

May 13, 2009

To Whom It May Concern:

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

Notice Concerning an Issuance of New Share Subscription Rights as Stock Options

Funai Electric Co., Ltd. (hereinafter "the Company") hereby announces that following the resolution by the Board of Directors to grant the Company's corporate officers the authority to determine the offering details of an issuance of new share subscription rights as stock options in accordance with Articles 236, 238, and 239 of the Corporation Law, the decision was made in today's Board of Directors Meeting to discuss the aforementioned issuance, detailed below, at the 57th annual General Shareholders Meeting scheduled for June 19, 2009.

1. Reasons necessitating the offer of new share subscription rights with particularly favorable conditions
In order to increase morale and the desire to improve performance among the Company's directors, corporate officers, executives, and employees; secure superior personnel; and promote long-term service, new share subscription rights will be issued as stock options.

2. Outline of the new share subscription rights issuance offer to be confirmed based upon a resolution of this General Shareholder's Meeting

(1) Individuals eligible to receive new share subscription rights

The Company's directors, corporate officers, executives, and employees.

Persons in the above positions following the conclusion of the General Shareholder's Meeting shall also be eligible for new share subscription rights.

(2) Types and number of shares associated with new share subscription rights

Eligibility for new share subscription rights shall be limited to Company common shares and each new share subscription right shall represent 100 common shares.

Should the Company conduct stock splits (including gratis stock issues; the same hereinafter) or consolidations, the following method will be used to adjust the number of shares associated with each new share subscription right. However, such adjustments will only be made for new share subscription rights issued as part of this announcement that have not been exercised as of the time of the adjustment. Furthermore, fractional sums of less than one share will be rounded off.

Number of shares after adjustment = number of shares before adjustment x split (or consolidation) ratio

Additionally, the number of shares associated with new share subscription rights may be adjusted within reason should the Company merge through acquisition or consolidation, absorb a split-off, incorporate a split-off, engage in stock swaps or equity transfers that become effective following the conclusion of the General Shareholder's Meeting, or for other unavoidable reasons.

(3) Maximum number of new share subscription rights

The maximum number of new share subscription rights shall be 8,200. Additionally, the maximum number of Company common shares transferred or issued as a result of exercised new share subscription rights shall be 820,000. However, if the number of shares associated with new share subscription rights are adjusted in accordance with the stipulations of (2) above, the total number of shares to be issued or transferred as a result of exercised new share subscription rights shall also be adjusted accordingly.

(4) Monetary payment in exchange for new share subscription rights

No monetary payments in exchange for new share subscription rights are necessary.

(5) Value and calculation method of assets to be paid in upon exercise of new share subscription rights

The value of assets to be paid in upon exercise of each new share subscription right shall be the per-share value (hereinafter "exercise price") determined by the following method, multiplied by the number of shares associated with each new share subscription right as defined previously in (2).

The exercise price shall be either the average closing price (hereinafter "closing price") of the Company's common stock on the Osaka Securities Exchange of each trading day (except days when Company stock was not traded) in the month prior to the date of the new share subscription rights issuance (hereinafter "issue date") multiplied by 1.05 (remainders of less than one yen will be rounded up) or the closing price on the issue date (or, if there is no closing price on the issue date, the closing price from the most recent trading day), whichever value is higher.

Should the Company conduct stock splits or consolidations that become effective following the conclusion of the General Shareholder's Meeting, the exercise price will be adjusted according to the following formula, with remainders of less than one yen rounded up.

$$\text{Exercise price after adjustment} = \text{exercise price before adjustment} \times 1 / (\text{split [or consolidation] ratio})$$

Should the Company issue new shares or dispose of treasury shares at a price below market value following the conclusion of the General Shareholder's Meeting (excluding the exercise of new share subscription rights or preemptive subscription rights in accordance with Article 280, Section 19, Paragraph 1 of the Commercial Law prior to the implementation of laws revising the Commercial Law [Law No. 128, 2001]), the exercise price will be adjusted according to the following formula, with remainders of less than one yen rounded up.

$$\text{Exercise price after adjustment} = \text{exercise price before adjustment} \times (\text{number of currently issued shares} + (\text{number of newly issued shares} \times \text{amount paid per share}) / \text{market value before new issuance}) / (\text{number of currently issued shares} + \text{number of newly issued shares})$$

The "number of currently issued shares" in the formula above is arrived at by subtracting the number of common Company treasury shares from the total number of outstanding common Company shares. Additionally, should the Company dispose of common treasury shares, "number of newly issued shares" and "amount paid per share" shall be replaced by "number of treasury shares to be disposed of" and "disposal price per share," respectively.

Furthermore, the exercise price may be adjusted within reason should the Company merge through acquisition or consolidation, absorb a split-off, incorporate a split-off, engage in stock swaps or equity transfers that become effective following the conclusion of the General Shareholder's Meeting, or for other unavoidable reasons.

(6) Exercise period for new share subscription rights

New share subscription rights may be exercised between August 1, 2011, and July 31, 2018. Should the final day of the exercise period for new share subscription rights fall on a Company holiday, the previous business day shall be considered the final day.

(7) Conditions for exercising new share subscription rights

The number of new share subscription rights that may be exercised in a single year (from August 1 to July 31 of the following year) during the exercise period for new subscription rights shall be based upon standards determined by the Board of Directors.

Additionally, should the owner of new share subscription rights fail to exercise all, or a portion of, eligible new share subscription rights during any year in the exercise period, his or her remaining new share subscription rights from that year may be carried over into subsequent fiscal years until the end of the exercise period.

Directors, corporate officers, auditors, accounting advisors, executives, and employees of the Company or affiliated companies who hold new share subscription rights may not exercise those rights in any year (from August 1 to July 31 of the following year) during the exercise period described in (6) above without receiving authorization from the Company.

Should a director, corporate officer, executive, or employee of the Company cease to be a director, corporate officer, auditor, accounting advisor, executive, or employee of the Company or an affiliated company, he or she may no longer exercise his or her new share subscription rights.

In the event of the death of a holder of new share subscription rights, his or her heir(s) shall inherit the new share subscription rights.

(8) Notes concerning increases in capital and capital reserves should shares be issued due to the exercise of new share subscription rights

The value of the capital increase due to the issuance of shares when new share subscription rights are exercised shall be 1/2 of the increase in capital value as calculated according to Article 40, Paragraph 1 of the Company accounting regulations, with remainders of less than one yen resulting from the calculations rounded up.

The value of the capital reserve increase due to the issuance of shares when new share subscription rights are exercised shall be calculated by subtracting the increased capital value defined in from the increase in capital defined in .

(9) Causes for acquisition of new share subscription rights

The Company may acquire unexercised new share subscription rights without payment on a date to be decided separately by the Company's Board of Directors should a measure to approve a merger agreement under which the Company will cease to exist, or a measure to approve an exchange of shares or equity transfer through which the Company will become a wholly owned subsidiary, be approved at a General Shareholders Meeting (or upon approval by the Company Board of Directors if approval at a General Shareholders Meeting is not required).

The Company may acquire unexercised new share subscription rights without payment on a date to be decided separately by the Company's Board of Directors should the exercise rights become lost in accordance with conditions stipulated above in (7).

Should a holder of new share subscription rights abandon all, or a portion, of his or her new share subscription rights, the Company may acquire those rights without payment on a date to be decided separately by the Company's Board of Directors.

(10) Handling of new share subscription rights should the Company be restructured

Should the Company merge (limited to cases in which the Company would cease to exist due to merger), absorb a split-off, incorporate a split-off, engage in share swaps or equity transfers (hereinafter collectively "restructuring"), the Company may issue new share subscription rights for the company created under *i to ho* of Article 236, Paragraph 1, Article 8 of the Corporation Law (hereinafter

“restructured company”) to holders of unexercised new share subscription rights as of the effective date of restructuring based upon the conditions below. In this case, the unexercised new share subscription rights would cease to exist and the restructured company would newly issue its own new share subscription rights. However, issuances of new share subscription rights from the restructured company in accordance with the conditions below are limited to instances in which they are defined in merger agreements, split-off absorption agreements, split-off incorporation plans, share swap agreements and equity swap plans.

Number of restructured company new share subscription rights to be issued

The number of restructured company new share subscription rights issued shall be the same as the number of unexercised Company new share subscriptions rights held.

Types of restructured company shares associated with new share subscription rights

Shares shall be common shares of the restructured company.

Number of restructured company shares associated with new share subscription rights

To be decided based upon (2) above after giving consideration to the conditions of the restructuring.

Value of assets to be paid in upon exercise of new share subscription rights

The value of assets to be paid in upon exercise of each allocated new share subscription right shall, after giving consideration to the conditions of the restructuring, be determined by multiplying the price to be paid after restructuring, calculated by adjusting the exercise price as defined earlier in (5), by the number of restructured company shares associated with the new share subscription right as defined above in .

Exercise period for new share subscription rights

The exercise period shall extend from either the starting date of the exercise period for new share subscriptions defined in (6) above or the effective restructuring date, whichever is later, to the expiration of the exercise period for new share subscriptions defined in (6) above.

Conditions for exercising new share subscription rights

To be determined according to (7) above.

Notes concerning increases in capital and capital reserves should shares be issued due to the exercise of new share subscription rights

To be determined according to (8) above.

Limitations on acquiring new share subscription rights through assignment

Acquiring new share subscription rights through assignment shall require the approval of the restructured company.

Causes for acquisition of new share subscription rights

To be determined according to (9) above.

(11) Limitations on acquiring new share subscription rights through assignment

Acquiring new share subscription rights through assignment requires the approval of the Company's Board of Directors.

(12) Handling of fractional shares resulting from the exercise of new share subscription rights

Fractional sums of less than one share arising when shares are issued to a holder of new share subscription rights as a result of the exercising of his or her rights shall be rounded off.

INQUIRIES ABOUT THIS PRESS RELEASE

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