

Cease and Desist Orders and Surcharge Payment Orders against
Manufacturers and Distributors of Electric Wires for Construction and
Distribution
(Tentative Translation)

November 18, 2010

The Japan Fair Trade Commission

The Japan Fair Trade Commission (JFTC), under the provisions of the Antimonopoly Act (AMA), has investigated companies engaged in manufacturing and distributing electric wires for construction and distribution (Note 1), and found that they were in violation of Article 3 (prohibition of unreasonable restraint of trade) of the AMA. Accordingly, the JFTC today issued cease and desist orders pursuant to Paragraph 2, Article 7 of the AMA and surcharge payment orders pursuant to Paragraph 1, Article 7-2 of the AMA as detailed below.

(Note 1) The term “electric wires for construction and distribution” means three varieties of electric wires (Note 2) which are sold to electricians or distributors (except for these which are sold to distributors who are requested for quotation by customers other than electricians or distributors.).

(Note 2) The term “three varieties” means CV (Crosslinked polyethylene insulated PVC sheathed cable; hereinafter the same shall apply.), CVV (Control-use Vinyl insulated Vinyl sheathed cable; hereinafter the same shall apply.) and IV (Wire Insulate by Vinyl; hereinafter the same shall apply), and their derivatives (CV, CVV and IV whose materials are changed or are converted depending on uses and purposes, except for branch cables. The same shall apply hereinafter.), out of electric wires as provided in Item 6, Paragraph 1, Article 2 of the Ordinance of Deciding The Technical Standards concerning Electrical Facilities (except for the electrical wires which are used for transmission of very high-voltage electricity as provided in Item 3, Paragraph 1, Article 2 of the Ordinance.).

1. The violating companies, the number of the cease and desist orders and the surcharge payment orders received, and the amount of the surcharge.

| | The violating companies | cease and desist orders | The amount of the surcharge |
|---|-------------------------|-------------------------|-----------------------------|
| 1 | Yazaki Corporation. | ○ | 7,261,700,000yen |

| | | | |
|---------------------------|--|---|-------------------|
| 2 | Sumiden Hitachi Cable Ltd. | — | 2,038,390,000yen |
| 3 | Fujikura Dia Cable Ltd. | ○ | 1,073,030,000yen |
| 4 | Furukawa Elecom Co., Ltd. | — | 465,050,000yen |
| 5 | SWCC Showa Cable Systems Co., Ltd. | — | — |
| 6 | Showa Cable Trading K.K. | — | — |
| Total amount of surcharge | | | 10,838,170,000yen |

(Note 3) “○” in the above table shows the company is a recipient of the cease and desist order.

(Note 4) “—” in the above table shows the company is a violating company but not a recipient of the cease and desist order or surcharge payment order.

(Note 5) Showa Cable Trading K.K. was a distributor of electric wire for construction and distribution. On March 31, 2006, it resolved to dissolve the company and on January 5, 2007, a ruling to conclude special liquidation became final and binding.

2 Outline of the violation

The two companies – Yazaki Corporation. (hereinafter referred to as “Yazaki”) and Fujikura Dia Cable Ltd. (hereinafter referred to as “Fujikura Dia Cable”) (these two companies shall be hereinafter referred to as the “Two Companies”) – together with Sumiden Hitachi Cable Ltd. (hereinafter referred to as “Sumiden”), Furukawa Elecom Co., Ltd. (hereinafter referred to as “Furukawa Elecom”), SWCC Showa Cable Systems Co., Ltd. (hereinafter referred to as “Showa Cable Systems”) and Showa Cable Trading K.K. substantially restrained competition contrary to the public interest, on or before April 1, 2005 (Note 6) at the latest, in the field of sales of electric wires for construction and distribution in Japan, in order to increase or maintain the sale price of electric wires for construction and distribution, through the following measures:

- (1) using common basic price lists among them,
- (2) using common copper price fluctuations among them,
- (3) using common discount rates among them.

(Note 6) Showa Cable Systems joined the collusion on April 3, 2006.

3 Outline of the cease and desist orders

- (1) The Two Companies shall respectively adopt a resolution at their Board of Directors confirming that
 - a) they have terminated the action in item 2 above,
 - b) each company shall individually determine the selling price of electric wires for construction and distribution, without consulting mutually or with any other companies in the future,
 - c) neither company shall exchange information about revision of the selling price of electric wires for construction and distribution with each other nor with any other companies in the future.
- (2) The Two Companies shall each notify the measures taken in accordance with item (1) above to the other company and to Sumiden, Furukawa Elecom and Showa Cable Systems and to electricians and their own distributors of electric wires for construction and distribution, and shall have such measures thoroughly disseminated to their employees.
- (3) The Two Companies respectively shall not determine the selling price of electric wires for construction and distribution through mutual consultation nor in collaboration with any other companies in the future.
- (4) The Two Companies respectively shall not exchange information about their revision of the selling price of electric wires for construction and distribution through mutual consultation nor with any other companies in the future.
- (5) The Two Companies shall respectively take measures necessary to do the following:
 - a) Fully disseminate to their employees the guidelines of activities with regard to compliance with the AMA in relation to sales activities for their own products.
 - b) Implement a regular training program for the staff engaged in sales of electric wires for construction and distribution and regular audits by the legal department, with regard to compliance with the AMA in relation to the sales activities for electric wires for construction and distribution.

4 Outline of the surcharge payment orders

Yazaki, Sumiden, Fujikura Dia Cable and Furukawa Elecom shall respectively pay the amount by February 21, 2011, described in item 1 above (10,838,170,000yen in total).