

# Exhibit C

PAGES 1 - 71

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA  
BEFORE THE HONORABLE SUSAN ILLSTON

UNITED STATES OF AMERICA,  
  
PLAINTIFF,  
  
VS.  
  
AU OPTRONICS CORPORATION; AU  
OPTRONICS CORPORATION AMERICA;  
HSUAN BIN CHEN, AKA H. B. CHEN;  
HUI HSIUNG, AKA KUMA,  
  
DEFENDANTS.

)  
)  
)  
)  
) NO. CR. 09-00110 SI  
)  
)  
)  
)  
)  
)  
) SAN FRANCISCO, CALIFORNIA  
) THURSDAY  
) SEPTEMBER 20, 2012  
)

## TRANSCRIPT OF PROCEEDINGS

**APPEARANCES :**

**FOR PLAINTIFF**

ANTITRUST DIVISION  
UNITED STATES DEPARTMENT OF JUSTICE  
450 GOLDEN GATE AVENUE, 10TH FLOOR  
SAN FRANCISCO, CALIFORNIA 94102-3478  
(415) 436-6660  
(415) 436-6687 (FAX)

BY: PETER HUSTON  
HEATHER-TEWKSBNRY  
JON JACOBS  
BRENT SNYDER  
TRIAL ATTORNEYS

(FURTHER APPEARANCES ON FOLLOWING PAGES)

REPORTED BY: JOAN MARIE COLUMBINI, CSR 5435, RPR  
OFFICIAL COURT REPORTER, U.S DISTRICT COURT

JOAN MARIE COLUMBINI, CSR, RPR  
OFFICIAL COURT REPORTER, U.S. DISTRICT COURT  
415-255-6842

1 YOU ADD 16 FOR THE SPECIFIC OFFENSE GIVEN THE VOLUME OF  
2 AFFECTED COMMERCE. YOU ADD FOUR FOR AGGRAVATING ROLE IN THE  
3 OFFENSE, AS MR. CHEN WAS A LEADER OR -- ORGANIZER OR LEADER OF  
4 AN ACTIVITY INVOLVING MORE THAN FIVE PEOPLE. THIS GIVES YOU A  
5 TOTAL OFFENSE LEVEL OF 32, AND I FIND NO OTHER ADJUSTMENTS ARE  
6 WARRANTED.

7 THE CRIMINAL HISTORY IS ONE. THAT'S BECAUSE THERE  
8 ARE ZERO POINTS, THERE IS NO CRIMINAL HISTORY. THAT GIVES YOU  
9 THE 120-MONTH GUIDELINE RANGE. GUIDELINE FINES IS ONE MILLION  
10 DOLLARS. THE SPECIAL ASSESSMENT IS ONE HUNDRED DOLLARS. AND  
11 THE PERIOD OF SUPERVISED RELEASE UNDER THE GUIDELINES IS ONE TO  
12 THREE YEARS.

13 WITH RESPECT TO MR. HUI HSUING, MR. KUMA, THE  
14 SENTENCING RANGE IS THE SAME, EXACTLY THE SAME AS FOR MR. CHEN,  
15 AND, THEREFORE, YOU GET -- AND THE CRIMINAL HISTORY IS ZERO  
16 POINTS, EXACTLY THE SAME. AND SO THE GUIDELINE RANGE IS 120  
17 MONTHS. GUIDELINE FINE IS \$1 MILLION. SPECIAL ASSESSMENT IS  
18 ONE HUNDRED DOLLARS. AND THE SUPERVISED RELEASE IS ONE TO FIVE  
19 YEARS.

20 HAVE I GOT THAT WRONG?

21 **THE CLERK:** YOU SAID ONE TO THREE ON...

22 **THE COURT:** I'M SORRY. ONE TO THREE YEARS.

23 NOW, WITH RESPECT TO THE CORPORATE DEFENDANT AUO, THE  
24 PROBATION OFFICER HAS RECOMMENDED A \$500 MILLION FINE, THREE  
25 YEARS OF PROBATION CONDITIONED ON ADOPTING AND IMPLEMENTING AN

1 ANTITRUST COMPLIANCE PROGRAM, AND CONDITIONED ON FORMAL AND  
2 PUBLIC ACKNOWLEDGMENT OF THE OFFENSE, AND A \$400 ASSESSMENT.

3 THE GOVERNMENT IN ITS PAPERS HAS REQUESTED A ONE  
4 BILLION DOLLAR FINE, HAS REQUESTED PROBATION CONDITIONED ON AN  
5 ANTITRUST COMPLIANCE PROGRAM AND THAT AN INDEPENDENT MONITOR BE  
6 HIRED.

7 THE DEFENDANT ARGUES THAT IT SHOULD PAY NO GREATER  
8 THAN EITHER \$100 MILLION OR NO GREATER THAN \$285 MILLION BY WAY  
9 OF FINE.

10 FOR AUOA, THE PROBATION OFFICER HAS RECOMMENDED NO  
11 FINE, A THREE-YEAR PERIOD OF PROBATION CONDITIONED ON ADOPTING  
12 AND IMPLEMENTING AN ANTITRUST COMPLIANCE PROGRAM AND A \$400  
13 SPECIAL ASSESSMENT.

14 GOVERNMENT HAS REQUESTED NO FINE AND PROBATION  
15 CONDITIONED ON AN ANTITRUST COMPLIANCE PROGRAM AND HIRING OF AN  
16 INDEPENDENT MONITOR, AND THE DEFENDANT REQUESTS NO FINE.

17 MR. CHEN -- AS TO MR. CHEN, THE PROBATION OFFICER HAS  
18 RECOMMENDED A 120-MONTH PRISON SENTENCE, A \$500,000 MILLION --  
19 A \$500,000 FINE, A \$100 DOLLAR SPECIAL ASSESSMENT, AND THREE  
20 YEARS OF SUPERVISED RELEASE.

21 THE GOVERNMENT HAS REQUESTED A 120-MONTH IN PRISON  
22 AND A ONE MILLION DOLLAR FINE.

23 THE DEFENDANT HAS REQUESTED A LOT LESS THAN THAT,  
24 MAYBE SEVEN MONTHS, BUT A LOT LESS, AND A SMALLER FINE AND NO  
25 SUPERVISED RELEASE.

1     HEREBY PLACED ON PROBATION FOR THREE YEARS.

2                 WHILE ON PROBATION, AU OPTRONICS CORPORATION SHALL  
3     NOT COMMIT ANOTHER FEDERAL STATE OR LOCAL CRIME.

4                 AU OPTRONICS CORPORATION SHALL DEVELOP, ADOPT AND  
5     IMPLEMENT AN EFFECTIVE COMPLIANCE AND ETHICS PROGRAM.  SUCH A  
6     PROGRAM SHALL ESTABLISH STANDARDS AND PROCEDURES TO PREVENT AND  
7     DETECT CRIMINAL CONDUCT.

8                 AU OPTRONICS CORPORATION SHALL NOTIFY ITS EMPLOYEES  
9     AND SHAREHOLDERS OF ITS CRIMINAL BEHAVIOR, WHAT DOES THAT MEAN?

10                **MS. TEWKSBURY:**  IT'S JUST WHAT IT'S BEEN CONVICTED  
11     OF, YOUR HONOR.

12                **THE COURT:**  OKAY.

13                ...SHALL NOTIFY ITS EMPLOYEES AND SHAREHOLDERS OF ITS  
14     CONVICTION IN THIS CASE AND ITS EFFECTIVE COMPLIANCE AND ETHICS  
15     PROGRAM.  ALL ASPECTS OF THE PROGRAM SHALL BE REPORTED TO THE  
16     PROBATION OFFICER AS DIRECTED, AND QUARTERLY REPORTS DETAILING  
17     THE ORGANIZATION'S PROGRESS SHALL BE SUBMITTED TO ENSURE  
18     COMPLIANCE.

19                AU OPTRONICS CORPORATION SHALL, AT ITS OWN EXPENSE,  
20     ACKNOWLEDGE THE FACT OF CONVICTION, THE NATURE OF THE  
21     PUNISHMENT IMPOSED, AND THE STEPS THAT WILL BE TAKEN TO PREVENT  
22     THE RECURRENCE OF SIMILAR OFFENSES IN THREE MAJOR TRADE  
23     PUBLICATIONS IN BOTH THE UNITED STATES AND TAIWAN.

24                AU OPTRONICS CORPORATION SHALL PAY TO THE UNITED  
25     STATES A FINE OF \$500 MILLION WHICH SHALL BE DUE IMMEDIATELY.

1 YOU AGAIN, BUT YOU DID NOT MENTION THE COMPLIANCE MONITOR. YOU  
2 MENTIONED THE PROGRAM AS INDICATED IN THE PSR, BUT THE  
3 PROBATION OFFICE DID NOT MENTION THE MONITOR IN THEIR  
4 RECOMMENDATION.

5 **THE COURT:** IN CONNECTION WITH THE ANTITRUST  
6 COMPLIANCE AND ETHICS PROGRAM, THE COMPANY SHALL APPOINT AND  
7 PAY FOR A MONITOR, IS THAT WHAT YOU'RE RECOMMENDING?

8 **MS. TEWKSBURY:** THAT'S CORRECT. THE PROCESS IS THE  
9 COMPANY PUTS UP THREE NAMES OF INDEPENDENT COUNSEL WHO HAVE  
10 SIGNIFICANT ANTITRUST BACKGROUND AND EXPERIENCE. THEY PRESENT  
11 THOSE THREE NAMES TO PROBATION. PROBATION CHOOSES AN  
12 INDEPENDENT MONITOR. THEY DO PASS THAT NAME BY US SO THAT WE  
13 CAN CONFIRM WHETHER THAT PERSON IS INDEPENDENT AND HAS THE  
14 REQUISITE ANTITRUST EXPERIENCE, BUT IT'S PROBATION'S  
15 DETERMINATION ON THE MONITOR. AUO DOES PAY THE EXPENSES ON THE  
16 MONITOR.

17 **MR. CLINE:** YOUR HONOR, MAY I MAKE A SUGGESTION?  
18 JOHN CLINE FOR AUO AMERICA.

19 FIRST, I WANT TO BE CLEAR THAT WE HAVE NO OBJECTION  
20 TO A COMPLIANCE PROGRAM AS A CONDITION OF PROBATION FOR EITHER  
21 COMPANY. THERE IS ONE IN PLACE. IT'S INCOMPLETE. IT'S IN THE  
22 PROCESS OF BEING DEVELOPED. WHAT IS PROBLEMATIC IS HAVING A  
23 MONITOR, PARTICULARLY WITH ALL THE CONDITIONS THAT THE  
24 GOVERNMENT PROPOSES IN ITS BRIEF. THERE'S NO PRIVILEGE. IT  
25 REPORTS TO THE ANTITRUST DIVISION, SO ON, ESPECIALLY WHEN YOU

1 ARE IN THE MIDST OF CONTINUING LITIGATION.

2 WHAT I'M ASKING, YOUR HONOR -- WHETHER IT'S ASKING  
3 FOR A STAY OR NO MONITOR AT ALL IS SORT OF UNCLEAR, BUT WHAT I  
4 WOULD SUGGEST IS YOU GIVE US A CHANCE UNDER PROBATION'S  
5 SUPERVISION, AND ULTIMATELY THE COURT'S SUPERVISION -- AND I  
6 DON'T MIND REPORTING TO THE ANTITRUST DIVISION WHAT WE'RE  
7 DOING -- GIVE US A CHANCE, WHICH WE ARE ALREADY IN THE PROCESS  
8 OF DOING, TO PUT INTO PLACE A FULLY ADEQUATE EFFECTIVE  
9 ANTITRUST COMPLIANCE PROGRAM. WE'RE WORKING ON IT.

10 NOW, THERE ARE OBVIOUSLY, WHEN YOU ARE DEALING WITH A  
11 TAIWANESE COMPANY, THERE ARE LANGUAGE ISSUES, CULTURAL ISSUES.  
12 THERE ARE ALL KINDS OF THINGS THAT NEED TO BE TAKEN INTO  
13 ACCOUNT.

14 I THINK WHAT YOU'LL FIND IS BY THE TIME THE APPEAL IS  
15 OVER, IF WE'RE TALKING IN TERMS OF A STAY OR, SAY, WITHIN A  
16 YEAR, WE WILL HAVE A COMPLIANCE PROGRAM IN PLACE THAT IS  
17 ACCEPTABLE TO THE GOVERNMENT, ACCEPTABLE TO PROBATION, AND  
18 ACCEPTABLE TO THE COURT WITHOUT THE EXPENSE AND JUST THE SORT  
19 OF LOGISTICAL DIFFICULTIES HIRING A MONITOR IS GOING TO CREATE,  
20 PARTICULARLY WHEN WE'RE ALSO IN THE MIDST OF LITIGATION ON  
21 APPEAL WITH THE GOVERNMENT AND THERE'S STILL THE CIVIL MATTERS  
22 THAT ARE BEING WORKED OUT.

23 I JUST THINK THAT THE COURT WILL FIND THAT THAT IS AN  
24 UNNECESSARY EXPENSE AND IN SOME WAYS EVEN AN ENCUMBRANCE TO  
25 DEVELOPING WHAT I THINK WILL BE A STATE OF THE ART COMPLIANCE

1 PROGRAM WITHIN A PRETTY SHORT PERIOD OF TIME.

2 SO, WHAT I'M ASKING FOR, WHETHER YOU CALL IT A STAY  
3 OR A CONDITION OF PROBATION, GIVE US A CHANCE TO DO IT WITHOUT  
4 THE MONITOR.

5 **MS. TEWKSBURY:** YOUR HONOR, THIS IS A COMPANY THAT'S  
6 IN NEED OF AN INDEPENDENT COMPLIANCE MONITOR. THEY DIDN'T EVEN  
7 START SUPPOSEDLY DEVELOPING A COMPLIANCE PROGRAM UNTIL WELL  
8 AFTER THEY WERE INDICTED. THERE IS NO INDICATION WHAT THIS  
9 COMPLIANCE PROGRAM IS.

10 QUITE FRANKLY, WE CAN'T HAVE ANY FAITH THAT IT'S  
11 GOING TO PASS ANY SORT OF MUSTER. THE ANTITRUST DIVISION IS  
12 NOT IN BUSINESS OF COUNSELING COMPANIES ON COMPLIANCE.  
13 MR. CLINE IS INCORRECT WE WOULD HAVE ANYTHING TO DO WITH THIS  
14 COMPLIANCE PROGRAM.

15 IT IS FOR THE COMPLIANCE MONITOR WHO MONITORS THE  
16 PROGRAM TO MAKE SURE IT IS BEING EFFECTED PROPERLY, AND THE  
17 COMPLIANCE MONITOR REPORTS TO PROBATION ON A QUARTERLY BASIS.

18 YOU NEED AN INDEPENDENT PERSON TO DO THIS. THE  
19 COMPANY HAS INDICATED ITS CONDUCT IS NOT ILLEGAL. IS THIS  
20 GOING TO BE A COMPLIANCE PROGRAM BASED ON THE RULE OF REASON?  
21 I AM CONCERNED ABOUT THE COMPANY DOING ITS OWN COMPLIANCE  
22 PROGRAM, AND REPRESENTATIONS THAT IT'S GOING TO BE STATE OF THE  
23 ART IS GOING TO BE HOLLOW IN THIS CASE, AND WE STRONGLY  
24 RECOMMEND A COMPLIANCE MONITOR; OTHERWISE, THIS PROGRAM WILL BE  
25 HOLLOW.



1           **MR. CLINE:** ACTUALLY, YOUR HONOR, THE EXISTING  
2 PROGRAM IS NOT A RULE-OF-REASON THING AT ALL. IT'S DESIGNED TO  
3 PREVENT AND DISCOVER ANY SORT OF DISCUSSIONS WITH COMPETITORS  
4 ABOUT AGREEMENTS ON PRICES AND SO ON. AND THE ONE THAT WILL  
5 ULTIMATELY BE PRODUCED, I THINK, WILL -- I THINK IT WILL BE  
6 STATE OF THE ART.

7           **THE COURT:** THAT MAY BE, BUT I DON'T THINK IT WILL  
8 HURT TO HAVE A MONITOR IN PLACE. I WILL ORDER THAT THE MONITOR  
9 BE SELECTED IN ACCORDANCE WITH THE DIRECTIONS OF THE PROBATION  
10 OFFICER AND REPORT TO THE PROBATION OFFICER.

11           CAN I JUST LEAVE THAT UP TO THE PROBATION OFFICER TO  
12 FIGURE OUT HOW TO SELECT THE MONITOR AND PROCEED FROM THERE?

13           **MR. MABIE:** WE WOULD HAVE TO TAKE THAT UNDER  
14 ADVISEMENT, YOUR HONOR.

15           **THE COURT:** I'LL JUST DIRECT IT BE AT THE DIRECTION  
16 OF THE PROBATION OFFICER. IN THE EVENT WE NEED MORE CLARITY  
17 FROM THE COURT ON THAT, OR MORE STRUCTURE, IF THE PROBATION  
18 OFFICER LETS ME KNOW THAT, THEN WE CAN FIGURE OUT WHAT WE NEED  
19 DO. ALL RIGHT?

20           **MS. TEWKSBURY:** YOUR HONOR, IF I MAY? THE GOVERNMENT  
21 DID RECOMMEND A COMPLIANCE PROGRAM THAT ACTUALLY SPELLS OUT A  
22 PROCEDURE THAT WOULD ASSIST THE PROBATION OFFICE IN MAKING THAT  
23 DETERMINATION.

24           **THE COURT:** ALL RIGHT. AT THIS TIME I'M LEAVING THAT  
25 UP TO THE PROBATION OFFICER. IF WE NEED FURTHER CLARITY, OR

YOU HAVE ISSUES WITH ATTORNEY-CLIENT PRIVILEGE OR ANYTHING LIKE THAT, WE CAN ADDRESS IT WHEN THE ISSUES ARISE.

**MS. TEWKSBURY:** THANK YOU, YOUR HONOR.

THE COURT: THE COURTROOM DEPUTY HAS INDICATED IN THE  
LG DISPLAY CASE, 08 CRIMINAL 803, INTEREST WAS NOT WAIVED ON  
THE FINE. SO YOU WERE RIGHT ABOUT THAT, SO I'M NOT GOING TO  
WAIVE INTEREST ON THE PAYMENT OF THE FINE.

WITH RESPECT TO AUO AMERICA, PURSUANT TO THE  
SENTENCING REFORM ACT OF 1984, IT'S THE JUDGMENT OF THE COURT  
THAT AU OPTRONICS CORPORATION AMERICA IS HEREBY PLACED ON  
PROBATION FOR THREE YEARS. WHILE ON PROBATION AUOA SHALL NOT  
COMMIT ANOTHER FEDERAL, STATE, OR LOCAL CRIME.

THE PROVISION -- I'M INTENDING THAT THE PROVISION  
CONCERNING COMPLIANCE AND THE MONITOR FOR AUOA BE THE SAME AS  
COMPLIANCE AND THE MONITOR FOR AUO.

AU OPTRONICS CORPORATION AMERICA SHALL DEVELOP, ADOPT, AND IMPLEMENT AN EFFECTIVE COMPLIANCE AND ETHICS PROGRAM. SUCH A PROGRAM SHALL ESTABLISH STANDARDS AND PROCEDURES TO PREVENT AND DETECT CRIMINAL CONDUCT.

AU OPTRONICS CORPORATION AMERICA SHALL NOTIFY ITS EMPLOYEES AND SHAREHOLDERS OF ITS CRIMINAL CONVICTION AND ITS EFFECTIVE COMPLIANCE AND ETHICS PROGRAM.

ALL ASPECTS OF THE PROGRAM SHALL BE REPORTED TO THE PROBATION OFFICER AS DIRECTED, AND QUARTERLY REPORTS DETAILING THE ORGANIZATION'S PROGRESS SHALL BE SUBMITTED TO ENSURE