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Xperi Announces Procedural Ruling in Samsung ITC Investigation

SAN JOSE, Calif.--(BUSINESS WIRE)-- Xperi Corporation ("Xperi" or the "Company") announced today that an Administrative Law Judge ("ALJ") at the U.S. International Trade Commission ("ITC") issued a procedural ruling in the ITC investigation against Samsung Electronics, Co., Ltd. and certain of its affiliates ("Samsung") appearing to terminate the ITC investigation, subject to a reversal by the full Commission. The ITC investigation involves two of the twenty-four patents at issue in the Company's legal proceedings against Samsung for patent infringement.

Samsung claims it is licensed to the two patents at issue in the ITC investigation through an agreement that it had previously entered into with the original owner of the patents, Matsushita Electric Industrial Co., Ltd. ("Matsushita"). Samsung moved to terminate the investigation on the basis that, due to the existence of an arbitration clause in that agreement, its license defense first has to be decided in arbitration rather than in the ITC. The ALJ granted Samsung's motion, and the Company plans to appeal the ruling to the full Commission. The Company believes it should not be subject to the arbitration clause because, among other things, it is not a party to the Samsung-Matsushita agreement.

"This appears to be a procedural ruling on venue, and not a decision on the merits of Samsung's license defense," said Jon Kirchner, the Company's CEO. "While this may put off our ITC trial unless it is reversed, our other cases against Samsung are proceeding on schedule and will be heard beginning in the first quarter of 2019. Importantly, this decision has no impact on our 2018 billings guidance as our current guidance assumed no resolution of the outstanding Samsung legal matters."

The ITC docket entry includes only a brief summary of the ALJ's Initial Determination ("ID"). The parties and their counsel have not yet received the ID, which is subject to confidentiality restrictions. Thus, no further details on the substance of the decision, including details about the scope of the ALJ's ruling, are available at this time. After the Company's counsel receives the ID, the Company will determine whether further comment on the decision is appropriate.

The ITC investigation is one of multiple legal proceedings that remain pending between the Company and Samsung. In addition to the ITC investigation and a parallel civil action in the U.S. District Court for the District of New Jersey, the Company's other outstanding proceedings include:

Invensas Corporation v. Samsung Electronics Co., Ltd., et al., Civil Action No. 2:17-cv-00670 (U.S. District Court, Eastern District of Texas), alleging infringement of five patents relating to semiconductor processing and ball grid array packaging technologies. The patents at issue are U.S. Patent Nos. 6,849,946; 6,232,231; 6,054,336; 6,566,167; and 6,825,554.

FotoNation Limited, et al v. Samsung Electronics Co., Ltd., et al., Civil Action No. 2:17-cv-00669 (U.S. District Court, Eastern District of Texas), alleging infringement of eight patents relating to imaging technologies. The patents at issue are U.S. Patent Nos. 8,254,674; 8,331,715; 7,860,274; 7,697,829; 7,574,016; 7,620,218; 7,916,897; and 8,908,932.

Invensas Corporation v. Samsung Electronics Co., Ltd., et al., Civil Action No. 1:17-cv-01363 (U.S. District Court, District of Delaware), alleging infringement of two patents relating to semiconductor processing technologies. The patents at issue are U.S. Patent Nos. 6,849,946 and 6,232,231.

Invensas Bonding Technologies, Inc. v. Samsung Electronics America, Inc., et al., Civil Action No. 1:17-cv-07609 (U.S. District Court, District of New Jersey), alleging infringement of six patents relating to the Company's semiconductor bonding technologies. The patents at issue are U.S. Patent Nos. 7,553,744; 7,807,549; 7,871,898; 8,153,505; 9,391,143; and 9,431,368.

Tessera Advanced Technologies, Inc. v. Samsung Electronics Co., Ltd., et al., Civil Action No. 2:17-cv-00671 (U.S. District Court, Eastern District of Texas), alleging infringement of two patents relating to wafer level packaging: U.S. Patent Nos. 6,512,298 and 6,852,616. Samsung filed a similar motion to stay this action, based on the same arbitration clause in the Samsung-Matsushita agreement.

Tessera Advanced Technologies Inc. vs. Samsung (China) Investment Co., Ltd. et al., Case No. unset (Beijing High Court, People's Republic of China), alleging infringement of Chinese Patent No. 02155954.6 relating to the Company's wafer level packaging technology.

About Xperi Corporation

Xperi Corporation (Nasdaq: XPER) and its brands, DTS, FotoNation, HD Radio, Invensas and Tessera, are dedicated to creating innovative technology solutions that enable extraordinary experiences for people around the world. Xperi's solutions are licensed by hundreds of leading global partners and have shipped in billions of products in areas including premium audio, broadcast, automotive, computational imaging, computer vision, mobile computing and communications, memory, data storage, and 3D semiconductor interconnect and packaging. For more information, please call 408-321-6000 or visit www.xperi.com.

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Safe Harbor Statement

This press release contains forward-looking statements, which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve risks and uncertainties that could cause actual results to differ significantly from those projected, particularly with respect to the Samsung legal proceedings and our 2018 guidance. Material factors that may cause results to differ from the statements made include the plans or operations relating to the businesses of the Company; market or industry conditions; changes in patent laws, regulation or enforcement, or other factors that might affect the Company's ability to protect or realize the value of its intellectual property; the expiration of license agreements and the cessation of related royalty income; the failure, inability or refusal of licensees to pay royalties; initiation, delays, setbacks or losses relating to the Company's intellectual property or intellectual property litigations, or invalidation or limitation of key patents; fluctuations in operating results due to the timing of new license agreements and royalties, or due to legal costs; the risk of a decline in demand for semiconductors and products utilizing our audio and imaging technologies; failure by the industry to use technologies covered by the Company's patents; the expiration of the Company's patents; the Company's ability to successfully complete and integrate acquisitions of businesses; the risk of loss of, or decreases in production orders from, customers of acquired businesses; financial and regulatory risks associated with the international nature of the Company's businesses; failure of the Company's products to achieve technological feasibility or profitability; failure to successfully commercialize the Company's products; changes in demand for the products of the Company's customers; limited opportunities to license technologies due to high concentration in applicable markets for such technologies; the impact of competing technologies on the demand for the Company's technologies; pricing trends, including the Company's ability to achieve economies of scale; and other developments in the markets in which the Company operates, as well as management's response to any of the aforementioned factors. You are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date of this release.

The foregoing review of important factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included herein and elsewhere, including the Risk Factors included in the Company's recent reports on Form 10-K and Form 10-Q and other documents of the Company on file with the Securities and Exchange Commission (the "SEC"). The Company's SEC filings are available publicly on the SEC's website at www.sec.gov. Any forward-looking statements made or incorporated by reference herein are qualified in their entirety by these cautionary statements, and there can be no assurance that the actual results or developments anticipated by the Company will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company or its business or operations. Except to the extent required by applicable law, the Company undertakes no obligation to update publicly or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.

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