

SETTLEMENT AGREEMENT BETWEEN THE PANASONIC ENTITIES AND THE STATE
OF ILLINOIS REGARDING CRT ANTITRUST LITIGATION

This Settlement Agreement (“Agreement”) is made and entered into this 26th day of March 2018, by and between Panasonic Corporation, Panasonic Corp. of North America and MT Picture Display, Co., Ltd., (collectively referred to herein as the “Panasonic Defendants”) and the State of Illinois (referred to herein as “the State”) through its Attorney General, on behalf of itself, all agencies that it may represent, and non-government end-user indirect purchasers of CRT Products (as defined below in paragraph 6) at any time during the Relevant Period who do not opt out of this settlement (the State and the Panasonic Defendants are collectively referred to herein as the “Parties”).

WHEREAS, the State has filed a complaint naming the Panasonic Defendants, among others, in the matter of *The State of Illinois v. Hitachi, Ltd., et al.*, No. 12 CH 35266, pending in the Circuit Court of Cook County, Illinois (the “Action”);

WHEREAS, the State alleges that the Panasonic Defendants participated in an unlawful conspiracy to raise, fix, maintain, or stabilize the price of CRTs (as defined below) at artificially high levels and to suppress, reduce, maintain, or stabilize the quantities of CRTs or capacity to produce CRTs at artificially low levels in violation of the Illinois Antitrust Act;

WHEREAS, the Panasonic Defendants deny the State’s allegations and believe that they are not liable for the claims asserted by the State and that they have good defenses to those claims, they have nevertheless agreed to enter into this Agreement to (i) avoid further expense, inconvenience, and distraction of burdensome and protracted litigation; (ii) obtain the releases contemplated by this Agreement; and (iii) put to rest and terminate with finality all claims that have been made against the Panasonic Defendants by the State arising out of the facts alleged in the State’s Complaint;

WHEREAS, the State has conducted an investigation into the facts and the law and has concluded that the Panasonic Defendants violated the Illinois Antitrust Act, causing significant damage to the State of Illinois and its residents, and that their asserted defenses are without merit, it has nevertheless agreed to enter into this Agreement as the most cost-effective way to minimize the risks of litigation and resolve its claims against the Panasonic Defendants according to the terms set forth below; and

WHEREAS, the Panasonic Defendants have conducted an investigation into the facts and the law and have concluded that resolving claims of the State according to the terms set forth below is in their best interest;

NOW, THEREFORE, in consideration of the covenants, agreements, and releases set forth herein and for other good and valuable consideration, it is agreed by and among the Parties that the claims be settled, compromised, and dismissed on the merits with prejudice as to the Panasonic Defendants, and except as hereinafter provided, without costs to the State or the Panasonic Defendants, on the following terms and conditions:

A. Definitions.

1. "Complaint" shall refer to the Amended Complaint filed in the Action on May 17, 2013.
2. "CRTs" shall refer to cathode ray tubes and "CRT products" shall refer to finished products containing CRTs.
3. "The Panasonic Releasees" shall refer to the Panasonic Defendants, wherever located, and to all of their respective past and present, direct and indirect, parent companies, subsidiaries, joint ventures and Affiliates (where "Affiliates" is defined as any other entity that is now or was previously owned by, or an owner of, any of the Panasonic Defendants,

where “owned” and “owner” mean holding directly or indirectly 50% or greater equity or beneficial interest), including but not limited to Beijing Matsushita Color CRT Co., Ltd., and each and all of the past, present and former principals, partners, officers, directors, supervisors, employees, representatives, insurers, attorneys, agents, servants, and stockholders, and the predecessors, successors, heirs, executors, administrators and assigns of any of the foregoing. Panasonic Releasees do not include any other defendant named in the Complaint besides the Panasonic Defendants, the entity referred to as “Matsushita Electronic Industrial Co. M., Ltd.,” and those parent companies, subsidiaries, and Affiliates defined above.

4. “Effective Date” shall refer to the first date by which both Panasonic Defendants and the State shall have signed this Agreement.

5. “Final Date” shall refer to the first date on which the Circuit Court of Cook County, Illinois (“Circuit Court”) has entered a final judgment implementing this Agreement and either (i) the time to appeal has expired with no appeal from that final judgment having been taken or (ii) if an appeal is taken, the full appellate process has been completed with that final judgment affirmed.

6. “Releasers” shall refer to the State, its agencies, and the non-government end-user indirect purchasers of CRTs and CRT Products that at any time during the Relevant Period resided in Illinois or were incorporated in Illinois and purchased CRTs or CRT Products in Illinois or for use in Illinois (“Indirect Purchasers”), that do not request exclusion (those requesting exclusion also being referred to herein as “Opt-Outs”) from this settlement.

7. “Released Claims” shall refer to (i) the claims, allegations, and causes of action that were asserted in the Complaint, and (ii) any and all claims, demands, actions, judgments, suits, liabilities, expenses (including costs, attorneys’ fees and interest), penalties, or

causes of action that the State brought, could have brought, or hereafter could bring, against the Panasonic Releasees (or any of them), based on the Relevant Conduct (as defined below) during the Relevant Period (as defined below), including but not limited to *parens patriae* claims that the State brought, could have brought, or hereafter could bring based on the Relevant Conduct during the Relevant Period, and any other claims arising from the Relevant Conduct during the Relevant Period under any federal, state, international, foreign, or local antitrust, competition, unfair competition, unfair practices, deceptive trade practices, price discrimination, unitary pricing, common law unjust enrichment, consumer or business protection, fraud protection, trade practice, racketeering, or civil conspiracy law or similar law or regulation, whether based on statute, common law, regulation, ordinance or otherwise, of any jurisdiction within the United States or elsewhere.

8. "Relevant Conduct" shall refer to the Panasonic Defendants' participation in any alleged unlawful conspiracy to raise, fix, maintain, or stabilize the price of CRTs at artificially high levels and to suppress, reduce, maintain, or stabilize the quantities of CRTs or capacity to produce CRTs at artificially low levels during the Relevant Period. Relevant Conduct is defined to include, each conspiratorial act or omission alleged by the State in the Complaint.

9. "Relevant Period" shall refer to the period beginning March 1, 1995, and continuing through November 25, 2007.

10. "The Settlement Fund" shall be \$5.2 million in United States funds.

B. Effectuating the Agreement and Dismissal of Claims against the Panasonic Defendants.

11. The State and the Panasonic Defendants shall use their best efforts to effectuate this Agreement, including cooperating in seeking any necessary court approvals.

12. The State and the Panasonic Defendants shall jointly seek any orders and final judgments from the Circuit Court presiding over the Action. The State and the Panasonic Defendants agree that for this agreement to be final, such final judgment shall provide, at a minimum, all of the following:

- a. Five hundred and twenty thousand dollars (\$520,000) from the Settlement Fund shall be awarded to the State for its fees and costs, which shall be used for any of the following purposes, within the limits of applicable law:
 - i. For deposit into an account dedicated to defraying the expenses of the State's antitrust or consumer protection enforcement and for such other expenditures as authorized by the Attorney General; and
 - ii. For deposit into the Attorney General State Projects and Court Ordered Distribution Fund for subsequent expenditures as authorized by the Attorney General.
- b. The remainder of the Settlement Fund shall be distributed, pursuant to order of the Circuit Court, to the State and the other Releasors within the sole discretion of the Illinois Attorney General and may be used for payment of administration costs for distribution of these funds, including notice costs.
- c. The Panasonic Defendants are dismissed with prejudice from the Action and released in accordance with the terms of paragraph 16.
- d. Each party shall bear its own costs and attorneys' fees except as otherwise stated in this Agreement.

13. On the Effective Date, the State and the Panasonic Defendants shall be bound by the terms of this Agreement, and it shall not be rescinded except in accordance with this Agreement. If any party fails to sign the Agreement within thirty days of the first signature, that party or those parties will be deemed to have rejected the Agreement and it shall not be effective.

14. Between the Effective Date and the Final Date of this Agreement, the Panasonic Defendants' obligation to respond to any discovery or motion (unrelated to compliance with this Agreement or the State of Illinois' Motion to Require Filing Certain Materials on the Public Record filed on January 5, 2018) initiated by the State and the State's obligation to respond to any discovery or motion (unrelated to compliance with this Agreement) initiated by the Panasonic Defendants shall be stayed. If the Circuit Court denies approval of a final judgment as set forth in paragraph 12, or a final judgment implementing this agreement is reversed on appeal: (a) all discovery responses stayed pursuant to this paragraph will be due on the later of (i) thirty days from such denial of approval or appellate reversal, or (ii) the date such responses would have been due if not stayed; (b) the Parties will negotiate in good faith to present a proposed briefing schedule to the Circuit Court for briefing and resolution of any motion stayed by this paragraph and will jointly move the Circuit Court for a reasonable extension of any other deadlines, including any cut-off date for initiation of discovery that may have lapsed or that may be close to lapsing; and (c) the Parties will jointly move the Circuit Court for a new trial date for the Panasonic Defendants.

15. Neither this Agreement nor any final judgment(s), including consent decrees resulting therefrom, nor any and all negotiations, documents and discussions associated with them, shall be deemed or construed to be an admission by the Panasonic Defendants or the

Panasonic Releasees or evidence of any violation of any statute or law or of any liability or wrongdoing whatsoever by the Panasonic Defendants or the Panasonic Releasees, or to be an admission of the truth of any of the claims or allegations contained in the Complaint or any other pleading filed by the State in any action whatsoever. Neither this Agreement, nor any of its terms and provisions, nor any of the negotiations or proceedings connected with it, nor any other action taken to carry out this Agreement by any of the Parties shall be referred to, discoverable, used directly or indirectly, or offered as evidence or received in evidence in any pending or future civil, criminal, or administrative action or proceeding, except in a proceeding to enforce this Agreement or to defend against the assertion of Released Claims, or as otherwise required by law.

C. Release, Discharge, and Covenant Not to Sue.

16. On the Final Date and in consideration of payment of the Settlement Fund, as specified in paragraphs 10 and 18 of this Agreement, and for other valuable consideration, the Panasonic Releasees shall be completely released, acquitted, and forever discharged to the fullest extent permitted by law from any and all claims, demands, actions, suits, or causes of action for the Released Claims, that Releasers, or each of them, in their proprietary or *parens patriae* capacity, ever had, now have, or hereafter can, shall, or may have. As used in this paragraph, "proprietary capacity" means the actions of the State or its agencies in making purchases of CRT Products for their own use. The State has not assigned, transferred, or conveyed, in whole or in part, to any other person or entity, any rights, claims or causes of action against the Panasonic Releasees based on these commercial purchases. The types of claims released are released regardless of the type of cause of action, common law principle, or statute under which they are asserted; for example, such claims are released whether asserted under any federal, state,

international, foreign, or local antitrust, unfair competition, unfair practices, deceptive trade practices, price discrimination, unitary pricing, common law unjust enrichment, consumer protection, trade practice, racketeering, or civil conspiracy law, or similar law or regulation of any jurisdiction within the United States or elsewhere. The Attorney General covenants that the Attorney General will not hereafter commence or solicit litigation against the Panasonic Releasees as *parens patriae* or on behalf of the State or any person, entity, political subdivision of the State, or any other party, in any suit, action, complaint, arbitration, mediation, or other grievance based on the Relevant Conduct alleged in the Complaint. The Attorney General further covenants that the Attorney General will not provide legal counsel or provide any non-public information to any person, entity, political subdivision of the State, or any other party, other than the State on its own behalf or as *parens patriae*, in connection with the Action, to support any suit, action, complaint, arbitration, mediation, or other grievance against the Panasonic Releasees based on the Relevant Conduct alleged in the Complaint. Without waiver of any claim of confidentiality or any other protection for any information provided in the Action, the Parties agree that nothing in this paragraph precludes the State or the Attorney General from complying with the requirements of the Illinois Freedom of Information Act (5 ILCS 140/1 et seq.).

17. The release, discharge, and covenant not to sue set forth in paragraph 16 of this Agreement includes only the Released Claims and does not include any claims other than the Released Claims, including without limitation any claims as to other time periods outside of the Relevant Period or conduct solely arising out of product liability, warranty or breach of contract claims (except for product liability, warranty, or breach of contract claims based on the

Relevant Conduct) in the ordinary course of business, or any other claims not covered by the Released Claims.

D. Settlement Amount and Settlement Fund.

18. Subject to the provisions hereof, and in full, complete, and final settlement of the Released Claims as provided herein, Panasonic Corporation ("Panasonic") shall pay the Settlement Fund \$5.2 million in United States Dollars to the State within 30 business days of the later of the Effective Date or the date on which the State provides Panasonic with payment instructions sufficient for Panasonic to make a wire transfer of the Settlement Fund to the financial institution designated by the State. Payment in full of this amount by Panasonic will fulfill the obligations imposed by this paragraph on the Panasonic Defendants. The State will provide the above-referenced payment instructions to Panasonic by separate letter. After the Final Date, the Illinois Attorney General may distribute the funds in his or her sole discretion as permitted by state law and order of the Circuit Court. The Panasonic Releasees shall have no responsibility for, no rights in, and no authority over the allocation of the Settlement Fund as provided herein.

19. Panasonic shall pay the amounts set forth in the foregoing paragraph by wire transfer to the State with no deduction for wiring fees, which shall hold such funds in escrow for the benefit of the Parties and subject to the orders of the Circuit Court. All funds so held in escrow shall be deemed and considered to be in custodia legis of the Circuit Court before whom the Action was filed, and shall remain subject to the jurisdiction of the Circuit Court, until such time as such funds shall be distributed under the order of the Circuit Court to the party or entity so instructed by the Circuit Court. The State, as escrow agent, has no discretion regarding distribution of the Settlement Fund while any of the Settlement Fund remains in escrow, and

must comply with any Circuit Court order regarding distribution of the Settlement Fund from escrow. The Panasonic Releasees shall have no liability for taxes, if any, arising from the Settlement Fund while any of the Settlement Fund remains in escrow, except as stated in paragraphs 20 and 21.

20. If this Agreement does not receive final Circuit Court approval, all appeals having been taken, or if the Panasonic Defendants elect to terminate the Agreement under paragraph 21 below, then all amounts paid by Panasonic into the Settlement Fund shall be promptly returned to Panasonic from the State, along with all interest, if any, accrued thereon less any escrow fees, taxes or court-approved expenses incurred prior to that date for escrow administration, notice, claims administration, or settlement administration, or any other court approved expenses incurred by the Settlement Fund.

21. No later than March 22, 2018, the Attorney General shall provide counsel for the Panasonic Defendants with a complete and final list of Opt-Outs. If by March 12, 2018 no entity has opted out of the State's *parens patriae* representation, none of the remainder of this paragraph shall apply. In the event that the Panasonic Defendants determine that valid and timely requests for exclusion have been made by multiple entities who would have been Releasers but for their opt out, such that the Panasonic Defendants believe in good faith that there is a risk that they will be forced to defend substantial litigation with respect to claims by Opt-Outs, they, in their discretion, acting in good faith, and after meeting and conferring with the State, may elect to terminate this Agreement by serving written notice of such election on the State by email and overnight courier and by filing a copy of such notice with the Circuit Court no later than the twentieth day from the day on which the Panasonic Defendants receive the final list of Opt-Outs. In the event that the Panasonic Defendants exercise their option to terminate this

Agreement: (a) this Agreement shall be null and void, and shall have no force or effect and shall be without prejudice to the rights and contentions of the Panasonic Defendants and the Releasors in this or any other litigation; and (b) the Settlement Fund paid by Panasonic, plus interest, if any, thereon, shall be refunded promptly to them, minus expenses incurred for escrow fees, taxes, notice, claims administration, or settlement administration costs or any other court approved expenses incurred by the Settlement Fund. For the avoidance of doubt, paragraphs 14 and 15 survive such termination.

22. Releasors shall look solely to the Settlement Fund for settlement and satisfaction against the Panasonic Releasees of all Released Claims, and shall have no other recovery against the Panasonic Defendants or any other Panasonic Releasees for the Released Claims.

23. The State shall be responsible for distribution of the Settlement Fund in accordance with Illinois law and orders of Illinois courts. In no event shall any of the Panasonic Releasees have any responsibility, financial obligation, or liability whatsoever with respect to the distribution or administration of the Settlement Fund, including, but not limited to, the costs and expenses of such distribution and administration.

E. Miscellaneous.

24. The State and the Panasonic Defendants agree that they will not disclose publicly or to any other person, the terms of this Agreement until the Agreement has been made public by the State, whether by incorporation or reference in a publicly-available filing in court, or unless otherwise permitted by the parties or required by law.

25. This Agreement shall be construed and interpreted to effectuate the intent of the parties, which is to provide, through this Agreement, for a complete resolution of the Released Claims with respect to each of the Panasonic Releasees as provided in this Agreement.

26. This Agreement does not settle or compromise any claim by the State against any person or entity other than the Panasonic Releasees. All rights against such other persons or entities are specifically reserved by the State. The parties understand that the State may pursue claims for joint and several liability against defendants other than the Panasonic Defendants which may include claims based on the sales of CRTs by the Panasonic Defendants.

27. This Agreement shall not affect whatever rights Releasers, or any of them, may have (i) to seek damages or other relief from any other person or entity other than the Panasonic Releasees, with respect to any direct or indirect purchases of CRT products; (ii) to participate in or benefit from, where appropriate, any relief or other recovery as part of a settlement or judgment in any action on behalf of any direct purchasers of CRT products; and (iii) to assert any product liability, personal injury, breach of warranty, or breach of contract claims (except for product liability, personal injury, breach of warranty, or breach of contract claims based on the Relevant Conduct) in the ordinary course of business which are not covered by the Released Claims.

28. The Circuit Court shall retain jurisdiction over the implementation, enforcement, and performance of this Agreement, and shall have exclusive jurisdiction over any suit, action, proceeding, or dispute arising out of or relating to this Agreement or the applicability of this Agreement that cannot be resolved by negotiation and agreement by the State and the Panasonic Defendants. This Agreement shall be governed by and interpreted according to the

substantive laws of the State of Illinois without regard to its choice of law or conflict of laws principles.

29. This Agreement constitutes the entire, complete, and integrated agreement between the State and the Panasonic Defendants pertaining to the settlement of the Released Claims against the Panasonic Releasees, and supersedes all prior and contemporaneous undertakings of the State and the Panasonic Defendants in connection herewith. This Agreement may not be modified or amended except in writing executed by the State and the Panasonic Defendants, and, to the extent necessary, approved by the Circuit Court.

30. This Agreement shall be binding upon, and inure to the benefit of, the successors and assigns of the State and the Panasonic Releasees. Without limiting the generality of the foregoing, each and every covenant and agreement made herein by the State shall be binding upon all Releasers. The Panasonic Releasees (other than the Panasonic Defendants, which are parties hereto) are third-party beneficiaries of this Agreement and are authorized to enforce its terms applicable to them.

31. This Agreement may be executed in counterparts by the State, through its Attorney General, and the Panasonic Defendants, through their counsel, and a facsimile or electronic signature shall be deemed an original signature for purposes of executing this Agreement.

32. Neither the State nor the Panasonic Defendants shall be considered the drafter of this Agreement or any of its provisions for the purpose of any statute, case law, or rule of interpretation or construction that would or might cause any provision to be construed against the drafter of this Agreement.

33. Where this Agreement requires either party to provide notice to the other, such notice shall be in writing, and such notice shall be provided by email and letter by overnight delivery to the counsel identified below for the party to whom notice is being provided. Any party may change the identity of the recipient of such notice by providing notice of such change under the terms of this paragraph.

For the State:

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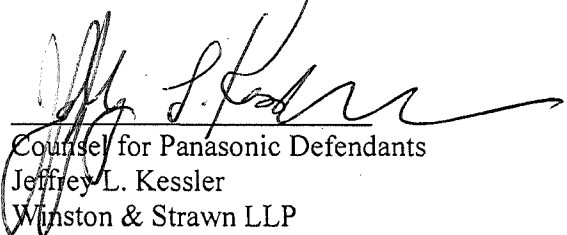
For Panasonic Defendants:

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34. Each of the undersigned attorneys represents that he or she is fully authorized to enter into the terms and conditions of, and to execute, this Agreement, subject to Court approval.

Dated:

3/26/18

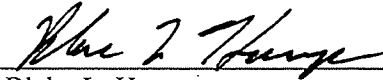

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Dated:

3/22/2018

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