

## *Press Release*



January 28, 2004

To Whom It May Concern:

**Funai Electric Co., Ltd.**

Representative: Tetsuro Funai, President and CEO

(Code No. : 6839 1st section of TSE/OSE)

Inquires: Mutsuo Takei, General Manager

Investor/Public Relations Department

(Tel: 81-72-870-4395)

**Announcement of equity investment by Funai Electric Co. Ltd.(Osaka, Japan) in TeraRecon, Inc.(San Mateo CA U.S.A.) and closing of an agreement with the company related to the development of a digital imaging microprocessor and software environment for consumer electronics products.**

In December 2003, Funai Electric Co. Ltd. acquired a significant portion of TeraRecon's equity and entered into an agreement with the company related to the development of a digital imaging microprocessor and software environment for the consumer electronics and digital imaging field. The planned processor will utilize the unique strength and rich feature set of TeraRecon's flagship HISC processor "XTrillion(R)".

Funai Electric Co. Ltd. purchased stocks of 1.5 million shares (equivalent to 7.6% to the outstanding shares for approximately 2 billion yen) and became the company's second largest share shareholder.

The agreement between Funai Electric Co. Ltd. and TeraRecon, Inc. describes how TeraRecon will develop and provide a digital imaging processor and software environment for use in consumer electronics devices featuring imaging processing. Under the terms of this agreement, Funai Electric Co. Ltd. is granted an exclusive right to use TeraRecon's flagship HISC processor "XTrillion(R)" in consumer digital display and imaging products.

The advanced digital image processing technologies developed by TeraRecon, Inc. for demanding advanced diagnostic medical imaging applications is expected to create a totally new class of consumer digital electronics equipment based on a new processor with the working title "FTrillion".

Funai Electric Co. Ltd. is to utilize the new processor in the company's next generation of consumer digital imaging equipment including large-format plasma displays, expected as early as in 2005.

**About TeraRecon, Inc.**

TeraRecon, Inc. is a technology-driven provider of advanced imaging systems and solutions for industrial and medical applications, with solutions based on its unique and

patented image processing technologies. The company has developed a leading portfolio of products that advance the performance, quality, functionality, and integration of image processing and 3D visualization systems. Founded in 1997, TeraRecon has developed a unique family of powerful processors that are used in its real time diagnostic workstations, network-attached streaming servers, high performance CT and Ultrasound reconstruction and image processing engines, and real time volume rendering hardware engines. TeraRecon is a fast growing, privately held company with headquarters in San Mateo, CA, and branch offices in Concord, MA, and Tokyo, Japan.

| [CLOSE](#) |