

January 25, 2017

To Whom It May Concern:

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

Implementation of Public Announcement Measure by Tokyo Stock Exchange, Inc. and request for the submission of Improvement Report

We disclosed an investigative report of the internal investigation committee concerning inappropriate accounting treatment on October 13, 2016. Furthermore, we issued corrections to past documents, including earnings reports, on October 17, 2016.

In regards to the issue, Tokyo Stock Exchange, Inc (hereafter TSE) took the Public Announcement Measure on January 25, 2017 based on the Securities Listing Regulations, Rule 508, Paragraph 1, Item 1. TSE also requested an Improvement Report based on the Securities Listing Regulations, Rule 502, Paragraph 1, Item 1.

We will respond to the measures appropriately and sincerely.

We disclosed an investigative report of the internal investigation committee concerning inappropriate accounting treatment on October 13, 2016 and issued corrections to past documents including earnings reports on October 17, 2016.

These disclosures acknowledged the facts of the following inappropriate accounting treatments: One of our sales subsidiaries in the U.S. continued making tax payments using an outdated rate of taxation in Canada, without being aware of changes made in the tax system of the country. They did not conduct appropriate financial processing even after learning of this fault as revealed by a tax investigation; In one business segment, employees did not properly process freight costs for undelivered invoices from clients; The subsidiary did not properly estimate rebates used for several purposes including sales promotions, and overstated its sales performance. Thus, we were found providing information based on inappropriate account processing on multiple procedures, such as earnings reports disclosed from the fiscal year 2012 through to the fiscal year 2016, both ending in March.

The investigation revealed that the subsidiary in question did not have enough employees to appropriately determine whether its account processing was correct, and that the representative of the subsidiary did not provide proper guidance of nor properly manage the procedures. It was deemed that we did not sufficiently manage the subsidiary either, as the business administration reports from the subsidiary primarily focused on its performance in terms of sales and profits/loss, and there were no procedures in place for reporting issues that could have significant influence on the operation. These factors indicate a violation of the listing rules due to the disclosure containing false statements, and were considered to have extensive impact on investors' decisions. As a result, TSE implemented the public

announcement measure. Furthermore, structural reform was deemed highly necessary considering that the issues arose from system deficiencies in achieving appropriate and timely disclosure. As such, TSE required us to submit a report containing the background of the issue and improvement measures.

For further information, please contact

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