

UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION

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

_____)
In the Matter of)
)
ON SEMICONDUCTOR CORPORATION,) Docket No. C-
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 ON Semiconductor Corporation (“ON”), a corporation subject to the jurisdiction of the Commission, has agreed to acquire Fairchild Semiconductor International, Inc. (“Fairchild”), 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 ON is a publicly traded corporation organized, existing, and doing business under and by virtue of the laws of Delaware, with its office and principal place of business located at 5005 East McDowell Road, Phoenix, AZ 85008.
- 2. Respondent ON is engaged in the design, manufacture, and sale of a range of semiconductor products used in a variety of electronic systems for automotive, industrial, communications, consumer, computing, and other applications.
- 3. Respondent is, and at all times relevant herein has been, engaged in commerce, as “commerce” is defined in Section 1 of the Clayton Act, as amended, 15 U.S.C. § 12, and is a corporation whose businesses is in or affects commerce, as “commerce” is defined in Section 4 of the FTC Act, as amended, 15 U.S.C. § 44.

II. THE ACQUIRED COMPANY

4. Fairchild is a publicly traded company organized, existing, and doing business under and by virtue of the laws of Delaware, with its office and principal place of business located at 1272 Borregas Avenue, Sunnyvale, CA 94089.

5. Fairchild is engaged in the design, manufacture, and sale of a range of semiconductor products used in a variety of electronic systems for automotive, industrial, home appliance, mobile, server and cloud computing, lighting, consumer electronics, and other applications.

III. THE PROPOSED ACQUISITION

6. Pursuant to an Agreement and Plan of Merger dated November 18, 2015, ON entered into a definitive agreement pursuant to which it would commence an all cash tender offer to acquire all of the outstanding shares of common stock of Fairchild for approximately \$2.4 billion (“the Acquisition”). The Acquisition is subject to Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18.

IV. 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 insulated-gate bipolar transistors (IGBTs) used in automotive ignition systems (“Ignition IGBTs”). Ignition IGBTs are a type of power semiconductor specifically designed and calibrated for automotive ignition systems in gasoline engine vehicles. Ignition IGBTs are switches that control the electrical current that passes through the ignition coil.

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

V. STRUCTURE OF THE MARKET

9. ON and Fairchild are the two largest manufacturers of Ignition IGBTs in the world, with a combined market share in excess of 60% of worldwide revenues. The proposed merger would increase the Herfindahl-Hirschman Index in excess of 1500 points, and result in a highly concentrated market. Under the *Horizontal Merger Guidelines*, this increase in concentration far exceeds the thresholds set out for raising a presumption that the Acquisition would create or enhance market power.

VI. ENTRY CONDITIONS

10. Given the substantial time and investment required to develop Ignition IGBTs and to qualify these products with customers in the automotive industry, entry sufficient to deter or counteract the anticompetitive effects created by the Acquisition is unlikely.

VII. 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 ON and Fairchild, which may lead to anticompetitive unilateral effects in the form of higher prices and reduced innovation.

VIII. 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 _____ day of _____, _____, issues its Complaint against said Respondent.

By the Commission.

Donald S. Clark
Secretary

SEAL: