

May 20, 2014

To Whom It May Concern:

Funai Electric Co., Ltd.  
Representative Director  
President and CEO: Yoshikazu Uemura  
(Code No.: 6839 First Section of TSE)

## Notice regarding filing of petition for arbitration against Funai Electric Co., Ltd. (Update on previously disclosed matter)

**Osaka, Japan**— As announced previously, Funai Electric Co., Ltd. (headquarters: Daito, Osaka; hereinafter, “Funai”) has been filed a petition for arbitration by Koninklijke Philips N.V. (hereinafter, “Philips”) as described below, and Funai has filed against Philips a petition for counterclaim for compensatory damages. Funai hereby announces today that on May 20, 2014 it received notice from Philips of the amount of claim for compensatory damages.

### Details

#### 1. Seat of arbitration, etc.

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|-----|----------------------|--|
| (1) | Seat of arbitration: | Amsterdam, the Netherlands                                 |
| (2) | Arbitration rules:   | Arbitration rules of the International Chamber of Commerce |
| (3) | Governing law:       | The law of the Netherlands                                 |
| (4) | Date of petition:    | October 25, 2013 (Netherlands time)                        |

#### 2. Parties

##### (1) Petitioner of arbitration

Name: Koninklijke Philips N.V.

Location: Eindhoven, the Netherlands

Title & name of representative: Chief Executive Officer Frans van Houten

##### (2) Petitioner of counterclaim

Funai Electric Co., Ltd

#### 3. Background and details of filing for arbitration

Funai and Philips signed a share purchase agreement on January 29, 2013 under which Funai would acquire from Philips all shares in a company that would hold the Lifestyle Entertainment Business of Philips.

Philips alleged that Funai was in breach of contract, and a petition for arbitration was subsequently filed by Philips against Funai claiming compensation for damages incurred by Philips due to such alleged breach. As is clear from its previous press releases dated December 6, 2013, Funai strongly rejects this

claim for damages. Funai holds the opinion that it was not Funai but rather Philips who was in breach of contract. Funai therefore filed a counterclaim for compensatory damages in regard to the damage incurred by Funai due to the breach of contract by Philips.

#### **4. Amount of Claim filed by Philips**

EUR 171.8M, statutory interest and arbitration costs (As announced in the “Notice regarding filing of petition for arbitration against Funai Electric Co., Ltd.” dated November 8, 2013, as Funai didn’t receive the amount of claim from Philips at the time of petition of arbitration by Philips, today Funai received it.)

#### **5. Future outlook**

The amount of claim filed by Philips is based on the individual and biased views of Philips and is not an amount that has been judged as valid through the arbitration procedures. Funai rejects the entire claim as well as the amount of this claim.

As stated above, Funai has filed a petition for counterclaim in regard to the damage incurred by Funai, and Funai, as instructed by the arbitral tribunal, intends to substantiate and quantify this counterclaim by October 2014 after calculation of the damage incurred by Funai.

Funai will promptly make further disclosures with respect to any new matters concerning this arbitration when required.

For further information, please contact  
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