

**Cease and Desist Order and Surcharge Payment Order against Manufacturers of TFT
Liquid Crystal Display Module for “Nintendo DS” and “Nintendo DS Lite”**

December 18, 2008

Japan Fair Trade Commission

The Japan Fair Trade Commission (hereinafter “JFTC”) had investigated entrepreneurs manufacturing and selling TFT liquid crystal display module ^(Note 1) used for display screens of hand-held gaming devices called “Nintendo DS” manufactured and sold by Nintendo Co., Ltd. (hereinafter “Nintendo”) (hereinafter “LCD module for DS”) and TFT liquid crystal display module used for display screens of hand-held gaming devices called “Nintendo DS Lite” (hereinafter “LCD module for DS Lite”) in accordance with the provisions of the Antimonopoly Act (hereinafter “AMA”) and found that they had engaged in activities that violate Article 3 (prohibition of unreasonable restraint of trade) of the AMA. Accordingly, the JFTC today issued a surcharge payment order regarding activities concerning LCD module for DS pursuant to the provision of Paragraph 1, Article 7-2 of the AMA and a cease and desist order regarding activities concerning LCD module for DS Lite pursuant to the provision of Paragraph 2, Article 7 of the AMA as below.

(Note 1) A liquid crystal display (a combination of a liquid crystal panel and backlight) combined with TFT liquid crystal display driver circuit (peripheral IC substrate).

1 Entrepreneurs subject to the cease and desist order and to the surcharge payment order and the amount of surcharge

No.	Name of entrepreneur	Location of principal office	Representative	Cease and desist order (LCD module for DS Lite)	Surcharge payment order (LCD module for DS)
1	Sharp Corporation	22-22 Nagaike-cho, Abeno-ku, Osaka	Mikio Katayama, Representative Director		261,070,000 yen
2	Hitachi Displays, Ltd.	3300 Hayano, Mobarashi, Chiba	Yoshiyuki Imoto, Representative Director		-

(Note 2) The entrepreneurs indicated with a circle “ ” are the addressees of the cease and desist order.

(Note 3) The entrepreneur indicated with a hyphen “ - ” committed a violation but is not included in the addressees of the surcharge payment order.

2 LCD module for DS

(1) Outline of the violation

Sharp Corporation (hereinafter “Sharp”) and Hitachi Displays, Ltd. (hereinafter “Hitachi Displays”) (hereinafter “Two Companies”) had been exchanging information about the selling price for Nintendo (hereinafter “price for Nintendo”) and so on of LCD module for DS since around October, 2004 when Hitachi Displays was negotiating with Nintendo the trade terms to start selling LCD module for DS, and shared a common understanding that decrease of the price for Nintendo caused by entry of Hitachi Displays needs to be prevented. And Two Companies, around October 6, 2005, formed a common intent that the price for Nintendo of LCD module for DS applicable to orders received in the second half of fiscal year 2005 would be prevented from dropping below the existing price by more than 100 yen, by keeping the offering price for Nintendo of LCD module for DS applicable to orders received in the second half of fiscal year 2005 ^(Note 4) (the price each of Two Companies offers to Nintendo in the process of respective negotiation) from falling below the existing price for Nintendo by more than 100 yen. Therefore they substantially restrained competition in the field of trade of LCD module for DS, contrary to the public interest.

(2) Outline of the surcharge payment order

Sharp shall pay a total amount of 261,070,000 yen not later than March 19, 2009.

(Note 4) Orders received during the period from the price revision date around October 6, 2005 or later but closest to October 6, 2005, to March 31, 2006.

3 LCD module for DS Lite

(1) Outline of the violation

Two Companies had been exchanging information about the price and so on of TFT LCD module used for display screens of portable game players Nintendo manufactures and sells (hereinafter "LCD module for Nintendo"), and shared a common understanding that decrease of the price for Nintendo of LCD module for DS Lite needs to be prevented since they had been required by Nintendo to reduce price for Nintendo. Under these backgrounds, concerning LCD module for DS Lite whose orders would be received during the first quarter of fiscal year 2007,

- a. around September 5, 2006, Sharp told Hitachi Displays the price expected to be offered to Nintendo around September 7, 2006; and**
- b. Hitachi Displays set the price expected to be offered to Nintendo close to the price told by Sharp as noted in a. above by raising the price from that originally prepared, and offered it to Nintendo around September 11, 2006; and**
- c. around November 7, 2006, Hitachi Displays told Sharp the price offered to Nintendo around September 11, 2006 as noted in b. above,**

and thereby Two Companies substantially restrained competition in the field of trade of LCD module for DS Lite, contrary to the public interest, by forming a common intent that they regard the price offered to Nintendo by Hitachi Displays as noted in b. above as a target price, concerning the price for Nintendo of LCD module for DS Lite applicable to orders received during the first quarter of fiscal year 2007.

(2) Outline of the cease and desist order

- a. Two Companies shall each adopt at their respective boards of directors a resolution confirming that;**
 - (a) The common intent as noted in (1) above is withdrawn; and**
 - (b) Two Companies shall no longer, mutually among themselves or jointly with any other entrepreneurs, determine the price of LCD module for Nintendo and shall separately set such a price at their respective discretion; and**

- (c) Two Companies shall no longer, mutually among themselves or jointly with any other entrepreneurs, exchange information about a revision to the price for Nintendo of LCD module for Nintendo.**
- b. Two Companies shall make notification of the measures taken in accordance with a. above to each other mutually, make such measures well-known to their respective employees, and Sharp shall make such a notification to Nintendo and Hitachi Displays shall make such a notification to Nintendo and Yashima Denki Co., Ltd. ^(Note 6)**
- c. Two Companies shall no longer, mutually among themselves or jointly with any other entrepreneurs, determine the price of LCD module for Nintendo.**
- d. Two Companies shall no longer, mutually among themselves or jointly with any other entrepreneurs, exchange information about a revision to the price for Nintendo of LCD module for Nintendo.**
- e. Two Companies shall each take the necessary measures for ensuring that;**

 - (a) Their respective action guidelines on compliance with the AMA concerning their activities to sell their products will be revised; and that**
 - (b) Regular training to personnel making price decision and sales personnel for LCD module for Nintendo and regular audits into them performed by legal affairs personnel will be offered with regard to compliance with the AMA concerning their activities to sell LCD module for Nintendo.**

(Note 5) Orders received during the period from January, 2007 to March, 2007.

(Note 6) Hitachi Displays sells to Nintendo through Yashima Denki Co., Ltd.