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Funai Electric Co., Ltd.
President and CEO: Tomonori Hayashi
(Code No.: 6839 First Section of TSE/OSE)
Contact: Naoyuki Takanaka
Investor / Public Relations Department
Tel: 81 - 72 - 870 - 4395

For Immediate Release:

Notice of Appeals Application Submitted concerning Regulatory Tax Assessment on Tax Haven Applicability

On June 16, 2008, Funai Electric Co., Ltd. (hereinafter referred to as the “Company”) received a special tax assessment notice from the Osaka Regional Taxation Bureau claiming that the Company’s Hong Kong-based subsidiary did not meet the conditions to allow for it to be treated as an exception under the tax haven system. In light of the previous notice received for a similar issue on June 28, 2005, and the continuing related legal proceedings in the Osaka District Court, the submission of another claim is highly regrettable and unacceptable. As such, the Company has taken the necessary steps to submit an appeals application today to the Osaka Regional Taxation Bureau’s Board of Tax Appeals.

Under this new claim for the three fiscal years running from April 2004 through March 2007, the Osaka Regional Taxation Bureau has indicated a preliminary additional tax assessment of ¥15 billion (¥16.8 billion including other incidental taxes), inclusive of corporate, residential, and business taxes, based on an additional unreported income amount of ¥33.9 billion. In accordance with the “Handling of Audits Relating to Accounting Procedures and Disclosures for Taxes” (as per Report No. 63 of the Auditing and Guaranteeing Work Committee Report of the Japan Institute of Certified Public Accountants), the Company has decided to report this amount under the category of “retroactive corporate taxes” in the first quarter of the current fiscal year ending March 2009.