

July 23, 2012

To Whom It May Concern:

Funai Electric Co., Ltd.  
Representative Director  
President and CEO: Tomonori Hayashi  
(Code No.: 6839 First Section of TSE/OSE)

**Funai Announces P&F USA to enter into a distribution agreement with Philips,  
for Philips branded Audio and Accessories products in North America**

Royal Philips Electronics and Funai Electric Co., Ltd. (TSE/OSE 6839) of Japan have entered into a distribution agreement under which P&F, the North American affiliate of Funai for the Philips brand, will assume responsibility for the distribution of Philips designed and developed Lifestyle Entertainment products in the United States and Canada.

The agreement will take effect September 1, 2012 and stipulates that P&F will be the sole distributor for Philips Audio and Accessories products in the U.S. and Canada including headphones, docking speakers, portable audio and video, and other accessories.

This business model leverages Philips' innovation power with Funai's strong trade relationships, and comes as a natural progression to P&F's current Philips licensing agreement to market TV (retail and hospitality) and video in North America.

"This new agreement further solidifies Funai's relationship with Philips and is an example of how we can work together to grow the Philips brand in North America," said Hayashi President / CEO Funai Electric. "We continually strive to bring innovation to the marketplace and adding these exceptional CE products to our marketing portfolio will allow us to continue to deliver above and beyond our customers' expectations. We look forward to working together with Philips on this endeavor and to continue to grow this part of the business."

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