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**COMP/M. 4139 – Sony / NEC / JV**

**SECTION 1.2**

**Description of the concentration**

On November 17, 2005 Sony Corporation ("Sony") and NEC Corporation ("NEC") (collectively, the "Parties") signed a Memorandum of Understanding announcing their intention to create a joint venture in the optical data-storage disk drive ("ODD" or "ODD-drive") sector (the "Joint Venture" or the "Proposed Transaction")

The new entity will be active in the development, designing, manufacturing (by subcontracting to third parties), marketing, sale, and related activities of a number of ODD products. The ODD products in question will be (i) on the one hand all ODDdrives currently existing in the market (CD-ROMs, CD-RWs, DVD-ROMs, Combo (CD-RW/DVD-ROM), DVD+/-RW, PDD, and MO drives); and (ii) on the other hand ODDs using the new blue laser technology.

Sony is the ultimate parent company of the Sony Group, a global entertainment and electronics multinational headquartered in Tokyo Japan. Sony is active in the manufacturing and commercialization of electronic consumer products and electronic components.

NEC is the ultimate parent company of the NEC Group, a global electronics group based in Japan. The NEC Group focuses on two core areas of business: integrated IT/Network solutions (carried out by NEC and its subsidiaries) and semiconductor solutions (carried out by NEC Electronics Corporation and its subsidiaries).

The Joint Venture will perform on a lasting basis all the functions of an autonomous economic entity and will be jointly controlled by both Sony and NEC.

Given the low combined market shares of the Parties on the market for ODD-drives for computers or in any of its segments, the Parties submit that the Proposed Transaction will not have a detrimental effect on the ODD-drive market. In addition, the Joint Venture will bring together two complementary businesses, resulting in production efficiencies and enhanced competition. The Proposed Transaction will thus not significantly impede competition on the relevant market.