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COMP/M. 4311 – Philips / BenQ / PBDS

SECTION 1.2

Description of the concentration

Koninklijke Philips Electronics N.V. (***Philips***) and BenQ Corporation (***BenQ***) (together the ***Parties***) intend to transfer certain of their activities relating to optical data-storage disk drives (***ODDs***) to their pre-existing joint venture, Philips & BenQ Digital Storage Corporation (***PBDS***) (the ***Proposed Transaction***).

Under the terms of the Proposed Transaction, PBDS will be jointly controlled by both Philips and BenQ, and will become a full function joint venture within the meaning of the EC Merger Regulation. PBDS will be active in the development, design, manufacture (outsourced to third parties), marketing and sale of ODDs for personal computers (***PCs***).

Philips is involved in the design, manufacture and sale of a broad range of electronic products. Through its Optical Storage division, Philips provides drives and media for compact disk (***CD***), digital versatile disk (***DVD***) and Blu-ray to a variety of industries, including the PC industry.

BenQ is active in the communications and multimedia device business. Through its Storage Business Unit, BenQ is active in the area of storage devices. BenQ's other areas of activity include: digital displays, scanners and keyboards, mobile telephones, digital projectors, wireless technologies and electronic components.

The Proposed Transaction will not significantly impede effective competition, and nor will it lead to any risk of anti-competitive co-ordination between independent undertakings.