

ANALYSIS OF AGREEMENT CONTAINING CONSENT ORDERS
TO AID PUBLIC COMMENT

In the Matter of NXP Semiconductors N.V., File Number 151-0090, Docket No. 04560

INTRODUCTION

The Federal Trade Commission (“Commission”) has accepted from NXP Semiconductors N.V. (“NXP”), subject to final approval, an Agreement Containing Consent Orders (“Consent Agreement”) designed to remedy the anticompetitive effects resulting from NXP’s proposed acquisition of Freescale Semiconductor Ltd. (“Freescale”)

On March 1, 2015, NXP and Freescale executed an Agreement and Plan of Merger (“Merger Agreement”) pursuant to which NXP will acquire all of Freescale’s common stock in a transaction valued at approximately \$11.8 billion (“Acquisition”). The proposed Acquisition would combine the two largest suppliers of RF power amplifiers. The Commission’s Complaint alleges that the proposed Acquisition, if consummated, would violate Section 7 of the Clayton Act, as amended, 15.S.C. § 18, and Section 5 of the FTC Act, as amended, 15.S.C. § 45, by substantially lessening competition in the worldwide market for RF power amplifiers

Under the terms of the proposed Decision and Order (“Order”) contained in the Consent Agreement, NXP is required, no later than ten days from the close of the NXP/Freescale transaction, to divest its RF power amplifier assets to

THE RELEVANT MARKET AND MARKET STRUCTURE

The relevant line of commerce in which to analyze the effects of the Acquisition is no broader than RF power amplifiers (also referred to as RF power transistors) are high power (>1 watt average output power) semiconductors that increase the strength of radio signals transmitted between electronic devices. The largest application for RF power amplifiers, accounting for roughly 70% of revenues,

Divestiture Trustee to divest the RF power amplifier assets and perform NXP's other obligations consistent with the Order

Given the robustness of the divested business and the terms contained in the Order, the divestiture of NXP's RF power amplifier assets to JAC is likely to preserve competition. Potential customers have confirmed that the divested assets include everything necessary to compete effectively as a viable business. Similarly, potential customers have confirmed that JAC would be a workable option as a supplier.

OPPORTUNITY FOR PUBLIC COMMENT

The purpose of this analysis is to facilitate public comment on the Consent Agreement to aid the Commission in determining whether it should make the Consent Agreement final. This analysis is not an official interpretation of the proposed Consent Agreement and does not modify its terms in any way.