

November 7, 2016

To Whom It May Concern:

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

## Notice of Conclusion of Basic Agreement on Transfer of Subsidiary Shares

Funai Electric Co., Ltd. (hereinafter, “the Company”) hereby announces that its Board of Directors resolved at a meeting held on November 7, 2016 to conclude a basic agreement with Elecom Co., Ltd. (4-1-1 Fushimi-machi, Chuo-ku, Osaka-shi, Osaka; Junji Hada, President), on pursuing concrete discussions regarding the transfer of shares in DX Antenna Co., Ltd. (2-15 Hamasaki-dori, Hyogo-ku, Kobe-shi; Minoru Yoneyama, President and Representative Director), a consolidated subsidiary of the Company.

### 1. Reason for transfer of shares

The Company made DX Antenna Co., Ltd., a subsidiary in November 2001 and has since endeavored to develop its domestic business as a company manufacturing and selling antennas and television reception equipment in Japan.

LCD-TV sales in the US market, the Company’s primary sales market, have been declining of late due in part to intense price competition. While seeking in such circumstances to suitably consolidate management resources as a corporate group by finding a buyer for this subsidiary, the Company received an offer from Elecom Co., Ltd., to accept transfer of all of the shares of DX Antenna Co., Ltd.

Because of the proximity of the markets for the products handled by Elecom Co., Ltd., and DX Antenna Co., Ltd., and the small degree of overlap in sales channels, this transfer is expected to produce a synergistic effect in terms of sales, with the sales capabilities of Elecom Co., Ltd., centered on regional mass merchandisers of household appliances expected to contribute substantially to expanded sales by DX Antenna Co., Ltd., and thus make such a transfer beneficial to both companies.

### 2. Profile of subsidiary

(1)	Name	DX Antenna Co., Ltd.
(2)	Location	2-15 Hamasaki-dori, Hyogo-ku, Kobe-shi, Hyogo
(3)	Name/title of representative	Minoru Yoneyama, President & Representative Director
(4)	Nature of business	Manufacture/sale of full range of antennas, TV reception equipment, CATV equipment, information transmission system equipment, and security system equipment, as well as incidental research, design, and construction management
(5)	Capital	363,000,000 yen

(6)	Date established	September 1956		
(7)	Major shareholders and shares	Funai Electric Co., Ltd.: 96.0%		
(8)	Relationships between listed companies and the subsidiary	Capital relationships	The Company holds 96.0% of the shares of the subsidiary	
		Personal relationships	Not applicable	
		Business relationships	The Company has previously sold products to the subsidiary.	
		Connections with related parties	The subsidiary is a consolidated subsidiary of the Company.	
(9)	Subsidiary's business performance and financial position over last three years			
	Settlement period	Fiscal year ended February 2014	Fiscal year ended February 2015	Fiscal year ended February 2016
	Net assets	Thousand yen 11,960,221	Thousand yen 12,016,214	Thousand yen 11,514,372
	Total assets	Thousand yen 18,192,684	Thousand yen 18,112,406	Thousand yen 17,012,265
	Net assets per share	Yen 1,021	Yen 1,025	Yen 983
	Sales	Thousand yen 16,485,323	Thousand yen 13,615,956	Thousand yen 12,115,241
	Operating income	Thousand yen 562,205	Thousand yen 204,362	Thousand yen (475,162)
	Ordinary income	Thousand yen 719,322	Thousand yen 403,400	Thousand yen (488,026)
	Current net income	Thousand yen 432,870	Thousand yen 186,936	Thousand yen (446,036)
	Current net income per share	Yen 36.96	Yen 15.96	Yen (36.08)
	Dividend per share	Yen 5	Yen 3	Yen 3

### 3. Profile of share transfer recipient

(1)	Name	Elecom Co., Ltd.	
(2)	Location	4-1-1 Fushimi-machi, Chuo-ku, Osaka-shi, Osaka	
(3)	Name/title of representative	Junji Hada, President	
(4)	Nature of business	Development, manufacture and sale of personal computer- and digital equipment-related products	
(5)	Capital	1,975,474,000 yen	
(6)	Date established	May 1986	
(7)	Net assets	20,674,624,000 yen	
(8)	Total assets	39,981,209,000 yen	
(9)	Major shareholders and shareholding ratio	Junji Hada: 28.4%	
(10)	Relationships between listed	Capital relationships	Not applicable

companies and this company	Personal relationships	Not applicable
	Business relationships	Not applicable
	Connections with related parties	Not applicable

#### 4. Number of shares to be transferred, transfer price, and shares held before/after transfer

The number of shares to be transferred, the transfer price, etc., will be promptly announced as soon as they have been ascertained and finalized via future discussions.

#### 5. Schedule

(1)	Conclusion of basic agreement	November 7, 2016
(2)	Conclusion of share transfer agreement	January 2017 (tentative)
(3)	Share transfer date	End of February 2017 (tentative)

#### 6. Future outlook

The impact of this transfer of shares on consolidated financial results for the Fiscal Year ending March 31, 2017 and on consolidated financial results for the next and subsequent fiscal years is currently being scrutinized, and any findings that should be made public will be promptly announced as soon as they are ascertained.

For further information, please contact

Investors and Public Relations

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