Press Release

November 11, 2013

To Whom It May Concern:

Funai Electric Co., Ltd.
Representative Director
President and CEO: Tomonori Hayashi
(Code No.: 6839 First Section of TSE)

Funai Electric Announces Differences between Forecast and Actual Performance for the First Six Months of the Fiscal Year, a Revision in Its Operating Performance Forecasts for the Full Fiscal Year, and the Recording of an Extraordinary Loss (Expenses Incurred on Business Restructuring)

The following changes have been made to the forecast of consolidated operating results announced on May 7, 2013.

1. Revisions to the Second Quarter (2Q) Year-to-Date (YTD) Consolidated Earnings Forecast (April 1, 2013 to September 30, 2013)

(Units: Millions of Japanese Yen)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income Per Share
Previous Forecast announced on May 7, 2013 (A)	96,000	20	300	10	0.29
Actual performance (B)	120,570	**567**	2,163	612	17.96
Net Change (B-A)	24,570	547	1,863	602	
Net Change (%)	25.6	2,737.0	621.2	6,027.8	
(Reference) Actual for the Previous Term (Year Ended September 30, 2013)	89,050	(1,451)	(3,064)	(2,991)	(87.68)

2. Revisions to the Full-Year Consolidated Earnings Forecast (April 1, 2013 to March 31, 2014)

(Units: Millions of Japanese Yen)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income Per Share
Previous Forecast announced on May 7, 2013 (A)	202,000	200	500	100	2.93
Current Revised Forecast (B)	229,000	500	2,100	100	2.93
Net Change (B-A)	27,000	300	1,600	—	
Net Change (%)	13.4	150.0	320.0	—	
(Reference) Actual for the Previous Term (Year Ended March 31, 2013)	192,008	(5,273)	(355)	(8,542)	(250.38)

3. Reasons for Differences between Forecast and Actual Figures for the First Six Months of the Fiscal Year

The economy of the United States, which is the Funai Group's principal market, continued to recover gradually as it benefited from robust personal consumption. European and Chinese economies also showed signs of recovery. In Japan, Abenomics prompted a resurgence in capital and housing investment by bolstering corporate and consumer sentiment. Consequently, the Japanese economy continued to recover gradually.
Against this backdrop, the Company enjoyed higher overall net sales than initially expected. Particularly noteworthy were LCD TVs, for which robust sales in North America led to stronger performance in this category than previously forecast. Operating income also outpaced expectations, with LCD TVs achieving profitability on a six-month basis for the first time since the first half of the fiscal year ended March 31, 2010. Ordinary income was higher than previously forecast due to yen depreciation, which prompted foreign exchange gains. Although the Company recorded an extraordinary loss due to expenses incurred on business restructuring, as is described below, net income also exceeded earlier expectations.

4. Recording of an Extraordinary Loss (Expenses Incurred on Business Restructuring)

During the first six months of the fiscal year, the Company recorded an extraordinary loss of ¥1,149 million owing to expenses incurred on business restructuring, due primarily to costs related to the shrinking overseas LED business.

5. Reasons for Revising Operating Performance Forecasts for the Full Fiscal Year

On the profit front, our previous operating income forecasts calculations did not take into account the cost of acquiring the inkjet-related business from Lexmark; this is included in the current forecast calculations. Consequently, although the up-front development costs for printers developed in-house are likely to exceed the profits generated by ink cartridge production at Funai Electric Cebu, Inc., we nevertheless expect operating income to exceed previously forecast levels, owing chiefly to improved performance on LCD TVs. We now expect ordinary income to outpace our previous forecast, due in part to the impact of foreign exchange gains generated during the first six months ended September 30, 2013. We maintain unchanged our forecast for net income, however, because of the impact of the above-mentioned expenses incurred on business restructuring, as well as income taxes.

6. Impact of the Koninklijke Philips N.V. Lifestyle Entertainment Business on Operating Performance Forecasts for the Full Fiscal Year

The Company reached an agreement with Koninklijke PHILIPS N.V. (hereinafter, "PHILIPS") on January 29,2013 to acquire from PHILIPS all shares in a company that will hold the operations of the PHILIPS' Lifestyle Entertainment Business, but PHILIPS filed against Funai a petition for legal action to claim for damages on the grounds of breach of contract by Funai and the petition has been served on it as of November 8, 2013 by the International Chamber of Commerce.
As Funai believes that it has not breached the contract with PHILIPS, Funai intends to carefully review the details of the petition and defend itself vigorously in the pending arbitration proceedings.
We expect this matter to have no impact on the calculations of our current forecasts for the full fiscal year.

(Note)
The earnings forecast is based on information available to the Group at the time such forecast is made, and contains risk and uncertainty. Actual results may differ from the forecast due to a variety of factors including changes in the economic conditions of overseas markets such as the United States (a key market for the Group), and significant fluctuations in product prices and foreign exchange.

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