

May 11, 2015

To Whom It May Concern:

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

Notice of Transition to a Company with an Audit and Supervisory Committee and Partial Amendment of the Articles of Incorporation

Osaka, Japan— Funai Electric Co., Ltd. (“Funai”) hereby announces that it resolved at a meeting of the Board of Directors held today to transition to a company with an audit and supervisory committee, a governance structure newly created as a result of the Act for Partial Revision of the Companies Act (Act No. 90 of 2014), enforced on May 1, 2015, and to submit a proposal to partially amend the Articles of Incorporation to the 63rd Ordinary General Meeting of Shareholders, scheduled to be held on June 25, 2015, as outlined below.

Information on executive officers after the transition to a company with an audit and supervisory committee has been separately disclosed in “Notice of Determination of Executive Candidates,” released today.

1. Transition to a company with an audit and supervisory committee

1) Purpose of the transition

FUNAI seeks to further strengthen the oversight function of the Board of Directors and enhance corporate governance by granting to Audit and Supervisory Board members voting rights on the Board of Directors by transitioning to a company with an audit and supervisory committee.

2) Timing of the transition

FUNAI plans to obtain approval for a necessary amendment to the Articles of Incorporation and transition to a company with an audit and supervisory committee at the 63rd Ordinary General Meeting of Shareholders, scheduled to be held on June 25, 2015.

2. Partial amendment of the Articles of Incorporation

1) Reason for the amendment

- (1) Following the enforcement on May 1, 2015 of the amended Companies Act as a result of the Act for Partial Revision of the Companies Act (Act No. 90 of 2014) (hereafter the “Revised Companies Act”), FUNAI will make amendments necessary for transitioning to the newly created audit and supervisory committee governance structure in the interest of strengthening the oversight function of the Board of Directors and enhancing corporate governance.
- (2) Funai will newly add a provision concerning the election of alternate directors who are Audit and Supervisory Committee members by way of a precaution against cases where a vacancy results in a shortfall in the number of directors who are Audit and Supervisory Committee members prescribed by law, stipulate the effective period of the election of said alternates, and stipulate the term of office if an alternate assumes office.
- (3) In response to the broadening of the scope of corporate officers with whom agreements limiting liability can be concluded in the Revised Company Act, FUNAI will make an amendment necessary to enable the conclusion of agreements limiting liability even with non-executive directors and enable non-executive directors to fulfill the roles expected of them.
- (4) FUNAI will add as a supplementary provision a transitional measure concerning the exemption of corporate auditors from liability provided in the current Articles of Incorporation so that the exemption remains in force even after transition to a company with an audit and supervisory committee.
- (5) In addition, FUNAI will amend article numbers and make other necessary amendments in conjunction with the abovementioned amendments.

2) Details of the amendment

The details of the amendment are set forth in the Appendix.

3) Schedule

Date of the General meeting of Shareholders to amend the Articles of Incorporation (planned)

June 25, 2015

Effective date of amendments to the Articles of Incorporation

June 25, 2015

For further information, please contact
Tetsuhiro Maeda

Representative Director, Officer, and General Manager of Corporate Planning Division
Investors and Public Relations
E-mail: investor_relations@funai.co.jp

Appendix

(Amendments are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p style="text-align: center;">Chapter 1. General Provisions</p> <p>Article 1. - Article 3. (Text omitted) (Corporate Organs)</p> <p>Article 4. The Corporation shall have the following corporate organs in addition to the General Meeting of Shareholders, <u>Directors, and Corporate Auditors.</u></p> <ol style="list-style-type: none"> 1. A Board of Directors 2. <u>A Board of Corporate Auditors</u> 3. Independent Auditors <p>Article 5. (Text omitted)</p> <p style="text-align: center;">Chapter 2. Shares</p> <p>Article 6. - Article 10. (Text omitted)</p> <p style="text-align: center;">Chapter 3. General Meeting of Shareholders</p> <p>Article 11. - Article 16. (Text omitted)</p> <p style="text-align: center;">Chapter 4. Directors and Board of Directors (Number of Directors)</p> <p>Article 17. The Corporation shall have no more than twenty (20) Directors.</p> <p>(Method of Election)</p> <p>Article 18. Directors shall be elected at a General Meeting of Shareholders.</p> <p>2 (Text omitted)</p> <p>3 (Text omitted)</p> <p style="padding-left: 20px;">(Newly added)</p>	<p style="text-align: center;">Chapter 1. General Provisions</p> <p>Article 1. - Article 3. (Unchanged) (Corporate Organs)</p> <p>Article 4. The Corporation shall have the following corporate organs in addition to the General Meeting of Shareholders <u>and Directors</u></p> <ol style="list-style-type: none"> 1. A Board of Directors 2. <u>An Audit and Supervisory Committee</u> 3. Independent Auditors <p>Article 5. (Unchanged)</p> <p style="text-align: center;">Chapter 2. Shares</p> <p>Article 6. - Article 10. (Unchanged)</p> <p style="text-align: center;">Chapter 3. General Meeting of Shareholders</p> <p>Article 11. - Article 16. (Unchanged)</p> <p style="text-align: center;">Chapter 4. Directors and Board of Directors (Number of Directors)</p> <p>Article 17. The Corporation shall have no more than twenty (20) Directors <u>(excluding Directors who are Audit and Supervisory Committee Members) and shall have no more than five (5) Directors who are Audit and Supervisory Committee Members.</u></p> <p>(Method of Election)</p> <p>Article 18. <u>Directors who are Audit and Supervisory Committee Members and other Directors</u> shall be elected <u>separately</u> at a General Meeting of Shareholders.</p> <p>2 (Unchanged)</p> <p>3 (Unchanged)</p> <p>4 <u>Pursuant to the provisions of Article 329, Paragraph 3 of the Companies Act, the Corporation may elect at a General Meeting of Shareholders</u></p>

	<p><u>one or more alternate Directors who are Audit and Supervisory Committee Members by way of precaution against cases where a vacancy results in a shortfall in the number of Directors who are Audit and Supervisory Committee Members prescribed by law or ordinance.</u></p>
Current Articles of Incorporation	Proposed Amendments
<p>(Newly added)</p> <p>(Term of Office)</p> <p>Article 19. The term of office of Directors shall expire at the conclusion of the Ordinary General Meeting of Shareholders pertaining to the last business year that ends within one (1) year after their election.</p> <p>(Newly added)</p> <p>(Newly added)</p> <p>Article 20. - Article 21. (Text omitted) (Notice of Convocation of Meetings of the Board of Directors)</p> <p>Article 22. Notice of convocation of a meeting of the Board of Directors shall be issued to each Director and <u>each Corporate Auditor</u> at least three (3) days</p>	<p><u>5 The effective period of a resolution to elect alternate Directors who are Audit and Supervisory Committee Members in the preceding paragraph shall expire at the start of the Ordinary General Meeting of Shareholders pertaining to the last business year ending within two (2) years after the General Meeting of Shareholders at which said election resolution was adopted.</u></p> <p>(Term of Office)</p> <p>Article 19. The term of office of Directors (<u>excluding Directors who are Audit and Supervisory Committee Members</u>) shall expire at the conclusion of the Ordinary General Meeting of Shareholders pertaining to the last business year that ends within one (1) year after their election.</p> <p><u>2 The term of office of Directors who are Audit and Supervisory Committee Members shall expire at the conclusion of the Ordinary General Meeting of Shareholders pertaining to the last business year that ends within two (2) years after their election.</u></p> <p><u>3 The term of office of any Director serving as an Audit and Supervisory Committee Member elected as a substitute for a Director serving as an Audit and Supervisory Committee Member shall expire upon the expiration of the term of office of the retired Director serving as an Audit and Supervisory Committee Member.</u></p> <p>Article 20. - Article 21. (Unchanged) (Notice of Convocation of Meetings of the Board of Directors)</p> <p>Article 22. Notice of convocation of a meeting of the Board of Directors shall be issued to each Director</p>

<p>before the date of the meeting; provided, however, that in case of urgency, such period may be shortened.</p> <p>2 If the consent of all Directors <u>and Corporate Auditors</u> is obtained, a meeting of the Board of Directors may be held without following the convocation procedure.</p> <p>Article 23. (Text omitted)</p> <p>(Newly added)</p> <p>Article 24. (Text omitted)</p>	<p>at least three (3) days before the date of the meeting; provided, however, that in case of urgency, such period may be shortened.</p> <p>2 If the consent of all Directors is obtained, a meeting of the Board of Directors may be held without following the convocation procedure.</p> <p>Article 23. (Unchanged)</p> <p><u>(Delegation of Decisions on the Execution of Important Business)</u></p> <p><u>Article 24. Pursuant to the provisions of Article 399-13, Paragraph 6 of the Companies Act, the Board of Directors may, by its resolution, delegate to a Director all or part of a decision on the execution of important business (excluding matters set forth in the items of Paragraph 5 of the Companies Act).</u></p> <p>Article 25. (Unchanged)</p>
<p>Current Articles of Incorporation</p>	<p>Proposed Amendments</p>
<p>(Remuneration, etc.)</p> <p>Article 25. Remuneration, bonuses, and other financial benefits received from the Corporation as consideration for performance of duties (<u>hereafter "Remuneration, etc."</u>) for directors shall be determined by a resolution of a General Meeting of Shareholders.</p> <p>(Exemption from Liabilities of Directors)</p> <p>Article 26. (Text omitted)</p> <p>2 Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Corporation may enter into agreements with <u>Outside Directors</u> limiting their liability for compensation for damages under Article 423, Paragraph 1 of the Companies Act to the total of the amounts set forth in the items of Article 425,</p>	<p>(Remuneration, etc.)</p> <p>Article 26. Remuneration, bonuses, and other financial benefits received from the Corporation as consideration for performance of duties for Directors <u>who are Audit and Supervisory Committee Members and other Directors</u> shall be determined <u>separately</u> by a resolution of a General Meeting of Shareholders.</p> <p>(Exemption from Liabilities of Directors)</p> <p>Article 27. (Unchanged)</p> <p>2 Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Corporation may enter into agreements with <u>Directors (excluding Directors who are Audit and Supervisory Committee Members)</u> limiting their liability for compensation</p>

<p>Paragraph 1 of the Companies Act.</p> <p><u>Chapter 5. Corporate Auditors and Board of Corporate Auditors</u></p> <p><u>(Number of Corporate Auditors)</u></p> <p><u>Article 27. The Corporation shall have no more than three (3) Corporate Auditors.</u></p> <p><u>(Method of Election)</u></p> <p><u>Article 28. Corporate Auditors shall be elected at a General Meeting of Shareholders.</u></p> <p><u>2 Resolutions to elect Corporate Auditors shall be adopted by a majority vote at a General Meeting of Shareholders attended by shareholders who hold one-third (1/3) or more of the voting rights of shareholders entitled to exercise voting rights.</u></p> <p><u>3 Pursuant to the provisions of Article 329, Paragraph 2 of the Companies Act, the Corporation may elect one or more Alternate Corporate Auditors at a General Meeting of Shareholders by way of precaution against cases where a vacancy results in a shortfall in the number of Corporate Auditors prescribed by law or ordinance.</u></p> <p><u>4 The effective period of a resolution to elect Alternate Corporate Auditors in the preceding paragraph shall expire at the start of the Ordinary General Meeting of Shareholders pertaining to the last business year ending within four (4) years after the election.</u></p> <p><u>(Term of Office)</u></p> <p><u>Article 29. The term of office of Corporate Auditors shall expire at the conclusion of the Ordinary General Meeting of Shareholders pertaining to the last business year that ends within four (4) years after their election.</u></p>	<p>for damages under Article 423, Paragraph 1 of the Companies Act to the total of the amounts set forth in the items of Article 425, Paragraph 1 of the Companies Act.</p> <p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p>
<p>Current Articles of Incorporation</p>	<p>Proposed Amendments</p>
<p><u>2 The term of office of any Corporate Auditor elected</u></p>	<p>(Deleted)</p>

<p><u>as a substitute for a Corporate Auditor who has retired prior to the expiration of the term of office shall be until the expiration of the term of office of the retired Corporate Auditor.</u></p>	
<p><u>(Full-Time Corporate Auditors)</u></p>	(Deleted)
<p><u>Article 30. The Board of Corporate Auditors shall, by its resolution, appoint one or more Full-time Corporate Auditors.</u></p>	
<p><u>(Notice of Convocation of Meetings of the Board of Corporate Auditors)</u></p>	(Deleted)
<p><u>Article 31. Notice of convocation of a meeting of the Board of Corporate Auditors shall be issued to each Corporate Auditor at least three (3) days before the date of the meeting; provided, however, that in case of urgency, such period may be shortened.</u></p>	(Deleted)
<p><u>2 If the consent of all the Corporate Auditors is obtained, a meeting of the Board of Corporate Auditors may be held without following the convocation procedure.</u></p>	
<p><u>(Method of Resolution by the Board of Corporate Auditors)</u></p>	(Deleted)
<p><u>Article 32. Resolutions of the Board of Corporate Auditors shall be adopted by a majority vote of the Corporate Auditors.</u></p>	
<p><u>(Board of Corporate Auditors Regulations)</u></p>	(Deleted)
<p><u>Article 33. Matters concerning the Board of Corporate Auditors shall be governed by laws, ordinances,, and these Articles of Incorporation as well as by the Board of Corporate Auditors Regulations established by the Board of Corporate Auditors.</u></p>	
<p><u>(Remuneration, etc.)</u></p>	(Deleted)
<p><u>Article 34. Remuneration, etc. for Corporate Auditors shall be determined by a resolution of a General Meeting of Shareholders.</u></p>	
<p><u>(Exemption from Liabilities of Corporate Auditors)</u></p>	(Deleted)
<p><u>Article 35. Pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, the Corporation may, by a resolution of the Board of Directors,</u></p>	

<p><u>exempt Corporate Auditors (including former Corporate Auditors) from liability for compensation for damages under Article 423, Paragraph 1 of the Companies Act to the extent permitted by law or ordinance.</u></p> <p><u>2 Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Corporation may enter into agreements with Outside Corporate Auditors limiting their liability for compensation for damages under Article 423, Paragraph 1 of the Companies Act to the total of the amounts set forth in the items of Article 425, Paragraph 1 of the Companies Act.</u></p>	<p>(Deleted)</p>
--	------------------

Current Articles of Incorporation	Proposed Amendments
<p>(Newly added)</p>	<p><u>Chapter 5. Audit and Supervisory Committee</u> <u>(Notice of Convocation of Audit and Supervisory Committee Meetings)</u></p>
<p>(Newly added)</p>	<p><u>Article 28. Notice of convocation of a meeting of the Audit and Supervisory Committee shall be issued to each Audit and Supervisory Committee Member at least three (3) days before the date of the meeting; provided, however, that in case of urgency, such period may be shortened.</u></p>
<p>(Newly added)</p>	<p><u>2 If the consent of all the Audit and Supervisory Committee Members is obtained, a meeting of the Audit and Supervisory Committee may be held without following the convocation procedure.</u> <u>(Method of Resolution by the Audit and Supervisory Committee)</u></p>
<p>(Newly added)</p>	<p><u>Article 29. Except as otherwise provided by law or ordinance, resolutions of the Audit and Supervisory Committee shall be adopted by a majority vote at meetings attended by a majority of Audit and Supervisory Committee Members entitled to vote on resolutions.</u> <u>(Audit and Supervisory Committee Regulations)</u></p>
<p>(Newly added)</p>	<p><u>Article 30. Matters concerning the Audit and Supervisory Committee shall be governed by laws,</u></p>

<p style="text-align: center;">Chapter 6. Accounts</p> <p>Article <u>36.</u> - Article <u>39.</u> (Text omitted)</p> <p style="text-align: center;">Supplementary Provisions</p> <p>Article 1. (Text omitted) (Newly added)</p>	<p><u>ordinances, and these Articles of Incorporation as well as by the Audit and Supervisory Committee Regulations established by the Audit and Supervisory Committee.</u></p> <p style="text-align: center;">Chapter 6. Accounts</p> <p>Article <u>31.</u> - Article <u>34.</u> (Unchanged)</p> <p style="text-align: center;">Supplementary Provisions</p> <p>Article 1. (Unchanged)</p> <p>Article 2. <u>Pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, the Corporation may, by a resolution of the Board of Directors, exempt Corporate Auditors (including former Corporate Auditors) from liability for compensation for damages under Article 423, Paragraph 1 of the Companies Act to the extent permitted by law until prior to the conclusion of the 63rd Ordinary Meeting of Shareholders.</u></p>
---	--