



DETERMINATION OF MERGER NOTIFICATION M/06/069 – GE FANUC/ RADSTONE

Section 21 of the Competition Act 2002

Proposed acquisition by GE Fanuc of Radstone Technology

Dated 1/11/06

Introduction

1. On 6 October 2006, the Competition Authority (“the Authority”), in accordance with Section 18 (1) (a) of the Competition Act, 2002 (“the Act”) was notified, on a mandatory basis, of a proposal whereby GE Fanuc Embedded Systems Inc. (“GE Fanuc”) would acquire the entire share capital and sole control of Radstone Technology Plc (“Radstone”).

The Undertakings Involved

2. GE Fanuc, the acquirer, designs and manufactures embedded computer products, which provide diversified solutions for telecommunications, medical, industrial automation, defence/aerospace and other sectors.
3. GE Fanuc is 100% owned by GE Fanuc Automation Americas Inc. which is in turn owned by Fanuc Limited (0.1%), GE (9.9%) and GE Fanuc Automation Corporation (90%). GE Fanuc Automation Corporation is a 50/50 joint venture between and jointly controlled by General Electric Company (“GE”) and Fanuc. In 2005 the consolidated worldwide turnover of GE Fanuc was \$[...] million. GE Fanuc did not generate any turnover in the State in 2005.
4. GE is a global diversified, manufacturing, technology and services company. Its primary business units include: GE Infrastructure; GE Industrial; GE Commercial Finance; NBC Universal; GE Healthcare, and GE Consumer Finance. In 2005 GE generated turnover in the State of approximately €[...] million.
5. Fanuc Limited is a Japanese company active in the design and production of computer operated control systems, industrial robots, and automated products used in factories and production facilities.
6. Radstone, the target, supplies embedded computer products for the defence and aerospace applications and has two core businesses: Embedded Computing and Electronics Manufacturing Services. In the financial year ended 31 March 2006, Radstone had consolidated worldwide turnover of £[...] million and turnover in the State of €[...].

Analysis

7. The parties overlap internationally in embedded products, i.e., printed circuit boards, software interfaces and software applications used as components in embedded systems. However neither party supplies embedded products in the State.¹
8. GE Fanuc did not generate any turnover in the State in 2005. Radstone's turnover in the State was generated in respect of its Electronic Manufacturing Services business, an activity in which GE Fanuc is not active.
9. The parties supplied estimates of the worldwide and EU shares in embedded systems. The worldwide and EU incremental market share resulting from the proposed transaction will not exceed [..]% and the merged entity's share will not exceed [..]%. The worldwide and EU markets are fragmented with the largest supplier Motorola ECCG holding a share, as estimated by the parties, of [..]% in both geographic areas.
10. The Authority is satisfied that the proposed acquisition does not raise competition concerns in the State.

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 GE Fanuc Embedded Systems Inc. of Radstone Technology plc 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

¹ GE Fanuc has two independent distributors located in the UK who sell these products to their own customers in the State.