

**UNITED STATES OF AMERICA  
BEFORE THE FEDERAL TRADE COMMISSION**

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

**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

## **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.

