

April 9, 2008

## **FUNAI ELECTRIC AND PHILIPS ENTERS INTO BRAND LICENSE AGREEMENT IN PERSPECTIVE TO TRANSFER NORTH AMERICA-BASED TV ACTIVITIES TO FUNAI**

Funai Electric Co., Ltd. (TSE/OSE 6839) today announced to enter into a brand licensing agreement in perspective with Royal Philips (AEX:PHI, NYSE:PHG) under which Funai will assume responsibility for the sourcing, distribution, marketing and sales activities of Philips' consumer television business in the United States and Canada. The five-year minimum agreement takes effect September 1, 2008 and stipulates Funai will pay royalty payments in exchange for Funai's right to exclusively use the Philips and Magnavox brand names for the TV offering in North America during this period. Completion of this intended agreement is subject to any mandatory governmental regulatory approvals.

Funai already distributes televisions under various brands and has been well recognized as a leading supplier by retailers who currently carry Philips televisions.

Funai has an 18 year amicable working relationship with Philips and is confident through this agreement to implement this new model for both Funai and Philips' television business in North America.

Funai will be licensed on condition of compliance with Philips requirements on brand use, product quality, product design and provision consumer care. It will have access to Philips' world-class Research and Design experts to ensure Philips televisions deliver continuous innovation to consumers in both technology and form.

The affect on the forecast of fiscal year 2008 operating results ending in March 2009 from this agreement is currently under scrutinizing and will be publicly disclosed in a conclusive manner in due course.

#### Overview of Funai

- (1) Funai Electric Co., Ltd.
- (2) Major Business Operations: Manufacture and sales of electrical equipment and machinery
- (3) Date of establishment: August 9, 1961
- (4) Location of Registered Head Office: Daitoh City, Osaka Prefecture, Japan
- (5) Executive officer: President and CEO, Tetsuro Funai
- (6) Capital: 31,278 million yen
- (7) No. of employees: Non-consolidated; 1,213  
Consolidated; 15,296 (domestic:1,838, overseas:13,458\*)  
\* includes 12,330 contract manufacturing factory employees

#### Overview of Philips

- (1) Royal Philips Electronics
- (2) Major Business Operations: Healthcare, Lighting and Consumer Lifestyle.
- (3) Establishment: 1891
- (4) Location of Registered Head Office: Amstelplein 2, Breitner Center, P.O. Box 77900, 1070 MX, Amsterdam, The Netherlands
- (5) Executive officer: President and CEO, Gerard Kleisterlee
- (6) Capital: 21,684 million euro
- (7) No. of employees: 123,800

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