (the "License Agreement");

C. Each of the Founders is party to a Consulting Agreement, as such may have been amended from time to time, with DTS AZ, certain of whose obligations have been guaranteed by DTS (collectively, the "Consulting Agreements");

D. Each of the Founders is party to a Bonus Agreement with DTS AZ (collectively, the "Bonus Agreements"); and

D. The DTS Parties and the Founders desire to transfer certain rights under the LLC Agreement, terminate certain rights under the License Agreement, and terminate the Consulting Agreements and the Bonus Agreements, all upon the terms and subject to the conditions hereof.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

1. Transfer and Buy-Out of Founders' Rights Under LLC Agreement. Each of the Founders represents and warrants that he has valid, unencumbered title to all of his rights pursuant to the LLC Agreement. Each of the Founders hereby sells, transfers, assigns and sets over to DTS all of his right, title and interest pursuant to the LLC Agreement, including without limitation his "Membership Interest" therein. Each of the Founders and the DTS Parties waives compliance with the provisions of the LLC Agreement that would otherwise be applicable to the foregoing transfer. Each Founder acknowledges that, from and after the date hereof, he shall have no rights with respect to DTS AZ or the LLC Agreement, regardless of when such rights accrued. Each Founder shall continue to abide by the obligations of confidentiality contained in the LLC Agreement.

2. Resignation. EG hereby resigns his position as a member of the Management Committee of DTS AZ.

3. Termination of Founders' Rights Under License Agreement. The rights of each of the Founders pursuant to the License Agreement are hereby terminated. Each Founder

acknowledges that, from and after the date hereof, he shall have no rights under the License Agreement, regardless of when such rights accrued. Each Founder shall continue to abide by the obligations of confidentiality contained in the License Agreement.

4. Termination of Consulting Agreements and Bonus Agreements.

Each of the Consulting Agreements and each of the Bonus Agreements is hereby terminated and neither any Founder nor DTS shall have any further rights or obligations in respect thereof; provided, that, the sections of the Consulting Agreements specified therein that survive termination shall so survive.

5. Payments to Founders.

(a) DTS shall pay or cause to be paid to EG an aggregate amount of \$95,333.21, which shall be paid in seven equal installments of \$13,619.03 each, each of which shall be paid by mailing a check to EG's address indicated on the signature page hereto within ten (10) days of the last day of each calendar month commencing with June, 2007 and ending with December, 2007.

(b) DTS shall pay or cause to be paid to MM an aggregate amount of \$118,666.59, which shall be paid in seven equal installments of \$16,952.37 each, each of which shall be paid by mailing a check to MM's address indicated on the signature page hereto within ten (10) days of the last day of each calendar month commencing with June, 2007 and ending with December, 2007.

(c) DTS shall pay or cause to be paid to AB an aggregate amount of \$47,662.65, which shall be paid in seven equal installments of \$6808.95 each, each of which shall be paid by mailing a check to AB's address indicated on the signature page hereto within ten (10) days of the last day of each calendar month commencing with June, 2007 and ending with December, 2007.

6. Release by Founders. In consideration of the obligations of the DTS Parties herein and the release granted by the DTS Parties pursuant to Section 7 of this Agreement, each Founder, on behalf of himself and each of his past, present and future affiliates, attorneys, accountants and insurers, and each of the foregoing's managers, directors, officers, employees, agents, representatives, successors and assigns, releases and forever discharges, each DTS Party and each of its past, present and future affiliates, related entities, members, stockholders, owners, investors, lenders, attorneys, accountants and insurers, and each of the foregoing's managers, directors, officers, employees, agents, representatives, successors and assigns (collectively the "DTS Releasees") from any and all claims, demands, obligations, losses, causes of action, costs, expenses, attorneys' fees and liabilities whatsoever, whether based on contract, tort, statutory or other legal or equitable theories of recovery, and whether known or unknown, asserted or unasserted, which any Founder ever had, now has or may have in the future that in any way are based upon, arise out of or relate to the LLC Agreement, the License Agreement, the Consulting Agreements and the Bonus Agreements provided, that the rights of the Founders and obligations of DTS AZ under Section 10.3 (Indemnification) of the LLC Agreement shall survive this release unimpaired.

7. Release by the DTS Parties. In consideration of the release by the Founders granted pursuant to Section 6 of this Agreement, each DTS Party, on behalf of itself and each of its past, present and future affiliates, related entities, members, stockholders, owners, investors, lenders, attorneys, accountants and insurers, and each of the foregoing's managers, directors, officers, employees, agents, representatives, successors and assigns, releases and forever discharges, each Founder and each of his past, present and future affiliates, attorneys, accountants and insurers, and each of the foregoing's managers, directors, officers, employees, agents, representatives, successors and assigns (collectively, the "Founder Releasees") from any and all claims, demands, obligations, losses, causes of action, costs, expenses, attorneys' fees and liabilities whatsoever, whether based on contract, tort, statutory or other legal or equitable theories of recovery, and whether known or unknown, asserted or unasserted, which any DTS Party ever had, now has or may have in the future that in any way are based upon, arise out of or relate to the LLC Agreement, the License Agreement, the Consulting Agreements and the Bonus Agreements; provided, that the rights of the DTS Parties and obligations of the Founders under the confidentiality provisions of the LLC Agreement and the License Agreement, and the provisions of the Consulting Agreements that survive termination of such agreements, shall survive this release unimpaired.

8. Future Obligations Not Waived. Except to the extent expressly provided above, the waiver and relinquishment of rights by the DTS Parties and the Founders in connection with this Agreement shall not apply to claims, acts, demand, damages, debts, obligations, liabilities, costs, expenses, controversies, rights of action and causes of action based on any agreement entered into or conduct of, or actions taken by, any party on or after the date hereof (including, but not limited to, this Agreement, future breaches or alleged future breaches of this Agreement or any other agreement between the parties or their related entities, or any of them).

9. Consultation Regarding Encoder/Software Module. From the date hereof until December 31, 2007, each of MM and AB shall make themselves reasonably available to consult via telephone with DTS Digital Images, Inc. ("DDI") personnel regarding the Variable Bit Rate JPEG 2000 encoder/software module. MM and AB shall not be obligated to provide more than two (2) hours of phone support in any calendar month. Upon presentation of proof of payment, DTS shall reimburse MM and AB for their reasonable out-of-pocket expenses incurred in order to perform their obligations pursuant to this Section 9.

10. Consultation Regarding Patents. From the date hereof until December 31, 2007, each of the Founders shall review communications from US and foreign patent offices related to US utility application entitled "Rate Control of Scalably Coded Images", Serial No. 11/131,709 and any foreign filings based thereon and consult with DTS regarding the same. No Founder shall be obligated to provide more than two (2) hours of review for a given communication. Should additional time be warranted to prepare a response to the communications, then at the request of DTS or DDI, each of the Founders shall negotiate in good-faith financial terms to prepare such a response. Any such communications must be forwarded by DTS or DDI in a timely manner to provide a reasonable time for review and preparation of any response. Upon presentation of proof of payment, DTS shall reimburse the Founders for their reasonable out-of-pocket expenses incurred in order to perform their obligations pursuant to this Section 10.

11. Consultation with DDI. Each of MM and AB agree to negotiate in good faith with DDI regarding a potential consulting relationship above and beyond that contemplated by Sections 9 and 10 herein.

12. No Assignment. The parties to this Agreement hereby represent and warrant that they have not heretofore assigned or transferred or purported to assign or transfer to any person or entity all or any part of or any interest in any claim, contention, demand or cause of action relating to any matter released hereby. Each party agrees to indemnify and to hold harmless the parties hereby released against any claim, contention, demand, cause of action, obligation and liability of any nature, character or description whatsoever, including the payment of reasonable attorneys' fees and costs, whether or not litigation is commenced, which may be based upon or which may arise out of or in connection with any such assignment or transfer or purported assignment or transfer.

13. Confidentiality. This Agreement is strictly confidential, and the parties agree to keep this Agreement, including the subject matter and the terms, strictly confidential, and the parties shall not communicate, in any way or by any means, this Agreement, its subject matter, or its terms, or any part hereof, to any other person or entity, and each party agrees to take all necessary and appropriate actions to maintain the confidentiality of this Agreement, except: (i) to such party's shareholders, officers and directors, (ii) to such party's attorneys as needed for legal purposes, or other professional advisors with a need to know; (iii) as ordered by a court or an arbitration tribunal or competent jurisdiction; (iv) as required by applicable law; (v) to enforce such party's rights under this Agreement; (vi) pursuant to the rules and regulations of any applicable exchange or listing organization; or (vii) pursuant to a duly authorized subpoena provided, however, that if a party is required to disclose the information pursuant to clause (vii), such party shall promptly notify the other party of the requirement, order or request and cooperate with such other party in any reasonable manner requested in the event the other party elects (at its expense) to intervene in the proceeding in which the order was entered or the request for discovery made for the purpose of limiting or avoiding such disclosure by any lawful means including, but not limited to in camera review and protective order.

14. Representations. Each party hereto represents and warrants that the person executing this Agreement on its behalf has been duly authorized to take such action on behalf of such party and that this Agreement constitutes a legal, valid and binding obligation of such party, enforceable against such party in accordance with its terms.

15. Further Assurances. The parties to this Agreement shall, from time to time, promptly execute and deliver such further instruments, documents and papers and perform such further acts as may be necessary to carry out and effect the terms of this Agreement. Without limiting the foregoing, each of the Founders shall execute such agreements and instruments as DTS reasonably requests, including an amendment to the LLC Agreement, to evidence that DTS is the sole member of DTS AZ. The Founders may retain the property of DTS and its affiliates in their possession; provided, that, such property shall be returned or destroyed as DTS may request upon the earlier of demand by DTS and the conclusion of the consulting services contemplated by this Agreement. DTS shall reimburse the Founders for their reasonable, documented expenses incurred in returning such property in accordance with DTS' instructions.

16. Miscellaneous Provisions.

(a) Successors and Assigns; Third Party Beneficiaries. This Agreement is binding upon and shall inure to the benefit of the parties hereto and their respective assignors, predecessors in interest, successors, assigns, heirs and personal representatives. Nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any persons other than (i) the parties to this Agreement and their respective successors and assigns, (ii) the persons identified in Sections 6 and 7 hereof, and (iii) DDI, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third persons to any party to this Agreement. No party may assign this Agreement or its rights or obligations hereunder without the prior written consent of the other party; provided, that, this Agreement may be assigned to an affiliate of a DTS Party (which assignment, however, shall not relieve the DTS Party from the obligation to pay the amounts contemplated by Section 5 if such payment is not made by the assignee).

(b) Attorneys' Fees. Should any party to this Agreement institute any action or proceeding (including, without limitation, any arbitration proceeding) to enforce any provision hereof, or for damages by reason of any alleged breach of any provision of this Agreement, or for a declaration of such party's rights or obligations hereunder, or for any other judicial remedy, the prevailing party shall recover from the losing party all attorneys' fees, costs and expenses actually paid by the prevailing party to its attorneys for the services rendered the party prevailing in any such action or proceeding.

(c) Notice; Cure. No Founder shall be deemed to be in breach of his obligations pursuant to Section 9 or Section 10 unless DTS shall have first provided such Founder with written notice of an alleged breach and provided such Founder ten (10) days within which such Founder may attempt to cure such breach.

(d) Waiver; Amendment. No provision in this Agreement may be waived unless in writing signed by all parties to this Agreement. Waiver of any one provision shall not be deemed to be a waiver of any other provision. This Agreement may be modified or amended only by a written agreement executed by all of the parties to this Agreement.

(e) Severability. If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid or unenforceable, in whole or in part, the remaining provisions, and any partially invalid or unenforceable provisions, to the extent valid and enforceable, shall nevertheless be binding and valid and enforceable. Notwithstanding the foregoing severability provision, the parties reserve the right to rescind this Agreement in the event that a court of competent jurisdiction holds that a provision of this Agreement is unenforceable, in whole or in part, provided that such unenforceability constitutes a material failure of consideration for the parties to this Agreement entering into this Agreement.

(f) Entire Agreement. This Agreement contains the entire agreement and understanding among the parties hereto with respect to the subject matter hereof, and supersedes any and all prior oral and written agreements and understandings with respect to such subject matter. No party may rely on any representation, warranty, condition, understanding or

agreement of any kind with respect to the subject matter hereof other than those contained herein.

(g) Governing Law; Venue. This Agreement shall be construed in accordance with the internal laws of the State of California, without regard to the conflicts of laws principles thereof. Any and all legal proceedings to enforce this Agreement shall be brought in the state or federal courts sitting in Los Angeles, California, the parties hereto hereby waiving any claim or defense that such forum is not convenient or proper. Each party hereby agrees that any such court shall have in personam jurisdiction over it and consents to service of process in any manner authorized by California law.

(h) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which, together, shall be deemed to constitute a single document.

(i) Advice of Counsel. Each party hereto acknowledges and represents that it has read and understood the terms of this Agreement and that it has sought and received the legal advice of its attorneys in connection with its execution of this Agreement.

(j) Costs and Expenses. Except as provided in Section 9, Section 10 and Section 16(b) above, each party shall be responsible for its costs and expenses incurred in connection with this Agreement.

(k) Construction. When necessary herein, all terms used in the singular shall apply to the plural, and vice versa; and the present tense shall include the past and future tense, and vice versa. The language in all parts of this Agreement shall in all cases be construed simply, according to its fair meaning, and not strictly for or against any of the parties hereto. Without limitation, there shall be no presumption against any party on the ground that such party was responsible for drafting this Agreement or any part thereof.

[Remainder of this page left blank; signature page follows]



IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first set forth above.

DTS, INC.



By: Jon E. Kirchner  
Its: Jon E. Kirchner

DTS AZ RESEARCH LIMITED

By: Jon E. Kirchner  
Its: \_\_\_\_\_

Ali Bilgin 6/26/2007

Ali Bilgin

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Tucson, Arizona 85712

Eric Gifford 6-26-07  
Eric Gifford

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