

Fiscal 2010 Operating Results

May 10, 2011

Funai Electric Co., Ltd.

Security code 6839

I. Future Basic Policy

1. Summary of Fiscal 2010 (April 2010 to March 2011)
2. Forecast of Fiscal 2011 (April 2011 to March 2012)
3. Business Environment
4. Key Issues
5. Basic Measures
 - (1) Re-strengthening the Management Base
 - (2) Driving Force for Growth Strategy

1. Summary of FY2010 (April 2010 to March 2011)

(100 million yen)

	Original Forecast		Revised Forecast (January 31, 2011)		Results
Net Sales	3,500	→	2,950	→	2,959
Operating Income (Margin)	130 (3.7%)	→	10 (0.3%)	→	7 (0.3%)
Average USD-JPY Exchange Rate	90.00		85.38		85.21

Summary

**Significant down from original forecast
mainly due to slump of TV business**

2. Forecast of FY2011 (April 2011 to March 2012)

(100 million yen)

	FY2009 Results		FY2010 Results		FY2011 Forecast
Net Sales	3,149	→	2,959	→	3,100
Operating Income (Margin)	111 (3.5%)	→	7 (0.3%)	→	80 (2.6%)
Average USD-JPY Exchange Rate	92.60		85.21		83.00

3. Business Environment

Economic Trend (U.S. Market)

- Personal consumption inched up thanks for policy supports or stock market rise by Fed's quantitative easing
- Long slump of housing market, high jobless rate, steep rise of gas price
⇒ Consumption ongoing forward has been unclear left

Industry Trend

- Progress of AV equipment into IT and networking enabled
⇒ Shortened of product life cycle · rapid sales price down
- Rise of EMS/ODM
- Enlarging demand in BRICs and other emerging market

Speedy response to rapidly changing business environment

4. Key Issues in FY 2011

The Company's 50th anniversary

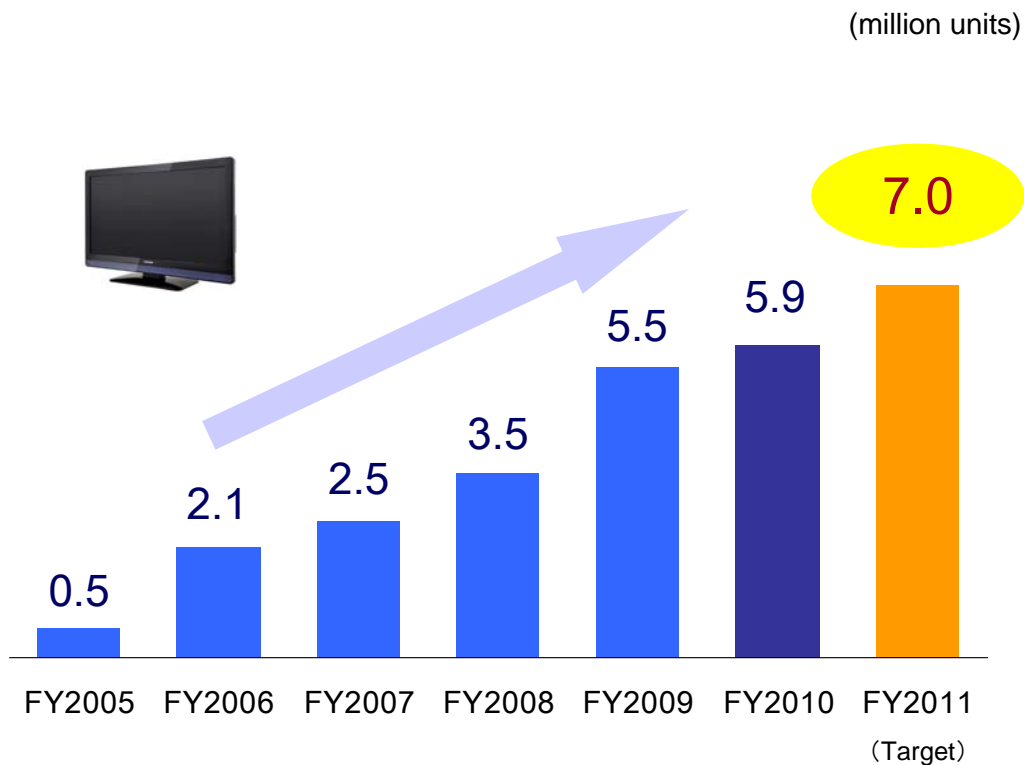
The one-year turnaround a foothold in the new 50

The most focusing key issue



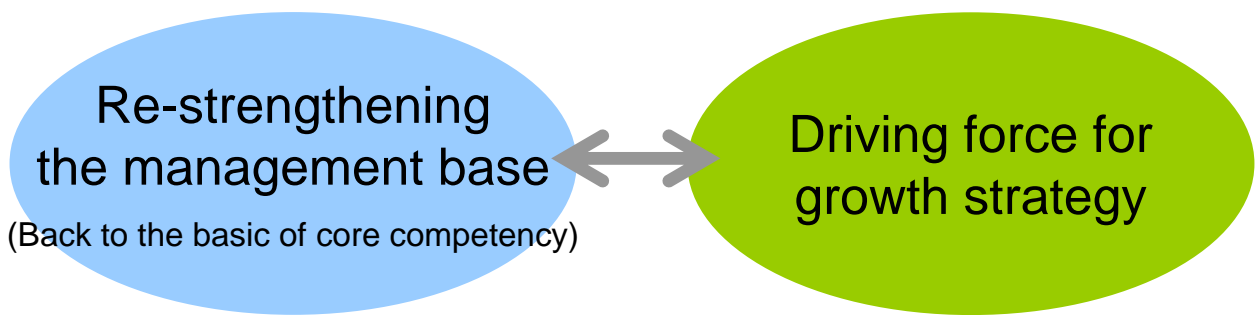
Re turnaround of TV business

Thoroughly put to boost the survival of the business



5. Basic Measures

- 1. Promotion of viable products bolstered by speedy management
- 2. Thoroughly pursue for cost competitiveness

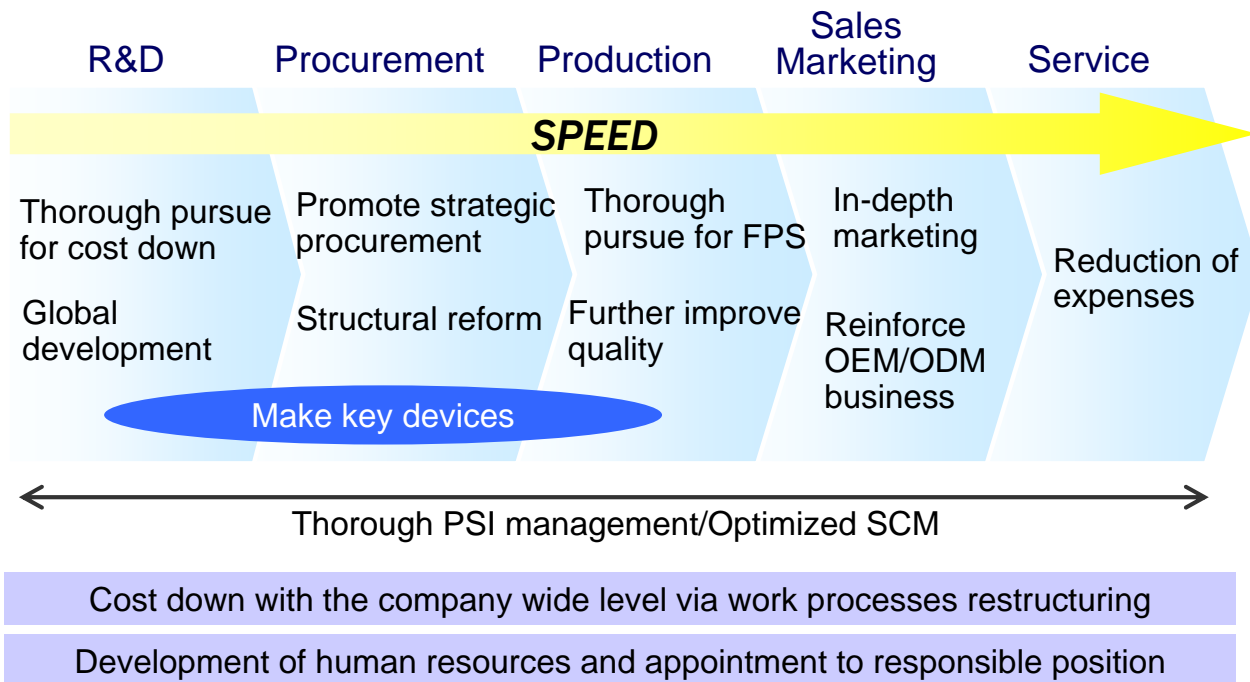


Running organization reforms aimed at strengthening and streamlining business

Execution of measures to improve sales/profitability for mid to long term growth

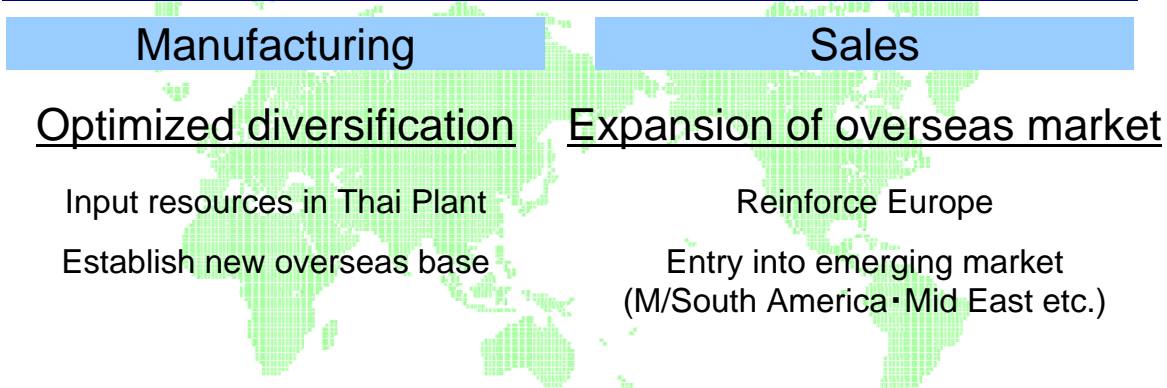
5.(1) Re-strengthening the Management Base

Strongly promote competitiveness with all-out effort



5.(2) Driving Force for Growth Strategy

Promote global manufacturing · sales structure



Further necessity measures for new business plan

- Networking · telecom areas
 - Cable TV related
 - Devices · components
 - New technology for next generation
- Proactive stance on strategic alliance / M&A

II . Outline of Operating Results

1. Summary of 4th Quarter (Jan. to March, 2011)
2. Summary of Fiscal 2010 ending March 2011
3. Breakdown of Sales by Equipment
4. Sales of DVD related Equipment
5. Sales of Television related Equipment
6. Geographical Breakdown of Sales
7. Factor of Changes of Operating Income
8. Financial Conditions
9. Inventories
10. Capital Expenditures, Depreciation and R&D
11. Forecast of Fiscal 2011 ending March 2012
12. Forecast of Sales by Equipment in Fiscal 2011 ending March 2012

1. Summary of 4th Quarter (Jan. to March 2011)

(100 mil. yen)

	FY 2009	FY 2010	Y/Y
Net Sales	669	659	Δ10 (Δ1.4%)
Operating Income (margin)	Δ3 (Δ0.6%)	Δ32 (Δ5.0%)	Δ29 +5 (※1) +5 (※3)
Ordinary Income (margin)	Δ3 (Δ0.5%)	Δ27 (Δ4.2%)	Δ24 Δ6 (※2) Δ20 (※4)
Net Income after tax (margin)	11 (1.8%)	Δ33 (Δ5.1%)	Δ44
Average USD- JPY Exchange Rate	90. ⁷⁴	82. ³³	

(※1) forex gain +5

(※3) forex gain +5

(※2) increase of income taxes Δ6

(※4) decrease of extraordinary loss +8, increase of income taxes Δ28

Month End	09/12	10/3	10/12	11/3
Exchange Rate	92. ¹⁰	93. ⁰⁴	81. ⁴⁹	83. ¹⁵

2. Summary of Fiscal 2010 ending March 2011

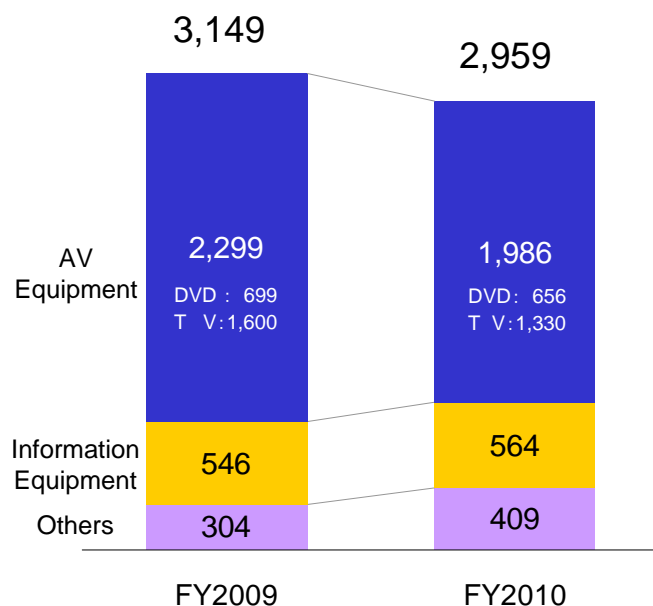
(100 mil. yen)

	FY 2009	Forecast (Jan. 31 2011)	FY 2010	Y/Y (Actual base)	Y/Y (Forecast base)	
Net Sales	3,149	2,950	2,959	Δ190 (Δ6.0%)	+ 9 (100.3%)	
Operating Income (margin)	111 (3.5%)	10 (0.3%)	7 (0.3%)	Δ104 +5 (※1)	Δ3 ±0 (※3)	+5 (※5)
Ordinary Income (margin)	116 (3.7%)	10 (0.3%)	12 (0.4%)	Δ104 Δ23 (※2)	+2 Δ10 (※4)	+5 (※6)
Net Income after tax (margin)	103 (3.3%)	Δ18 (Δ0.6%)	Δ11 (Δ0.4%)	Δ114	+7	
Average USD- JPY Exchange Rate	92. ⁶⁰	85. ³⁸	85. ²¹			
(※1) interest receivables +4, forex gain +2, interest expense Δ1 (※2) extraordinary gain +3, extraordinary loss Δ1, income taxes Δ25 (※3) decrease of interest receivables Δ3, forex gain and loss +3 (※4) increase of extraordinary gain +2, decrease of extraordinary loss +8, increase of income taxes Δ20 (※5) forex gain and loss +5 (※6) decrease of income taxes +5						
Month End Exchange Rate	10/3 93. ⁰⁴	11/3 83. ¹⁵				

12

3. Sales by Equipment

(100 mil. yen)

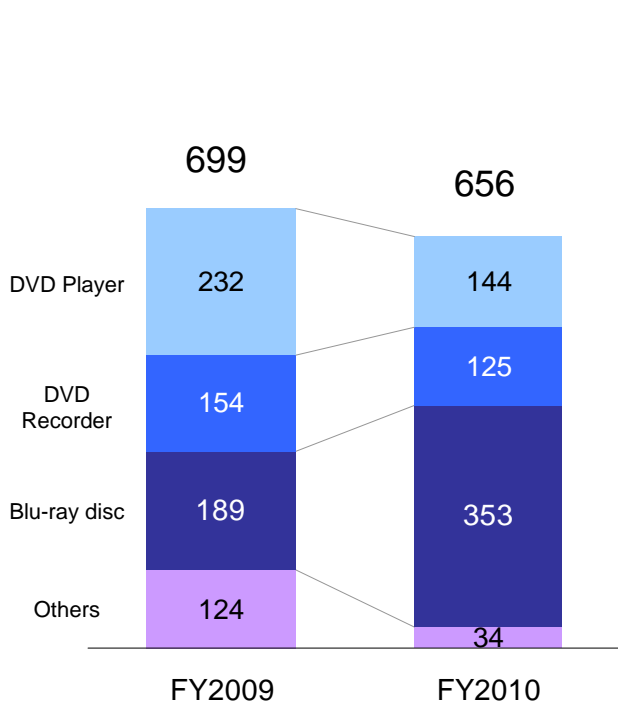


Y/Y	
AV Equipment	: Δ 313 (Δ13.6%)
DVD	: Δ 43 (Δ 6.2%)
T V	: Δ270 (Δ16.9%)
Information Equipment	: + 18 (+ 3.3%)
Others	: +105 (+34.5%)
Total	: Δ190 (Δ 6.0%)

※From FY2010 antenna set for North America is classified in 'Others' from 'Others in TV related equipment on Audio Visual Equipment' which was classified in FY2009. The sales amount of antenna set for North America in FY2009 was 3,600 mil. yen.

13

4. Sales of DVD related Equipment



DVD Player

DVD Recorder

• Both DVD player and recorder declined

Blu-ray disc

• BRD recorder significantly gained and player dropped

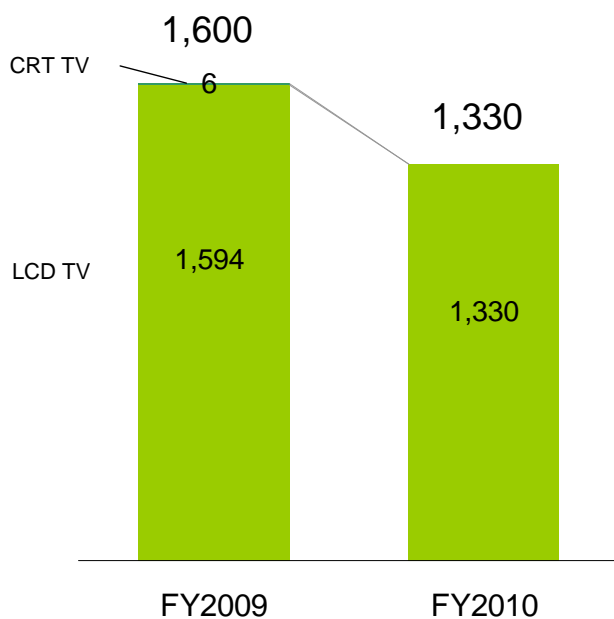
Others

• Digital set top box ended the life in the U.S. market

(100 mil. yen)

	Y/Y
DVD Player	: Δ 88 (Δ37.9%)
DVD Recorder	: Δ 29 (Δ18.8%)
Blu-ray disc	: +164 (+86.8%)
Others	: Δ 90 (Δ72.6%)
Total	: Δ 43 (Δ 6.2%)

5. Sales of Television related Equipment



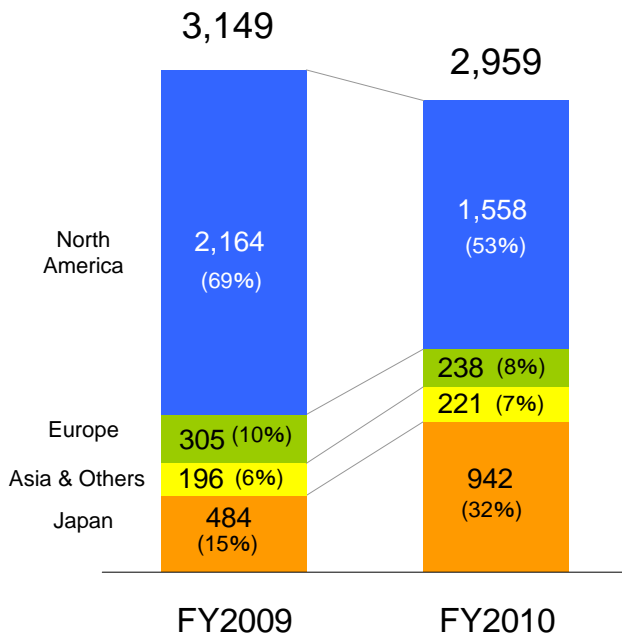
LCD TV

• Number of units increased and amount declined due to ASP down and slump of demand in the U.S. market

(100 mil. yen)

	Y/Y
CRT TV	: Δ 6 (—)
LCD TV	: Δ264 (Δ16.6%)
Total	: Δ270 (Δ16.9%)

6. Geographic Sales



North America

• Both of LCD TV and DVDs including STB significantly declined.

Japan

• LCD TV, BD recorder and antennas contributed to gain mainly due from "Eco-point".

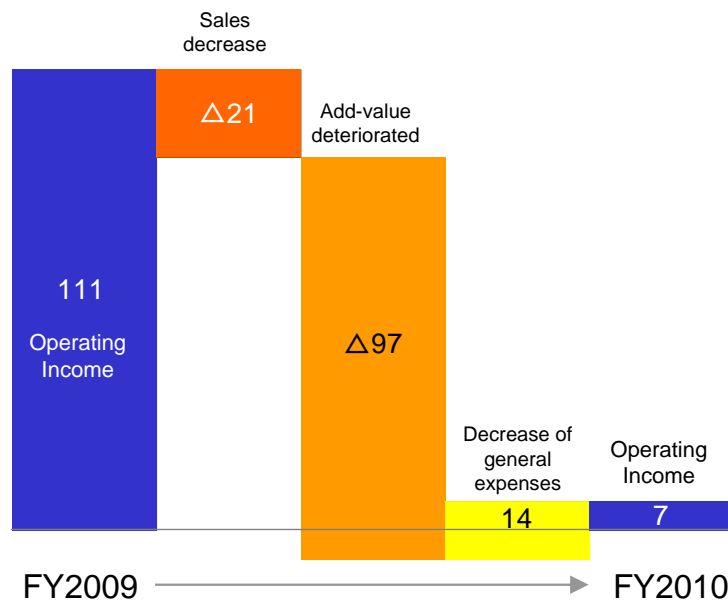
(100 mil. yen)

	Y/Y
North America	: Δ 606 (Δ28.0%)
Europe	: Δ 67 (Δ21.8%)
Asia & Others	: + 25 (+12.8%)
Japan	: +458 (+94.7%)
Total	: Δ190 (Δ 6.0%)

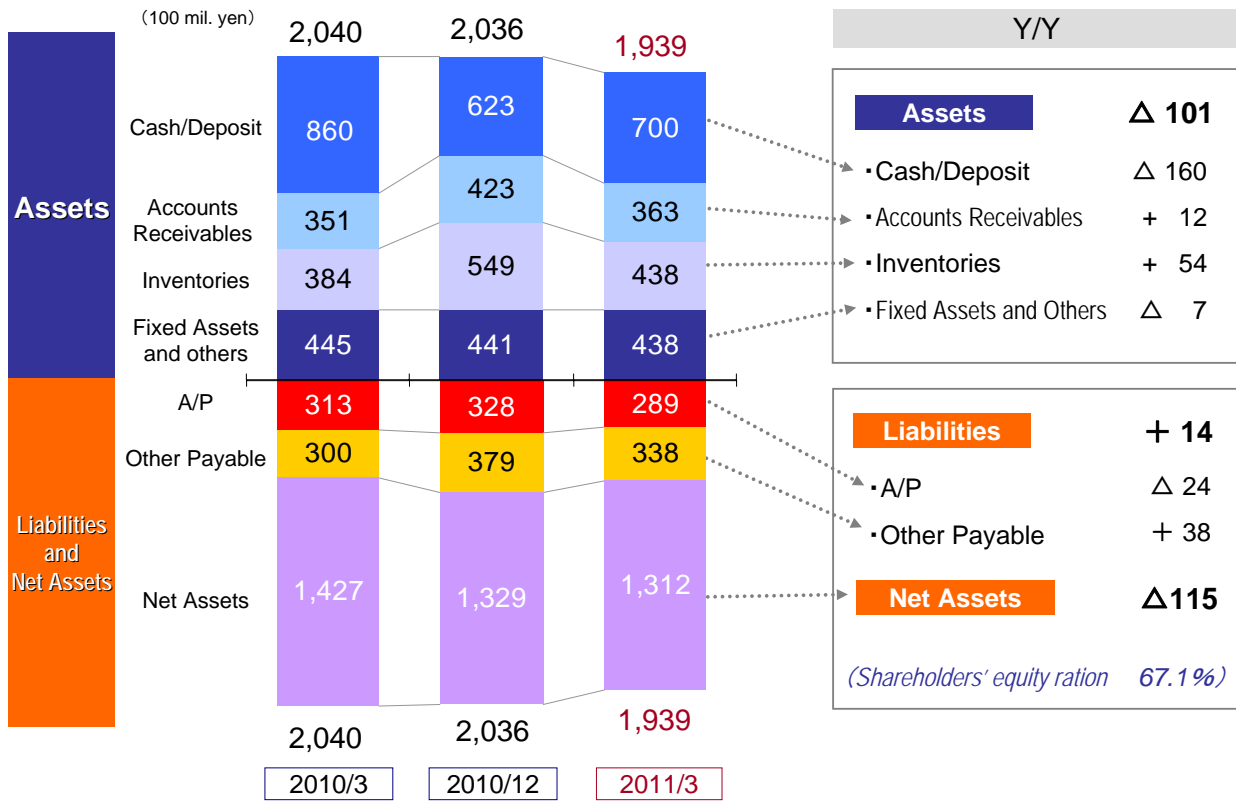
7. Factors of Changes of Operating Income

* Add-value=Sales -(cost of sales +selling expenses)

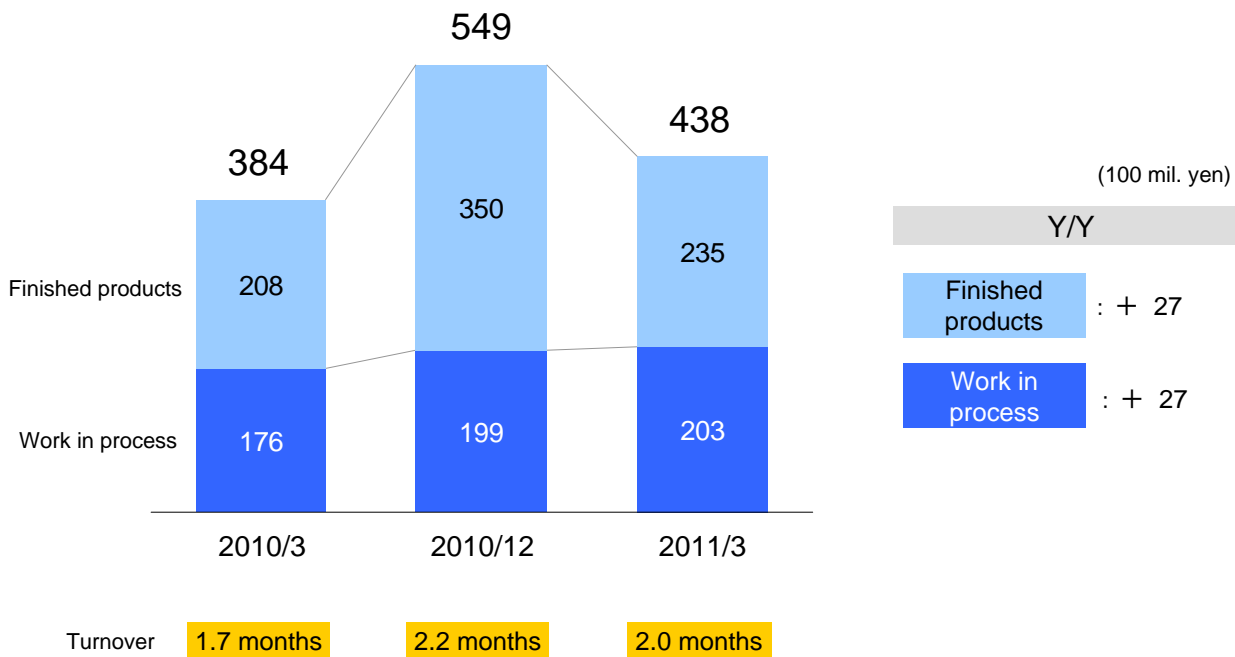
(100 mil. yen)



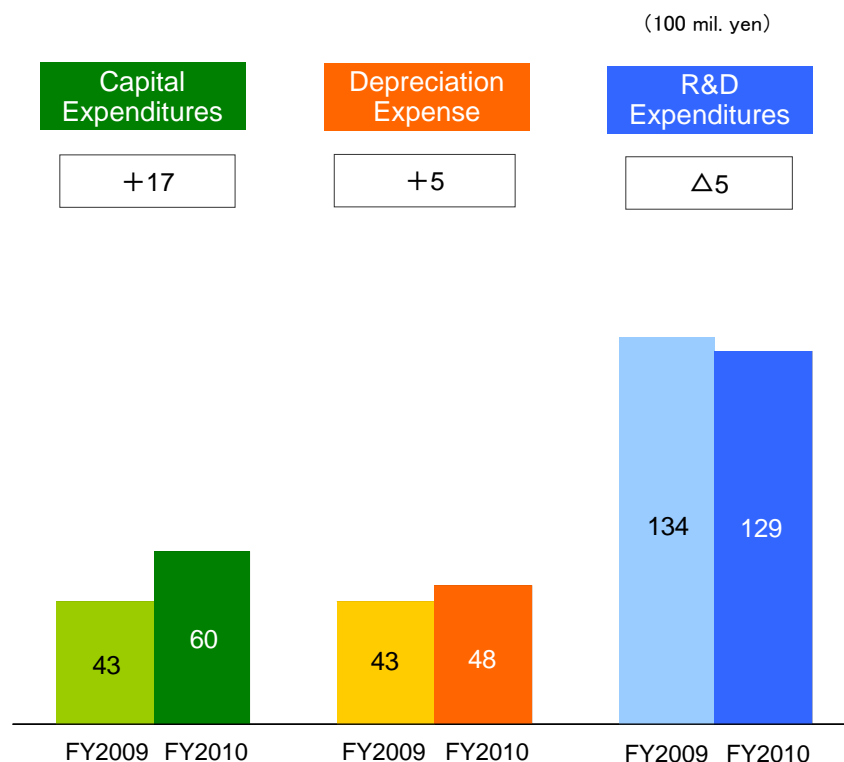
8. Financial Conditions



9. Inventories



10. Capital Expenditures, Depreciation and R&D (Y/Y)

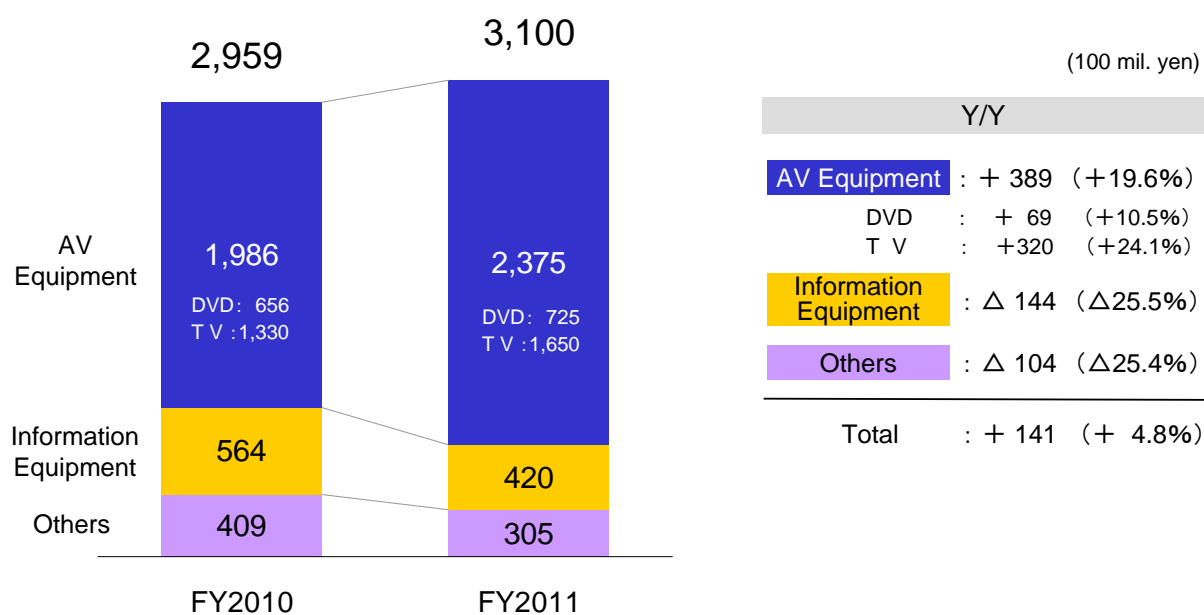


11. Forecast of Fiscal 2011 ending March 2012

(100 mil. yen)

	FY 2010			FY 2011			Y/Y
	1H	2H	12 months	1H	2H	12 months	
Net Sales	1,540	1,419	2,959	1,568	1,532	3,100	+141 (+4.8%)
Operating Income (margin)	45 (3.0%)	Δ38 (Δ2.7%)	7 (0.3%)	34 (2.2%)	46 (3.0%)	80 (2.6%)	+73
Ordinary Income (margin)	47 (3.1%)	Δ34 (Δ2.5%)	12 (0.4%)	34 (2.2%)	46 (3.0%)	80 (2.6%)	+68
Net Income after tax (margin)	38 (2.5%)	Δ50 (Δ3.6%)	Δ11 (Δ0.4%)	12 (0.8%)	40 (2.6%)	52 (1.7%)	+63
Average USD/JPY exchange rate	88.15	82.27	85.21	83.00			

12. Forecast of Sales by Equipment in Fiscal 2011 ending March 2012

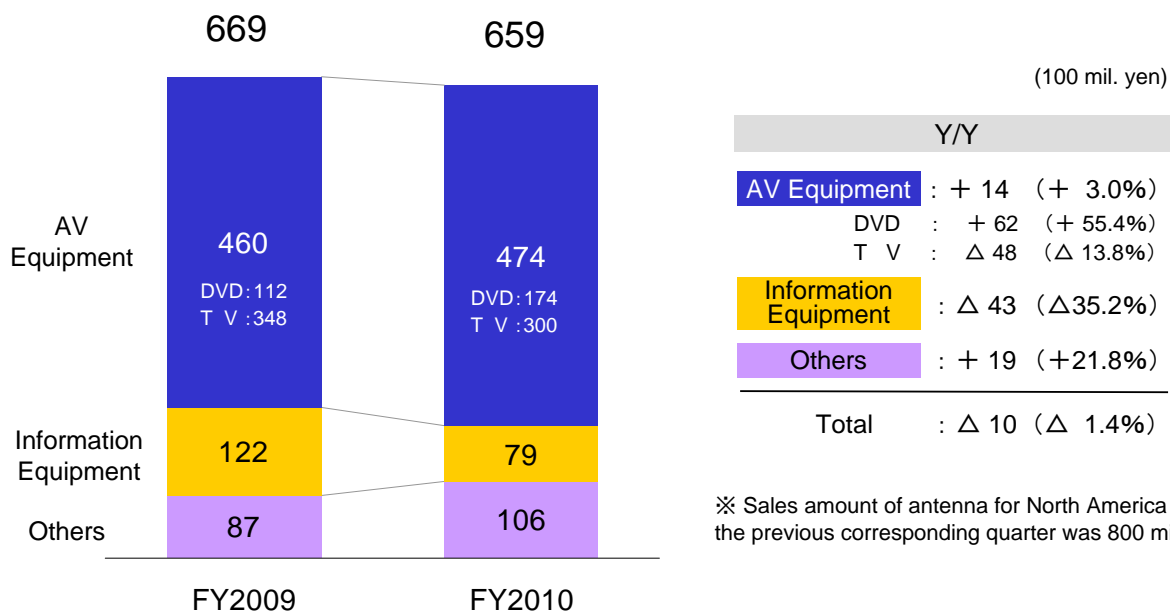


III. Supplemental Data^①

Summary of Operating Results (Jan. to March 2011)

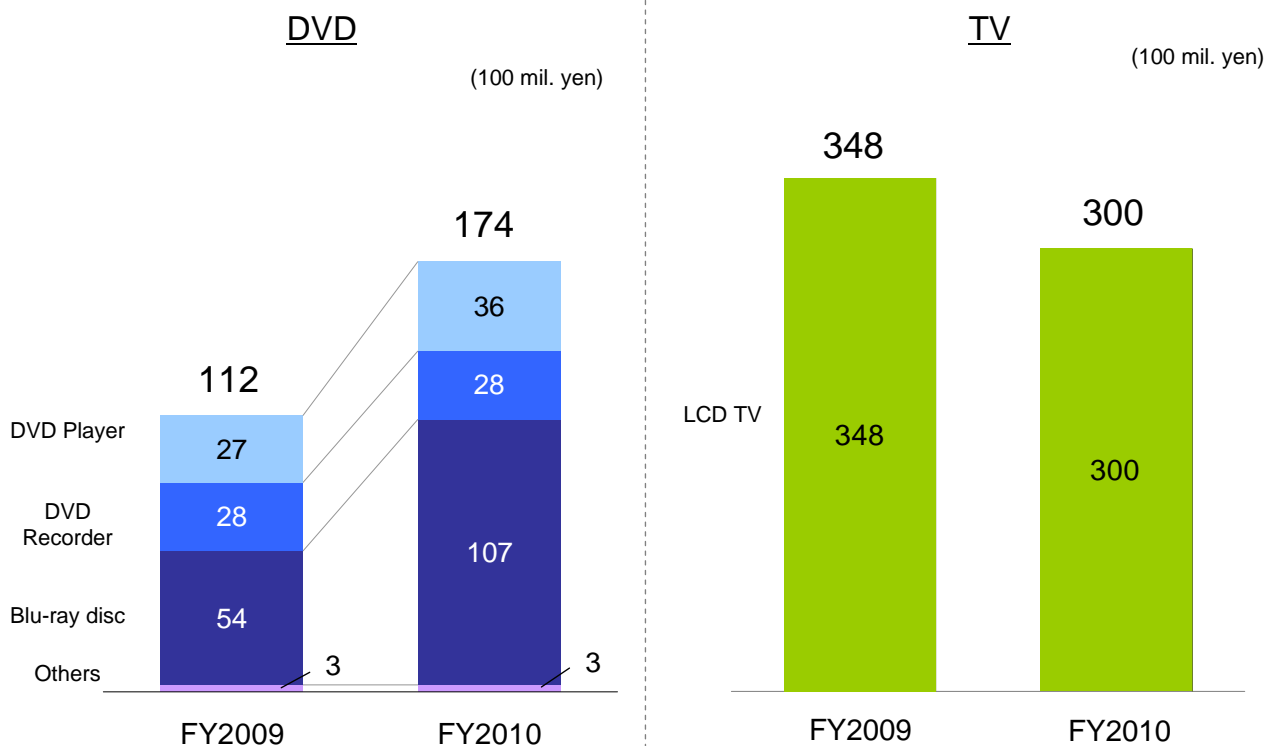
1. Sales by Equipment
2. Sales of AV Equipment
3. Geographic Sales

1. Sales by Equipment

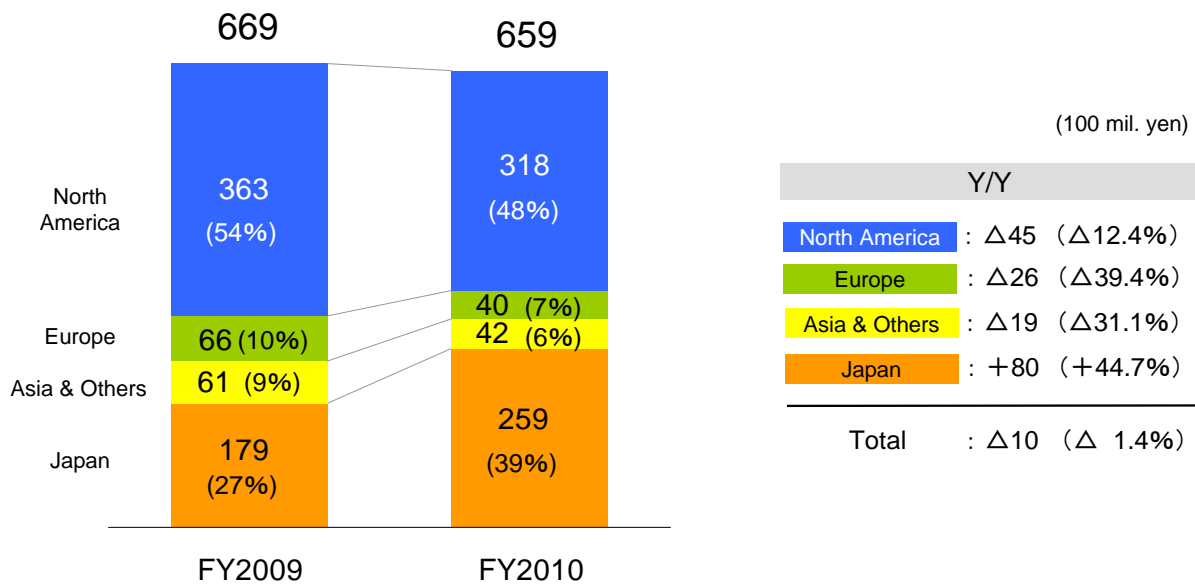


※ Sales amount of antenna for North America in the previous corresponding quarter was 800 mil. yen

2. Sales of AV Equipment



3. Geographic Sales



IV. Supplemental Data ②

1. Quarterly Operating Summary of FY 2009/2010
2. Quarterly Changes of Sales Amount by Equipment

1. Quarterly Operating Summary of FY 2009/2010

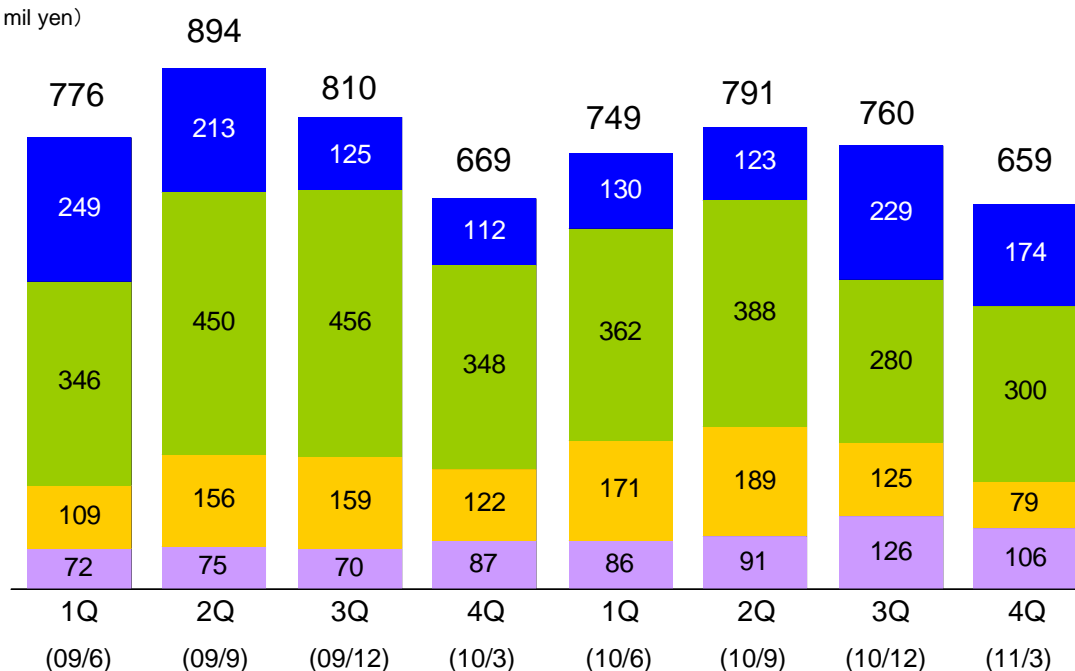
(100 mil. yen)

	FY 2009				FY 2010			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net Sales	776	894	810	669	749	791	760	659
Operating Income (margin)	37 (4.8%)	63 (7.1%)	14 (1.8%)	△3 (△0.6%)	25 (3.4%)	20 (2.6%)	△5 (△0.7%)	△32 (△5.0%)
Ordinary Income (margin)	40 (5.3%)	55 (6.2%)	24 (3.0%)	△3 (△0.5%)	12 (1.7%)	34 (4.4%)	△7 (△0.9%)	△27 (△4.2%)
Net Income after tax (margin)	31 (4.1%)	41 (4.6%)	18 (2.3%)	11 (1.8%)	4 (0.6%)	34 (4.4%)	△16 (△2.2%)	△33 (△5.1%)

2. Quarterly Changes of Sales Amount by Equipment

■ DVD Equipment ■ TV Equipment ■ Information Equipment ■ Others

(100 mil yen)



- This document contains forward-looking statements and projections regarding business performance which are not historical facts. Please note that these statements are based on information relating to factors that may impact future business performance that was available for analysis at the time this document was printed. These factors include industry trends relating to the business areas of Funai Electric Co., Ltd. or the Funai Group, such as audio-visual devices and information communication equipment, the economic conditions of both domestic and international markets, and fluctuations in currency exchange rates. Actual performance may greatly differ from projections included in this document because of the impacts of uncertainty in such areas as the competitive conditions of the electronics industry, market trends, currency exchange rate, introduction and success of new products, and various other global conditions that may affect the tax system and other systems.

