

*Disclaimer :*

*The Competition DG makes the information provided by the notifying parties in section 1.2 of Form CO available to the public in order to increase transparency. This information has been prepared by the notifying parties under their sole responsibility, and its content in no way prejudices the view the Commission may take of the planned operation. Nor can the Commission be held responsible for any incorrect or misleading information contained therein.*

**COMP/M. 5173**

## **SECTION 1.2**

### **Description of the concentration**

***1.2 Provide a summary (up to about 500 words) of the information provided under Section 1.1. It is intended that this summary will be published on the Commission's website at the date of notification. The summary must be drafted so that it contains no confidential information or business secrets.***

The proposed transaction consists of the creation of a newly established joint venture (the "**Joint Venture**") to which both STMicroelectronics ("**STM**") and NXP Semiconductors ("**NXP**", together with STM, "**Parent Companies**") will confer their wireless communication, connectivity, and multimedia semiconductor businesses.

STM is a Dutch company active in the semiconductor industry. It produces one of the industry's broadest ranges of semiconductor products.

NXP is a Dutch company controlled by a consortium of private equity investment funds which operates in the semiconductor industry.

The Joint Venture will be active in the area of semiconductors for mobile telecommunications.

Based on the conventional market segmentation adopted in the industry the transaction will mainly concern the following worldwide markets:

i) Analog basebands (ABB), i.e. devices which are generally combined with power management (PMU) and process real world signals while controlling and optimizing the delivery of power to the handset

ii) Radio Frequency (RF), i.e. the block which control the radio wave generation and reception, translating between low-frequency analog signals used in the handset and highfrequency

RF signals used in radio communications;

iii) Connectivity, i.e. the ICs that are used in advanced phones to implement multimedia and connectivity functions also through a digital processor

The transaction does not raise any competition concerns regardless of the market definition retained. The competitive focus of STM and NXP businesses being conferred to the Joint Venture are to a large extent complementary. The synergies derived from the Joint Venture as regards product and R&D development as well as geographic complementarity both in production and sales & marketing should drive increased efficiencies to the benefit of final consumers of mobile handsets. The industry for semiconductors for mobile wireless applications is innovation-driven, fast-growing and subject to extreme competitive pressure by a number of strong, global market players.