EXHIBIT C

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UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA, Plaintiff, v. AU OPTRONICS CORPORATION, ET AL., Defendants.	Case No. CR-09-0110 (SI) **DECLARATION OF ANDY YANG RE: SENTENCING OF AU OPTRONICS CORPORATION**

I, Andy Yang, declare as follows:

1. I have personal knowledge of the following, and, if called herein as a witness to testify, I could and would testify competently thereto.

2. I have been employed by AU Optronics Corporation ("AUO") since 2002 and presently hold the position of Vice President of the Finance Center and Chief Financial Officer from March 2009. My office is located in Hsinchu, Taiwan. I am primarily responsible for the financial operations of AUO, but I am also familiar with the general business operations of the company. The primary business of AUO is to develop and manufacture thin-film transistor LCD panels for use in notebook computers, desktop monitors, flat screen televisions, and audio visual products, although the company has other business lines as well. AUO is headquartered in Hsinchu, Taiwan and is a publicly traded company in Taiwan and on the New York Stock Exchange. AUO and its subsidiaries currently have more than 60,000 total employees

worldwide. AUO and its subsidiaries also have facilities located in China, the Czech Republic, Slovakia, Japan, and Singapore, and its subsidiaries have offices located in the U.S., Europe, and Asia.

3. AUO reports its financial statements both for AUO on an unconsolidated basis and on a consolidated basis, which includes its subsidiaries, using controlling Republic of China (ROC) regulations. AUO's most recent public financial statements cover the three and six-month periods ending June 30, 2012. The balance sheet provides information on the current balances and values for all assets and liabilities as of the date of the financial statements, while the income statement and statement of cash flows provide information on the financial performance and operations of the company. AUO reports its financial statements both for AUO on an unconsolidated basis and on a consolidated basis, which includes its subsidiaries. Unless otherwise stated, I rely on the company's publicly available documents for all financial information in this declaration and all amounts will be stated in United States dollars.

AUO's Financial Performance from Operations

4. The difficult economic times of the past several years have had a negative effect on AUO's financial performance. For example, while AUO had revenues of $11.9 billion in 2011, the company suffered losses of $2.02 billion. AUO has suffered significant financial losses nearly every year since 2009, with the largest losses occurring in 2011 and continuing through the first half of 2012. Thus, looking at AUO's revenues alone does not provide a complete picture of AUO's financial results from operations. As shown in Table 1 below, total profits after taxes for AUO not including subsidiaries were negative $2.02 billion for 2011 and negative $868 million for the first six months of 2012. Table 2 contains equivalent consolidated financials for AUO and its subsidiaries.

Table 1: Unconsolidated Basis: AUO Only

	2009	2010	2011	Jan – Jun 2012[1]
Total Sales (US$) [1]	$11.0 Billion	$15.2 Billion	$11.9 Billion	$5.7 Billion
Total Profits After Taxes (US$)	**-838 Million**	**+230 Million**	**-2.02 Billion**	**-868 Million**

Table 2: Consolidated Basis: AUO and Subsidiaries

	2009	2010	2011	Jan – Jun 2012 [1]
Total Sales (US$)	11.2 Billion	16.0 Billion	12.5 Billion	5.9 Billion
Total Profits After Taxes (US$)	**-853 Million**	**+254 Million**	**-2.03 Billion**	**-881 Million**

AUO's Assets and Liabilities

5. The balance sheet of a company includes financial information on both assets and liabilities of a company. Assets are things owned by a company and include cash and equivalents, inventories of raw materials, work-in-process and products awaiting sale or delivery, accounts receivable from customers, and physical assets such as factories and equipment. The liabilities of a company are the opposite of assets—they are the obligations that the company owes to others. In consumer terms, a $300,000 house owned by a family would be an asset, but the $250,000 mortgage owed to the bank and the $10,000 credit card balance are liabilities. Looking at assets alone does not provide a complete picture of the financial condition of a company.

6. Assets and liabilities are also often characterized by their relationship to cash, which is the most liquid type of asset. Long-term assets are things such as plant and equipment,

[1] The exchange rates used for currency conversion were 31.95 for 2009, 29.14 for 2010, 30.27 for 2011 and 29.8 for the first half of 2012, respectively.

which are used in operations and are not expected to be converted to cash. Current assets include cash and additional assets—such as customer receivables, raw materials and finished product inventory—that are not the same as cash, but are expected to be converted to cash within one year. Current liabilities include obligations that are due within one year, such as debt payable and accounts payable to vendors.

7. As of June 30, 2012, AUO's current assets, not including its subsidiaries, were valued at $5.04 billion and its liabilities $5.48 billion. This included $2.99 billion of product inventory and notes and customer accounts receivable. Inventory will be converted to customer receivables after sale, and customer receivables will be converted to cash once the customers actually pay their obligations. Companies are not able to use receivables or inventories to directly pay liabilities before they are turned into cash. In financial terms, the ratio of current assets to current liabilities is referred to as "current ratio". AUO's current ratio was below 1.0, meaning it had more than $1 of current liability for every $1 of current asset. Table 3 includes equivalent data on current assets and current liabilities on a consolidated and unconsolidated basis.

AUO's Cash Balances and Uses for the Cash Balances

8. Focusing more narrowly on cash, the most liquid asset, AUO's actual cash and cash equivalents, not including its subsidiaries, were $1.66 billion as of June 30, 2012, as listed in the AUO's unconsolidated balance sheet. On a consolidated basis, AUO and its subsidiaries held a total of $2.87 billion of cash and cash equivalents as of June 30, 2012. Since each of AUO's subsidiaries is an independent legal entity, the cash of each AUO's subsidiary is used to

fund its separate operations such as working capital requirement, capital expenditures, debt repayment and other needs. For clarity, I focus my remaining discussion on AUO alone. I include all information on cash balances, debt balances, and uses for cash separately for AUO alone and for AUO and its subsidiaries on a consolidated basis in Table 3.

Operations

9. One primary use of a cash balance is to pay employee wages and other cash cost and expenses in advance of when cash is received from sales made by the company, which can be several months after the expenses are incurred. In the first six months of 2012, for example, AUO spent $5.32 billion on wages and other cash cost and expenses, which was equal to the sum of cost of goods sold and operating expense excluding depreciation and amortization.

10. In addition to the lag in receiving cash, during challenging financial times the company may not be able to generate positive cash flows from its operations. During the most recent six-month period ending in June 2012, AUO had *negative* cash flows from operations of $198 million. A negative cash flow means that the company spends more cash on its operations than it receives during the period.

Needed Investments

11. In addition to operating wages and other cash cost and expenses, the company must also spend cash for new and replacement investments in property, plant and equipment, which generate cash in the future. In the first half of 2012, AUO spent $361 million of capital expenditures on an unconsolidated basis and $862 million a consolidated basis. These capital expenditures were spent on property, plant and equipment for its fabs and other facilities in order to produce new products to meet customers' requirement and remain competitive with other

LCD manufacturers. Financial statements do not typically include forecasts of the amount of future operating costs or future purchases of property, plant, and equipment, although this industry typically requires high levels of both to remain competitive. For example, LGD, one of AUO's competitors in the TFT-LCD industry, spent KRW 2,126 billion ($1.85 billion) on capital expenditures on a consolidated basis in the first half of 2012.

Debt Repayments

12. A third use for cash balances is to repay existing debt. As of June 30, 2012, AUO had total short-term and long-term debt of approximately $6.54 billion. The portion of AUO's unconsolidated long-term debt due within the next 12 months plus its short-term borrowings total $1.58 billion, nearly equal to its entire cash balance of $1.66 billion. In addition, the majority of AUO's fabs and equipment are currently pledged as security for AUO's debt obligations.

13. Furthermore, AUO has large amounts of debt due in subsequent periods. As stated in the audited unconsolidated financial report of the first half of 2012, AUO's debt repayment due in the second half of 2013 and the year of 2014 total an additional $2.29 billion. Debt repayments due for AUO and its subsidiaries are reported in Table 3.

Fines and Settlements

14. In addition to these uses of cash, a fourth use of cash for AUO is to fund fines and settlements associated with the Crystal Meetings litigation and investigations. For example, AUO recently announced settlements, subject to final court approval, of $170 million for the Indirect Purchaser (IPP) class actions matter and $38 million for the Direct Purchaser (DPP) class action matters. These settlements will need to be paid in full within the next 12 months. In addition to ongoing matters with regulatory authorities in various countries, AUO currently faces

private litigation including Canadian class action cases and multiple direct actions and indirect actions by its customers such as Dell, HP, Motorola, Nokia, and others.

15. In summary, not only is AUO's current ratio below 1.0, but its debt repayments over the next 12 months of $1.58 billion nearly completely offset the cash balance of $1.66 billion, with an estimated additional $2.29 billion due in the second half of 2013 and the year of 2014, for a total of $3.87 billion in debt repayments over the next 30 months. Further, consolidated debt repayments for AUO and subsidiaries' over the next 12 months are $1.85 billion, with an additional $3.07 billion debt payments due in the second half of 2013 and the year of 2014. The total AUO and subsidiaries' debt repayments over the next 30 months are $4.92 billion, which exceeds current consolidated AUO and subsidiaries' cash balances of $2.87 billion. More generally, AUO's cash balance of $1.66 billion will be needed to: 1) fund any operating timing differences or shortfalls, as was the case for AUO in the first half of 2012; 2) fund spending on property, plant and equipment; 3) fund the debt repayment; and 4) fund fines and settlements in the Crystal Meeting matters, which have already totaled hundreds of millions of dollars.

16. Table 3 lists AUO's current assets and liabilities, cash and cash equivalents, debt balances and uses of cash on an unconsolidated basis and on a consolidated basis including its subsidiaries.

Table 3: Selected AUO Financials, as of June 30, 2012, in Millions of U.S. Dollars

	Unconsolidated Basis: AUO Only	Consolidated Basis: AUO and Subsidiaries
Current assets	$5,039	$6,855
Current liabilities	5,478	6,460
Cash and cash equivalents	1,664	2,868
Total short and long term debt	6,541	8,495
Spending on property, plant and equipment (Jan – June 2012)	361	862
Wages and other cash cost and expenses (Jan – June 2012)	5,324	5,395
Cash flows from operations (Jan – June 2012)	-198	-121
Debt repayments due July 2012 – June 2013	1,577	1,851
Debt repayments due July 2013 – Dec 2014	2,290	3,065
Subtotal debt repayments through 2014	**3,867**	**4,916**

Impact of a Large Fine

17. A large fine would almost certainly have a material financial and accounting impact on AUO. On one hand, a fine would become a liability, in addition to the already existing debt and other liabilities of the company. On the other hand, this liability would be immediately recognized as a loss when the fine is announced. It's likely this loss, on top of the ongoing losses that the company has suffered for the past seven quarters, would dampen investors and banks' confidence level. This may lead to a substantially negative impact on AUO's share price and AUO's capability of raising additional funding in the future. A large additional liability beyond AUO's funding resources could be a critical negative factor on AUO's ability to fund its daily operations, continue to make needed investments in property, plant and equipment, pay its debts, remain competitive and fund other fines and settlements associated with the Crystal Meeting activities.

Summary

18. As of June 30, 2012, AUO's current ratio was below 1.0. In addition, its unconsolidated cash balance was $1.66 billion, nearly equal to the $1.58 billion of AUO's debt due in the next 12 months, with an additional $2.29 billion of debt due in the subsequent 18 months. For the past seven quarters consecutively, AUO has suffered financial losses because of the downturn of TFT-LCD industry, which has been the longest downturn in the TFT industry. On both an unconsolidated and consolidated basis, the company lost $3.28 billion and $3.29 billion after taxes in the 24 months ended June 30, 2012, respectively. In addition, the majority of AUO's long-term assets are already pledged against its existing debt obligations, and any assets currently encumbered by debt would not be available for additional borrowing capacity. Consequently, the availability of financing is becoming more and more challenging to the company.

19. As TFT-LCD has been a capital intensive industry with severe competition, AUO's cash balances are used to fund the ongoing operations of the company, needed investments in property, plant and equipment to remain competitive, debt repayment, and payment of other fines and settlements arising from the Crystal Meeting activities. The imposition of a large fine beyond AUO's funding resources could have a material financial effect on AUO, its ability to fund its other obligations and service its debt, and indeed its ability to continue its operations in a competitive manner.

I declare under penalty of perjury under the laws of United States of America that the foregoing is true and correct. Executed on 17th day of Sep, 2012 in Hsinchu, Republic of China (Taiwan).

Andy Yang