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20 January 2009

Richard Chadwick
General Manager
Adjudication
Australian Competition and Consumer Commission
GPO Box 3131
CANBERRA ACT 2601

FILE No:	
DOC:	
MARS/PRISM:	

By express post and facsimile:
(02) 6243 1199

Dear Mr Chadwick,

Exclusive Dealing Notification - Levi Strauss (Australia) Pty Ltd

We act for Levi Strauss (Australia) Pty Ltd (*Levi Strauss*).

We enclose an exclusive dealing notification by Levi Strauss pursuant to section 93(1) of the *Trade Practices Act 1974*. The notification is lodged in respect of conduct which may constitute exclusive dealing under sections 47(6) and 47(7) of the Act. The notification is given in the prescribed form and should not be taken as an admission that the relevant conduct would contravene the statutory prohibition.

We also enclose a cheque made payable to the Commission in the sum of \$100, being the prescribed lodgement fee.

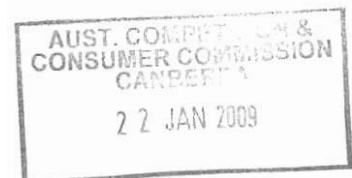
Please do not hesitate to contact me should you require any further information or if you have any queries about the notification.

Yours sincerely,



Lindsay Kyle
Partner
+61 2 8922 5282
lindsay.kyle@bakernet.com

Encl



Form G

Commonwealth of Australia
Trade Practices Act 1974 - subsection 93 (1)
NOTIFICATION OF EXCLUSIVE DEALING

To the Australian Competition and Consumer Commission:

Notice is hereby given, in accordance with subsection 93(1) of the *Trade Practices Act 1974*, of particulars of conduct or of proposed conduct of a kind referred to subsections 47 (2), (3), (4), (5), (6), (7), (8) or (9) of that Act in which the person giving notice engages or proposes to engage.

PLEASE FOLLOW DIRECTIONS ON BACK OF THIS FORM

1. Applicant

- (a) Name of person giving notice:
(Refer to direction 2)

N 93748 Levi Strauss (Australia) Pty Ltd (ABN 67 000 607 965) (*Levi Strauss*)

- (b) Short description of business carried on by that person:
(Refer to direction 3)

Levi Strauss markets and sells apparel and non-apparel products in Australia, including jeanswear and casual pants products. In addition, Levi Strauss appoints third party distributors to supply various types of Levi's® branded apparel and non-apparel products.

- (c) Address in Australia for service of documents on that person:

Baker & McKenzie
Solicitors & Attorneys
AMP Centre
50 Bridge Street
Sydney NSW 2000
Australia

Telephone: (02) 8922 5282

Facsimile: (02) 9225-1595

Attention: Lindsay Kyle

2. Notified arrangement

- (a) Description of the goods or services in relation to the supply or acquisition of which this notice relates:

The notified arrangement relates to the supply of distributorship agreements for the distribution of various types of Levi's® branded apparel and non-apparel products.

- (b) Description of the conduct or proposed conduct:
(Refer to direction 4)

Levi Strauss proposes to offer distributorship agreements on the condition that the distributor acquires certain Levi's® branded products only from nominated suppliers specified in the agreement from time to time ("**Suppliers**").

The relevant products are:

- bags;
- wallets;
- small leather goods;
- underwear / body wear;
- socks;
- kids wear;
- belts; and
- head wear.

3. Persons, or classes of persons, affected or likely to be affected by the notified conduct

- (a) Class or classes of persons to which the conduct relates:
(Refer to direction 5)

Distributors who are appointed under a Levi Strauss Distributor Agreement to market and sell certain of those products described in paragraph 2(b) in Australia ("**Distributors**").

- (b) Number of those persons:

- (i) At present time:

3

- (ii) Estimated within the next year:
(Refer to direction 6)

4 (that is, one in addition to the current 3)

- (c) Where number of persons stated in item 3(b)(i) is less than 50, their names and addresses:

Capelle Pty Ltd
19-25 Camberwell Road,
Hawthorn East VIC 3123

Simon de Winter Pty Ltd
660 Rathdowne Street
North Carlton VIC 3054

3 Zero Pty Ltd
Building 2, 6 Albert Street
Preston VIC 3072

4. Public benefit claims

- (a) Arguments in support of notification:
(Refer to direction 7)

The conduct will benefit the public, because:

- requiring Distributors to procure the relevant products from the Suppliers will result in cost efficiencies for Levi Strauss and for its Distributors;
- requiring Distributors to procure the relevant products from the Suppliers will ensure that the quality of the products offered by Distributors to resellers and, ultimately, to consumers is maintained; and
- the conduct will promote competition in the wholesale markets for the affected products by encouraging competitors to offer products of a similar standard.

- (b) Facts and evidence relied upon in support of these claims:

Levi Strauss does not have the infrastructure to manufacture and distribute the products described in paragraph 2(b) for supply direct to the Distributors. If Levi Strauss were not able to arrange suitable Suppliers for these products, Levi Strauss would not consider it commercially viable to enter into Distributor Agreements.

There are cost efficiencies for Levi Strauss because Levi Strauss would incur costs if it had to procure the relevant products for on-supply to the Levi Strauss Distributors, as it does not have sufficient infrastructure internally to duplicate the supply. In turn, the Distributors are able to purchase direct at wholesale at competitive trade prices.

The demand for products generated by Levi Strauss and supplied through Distributors will assist to encourage employment in the apparel and non-apparel industries.

The existence of Distributors stimulates competition and encourages competitors to offer similar products through competing outlets.

5. Market definition

Provide a description of the market(s) in which the goods or services described at 2(a) are supplied or acquired and other affected markets including: significant suppliers and acquirers; substitutes available for the relevant goods or services; any restriction on the supply or acquisition of the relevant goods or services (for example geographic or legal restrictions):
(Refer to direction 8)

The relevant markets likely to be affected by the proposed conduct are the markets for the wholesale and retail supply of:

- bags;

- wallets;
- small leather goods;
- underwear / body wear;
- socks;
- kids wear;
- belts; and
- head wear.

There are numerous suppliers in each of these markets.

6. Public detriments

- (a) Detriments to the public resulting or likely to result from the notification, in particular the likely effect of the notified conduct on the prices of the goods or services described at 2(a) above and the prices of goods or services in other affected markets:

(Refer to direction 9)

The impact of Levi Strauss's conduct will not, in our submission, result in any lessening of competition or any conceivable detriment to the public as:

- the wholesale and retail markets described in paragraph 5 are highly competitive and there are numerous suppliers of all of these products;
- the notified conduct impacts a negligible proportion of the markets for the relevant products;
- the nominated Suppliers may and do offer similar products to a number of other resellers for supply to consumers in Australia ;
- resellers are under no obligation to acquire the products described at paragraph 2 (b) from the Distributors and, likewise, consumers are under no obligation to buy these products from resellers who choose to stock them;
- consumers may purchase similar products from any of a large number of competitors in the market place; and
- in purchasing from the Suppliers, Distributors are able to buy direct at wholesale at competitive trade prices.

- (b) Facts and evidence relevant to these detriments:

Competition in the market place is vigorous and there are many competitors who offer similar products in all of the relevant categories.

Prices are disciplined by this strong competition.

Resellers and consumers may choose to purchase similar products from any of a large number of alternative suppliers in the market place.

The proposed conduct does not restrict competition for the supply of products. Rather, the proposed conduct will encourage the supply of similar products by competitors in the relevant markets.

7. Further information

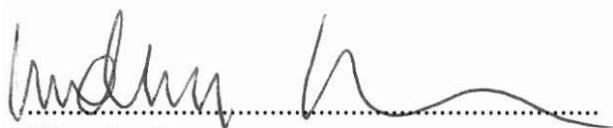
- (a) Name, postal address and contact telephone details of the person authorised to provide additional information in relation to this notification:

Lindsay Kyle
Partner
Baker & McKenzie
AMP Centre
50 Bridge Street
Sydney NSW 2000
Australia

Telephone: (02) 8922 5282

Dated 20 January 2009

Signed on behalf of the applicant

A handwritten signature in black ink, appearing to read 'Lindsay Kyle', is written over a horizontal dotted line. The signature is fluid and cursive.

(Signature)

Lindsay Kyle
Partner, Baker & McKenzie

DIRECTIONS

1. In lodging this form, applicants must include all information, including supporting evidence that they wish the Commission to take into account in assessing their notification.

Where there is insufficient space on this form to furnish the required information, the information is to be shown on separate sheets, numbered consecutively and signed by or on behalf of the applicant.

2. If the notice is given by or on behalf of a corporation, the name of the corporation is to be inserted in item 1(a), not the name of the person signing the notice, and the notice is to be signed by a person authorised by the corporation to do so.
3. Describe that part of the business of the person giving the notice in the course of which the conduct is engaged in.
4. If particulars of a condition or of a reason of the type referred to in section 47 of the *Trade Practices Act 1974* have been reduced in whole or in part to writing, a copy of the writing is to be provided with the notice.
5. Describe the business or consumers likely to be affected by the conduct.
6. State an estimate of the highest number of persons with whom the entity giving the notice is likely to deal in the course of engaging in the conduct at any time during the next year.
7. Provide details of those public benefits claimed to result or to be likely to result from the proposed conduct including quantification of those benefits where possible.
8. Provide details of the market(s) likely to be affected by the notified conduct, in particular having regard to goods or services that may be substitutes for the good or service that is the subject matter of the notification.
9. Provide details of the detriments to the public which may result from the proposed conduct including quantification of those detriments where possible.