

July 10, 2008

Funai Electric Co., Ltd.
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For Immediate Release:

Result of Request for Review of Supplementary Tax Assessment Based on Application of the Taxation System Concerning Tax Havens

On July 3, 2008, Funai Electric Co., Ltd. received the written ruling of the Osaka Regional Tax Tribunal concerning the Company's request for review of the supplementary tax assessment under the taxation system concerning tax havens.

Funai Electric Co., Ltd. received a rectification notice from the Osaka Regional Taxation Bureau in June 2005. The Bureau determined that Funai Electric Co., Ltd.'s Hong Kong subsidiary does not meet the requirements for exclusion under the anti-tax haven system and the Hong Kong subsidiary's income for the three fiscal years from March 2002 through March 2004 will be considered, and taxed as, Funai Electric Co., Ltd.'s income (supplementary tax amount, including incidental taxes: 19.184 billion yen).

The Company objected to this supplementary tax assessment and filed a petition of its objections with the Osaka Tax Administration Bureau in August 2005. Following the bureau's decision in June 2006 to dismiss the Company's request for review of the assessment, the Company filed a request for review of the assessment with the Osaka Regional Tax Tribunal in July 2006, and has now received the written verdict from the Osaka Regional Tax Tribunal stating it will dismiss the Company's assertion.

Funai Electric Co., Ltd. believes this judgment is indeed regrettable and is not a ruling to which it can agree. Moreover, in November 2006 the Company filed a suit in the Osaka District Court to overturn the supplementary tax assessment order, and will continue to assert the validity of its arguments in the future.

The verdict from the Osaka Regional Tax Tribunal will not have a material effect on the Company's operating results for the fiscal year ending on March 31, 2009.