

October 26, 2013

To Whom It May Concern:

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

**Notice regarding global licensing agreement for Philips Audio, Video,
Multimedia and Accessories business**

Osaka Japan - As announced by Funai Electric Co., Ltd. (headquarters: Daito, Osaka; hereinafter, "Funai") on January 29, 2013 in "Notice of Acquisition of Lifestyle Entertainment Businesses of PHILIPS ", Funai reached an agreement (hereinafter, the "SPA") with Royal Philips (headquarter: the Netherlands; NYSE: PHG; AEX: PHIA; hereinafter, "PHILIPS") to acquire from Philips all shares in a company that will hold the operations of the PHILIPS' Lifestyle Entertainment Business.

However, Funai received notice from PHILIPS on October 25, 2013 that Philips will terminate the SPA. At the same time Philips informed Funai that it will take legal action to recover damages caused by an alleged breach of contract by Funai and that it will submit a request for arbitration at the International Court of Arbitration (ICC).

In response, Funai states that there is no such breach of the SPA and that Funai at all times has respected and continues to respect the terms and conditions of the SPA.

This development will not impact Funai's existing agreements with PHILIPS in North America and Mexico.

The Company will make further disclosures when required.

Toru Fujii

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