

MERGER ANTITRUST LAW

LAWJ/G-1469-05
Georgetown University Law Center
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Tuesdays and Thursdays, 3:30-4:55 pm
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CLASS 2 WRITTEN ASSIGNMENT—INSTRUCTOR’S ANSWER

Instructions

Submit by email by 3:30 pm on Thursday, August 30
Send to dale.collins@shearman.com
Subject line: Merger Antitrust Analysis: Assignment for Class 2

Assignment

Time: Prior to acquisition negotiations
Calls for a list of questions

The general counsel of TransDigm has asked you to begin a merger antitrust analysis of an acquisition by TransDigm of SCHROTH from Takata. The GC wants to start with a “quick and dirty” view of the problems that might arise in the United States. To this end, the GC will try to find the answers within the company to up to six questions. What six questions would you like to ask?

You may prepare these questions with the benefit of hindsight after reviewing the Transdigm/Takata complaint (Unit 1 pp. 40-54). In other words, what six questions would you like to ask the company to reveal to the maximum extent the problems that formed the basis for the DOJ’s complaint?

If you have any questions, send me an e-mail. See you in class.

Dale

INSTRUCTOR’S ANSWER

1. In what product lines do TransDigm and SCHROTH compete in the United States?
2. For each overlapping product line, will TransDigm be able to increase its profits by raising prices, reducing product or service quality, or reducing investment in innovation or product improvement following the acquisition?
3. In each product line, are there significant other competitors to whom customers can turn to protect themselves in the event that TransDigm increases its price, reduces its product or service quality, or reduces investment in innovation or product improvement following the acquisition?
4. Are any customers likely to complain about the transaction and, of so, what will they say?

5. What is Transdigm's business rationale for making the acquisition (i.e., how will TransDigm make money by acquiring SCHROTH)?
6. How, if at all, will customers benefit from the transaction?