

May 10, 2010

To Whom It May Concern:

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

## Notice Concerning Partial Amendment of Articles of Incorporation

At its Board of Directors meeting held today, Funai Electric Co., Ltd. (hereinafter “the Company”) resolved to discuss the following partial amendment to the Articles of Incorporation at the 58th annual Ordinary General Meeting of Shareholders scheduled to be held on June 22, 2010.

### 1. Reasons for the Amendment

(1) The Company will establish new provisions and make the necessary changes pertaining to corporate auditors and the Audit Committee, in order to transfer its management structure from a Company with Committees to a Company with an Audit Committee.

(2) The Company will establish new provisions based on the system for exemption from liability of directors and other executive officers provided in Article 426 and Article 427 of the Companies Act, which will enable the corporate auditors to sufficiently demonstrate their expected role.

### 2. Details of the Proposed Amendment

The details of the proposed amendment are described in the separate attachment.

### 3. Schedule

Ordinary General Meeting of Shareholders to amend the Articles of Incorporation	June 22, 2010
Effective date of amendment of the Articles of Incorporation	June 22, 2010

### INQUIRIES ABOUT THIS PRESS RELEASE

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## Separate Attachment

(Portions of text to be changed are underlined)

Current Articles of Incorporation	Proposed Changes
<p>Article 1            ∫ (Text omitted)</p>	<p>Article 1            ∫ (Unchanged)</p>
<p>Article 3</p>	<p>Article 3</p>
<p>(Organization)</p>	<p>(Organization)</p>
<p>Article 4 In addition to the ordinary general meeting of shareholders and Directors, the Company shall have the following organizations.</p>	<p>Article 4 In addition to the ordinary general meeting of shareholders and Directors, the Company shall have the following organizations.</p>
<p>1. Board of Directors  <u>2. Committees</u>            (Newly established)            (Newly established)            3. Accounting auditors</p>	<p>1. Board of Directors            (Deleted)  <u>2. Auditors</u>  <u>3. Audit Committee</u>            4. Accounting auditors</p>
<p>Article 5            ∫ (Text omitted)</p>	<p>Article 5            ∫ (Unchanged)</p>
<p>Article 8</p>	<p>Article 8</p>
<p>(Transfer Agent)</p>	<p>(Transfer Agent)</p>
<p>Article 9 The Company shall have a transfer agent.</p>	<p>Article 9 The Company shall have a transfer agent.</p>
<p>2 The Company's transfer agent and its business office shall be provided by a resolution of the Board of Directors <u>or by a decision of an executive officer entrusted with this responsibility by a resolution of the Board of Directors</u>, and this information shall be released by public notice.</p>	<p>2 The Company's transfer agent and its business office shall be provided by a resolution of the Board of Directors, and this information shall be released by public notice.</p>
<p>3 (Text omitted)</p>	<p>3 (Unchanged)</p>
<p>(Share Handling Regulations)</p>	<p>(Share Handling Regulations)</p>
<p>Article 10 The procedures and fees concerning handling of the Company's stock and the exercise of shareholder rights and other matters shall be governed by laws and these Articles of Incorporation and by the Share Handling Regulations provided by the Board of Directors <u>or by an executive officer entrusted with this responsibility by a resolution of the Board of Directors</u>.</p>	<p>Article 10 The procedures and fees concerning handling of the Company's stock and the exercise of shareholder rights and other matters shall be governed by laws and these Articles of Incorporation and by the Share Handling Regulations provided by the Board of Directors.</p>
<p>Article 11            ∫ (Text omitted)</p>	<p>Article 11            ∫ (Unchanged)</p>
<p>Article 12</p>	<p>Article 12</p>

Current Articles of Incorporation	Proposed Changes
<p>(Convener and Chairperson)  Article 13 The Director who is in office as <u>Executive Officer</u> and President and CEO shall convene the ordinary general meetings of shareholders and shall preside as Chairman thereof, based on a resolution of the Board of Directors.  2 When the Director who is in office as <u>Executive Officer</u> and President and CEO is unable to preside over an ordinary general meeting of shareholders, another Director shall convene the ordinary general meeting of shareholders and serve as Chairperson, in accordance with the order established previously by the Board of Directors.</p>	<p>(Convener and Chairperson)  Article 13 The Director who is in office as <u>Corporate Executive Officer</u> and President and CEO shall convene the ordinary general Meetings of shareholders and shall preside as Chairman thereof, based on a resolution of the Board of Directors.  2 When the Director who is in office as <u>Corporate Executive Officer</u> and President and CEO is unable to preside over an ordinary general meeting of shareholders, another Director shall convene the ordinary general meeting of shareholders and serve as Chairperson, in accordance with the order established previously by the Board of Directors.</p>
<p>Article 14  } (Text omitted)  Article 19  (Newly established)</p>	<p>Article 14  } (Unchanged)  Article 19</p>
<p>Article <u>20</u>  (Text omitted)</p>	<p>(<u>Representative Directors</u>)  <u>Article 20 The Company shall elect one (1) or more Representative Directors by a resolution of the Board of Directors.</u>  Article <u>21</u>  (Unchanged)</p>
<p>(Notice of Convocation of the Board of Directors)  Article <u>21</u> Notice for convocation of a meeting of the Board of Directors shall be dispatched to each Director at least three (3) days prior to the date of the meeting. Provided, however, this period may be shortened in case of urgency.  2 The Board of Directors may be convened without following convocation procedures provided all of the Directors agree.</p>	<p>(Notice of Convocation of the Board of Directors)  Article <u>22</u> Notice for convocation of a meeting of the Board of Directors shall be dispatched to each Director <u>and each Auditor</u> at least three (3) days prior to the date of the meeting. Provided, however, this period may be shortened in case of urgency.  2 The Board of Directors may be convened without following convention procedures provided all of the Directors <u>and Auditors</u> agree.</p>
<p>Article <u>22</u>  } (Text omitted)  Article <u>23</u></p>	<p>Article <u>23</u>  } (Unchanged)  Article <u>24</u></p>
<p>(Compensation and Other Benefits)  Article <u>24</u> The amount of compensation, bonuses, and other financial benefits Directors receive from the Company as value for execution of their duties (referred to collectively below as “compensation etc.”) shall be determined by a resolution of <u>the Compensation Committee</u>.  Article <u>25</u>  (Text omitted)</p>	<p>(Compensation and Other Benefits)  Article <u>25</u> The amount of compensation, bonuses, and other financial benefits Directors receive from the Company as value for execution of their duties (referred to collectively below as “compensation etc.”) shall be determined by a resolution of <u>an ordinary general meeting of shareholders</u>.  Article <u>26</u>  (Unchanged)</p>

Current Articles of Incorporation	Proposed Changes
<u>Chapter 5 Executive Officers</u>	(Deleted)
(Number of Auditors)	
<u>Article 26 The Company shall have no more than three (3) Auditors.</u>	(Deleted)
(Method of Appointment)	
<u>Article 27 Executive officers shall be appointed by a resolution of the Board of Directors.</u>	(Deleted)
(Term of Office)	
<u>Article 28 The term of office of executive officers shall extend until the close of the Board of Directors meeting convened after the close of the ordinary general meeting of shareholders relating to the last business fiscal year ending within one (1) year after their election to office.</u>	(Deleted)
<u>(Representative Executive Officers and Executive Officers with Duties)</u>	
<u>Article 29 The Board of Directors shall elect one (1) or more Representative Executive Officer(s) by a resolution for such election.</u>	(Deleted)
<u>2 The Board of Directors may appoint one (1) Executive Officer and Chairman of the Board and one (1) Executive Officer and President and CEO, and executive officers serving as vice presidents, senior managing directors and managing directors, by a resolution for such elections.</u>	
<u>(Executive Officer Provisions)</u>	
<u>Article 30 Matters concerning executive officers shall be governed by laws, these Articles of Incorporation and by the Regulations of the Board of Directors, and by the Executive Officer Rules provided by the Board of Directors.</u>	(Deleted)
<u>(Compensation Etc.)</u>	
<u>Article 31 The amount of compensation etc. to be granted to executive officers shall be provided by a resolution of the Compensation Committee.</u>	(Deleted)
<u>(Exemption of Executive Officers from Liability)</u>	
<u>Article 32 Pursuant to the provision of Article 426 paragraph (1) of the Companies Act the Company may, by resolution of the Board of Directors, exempt executive officers (including past executive officers) from the liability for damages of executive officers provided by Article 423 paragraph (1) of the Companies Act.</u>	(Deleted)
(Newly established)	<u>Chapter 5 Auditors and Audit Committee</u>
(Newly established)	(Number of Auditors)
	<u>Article 27 The Company shall have three (3) or more Auditors.</u>

Current Articles of Incorporation	Proposed Changes
(Newly established)	<p><u>(Method of Election)</u>  <u>Article 28</u> <u>Auditors shall be elected by a resolution of an ordinary general meeting of shareholders.</u>  <u>2</u> <u>Resolutions for the election of Auditors shall be adopted at an ordinary general meeting of shareholders at which shareholders holding one-third (1/3) or more of the shareholders voting rights that can be exercised shall be present, by a majority of the votes of the shareholders present.</u>  <u>3</u> <u>The Company shall be able to elect Alternate Auditors at the ordinary general meeting of shareholders, to provide for situations in which the number of Auditors prescribed by laws and regulations is insufficient, based on the provision of Article 329 paragraph (2) of the Companies Act.</u></p>
(Newly established)	<p><u>(Term of Office)</u>  <u>Article 29</u> <u>The term of office of Auditors shall expire at the close of the ordinary general meeting of shareholders relating to the last business fiscal year to end within four (4) years after their election to office.</u>  <u>2</u> <u>The term of office of an Auditor elected to fill a vacancy created by an Auditor who resigned before the end of his/her term of office shall expire at the time the term of office of his/her predecessor would expire.</u></p>
(Newly established)	<p><u>(Standing Corporate Auditors)</u>  <u>Article 30</u> <u>The Audit Committee shall elect Standing Corporate Auditors by resolution.</u></p>
(Newly established)	<p><u>(Notice of Convocation of the Audit Committee)</u>  <u>Article 31</u> <u>Notice for convocation of a meeting of the Audit Committee shall be dispatched to each Auditor at least three (3) days prior to the date of the meeting. Provided, however, this period may be shortened in case of urgency.</u>  <u>2</u> <u>When all the Auditors are in agreement, they shall be able to hold meetings of the Audit Committee without following the procedure to convene.</u></p>
(Newly established)	<p><u>(Procedure for Audit Committee Resolutions)</u>  <u>Article 32</u> <u>Audit Committee resolutions shall be adopted by a majority of the Auditors.</u></p>
(Newly established)	<p><u>(Audit Committee Rules)</u>  <u>Article 33</u> <u>Matters concerning the Audit Committee shall be governed by the provisions established by laws or by these Articles of Incorporation, and by the Audit Committee Rules provided by the Audit Committee.</u></p>
(Newly established)	<p><u>(Compensation and Other Benefits)</u>  <u>Article 34</u> <u>The amount of compensation and other benefits to be granted to Auditors shall be determined by a resolution of an ordinary general meeting of shareholders.</u></p>

Current Articles of Incorporation	Proposed Changes
<p style="text-align: center;">(Newly established)</p>	<p><u>(Exemption of Auditors from Liability)</u>  <u>Article 35 Pursuant to the provision of Article 426 paragraph (1) of the Companies Act the Company may, by resolution of the Board of Directors, exempt Auditors (including past Auditors) from the liability for damages of accounting auditors provided by Article 423 paragraph (1) of the Companies Act.</u>  <u>2 The Company may, based on the provision of Article 427 paragraph (1) of the Companies Act, conclude agreements with its Outside Auditors to limit the total of the amounts prescribed in each item of Article 425 paragraph (1) of the Companies Act concerning their liability to pay the compensation for damages under Article 423 paragraph (1) of the Companies Act.</u></p>
<p>Article <u>33</u>  ∫  Article <u>36</u>  (Text omitted)</p>	<p>Article <u>36</u>  ∫  Article <u>39</u>  (Unchanged)</p>