

UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION

COMMISSIONERS: Edith Ramirez, Chairwoman
Julie Brill
Maureen K. Ohlhausen
Terrell McSweeney

_____)
In the Matter of)
)
)
) Docket No. C-4560
NXP Semiconductors N.V.,)
a corporation.)
_____)

COMPLAINT

Pursuant to the Clayton Act and the Federal Trade Commission Act, and its authority thereunder, the Federal Trade Commission (“Commission”), having reason to believe that Respondent NXP Semiconductors N.V. (“NXP”), a corporation subject to the jurisdiction of the Commission, has agreed to acquire Freescale Semiconductor, Ltd. (“Freescale”), a corporation subject to the jurisdiction of the Commission, in violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. § 45, and it appearing to the Commission that a proceeding in respect thereof would be in the public interest, hereby issues its Complaint, stating its charges as follows:

I. RESPONDENT

1. Respondent NXP is a public limited liability company organized, existing, and doing business under and by virtue of the laws of the Netherlands, with its office and principal place of business located in Eindhoven, the Netherlands.

2. Freescale is a public limited liability company organized, existing, and doing business under and by virtue of the laws of Bermuda, with its office and principal place of business located at 6501 William Cannon Drive West, Austin, Texas 78735.

3. Respondent NXP is engaged in the design, manufacture, and sale of a range of semiconductor products used in a variety of electronic systems for automotive, communications, industrial, consumer, and other applications.

4. Freescale is engaged in the design, manufacture, and sale of a range of semiconductor products used in a variety of electronic systems for automotive, communications, communications, industrial, consumer, and other applications.

5. Respondent and Freescale are, and at all times relevant herein have been, engaged in commerce, as “commerce” is defined in Section 1 of the Clayton Act, as amended, 15 U.S.C. § 12, and are corporations whose businesses are in or affect commerce, as “commerce” is defined in Section 4 of the FTC Act, as amended, 15 U.S.C. § 44.

II. THE PROPOSED ACQUISITION

6. Pursuant to an Agreement and Plan of Merger dated March 1, 2015, Respondent and Freescale agreed that NXP would acquire Freescale for approximately \$11.8 billion (“the Acquisition”). The Acquisition is subject to Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18.

III. THE RELEVANT MARKET

7. For the purposes of this Complaint, the relevant line of commerce in which to analyze the effects of the Acquisition is RF power amplifiers. RF power amplifiers (also called RF power transistors) are high power (>1 watt average output power) semiconductors that amplify radio signals used to transmit information between electronic devices.

8. For the purposes of this Complaint, the relevant geographic market in which to analyze the effects of the Acquisition in the RF power amplifier market is worldwide. Transportation costs are low for RF power amplifiers, which are routinely shipped from manufacturing facilities around the globe to customer locations worldwide.

IV. STRUCTURE OF THE MARKET

9. The market for RF power amplifiers worldwide is highly concentrated. Freescale and NXP are the two largest manufacturers of RF power amplifiers, with a combined market share of more than 60% based on revenues. The proposed merger would increase the Herfindahl-Hirschman Index from 2,203 to 4,040, an increase of 1,837. This increase in concentration far exceeds the thresholds set out in the *Horizontal Merger Guidelines* for raising a presumption that the Acquisition would create or enhance market power.

V. ENTRY CONDITIONS

10. Given the substantial time and investment required to develop RF power amplifiers, entry sufficient to deter or counteract the anticompetitive effects created by the Acquisition is unlikely.

VI. EFFECTS OF THE ACQUISITION

11. The effects of the Acquisition, if consummated, may be to substantially lessen competition in violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the FTC Act, 15 U.S.C. § 45. The Acquisition would eliminate the direct competition between NXP and Freescale, which may lead to anticompetitive unilateral effects in the form of higher prices and reduced innovation.

VII. VIOLATIONS CHARGED

12. The allegations contained in Paragraphs 1 through 11 above are hereby incorporated by reference as though fully set forth here.

13. The Agreement described in Paragraph 6 constitutes a violation of Section 5 of the FTC Act, 15 U.S.C. § 45.

14. The Acquisition described in Paragraph 6, if consummated, would constitute a violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the FTC Act, as amended, 15 U.S.C. § 45.

WHEREFORE, THE PREMISES CONSIDERED, the Federal Trade Commission on this twenty-fifth day of November, 2015, issues its Complaint against said Respondent.

By the Commission.

Donald S. Clark
Secretary

SEAL: