

# Applied Materials' Tokyo Electron deal ends in DOJ roadblock

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Applied Materials has called off its \$9.4 billion acquisition of Tokyo Electron Ltd. after hitting a regulatory roadblock.

The companies said that they were told by the Department of Justice that there remained antitrust concerns about a deal that would have merged two of the world's biggest semiconductor industry suppliers.

News of the planned buyout was announced in September 2013. Applied Materials' shareholders were to own about 68 percent of the new company, with Tokyo Electron's holding about 32 percent.

Applied Materials Inc., which is based in Santa Clara, California, said Monday that it had authorized the repurchase of up to \$3 billion of its stock. The buybacks are set to take place over the next three years, starting in its fiscal third quarter.

That commitment evidently wasn't enough to offset investors' disappointment over the lost opportunity to acquire Tokyo Electron. Applied Materials' stock dropped \$1.83, or 8 percent, to close Monday at \$19.97.

This is the second major deal in less than a week to be called off amid government objections. On Friday Comcast abandoned its \$45 billion offer for Time Warner Cable because of regulatory concerns. Federal Communications Commission Chairman Tom Wheeler said in a written statement that the proposed transaction created a risk to competition and

innovation.

"It's encouraging to see two big anti-competitive cases in a row blocked or dropped but I can't see a trend yet," said Edmund Mierzwinski, consumer program director for the U.S. Public Internet Research Group.

Antitrust attorney Fiona Schaeffer of the law firm Milbank, Tweed, Hadley & McCloy believes the timing of the two collapsed deals to be coincidental. "I think it would be wrong to conclude that the outcome of these two transactions signals a much more aggressive merger enforcement regime at the Justice Department," she said.

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