



## **DETERMINATION OF MERGER NOTIFICATION M/06/022 – MICRON TECHNOLOGY/LEXAR MEDIA**

---

Section 21 of the Competition Act 2002

Proposed acquisition by Micron Technology Inc. of Lexar Media, Inc.

DATED 05/05/06

---

### **Introduction**

1. On 7<sup>th</sup> April 2006 the Competition Authority, in accordance with Section 18 (1) of the Competition Act, 2002 (“the Act”) was notified, on a mandatory basis, of a proposal whereby Micron Technology Inc. (“Micron”) would acquire sole control over the whole of Lexar Media Inc. (“Lexar”).

### **The Undertakings Involved**

2. Micron is a US-based provider of advanced semiconductor solutions for computing, networking and communications products. Through its worldwide operations, Micron manufactures and markets DRAMs, NAND flash memory, CMOS image sensors, other semiconductor components, and memory modules used in a variety of electronic applications including personal computers, workstations, network servers, mobile phones, flash memory cards, USB storage devices, digital still cameras, MP3 players and other consumer electronics products. Micron operates one subsidiary in Ireland, although most of its sales in Ireland are handled by Micron Europe Limited, a UK Micron subsidiary in charge of sales in Europe. Its worldwide turnover is c.€4,320 million and its turnover in Ireland is c.€[50-200] million.
3. Lexar is a US-based leading marketer and manufacturer of flash based storage products including memory cards, USB flash drives, card readers and ATA controller technology for the digital photography, consumer electronics, and industrial and communications markets. Lexar’s worldwide turnover is US c.€770 million and its turnover in Ireland is c. €[less than 1] million. Lexar has one subsidiary in Ireland, Lexar Media International Limited, which has no activities. All Lexar’s sales in Ireland are indirect sales made by Lexar Media Europe Ltd, Lexar’s UK subsidiary, to Irish distributors.

### **Analysis**

4. Micron is a supplier of memory chips, including DRAM and NAND flash memory chips. To a lesser extent, Micron is also active in the production of storage devices such as USB drives and flash cards, which incorporate NAND flash memory chips. Lexar assembles, markets and sells USB drives, flash cards and other storage devices. The transaction will thus result in a minimal horizontal overlap with respect to USB drives and flash cards, and a vertical relationship with respect to Micron’s NAND flash

memory chips and Lexar's flash cards and USB drives. The products concerned are imported into Ireland and Europe from other regions, such as Asia and the US.

#### *Horizontal overlap*

5. With respect to USB drives, Lexar estimates its worldwide share at [10-20]% and its EU share at [0-10]%. It does not have share data for Ireland but estimates Irish revenues at €[less than 1] million for 2005. Micron estimates its EU share at [0-10]% and it generated sales of USB drives to Irish customers of €[less than 100,000] in 2005.
6. With respect to flash cards, Lexar estimates its worldwide and EU share at [5-15]%. Again it does not have share data for Ireland but estimates its sales here in 2005 at €[less than 1] million. Micron estimates its EU share at less than [0-10]% and generated sales of flash cards to Irish customers of €[less than 100,000].
7. For both USB drives and flash cards, the small shares of the undertakings involved do not give rise to concerns. Additionally, there are many competitors who supply these products.

#### *Vertical overlap*

8. The vertical overlap arises from Micron's NAND flash memory chips business and Lexar's flash cards and USB drives. A NAND flash memory chip is a type of semiconductor that is used for data storage on devices such as digital cameras and portable music players. Suppliers of NAND flash memory chips distribute their products on a worldwide basis.
9. Micron's worldwide estimate share of NAND flash memory chips is [0-10]% based on revenues of US \$[less than 500] million. It estimates its European share to be lower. Additionally there are numerous alternative suppliers of NAND flash memory chips such as Samsung and Toshiba. The Authority does not consider that any foreclosure of a competing supplier of NAND flash memory chips would arise.
10. Therefore, the proposed transaction does not give rise to competition concerns.

### **Determination**

The Competition Authority, in accordance with Section 21(2) of the Competition Act, 2002, has determined that, in its opinion, the result of the proposed acquisition by Micron Technology Inc. of Lexar Media Inc. will not be to substantially lessen competition in markets for goods and services in the State and, accordingly, that the acquisition may be put into effect.

### **For the Competition Authority**

Dr. Paul K. Gorecki

Member of the Competition Authority