

Philips and TPV entered into definitive agreement to create world's leading display manufacturer

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Royal Philips Electronics and TPV Technology Limited today announced they have signed a definitive agreement for the sale and transfer of certain Philips' monitor and entry level flat screen television business to TPV. This is an important milestone in a process that TPV and Philips initiated with the signing of a Letter of Intent on December 16, 2004, which expressed both parties' intention to enter into this transaction. The completion of the transaction remains subject to all relevant regulatory and other approvals.

As per the definitive agreement, TPV will take over Philips' existing OEM monitor business as well as the manufacturing of monitors and entry level Flat TV products that Philips will continue to market and sell under its own brand. Philips is contributing assets and resources to TPV relating to these activities. The combination of TPV and Philips' monitor and entry level Flat TV business will create a global leader in the monitors and Flat TV assembly market. TPV will become the world's largest PC monitor manufacturer with annual volume well exceeding 35 million units.

The businesses transferred from Philips to TPV amount to approximately USD 2 billion or EUR 1.6 billion at current exchange rates. This number includes the transfer of EUR 750 million sales on OEM Monitor business to TPV. The remaining EUR 850 million is related to the outsourcing of Philips branded monitor and Flat TV

products. Philips will become a substantial shareholder of TPV. Philips and TPV have agreed that Philips' contribution to TPV represents and is valued at 30% of the enlarged market capitalization of TPV to be settled by 15% newly issued shares in TPV and the remaining value by way of a convertible bond.

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