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STATE OF WASHINGTON
KING COUNTY SUPERIOR COURT

STATE OF WASHINGTON,

Plaintiff,

v.

LG ELECTRONICS, INC., et al.,

Defendants.

NO. 12-2-15842-8 SEA

SETTLEMENT AND CONSENT
DECREE REGARDING THE PHILIPS
ENTITIES

[CLERK'S ACTION REQUIRED]

I. SETTLEMENT SUMMARY

- 1.1 Plaintiff: State of Washington
- 1.2 Defendants: Philips North America LLC¹ (f/k/a/ Philips North America Electronics Corporation) and Koninklijke Philips N.V. (f/n/a Koninklijke Philips Electronics N.V.) and Philips Taiwan Limited (f/n/a Philips Electronics Industries (Taiwan), Ltd.)
- 1.3 Settlement Amount: \$7,000,000.00 (to be paid in accordance with Paragraph 6.1)
- 1.4 Attorney for Plaintiff: Justin P. Wade
Assistant Attorney General
- 1.5 Attorneys for Defendants: John M. Taladay
Erik T. Koons
Baker Botts L.L.P.

¹ On March 1, 2017 Philips Electronics North American Corp. (PENAC) became Philips North America LLC. Pursuant to Section 266 of the Delaware General Corporation Law, Philips North America LLC is deemed to be the same entity as PENAC.

II. INTRODUCTION

1
2 2.1. Plaintiff, State of Washington, by and through its Attorney General, on behalf of
3 itself and as *parens patriae* on behalf of persons residing in the State of Washington, commenced
4 an antitrust action for injunction, restitution, and other relief pursuant to Chapter 19.86 RCW, the
5 Unfair Business Practices-Consumer Protection Act, against Defendants Philips North America
6 LLC (*f/k/a/* Philips North America Electronics Corporation), Koninklijke Philips N.V. (*f/n/a*
7 Koninklijke Philips Electronics N.V.), and Philips Taiwan Limited (*f/n/a* Philips Electronics
8 Industries (Taiwan), Ltd.) (collectively, "Philips") and other defendants in *State of Washington v.*
9 *LG Electronics, Inc., et al.*, King County Superior Court, Civil No. 12-2-15842-8 SEA (the
10 "Action").

11 2.2. Plaintiff alleges price fixing and other anticompetitive conduct by various entities,
12 including Philips, in its complaint filed in this Action (the "Complaint"). The Complaint alleges
13 that Philips participated in an unlawful conspiracy to raise, fix, maintain, or stabilize the price of
14 CRTs, as defined *infra*, at artificially high levels and to maintain the quantities of CRTs at
15 artificially low levels, in violation of Chapter 19.86 RCW, the Unfair Business Practices-
16 Consumer Protection Act.

17 2.3. Plaintiff and Philips have engaged in extended arms-length negotiations regarding
18 possible resolution of the allegations in the Complaint. Plaintiff and Philips have now agreed on
19 a basis for the settlement of the matters alleged in the Complaint, and to the entry of this
20 Settlement and Consent Decree ("Consent Decree") without trial or adjudication of any issue of
21 fact or law.

22 2.4. Plaintiff and Philips have determined and hereby represent, warrant, and agree
23 that this Consent Decree and the amount of the Settlement Fund is reasonable in light of, among
24 other things, Plaintiff's claims and alleged damages; the merits of Philips's defenses; the risk and
25 expense of future and protracted litigation; and the extent of each party's investigation,
26 discovery, and preparation for trial.

27 2.5. Philips does not admit the allegations of the Complaint or any liability or
28 violation of law and believes that it has valid defenses to any potential claims that have been or
could be asserted by Plaintiff against it. Nevertheless, Philips agrees to entry of this Consent
Decree to avoid the expense, inconvenience, and distraction of burdensome and protracted
litigation, and to put to rest any controversy with Plaintiff with respect to the allegations in the

1 Complaint. Neither the Complaint nor anything in this Consent Decree constitutes evidence of or
2 an admission regarding the existence or non-existence of any issue, fact, liability, wrongdoing, or
3 violation of any law alleged by Plaintiff.

4 2.6. Philips recognizes and states that this Consent Decree is entered into voluntarily
5 and that, other than the promises contained herein, no promises or threats have been made by the
6 Attorney General's Office or any member, officer, agent or representative thereof to induce
7 Philips to enter into this Consent Decree.

8 2.7. Plaintiff and Philips waive any right they may have to appeal from this Consent
9 Decree and from any Order adopting it, provided that no substantive changes are made to the
10 Consent Decree after it has been presented to the Court.

11 2.8. Plaintiff and Philips acknowledge that they have not completed full discovery in
12 this matter and may thereafter discover facts different from or in addition to those which they
13 knew or believed to be true at the time they entered into this Consent Decree. Nevertheless,
14 Plaintiff and Philips agree that this Consent Decree shall be effective and remain effective
15 notwithstanding such different or additional facts, and also waive any right they may have to
16 seek modification of this Consent Decree or any Order adopting it based upon discovery of such
17 different or additional facts.

18 2.9. Plaintiff and Philips agree that this Consent Decree represents the entire
19 agreement of the parties.

20 2.10. Plaintiff and Philips agree and represent that any persons signing this Consent
21 Decree are authorized to execute this Consent Decree on each party's respective behalf.

22 2.11. This Consent Decree shall not benefit any third party and it shall not be construed
23 to provide any rights to third parties.

24 **NOW, THEREFORE**, there being no just reason for delay for resolving the allegations
25 contained-in Plaintiff's Complaint against Philips, and before the taking of any testimony, and
26 without trial or adjudication of any issue of any fact or law herein, and upon consent of the
27 parties hereto, it is hereby **ORDERED, ADJUDGED, AND DECREED** as follows:

28 **III. JURISDICTION AND SCOPE**

3.1. Jurisdiction: Solely for purposes of effectuating this Consent Decree, the Court
has jurisdiction over the parties and the subject matter herein, as well as the implementation,
enforcement, and performance of the terms included in this Consent Decree. The Attorney

1 General has authority to bring this Action under Chapter 19.86, the Unfair Business Practices-
2 Consumer Protection Act. Venue is proper in King County Superior Court.

3 3.2. Review: Plaintiff and Philips have read and understand this Consent Decree and
4 enter into it voluntarily, each having been advised by its undersigned counsel of the meaning and
5 effect of each provision of this Consent Decree.

6 3.3. Signatures: For purposes of this document, a signature page sent via fax or
7 electronic mail shall be treated the same as an original signature, and signatures may be affixed
8 through counterparts.

9 IV. DEFINITIONS

10 THE COURT ORDERS that the following definitions shall be used in interpreting the
11 terms of this Consent Decree:

12 4.1. "Philips" shall refer to Philips North America LLC f/k/a/ Philips North America
13 Electronics Corporation ("PNA"), with its principal place of business located at 3000 Minuteman
14 Road, Andover, MA 01810, Koninklijke Philips N.V. (f/n/a Koninklijke Philips Electronics
15 N.V.) ("KPNV") and Philips Taiwan Limited (f/n/a Philips Electronics Industries (Taiwan), Ltd.)
16 ("PTL").

17 4.2. "Philips Releasees" shall refer jointly and severally, individually and collectively,
18 to PNA, KPNV, and PTL, and all of their respective past, present, direct, and indirect parent
19 companies and subsidiaries, affiliates, and divisions (*i.e.*, any other entity that is now or was
20 previously owned by any of the foregoing entities, where "owned" means holding directly or
21 indirectly 50% or greater equity or beneficial interest; to each and all those entities' past and
22 present principals, partners, officers, directors, supervisors, employees, representatives, insurers,
23 attorneys, agents, servants, and stockholders; and to each of those individuals' or entities'
24 predecessors, successors, heirs, executors, administrators, and assigns. The term "Philips
25 Releasees" includes KPNV and all other Philips Releasees to the extent any Philips Releasee had
26 a shareholder or other interest, whether direct or indirect, in LP Displays International, Ltd.
27 ("LPDI"), LG Philips Displays Holding B.V. ("LPDH") or any of the LPDI's or LPDH's
28 subsidiaries, affiliates, predecessors, successors, heirs, executors, administrators, or assigns. The
term "Philips Releasee" does not include any other defendant or named co-conspirator in the
Action when filed in May 2012. Each "Philips Releasee" shall have the full benefits of this
Consent Decree, including without limitation, those benefits set forth below.

1 4.3. "CRTs" shall refer to cathode ray tubes.

2 4.4. "Plaintiff" shall mean the State of Washington, acting on its own behalf and as
3 *parens patriae* on behalf of persons residing in the State of Washington.

4 4.5. "The Settlement Fund" shall be \$7,000,000.00 (seven million dollars) in United
5 States funds.

6 4.6. "Effective Date" shall mean the date this Consent Decree is entered by the Court.

7 V. CERTIFICATION

8 5.1. Philips hereby certifies to the Attorney General that it does not manufacture or
9 sell CRTs for use in televisions or consumer monitors.

10 5.2. In the event that Philips manufactures or sells CRTs for use in televisions or
11 computer monitors within three (3) years of the Effective Date of this Consent Decree:

12 5.2.1. Within thirty (30) days, Philips shall send a copy of this Consent Decree to
13 its officers, directors, and sales managers with responsibility for CRT sales to or in the United
14 States and direct them to comply with its terms.

15 5.2.2. Philips shall certify that it has established an antitrust compliance program
16 and shall establish (if not already established), maintain and update a program or programs for
17 the purpose of compliance with federal and state antitrust laws, including the Sherman Act and
18 RCW 19.86.030. Such program or programs shall provide relevant compliance education
19 regarding the legal standards imposed by the antitrust laws, the remedies that might be applied in
20 the event of violations, and their obligations in the event they observe violations of the antitrust
21 laws.

22 VI. MONETARY RELIEF

23 6.1. Within sixty (60) days of the Effective Date, Philips shall pay to the State of
24 Washington seven million (\$7,000,000.00) United States dollars by wire transfer to the State of
25 Washington or to such other recipient as the Plaintiff shall designate. Plaintiff represents and
26 warrants that it has provided to Philips bank account information sufficient to facilitate the wire
27 transfer prior to presenting this Consent Decree to the Court.

28 6.2 A portion of the Settlement Amount constitutes a payment made for restitution,
remediation, or for otherwise coming into compliance with the law for purposes of IRC
162(f)(2)(A). For purposes of this paragraph only, it is estimated that 25% of the settlement fund
will be used for the recovery of costs and attorneys' fees incurred in investigating this matter,

1 future monitoring and enforcement of the consent decree, future enforcement of RCW 19.86, or
2 for any lawful purpose in the discharge of the Attorney General's duties. The foregoing
3 sentences are not intended to and shall not be construed to limit in any way the provisions in
4 Section 6.3 of the Agreement including, without limitation, the provisions relating to how the
5 Attorney General elects to distribute the Settlement Funds. To avoid any ambiguity, the manner
6 in which the Settlement Funds, including amounts used for any lawful purpose, will be
7 distributed shall left to the sole discretion of the Attorney General.

8 6.3. Pursuant to RCW 19.86.080, a portion of the Settlement Fund, the amount to be
9 determined solely by the Attorney General, shall be deposited without prior court approval into
10 the Attorney General's antitrust revolving fund. The Attorney General shall use the funds for
11 recovery of the costs and attorneys' fees incurred in investigating this matter, future monitoring
12 and enforcement of the consent decree, future enforcement of RCW 19.86, or for any lawful
13 purpose in the discharge of the Attorney General's duties at the sole discretion of the Attorney
14 General. The remaining monies shall be used to compensate Washington consumers and
15 agencies of the State of Washington allegedly harmed by the conduct alleged in the Complaint.
16 After reasonable efforts have been made to distribute monies under this paragraph, any residual
17 funds shall be disposed of pursuant to this paragraph, or *cy pres*, in the discretion of the Attorney
18 General.

19 6.4. Plaintiff shall be solely responsible for the maintenance and administration of the
20 Settlement Fund, including any related fees, costs, and expenses. Philips shall have no
21 responsibility or liability for, and no rights in, nor authority over, the allocation of the Settlement
22 Fund. In no circumstances shall this Settlement and Consent Decree be construed to require
23 Philips to pay more or less than the Settlement Amount set forth in Paragraph 6.1 above.

24 6.5. The parties shall be responsible for all of their own fees and costs incurred in
25 connection with the investigation, prosecution, defense and settlement of the Action prior to the
26 entry of this Consent Decree.

27 **VII. CONDUCT DURING THE PENDENCY OF THIS AGREEMENT**

28 7.1. Philips need not respond to formal discovery from the State of Washington and
shall not otherwise participate in the Action during the pendency of this Consent Decree
commencing upon execution of this Consent Decree, except as required by the cooperation
terms set forth in Paragraph 8 below. Plaintiff need not respond to formal discovery from the

1 Philips Releasees. Neither the Philips Releasees nor the State of Washington shall file motions
2 against the other in the Action during the pendency of the Consent Decree. In the event that the
3 Consent Decree is not approved by the Court or otherwise terminates, Philips Releasees and the
4 State of Washington expressly reserve all of their rights, and agree to propose to the Court a
reasonable schedule by which Philips would rejoin the Action as soon as reasonably practicable.

5 VIII. COOPERATION PROVISIONS

6 8.1. Philips will fully cooperate with Plaintiff by:

7 8.1.1. Producing to Plaintiff all relevant non-privileged documents (including
8 non-privileged English translations) that were produced by Philips in *In re Cathode Ray Tube*
(CRT) Antitrust Litigation, MDL No. 1917 (N.D. Cal) (the "MDL Proceedings");

9 8.1.2. Producing to Plaintiff transcripts of all depositions taken, and their
10 exhibits, of Philips or Philips's employees in the MDL Proceedings; and

11 8.1.3. Using reasonable efforts to make available for in-person testimony at trial
12 in this Action one percipient, lay (*i.e.*, not expert) witness employed by Philips at the time called
13 for trial, as reasonably required by the State, provided that the State provides notice to Philips of
14 its intent to call such witness at least 90 (ninety) days before trial. Philips agrees to make such
15 witness available to the Plaintiff for a preparation session of six (6) hours or less. Preferably,
16 this witness will be a person (if any) whom Philips has produced in person at any trial that
occurs in the United States in any action from the MDL Proceedings prior to trial in this Action.

17 8.2. Materials produced by Philips under the Consent Decree shall be treated in
18 accordance with any protective order in this Action. To the extent that any document to be
19 produced pursuant to this Consent Decree is subject to a protective order in the MDL Proceedings,
20 such production will be subject to the provisions of such protective order.

21 8.3 Philips shall use its best efforts to provide affidavits on its behalf or on the behalf of
22 others that it controls, for the purpose of authenticating business records produced by Philips, where
23 it is possible to do so, of up to 20 specific business records, no later than ninety (90) days before
trial, as reasonably required by the Attorney General for trial.

24 8.4 Plaintiff and Philips shall use their best efforts to effectuate this Consent
25 Decree, including cooperating in seeking any court approvals.

1 8.5 Plaintiff shall only seek cooperation as provided in Paragraphs 8.1 through 8.4 after
2 making a good faith effort to review and utilize evidence and testimony already available in
3 deposition and trial transcripts from or related to the MDL proceedings.

4 **IX. RELEASE, DISCHARGE AND COVENANT NOT TO SUE**

5 9.1. Upon the entry of this Consent Decree by the Court, and in consideration of
6 payment of the Settlement Fund, and for other good and valuable consideration, the Philips
7 Releasees and all of their respective past and present, direct and indirect, wholly and partially
8 owned, parent companies, subsidiaries, affiliates; the predecessors, successors and assigns of any
9 of the above; and each and all of the present and former principals, partners, officers, directors,
10 supervisors, employees, representatives, insurers, attorneys, heirs, executors, administrators, and
11 assigns of each of the foregoing shall be and hereby are completely released and forever
12 discharged from any and all claims, demands, actions, suits, or causes of action arising from or
13 relating to the allegations and claims of the underlying Complaint, that Plaintiff, whether acting
14 on its own behalf or as *parens patriae*, ever had, now has, or hereafter can, shall, or may have.
15 The release, discharge and covenant not to sue set forth in this paragraph includes KPNV and
16 any other Philips Releasee to the extent it had an interest in the CRT joint venture known as LG.
17 Philips Displays Holding B.V. ("LPD") or any of its subsidiaries, affiliates, predecessors,
18 successors, heirs, executors, administrators or assigns.

19 9.2. The release, discharge, and covenant not to sue set forth in paragraph 9.1, above,
20 includes only the claims pled in the underlying Complaint and any claims related to or arising
21 from the acts, omissions, and conduct at issue in the Complaint, whether expressly pled or not.
22 The release, discharge and covenant not to sue does not include any claims solely arising out of
23 product liability or breach of contract claims in the ordinary course of business (except to the
24 extent any alleged breach of contract arises from an alleged antitrust violation), or any other
25 claims not related to the underlying Complaint.

26 9.3. The Attorney General covenants that the Attorney General will not hereafter
27 commence or solicit litigation, against the Philips Releasees, on behalf of the State or any person,
28 entity, political subdivision of the State, or any other party, in any suit, action, complaint, arbitration,
mediation, or other grievance based on the conduct alleged in the Complaint. The Attorney General
further covenants that the Attorney General will not provide any non-public information, legal counsel,
or assistance to any person, entity, political subdivision of the State, or any other party, other than the

1 State in connection with the Action, to support any suit, action, complaint, arbitration, mediation, or
2 other grievance against any Philips Releasees, based on the conduct alleged in the Complaint or
3 released by this Consent Decree. Philips covenants that it will not materially assist any non-settling
4 defendant prepare for trial in this Action. Nothing in paragraph 9.3 shall be construed to inhibit in any
5 way the Attorney General's ability to communicate with other state's attorneys general.

6 **X. ENFORCEMENT AND RETENTION OF JURISDICTION**

7 10.1 Jurisdiction is retained by this Court for enabling any of the parties to this
8 Consent Decree to apply to this Court at any time for such further orders and directions as may
9 be necessary or appropriate for the construction or implementation of any of the provisions of
10 this Consent Decree, for the enforcement of compliance, and for the punishment of any
11 violations.

12 10.2 In any contempt of court proceeding initiated to enforce this Consent Decree due
13 to a violation of its terms, Plaintiff or Philips may seek, and the Court shall have the authority to
14 grant, all remedies available in such a proceeding.

15 10.3 Nothing herein precludes Plaintiff from enforcing the provisions of this Consent
16 Decree, or from pursuing any law enforcement action with respect to the acts or practices of
17 Philips not covered by this Consent Decree or any acts or practices conducted after the Effective
18 Date.

19 10.4 Nothing in this Consent Decree shall be construed to limit or bar any other
20 governmental entity (other than the State of Washington and its officials, agencies, and
21 subdivisions) from pursuing other available remedies against Philips.

22 10.5 This Consent Decree shall be construed and interpreted to effectuate the intent of
23 the parties, which is to provide for a complete resolution of the relevant claims with respect to
24 Philips as provided in this Consent Decree.

25 10.6 Neither the existence of this Consent Decree nor anything contained herein shall
26 be deemed or construed to be an admission by Philips or evidence of any liability, wrongdoing or
27 violation of law by Philips, or the truth of any of the claims or allegations contained in the
28 Complaint.

Under no circumstances shall this Consent Decree or the names of the State of
Washington or the Office of the Attorney General, Antitrust Division, or any of its employees or

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representatives be used by Philips's agents or employees in connection with the promotion of any product or service or an endorsement or approval of Philips's past or future practices.

10.8 Solely for the purpose of determining or securing compliance with this Consent Decree, Philips authorizes its attorneys to accept service of a motion by Plaintiff to enforce or interpret this Consent Decree.

10.9 This Consent Decree shall expire three (3) years from the date it is executed. Such expiration shall in no way affect the validity of Plaintiff's release of claims.

10.10 The provisions of this Consent Decree shall apply to Philips, its successors and assigns, its subsidiaries, directors, officers, managers, agents, and employees.

XI. APPROVAL AND ORDER

11.1. This Consent Decree is approved and hereby entered pursuant to RCW 19.86.080. This proceeding in all other respects is hereby dismissed with prejudice with respect to the Philips Releasees without award of fees, costs, or expenses to any party.


It is SO ORDERED this _____ day of _____ 2018.

THE HONORABLE

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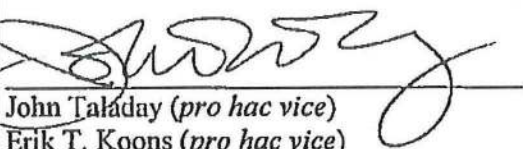
Presented By:

ROBERT W. FERGUSON
Attorney General


JUSTIN P. WADE, WSBA #41168
Assistant Attorney General
Attorney for Plaintiff State of Washington
800 5th Ave., Ste. 2000
Seattle, WA 98104-3188
(206) 464-7030

*Agreed to, Approved for Entry, and
Notice of Presentation Waived:*

BAKER BOTTS L.L.P.


John Taladay (*pro hac vice*)
Erik T. Koons (*pro hac vice*)
Attorney for Philips North America LLC

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For the State of Washington:

Dated: June 14, 2018

By: Justin Wade
JUSTIN P. WADE, WSBA #41168
Assistant Attorney General
Attorney for Plaintiff State of Washington
800 5th Ave., Ste. 2000
Seattle, WA 98104-3188
(206) 464-7030

For Philips:

Dated: 6-14-2018

By: [Signature]
JOSEPH E. INNAMORATI
Senior Vice President
Philips North America LLC

Dated: _____

By: Paul Cavanaugh
PAUL CAVANAUGH
Vice President
Philips North America LLC