

SETTLEMENT AGREEMENT BETWEEN CHUNGHWA PICTURE TUBES, LTD. AND
THE STATE OF WASHINGTON REGARDING LCD ANTITRUST INVESTIGATIONS

This Settlement Agreement ("Agreement") is made and entered into this 1st day of ~~April~~ ^{May} 2012, by and between Chunghwa Picture Tubes, Ltd. ("Chunghwa") and the State of Washington, through its Attorney General as parens patriae on behalf of persons residing in the state, who purchased LCD Products at any time during the Relevant Period.

WHEREAS, the State is investigating allegations of price fixing and other anticompetitive conduct against Chunghwa, among others;

WHEREAS, the State alleges that Chunghwa participated in an unlawful conspiracy to raise, fix, maintain, or stabilize the price of LCD products at artificially high levels and to maintain the quantities of LCD products at artificially low levels in violation of Section 1 of the Sherman Act and its respective state antitrust and unfair competition laws;

WHEREAS, Chunghwa denies the State's allegations and will deny and assert defenses to the State's claims that may be asserted in court;

WHEREAS, the State has conducted an investigation into the facts and the law and has concluded that resolving claims against Chunghwa according to the terms set forth below is in the best interest of the State;

WHEREAS, Chunghwa, despite its belief that it is not liable for any claims arising from allegations that it participated in an unlawful conspiracy to raise, fix, maintain, or stabilize the price of LCD products at artificially high levels and to maintain the quantities of LCD products at artificially low levels in violation of any law and has good defenses thereto, has nevertheless agreed to enter into this Agreement to avoid further expense, inconvenience, and the distraction of burdensome and protracted litigation, and to obtain the releases, orders, and judgment contemplated by this Agreement, and to put to rest with finality all claims that have been or

could have been asserted against Chunghwa arising out of such allegations, as more particularly set out below;

WHEREAS, the State previously reached an agreement resolving claims in its proprietary capacity that it may have against Chunghwa arising from Chunghwa's alleged participation in an unlawful conspiracy to raise, fix, maintain, or stabilize the price of LCD products at artificially high levels and to maintain the quantities of LCD products at artificially low levels during the Relevant Period, including those arising under any federal or state antitrust, unfair competition, unfair practices, price discrimination, unitary pricing, or trade practice law;

NOW, THEREFORE, in consideration of the covenants, agreements, and releases set forth herein and for other good and valuable consideration, it is agreed by and among the undersigned that the claims be settled, compromised, and dismissed on the merits with prejudice as to Chunghwa, and except as hereinafter provided, without costs to the State or Chunghwa, on the following terms and conditions:

I. DEFINITIONS

- A. "The State" shall refer to the state of Washington as *parens patriae* pursuant to Wash. Rev. Code 19.86.080(1) on behalf of persons residing in the state. The State is represented by its Attorney General.
- B. "Chunghwa" shall refer to Chunghwa Picture Tubes, Ltd.
- C. "LCD products" shall refer to liquid crystal display ("LCD") panels and products containing LCD panels.
- D. "Chunghwa Releasees" shall refer to Chunghwa and to all of its respective past and present, direct and indirect, parent companies, subsidiaries, affiliates; the predecessors, successors and assigns of any of the above; and each and all of the present

and former principals, partners, officers, directors, supervisors, employees, representatives, insurers, attorneys, heirs, executors, administrators, and assigns of each of the foregoing. "Chunghwa Releasees" does not include any corporation, individual, or defendant in the MDL, other than Chunghwa, to the extent such corporation's, individual's, or defendant's liability arises from its own acts, apart from its management of or ownership interest in Chunghwa.

E. "Cooperation Materials" shall refer to the documents and other materials described in Section VII.

F. "Effective Date" shall refer to the date by which both Chunghwa and the State shall have signed this Agreement

G. "MDL" or "federal litigation" shall refer to In Re TFT-LCD (Flat Panel) Antitrust Litigation, United States District Court, Northern District of California (San Francisco), Master File No. C07-1827-SI, MDL No. 1827.

H. "Releasor" shall refer to the State.

I. "Released Claims" shall refer to any claims arising from the Relevant Conduct, including those arising under any federal or state antitrust, unfair competition, unfair practices, price discrimination, unitary pricing, or trade practice law.

J. "Relevant Conduct" shall refer to Chunghwa's alleged participation in an unlawful conspiracy to raise, fix, maintain, or stabilize the price of LCD products at artificially high levels and to maintain the quantities of LCD products at artificially low levels during the Relevant Period.

K. "Relevant Period" shall refer to the period beginning January 1, 1996 and continuing through December 31, 2006 (the "Relevant Period").

II. EFFECTUATING THE AGREEMENT

- A. The State and Chunghwa shall use their best efforts to effectuate this Agreement, including cooperating in seeking any necessary court approvals.
- B. The State and Chunghwa shall jointly seek any orders and final judgments from any courts necessary to effectuate this Agreement.

III. THE SETTLEMENT FUND

- A. The Settlement Fund shall be \$350,502 (three hundred fifty thousand, five hundred and two dollars) in United States funds.
- B. The Settlement Fund shall only be used for any of the following purposes:
1. Reimbursement of the State's attorneys' fees and expenses;
 2. Deposit into the State's antitrust revolving fund for use in accordance with the laws governing the account;
 3. Deposit into an account for payment as damages and restitution for the direct or indirect benefit of Washington consumers allegedly harmed during the Relevant Period; or
 4. Deposit into a fund exclusively dedicated to assisting the State's Attorney General to defray the costs of experts, economists and consultants in multistate antitrust investigations and litigations.
- C. Chunghwa shall pay \$350,502 in United States Dollars to the State within forty-five (45) days of the Effective Date.
- D. The State of Oregon, acting on behalf of the State of Washington, will provide payment instructions to Chunghwa within three (3) business days after the Effective Date. The parties contemplate that Chunghwa will make a single payment to the State of

Oregon in settlement of claims of the Oregon, Illinois, and Washington attorneys general, and the State of Oregon will disburse the appropriate settlement amounts to the States of Illinois and Washington as previously agreed among the attorneys general of those three states.

E. In no event shall any Chunghwa Releasee have any responsibility, financial obligation, or liability whatsoever with respect to the distribution, or administration of the Settlement Fund, including, but not limited to, the costs and expenses of such distribution and administration.

IV. MOST FAVORED NATIONS

Chunghwa will not settle with any other state on more favorable terms before the earlier of (i) six (6) months from the date Chunghwa first signs this Agreement; or (ii) December 31, 2012. In the event Chunghwa enters into a settlement with any other state on more favorable terms before the earlier of six (6) months of the date it first signs this Agreement, or December 31, 2012, Chunghwa agrees to provide to the State the same terms and provisions as offered to the other settling state, provided, however, that this provision shall not apply to Chunghwa's settlement agreements regarding the Relevant Conduct announced or filed with any Court on or before December 23, 2011, including any modifications of such settlement agreements that may occur after December 23, 2011.

V. EFFECTIVE DATE

On the Effective Date the State and Chunghwa shall be bound by the terms of this Agreement, and it shall not be rescinded except in accordance with this Agreement.

VI. NO ADMISSION

Neither this Agreement nor any final judgment(s), including consent decrees, resulting therefrom, nor any and all negotiations, documents and discussions associated with them, shall be deemed or construed to be an admission by Chunghwa or the Chunghwa Releasees, or evidence of any violation of any statute or law or of any liability or wrongdoing whatsoever by Chunghwa or the Chunghwa Releasees, or of the truth of any of the claims or allegations contained in any complaint or any other pleading filed by the States, or any of them, in any action whatever, and evidence thereof shall not be discoverable or used directly or indirectly, in any way in any action, lawsuit or proceeding. Neither this Agreement, nor any of its terms and provisions, nor any of the negotiations or proceedings connected with it, nor any other action taken to carry out this Agreement by any of the settling parties shall be referred to, offered as evidence or received in evidence in any pending or future civil, criminal, or administrative action or proceedings, except in a proceeding to enforce this Agreement, or defend against the assertion of Released Claims, or as otherwise required by law. This provision does not apply to the State's ability to use Cooperation Materials received by it pursuant to Section VII herein.

VII. RELEASE, DISCHARGE AND COVENANT NOT TO SUE

A. Upon the Effective Date of this Agreement, and in consideration of payment of the Settlement Fund and for other valuable consideration, the Chunghwa Releasees shall be completely released, acquitted, and forever discharged from any and all claims, demands, actions, suits, or causes of action for the Released Claims, that Releasor acting as *parens patriae*, ever had, now has, or hereafter can, shall, or may have.

B. The release, discharge, and covenant not to sue includes only the Released Claims and does not include any claims other than the Released Claims, including without limitation any claims as to other time periods outside of the Relevant Period and/or conduct such as conduct solely arising out of product liability or breach of contract

claims in the ordinary course of business, or any other claims not covered by the Released Claims.

C. Releasor shall look solely to the Settlement Fund for settlement and satisfaction against the Chunghwa Releasees of all Released Claims, and shall have no other recovery against Chunghwa or any other Chunghwa Releasee for the Released Claims.

D. The Chunghwa Releasees shall not be liable for any costs, fees, or expenses of the State, its attorneys, experts, advisors, agents, or representatives, but all such costs, fees, and expenses shall be paid out of the Settlement Fund.

E. This Agreement does not settle or compromise any claim by the State against any person or entity other than the Chunghwa Releasees. All rights against such other persons or entities are specifically reserved by the State. The parties intend that joint and several liability against defendants other than Chunghwa shall include the sales of Chunghwa.

F. This Agreement shall not affect whatever rights Releasor may have (i) to seek damages or other relief from any other person or entity, not expressly named or identified herein, with respect to any direct or indirect purchases of LCD products; (ii) to participate in or benefit from, where appropriate, any relief or other recovery as part of a settlement or judgment in any action on behalf of any direct purchasers of LCD products; (iii) to participate in or benefit from any relief or recovery as part of a judgment or settlement in this action against any other party named as a defendant (other than a Chunghwa Releasee) in the indirect purchaser action; and (iv) to assert any product liability or breach of contract claims in the ordinary course of business which are not covered by the Released Claims.

G. This Agreement shall be binding upon, and inure to the benefit of, the successors and assigns of the State and the Chunghwa Releasees. Without limiting the generality of the foregoing, each and every covenant and agreement made herein by the State shall be binding upon the Releasor. The Chunghwa Releasees (other than Chunghwa, which is a party hereto) are third-party beneficiaries of this Agreement and are authorized to enforce its terms applicable to them.

VIII. COOPERATION

A. Chunghwa agrees to fully cooperate with the State by:

1. Promptly providing a full account to the State of all facts known to Chunghwa that are relevant to the State's investigation;
 2. Producing in the United States relevant documents (including English translations) sufficient to evidence any collusive meetings among LCD panel makers and how any alleged conspiracy was formed, implemented, and enforced, to the extent known by Chunghwa, including documents relating to sales, pricing, capacity, production, damages and liability;
 3. Making available in the United States at a mutually agreed upon time and place for deposition and/or interview such key employees as are reasonably identified by the State. Alternatively, Chunghwa agrees to make such witnesses available to the State in Taiwan, and will pay all reasonable costs of travel and accommodations for one (1) representative in total from the States of Illinois, Oregon, and Washington, to travel to said place for the purpose of conducting said depositions and/or interviews.¹
- Chunghwa's obligations under this subsection exist regardless of whether Chunghwa's

¹ Air travel to be at the least expensive available fare. Accommodations will be at the Chuto Plaza Hotel in Taoyuan or comparable hotel.

obligations under paragraph 26(c) of the settlement previously entered on July 14, 2010 are triggered by another state or states that is a party to that settlement. If Chunghwa's obligations under paragraph 26(c) of the settlement previously entered on July 14, 2010 are triggered, Chunghwa shall provide adequate notice to the State so that it may exercise its rights pursuant to this subsection.

4. Making available other appropriate employees in the United States in person as reasonably practicable, by video conference, or by such other means as the Parties may agree to, for such interviews, affidavits, and depositions as are reasonably required by the State. Chunghwa's obligation under this subsection exist regardless of whether Chunghwa's obligations under paragraph 26 (d) of the settlement previously entered on July 14, 2010 are triggered by another state or states that is a party to that settlement. If Chunghwa's obligations under paragraph 26 (d) of the settlement previously entered on July 14, 2010 are triggered, Chunghwa shall provide adequate notice to the State so that it may exercise its rights pursuant to this subsection; and

5. Producing at trial in person, by deposition, or affidavit, whichever is legally necessary and reasonably possible, representatives to testify as reasonably required by the State. Chunghwa's obligation under this subsection exists regardless of whether Chunghwa's obligations under paragraph 26 (e) of the settlement previously entered on July 14, 2010 are triggered by another state or states that is a party to that settlement.

6. Any cooperation by Chunghwa pursuant to this Agreement will be consistent with its continuing obligations to the United States Department of Justice. Further, any cooperation by Chunghwa pursuant to this Agreement will be in conjunction

with, and not duplicative of, the cooperation provided pursuant to the separate settlement previously entered on July 14, 2010 with the State in its proprietary capacity.

B. Except as provided in this Agreement, Chunghwa need not respond to formal discovery from the State or otherwise participate in an action that may be brought by the State during the pendency of the Agreement.

IX. INJUNCTION

Chunghwa agrees that for a period of ten years, it is prohibited from:

A. Engaging in any price fixing, market allocation, or bid rigging activity with respect to the sale of any LCD product for delivery in the United States, which constitutes conduct that is a violation of Section 1 of the Sherman Act. Such prohibited activity includes participating in meetings, conversations, and communications with other LCD product manufacturers (other than among affiliated entities) in the United States and elsewhere to discuss the prices of LCD products to be sold to any other person or entity and exchanging information on sales of LCD products to LCD product customers, for the purpose of monitoring and enforcing adherence to unlawfully agreed-upon prices.

B. Nothing in this Agreement shall be interpreted as limiting in any way Chunghwa's obligation to comply to the fullest extent with federal and state antitrust laws.

X. DISCLOSURE

Chunghwa agrees that it will not disclose publicly or to any other person, other than a state with which it is attempting to reach a settlement of similar claims, the terms of this Agreement until the Agreement has been made public by the State, whether by incorporation or reference in a publicly available filing in court or by any other means. Chunghwa also agrees

that it will not disclose publicly or to any defendant the information provided to the State pursuant to this Agreement, except as otherwise required by law.

XI. MATERIAL TERMS

All terms in this Agreement are material terms and any breach thereof is a material breach. In the event of any breach by Chunghwa, the State has the right to nullify its release without impairing its rights to continued possession and use of the Cooperation Materials previously received, and to retain possession as an owner of the Settlement Fund.

XII. RETENTION OF JURISDICTION

The court in which the State may file for a Consent Decree or otherwise seek approval of this Agreement shall retain jurisdiction over the implementation, enforcement, and performance of this Agreement, and shall have exclusive jurisdiction over any suit, action, proceeding, or dispute arising out of or relating to this Agreement or the applicability of this Agreement that cannot be resolved by negotiation and agreement by the State and Chunghwa. This Agreement shall be governed by and interpreted according to the substantive laws of the State of Washington without regard to its choice of law or conflict of laws principles.

XIII. COMPLETE AGREEMENT

This Agreement shall be construed and interpreted to effectuate the intent of the parties, which is to provide, through this Agreement, for a complete resolution of the relevant claims with respect to each Chunghwa Releasee as provided in this Agreement. This Agreement constitutes the entire, complete, and integrated agreement among the State and Chunghwa pertaining to the settlement of claims against Chunghwa, and supersedes all prior and contemporaneous undertakings of the State and Chunghwa in connection herewith except the previous Consent Decree entered in Superior Court. This Agreement may not be modified or

amended except in writing executed by the State and Chunghwa, and, to the extent necessary, approved by the court.

XIV. EXECUTION AND NOTICE

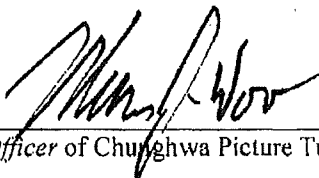
A. This Agreement may be executed in counterparts by the State, through its Attorney General, and Chunghwa, and a facsimile signature shall be deemed an original signature for purposes of executing this Agreement.

B. Neither the State nor Chunghwa shall be considered the drafter of this Agreement or any of its provisions for the purpose of any statute, case law, or rule of interpretation or construction that would or might cause any provision to be construed against the drafter of this Agreement.

C. Where this Agreement requires either party to provide notice to the other, such notice shall be in writing, and such notice shall be provided by facsimile or letter by overnight delivery to the undersigned counsel of record for the party to whom notice is being provided.

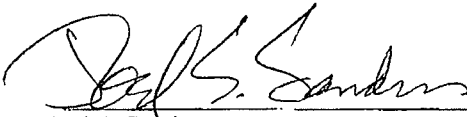
D. Each of the undersigned attorneys and company representatives represents that he or she is fully authorized to enter into the terms and conditions of, and to execute, this Agreement, subject to court approval.

Dated: April 24, 2012



Officer of Chunghwa Picture Tubes, Ltd.

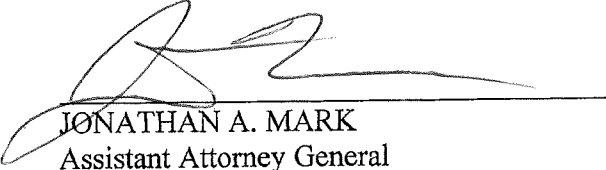
Dated: April 24, 2012



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