

Cease and Desist Order against Yamada Denki Co., Ltd.
(Tentative Translation)

June 30, 2008
Japan Fair Trade Commission

The Japan Fair Trade Commission (JFTC) had investigated Yamada Denki Co., Ltd. (hereinafter referred to as ‘Yamada Denki’) according to provisions under the Antimonopoly Act (AMA) and found that Yamada Denki was in violation of Article 19 of the AMA (Paragraph 7 of Specific Unfair Trade Practices by Large-Scale Retailers (See Note) Relating to Trade with Suppliers). Accordingly, the JFTC issued today a cease and desist order against Yamada Denki, pursuant to the provisions of Paragraph 1 and 2, Article 20 of the AMA.

Note: The term “Large-scale Retailer” means a retailer of the goods daily used by general consumers with sales amount of at least 10 billion yen in the previous fiscal year or with a floor space (floor area used as a shop for retailing) of at least 3,000 m² in case of special wards in the Tokyo Metropolitan area and the ordinance-designated cities or at least 1,500 m² in case of other areas.

1. Parties Concerned

Name	Yamada Denki Co., Ltd.
Location	40-11, Hiyoshicho 4-chome, Maebashi-shi, Gunma
Representative	Noboru Yamada, Representative Director and CEO
Outline of Business	Retailing of electric home appliances

2. Outline of the Violation

- (1) Yamada Denki coerces the suppliers of TV sets, refrigerators, PCs, digital cameras and family video game software etc. which have continuous dealings with it and are in positions inferior to it to dispatch their employees etc.. Yamada Denki has such employees display and restock the goods and attend customers etc. at its newly opened or remodeled shops whether or not the goods are from such suppliers though it has not executed any agreement on dispatching conditions with the suppliers and does not bear the cost usually required to have temporary staff dispatched.
- (2) Yamada Denki coerced the suppliers of PCs and digital cameras at positions inferior to it to dispatch their employees etc. without executing any agreement on dispatching conditions with the suppliers and without bearing the cost usually required to have temporary staff dispatched. It had such dispatched employees initialize the settings of the goods used for display at the shops or returned from customers among those purchased from such suppliers so that it could sell them as “Discount goods used for display.”

3. Outline of the Cease and Desist Measures

- (1) Yamada Denki shall stop the actions described in 2(1) above and resolve at its board of

directors that it will stop such actions and will not take any similar action in future.

- (2) Yamada Denki shall confirm that it has stopped the actions described in 2(2) above and resolve at its board of directors that it will not take any similar action in future.
- (3) Yamada Denki shall notify the measure taken based on (1) above to the suppliers of TV sets, refrigerators, PCs, digital cameras and family video game software etc. having continuous dealings with it and notify the measure taken based on (2) above to the suppliers of PCs and digital cameras having continuous dealings with it. Yamada Denki shall also have its employees fully aware of the measures taken based on (1) and (2) above.
- (4) Yamada Denki shall not take any action similar to that described in 2 above in future.
- (5) Yamada Denki shall take measures required for the following matters:
 - a. Preparation or revision of behavior policy on compliance with the AMA in relation to dealings with suppliers; and
 - b. Periodic training for officers and employees on compliance with the AMA in relation to dealings with suppliers as well as the periodic audit by legal staff.