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UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION

COMMISSIONERS:	**Jon Leibowitz, Chairman** **J. Thomas Rosch** **Edith Ramirez** **Julie Brill** **Maureen K. Ohlhausen**

In the Matter of **Integrated Device Technology, Inc., a corporation,** **and** **PLX Technology, Inc., a corporation.**	**Docket No. 9354** **REDACTED PUBLIC VERSION**

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and of the Clayton Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission (the "Commission"), having reason to believe that Respondent Integrated Device Technology, Inc. ("IDT") and Respondent PLX Technology, Inc. ("PLX") having executed an agreement and plan of merger in violation of Section 5 of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. § 45, and which if consummated would violate Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint pursuant to Section 11(b) of the Clayton Act, 15 U.S.C. § 21(b), and Section 5(b) of the Federal Trade Commission Act, 15 U.S.C. § 45(b), stating its charges as follows:

NATURE OF THE CASE

1. IDT's proposed acquisition of PLX threatens to create a near-monopoly in the PCIe switch market, which is likely to substantially lessen competition for the development and sale of PCIe switches on a worldwide basis, leading to higher prices, lower quality, and less innovation. PCIe switches are integrated circuits that play a vital role in computer architecture. They are used in a variety of computer and embedded electronic applications to provide serial, high-speed, point-to-point connections between multiple input/output devices and a microprocessor.

2. IDT and PLX often compete head-to-head for PCIe switch sales opportunities. Senior executives from both companies testified that IDT and PLX are the two primary PCIe switch suppliers and each other's closest competitors. IDT and PLX's business documents repeatedly identify each other as their primary competitor, with little or nothing said about the few fringe suppliers. Indeed, a "competitive market landscape" prepared at the request of IDT's Board of Directors as part of IDT's 2012 strategic plan review identified PLX as IDT's only competitor in the PCIe switch market. Moreover, IDT's documents project that following the acquisition of PLX, IDT will be the only PCIe switch supplier six years from now. PLX's chief scientist identified IDT as "almost our sole competitor in PCIe switches" and further noted that IDT will gain a "near monopoly" with this acquisition.

3. IDT's senior management has been on a mission over the last two years to grow IDT's PCIe switch market share, either by fighting PLX tooth and nail or by acquiring its rival outright. According to IDT's 2011 strategic plan, IDT saw PLX as the primary competitive challenge to increasing its PCIe switch sales. IDT's CEO was clear about his company's goal when he demanded that his sales team overtake PLX's lead in the PCIe switch market in the most dramatic terms, imploring them to "crush PLX." When a 2011 attempt to purchase PLX failed, IDT's CEO instructed his team to compete harder against PLX and declared, "if we can't buy them, we're going to have to start taking their market share. You need to start kicking some butt." IDT's CEO frequently exhorted his team to direct IDT's competitive energies at PLX, for example giving the head of IDT's PCIe switch business a "mandate" to "pull together a 'take no prisoners' plan (roadmap, resources, strategy) to secure the #1 position in PCIe" adding that he was "not going to be backed into a corner where I have to buy PLX. We are going to beat them on their own turf."

4. This intense competition between IDT and PLX has benefitted their customers. The two companies compete with each other to offer lower prices, more innovative features, and better customer service. As one IDT top executive testified, customers use IDT as a "price hammer" against PLX and [redacted] It is not surprising, therefore, that the financial model IDT used to evaluate the merger assumed that the combined company would have "increased pricing power" and that post-merger switch revenues would be higher as a result.

5. IDT and PLX also compete to improve their products by adding new and innovative features and functionality to their switches. For example, IDT was the first to offer spread spectrum clocking and PLX had to respond with a similar offering to remain competitive. Likewise PLX first offered non-transparent bridging, a feature IDT has since made available on its PCIe switch offerings. IDT and PLX are the only two companies offering 3rd generation PCIe switches today. The two companies also compete by offering a range of customer support and services to their customers who incorporate PCIe switches into complex products.

6. Customers agree that they play IDT and PLX off against each other on price, service and in their demands for innovative features. Many PCIe switch customers see IDT and PLX

as their only choices. When they issue Requests for Quotations, IDT and PLX are often the only companies from whom PCIe switch users solicit bids. Eliminating this close competition between IDT and PLX likely will result in anticompetitive effects. Post-acquisition, IDT will not have the same incentive to discount its prices to meet competition and it will not have the same incentive to innovate and offer new features and functionality.

7. Together IDT and PLX dominate the PCIe switch market, having a combined market share exceeding 80%. These extraordinarily high market shares and concentration levels render IDT's acquisition of PLX presumptively unlawful under the relevant case law and the U.S. Department of Justice and Federal Trade Commission Horizontal Merger Guidelines ("Merger Guidelines").

8. Effective entry or expansion into the PCIe switch market is unlikely in response to a small but significant price increase because there are significant barriers to entry. PCIe switches are complex integrated circuits and developing switches with the necessary features and functionality to meet customers' requirements is an expensive and time-consuming endeavor.

9. The proposed acquisition will eliminate IDT's only significant competitor, resulting in higher prices, reduced innovation, and inferior customer service. Indeed, both IDT and its customers predict higher prices, lower quality, and reduced innovation because of the acquisition.

BACKGROUND

A. Respondents

10. Respondent, IDT, is a corporation existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 6024 Silver Creek Valley Road, San Jose, California. For the fiscal year ended April 1, 2012, IDT had revenues of $526.7 million. IDT is the number two supplier in the PCIe switch market, behind PLX.

11. Respondent PLX is a corporation existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 870 W. Maude Avenue Sunnyvale, California 94085. PLX reported sales revenues of $115.8 million in 2011, of which it attributed [redacted] to PCIe switches. With about 200 employees, PLX designs and develops integrated circuits that perform critical system connectivity functions including, but not limited to, connecting various input-output devices to x86 CPUs made by Intel and other manufacturers. PLX is the number one supplier in the PCIe switch market.

B. PCI Express and PCIe Switches

12. PCI Express is used in a wide range of computers, from consumer laptops and desktops to enterprise data servers, in consumer, server, and industrial applications, as a motherboard-level interconnect (to link motherboard-mounted peripherals), a passive

backplane interconnect and as an expansion card interface for add-in boards. The PCIe bus serves as the primary motherboard-level interconnect, connecting the host system-processor with both integrated and add-on peripherals. The first generation PCIe standard was established in 2002 to replace PCI and PCI-X, used in computers since the early 1990s.

13. PCIe switches have connections (known as "lanes") controlled by the switch that connect root complexes (processors and their accompanying chipsets) to end points using the PCIe protocol. The switches function something like railroad switches by multiplying the paths over which the data packets, like train cars, can travel. The end points can be any number of input/output ("I/O") devices, such as network cards, storage devices, or hard disk drives, among others.

14. PCIe switches are the most cost-effective approach to provide appropriate connection between subsystems in complex multi-chip computing systems, without impeding the native performance of the underlying devices.

15. IDT and PLX's customers incorporate PCIe switches into a variety of computing applications such as servers and storage arrays. PCIe switches are small, relatively inexpensive parts that are designed into much larger and more expensive products. PCIe switches, which are sold for anywhere between few dollars to as much as one hundred dollars, are often incorporated into enterprise computing devices that cost thousands of dollars to build. Customers design PCIe switches into their high-end computing systems as part of their design engineering process. Re-engineering these complex computing systems to eliminate the need for a PCIe switch is both costly and time-consuming. For most customers, no other products are reasonably interchangeable with PCIe switches, and customers would not turn to alternate products in the face of a small but significant price increase.

C. Jurisdiction

16. Respondents IDT and PLX are, and at all relevant times have been, engaged in commerce or in activities affecting commerce, within the meaning of the Clayton Act. The proposed merger constitutes an acquisition under Section 7 of the Clayton Act.

D. The Proposed Transaction

17. IDT proposes to acquire all the common stock of PLX for approximately $330 million, in a cash and stock deal – $3.50 and 0.525 shares of IDT for each share of PLX (the "Acquisition").

COMPETITIVE EFFECTS

A. Price Competition

18. The Acquisition likely will substantially lessen competition in the market for PCIe switches by eliminating head-to-head competition between the two primary suppliers and creating a near-monopoly. Customers also view IDT and PLX as the only significant suppliers of PCIe switches.

19. Given the near-monopoly position that a merged IDT/PLX will enjoy, it is likely that the Acquisition will eliminate actual, substantial, and direct competition between IDT and PLX, including competition on price. The parties' own testimony and documents provide strong support for this conclusion. For example, IDT's Matt Jones, a leader of the PCIe switch sales unit admitted: [redacted] In an email referring to a particular instance of competition between IDT and PLX, Mr. Jones provided a more colorful description of this head-to-head price competition, complaining that the customer was using IDT as a "price hammer" against PLX.

20. IDT's business records repeatedly describe fierce competition with PLX, underscoring the pricing pressure IDT faces from its main rival. For example, a [redacted] 2011 IDT email regarding a loss to PLX at [redacted] explained that one of the reasons PLX won this business over IDT was because PLX was pricing approximately [redacted] percent lower than IDT. In turn, IDT approved lower pricing for an opportunity in March 2012 in order to "beat PLX."

21. In summer 2011, IDT's CEO lamented that one of the reasons PLX would not sell to IDT was because PLX was experiencing "design win success" against IDT. He then told his senior management that "we need to start beating them [PLX] up a little. Let's take the gloves off." In implementing this strategy, he expected his employees to [redacted]

22. Not surprisingly, PLX's internal documents tell a similar story. In February 2010, PLX's Dave Raun, urged then CEO, Ralph Schmitt to avoid [redacted] Notwithstanding PLX's hopes to avoid a price war, price competition continued unabated, and customers large and small benefitted.

23. This price competition between IDT and PLX runs across all generations of PCIe switches. For example, in [redacted] 2011, PLX's head of sales approved a [redacted]% price reduction to [redacted] in the face of competition from a comparable IDT 2nd generation PCIe switch. In October 2011, a PLX sales representative noted [redacted] In [redacted] 2012, a PLX sales representative requested and received approval to offer "aggressive" pricing for a 3rd generation PCIe switch opportunity with [redacted] noting "we could lose this to IDT" as the reason for the aggressive price discount. In the same

vein, in [redacted] 2012, PLX approved lower prices for [redacted] on a 3rd generation PCIe switch due to price competition from IDT.

24. IDT and PLX are both well aware that customers leverage them against one another in order to obtain better products and lower prices. While pursuing a particular PCIe switch sales opportunity at [redacted], a senior IDT executive expressed concern that the opportunity could be [redacted] Similarly, while discussing an opportunity to supply [redacted] PLX's David Raun wondered if [redacted] had been talking to IDT since [redacted] had "been pushing [PLX] on price." PLX's Senior Director of PCIe switches responded, "I wouldn't be surprised if they were and agree to lower margins to take the socket away .... I would."

25. Customers' reactions to the announcement of the Acquisition provide further evidence that the Acquisition will result in higher prices. For example, during a May [redacted] 2012 meeting with PLX, one customer voiced the concern that IDT would likely raise PCIe switch prices after the acquisition due to its dominant position. Likewise, in a May [redacted] 2012 e-mail, PLX's Western Regional Sales manager reported that a [redacted] was worried that the Acquisition would lead to higher prices.

B. Innovation Competition

26. The Acquisition is likely to result in a loss of innovation by removing a key incentive to add new features to the parties' PCIe switch families: competitive pressure from the other firm's product development. This loss in innovation competition represents a significant harm to customers in the PCIe switch market, many of whom value innovation competition as much as price competition.

27. As the two primary competitors (and innovators) in the PCIe switch market, IDT and PLX monitor and respond to each other's product developments. They regularly compare their existing and upcoming products to their rivals' on "roadmaps" that describe switch offerings. Over the past several years, successful innovation by one firm has often spurred the other firm to follow suit. One needs look no further than the development history of the various generations of PCIe switches for evidence of this phenomenon. IDT was the first company to develop 2nd generation PCIe switches; PLX followed soon thereafter. For 3rd generation PCIe switches, the parties reversed roles: PLX brought its switches to market ahead of IDT.

28. The innovation rivalry drives IDT and PLX to add important new features to their PCIe switches thus driving innovation in the PCIe switch market. When PLX began offering non-transparent bridging on its 2nd generation PCIe switches, IDT began losing sales to PLX due to the popularity of this feature. IDT responded by incorporating this feature into a new family of 2nd generation PCIe switches.

29. IDT's PCIe switch innovations have spurred PLX in a similar fashion. PLX responded to IDT's innovation by incorporating a feature known as spread spectrum clocking isolation into its 3rd generation PCIe switches after losing several opportunities to IDT for 2nd generation PCIe switches. When IDT won a switch opportunity, PLX also responded to

losing by introducing the multicast feature to its 2nd generation PCIe switches because it "didn't want to lose any more [2nd generation] opportunities." PLX responded again to an IDT innovation by incorporating an industrial temperature feature into certain 2nd generation PCIe switches "in order to unseat IDT as the incumbent PCIe switch supplier" at industrial temperature accounts.

C. Competition in Customer Support

30. The Acquisition also threatens to reduce the merged firm's incentives to provide customer support and maintain the quality of its switch offerings. For complex products such as PCIe switches, high-quality support is critical for most customers. Throughout the design process, customers rely heavily on IDT and PLX for various forms of support, including engineering consultations, test cards, and debugging assistance. To meet their customers' needs, IDT and PLX must provide sample parts, maintain a well-trained engineering staff, and supply expensive testing equipment such as evaluation boards. This type of support requires a significant commitment of resources. In the absence of competitive pressure from a close rival, the resulting monopolist will have greater freedom to reduce the resources it allocates to customer support.

31. PLX has used customer support as a competitive tactic to build customer loyalty and keep IDT from making inroads with those customers. In [redacted] 2011, a PLX sales representative working with [redacted] noted, "we have to find a way to support their development. This IS our way to keep IDT out [of] [redacted]." (Emphasis in original). [redacted] months later, in light of news of an impending PCIe switch launch from IDT, the same sales representative proposed providing product samples free of charge to [redacted] noting "it will go a long way to building good will with [redacted] engineering." The competitive pressure from IDT also spurred PLX to fix errors in PCIe switches more rapidly.

32. IDT documents foretell the Acquisition's likely impact on customer service. Historically, IDT has often been willing to loan evaluation boards, expensive testing equipment, without charge to customers as a means of differentiating themselves from PLX. However, in recent IDT emails discussing a request for this sort of equipment, an IDT sales person indicated that if he "knew the PLX acquisition was a done deal" he would charge the customer for the equipment.

THE RELEVANT MARKETS

A. Product Market

33. The development and sale of PCIe switches is the relevant product market for analyzing the competitive effects of the Acquisition.

34. IDT and PLX's internal documents consistently treat PCIe switches as a discrete market. Multiple presentations from both IDT and PLX calculate market shares, identify competitors, and discuss business strategies in a PCIe switch market.

B. Geographic Market

35. For the purposes of this Complaint, the relevant geographic market for PCIe switches is worldwide. IDT and PLX have customers around the world. The larger customers themselves have worldwide operations with locations spread around the globe. Given the value of the product relative to its weight, shipping costs are negligible. Moreover, average prices for PCIe switches are comparable throughout the world.

MARKET STRUCTURE

36. The PCIe switch market has approximately $85-100 million in sales per year, with expectations that the market will grow to over $124 million by 2015.

37. Currently, PLX and IDT are the number one and number two providers of PCIe switches, respectively. IDT's internal business documents estimate that PLX has approximately 69% of the PCIe switch market and IDT has approximately 31%. In an email exchange discussing whether to continue competing with PLX or to acquire it, IDT's CEO described the difference as one of "2 strong players vs. one monopoly." An investment banking presentation prepared for IDT likewise described PLX as having "a duopoly position in the increasingly important PCIe space." Unsurprisingly, PLX's senior executives have expressed similar viewpoints: PLX's former CEO Ralph Schmidt observed that the Commission's investigation of the Acquisition "was not unexpected as we have two dominant competitors combining."

38. PCIe switch competitors such as Pericom, Texas Instruments, ASMedia, NVIDIA, Emulex, and Micron/Virtensys represent a marginal competitive fringe at best. Pericom currently offers only a handful of smaller, *i.e.*, those with eight or fewer lanes, 1st and 2nd generation PCIe switches. Texas Instruments offers only one small 1st generation PCIe switch. NVIDIA only sells a limited number of legacy 2nd generation PCIe switches with its graphics products, and is now using [redacted] switches in its products, and [redacted]. Emulex sells a limited line of 2nd generation PCIe switches [redacted] Micron/Virtensys also does not have any PCIe switches in the general market. No other firm currently sells PCIe switches.

39. For most customers, IDT and PLX are the only companies that make PCIe switches that meet their requirements. In turn, IDT and PLX routinely are the only companies responding to requests for quotes or proposals for PCIe switches. Moreover, most customers do not view the PCIe switches offered by fringe competitors as substitutes for the PCIe switches offered by IDT and PLX.

MARKET CONCENTRATION

40. The market for PCIe switches is highly concentrated. The Merger Guidelines measure concentration using the Herfindahl-Hirschman Index ("HHI"). Under that test, a merger is presumed likely to create or enhance market power (and presumptively illegal) when the post-merger HHI exceeds 2,500 and the merger increases the HHI by more than 200

points. Here, the Acquisition increases concentration in the relevant market for PCIe by 2,859 points to a HHI level of 7,482, creating a substantially more concentrated market. These post-merger PCIe switch market concentration levels, as well as the increase in concentration produced by the Acquisition, greatly exceed where a transaction is presumed to produce anticompetitive effects. Under the Merger Guidelines and case law, these concentration levels establish a presumption that the Acquisition will lead to anticompetitive harm. The HHI figures are summarized in the following table.

PCIe Switch Market Concentration		
PCIe Switch Competitor	**Pre-Acquisition Market Share**	**Post-Acquisition Market Share**
PLX	63.40%	--
IDT	22.55%	85.95%
Pericom	[redacted]	[redacted]
NVIDIA	[redacted]	[redacted]
Emulex	[redacted]	[redacted]
Texas Instruments	[redacted]	[redacted]
Pre-Acquisition HHI = 4623		
Post-Acquisition HHI = 7482		
Change in HHI = 2,859		

41. These market concentration figures likely understate the competitive harm resulting from the Acquisition. As described, *supra* ¶ 38, Texas Instruments and Pericom do not supply 3^{rd} generation PCIe switches or those with large lane counts and [redacted] NVIDIA developed a 2^{nd} generation PCIe switch for its own use, [redacted] Thus, customers can only choose between IDT and PLX for third generation PCIe switches.

ENTRY BARRIERS

42. Neither entry by new firms nor expansion by the fringe competitors will occur in a timely, likely, or sufficient manner to avert the Acquisition's anticompetitive effects.

43. New entry or meaningful expansion into the relevant market is difficult and expensive, and thus unlikely, due to the high level of expertise that is required to develop PCIe switches that meet customers' requirements. PLX recognizes that the complexity of PCIe switches serves as an entry barrier to the relevant market, describing a PCIe switch as "a sophisticated product not many people can do."

44. The high cost of entry by new firms or expansion by the fringe competitors serves as another barrier to entry or expansion into the relevant product market. Entry with even a single PCIe switch would cost several million dollars. These costs constitute a significant barrier to entry in the context of a market with current sales of $100 million dollars or less. Notably, PLX recognizes that the high cost of developing a PCIe switch is a barrier to entry. PLX's interim CEO detailed this barrier in an email to one of his salespeople, noting [redacted]

45. The high cost of entry is magnified because an entrant would likely need to develop a broad product portfolio of PCIe switches to compete effectively with IDT and PLX. The breadth of IDT and PLX's product portfolios allow them to compete for, and capture, a much larger portion of the total available PCIe switch market than fringe competitors or potential entrants. It also enhances their reputation among customers. Only IDT and PLX have the broad portfolios to compete for most PCIe switch opportunities. The fringe firms in the market lack broad product portfolios and have not grown significantly in the last several years.

46. In light of these advantages, it is not surprising that PLX's interim CEO, Dave Raun, detailed in a 2009 email that "one of the barriers to entry is the requirement for a broad product line." Mr. Raun further highlighted that: potential entrants to the relevant market need to develop all three generations of PCIe switches, all of which according to Mr. Raun "requires a big investment." IDT and PLX have already made significant investments into developing these portfolios. Any potential entrant would thus need to develop a full family of PCIe switches across multiple generations in order to compete effectively against IDT and PLX. The risks of making this investment are substantial, as it can take a significant amount of time before determining whether a new product will achieve success, and the investment associated with any failed entry attempts would largely be unrecoverable.

47. Beyond the challenges of expertise and money, even if a new entrant were confident that it could overcome IDT and PLX's significant incumbency advantages, developing a PCIe switch is time consuming. Since new PCIe switches must be backwards compatible with previous generations, firms that wish to develop the newest-generation PCIe switches must also ensure those switches meet all of the prior generations' specifications. Completing the necessary design and testing to ensure this compatibility prolongs the development process. As a result, even the best-positioned putative entrants would need at least two years to develop market-ready PCIe switches. In fact, even with its proven expertise, it has taken IDT longer than [redacted] years to develop its first 3rd generation PCIe switch family of products, at a cost of at least [redacted].

EFFICIENCIES

48. Any procompetitive efficiencies from the Acquisition will not outweigh its likely anticompetitive effects. The merger of the two leading competitors in the PCIe switch market threatens consumers with higher prices, reduced innovation, and inferior customer service. Under the Merger Guidelines, "the greater the potential adverse competitive

effect of a merger, the greater must be the cognizable efficiencies, and the more they must be passed through to consumers." IDT's projected cost savings fall far short of this standard.

49. Even if the Court were to credit all of IDT's efficiency claims, the projected savings are insufficient to justify a merger to near-monopoly in the PCIe switch market. The high market concentration levels presented in this case require IDT to show credible efficiencies of an extraordinary nature. Under the case law and the Merger Guidelines, efficiencies almost never justify a merger to monopoly or near-monopoly.

50. In addition, only efficiencies that are specifically produced by the Acquisition should be credited. The vast majority of the parties' anticipated efficiencies fail this test. For example, more than half of IDT's projected efficiencies are savings associated with the divestiture of PLX's Teranetics business. Since PLX has already entered into an agreement to divest the Teranetics business, which will occur regardless of the Acquisition's outcome, a sizable portion of the total projected efficiencies will occur even if the Acquisition does not. [redacted] These efficiencies therefore cannot be credited as merger-specific.

51. IDT's remaining efficiency claims are simply not verifiable. For example, [redacted] IDT admits that after obtaining this information from PLX, it is entirely possible that the total savings from efficiencies will have to be revised downward.

VIOLATIONS

Count I -- Illegal Acquisition

52. The allegations contained in Paragraphs 1-51 are repeated and realleged as though fully set forth here.

53. The Acquisition, if consummated, would substantially lessen competition or tend to create a monopoly in violation of Section 7 of the Clayton Act, 15 U.S.C. § 18, and Section 5 of the Federal Trade Commission Act, 15 U.S.C. § 45.

Count II – Unfair Method of Competition

54. The allegations contained in Paragraphs 1-51 are repeated and realleged as though fully set forth here.

55. The Acquisition agreement constitutes an unfair method of competition in violation of Section 5 of the FTC Act, as amended, 15 U.S.C. § 45.

NOTICE

Notice is hereby given to the Respondents that the twentieth day of May, 2013, at 10:00 a.m. is hereby fixed as the time, and Federal Trade Commission offices, 600 Pennsylvania Avenue, N.W., Room 532, Washington, D.C. 20580, as the place when and where an evidentiary hearing will be had before an Administrative Law Judge of the Federal Trade Commission, on the charges set forth in this complaint, at which time and place you will have the right under the Federal Trade Commission Act and the Clayton Act to appear and show cause why an order should not be entered requiring you to cease and desist from the violations of law charged in the complaint.

You are notified that the opportunity is afforded you to file with the Commission an answer to this complaint on or before the fourteenth (14th) day after service of it upon you. An answer in which the allegations of the complaint are contested shall contain a concise statement of the facts constituting each ground of defense; and specific admission, denial, or explanation of each fact alleged in the complaint or, if you are without knowledge thereof, a statement to that effect. Allegations of the complaint not thus answered shall be deemed to have been admitted.

If you elect not to contest the allegations of fact set forth in the complaint, the answer shall consist of a statement that you admit all of the material facts to be true. Such an answer shall constitute a waiver of hearings as to the facts alleged in the complaint and, together with the complaint, will provide a record basis on which the Commission shall issue a final decision containing appropriate findings and conclusions and a final order disposing of the proceeding. In such answer, you may, however, reserve the right to submit proposed findings and conclusions under Rule 3.46 of the Commission's Rules of Practice for Adjudicative Proceedings.

Failure to file an answer within the time above provided shall be deemed to constitute a waiver of your right to appear and to contest the allegations of the complaint and shall authorize the Commission, without further notice to you, to find the facts to be as alleged in the complaint and to enter a final decision containing appropriate findings and conclusions, and a final order disposing of the proceeding.

The Administrative Law Judge shall hold a prehearing scheduling conference no later than ten (10) days after the Respondents file their answers. Unless otherwise directed by the Administrative Law Judge, the scheduling conference and further proceedings will take place at the Federal Trade Commission, 600 Pennsylvania Avenue, N.W., Room 532, Washington, D.C. 20580. Rule 3.21(a) requires the parties' counsel to meet as early as practicable before the prehearing scheduling conference (but in any event no later than five (5) days after the Respondents file their answers). Rule 3.31 (b) obligates counsel for each party, within five (5) days of receiving the Respondents' answers, to make certain initial disclosures without awaiting a discovery request.

NOTICE OF CONTEMPLATED RELIEF

Should the Commission conclude from the record developed in any adjudicative proceedings in this matter that the Acquisition challenged in this proceeding violates Section 7 of the Clayton Act, as amended, or Section 5 of the FTC Act, as amended, the Commission may order such relief against Respondents as is supported by the record and is necessary and appropriate, including, but not limited to:

1. If the Acquisition is consummated, divestiture or reconstitution of all associated and necessary assets, in a manner that restores two or more distinct and separate, viable and independent businesses in the relevant markets, with the ability to offer such products and services as PLX and IDT were offering and planning to offer prior to the Acquisition.

2. A prohibition against any transaction between IDT and PLX that combines their businesses in the relevant markets, except as may be approved by the Commission.

3. A requirement that, for a period of time, respondents provide prior notice to the Commission of acquisitions, mergers, consolidations, or any other combinations of their businesses in the relevant market with any other company operating in the relevant market.

4. A requirement to file periodic compliance reports with the Commission.

5. Whatever additional relief the Commission deems necessary to restore competition lost as a result of respondents' anticompetitive transaction or to restore PLX as a viable, independent competitor in the relevant market.

IN WITNESS WHEREOF, the Federal Trade Commission has caused this complaint to be signed by its Secretary and its official seal to be hereto affixed, at Washington, D.C., this eighteenth day of December, 2012.

By the Commission, Commissioner Ohlhausen recused.

Donald S. Clark
Secretary