

October 2, 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 arbitration statement including indication of amount of damages claimed against Philips (Update on previously disclosed matter)

Osaka, Japan – Funai Electric Co., Ltd. (headquarters: Daito, Osaka; hereinafter, “Funai”) hereby announces today that in the course of its arbitration proceedings with Koninklijke Philips N.V. (hereinafter, “Philips”), Funai filed a statement with the International Court of Arbitration (ICC) on October 1, 2014 (Netherlands time) that includes an indication of the amount of compensatory damages claimed against Philips.

### 1. Content of Funai’s statement

On October 1, 2014, Funai filed with the International Court of Arbitration (ICC) a statement which, in summary, contains the following matters:

- (i) Funai’s arguments against Philips’ claim (namely, that it was not Funai but rather Philips who was in breach of contract, and so Philips’ act of terminating the contract and claiming damages against Funai should be rejected);
- (ii) Funai’s arguments related to its counterclaim against Philips (such as that Philips invalidly terminated the contract and consequently the Lifestyle Entertainment Business did not transfer to Funai and Funai was unable to realise the contemplated synergies); and
- (iii) an indication of the amount of compensatory damages claimed in such counterclaim, consisting of EUR 312.3M (equivalent to JPY 43.1B when converted at EUR 1 to JPY 138), the amount of tax payable, contractual interest and arbitration costs.

### 2. Background and details of arbitration and filing of Funai’s statement

As announced previously, 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 Request for Arbitration was subsequently filed by Philips on October 25, 2013. Funai filed a petition for counterclaim against Philips for compensatory damages on December 6, 2013. After that, Funai received notice from Philips on May 20, 2014 of the amount of claim for compensatory damages as EUR 171.8M (equivalent to JPY 23.7B when converted at EUR 1 to JPY 138) plus statutory interest and arbitration costs. Now Funai has submitted a statement that includes an indication of the amount of compensatory damages claimed against Philips.

### 3. Future outlook

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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