

EXHIBIT 2

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Apple, HTC Settle Patent Dispute, Sign Licensing Pact

By IAN SHERR

[Apple](#) Inc. and [HTC](#) Corp. announced a broad ten-year licensing agreement that settles all of the lawsuits between the companies around the world.

The two companies said late Saturday that the agreement covers current and future patents for both firms. More specific terms of the deal weren't disclosed.

"HTC is pleased to have resolved its dispute with Apple, so HTC can focus on innovation instead of litigation," Peter Chou, HTC's chief executive, said in a statement.



A supplier to Apple said it is shipping fewer iPhone 5s because of design-related production difficulties. The WSJ's Yun-Hee Kim talks with Taipei bureau chief Aries Poon about how shipping delays are dragging down Apple's share price.

Tim Cook, Apple's chief executive, also expressed relief in a statement. "We will continue to stay laser focused on product innovation," he said.

An Apple spokesman declined to comment further about the agreement. An HTC spokeswoman also declined to provide specifics of the deal but said the company doesn't expect the license agreement to have an adverse material impact on the company.

The broad patent deal comes after HTC suffered several legal setbacks, such as a decision in the U.S. International Trade Commission that said Apple's

iPhone and iPad mobile devices had not infringed HTC's patents. The Taiwanese handset maker had put a lot of effort into its litigation, including a \$300 million cash acquisition of S3 Graphics Co., which HTC said was purchased with the intention of using that company's patents in its continuing legal battles. In a separate case, the ITC found HTC's phones infringed Apple's patents.

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HTC warned last month its revenue and margins will likely decline in the fourth quarter.

"The settlement is positive for HTC because the patent suits have been a major overhang and

uncertainty on its share price," said Daiwa analyst Birdy Lu. "I believe HTC is likely to make payments to Apple even if what both agreed is of cross-licensing nature because Apple's patent portfolio is much stronger than HTC."

In striking the settlement, HTC joins [Nokia](#) Corp. as the latest handset maker to have settled litigation with Apple. Nokia's settlement, announced last summer, included a payment from Apple.

The settlement comes as Apple has become an epicenter of a global patent war among industry titans, including [Samsung Electronics](#) Co. and [Google](#) Inc.'s [Motorola](#) handset unit.

Apple was asked several times to attempt a settlement with Samsung during its high-profile case in a California court several months ago. Heads of both firms held talks, but they were unable to strike a deal. Apple ultimately won the case, with a jury awarding it \$1 billion in damages. Samsung said it would appeal that decision.

Mr. Cook has expressed interest in settling those cases as well, on conference calls and in interviews, but so far neither Apple nor its remaining courtroom opponents have been able to reach agreements.

"I don't think the pact with HTC implies Apple is going to do a similar settlement with Samsung," said RBS analyst Wanli Wang. Mr. Wang said Apple likely settled with HTC because it "no longer considers HTC a threat, but Samsung is a big and major competitor, so I don't think Apple will go easy on it."

—Aries Poon in Taipei contributed to this article.

Write to Ian Sherr at ian.sherr@dowjones.com

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