

Cease and Desist Order against Adidas Japan Kabushiki Kaisha

(Tentative Translation)

March 2, 2012

Japan Fair Trade Commission

The Japan Fair Trade Commission (hereinafter referred to as “JFTC”) has investigated Adidas Japan Kabushiki Kaisha (hereinafter referred to as “Adidas Japan”) in accordance with provisions under the Antimonopoly Act (hereinafter referred to as “AMA”) and found that it was in violation of Article 19 (falling under the Item 4, Paragraph 9, Article 2 [Resale Price Restriction]) of the AMA as detailed below. Accordingly, the JFTC today issued a cease and desist order pursuant to the provision of Paragraph 2, Article 20 of the AMA.

1. Violating Party

Name	Adidas Japan Kabushiki Kaisha
Address	77 Yarai-cho, Sinjuku-ku, Tokyo
Representative	Paul Andrew Hardisty, Representative Director
Outline of business	Sale and import of shoes, sporting goods, etc.

2. Outline of the Violation

Adidas Japan, at the latest by late March 2010 , performed the following acts to some of the retailers by Adidas Japan itself or through wholesalers with regard to the sales of EASYTONE (Note 1).

- (1) Adidas Japan had caused retailers to sell the models it launched in or before October 2010 at the discount limit price (Note 2) that Adidas Japan fixed or higher.
- (2) Adidas Japan had caused retailers to sell the models it launched in or after November 2010 at the suggested retail price (Note 2) that Adidas Japan fixed.

(Note 1) “EASYTONE” is the branded toning shoes that Adidas Japan started to launch in February 2009 (It has a structure which makes certain muscles work harder than walking in typical walking shoes, for instance, the balance of the body when walking in it is made unbalance by the shape of the sole and the inner material of the shoe, and the effects to tighten the lower part of the body and so on are to be purportedly expected.).

In addition, EASYTONE is a good of the “Reebok” brand Adidas Japan handles.

(Note 2) “Suggested retail price” means a price that is called “suggested retail price” and so on, and “discount limit price” means the price 10% lower than the “suggested retail price”.

Adidas Japan had fixed the price that it hoped for the sales price for the general consumers of the retailers as the suggested retail price for each model launched with regard to EASYTONE, and Adidas Japan had notified the suggested retail price of EASYTONE above to its retailers by Adidas Japan itself or through wholesalers by distributing the catalogues which listed the suggested retail price and so on.

3. Outline of Cease and Desist Order

- (1) Adidas Japan shall adopt a resolution at its Board of Directors confirming that it has terminated the action in section 2 above, and that it will never take similar action with regard to sales of EASYTONE.
- (2) Adidas Japan shall notify the measures taken in accordance with item (1) above to its wholesalers and retailers, and shall have such measures thoroughly disseminated to consumers in general as well as its employees.
- (3) Adidas Japan hereafter shall never take any action similar to the action in section 2 above with regard to sales of EASYTONE.
- (4) Adidas Japan shall take measures necessary to do the following:
 - (a) Revision of the guidelines of activities with regard to compliance with the AMA in relation to transactions with wholesalers and retailers.
 - (b) Implementation of regular training program for the employees engaged in sales of EASYTONE and regular audits by the legal department, with regard to compliance with the AMA in relation to transactions with wholesalers and retailers.