

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

March 5, 2009
Japan Fair Trade Commission

The Japan Fair Trade Commission (JFTC), in accordance with the provisions of the Antimonopoly Act, investigated Daiwa Co., Ltd. (hereinafter “Daiwa”) and found that it had committed an act in violation of Article 19 (Paragraphs 6 and 7, Designation of Specific Unfair Trade Practices by Large-Scale Retailers ^[note] Relating to Trade with Suppliers) of the Antimonopoly Act. Accordingly, on March 5, 2009, the JFTC issued a cease and desist order against Daiwa pursuant to the provisions of paragraph 2, Article 20 of the Antimonopoly Act, as detailed below.

Note: “Large-Scale Retailers” refers to 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. Related party

Name	Daiwa Co., Ltd.
Address	2-2-5 Katamachi, Kanazawa-shi, Ishikawa-ken
Outline of business	Operation of department stores

2. Outline of the violation

- 1) Daiwa, at its Kourinbou Store located in Kanazawa city (hereinafter “Kourinbou Store”) and Toyama Store located in Toyama city (hereinafter “Toyama Store”), formulated sales plans called “Door-to-Door Sales by All Employees” and “Special Thank-You Sales” (hereinafter collectively “Door-to-Door Sales by All Employees and Others”). On executing the plans, in order to achieve objective sales quota fixed in advance for each stores, Daiwa requested its suppliers of products sold at the Kourinbou Store and Toyama Store, with which continuous transactions had been made and whose standing in the transactions was inferior to that of Daiwa (hereinafter the “Suppliers” in items 1) to 4)), as well as their employees, to purchase from buyers in charge of the Kourinbou Store and Toyama Store (employees of Daiwa who conduct negotiations, order placements and other purchasing tasks with the Suppliers, who could influence transactions with the Suppliers) the products subject to Door-to-Door Sales by All Employees and Others, and had these products actually purchased.
- 2) Daiwa requested the Suppliers to purchase paintings sold at the exhibition held at the Kourinbou Store around August 2007 through buyers in charge of the Kourinbou Store, and had the paintings actually purchased.
- 3) Daiwa, at its Kourinbou Store and Toyama Store, upon executing the Door-to-Door Sales by All Employees and Others, decided to have employees of the Suppliers who are dispatched from the Suppliers and stationed at shops in the Kourinbou Store and Toyama Store (hereinafter “Suppliers’ Employees Dispatched to Daiwa”) engage in sales of products other than those delivered by the Suppliers who dispatch the Suppliers’ Employees Dispatched to Daiwa, and had the Suppliers’ Employees Dispatched to Daiwa engage in the sales tasks without an agreement with the Suppliers on the

conditions for having the Suppliers' Employees Dispatched to Daiwa conduct the sales tasks and without bearing the costs necessary for those tasks.

- 4) Daiwa, upon executing large-scale sales in March, June and October of each year, called the "Spring Daiwa Festival", "Daiwa Summer Festival" and others at the Kourinbou Store and Toyama Store, decided to have the Suppliers' Employees Dispatched to Daiwa deliver direct mail notifying residents living in the neighborhood of the Kourinbou Store and Toyama Store of the sales, and had the Suppliers' Employees Dispatched to Daiwa engage in delivery tasks without an agreement with the Suppliers who dispatch the Suppliers' Employees Dispatched to Daiwa on the conditions for having the Suppliers' Employees Dispatched to Daiwa engage in the said delivery tasks and without bearing the costs necessary for those tasks.
3. Summary of the cease and desist order
- 1) Daiwa shall confirm that the acts of number 2. above have been terminated, and resolve at the Board Meeting that acts similar to the acts of violation will not be committed in the future.
 - 2) Daiwa shall notify the Suppliers that are in continuous business relations with it and the employees of the Suppliers who are dispatched by the Suppliers and stationed at the sales floors of each stores of Daiwa about the measures taken in accordance with item 1) above, while at the same time ensuring that its employees are thoroughly familiar with them.
 - 3) In the future, Daiwa shall refrain from any acts similar to those described in number 2. above.
 - 4) Daiwa shall take the actions necessary to perform the following items:
 - a. Preparation of action guidelines for complying with the Antimonopoly Act in relation to transactions with the Suppliers
 - b. Provision of periodical trainings to its board members and employees about compliance with the Antimonopoly Act in relation to transactions with the Suppliers and conducting of periodical audits by personnel in charge of legal affairs