

June 28, 2005

To Whom It May Concern:

Funai Electric Co., Ltd.

President and CEO: Tetsuro Funai

(Code number: 6839, The First Section of
the Tokyo Stock Exchange, The First Section of
the Osaka Securities Exchange)

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Reception of Notice of Supplementary Tax Assessment Based on Application of Tax System for Dealing with Tax Havens

Funai Electric Co., Ltd. ("the Company") has today received notice of supplementary tax assessment from the Osaka Regional Taxation Bureau of aggregate taxation on the profits of the subsidiaries in Hong Kong for the 3 fiscal years from March 2002 through March 2004 recognized as income of the Company, given that the subsidiaries in Hong Kong are deemed not to satisfy the conditions for exclusion from the application of the tax system for dealing with tax havens. The supplementary income assessment amounts to ¥ 39.3 billion, and the additional tax payment is estimated to total ¥ 16.5 billion, including the local government taxes. In response, the Company is dissatisfied with this notice and plans to initiate an administrative protest.

Under this investigation by the Bureau, our subsidiaries in Hong Kong are marked out as companies for which the tax system for dealing with so-called tax havens applies.

The subsidiaries in Hong Kong have adopted the "processing deal method" from 1992 actively promoted by the Hong Kong authorities and the Chinese government, and from the standpoint of the Company, it is recognized that appropriate reports based on fair and open play have been made up to the present. Furthermore, there has not been any instance of being singled out for tax problems by the Bureau.

As a result, the Company views reception of this supplementary tax assessment as truly regrettable, and will continually strive to seek the understanding of the Bureau regarding the status of the Hong Kong subsidiaries and the stance of the Company.

Financial statements prior to the period ending March 2005 will not be affected by the above referenced events. In regard to the impact on current year financial results, another press release will be released once the Company determines policies based on the results of the administrative protest deliberation.