

TFT-LCD Class Action Settlement Summary

*Record \$1.08 billion Settlement benefitting businesses has a
December 6, 2012 claim filing deadline*

This memo analyzes the background and possible settlement benefits of *In re: TFT-LCD (Flat Panel) Antitrust Litigation*. Thin-Film Transistor Liquid Crystal Display ("LCD") is a type of glass display used in televisions, computer monitors, laptops and other electronic devices. From 1999 through 2006, LCD manufacturers conspired to fix and inflate prices. As a result, almost every purchaser within the supply chain – including businesses and consumers – overpaid for LCD panels and products containing them.

Settlements total almost \$1.1 billion, and the money will benefit businesses and consumers that purchased LCD TVs, computer monitors and laptops/notebooks for their own use (these end users are called "Indirect Purchasers"). The settlement funds have not been distributed yet, but the claim filing deadline is December 6, 2012.

CASE BACKGROUND

LCD televisions, computer monitors, and laptops entered the United States market in the mid-1990s. Prices were prohibitively high, largely due to manufacturing costs (a fabrication plant can cost upwards of \$2 billion). LCD products maintained unnatural price stability and even substantial upward pricing for years after their introduction. Additionally, LCD panels experienced significant price increases during periods of oversupply and falling production costs, contrary to basic economic theory.

In December 2006, authorities in Asia, the European Union, and the United States revealed the existence of investigations into LCD prices. Shortly thereafter, more than 70 lawsuits, representing 24 states, were filed and consolidated into one class action: *In re: TFT-LCD (Flat Panel) Antitrust Litigation*, Case No. 07-md-01827, in the Federal District Court for the Northern District of California ("LCD Class Action").

ANALYSIS

Criminal Actions – Executive Incarceration and Almost a Billion Dollars in Fines

A joint investigation by the FBI and the US Department of Justice (“DOJ”) uncovered incriminating information from within the LCD industry. This "road map" of the conspiracy has led to indictments, guilty pleas, and jail for select executives:

- In 2008, the DOJ filed the first criminal action against the manufacturers and their executives.
- Seven corporate defendants have pled guilty and been fined almost \$900 million.
- Several executives have pled guilty and been sentenced to jail.

The LCD Class Action Defendants

Defendants in the LCD Class Action are foreign companies and their American entities that manufactured, sold, and/or distributed LCD panels and products in the United States.¹

LCD Class Action Beneficiaries

Indirect Purchasers of LCD Products

Indirect Purchasers of LCD Products include all persons and entities in the 24 qualifying states and DC² who, from January 1, 1999 to December 31, 2006, as residents of those states, purchased LCD panels incorporated in televisions, monitors, and/or laptop computers for their own use and not for resale.

For instance, customers residing in and buying products in the 24 states from manufacturers or retailers such as Dell or Best Buy are part of the Indirect Purchaser class.

Qualifying Finished Products

The Court limited the definition of LCD “products” to televisions, computer monitors, and notebook/laptop computers. Products must have 10 inch diagonal screens or larger. *Mobile phones, PDAs and other devices are not included.*

¹ AU Optronics Corporation, Chi Mei Corporation, Chunghwa Picture Tubes, Ltd, Epson Electronics America, Inc., HannStar Display Corporation, Hitachi, Ltd., Hydis Technologies Co. Ltd., IPS Alpha Technology, Ltd., LG Display America, Inc. (fka LG.Philips), Mitsubishi Electric Corporation, Mitsui & Co., Ltd., NEC LCD Technologies, Ltd., Nexgen Mediatech, Inc., Panasonic Corporation, Samsung Electronics Co., Ltd., Sanyo Consumer Electronics Co., Ltd., Sharp Electronics Corporation, Tatung Company of America, Inc., Toshiba Corporation

² Arkansas, Arizona, California, District of Columbia, Florida, Hawaii, Iowa, Kansas, Maine, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Nevada, New Mexico, New York, North Carolina, North Dakota, Rhode Island, South Dakota, Tennessee, Vermont, West Virginia, Wisconsin.

Case Status

Settlements Benefitting the Indirect Purchasers

After five years of extensive and contentious litigation, the LCD class action settled in three batches (from 2010 – the present) as to all ten (10) primary and target defendants. The first two rounds of settlements (totaling \$538,555,647) have already been granted Final Approval by the Court. The final round of settlements (totaling \$543,500,000) has been granted Preliminary Approval.

Distribution of Funds

Class Counsel has proposed distributing the funds to beneficiaries *pro rata*, with a potential minimum payment of \$25 per qualifying product. The exact amount to be paid per product is undetermined.

Claim Filing Deadline

The claim deadline has already started to run. The last day to file a claim is December 6, 2012.

SUMMARY

- \$1.082 billion in settlements
- The claim filing deadline is December 6, 2012
- The Distribution Plan indicates a minimum payment of \$25 dollars per qualifying product, with excess funds being distributed *pro rata* to prudent beneficiaries who submit timely claims.
- Time is of the essence. Documentation of qualifying claims should be prepared immediately for the recovery of settlement benefits.