

Cease and Desist Order and Surcharge Payment Order against Toys“R”Us-Japan, Ltd.  
(Tentative Translation)

December 13, 2011  
Japan Fair Trade Commission

The Japan Fair Trade Commission (JFTC) has investigated Toys“R”Us-Japan, Ltd. (hereinafter referred to as “Toys“R”Us-Japan”) in accordance with the provisions under the Antimonopoly Act (AMA) and found that it was in violation of Article 19 (falling under the Item 5, Paragraph 9, Article 2 [Abuse of Superior Bargaining Position]<sup>(Note 1)</sup>) of the AMA, as detailed below. Accordingly, the JFTC today issued a cease and desist order pursuant to Paragraph 2, Article 20 of the AMA and a surcharge payment order pursuant to Article 20-6 of the AMA.

(Note 1) Before January 1, 2010 the day of the enactment of the amended AMA, Paragraph 14 of Designation of Unfair Trade Practices (before amendment).

1. The Violating Party and the amount of the surcharge

Name	Toys“R”Us-Japan, Ltd.
Address	1310 Omiya-cho, Saiwai-ku, Kawasaki-shi
Representative	Representative director Monika Merz
Outline of business	Retailer of goods for children or babies (toys, child-care goods, children’s clothing, etc.)
The amount of the surcharge	369,080,000yen

2. Outline of the violation

Toys“R”Us-Japan, on or after January 6, 2009, performed the following acts to some of the suppliers<sup>(Note 2)</sup> who were in bargaining positions inferior to it (hereinafter referred to as “Specific Suppliers”).

- (1) Even though there was no reason attributable to the Specific Suppliers, Toys“R”Us-Japan returned the unsold goods<sup>(Note 3)</sup> to the Specific Suppliers.
- (2) Even though there was no reason attributable to the Specific Suppliers, Toys“R”Us-Japan reduced all of or part of the amount equivalent to the amount of the discount by Toys“R”Us-Japan from the consideration to be paid to the Specific Suppliers of the unsold goods subject to discount.

(Note 2) “suppliers” mean companies that engage in delivering goods sold at Toys“R”Us-Japan.

(Note 3) “unsold goods” mean the ones that had sold sluggishly to remain unsold or the seasonal goods that remained unsold after the sales period.

3. Outline of the cease and desist order

- (1) Toys“R”Us-Japan shall adopt a resolution at the Board of Directors confirming that the acts of number 2 above have been terminated, and that it will not engage in similar conducts in the future.
- (2) Toys“R”Us-Japan shall notify the measures taken in accordance with item (1) above to the suppliers, and shall have such measures thoroughly disseminated to the employees.
- (3) Toys“R”Us-Japan shall not do any acts similar to those described number 2 above in the future.
- (4) Toys“R”Us-Japan shall take measures necessary to do the following:
  - a. Preparation of the guidelines of activities with regard to compliance with the AMA in relation to transactions with suppliers.
  - b. Implement a regular training program for the board members and employees, and regular audits by the legal department, with regard to compliance with the AMA in relation to transactions with suppliers.

4. Outline of the surcharge payment order

Toys“R”Us-Japan shall pay 369,080,000yen by March 14, 2012.