PETER K. HUSTON (Cal. Bar No. 150058)
MICHAEL L. SCOTT (Cal. Bar No. 165452)
HEATHER S. TEWKSBURY (Cal. Bar No. 222202)
BRENT SNYDER (Cal. Bar. No. 165888)
JON B. JACOBS (D.C. Bar No. 412249)
Antitrust Division
U.S. Department of Justice
450 Golden Gate Avenue
Box 36046, Room 10-0101
San Francisco, CA 94102-3478
Telephone: (415) 436-6660
Facsimile: (415) 436-6687
peter.huston@usdoj.gov

Attorneys for the United States

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

SAN FRANCISCO DIVISION

UNITED STATES OF AMERICA v. AU OPTRONICS CORPORATION; AU OPTRONICS CORPORATION AMERICA; HSUAN BIN CHEN, aka H.B. CHEN; HUI HSIUNG, aka KUMA; LAI-JUH CHEN, aka L.J. CHEN; SHIU LUNG LEUNG, aka CHAO-LUNG LIANG and STEVEN LEUNG; BORLONG BAI, aka RICHARD BAI; TSANNRONG LEE, aka TSAN-JUNG LEE and HUBERT LEE; CHENG YUAN LIN, aka C.Y. LIN; WEN JUN CHENG, aka TONY CHENG; and DUK MO KOO, Defendants.	No. CR-09-0110 SI DECLARATION OF HEATHER S. TEWKSBURY IN SUPPORT OF UNITED STATES' SENTENCING MEMORANDUM Date: September 20, 2012 Time: 10:00 a.m. Court: Hon. Susan Illston Place: Courtroom 10, 19th Floor

I, Heather S. Tewksbury, hereby declare as follows:

1. I am an attorney in the United States Department of Justice, Antitrust Division in San Francisco and am admitted to practice before this Court. I have personal knowledge of the matters set forth herein and, if called as a witness, could and would testify competently thereto.

2. Attached hereto as Exhibit A is a true copy of an article entitled, "Free exchange/Fine and punishment," which appeared in the July 21, 2012 issue of The Economist.

3. Attached hereto as Exhibit B is a what I am informed and believe is a true copy of an article entitled, "Sentenced to Serve in Prison!/Personal Letter Written in Tears by AUO Vice Chairman Exposed," which on Nikkei Technology On Line on April 17, 2012. Also attached as Exhibit B is a true copy of a translation of that article prepared by Mary Ma, the government's Chinese language document translator.

4. Attached hereto as Exhibit C is the government's proposed Corporate Antitrust Compliance Program for defendants AU Optronics Corporation and AU Optronics Corporation America.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct to the best of my knowledge.

Executed this 11th day of September, 2012 at San Francisco, California.

__/s/ Heather S. Tewksbury___
Heather S. Tewksbury

Exhibit A

The Economist

Free exchange

Fine and punishment

The economics of crime suggests that corporate fines should be even higher

Jul 21st 2012 | from the print edition

IT HAS been a bumper summer for corporate fines and settlements. In the past three months alone firms in Britain and America have agreed to pay out over $10 billion because of wrongdoing. But the economics of crime suggests that fines imposed by regulators may need to rise still further if they are to offset the rewards from lawbreaking.

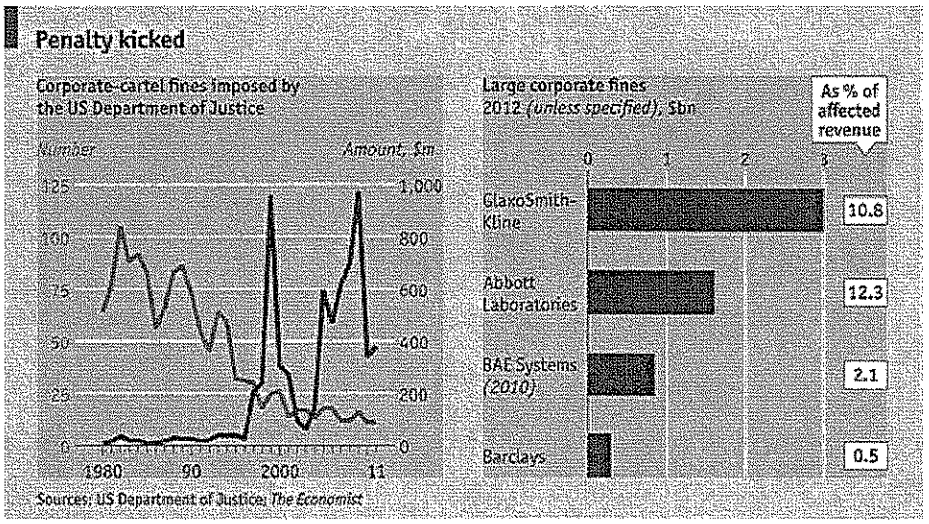
The latest allegations of bad behaviour are a familiar brew of overcharging, mis-selling and price-fixing. Banks have been the worst offenders. Barclays was fined $450m for its part in a price-fixing scandal; others will follow. HSBC is expected to receive a hefty fine for allegedly flouting money-laundering regulations. Two pharmaceuticals firms, GlaxoSmithKline and Abbott Laboratories, have been stung for illegal marketing.

That some firms behave badly is nothing new, but the response of the authorities has changed recently. Take cartels. Internationally, fines rose by a factor of one thousand between the 1990s and 2000s. Data from America suggest this is not because there are more cartel cases, which have shown no upward trend since the late 1980s. Rather, the average level of fines has risen (see left-hand chart). Recent penalties have smashed records. The Barclays fine includes the largest ever levied by Britain's financial regulator and America's Commodity Futures Trading Commission, for instance. Even so, are fines high enough to work?

The economics of crime prevention starts with a depressing assumption: executives simply weigh up all their options, including the illegal ones. Given a risk-free opportunity to mis-sell a product, or form a cartel, they will grab it. Most businesspeople are not this calculating, of course, but the assumption of harsh rationality is a useful way to work out how to deter rule-breakers.

In an influential 1968 paper* on the economics of crime, Gary Becker of the University of Chicago set out a framework in which criminals weigh up the

expected costs and benefits of breaking the law. The expected cost of lawless behaviour is the product of two things: the chance of being caught and the severity of the punishment if caught. This framework can be used to examine the appropriate level of fines, and to see if there are ever reasons to exempt companies from fines.



In thinking about how to set fines, it helps to start from the extremes. One option is to have no fines at all for corporate wrongdoing, and to rely instead on market forces to impose the costs that keep firms in line. The market-based approach to antitrust regulation, popularised by Aaron Director of the University of Chicago, holds that antitrust violations must be ripping someone off, whether a customer or a supplier. The same is true of mis-selling cases. In time a firm acting in this way will lose business, meaning that crime will not pay.

The problem with this view is that frictions—the costs to customers of switching, say, or the barriers to entry for competitors—can allow exploitative firms to escape punishment. Market constraints alone are not always enough to ensure good behaviour. In a 2007 paper, John Connor and Gustav Helmers of Purdue University examined 283 international cartels that operated between 1990 and 2005. The aggregate revenue increase these cartels achieved by acting as they did was over $300 billion.

At the other extreme is a system of very high fines. Indeed, Mr Becker's crime calculus might lead to the conclusion that fines should be as draconian as possible —seizing all a wrongdoer's assets, for example. Anything lower reduces the expected cost of criminality, without doing anything to improve the probability of detection. (Treating whistleblowers leniently is consistent with this logic: letting them off punishment raises the odds of truth-telling, and therefore of detection.) There are plenty of arguments against ultra-high fines, however. One is that false convictions carry too high a cost. Another is that fines of this sort could cripple firms, reducing competition.

A middle way might be for regulators to levy penalties that offset the benefits of crime. Data on cartels supply useful guidance on how to go about calculating these fines. The first step is to measure the expected gain from crime which fines need to offset. In the study by Messrs Connor and Helmers, the median amount that

cartel members overcharged was just over 20% of revenue in affected markets. Next, you need an assumption about the chances of being found out: a detection rate of one cartel in three would mean trustbusters were doing well. In this example, that would mean a fine of 60% of revenue is needed to offset an expected benefit of 20% of revenue—far higher than the fines in the study, which were between 1.4% and 4.9%.

The calculus of crime

Assessed against this methodology, even apparently hefty fines look pretty weak. Recent big penalties (see right-hand chart) have been far lower than a crime calculus of this sort would suggest is needed, even allowing for the fact that some firms, like Barclays, get discounts for co-operating with the authorities. Britain looks particularly lenient. Its antitrust laws impose fines of up to 10% of revenues; American regulators levy penalties of up to 40%, and the European Commission goes up to 30%.

Disgruntled customers may later bring private lawsuits, which can further raise the cost of crime. Here crime economics would suggest the American "class action" system, bunching many customers' complaints into a single lawsuit, is an asset Europe lacks. MasterCard and Visa this month agreed to a $7.3 billion settlement to resolve retailers' lawsuits alleging collusion (which the two firms deny) over credit-card fees. Criminal charges against individuals can also focus minds. Yet litigation and criminal charges tend to take years to emerge; many wrongdoers are able to avoid court. To deter bad behaviour fines need to rise. The watchdogs are biting, but some need sharper teeth.

Sources

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"The Chicago School of Antitrust Analysis" by Richard A. Posner, University of Pennsylvania Law Review, Vol. 127, No. 4 (Apr., 1979), pp. 925-948

"Statistics on Modern Private International Cartels, 1990-2005 (http://www.antitrustinstitute.org/node/10720) " by John M. Connor and C. Gustav Helmers, American Antitrust Institute Working Paper No. 07-01

Economist.com/blogs/freeexchange (http://www.economist.com/blogs/freeexchange)

from the print edition | Finance and economics

Exhibit B

http://info.ec.hc360.com/2012/04/170914555876.shtml

被判坐牢！友达副董事落泪亲笔信曝光

http://www.ec.hc360.com2012 年 04 月 17 日 09:14 日经技术在线

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慧聪电子网 台湾时间 2012 年 3 月 15 日下午，每位友达光电员工都收到了如下电子邮件：

寄件者：HBChen 陈炫彬

主旨：面对困境，让我们更勇敢

各位同仁，镇定了十几个小时，因为睡不着，凌晨起来听佛经 CD，静心，习惯性打开 email，映入眼帘的是许多同仁慰问致意的信， 此刻，终于忍不住，痛快地哭了一场。回想这一路走来的点滴，我仍不悔最初的决定，因为不仅是为公司，也是为个人的清誉，奋战到 底。……“Fight,KeepFighting”（战斗，继续战斗）的想法，占据脑袋，无法入睡。

回想白天，我还在安慰 Kuma（友达董事熊晖），凌晨时分，反而让眼泪安慰了自己，我这个 61 岁的男人，因为同仁们的真诚支持，流泪，让我卸下我以为的坚强。

相较于其它未上战场即认罪的公司，友达，一开始就选择走一条不一样的路，一条辛苦的路。但，这不就是我们的精神吗？

未来，仍有硬仗要打……。我在美国，会更坚强的面对，我也需要各位同仁继续留下来一起奋斗，Staytuned!（保持关注）

hb@Cupertino.US

美国西岸时间 2012 年 3 月 13 日宣判友达反托拉斯案，副董事长陈炫彬、董事熊晖有罪，以及友达公司反托拉斯法有罪，前总经理陈来助和李灿荣无罪，至于高阶主管梁兆龙，因陪审团无法达成一致协议，宣告无效审判，当庭释放。

面对审判结果，友达董事长李焜耀说：“三位主管无罪，算有成绩。”但是也非他乐见。友达最高面临 10 亿美元的罚款，相当于 2011 年公司亏损金额的一半，两位战友陈炫彬和熊晖将面对刑期。

近 6 年的调查轰炸：搜索公司、扣押文件，讯问一整天

3 个月后法官将决定罚金和刑期，若友达不服可提起上诉到“联邦上诉法院”，最高可上诉到联邦最高法院，如发回重审，友达有机会翻案；如否，则就此定谳。

从一开始面对官司，陈炫彬就和李焜耀站在同一阵线成为主战派，深具信心。

然而，4 页判决文件，在陈炫彬和熊晖名字旁的选项“guilty”（有罪）轻轻一勾，陈炫彬面临可能高达 10 年的牢狱罪刑，让 61 岁的沙场老将也留下泪水。

上诉可否成功？法官判刑多久？到哪里里服刑？能否健康出狱？能否再见到年迈父亲？即便现在身体自由，但高度不确定性成为他的心灵枷锁。

从 2006 年 12 月算起，历经 1898 天调查审判，累积的压力，夜深人静独自面对自己，让铁汉崩溃了。

陈炫彬是友达遭到起诉主管中，层级和辈分最高者。他与李焜耀、熊晖都是友达创厂元老，李焜耀构思策略，陈炫彬是开疆闢土的大将军，号称拥有百分百的执行力，两人一起历经面板业的盛与衰。

如今这位李焜耀最亲密的战友面对人生最大的煎熬，“你要进去之前的压力比你进去之后还要更大、更煎熬，这时身旁人的一句话，一封信都很重要，”也曾到美国服刑的相关人士表示。

这是一场羽量级选手对抗重量级高手的战争。友达，这家成立仅 16 年的公司，竟勇敢的要与拥有 122 年反托拉斯法诉讼经验的美国司法部战斗！

一家公司对抗一个政府，小蚂蚁对上大巨兽，注定惨烈。

首先，友达遇到美国检察官“天罗地网”的调查，“你面对的是全世界最强大的政府”，一位相关人士指出。从 2006 年开始，检察官不 仅可以拿着搜索票查扣友达光电美国子公司，调查计算机、检查 email，扣押文件、翻阅笔记，甚至拿着被告抽屉里一叠叠名片，一张张问何时、何地跟名片上 的人交谈？谈什么？询问时间可以长达一天。

总部在台湾，美国没管辖权就没事？不，夹着国家和市场力量，美国检察官棍子和萝卜并用，逼你拿出资料。美国检察官可以提出“完全豁 免”（免除罪责）当条件，要求台湾面板厂员工提供协助；也可以挟着美国市场为由，要求被告聘雇的律师帮忙“询问”被告问题，搜集资料传回美国，否则产品可 能面临无法销售美国市场的威胁。

11 人对 1 人的攻防：检察官连续传唤，友达仅 1 人答辩

过去协商认罪者都已跟检察官签订随时传唤当检方证人的约定，可以反过来指控友达，成为检察官的武器。友达也可以要求认罪协商者提供资料，但并无强制力。

2012 年 2 月初，李焜耀出席耕莘文教基金会的论坛休息时，记者趋前询问他官司状况，他自信的说“我们不一定会输。”但也承认很难叫得动证人出席。

马拉松式的调查仅是国家机器启动的第一步，接下来的审判就是密集的攻防战，稍有闪失就会让对手占上风。

加州，联邦地方法院 20 层楼大楼，2012 年 1 月 9 日友达光电的案子位于 19 楼法庭开庭审理，其后 65 天，决定陈炫彬等人是否有罪。

周一到周四，早上 8 点半到下午 3 点半开庭，过去，陈炫彬的行程都是由秘书安排密集的会议，现在他的工作地点变成法院休息室，小心翼翼的推敲每一份证词和说法，等待传唤。

双方最激烈攻防是 2 月 23 日至 27 日，检察官连续传唤 11 位证人；《商业周刊》独家取得这 4 天的攻防内容。

证人包含四类：第一类协商认罪者，有 LGDisplay、华映、奇美电主管等人；第二类则是自愿作证者换取无罪豁免权者，包含友达 美国子公司前职员；第三类是美国境内购买者，一位戴尔（Dell）和一位惠普（HP）采购主管；第四类则是专家证人，由经济学家解释友达因为违反反托拉斯 法，获得多少不当利益。

友达的证人仅有一位：专家证人。经济学家解释友达的价格低于“水晶会议”（编按：友达和竞争对手碰面的会议名称）价格，并无联合定价嫌疑。

这是场 11 人对 1 人的辩论。

第一个攻防点：友达是否意图影响面板定价？

美国检察官先指控友达高层主管，与竞争对手举行约 60 多场的秘密会议，就算高阶主管没参加，也派代表回报。2002 年，友达内部信 件也写着会议结论，希望提高 15 英寸和 17 英寸面板价格，并针对不同客户惠普和索尼（Sony）等提高定价。接着传唤华映、LGDisplay 和奇美电证 人，指称友达出席水晶会议。

友达律师则反驳，友达虽然有参加会议，但并没有照着会议结论走，并指出检方传唤证人证词前后矛盾，例如华映主管表示华映 2001 年 底至 2002 年间遵守水晶会议价格，但是 2003 年后不再遵守，并承认他发觉竞争对手无法坦诚交流。LGDisplay 主管也表示虽然参与会议但是他并无 议价权力。

友达律师在法庭上紧咬着“水晶会议中竞争对手都是尔虞我诈，各家不但经常虚报价格，而且利用水晶会议的情报对竞争对手的客户砍价抢单”，说穿了就是获得商业情报的来源，而非真心谈价格，以东西方商业文化差异反击对手。

检方随之传唤认罪协商者，希望能由认罪协商者口中指出友达参与会议且意图操控价格。为了追问出此点，若回答不如检察官预期，就会被一直追问。

第二个攻防点：友达是否赚取高额不当利益？

友达聘请经济学家，查阅公司 2001 至 2006 年上千笔友达内部交易价格，对照水晶会议的价格协定指出，这 5 年内面板价格下滑 7 成，友达的报价都低于会议里协议的价格，怎么能说共谋？况且会议是发生在美国海外，不能视为当然违反反托拉斯法。

检察官则请出自家经济学家指出，应该质问的是友达在参加水晶会议后，利用这些信息订出来的价格到底让他们获取多少不当利益，专家证人并计算出不当利益，甚至高于之前检察官提出的 5 亿美元。

4 天攻防后，3 月 1 日至 13 日，陪审团闭门讨论，这 13 天让陈炫彬如坐针毡，虽然怀抱希望，一位友人转述：“但是其实他心里也有准备。”

一位研究过柯断法的管理学者指出，就美国反托拉斯法认定，只要有参加会议就可被称为有意图影响，这在美国称为“当然违法”（illegalperse），很难脱罪，这也是外界悲观看待友达可全身而退的理由。

2000 年后，美国司法部提起上百件反托拉斯刑事案，但是从来没有一个国际企业敢直接杠上美国司法部，市值比友达大 57 倍的微软（Microsoft）不敢，市值比友达大 39 倍的三星（Samsung）也不敢。

敢正面迎战反托拉斯案刑事诉讼，友达是第一家，“这一个案子势必成为美国反托拉斯重要个案”，一位法界人士认为。

李焜耀身先士卒：敢冒险，反把公司推上火线

是什么让友达敢这么的大胆？答案是李焜耀“敢冒险，重清誉”的性格。

早年从宏碁跳出来创业，在还没签订技术转移合约就决定先盖面板厂，敢冒险让他建立起全球第三大面板厂。但是，这样个性也让他惨赔， 旗下品牌厂明基 2004 年税后净利仅有 76 亿元，2005 年却敢购并一年亏损新台币 250 亿元的西门子手机部门，一年后黯然宣布退出。

另一个性就是重清誉，只要没做过绝对不承认。前几年他被指控涉嫌明基电通内线交易案，每次开庭，李焜耀大多亲自出席答辩，直到法院判决无罪。

3 月 19 日下午，李焜耀以“关于美国诉讼的补充说明：坚持诚信，以人为本”为题，写了一段话也反映此性格：

即使面对尔虞我诈竞争环境，只要没有违背“诚信”核心价值和法律规范，仍可无后顾之忧的向前冲刺。

敢冒险、重清誉，这两个性格交织，让他做出打这场反托拉斯法的决定。

但是，此举无异将 42 万个友达股东的利益，与官司绑在一起，如果法官判决友达 10 亿美元的罚款，将超越 7 家面板厂所有罚金的总和 （8.9 亿美元），对于 2011 年亏损新台币 614 亿元的友达，无疑是个重击，李焜耀不但折损两名爱将，也可能因为缺乏银弹，技术上将和三星越拉越远。

“只能说李焜耀老实到无知，水晶会议一年碰面 60 多次，时间、地点、会议纪录都清清楚楚，这一定是踩红线（指犯法”），一位熟知反拖拉斯法的学者认为。

先前夏普（Sharp）、LGDisplay、华映、奇美电都同意认罪，尽早停损，自有其盘算。但李焜耀的性格主导了董事会，友达决定孤军奋战，没人喊煞车。

领导者个性能带领企业成为标竿，也能将企业推上危险的悬崖，是企业的资产也是负债，如何管理领导人性格，不致“成也萧何，败也萧何”？

企业管理启示录：董事会须多元，平衡领导人性格

辅仁大学金融所教授叶银华认为，创办者“打天下”的成功因素，可能也是未来思考僵化的衰败因子，这有赖背景多元的董事会，担任核准和监督的角色；可惜台湾董事会和经营阶层重迭背景高，好处是董事对于产业知识充足、决策快速，但缺点是同质化，对于重大决策缺乏多元角度的讨论。

友达五位董事，四位都是李焜耀的创业伙伴或经营团队，多元性不足，遇到重大决策，能否充分讨论？令人存疑。

以目前发展来看，友达输面大于赢面，12 位陪审团一致认为友达有罪，友达脱身不易，现在只是主管入狱期间多长，与公司赔偿金额多寡的问题。

这宗案件带给台湾企业最大的启示，或许不是舆论热烈讨论的政府是否出力？谁是“抓耙子”？也不是李焜耀强调的“诚信”问题；而是公 司治理的重要课题——如何以制度平衡领导人性格，避免关键决策前缺乏多角度讨论。若董事会无法成为第二道防线，股东和员工都可能被推上火线，成为勇敢的输 家。（撰文：曾如莹，《商業周刊》）

【小资料】6 年调查、3 个月审判，2 大元老仍被判有罪

——友达反托拉斯法诉讼案大事纪

面板厂遭重罚

2006/12 美国司法部针对 2001 至 2006 年面板厂违反反托拉斯法进行调查。

2008/11 夏普、华映、LGDisplay 同意认罪，华映前董事长林镇弘等 3 位主管随后遭判刑。

2009/12 奇美电同意认罪协商，支付 2.2 亿美元罚款，高阶经理人服刑。

友达迎战诉讼

2010/6 美国司法部指控友达违反反托拉斯法，参与谋取 5 亿美元非法利益的定价协议。

2010/8 赴美协助调查的友达副董事长陈炫彬、前总经理陈来助、董事熊晖等人，遭限制出境。

2010/12 欧盟执委会指控友达、奇美电违反反托拉斯法，判奇美电罚款 3 亿欧元，友达 1.16 亿欧元。

2010/12 友达编列新台币 100 亿元诉讼预算，之后追加 30 亿元，决定正面迎战。

陪审团判有罪

2012/1/9 美国开庭审理友达反托拉斯案件

2012/2/23 证人出庭作证，LG、华映、奇美电、惠普和戴尔员工列席证人

2012/3/1 美国联邦地方法院 12 位陪审团审议此案

2012/3/13 陪审团决议，友达光电违反反托拉斯法有罪，陈炫彬、熊晖有罪，陈来助、李灿荣、梁兆龙等友达高阶主管无罪，当庭释放。

整理：曾如莹

他是友达最后的希望？

代表友达辩护及回答媒体问题的律师莱尔顿（DennisP.Riordan），在美国拥有超级律师（superlawyer）头 衔，《加州律师》杂志（CaliforniaLawyer）封他为“年度最佳律师”，在美国律师界，他有个响亮的昵称“thelasthope”（最后希 望），意思是“他是胜诉希望不大被告的最后希望”。

他的成名作是 1971 年“SanQuentinSix”案，6 名监狱受刑者企图逃狱，杀害 3 位监狱警卫，莱尔顿为其中一位被控谋杀的受刑者辩护，花了 14 年赢得胜诉，期间他宁愿不收费，一度沦落靠失业救济金付房租，但此诉讼案让他一战成名。

2003 年圣地牙哥副市长祖切特（MichaelZucchet）被指控 9 项贪污罪状，他在数周内让法院驳回其中 7 项指控，被《旧 金山纪事报》推举为加州湾区“十大律师”之一，“再怎么烂的案件交由莱尔顿，都可能胜诉的名声不胫而走。”胜率 3%到 5%的案子，也可能在他手上起死回 生。

他自承“我很享受思考法律，看透解构法律，然后构筑起自己的辩状和主张。”这次友达反托拉斯案，一开始就聘请他加入，让律师团的信心提振不少。只是对上庞大的国家机器，过去鲜少处理反托拉斯案的莱尔顿能否成为友达“最后的希望”，还有待时间证明。

LCD News Report, April 27, 2012

Translation of Taiwan source by Mary Ma

http://info.ec.hc360.com/2012/04/170914555876.shtml

Sentenced to Serve in Prison! / Personal Letter Written in Tears by AUO Vice Chairman Exposed

Nikkei Technology On Line 09:14 April 17, 2012

In the afternoon of March 15, 2012 Taiwan Time, every employee of AUO had received the following e-mail:

Sender: HB Chen

Re: Facing difficulties, let's be more courageous

All my colleagues, after trying to calm down for over a dozen hours but still could not fall asleep, I got up in the small hours and listened to Buddhist Sutra on CD to gain peace in heart. By habit, I opened my e-mail and many messages full of sympathy and regards from colleagues greeted my eyes. Finally I could no longer hold back my tears, I cried my heart out. Looking back the bits and pieces on the journey, I still do not regret the decision I made at the beginning. Because it's not only for the company, but also for my personal reputation, I have chosen to fight to the end… My mind is full of the thought of "Fight, keep fighting", I could not fall asleep.

Thinking back of the day, I consoled Kuma (AUO Board Director Hui Hsiung), but now in the small hours this morning I let my tears flow to comfort myself. It's the heartfelt support from my colleagues touched me, a 61 years old man to tears, allowing me to let go my self-imposed toughness.

Comparing to those companies which surrendered without entering the battlefield, AUO chose at the very beginning a road less travelled--a difficult road. However, doesn't this reflect our spirit?

There are still hard battles to be fought in the future… In America, I will face them with stronger determination. I also need all of you to continue to stick around and to fight together with me. Stay tuned!

hb@Cupertino.US

The trial of anti-trust case against AUO concluded on US Pacific Time March 13, 2012. Guilty verdicts were handed down to Vice Chairman HB Chen and Board Director Hui Hsiung; AUO as a company was also convicted of violating anti-trust laws. Former General Manager LJ Chen and Hubert Lee were found not guilty. As to senior manager Steven Leung, since the jury could not reach consensus, his case was declared a mistrial and he was released right in court.

Facing the outcome of the trial, AUO Chairman KY Lee said: "Three executives are found not guilty. That should count as an accomplishment." However, the outcome is not something he'd be happy with, as AUO faces a maximum fine of 1 billion US dollars, an amount equal to half of the company's loss in 2011 and two of his comrades HB Chen and Hui Hsiung are facing prison terms.

Almost 6 years of bombardment of investigation: Company searched, documents seized; all-day long questioning

Three months later the judge will decide on the amount of fine and the length of prison terms. If AUO does not accept the judgment it can appeal to the Federal Appeals Court; at the highest it can appeal to the US Supreme Court. If the case is returned for a re-trial, AUO has the chance for a reversal of the judgment. Otherwise the case will be over.

From the beginning of this case, HB Chen has sided with KY Lee in the same camp of hawks *[the side desiring for an all out fight-translator]*. Both were very confident.

However, a mere check on the guilty checkbox beside the names of HB Chen and Hui Hsiung on the 4-page judgment brings Chen a possible maximum prison sentence of 10 years, reducing the 61-year old battlefields hardened warrior to tears.

Will the appeal succeed? How long a prison sentence will the judge impose? Where to serve? Will he walk out the prison healthy? Will he see his elderly father again? Even though he has freedom for the time being, the highly volatile uncertainties have fettered his heart.

When faced with himself alone in the quietness of the night, the accumulated stress of undergoing 1,898 days of investigation and trial since December, 2006 crushed the iron man.

Among the AUO executives charged, HB Chen is the highest in both rank and seniority. Together with KY Lee and Hui Hsiung he co-founded AUO. While KY Lee plotted strategies, HB Chen was the general responsible for exploring the frontiers and expanding the territories, claiming to have a 100 percent executive power. Together the two men have gone through the rise and fall of the panel industry.

Now the closest comrade of KY Lee is facing the most severe predicament of his life. "The pressure is heavier and more tormenting before your entering the prison than after that. At this time every word uttered by and every letter written from people around you become very important to you," said a person who had gone to US to serve prison time.

This was a war between a featherweight amateur and a heavyweight master. Who would have thought AUO, a company only 16 years old would have the audacity to fight the US DOJ that has 122 years of experiences in anti-trust litigation!

It is doomed to a spectacular failure when a company takes on a government, just like an ant fights a monster.

First of all, AUO encountered a coverall dragnet-like investigation by the US prosecutors. "You are facing the most powerful government in the world," a relevant person pointed out. Starting in 2006 with a search warrant in hand the US prosecutors were able to not only search the offices of AUO USA subsidiaries---searching computers, checking emails, seizing documents, reading personal notes---but also question a defendant, with tads of business cards obtained from his desk drawers in hand, card by card, when, where and what he had talked to the person whose name was on the card. The questioning could last for a whole day.

Think there are no problems because your headquarters is located in Taiwan and beyond US jurisdiction? Wrong. Carrying the power of the country and its market, the US prosecutors can force you with carrot-and-stick tactics to hand over materials. The US prosecutors asked employees of the Taiwan panel manufacturers' for assistance by offering them "full immunity"; They may also use the US market as bargaining chip to request the defendants' attorneys to help "questioning" the defendants, searching and collecting materials and send them back to US, by threatening the defendants with the possibility of denying access of their products to the US market.

11 attacking versus 1 defending: prosecutors kept calling witnesses, AUO had only one

The defendants who plea-bargained in the past had all signed agreement with the prosecutors that they may be called upon anytime to serve as witnesses for the prosecution to testify against AUO. Therefore the prosecutors can turn them into weapons attacking AUO. AUO can ask the parties who has pled to provide evidence too, but it has no power to enforce their cooperation.

During a break when attending the Cardinal Tien Cultural Foundation Forum in early February of 2012, reporters approached KY Lee, asking him about the case. Lee claimed with confidence: "It's not inevitable for us to lose." However, he conceded that it's been very difficult to find witnesses willing to go to court.

Marathon investigation was only the first step of the launching of the state apparatus; the trial that followed was an intensive battle of attacking and defending during which a slight misstep yields the upper hand to your opponent.

The 20-floor building of the California Federal District Court is where the trial against AUO commenced in a 19th floor courtroom on January 9, 2012. HB Chen and other defendants' guilt or innocence will be determined in the ensuing 65 days.

The court was in session from 8:30am till 3:30pm Monday through Thursday. In the past HB Chen's calendar consisted of meetings densely arranged by his secretary. Now the court sitting room became his work place where he carefully studied every piece of testimony and evidence, waiting to be called.

The fiercest court battle waged by the two sides took place between February 23 and 27, during which the prosecutors called 11 witnesses in succession. The "Business Weekly" secured the following exclusive report of the 4-day episode.

The witnesses are in four categories: First, the plea-bargainers, such as the chief executives of LGD, CPT and CMO; second, the voluntary witnesses who traded their testimony for immunity including former employees of AUO USA; third, the purchasers in US, including 2 procurement managers from Dell and HP respectively; and fourth, the expert witnesses such as economists who explained how much illegal profits AUO gained by violating the anti-trust law.

AUO had only one witness: an expert witness. This economist explained that AUO did not participate in the price-fixing conspiracy because its pricing was lower than the pricing set at the "Crystal Meeting" (the name of the meeting where AUO met its competitors-editor).

A debate of 11 persons versus 1 person:

First point to attack and defend: has AUO influenced panel prices intentionally?

The US prosecutors first accused the AUO executives for attending over 60 secret meetings held with their competitors, even when the executives did not attend, they sent representatives and have them reported back. Some 2002 AUO internal documents listed the meeting conclusions of trying to raise the prices for 15" and 17" panel prices and raise prices to some customers, such as: HP and Sony. Next CPT, LGD and CMO witnesses were called to confirm AUO's attendance of the crystal meetings.

AUO attorneys contradicted by stating that although AUO attended the meetings, they did not implement the meeting conclusions. They also pointed out the inconsistencies in the testimony of the prosecution witnesses. For example: a CPT executive stated that CPT followed crystal meeting price from the end of 2001 to 2002, but, it did not follow it after 2003. He also admitted that he felt that the competitors were unable to have candid exchange. A LGD executive also indicated that even though he attended the meetings, he did not have pricing authority.

The AUO attorneys insisted that "in crystal meetings, the competitors tried to outwit each other; the participant not only quoted false prices often, but also took advantage of the intelligence obtained from the crystal meetings to grab orders from competitors' customers by slashing prices." To put it simply, it was a source for business intelligence, not for real price negotiations. The business culture differences of the East and the West was cited to refute the prosecution theory.

The prosecution then called the plea-bargainers, hoping to point out the fact that AUO participated in the meetings and intend to manipulate prices. The prosecutors kept asking questions until the answer met their expectation.

Second point to attack and defend: has AUO gained illegal high profits?

The economist hired by AUO reviewed prices from thousands of internal company transactions from 2001to 2006 and compared them to the crystal meeting agreement prices and concluded that in the 5 years, the panel prices dropped 70%, AUO prices quoted had always been below the prices agreed in the meetings, how is that a conspiracy? Furthermore, the meetings were held outside of the United States, cannot be regarded as violation of the anti-trust law per se.

The economist hired by the prosecution contends, however, the important question for AUO should be how much improper gain it obtained by deciding on their prices based on the information from attending the crystal meetings. The expert witness calculated the improper gain to be higher than the 500 million US dollars proposed by the prosecutors.

After 4 days of attacking and defending, from March 1st to the 13th, the jury held close-door deliberation. The 13 days was nerve racking for HB Chen as if he had been sitting on pins and needles. He was hopeful, a friend related:" but, he was psychologically prepared."

A management scholar who has studied the anti-trust law pointed out that the US anti-trust law maintains that as long as an entity participates in a meeting, it is deemed as intending to influence; this is called illegal per se in the United States. It would be very hard to be rid of the guilt. This is the reason the outside world is pessimistic about AUO's chance of escaping unscathed.

Since 2000, the US DOJ has prosecuted criminally hundreds of anti-trust cases, no global enterprises had ever dared to take on the US DOJ directly. Microsoft, who is valued 57 times greater than AUO on the market, didn't dare; Samsung, who is valued 39 times greater than AUO on the market, also dared not.

AUO was the first who took on US DOJ directly in a criminal anti-trust case. "This case is certainly becoming a critical US anti-trust case" a legal professional asserted.

KY Lee lead his man in a charge: audacious in taking risks, but, push the company into the crossfire

What has made AUO so audacious? The answer lies with KY Lee's disposition of being "daring in risk taking and giving a high regard to impeccable reputation."

Early in his career, he jumped boat from Acer to start his own company. Before the technology transfer agreement was signed, he decided to build a panel factory first; his risk taking strategy enabled him to build the 3rd largest panel manufacturing facility in the world, however, this characteristic of his also brought devastating losses. In 2004, its subsidiary brand name manufacturer BenQ only net 7.6 billion Yuen profit after tax, it dared to buy the cell phone

division of Siemens in 2005, which had suffered the loss of 25 billion NT Yuen per annum. A year later, it bailed out quietly.

Another of his characteristic is that he regards his good reputation highly, he would never admit to things he did not do. Several years ago, he was charged with insider trading of BenQ stock. KY Lee attended most of the court appearance in person until the court declared him not guilty.

In the afternoon of March 19th, KY Lee released the following statement which was very telling of his character, it is entitled: "Supplementary Comments Regarding the US Litigation: Persevere in Honesty and Good faith, Always put the People First":

Even if facing a competitive situation under which everyone tries to outwit the other, as long as we uphold our core value of "honesty and good faith" and stay within the confines of law, we shall still sprint on without fear of trouble back at home.

Willing to take risks, thinking highly of good reputation---the combination of these two personal traits led him to make the decision to fight the anti-trust case.

However, this action ties up undoubtedly the interests of 420 thousand AUO shareholders with the lawsuit: If the judge decides to fine AUO one billion US dollars, it will exceed the total fine amount (890 million US dollars) the 7 panel manufacturers previously paid. Without question it will be a heavy blow to AUO, which had lost 61.4 billion NTDs in 2011. Not only has KY Lee lost two of his favorite go-getters, but his company might also lag further and further behind Samsung in technology due to the shortage of cash.

"I can only say KY Lee is so naïve---he is almost ignorant. There were more than 60 Crystal Meetings; the date, place and notes of the meetings had been clearly on record. This has to be a trampling on the red line (meaning: violating the law)," thought a scholar familiar with anti-trust laws.

In the past Sharp, LGD, CPT and CMO had all agreed to plead guilty in order to put a stop on losing as soon as possible. It was a calculated move. But as the board being dominated by KY Lee's personality, AUO decided to fight it alone, and nobody called for braking.

A leader's personality may lead a company to becoming a flagship in the industry, but it may also push the company to the edge of danger---it is both the company's asset and burden. How to manage the leader's traits to avoid the old saying "success because of Xiao He *[a Han Dynasty Prime Minister who lead his emperor to many successful conquests and eventually lost the country to the enemy-translator]*, failure because of Xiao He" from happening?

Revelations for Enterprise Management: Board membership must diversify; keep leaders' personalities in balance

Professor Yin-hua Ye of the Finance Institute of Fu Jen University believes that the factors leading to a founder's success in starting up a business might one day become factors ossifying the business thinking which leads to failure. The solution relies on a board with members from

different background to play the role of checker and overseer. It's a pity that the background overlapping among members of boards and management teams in Taiwan runs high. The upside of this is that the board members have sufficient expertise about the business and thus can make quick decisions; while the downside is lacking discussions from diverse angles when making important decisions, due to the homogenization of thinking.

Among the five members of the AUO board, four of them are either co-founders or management team members of KY Lee, lacking in diversity. It is doubtful they can take a full discussion before making an important decision.

Judging from the current development in the case, the chance of AUO losing is more likely than its winning. With all 12 members of the jury voting unanimously to convict, it not an easy task for AUO to get away. Now it's just a matter of how long the top managers will serve, and of how much the company will be fined.

Perhaps the biggest revelation this case has brought to Taiwan companies is neither the question of whether the government offered any assistance, as having been hotly discussed by the media; nor the question who is the rat; nor the question of "honesty and good faith", as touted by KY Lee---it is the important subject of company management: How to balance a leader's personality with the interest of a company, devise a system to avoid the lacking of multi-angled discussions prior to critical decision making. If the board cannot assume the function of the second line of defense, shareholders and employees might all be pushed to the front line and turned into courageous losers.

(Written by Ruying Zeng of "Business Weekly")

Information Summary: 6 years of investigation, 3 months of trial: 2 senior founding members still found guilty

----A Chronicle of the AUO anti-trust case

Panel Manufacturers Harshly Punished

2006/12 US DOJ launched investigation on violation of anti-trust law by panel manufacturers between 2001 and 2006.

2008/11 Sharp, CPT and LGD agreed to plead guilty; 3 top executives of CPT including former Chairman CH Lin were sentenced to prison.

2009/12 COM agreed to plea, paid 220 million US dollars in fine, top managers went to prison.

AUO took on the legal fight

2010/6 US DOJ filed charge against AUO for anti-trust violation, alleging participation in price-fixing conspiracy seeking illegal gain of US$500 million.

2010/8 Having come to US to assist in the investigation, AUO Vice Chairman HB Chen, former General Manager LJ Chen, Board Director Hui Hsiung and others were restricted from leaving the country.

2012/12 The Executive Committee of EU filed charges against AUO and CMO for anti-trust violation, fined CMO and AUO 300 million and 116 Million Euros respectively.

2010/12 AUO budgeted 10 billion NTD for legal expenses; afterward added 3 billion NTD more and decided to fight the case head on.

Jury handed down guilty verdict

2012/1/9 AUO anti-trust trial commenced in US.

2012/2/23 Witnesses were called to testify in court. Employees of LG, CPT, CMO, HP and Dell testified in court.

2012/3/1 12 jurors of the US Federal District Court began deliberation.

2012/3/13 Jury reached verdict: AUO was found guilty of anti-trust law violation; HB Chen and Hui Hsiung were convicted; LJ Chen, Hubert Lee and Steven Leung were found not guilty and were released in court.

Compiled by Ruying Zeng

Is he AUO's last hope?

Dennis P. Riordan, the lawyer who defended and answered media questions on behalf of AUO owns the title of Super Lawyer. He was named the Lawyer of the Year by the journal "California Lawyer". In the circle of US lawyers he has a shining nickname "The Last Hope", meaning "the last hope for defendants with little chance of winning."

He made his name in the 1971"San Quentin Six" case in which 6 inmates attempted to escape, killing 3 prison guards. Riordan represented one of the inmates charged with murder. It took him 14 years to win the case, during which period he would rather not charge for his services and for a period of time he became so impoverished he had to pay rents with unemployment benefits. Nevertheless, the case made him famous overnight.

When the Vice Mayor of San Diego Michael Zucchet was charged with 9 counts of embezzlement in 2003, Riordan was able to make the court to drop 7 of them in only a few weeks, winning the nomination as one the "Top Ten Lawyers in San Francisco Bay Area" by "San Francisco Chronicle."The fame that "in Riordan's hands, no matter how rotten a case is, the defendant has the chance to win" spread like wildfire. It was believed that cases with only a 3 to 5 percent of winning chance can be brought back to life by him.

He himself admits that “I enjoy very much pondering the law, seeing through its complexities and then constructing my defense and claims.”He was retained at the very beginning of the AUO anti-trust case, giving much confidence to the defense team. However, only time can tell whether Riordan, who had seldom handled anti-trust cases in the past and is now confronted with the mighty state apparatus, can become AUO’s last hope.

Exhibit C

Corporate Antitrust Compliance Program

1. Pursuant to United States Sentencing Guidelines (USSG) §8D1.4(b)(1), AU Optronics Corporation ("AUO"), AU Optronics Corporation America, and their subsidiaries and affiliates (collectively "AUO/AUOA") are required to develop and submit to the Court an antitrust compliance program designed to prevent and detect violations of the United States antitrust laws (the "antitrust laws"), throughout their operations, including the pricing and sale of products in the United States or for integration into finished products sold in the United States.

2. In order to address any deficiencies in their internal policies and procedures regarding compliance with the antitrust laws, AUO/AUOA are required to undertake a review of their existing policies and procedures including without limitation regarding sales, pricing, communications with competitors, and participation in industry groups and trade associations. Where necessary and appropriate, AUO/AUOA will adopt new or modify existing policies and procedures in order to ensure that AUO/AUOA have a rigorous antitrust compliance program designed to detect and deter violations of the antitrust laws. The antitrust compliance program of AUO/AUOA will consist of the following elements, at a minimum:

a. A clearly articulated corporate policy against violations of the antitrust laws;

b. Promulgation of antitrust compliance standards and procedures to be followed by all directors, officers, employees of AUO/AUOA and, where appropriate, business partners including, but not limited to, agents, consultants, representatives, teaming partners, joint venture partners, and other parties acting on behalf of AUO/AUOA (collectively referred to hereinafter as "agents and

business partners"), that are reasonably capable of reducing the prospect that the antitrust laws will be violated;

c. The assignment of one or more senior corporate officials of AUO/AUOA, who shall report directly to the Audit Committee of the AUO Board of Directors, with responsibility for the implementation and oversight of compliance with policies and procedures established in accordance with the antitrust compliance program of AUO/AUOA;

d. The effective communication to all directors, officers, employees, and, where appropriate, agents and business partners, of AUO/AUOA's corporate antitrust compliance program. This shall include: (i) training concerning the requirements of the antitrust laws on a periodic basis to all directors, officers, and employees; (ii) periodic certifications by all directors, all officers, and all employees involved in the pricing, sale, or marketing of products in the United States or for integration into finished products sold in the United States, including the head of each AUO/AUOA business or division, and, where appropriate, agents and business partners, certifying compliance therewith; and (iii) periodic communications by senior management of AUO/AUOA that provide strong, explicit, and visible support and commitment to its corporate policy against violations of the antitrust laws and in support of its antitrust compliance program;

e. Where appropriate, AUO/AUOA will include standard provisions in agreements, contracts, and renewals thereof with all agents and business partners that are reasonably calculated to prevent violations of the antitrust laws, which may, depending upon the circumstances, include: (i) contract terms and provisions

requiring compliance with the antitrust laws; and (ii) rights to terminate an agent or business partner as a result of any breach of the antitrust laws;

f. A reporting system administered by the senior corporate official(s) described in paragraph 2(c) above, including an anonymous "Helpline" for directors, officers, employees, agents, and business partners to confidentially report suspected violations of the antitrust laws and/or the AUO/AUOA antitrust compliance code, and a procedure for investigating such reports;

g. Procedures to protect the identity of persons, agents, or business partners who make reports under paragraph 2(f) above and to prevent any retaliation against those persons, agents, or business partners;

h. Appropriate termination procedures for all individuals, agents, or business partners convicted of violations of the antitrust laws;

i. Appropriate disciplinary and termination procedures to address violations of the AUO/AUOA antitrust compliance program; and

j. Clearly articulated corporate procedures designed to ensure that individuals whom AUO/AUOA knows, or should know through the exercise of due diligence, are under outstanding indictment for violations of the antitrust laws or have engaged in other conduct inconsistent with an effective compliance and ethics program, are prohibited from holding positions that include any discretionary pricing, sales, or marketing authority.

3. In order to assist in the development of an effective compliance and ethics

program, AUO/AUOA are required to hire, at their expense, an independent monitor (Monitor) within sixty (60) calendar days of the date of sentencing, to assist in the development of, and to monitor, AUO/AUOA's antitrust compliance program for a period of three (3) years.

a. The Monitor shall be an attorney with substantial relevant legal practice experience related to price fixing, bid-rigging, and other criminal violations of the antitrust laws. Although some of the relevant legal practice experience may be from government practice, the Monitor should have significant experience representing and counseling business entities regarding criminal violations of the antitrust laws as well as extensive expertise in developing, implementing, and overseeing antitrust compliance programs on behalf of multinational business entities.

b. Within thirty (30) calendar days after the date of sentencing, AUO/AUOA shall recommend to the Probation Office and the United States Department of Justice, Antitrust Division, San Francisco Field Office (hereinafter "the Antitrust Division") a pool of three qualified monitor candidates and provide to the Probation Office and the Antitrust Division a description of each candidate's qualifications and credentials. After consultation with the Antitrust Division, the Probation Office, in its sole discretion, shall either select one of the candidates nominated by AUO/AUOA to serve as the Monitor, select an alternative-qualified Monitor of its own choosing, or instruct AUO/AUOA to propose three additional candidates for selection pursuant to the process set forth above.

c. At the time that AUO/AUOA recommend the pool of monitor candidates, AUO/AUOA shall provide the Probation Office with (1) a written certification

from each company that it will not employ or be affiliated with the monitor for a period of not less than one year after the termination of the monitorship and (2) a written certification by each of the monitor candidates that he/she is not an employee or agent of AUO/AUOA and holds no interest in, and has no relationship with, AUO/AUOA or their directors, officers, employees, agents, or business partners.

4. The Monitor will review and evaluate the effectiveness of any AUO/AUOA antitrust compliance code, policies, and procedures in existence at the time of his or her appointment. This review and evaluation shall include an assessment of those policies and procedures that have actually been implemented. AUO/AUOA shall cooperate fully with the Monitor and the Monitor shall have the authority to take such reasonable steps, in his or her view, as may be necessary to be fully informed about the operations of AUO/AUOA within the scope of his or her responsibilities under this Agreement. To that end, AUO/AUOA shall provide the Monitor with access in the United States to all information, documents, records, "Helpline" reports, directors, officers, employees, agents, and/or business partners that fall within the scope of responsibilities of the Monitor under this Agreement.

a. No attorney-client relationship shall be formed between AUO/AUOA and the Monitor.

b. In the event that AUO/AUOA seek to withhold from the Monitor access to any information, documents, records, "Helpline" reports, directors, officers, employees, agents, and/or business partners because of a claim of attorney-client privilege or the attorney work-product doctrine, or where AUO/AUOA reasonably believe production would otherwise be inconsistent with applicable

law, AUO/AUOA shall work cooperatively with the Monitor to resolve the matter to the satisfaction of the Monitor. If the matter cannot be resolved, at the request of the Monitor, AUO/AUOA shall promptly provide written notice of this determination to the Monitor, the Probation Office, and the Antitrust Division. Such notice shall include a general description of the nature of the records or individuals that are being withheld, as well as the basis for the claim. Any dispute regarding the privilege or work-product claim by AUO/AUOA shall be referred to the Court for resolution.

5. The Monitor shall assess whether any AUO/AUOA policies and procedures in existence at the time of his or her appointment are reasonably designed to detect and prevent violations of the antitrust laws and, during the three (3) year period, shall conduct an initial review and prepare an initial report, followed by two (2) follow-up reviews and follow-up reports as described below. With respect to each of the three (3) reviews, after initial consultations with AUO/AUOA and the Probation Office, the Monitor shall prepare a written work plan of proposed actions for each of the reviews, which shall be submitted to AUO/AUOA, the Probation Office, and the Antitrust Division for comment before the Monitor begins each review. In order to conduct an effective initial review and to fully understand any existing deficiencies in policies and procedures related to antitrust compliance, the Monitor's initial work plan shall include such steps as are necessary to develop an understanding of the facts and circumstances surrounding the violations that occurred. Any disputes between AUO/AUOA, the Monitor, and the Antitrust Division with respect to the work plan shall be decided by the Probation Office in its sole discretion.

6. In connection with the initial review, the Monitor shall issue a written report within one hundred twenty (120) calendar days of his or her retention setting forth the Monitor's assessment and making recommendations reasonably designed to improve the policies and procedures of AUO/AUOA for ensuring antitrust compliance. The Monitor shall provide the report to the Boards of Directors of AUO/AUOA and contemporaneously transmit copies to the Probation Office and the Antitrust Division. The Monitor may extend the time period for issuance of the report with the prior written approval of the Probation Office.

7. Within sixty (60) calendar days after receiving the Monitor's report, AUO/AUOA shall adopt all recommendations in the report; provided, however, that within thirty (30) calendar days after receiving the report, AUO/AUOA shall advise the Monitor, the Probation Office, and the Antitrust Division in writing of any recommendations that AUO/AUOA consider unduly burdensome, impractical, or costly. With respect to any recommendations to which AUO/AUOA object as unduly burdensome, impractical, or costly, AUO/AUOA need not adopt the recommendation within that time but shall propose in writing an alternative policy, procedure, or system designed to achieve the same objective or purpose. As to any recommendation on which AUO/AUOA and the Monitor do not agree, such parties shall attempt in good faith to reach an agreement within thirty (30) calendar days after AUO/AUOA serves written notice of objection. In the event AUO/AUOA and the Monitor are unable to agree on an alternative proposal, AUO/AUOA shall abide by the determination of the Probation Office, which will consult with the Antitrust Division before making its determination. With respect to any recommendation that the Monitor determines cannot reasonably be implemented within sixty (60) calendar days after AUO/AUOA receive the report, the Monitor may extend the time period for implementation with prior written approval of the Probation Office.

8. The Monitor shall undertake two (2) follow-up reviews to further monitor and assess whether the policies and procedures of AUO/AUOA are reasonably designed to detect and prevent violations of the antitrust laws and are being reasonably implemented to do the same. Within sixty (60) calendar days of initiating each follow-up review, the Monitor shall: (a) complete the review; (b) certify whether the antitrust compliance program of AUO/AUOA, including its policies and procedures, is appropriately designed and implemented to ensure compliance with the antitrust laws; and (c) report on the Monitor's findings in the same fashion as set forth in Paragraph 6 with respect to initial review. The first follow-up review shall commence one year after appointment of the Monitor. The second follow-up review shall commence 18 months after completion of the first follow-up review. The Monitor may extend the time period for these follow-up reviews with the prior written approval of the Probation Office.

9. In undertaking the assessments and reviews described in Paragraphs 3-8 herein, the Monitor shall formulate conclusions based on, among other things: (a) inspection of documents, including all policies and procedures relating to the antitrust compliance program of AUO/AUOA; (b) meetings with and interviews of employees, officers, directors, agents, and business partners of AUO/AUOA and all of their affiliates and subsidiaries, and any other relevant persons, who shall be brought to the United States at the expense of AUO/AUOA for such meetings; and (c) analyses, studies, and testing of the antitrust compliance program of AUO/AUOA and all of their affiliates and subsidiaries.

10. Should AUO/AUOA discover evidence, not already reported to the Probation Office, of any discussions or communications with competitors of AUO/AUOA involving directors, officers, employees, agents, or business partners of any AUO/AUOA entity regarding

the pricing, sale or marketing of products in the United States or for integration into finished products sold in the United States, AUO/AUOA shall promptly report such conduct to the Probation Office, the Monitor, and the Antitrust Division.

11. The charge of the Monitor, as described above, is to review the policies and procedures of AUO/AUOA and all of their affiliates and subsidiaries related to compliance with the antitrust laws. Should the Monitor during the course of his or her engagement discover evidence of any discussions or communications with competitors of AUO/AUOA involving directors, officers, employees, agents, or business partners of any AUO/AUOA entity regarding the pricing and sale of products in the United States or for integration into finished products sold in the United States, that the Monitor believes, in the exercise of his or her sole discretion, violate either the terms of AUO/AUOA's probation, AUO/AUOA's antitrust compliance program, or the antitrust laws, the Monitor shall promptly report such communications or conduct to the Probation Office and the Antitrust Division.

12. The Monitor shall report evidence of other violations of United States criminal or regulatory laws discovered in the course of performing its duties, in the same manner described in paragraph 11 above.

13. In the event that AUO/AUOA, or any entity or person working directly or indirectly for AUO or AUOA, refuses to provide information necessary for the performance of the Monitor's responsibilities, the Monitor shall disclose that fact to the Probation Office.

14. AUO/AUOA, and their directors, officers, employees, shareholders, agents and business partners, shall not take any action to retaliate against the Monitor for any recommendations, reports, or disclosures required hereby or for any other reason.