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Sony to acquire Seiko Epson's LCD ops for free

By **Reuters**

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Summary

- Sony to broaden panel lineup through Seiko Epson deal
- No agreement yet on panel JV talks between Sony, Sharp

TOKYO, June 30 (Reuters) - Sony Corp <6758.T> said it would acquire part of Seiko Epson Corp's <6724.T> loss-making small and medium-sized LCD operations by April 2010 for free, a move aimed at boosting its competitiveness as a display maker.

The panel assets that will be transferred to Sony include output facilities for amorphous silicon thin-film transistor (TFT) LCDs, known as low-cost displays, and intellectual property rights for low-temperature polysilicon TFT LCDs, which offer better picture quality.

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Sony focuses on low-temperature polysilicon TFT LCDs in the small and medium-sized category, and the addition of amorphous silicon TFT LCDs is expected to strengthen its operations as a panel supplier as well as maker of mobile devices with displays, such as cellphones and digital cameras.

The announcement was expected as the electronics and entertainment conglomerate said in March that it would start talks with Seiko Epson on an alliance on small LCDs, and that they aimed to reach an official agreement by the end of June.

In a bid to secure cost competitive large-sized panels for its flat TVs, Sony also plans to take a stake in Sharp Corp's <6753.T> new 380-billion yen ($4 billion) LCD panel plant in the city of Sakai in western

Japan.

The two have been negotiating to sign a legally binding contract on the venture by the end of the month, but they have yet to reach a final agreement, a Sony spokesman said.

The plant, which is set to start output in October, will be the world's first factory that handles so-called 10th-generation glass substrates, which are bigger than earlier-generation substrates and help reduce per-panel production costs.

The announcement came after the close of trading. Shares in Sony had closed up 1 percent at 2,525 yen, underperforming the Nikkei average <.N225>, which rose 1.8 percent.

Reporting by Kiyoshi Takenaka; Editing by Joseph Radford

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