



Department of Justice

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PANASONIC AND ITS SUBSIDIARY SANYO AGREE TO PLEAD GUILTY IN SEPARATE PRICE-FIXING CONSPIRACIES INVOLVING AUTOMOTIVE PARTS AND BATTERY CELLS

LG Chem Ltd. Agrees to Plead Guilty to Price-Fixing Conspiracy Involving Battery Cells, First Charges Filed in Battery Cell Investigation

WASHINGTON – Panasonic Corp. and its subsidiary, SANYO Electric Co. Ltd., have agreed to plead guilty and to pay a total of \$56.5 million in criminal fines for their roles in separate price-fixing conspiracies involving automotive parts and battery cells, the Department of Justice announced today. LG Chem Ltd., a leading manufacturer of secondary batteries, has agreed to plead guilty and to pay a \$1.056 million criminal fine for price fixing involving battery cells.

Osaka, Japan-based Panasonic agreed to pay a \$45.8 million criminal fine for its role in the automotive parts conspiracy. SANYO agreed to pay a \$10.731 million criminal fine for its role in the battery cells conspiracy. The guilty pleas against SANYO and LG Chem are the first in the department's ongoing investigation into anticompetitive conduct in the cylindrical lithium ion battery cell industry.

The three-count felony charge against Panasonic was filed in U.S. District Court for the Eastern District of Michigan. Separate one-count felony charges were filed against SANYO and LG Chem in U.S. District Court for the Northern District of California. As part of the plea agreements, which are subject to court approval, the charged companies have agreed to cooperate in the department's ongoing antitrust investigations.

Panasonic has agreed to plead guilty for its role in a conspiracy to fix prices of switches, steering angle sensors and automotive high intensity discharge (HID) ballasts installed in cars sold in the United States and elsewhere. SANYO and LG Chem Ltd. have agreed to plead guilty for their roles in a conspiracy to fix the prices of cylindrical lithium ion battery cells sold worldwide for use in notebook computer battery packs.

“Panasonic is charged with participating in separate price-fixing conspiracies affecting numerous parts used in cars made and sold in the United States while its subsidiary was also fixing prices on battery cells used by consumers of notebook computers,” said Scott D. Hammond, Deputy Assistant Attorney General for the Antitrust Division's criminal enforcement

program. “Pleading guilty and cooperating with the division’s ongoing investigations is a necessary step in changing a corporate culture that turned customers into price-fixing victims.”

According to the first count of a three-count felony charge filed today in U.S. District Court for the Eastern District of Michigan in Detroit, Panasonic participated in a conspiracy to rig bids for, and to fix, stabilize and maintain the prices of steering wheel switches, turn switches, wiper switches, combination switches and door courtesy switches sold to Toyota Motor Corp. and Toyota Motor Engineering & Manufacturing North America Inc. in the United States and elsewhere. According to the court document, Panasonic and its co-conspirators carried out the conspiracy from at least as early as September 2003 until at least February 2010.

The second count charges that Panasonic, during this same time period, participated in a conspiracy to rig bids for, and to fix, stabilize, and maintain the prices of steering angle sensors sold to Toyota in the United States and elsewhere. The department said that Panasonic and its co-conspirators agreed, during meetings and conversations, to suppress and eliminate competition in the automotive parts industry by agreeing to rig bids for, and to fix, stabilize, and maintain the prices of steering angle sensors sold to Toyota Motor Corp. and Toyota Motor Engineering & Manufacturing North America Inc. in the United States and elsewhere.

According to the third count of the charge, from at least as early as July 1998 and continuing until at least February 2010, Panasonic and its co-conspirators participated in a conspiracy to suppress and eliminate competition in the automotive parts industry by agreeing, during meetings and conversations, to rig bids for, and to fix, stabilize, and maintain the prices of automotive HID ballasts sold to Honda Motor Co. Ltd. and American Honda Motor Co. Inc., Mazda Motor Corp. and Mazda Motor of America Inc., and Nissan Motor Co. Ltd. and Nissan North America Inc. in the United States and elsewhere.

Including Panasonic, 11 companies and 15 executives have pleaded guilty or agreed to plead guilty and have agreed to pay a total of more than \$874 million in criminal fines as a result of the auto parts investigation. Additionally, 12 of the individuals have been sentenced to pay criminal fines and to serve jail sentences ranging from a year and a day to two years each. The three additional executives have agreed to serve time in prison and are currently awaiting sentencing.

“The FBI remains committed to protecting American consumers and businesses from corporate corruption. The conduct of Panasonic, SANYO, and LG Chem resulted in inflated production costs for notebook computers and cars purchased by U.S. consumers,” said Joseph S. Campbell, FBI Criminal Investigative Division Deputy Assistant Director. “These investigations illustrate our efforts to ensure market fairness for U.S. businesses by bringing corporations to justice when their commercial activity violates antitrust laws.”

According to the one-count felony charge filed today in the U.S. District Court for the Northern District of California in San Francisco, SANYO and LG Chem engaged in a conspiracy to fix the price of the cylindrical lithium ion battery cells used in notebook computer battery packs from about April 2007 until about September 2008. Cylindrical lithium ion battery cells

are rechargeable batteries that are often incorporated in groups into more powerful battery packs commonly used to power electronic devices.

According to the charges, SANYO, LG Chem and their co-conspirators carried out the conspiracy by, among other things, agreeing during meetings and conversations to price cylindrical lithium ion battery cells for use in notebook computer battery packs to customers at predetermined levels and issuing price quotations to customers in accordance with those agreements. The department also said that SANYO, LG Chem and their co-conspirators collected and exchanged information for the purpose of monitoring and enforcing adherence to the agreed-upon prices and took steps to conceal the conspiracy.

Panasonic, SANYO and LG Chem are each charged with price fixing in violation of the Sherman Act, which carries a maximum penalty of a \$100 million criminal fine for corporations. The maximum fine for the company may be increased to twice the gain derived from the crime or twice the loss suffered by the victims, if either of those amounts is greater than the statutory maximum fine.

Today's charges arose from an ongoing investigation in the cylindrical lithium ion battery cells industry being conducted by the Antitrust Division's San Francisco Office and the FBI in San Francisco as well as an ongoing federal antitrust investigation into price fixing, bid rigging and other anticompetitive conduct in the automotive parts industry, which is being conducted by each of the Antitrust Division's criminal enforcement sections and the FBI. Today's automotive parts charges were brought by the Antitrust Division's National Criminal Enforcement Section and the FBI's Detroit Field Office, with the assistance of the FBI headquarters' International Corruption Unit. Anyone with information on price fixing, bid rigging and other anticompetitive conduct related to other products in the automotive parts industry should contact the Antitrust Division's Citizen Complaint Center at 1-888-647-3258, visit www.justice.gov/atr/contact/newcase.html or call the FBI's Detroit Field Office at 313-965-2323. Anyone with information concerning illegal or anticompetitive conduct in the battery industry is urged to call the Antitrust Division's San Francisco Office at 415-436-6660 or visit www.justice.gov/atr/contact/newcase.htm.

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