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Press release

New Venture Partners closes venturing deal with Philips Research and launches new business

New Venture Partners (NVP), the corporate venturing firm, today announced that it had closed a partnership deal with Philips Research, the research business of Philips Electronics Nederland B.V, Europe's largest electronics company, to identify and create spin-off businesses based on technology from Philips Research's global network of laboratories.

Under the partnership, NVP will carry out end-to-end internal-venture development through spin-off and guidance of new ventures. Also announced today is the first business to be developed under the partnership. This business is based on Philips' electrowetting technology for vastly improved display screens for mobile applications such as PDAs, mobile phones and video cameras.

NVP's corporate venturing model is becoming increasingly important to R&D laboratories worldwide where the potential for extracting much more value from research is just being recognised. Under this exclusive relationship with NVP, that makes NVP the primary route for venture-backed spin offs from Philips Research, Philips will provide NVP with access to its researchers and their inventions, and the ability to grow and spin-off ventures based on Philips research. NVP will provide the funds needed to develop the ventures whilst growing them inside Philips prior to wider venture financing. NVP will open an office at the High Tech Campus Eindhoven, complementing Philips' strategy of opening the site to third parties.

The electrowetting venture will commercialise technology for highly reflective, full-colour, full-video displays. Electrowetting is a novel application of well-known and basic materials; no exotic material science is required. In contrast to traditional displays, an electrowetting display is dramatically brighter whilst consuming less power, features

that are critical for mobile devices such as mobile phones, digital cameras, and video cameras which are used outdoors as well as indoors. These initially targeted market segments represent a multi-billion dollar annual revenue opportunity.

The partnership with NVP will benefit Philips by creating value from innovations that Philips determines not to pursue as part of the company's business strategy, product portfolio, or distribution channels. The partnership will provide Philips with a tool to create and manage spin-off ventures and to realise value from many more technologies than previously possible while maintaining corporate focus on its primary markets and objectives.

NVP has a similar partnership with British Telecommunications plc (BT), which gives it exclusive rights to technology-based BT venture spin-outs. To date that partnership has resulted in the creation of new ventures that include: Azure Solutions Ltd., Vidus Ltd. (acquired by NASDAQ-listed @Road), Evolved Networks Ltd, Psytechnics and iO based in the UK and Microwave Photonics Inc based in California. Its partnership with Lucent has borne a range of successful spin-outs including: iBiquity Digital, Flarion, Vallent (formerly Watchmark-Comnitel), LPSS (now Intrado), Celiant (now part of Andrew Corp.) and Internet Photonics (now part of Ciena).

“In research you need to have a long-term planning in creating and developing new technologies in anticipation of future trends and applications, which in due time may fall outside of the scope of Philips strategy,” says Rick Harwig, CEO of Philips Research “Together with NVP we will be able to commercialise these promising technologies and turn them into viable businesses for the benefit of Philips and our innovation ecosystem.”

Andrew Garman, managing partner of NVP, said: “NVP is delighted to be associated with Philips; it has long been a rich source of innovation that has shaped our modern world. Philips fits perfectly with NVP's strategy of working with corporate partners to commercialise their research through the creation of venture-backed technology start-ups.

“We are also pleased to kick off our partnership with a new business based on electrowetting displays. We believe that this technology has significant potential to be a major force in the display industry and to return substantial value to Philips through utilisation of an advanced technology that did not otherwise fit its business strategy. We have already identified a number of other exciting technologies that are suitable for creating new ventures.”

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About New Venture Partners (NVP)

NVP is a venture capital firm recognized as a leader in the field of corporate spin-outs. Since March 1997, NVP has developed and invested in over 40 portfolio companies that resulted from the spin-out of technologies from its corporate partners including Lucent/Bell Labs and British Telecommunications, amongst others. Recent successes include iBiquity Digital, Flarion, Vallent (formerly Watchmark-Commitel), LPSS (now Intrado), Celiant (now part of Andrew Corp.), Internet Photonics (now part of Ciena), Vidus, (now part of @Road) and Azure Solutions. For further information, see www.nvpllc.com.

Further information

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Background information on electrowetting technology can be found at:

<http://www.research.philips.com/technologies/display/electrowetdisp/index.html>

High resolution images can be found at:

<http://www.research.philips.com/newscenter/pictures/display-electrowetting.html>