

Castelfranco Veneto, 26 October 2004

Subject: Philips branding of products to be discontinued

Dear Customer,

As you may be aware, when Fracarro acquired the Philips SMATV division in May 2002, the agreement between ourselves and Koninklijke Philips Electronics N.V. authorised us to be a licensee of the Philips brand for two and a half years.

This agreement expires on 24 November 2004, so from this date Fracarro will no longer sell Philips branded products.

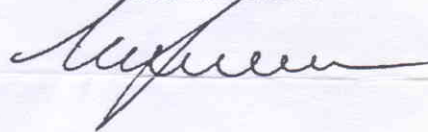
Consequently, during the next few weeks the new SMATV catalogue number 147 as well as new brochures and advertising material will be available.

This material is to replace any past literature relevant to products with the Philips logo which from 24 November 2004 we will all be unable to use.

We would like to take this opportunity to wish you all the best in the future.

Best regards.

Fracarro Radioindustrie S.p.A.  
Chief Executive Officer  
Nello Genovese



**FRACARRO RADIOINDUSTRIE S.p.A.**  
Via Cazzaro 3 - 31033 Castelfranco Veneto (TV)  
Tel. 0423/7361, Telefax 0423/736220  
info@fracarro.com - www.fracarro.com

Capitale Sociale € 5.000.000 int. vers.  
Reg. Trib. TV nr. 16634 - C.C.I.A.A. nr. 158938 TV  
Codice Fiscale e partita IVA 01618210262.