

To whom it may concern

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Notice Regarding the Receipt of Cease and Desist Order and Surcharge Payment Order from  
the Japan Fair Trade Commission

On September 13, 2016, Daimaru Matsuzakaya Department Stores Co. Ltd., a subsidiary of J. FRONT RETAILING Co., Ltd. (the “Company”), was subject to an on-site inspection carried out by the Japan Fair Trade Commission (the “JFTC”) regarding the suspicion of a violation of the Antimonopoly Act concerning the orders received from the East Japan Railway Company for business uniforms used by said company. The Company has been providing its full cooperation to the JFTC during its on-site inspection and its subsequent investigations in relation to this matter. Today, Daimaru Matsuzakaya Department Stores Co. Ltd. received a cease and desist order and a surcharge payment order under the Antimonopoly Act from the JFTC. As such, the Company hereby announces the following.

The Company and Daimaru Matsuzakaya Department Stores Co. Ltd., take this situation, which arose in spite of their dedication to legal compliance, very seriously and sincerely apologize to everyone involved, including their shareholders and customers, for the immense concern that this has caused.

1. Summary of the cease and desist order

Daimaru Matsuzakaya Department Stores Co. Ltd. was involved in acts in violation of Article 3 of the Antimonopoly Act concerning the orders received from the East Japan Railway Company for business uniforms used by said company. As a result, Daimaru Matsuzakaya Department Stores Co. Ltd. was ordered to take steps including a resolution made by the Board of Directors, the details of which included confirming that Daimaru Matsuzakaya Department Stores Co. Ltd. had ceased the illegal conduct, and notifying the East Japan Railway Company and other relevant parties of the steps taken as well as informing Daimaru Matsuzakaya Department Stores Co. Ltd. employees of the steps taken.

2. Summary of surcharge payment order

- (1) Payable surcharge amount: ¥1.96 million
- (2) Payment deadline: August 13, 2018

3. Measures to prevent recurrence

Following the on-site inspection carried out by the JFTC, Daimaru Matsuzakaya Department Stores Co. Ltd. carried out education and training related to the Antimonopoly Act for all employees, implemented monitoring related to the Antimonopoly Act, and enacted measures to prevent recurrence such as establishing rules for contact with competitors.

Going forward, having received this cease and desist order, the Group intends to focus on thoroughly adhering to compliance-based management by proceeding with internal training related to the Antimonopoly Act and legal compliance and with further reinforcement and enhancement of the monitoring structure.

4. Effect on earnings

The effect of the above mentioned case has been deemed immaterial with respect to the Company's consolidated earnings.

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