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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, DC 20549

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AMENDMENT NO. 2

to

**SCHEDULE 14D-9**  
(RULE 14d-101)

SOLICITATION/RECOMMENDATION STATEMENT UNDER  
SECTION 14(D)(4) OF THE SECURITIES EXCHANGE ACT OF 1934

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**NXP Semiconductors N.V.**  
(Name of Subject Company)

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**Elliott Associates, L.P.**  
**Elliott International, L.P.**  
**Paul E. Singer**  
**Elliott Capital Advisors, L.P.**  
**Elliott Special GP, LLC**  
**Braxton Associates, Inc.**  
**Elliott Asset Management LLC**  
**Elliott International Capital Advisors Inc.**  
**Hambledon, Inc.**  
**Elliott Management Corporation**  
**The Liverpool Limited Partnership**  
**Liverpool Associates Ltd.**  
**Elliott Advisors (UK) Limited**  
**Manchester Securities Corp.**  
(Name of Person(s) Filing Statement)

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**Common Shares, par value EUR 0.20 per share**  
(Title of Class of Securities)

**N6596X109**  
(CUSIP Number of Class of Securities)

**Richard M. Brand, Esq.**  
**Braden K. McCurrach, Esq.**  
**Cadwalader, Wickersham & Taft LLP**  
**200 Liberty Street**  
**New York, New York 10281**  
**(212) 504-6000**

(Name, address and telephone number of person authorized to receive notices  
and communications on behalf of the person filing statement)

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Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

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This Amendment No. 2 (“Amendment No. 2”) amends and supplements the Solicitation/Recommendation Statement on Schedule 14D-9 filed with the SEC by the undersigned on December 11, 2017 (together with any subsequent amendments and supplements thereto, the “Schedule 14D-9”). The Schedule 14D-9 relates to the Tender Offer by Qualcomm River Holdings B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) organized under the laws of The Netherlands (the “Purchaser”), a wholly owned subsidiary of QUALCOMM Incorporated, a Delaware corporation, as disclosed in the Tender Offer Statement on Schedule TO, filed by the Purchaser with the SEC on November 18, 2016, to purchase all outstanding common shares, par value €0.20 per share (the “Shares”), of NXP Semiconductors N.V., a public limited liability company (*naamloze vennootschap*) organized under the laws of The Netherlands, at a price of \$110.00 per Share, less any applicable withholding taxes and without interest to the holders thereof, payable in cash, upon the terms and conditions set forth in the Purchaser’s Offer to Purchase dated November 18, 2016, and in the related Letter of Transmittal.

The information in the Schedule 14D-9, including all exhibits and annexes that were previously filed with the Schedule 14D-9, is incorporated in this Amendment No. 2 by reference, except that such information is hereby amended or supplemented to the extent specifically provided herein. Capitalized terms used herein and not defined shall have the meaning ascribed to such terms in the Schedule 14D-9.

**Item 4. The Solicitation or Recommendation.**

Item 4 is hereby amended to add the following:

On January 19, 2018, the Filing Persons released the UBS Financial Analysis delivered to EAUK by UBS Investment Bank and issued a letter to NXP shareholders and a press release announcing the release of the UBS Financial Analysis and expressing the Filing Persons’ views on the valuation of NXP. The UBS Financial Analysis, letter to shareholders and press release are attached hereto as Exhibit 6, Exhibit 7 and Exhibit 8, respectively, and are incorporated by reference herein.

**Item 9. Exhibits.**

Item 9 is hereby amended to add the following:

- 6 UBS Financial Analysis
  - 7 Letter to Shareholders, dated January 19, 2018
  - 8 Press Release, dated January 19, 2018
-

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: January 19, 2018

ELLIOTT ASSOCIATES, L.P.

By: Elliott Capital Advisors, L.P., as General Partner

By: Braxton Associates, Inc., as General Partner

By: /s/ Elliot Greenberg

Name: Elliot Greenberg

Title: Vice President

ELLIOTT INTERNATIONAL, L.P.

By: Elliott International Capital Advisors Inc., as Attorney-in-Fact

By: /s/ Elliot Greenberg

Name: Elliot Greenberg

Title: Vice President

ELLIOTT CAPITAL ADVISORS, L.P.

By: Braxton Associates, Inc., as General Partner

By: /s/ Elliot Greenberg

Name: Elliot Greenberg

Title: Vice President

ELLIOTT SPECIAL GP, LLC

By: /s/ Elliot Greenberg

Name: Elliot Greenberg

Title: Vice President

BRAXTON ASSOCIATES INC.

By: /s/ Elliot Greenberg

Name: Elliot Greenberg

Title: Vice President

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ELLIOTT ASSET MANAGEMENT LLC

By: /s/ Elliot Greenberg  
Name: Elliot Greenberg  
Title: Vice President

ELLIOTT INTERNATIONAL CAPITAL ADVISORS INC.

By: /s/ Elliot Greenberg  
Name: Elliot Greenberg  
Title: Vice President

HAMBLEDON, INC.

By: /s/ Elliot Greenberg  
Name: Elliot Greenberg  
Title: Vice President

ELLIOTT MANAGEMENT CORPORATION

By: /s/ Elliot Greenberg  
Name: Elliot Greenberg  
Title: Vice President

THE LIVERPOOL LIMITED PARTNERSHIP

By: Liverpool Associates, Ltd., as General Partner

By: /s/ Elliot Greenberg  
Name: Elliot Greenberg  
Title: Vice President

LIVERPOOL ASSOCIATES LTD.

By: /s/ Elliot Greenberg  
Name: Elliot Greenberg  
Title: Vice President

MANCHESTER SECURITIES CORP.

By: /s/ Elliot Greenberg  
Name: Elliot Greenberg  
Title: Vice President

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ELLIOTT ADVISORS (UK) LIMITED

By: /s/ Gordon Singer

Name: Gordon Singer

Title: Director

/s/ Paul E. Singer

Paul E. Singer

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# QUALCOMM Incorporated's Offer for NXP Semiconductors N.V.

UBS Financial Analysis

18 January 2018

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## DISCLAIMER

This Financial Analysis (this "Financial Analysis"), dated as of 18 January 2018 and delivered to Elliott on 18 January 2018 (as set forth in more details on page 2), does not address the relative merits of any transaction involving herein as compared to other business strategies or transactions that might be available to such entities. This Financial Analysis does not constitute a recommendation to any shareholder as to how such shareholder should vote, transaction. UBS AG and/or its subsidiaries, branches or affiliates (together, "UBS") expresses no opinion as to the price at which any securities of NXP Semiconductors N.V. ("NXP") or any other company referenced in the Financial Analysis. In connection with this Financial Analysis, UBS has, among other things: (i) reviewed certain publicly available business and financial information relating to NXP, QUALCOMM Incorporated ("Qualcomm") and other companies relevant; (ii) reviewed current and historical market prices of the common stock of NXP, Qualcomm and certain other companies UBS believes to be generally relevant; (iii) compared the financial terms of Qualcomm's tender offer available financial terms of other transactions UBS believes to be generally relevant; (iv) reviewed industry analyses on NXP and Qualcomm available through third-party sources; and (v) conducted such other financial studies, as considered such other information, as UBS deemed necessary or appropriate. UBS has not reviewed any of NXP or Qualcomm's internal financial information, forecasts or other data that is not publicly available, nor has UBS conducted management of NXP or Qualcomm. In addition, UBS has not made any independent evaluation or appraisal of any of the assets or liabilities (contingent or otherwise) of NXP or Qualcomm, nor has it been furnished with any such Financial Analysis does not purport to quantify the effects of any recent tax reform and should not be relied on as tax advice.

This Financial Analysis has been prepared by UBS for the use of Elliott Associates, L.P., Elliott International, L.P., and their affiliates (collectively, "Elliott") solely pursuant to Elliott's engagement of UBS in connection with, and for the benefit of, NXP's common stock. The information in this Financial Analysis has been obtained from publicly available sources and has not been independently verified by UBS or any of its directors, officers, employees, agents, representatives, or persons. No representation, warranty or undertaking, express or implied, is or will be given by UBS or its directors, officers, employees and/or agents as to or in relation to the accuracy, completeness, reliability or sufficiency of the information in this Financial Analysis or as to the reasonableness of any assumption contained therein, and to the maximum extent permitted by law and except in the case of fraud, UBS and each of its directors, officers, employees and agents expressly disclaims any liability arising from this Financial Analysis and any errors contained therein and/or omissions therefrom or from any use of the contents of this Financial Analysis.

This Financial Analysis should not be regarded by the recipient as a substitute for the exercise of its own judgment and the recipient is expected to rely on its own due diligence if it wishes to proceed further.

The valuations, projections, estimates, forecasts, targets, prospects, returns and/or opinions contained herein involve elements of subjective judgement and analysis. Any opinions expressed in this material are subject to change and may be contrary to opinions expressed by other business areas or groups of UBS as a result of using different assumptions and criteria. This Financial Analysis may contain forward-looking statements. UBS gives no undertaking and is not making any forward-looking statements for events or circumstances that occur subsequent to the date of this Financial Analysis or to update or keep current any of the information contained herein and this Financial Analysis is not a representation. Any estimates or projections as to events that may occur in the future (including projections of revenue, expense, net income and stock performance) are based upon the best judgment of UBS from publicly available information. Any statements, estimates, projections or other pricing are accurate only as at the date of this Financial Analysis. There is no guarantee that any of these estimates or projections will be achieved. Actual results will vary and may be material.

UBS has neither sought nor obtained the consent from any third party to use any statements or information contained herein that have been obtained or derived from statements made or published by such third parties. Any such use should not be viewed as indicating the support of such third parties for the views expressed herein. UBS makes no representation or warranty, express or implied, as to the accuracy or completeness of those statements.

Nothing contained herein is, or shall be relied upon as, a promise or representation as to the past or future. This Financial Analysis speaks as at the date hereof (unless an earlier date is otherwise indicated in the Financial Analysis). UBS makes no obligation is undertaken and nor is any representation or undertaking given by any person to provide the recipient with additional information or to update, revise or reaffirm the information contained in this Financial Analysis in circumstances in which may become apparent.

This Financial Analysis has been prepared solely for informational purposes and is not to be construed as a solicitation, invitation or an offer by UBS or any of its directors, officers, employees or agents to buy or sell any securities, or any of the assets, business or undertakings described herein and no legal relations shall be created. The recipient should not construe the contents of this Financial Analysis as legal, tax, accounting or investment advice or a recommendation. Any recipient should consult its own counsel, tax and financial advisers as to legal and related matters concerning any transaction described herein. This Financial Analysis does not purport to be all-inclusive or to contain all of the information that may be required. No investment, divestment or other financial decisions or actions should be based solely on the information in this Financial Analysis.

**This Financial Analysis has been prepared solely pursuant to Elliott's engagement of UBS in connection with, and for the purpose of, Elliott's evaluation of NXP's common stock.** UBS shall be free to disclose all information required by any law, regulation or order of a court or pursuant to an order, requirement or request of a regulatory body having authority over UBS (including the Prudential Regulation Authority and the Financial Conduct Authority) or necessary in the view of UBS to seek to establish any defence in any legal or regulatory proceeding or investigation or otherwise to comply with its own regulatory obligations.

By accepting this Financial Analysis, Elliott acknowledges and agrees that UBS is acting, and will at all times act, as an independent contractor on an arm's length basis and is not acting, and will not act, in any other capacity, in respect to Elliott. UBS may only be regarded by the recipient as acting on its behalf as financial adviser or otherwise following the execution of appropriate documentation between UBS and the recipient on mutually satisfactory terms.

UBS may from time to time, as principal or agent, be involved in a wide range of commercial banking and investment banking activities globally (including investment advisory, asset management, research, securities issuance, and brokerage), have long or short positions in, or may trade or make a market in any securities, currencies, financial instruments or other assets underlying the transaction to which this Financial Analysis relates. UBS's banking activities may have an impact on the price of the underlying asset and may give rise to conflicting interests or duties. UBS may provide services to any member of the same group as Elliott or any other entity or person (a "Third Party"), on its own account or otherwise) with respect to Elliott or a Third Party, or act in relation to any matter for itself or any Third Party, notwithstanding that such services, transactions or actions may be adverse to Elliott or any member of the same group or its own benefit any related remuneration or profit.

**This Financial Analysis is not a research report or a product of the UBS Research Department, and does not constitute "investment research" as defined by the FCA handbook or an "investment recommendation" (EU) no 596/2014. This Financial Analysis is not intended to recommend, suggest or inform an investment strategy. Opinions expressed may differ from the opinions expressed by UBS's other divisions, including the UBS Research Department.**

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# Basis of preparation and sources of information

The UBS Financial Analysis has been prepared on a consistent basis and should be read in conjunction with the UBS Valuation Report (as defined below)

<b>Preparation</b>	<ul style="list-style-type: none"><li>• <b>The UBS Financial Analysis has been prepared on a consistent basis and should be read in conjunction with the UBS Valuation Report</b> ("UBS Valuation Report"), dated as of 8 December 2017 delivered to Elliott on 10 December 2017, and set forth in Elliott's Schedule 14D-9 filed with the SEC on 13 December 2017)<ul style="list-style-type: none"><li>- the UBS Financial Analysis, dated as of 18 January 2018 and delivered to Elliott on 18 January 2018, has undergone all internal reviews and approvals that are customary in relation to providing such an analysis</li><li>- the information used in the UBS Financial Analysis is dated as of 5 January 2018 with the exception of the NXP share price which has been updated as of 18 January 2018</li></ul></li></ul>
<b>NXP financials</b>	<ul style="list-style-type: none"><li>• <b>The NXP Semiconductors N.V. ("NXP") historical and forecast financials used in the UBS Financial Analysis are identical to the UBS Valuation Report</b></li><li>• <b>Historical financials of NXP</b> are based on publicly disclosed annual and quarterly consolidated financial statements until Q3 2017 (October 2017)<ul style="list-style-type: none"><li>- where noted, data have been adjusted for the divestiture of Standard Products which closed on 7 February 2017, removing Standard Products revenue, gross profit, EBITDA, EBIT and OpFCF<sup>1</sup> from total revenue, gross profit, EBITDA, EBIT and OpFCF, respectively<ul style="list-style-type: none"><li>- for EBITDA, we estimated Standard Products depreciation &amp; amortization ("D&amp;A") assuming same percentage of sales as NXP total capex</li><li>- for OpFCF, we estimated Standard Products capex assuming same percentage of sales as NXP total capex</li></ul></li></ul></li><li>• <b>Forecasted financials of NXP</b> are based on published Analyst Consensus ("NXP Analyst Consensus")<sup>2</sup> and has been compared with management projections set forth in NXP's schedule 14D-9 filed on 18 November 2016 ("NXP Management Projections")<ul style="list-style-type: none"><li>- <b>revenue</b>: based on mean for each segment (Automotive, Secure Identification Solution, Secure Connected Devices, Secure Infrastructure, Other) up to 2018E; 2019E computed by applying average of expected growth rate for each segment; 2020-22 rate linearly declining to 2.75% by 2022</li><li>- <b>gross profit</b>: based on mean of expected margins up to 2019; 2020-22 based on constant margin as of 2019</li><li>- <b>EBIT</b>: based on mean of expected margins up to 2019; 2020-22 based on constant opex as percentage of sales as of 2019</li><li>- <b>EPS</b>: based on current fully diluted number of shares outstanding (including options, excluding RSUs and PSUs<sup>3</sup>)</li><li>- <b>capex</b>: based on mean of expected percentage of sales up to 2019; 2020-22 based on constant percentage of sales as of 2019</li></ul></li><li>• <b>The transaction-based analysis of NXP</b> summarised in section 1 of the UBS Financial Analysis is consistent (other than the addition of the transaction multiples and transaction premium-based valuations set out on pages 16 and 18 of the UBS Valuation Report, respectively) with the methodologies applied in the UBS Valuation Report, the UBS Financial Analysis includes an analysis of NXP as an additional benchmark relevant for NXP</li></ul>



Source: NXP company information, Analyst Consensus

Notes:

- 1 Defined as EBITDA less capex
- 2 Company information derived from select research analyst reports
- 3 RSUs: Restricted Stock Units; PSUs: Performance Stock Units



# Basis of preparation and sources of information (con

<b>Qualcomm financials</b>	<ul style="list-style-type: none"><li>• <b>QUALCOMM Incorporated's ("Qualcomm") historical and forecasted financials used in the UBS Financial Analysis have been prepared in a manner consistent with the NXP financials, as set out above</b></li><li>• <b>Historical financials of Qualcomm</b> are based on publicly disclosed annual and quarterly consolidated financial statements until FY 2017 (ended 1 November 2017)</li><li>• <b>Forecast financials of Qualcomm</b> are based on published Analyst Consensus<sup>1</sup> ("Qualcomm Analyst Consensus" , and together with the Analyst Consensus, "Analyst Consensus")<ul style="list-style-type: none"><li>– <b>revenue:</b> based on mean of expected revenues up to 2019; 2020E computed by applying expected growth rate from analyst consensus</li><li>– <b>gross profit:</b> based on mean of expected gross profit up to 2019; 2020 based on constant margin as of 2019</li><li>– <b>EBIT:</b> based on mean of expected EBIT up to 2019; 2020 computed by applying expected growth rate from available analyst consensus</li><li>– <b>EPS:</b> based on current fully diluted number of shares outstanding (including options, excluding RSUs and PSUs<sup>2</sup>)</li><li>– <b>capex:</b> based on mean of expected capex up to 2019; 2020 based on constant percentage of sales as of 2019</li></ul></li></ul>
<b>US tax reform implications and assumptions</b>	<ul style="list-style-type: none"><li>• <b>US tax reform implications on earnings resulting from the Tax Cuts and Jobs Act, enacted on 22 December 2017, have not been included into the UBS Financial Analysis (other than the estimated deemed repatriation tax with respect to Qualcomm as described below) due to a lack of sufficient publicly available Qualcomm and NXP tax disclosure</b><ul style="list-style-type: none"><li>– <b>with respect to the reduction in the US corporate tax rate:</b><ul style="list-style-type: none"><li>- <b>Qualcomm has paid only an immaterial amount of taxes in the US over the last three years</b> per its latest Form 1040. A reduced corporate tax rate in the US is assumed to likely have only a minor impact on Qualcomm's effective tax rate, based on the current level of US earnings</li><li>- NXP is a Dutch incorporated and Dutch tax-resident company and a reduction in the US corporate tax rate could impact NXP's US pay taxes in the US</li></ul></li></ul></li><li>• <b>For leverage metrics, Qualcomm's repatriation tax liability has been estimated to be approximately US\$4bn</b> based on US\$29.4bn of retained earnings and US\$29.4bn of cash, cash equivalents and marketable securities held by foreign entities per Qualcomm's latest financial statements.<ul style="list-style-type: none"><li>– this estimate assumes repatriation tax payments are made over an eight-year period, discounted at 5%. Assumes no utilization of net operating losses or tax credit carry forwards</li></ul></li></ul>



Source: Qualcomm and NXP company information, Analyst Consensus

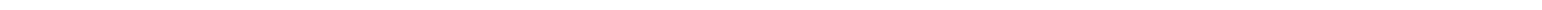
Notes:

1 FactSet consensus data adjusted for select research reports which include the impact of a transaction with NXP

2 RSUs: Restricted Stock Units; PSUs: Performance Stock Units

Section 1

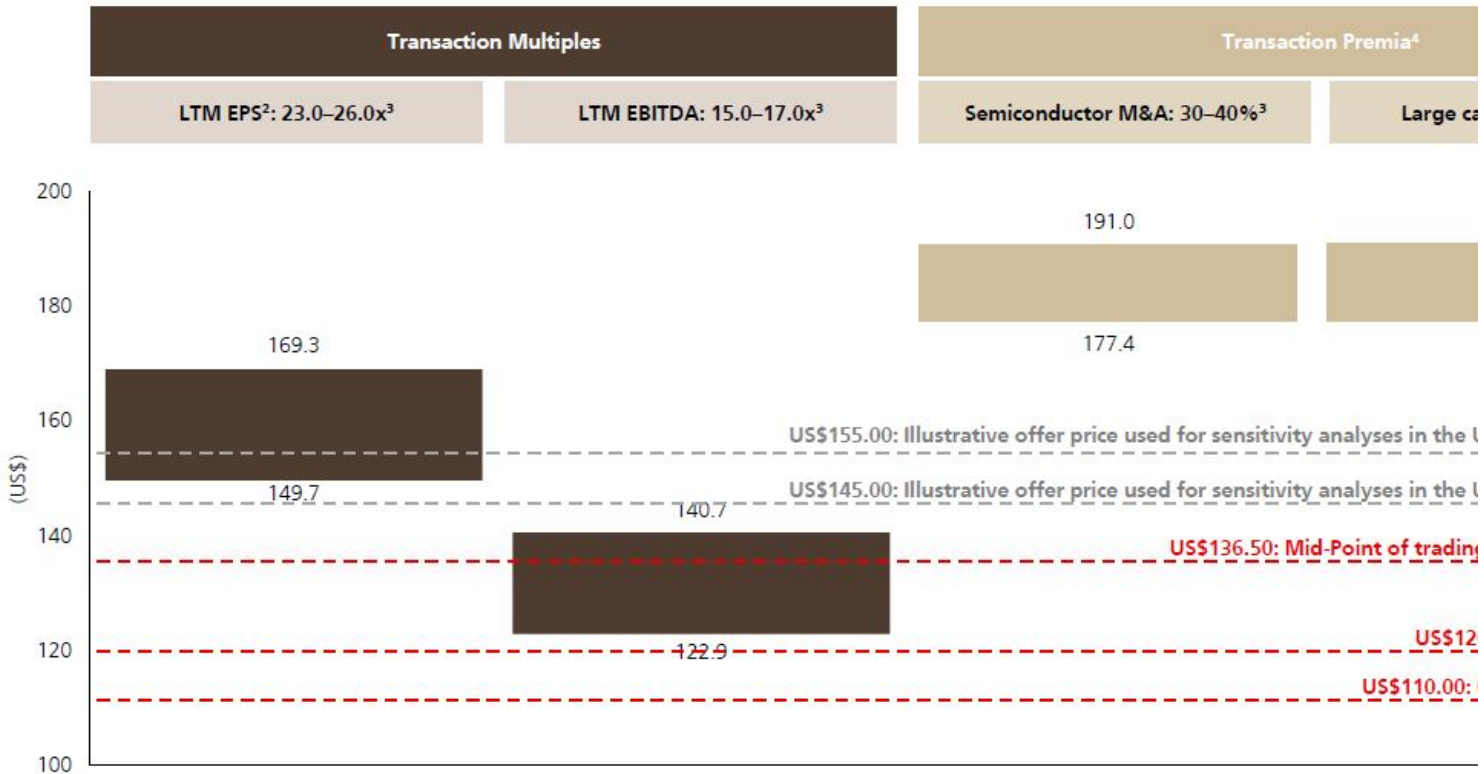
# Transaction-based valuation of NXP



# NXP transaction-based analysis of valuation ranges

The UBS Financial Analysis estimates the price per share of NXP on a transaction multiple basis at US\$122.9-149.7 and on a transaction premium basis at US\$177.4-191.0

## NXP price per share<sup>1</sup>



Source: NXP company information and NXP Analyst Consensus as of 5-Jan-18

Notes:

- Based on US\$353 million fully diluted shares (including options, RSUs and PSUs), US\$6,556 million gross debt, US\$3,065 million cash and US\$174 million minority interest (as of 30 September 2017)
- US tax reform implications on earnings have not been factored in due to lack of sufficient publicly available Qualcomm and NXP tax disclosure. Please see page 3 for further commentary on tax implications and assumptions
- Based on precedent transactions in the Semiconductor sector since 2011 as set out in the UBS Valuation Report; see page 6 and 7 for more information
- Transaction premia applied to US\$136.5, i.e. the mid-point of the trading multiples valuation ranges as set out in the UBS Valuation Report
- Based on precedent transactions with enterprise values over US\$10bn since 2011; see page 8 for more information
- Based on mid-point of trading multiples valuation ranges as set out in the UBS Valuation Report
- Share price of NXP as of 18-Jan-18



# Transaction multiples in semiconductor M&A

The UBS Financial Analysis estimates the range of NXP on a transaction multiples basis at 15-17x LTM EBITDA and 23-26x LTM EPS (US\$6.51), implying a price per share range of approximately US\$122.9-140.7 and US\$149 share, respectively

Date	Target	Acquiror	Transaction EV (US \$m)	Equity Value (US \$m)	Closing Leverage <sup>6</sup> (x)	LTM Sales (US \$m)	LTM EBITDA (US \$m)	LTM EBITDA Margin (%)	LTM Earnings (US \$m)
20-Nov-17	Cavium Inc	Marvell Technology Group	6,078	5,591		950	301	31.7%	186
13-Mar-17	Mobileye NV <sup>1</sup>	Intel Corp	14,947	15,346		358	191	53.2%	173
14-Nov-16	Harman International	Samsung	8,654	7,830		7,041	866	12.3%	480
2-Nov-16	Brocade FC SAN business <sup>2</sup>	Broadcom Corp	5,834	5,391	< 2.0x	1,292	344	26.6%	233
13-Sep-16	Intersil Corp <sup>3</sup>	Renesas	2,820	3,077		518	120	23.2%	94
26-Jul-16	Linear Technology Corp	Analog Devices Inc	13,313	14,761		1,424	764	53.6%	556
15-Jun-16	QLogic Corp	Cavium Inc	988	1,343		459	134	29.1%	84
13-Jan-16	Atmel Corp <sup>3</sup>	Microchip Technology Inc	3,364	3,515		1,257	222	17.7%	163
18-Nov-15	Fairchild Semiconductor Intl Inc	ON Semiconductor Corp	2,352	2,397	3.2x	1,390	181	13.0%	62
21-Oct-15	SanDisk Corp <sup>3</sup>	Western Digital Corp	18,393	17,954		5,757	1,584	27.5%	787
19-Oct-15	PMC-Sierra Inc <sup>3</sup>	Microsemi Corp	2,329	2,402		530	110	20.8%	84
1-Jun-15	Altera Corp <sup>4</sup>	Intel Corp	15,702	16,585		1,906	661	34.7%	533
28-May-15	Broadcom Corp <sup>5</sup>	Avago Technologies Ltd	32,838	34,196		8,502	2,224	26.2%	1,604
2-Mar-15	Freescale Semiconductor Ltd	NXP Semiconductors NV	16,452	11,578		4,634	1,088	23.5%	473
1-Dec-14	Spansion Inc	Cypress Semiconductor Corp	1,829	1,747		1,256	147	11.7%	58
15-Oct-14	CSR	Qualcomm Inc	2,471	2,470		795	102	12.9%	(1)
20-Aug-14	International Rectifier Corp <sup>3</sup>	Infineon Technologies AG	2,410	3,019		1,107	199	18.0%	70
9-Jun-14	Hittite Microwave Corp <sup>4</sup>	Analog Devices Inc	2,018	2,510		277	130	46.8%	77
24-Feb-14	TriQuint Semiconductor Inc <sup>3</sup>	RF Micro Devices Inc	1,625	1,704		893	126	14.1%	14
16-Dec-13	LSI Corp	Avago Technologies Ltd	5,938	6,603	3.1x	2,365	403	17.0%	372
17-Oct-12	Cymer Inc <sup>4</sup>	ASML Holding NV	2,433	2,703		584	111	19.0%	78
22-Jun-12	MStar Semiconductor Inc	MediaTek Inc	2,908	3,840		1,247	279	22.3%	200
12-Sep-11	NetLogic Microsystems Inc	Broadcom Corp	3,693	3,912		403	130	32.3%	124
4-Apr-11	National Semiconductor Corp <sup>4</sup>	Texas Instruments Inc	6,543	6,400		1,563	614	39.3%	350
5-Jan-11	Atheros Communications Inc <sup>3</sup>	Qualcomm Inc	2,934	3,450		927	206	22.2%	181
<b>Mean</b>			<b>6,830</b>	<b>6,874</b>					
<b>Median</b>			<b>3,149</b>	<b>3,678</b>					

Source: Company filings and Dealogic as of 5-Jan-18

Notes:

- 1 Excluded from mean / median calculations
- 2 LTM Adjusted EBITDA and LTM Adjusted Earnings calculated based on FC SAN business revenue contribution to total Brocade revenue
- 3 LTM Adjusted EBITDA calculated by adding D&A to non-GAAP operating income (including share-based compensation, add-back)
- 4 LTM Adjusted Earnings calculated by adding after-tax share-based compensation to GAAP net income (non-GAAP net income not disclosed)
- 5 LTM Adjusted EBITDA calculated by adding D&A, taxes, interest expense, and share-based compensation to non-GAAP net income
- 6 Net debt / EBITDA (last reported), where available



# Transaction premia in semiconductor M&A

The UBS Financial Analysis estimates the range of NXP on a transaction (semiconductor M&A) premium basis premium to the mid-point of the trading multiples-based price per share (US\$136.5<sup>2</sup>) in an all cash transaction price per share range of approximately US\$177.4-191.0

Date	Target	Acquirer	Transaction EV (US\$m)	Form of Consideration	Closing Leverage <sup>4</sup>	Offer Price <sup>5</sup> (US\$/share)	Offer Consideration
20-Nov-17	Cavium Inc	Marvell Technology Group	6,078	Mixed		80.27	40.00 Cash / 40.27 St
13-Mar-17	Mobileye NV <sup>3</sup>	Intel Corp	14,947	Cash		63.54	
14-Nov-16	Harman International	Samsung	8,654	Cash		112.00	
02-Nov-16	Brocade FC SAN business	Broadcom Corp	5,834	Cash	< 2.0x	12.75	
13-Sep-16	Intersil Corp	Renesas	2,820	Cash		22.50	
26-Jul-16	Linear Technology Corp	Analog Devices Inc	13,313	Mixed		60.00	46.00 Cash / 14.00 St
15-Jun-16	QLogic Corp	Cavium Inc	988	Mixed		15.50	11.00 Cash / 4.50 St
19-Jan-16	Atmel Corp	Microchip Technology Inc	3,364	Mixed		8.15	7.00 Cash / 1.15 St
18-Nov-15	Fairchild Semiconductor Intl Inc	ON Semiconductor Corp	2,352	Cash	3.2x	20.00	
21-Oct-15	SanDisk Corp	Western Digital Corp	18,393	Mixed		86.50	67.50 Cash / 19.00 St
19-Oct-15	PMC-Sierra Inc	Microsemi Corp	2,354	Mixed		12.10	9.22 Cash / 2.88 St
01-Jun-15	Altera Corp	Intel Corp	15,702	Cash		54.00	
28-May-15	Broadcom Corp	Avago Technologies Ltd	32,838	Mixed		54.50	27.25 Cash / 27.25 St
02-Mar-15	Freescale Semiconductor Ltd	NXP Semiconductors NV	16,452	Mixed		36.14	6.25 Cash / 29.89 St
01-Dec-14	Spansion Inc	Cypress Semiconductor Corp	1,829	Stock		26.04	
15-Oct-14	Cambridge Silicon Radio	Qualcomm Inc	2,471	Cash		14.45	
20-Aug-14	International Rectifier Corp	Infineon Technologies AG	2,410	Cash		40.00	
09-Jun-14	Hittite Microwave Corp	Analog Devices Inc	2,018	Cash		78.00	
24-Feb-14	TriQuint Semiconductor Inc	RF Micro Devices Inc	1,625	Stock		9.73	
16-Dec-13	LSI Corp	Avago Technologies Ltd	5,938	Cash	3.1x	11.15	
17-Oct-12	Cymer Inc	ASML Holding NV	2,433	Mixed		81.89	20.00 Cash / 61.89 St
22-Jun-12	MStar Semiconductor Inc	MediaTek Inc	2,908	Mixed		7.23	0.03 Cash / 7.20 St
12-Sep-11	NetLogic Microsystems Inc	Broadcom Corp	3,693	Cash		50.00	
04-Apr-11	National Semiconductor Corp	Texas Instruments Inc	6,543	Cash		25.00	
05-Jan-11	Atheros Communications Inc	Qualcomm Inc	2,934	Cash		45.00	

**All Cash consideration mean** 5,114

**All Cash consideration median** 3,314

**Mixed consideration mean** 9,912

**Mixed consideration median** 4,721

**All Stock consideration mean** 1,727

**All Stock consideration median** 1,727

Source: Company filings, Dealogic and FactSet as of 5-Jan-18

Notes:

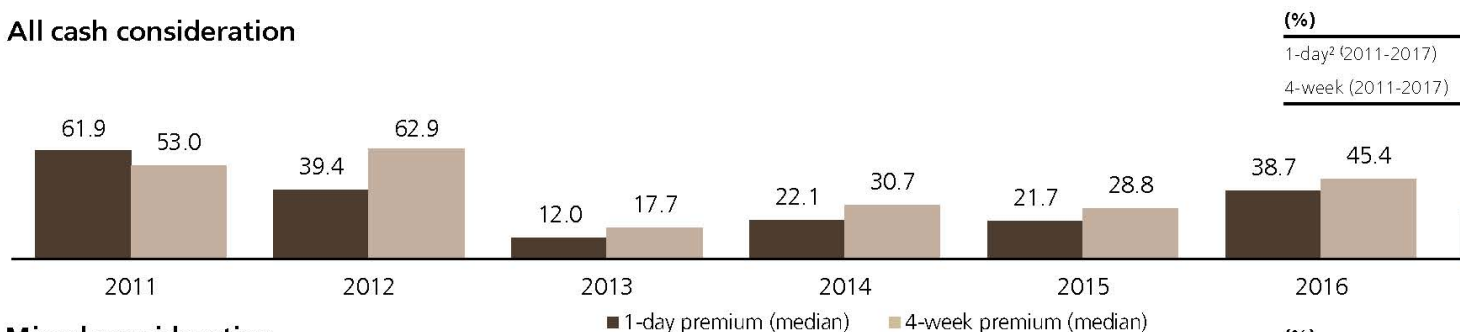
- 1 30-40% premium based on precedent 4-week premium for cash deals in the semiconductor sector since 2011 with target equity values greater than US\$1bn
- 2 Based on mid-point of trading multiples valuation ranges as set out in the UBS Valuation Report
- 3 Excluded from mean / median calculations
- 4 Net debt / EBITDA (last reported), where available
- 5 As of transaction announcement
- 6 Potentially affected by market speculation



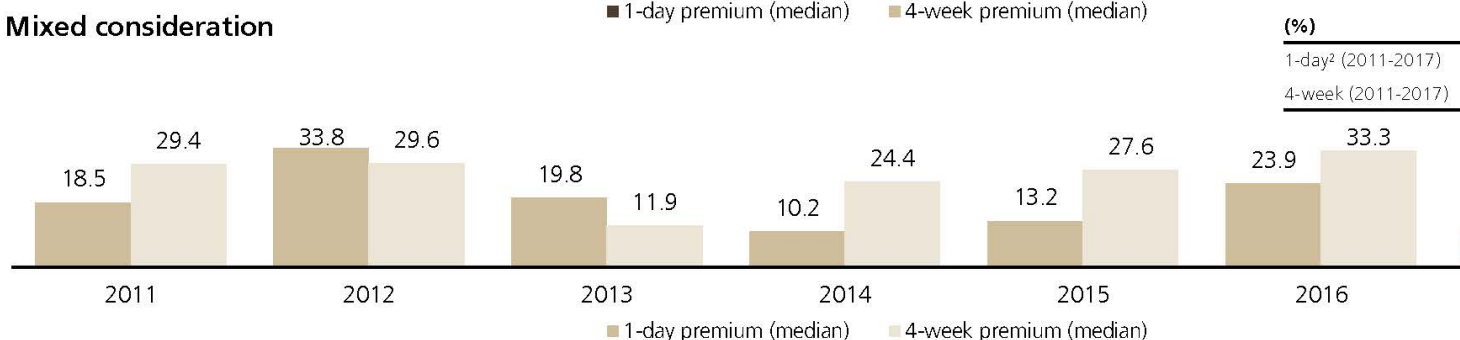
# Transaction premia in large cap M&A

The UBS Financial Analysis estimates the range of NXP on a transaction (large cap M&A, i.e. transactions with enterprise values of greater than US\$10bn) premium basis at a 30-40% premium to the mid-point of the trading based price per share (US\$136.5<sup>1</sup>) in an all cash transaction, implying a price per share range of approximately

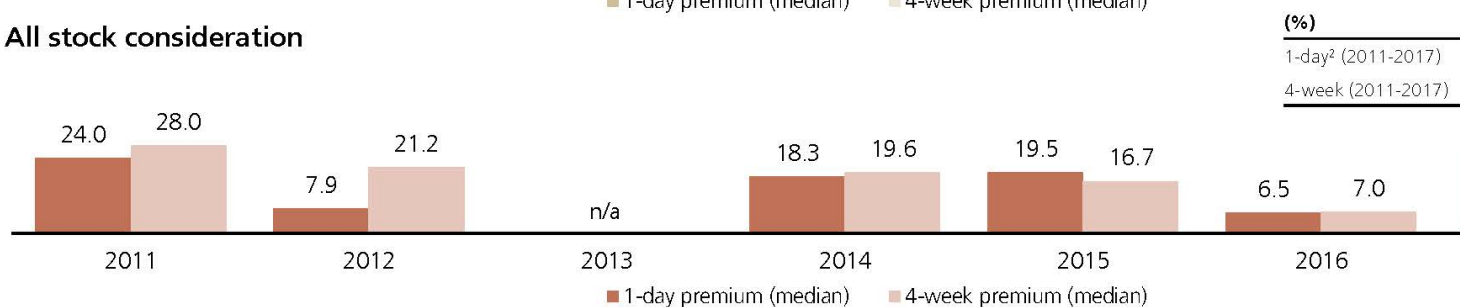
## All cash consideration



## Mixed consideration



## All stock consideration



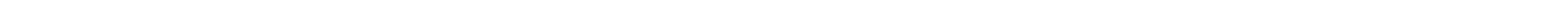
Source:  
Notes:  
1  
2

Company filings, SDC Platinum and FactSet as of 5-Jan-18

Based on mid-point of trading multiples valuation ranges as set out in the UBS Valuation Report  
Potentially affected by market speculation

## Section 2

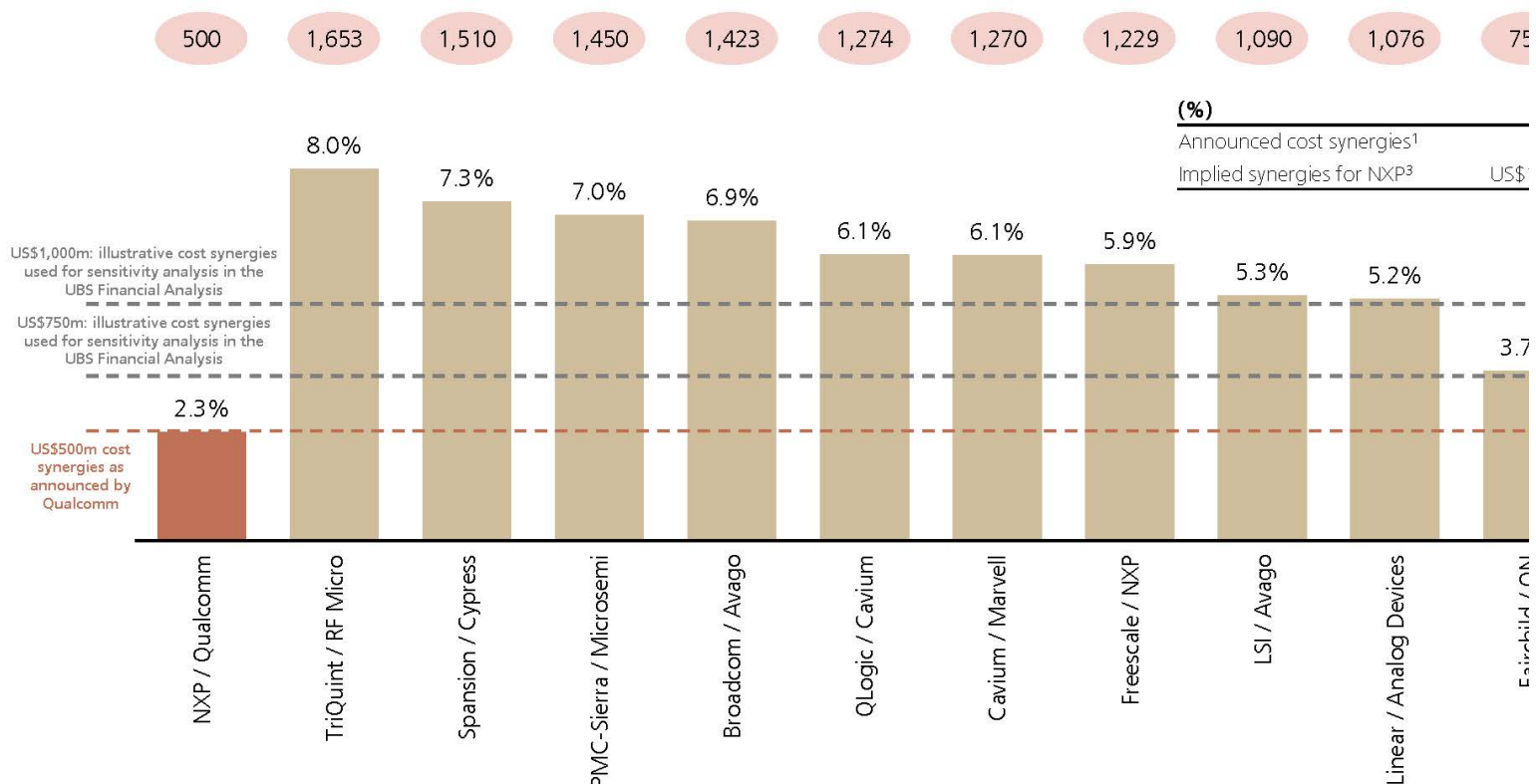
# Analysis of Qualcomm's ability to pay for NXP



# Synergy benchmarking analysis

The UBS Financial Analysis estimates that comparable transactions in the semiconductor sector have on average synergies of approximately 5.9% of the combined cost base, which would translate into approximately US\$1,212 synergies if applied to the combined cost base of Qualcomm and NXP

## Announced cost synergies as % of combined LTM cost base (%)<sup>1,2</sup>



Source: Company filings

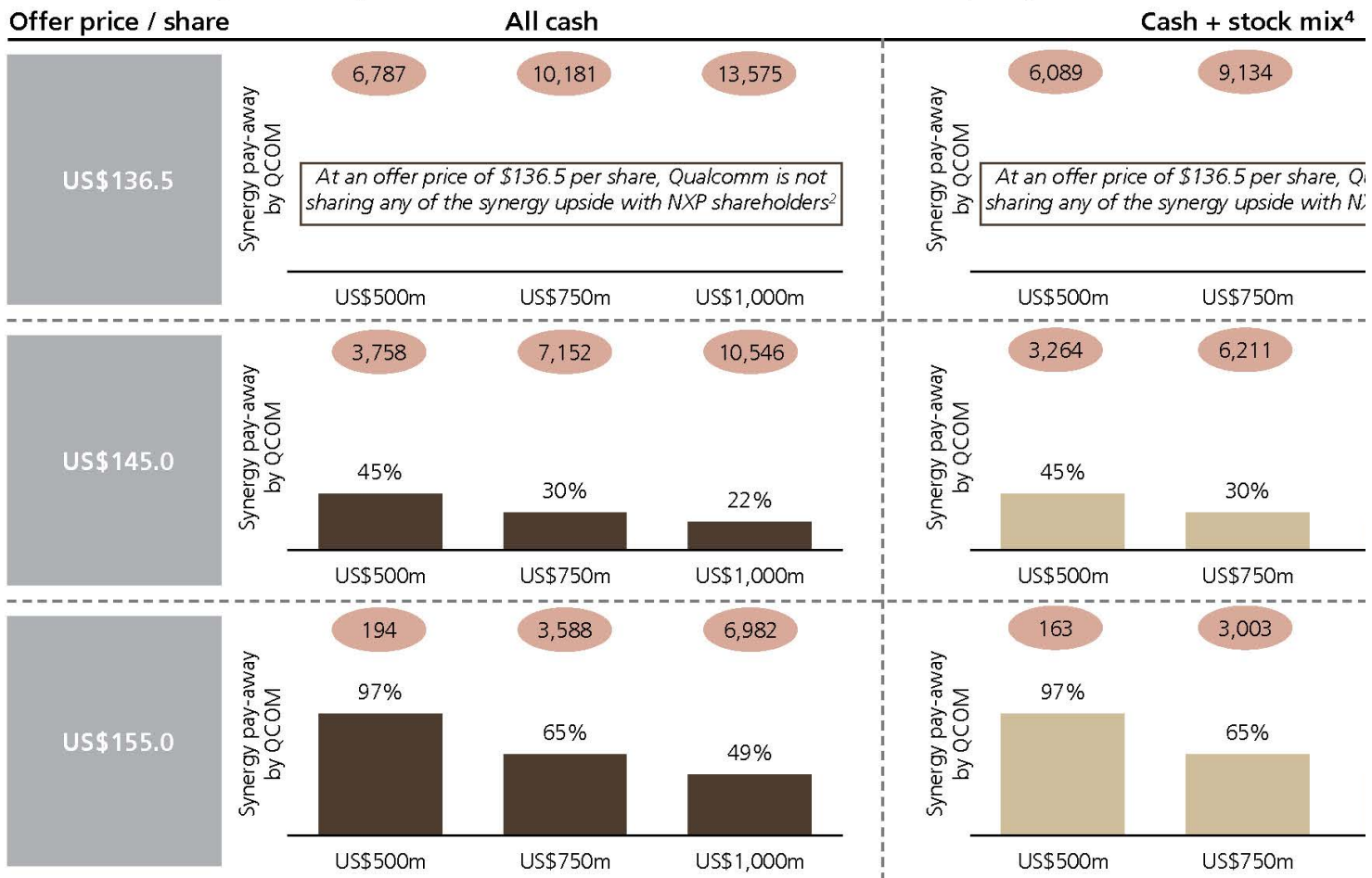
Notes:

- 1 At announcement; cost base defined as sum of costs of goods sold and operating expense of the target and acquirer in the last twelve months prior to the transaction
- 2 Announced cost synergies for Mobileye/ Intel transaction not meaningful as % of combined cost base given relative size of Intel and are therefore excluded
- 3 Calculated by applying precedent announced synergy estimates to combined NXP and Qualcomm 2017 cost base of US\$20,732m (excluding Standard Products)



# Synergy pay-away analysis<sup>1,2,3</sup>

The UBS Financial Analysis estimates that Qualcomm would pay away approximately 30% of synergies and create value assuming a US\$145 per share, all-cash offer with US\$750m run-rate synergies



Source: Qualcomm and NXP company filings, Analyst Consensus as of 5-Jan-18

Notes:

1 Calendarised to Qualcomm year end (September)

2 Assumes a fair trading value of NXP of US\$136.5, the mid-point of trading multiples valuation ranges as set out in the UBS Valuation Report

3 Assumes post-tax synergies valued at 16.3x 2018 blended P/E of Qualcomm and NXP less integration costs equal to 100% of assumed synergies; assumes NXP tax rate of ~11%

4 Assumes US\$110 in cash and balance in Qualcomm stock; stock issued at Qualcomm's undisturbed share price of US\$54.84 as of 2-Nov-17

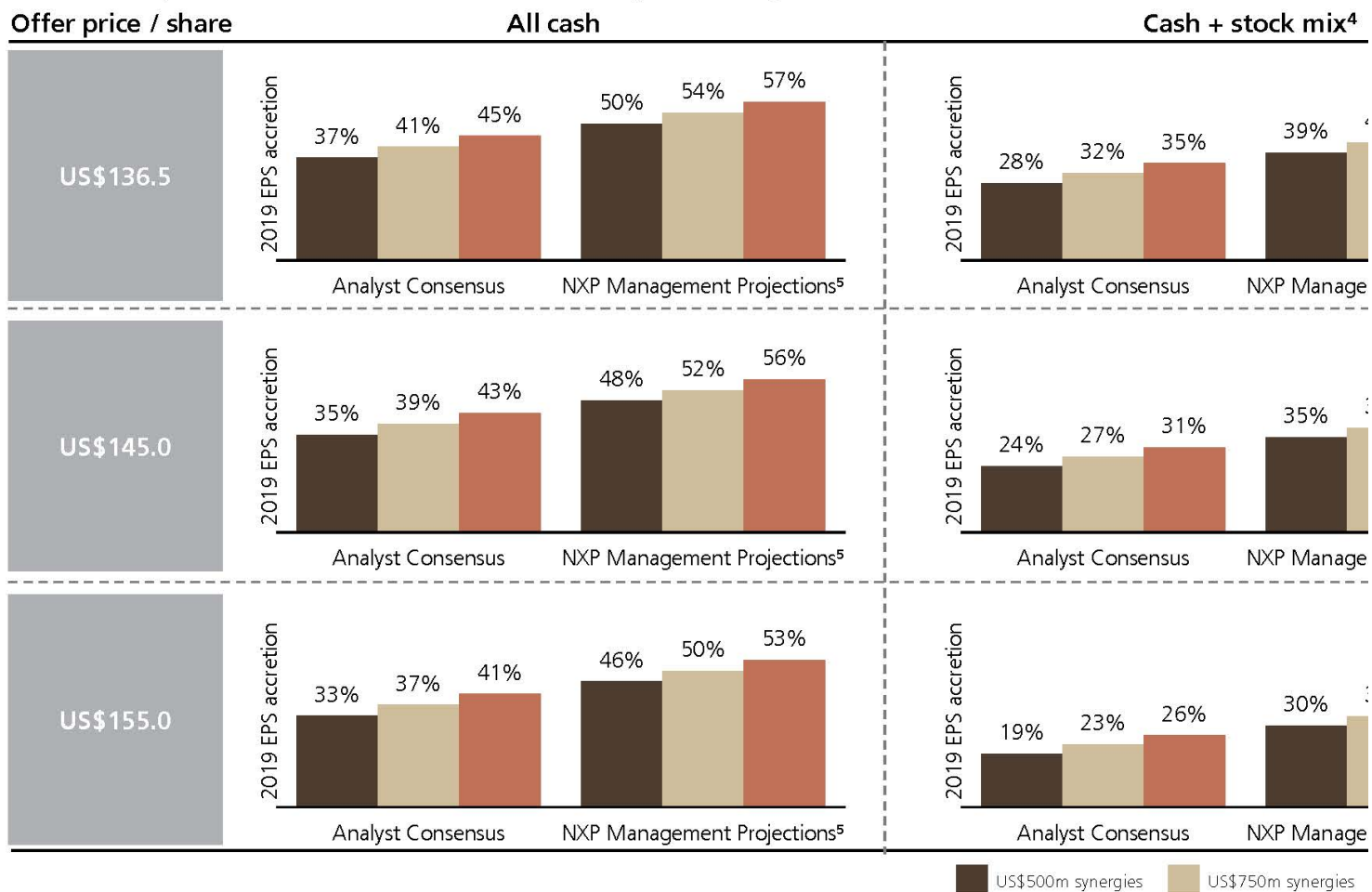
5 Calculated as capitalised synergies less premium paid multiplied by Qualcomm's shareholders' applicable pro rata ownership in combined entity

Estimated value created



# EPS accretion analysis<sup>1,2,3</sup>

The UBS Financial Analysis estimates that Qualcomm would generate an EPS accretion of approximately 39% on NXP Analyst Consensus estimates and assuming a US\$145 per share, all-cash offer with US\$750m run-rate



Source: Qualcomm and NXP company filings, Analyst Consensus, NXP Management Projections as of 5-Jan-18

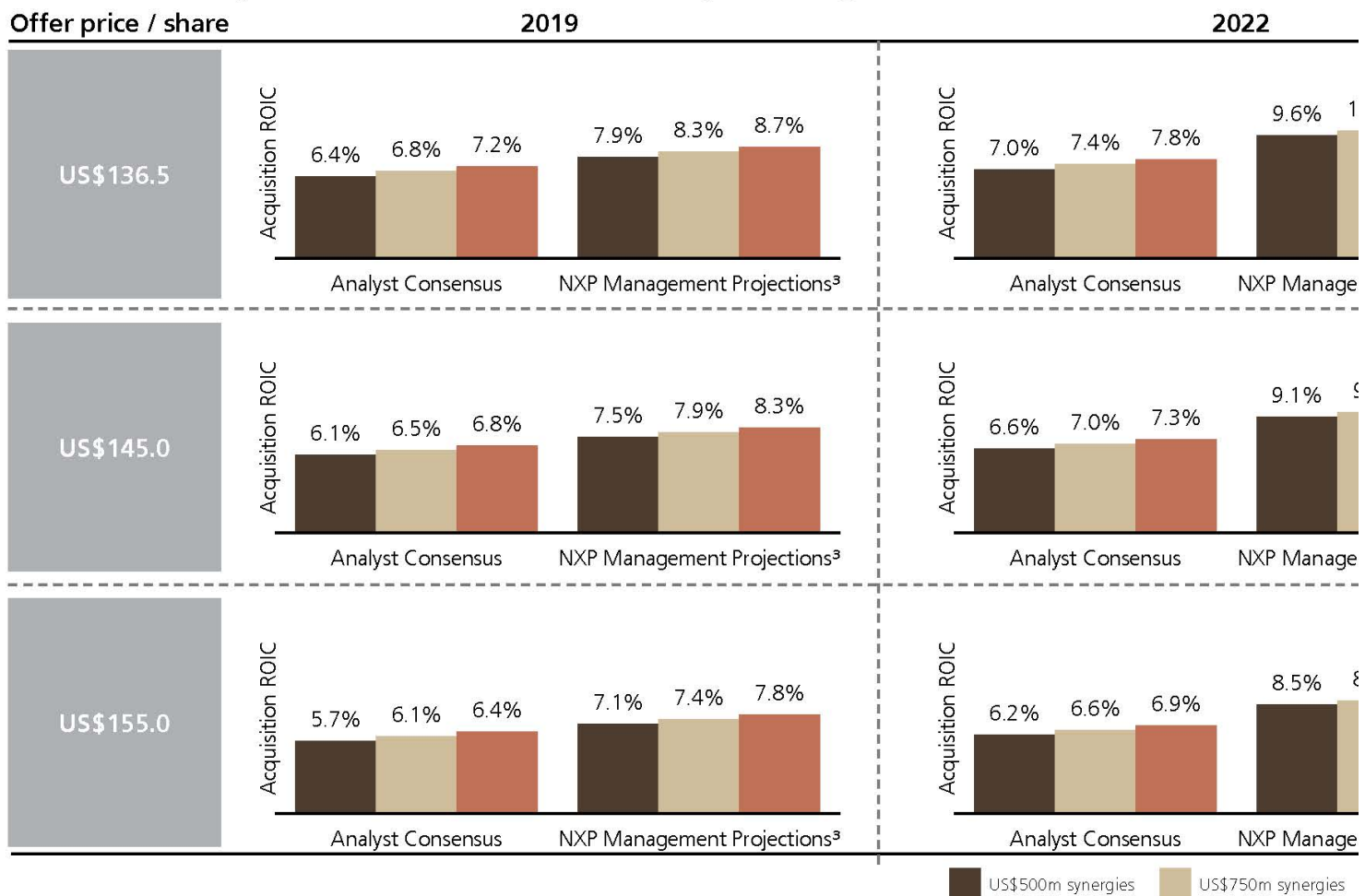
Notes:

- 1 Calendarised to Qualcomm year end (September). **US tax reform implications on earnings have not been factored in due to lack of sufficient publicly available Qualcomm and NXP tax disclosure. P commentary on tax reform implications and assumptions**
- 2 EPS accretion before purchase price allocation and associated amortization of asset write-ups
- 3 Assumes 50/100% synergies phasing in 2018/19
- 4 Assumes US\$110 in cash and balance in Qualcomm stock; stock issued at Qualcomm's undisturbed share price of US\$54.84 as of 2-Nov-17
- 5 Calculated based on Operating Income per NXP Management Projections set forth in NXP's Schedule 14D-9 (filed on 18 November 2016) and interest expense, tax rate, minority interest assumptions per NXP A



# Acquisition ROIC analysis<sup>1,2</sup>

The UBS Financial Analysis estimates that Qualcomm would generate an acquisition ROIC of approximately 7% based on NXP Analyst Consensus estimates and assuming a US\$145 per share, all-cash offer with US\$750m run



Source: Qualcomm and NXP company filings, NXP Management Projections, Analyst Consensus as of 5-Jan-18

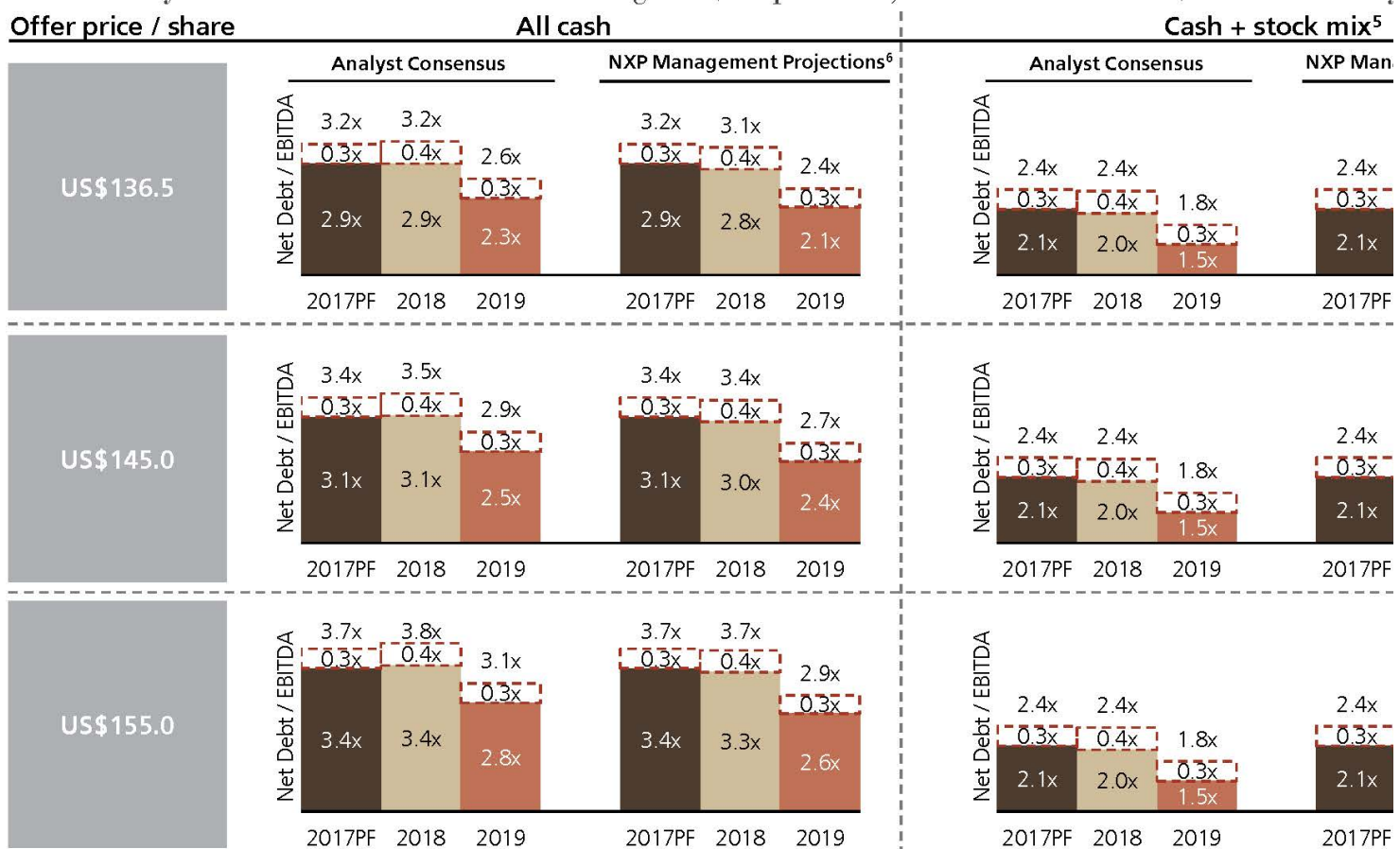
Notes:

- 1 Calendarised to Qualcomm year end (September). **US tax reform implications on earnings have not been factored in due to lack of sufficient publicly available Qualcomm and NXP tax disclosure. P commentary on tax reform implications and assumptions**
- 2 Acquisition ROIC calculated as (NXP Analyst Consensus EBIT less taxes plus synergies) divided by (EV at offer price plus after-tax integration costs equal to 100% of assumed pre-tax synergies); assumes 50% synergies from 2019 onwards; assumes NXP tax rate of ~11%
- 3 Calculated based on EBIT per NXP Management Projections set forth in NXP's Schedule 14D-9 (filed on 18-Nov-16)



# Leverage analysis<sup>1,2,3</sup>

The UBS Financial Analysis estimates that Qualcomm would incur leverage of approximately 2.5x (2.9x if adjusted for repatriation tax<sup>4</sup> albeit potentially mitigated by higher future cash flows due to lower tax rates) Net Debt/EBITDA on NXP Analyst Consensus estimates and assuming a US\$145 per share, all-cash offer with US\$750m run-rate synergies.



Source: Qualcomm and NXP company filings, NXP Management Projections, Analyst Consensus as of 5-Jan-18

Notes:

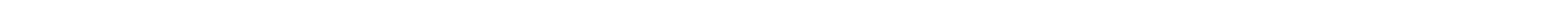
- 1 Calendarised to Qualcomm year end (September)
- 2 Assumes US\$750m of pre-tax run-rate synergies with 100% credit in 2017PF and 2018'19
- 3 Analysis factors in potential credit rating adjustments: annual US\$278m adjustment to Qualcomm's net debt and US\$96m adjustment to NXP's net debt
- 4 Estimated to be approximately US\$4bn based on US\$39.0bn of foreign retained earnings and US\$29.4bn of cash held at foreign entities per Qualcomm's latest Form 10-K. Assumes payments are spread over 5 years. Assumes no utilization of US federal NOL or tax credit carry forwards. **US tax reform implications on earnings have not been factored in due to lack of sufficient publicly available Qualcomm and NXP data.** [page 3 for further commentary on tax reform implications and assumptions](#)
- 5 Assumes US\$110 in cash and balance in Qualcomm stock; stock issued at Qualcomm's undisturbed share price of US\$54.84 as of 2-Nov-17
- 6 Calculated based on EBITDA per NXP Management Projections set forth in NXP's Schedule 14D-9 (filed on 18-Nov-16) and Net Debt per NXP Analyst Consensus



Estimated impact of estimated Qualcomm

Section 3

# Analysis of the combined entity

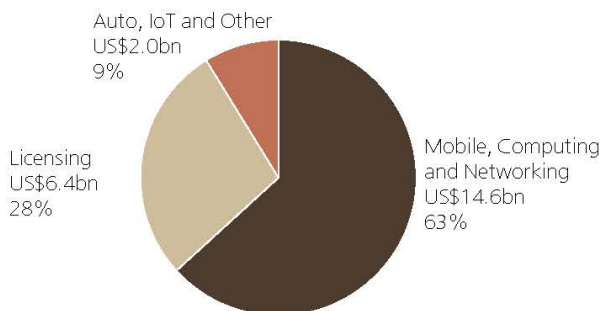


# Pro-forma combined revenue split

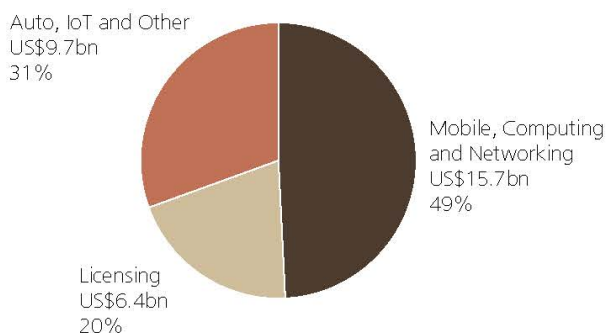
Based on Qualcomm's and NXP's respective reported revenue breakdown for the twelve months ending in Sep the pro-forma combined revenue mix of Qualcomm and NXP increases Qualcomm's exposure to Automotive, markets to 31% post transaction compared to 9% pre-transaction

## LTM revenue<sup>1</sup> breakdown

### Qualcomm



### Qualcomm + NXP



## Qualcomm management comments during the investor conference on deal announcement (October 27, 2016)

“We believe the combination will create **the semiconductor engine for the** With NXP, we will extend our mobile technology leadership and footprint into **opportunities**. We will have **the leading position in automobile**, a **strong position** as well as **strength in the low-power computing solutions** that Consumer and Industrial IoT.

As we expand our technology leadership, **we are significantly diversifying beyond mobile with combined company mobile revenue of less than 3**

[...] I think, for us, if you just kind of **look at the next two decades**, I think the Internet of Things to be very similar to what I would have looked at the h 2000 timeframe. Meaning, **the technology and the pace of innovation in will increase dramatically**. [...] We look at it as what a **tremendous oppo. the technology roadmap** that we have in mobile and really drive those two two opportunities moving forward. [...] I just thought it was the right time to something a little bigger and really put together **the team that we think ca next couple of decades of innovation in those markets**.

**Steven M. Mollenkopf, Qualcomm CEO**

Acquisition of NXP Semiconductors N.V by Qualcomm Incorporated Call, 27-Oct-16 (emphasis



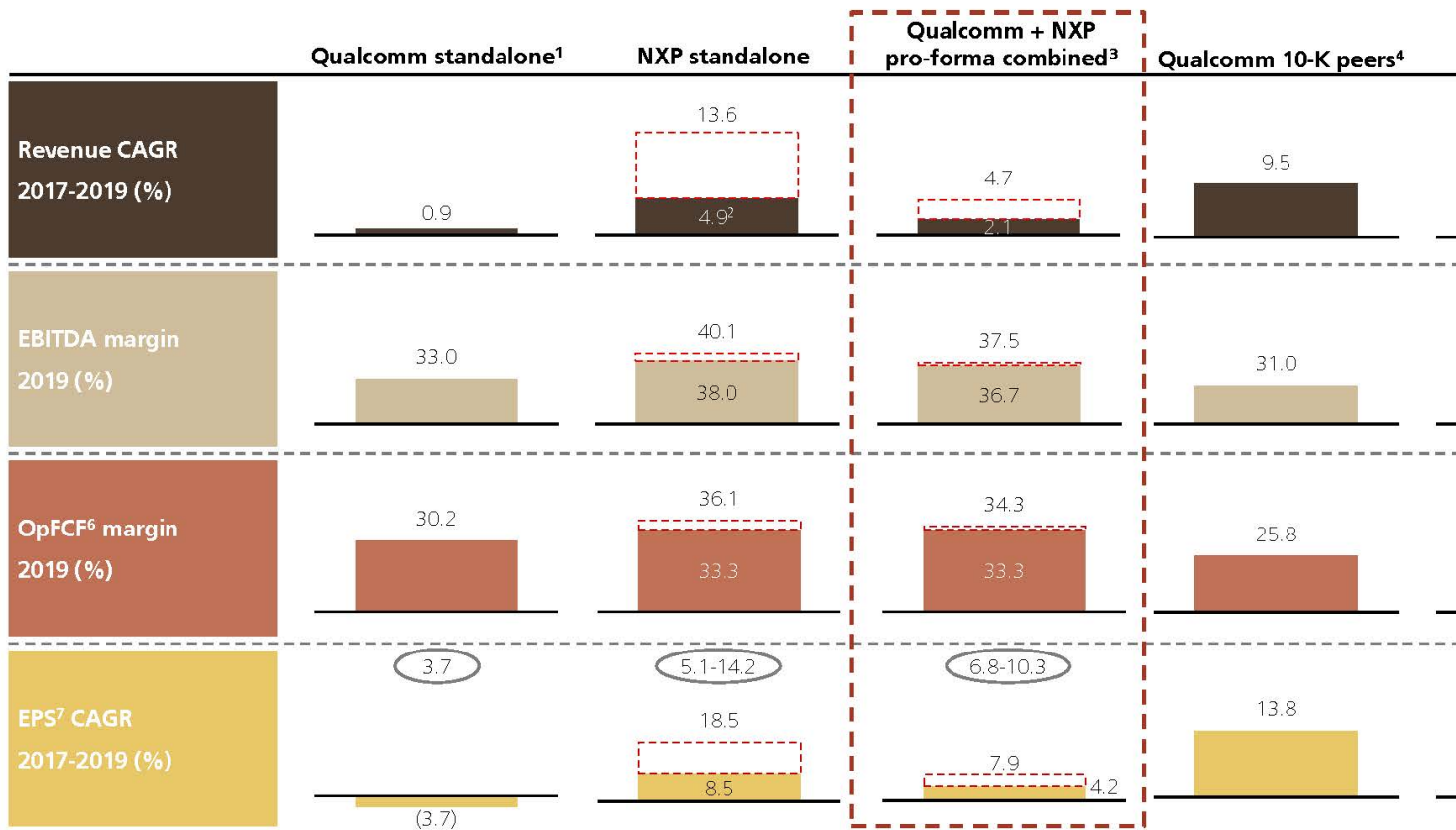
Source: Qualcomm and NXP company filings

Note:

1. Qualcomm breakdown based on disclosed segment reporting assuming same percentage split for Mobile and Auto, IoT and Other within OCT as in the breakdown disclosed in Qualcomm/NXP deal presentation

# Pro-forma combined financial profile

The UBS Financial Analysis estimates that the pro-forma combined financials of Qualcomm and NXP will display revenue and profit margins that are materially higher than Qualcomm standalone



Source: Analyst Consensus and FactSet as of 5-Jan-18

Notes:

1 Financials calendarised to December year end

2 Excludes Standard Products revenue starting in Q1 2017

3 Including synergies of US\$750m with phasing of 50% / 100% in 2018 / 19 (assuming 35% / 65% COGS / OPEX split)

4 Mean; Including: Broadcom (AVGO), Cirrus (CRUS), Cypress Semiconductor (CY), Ericsson (ERIC), Intel Corporation (INTC), Marvell (MRVL), Maxim Integrated Products (MXIM), MediaTek (MTEK), Microchip Technology (MUR), Nordic (NOD), Nvidia (NVDA), Qorvo (QVRO), Realtek (RTEK), Renesas (RNS), Samsung Electronics (SAMS), Sequans Communication (SQNS), Sony (SONY) and Skyworks (SWKS)

5 Mean; Including: Analog Devices (ADI), Broadcom (AVGO), Cavium (CAVM), Infineon (IFX), Intel Corporation (INTC), Maxim Integrated Products (MXIM), Microchip Technology (MCHP), Power Integrations (POW), Silicon Laboratories (SLAB), STMicroelectronics (STM) and Texas Instruments (TXN)

6 Defined as EBITDA less capex

7 **US tax reform implications on earnings have not been factored in due to lack of sufficient publicly available Qualcomm and NXP tax disclosure. Please see page 3 for further commentary on tax and assumptions**

8 NXP Management Projections set forth in NXP's Schedule 14D-9 filed on 18 November 2016. Excludes Standard Products segment. For OpFCF margin calculation, capex based on Analyst Consensus. For EPS CAGR, minority interest per NXP Analyst Consensus and fully diluted shares outstanding per latest available



NXP Management Projections<sup>8</sup>

# Pro-forma combined analysis at various prices

The UBS Financial Analysis estimates that there is significant upside to the undisturbed Qualcomm share price trading multiples of the relevant peers

		<i>Undisturbed<sup>1</sup></i>									
Qualcomm share price (US\$)		54.84	60.32	65.81	71.29	76.78	82.26				
Premium to undisturbed price		-	10%	20%	30%	40%	50%				
Equity value (US\$m) <sup>2</sup>		82,369	90,657	98,945	107,233	115,520	123,808				
Net debt and NCI (US\$m) <sup>3</sup>		38,291	38,291	38,291	38,291	38,291	38,291				
Enterprise value (US\$m)		120,660	128,948	137,236	145,524	153,811	162,099				
								Trading comparabl			
								QCOM (undisturbed)	NXP (US\$136.5)	QCOM+NXP (blended)	
								Implied Multiples			
EV/EBITDA <sup>4</sup>	2018E	11,200	10.8x	11.5x	12.3x	13.0x	13.7x	14.5x	9.0x	14.3x	10.8x
	2019E	12,283	9.8x	10.5x	11.2x	11.8x	12.5x	13.2x	8.5x	13.5x	10.1x
EV/OpFCF <sup>4,5</sup>	2018E	10,080	12.0x	12.8x	13.6x	14.4x	15.3x	16.1x	9.9x	16.5x	12.0x
	2019E	11,156	10.8x	11.6x	12.3x	13.0x	13.8x	14.5x	9.2x	15.5x	11.2x
P/E <sup>4,6</sup>	2018E	4.82	11.4x	12.5x	13.7x	14.8x	15.9x	17.1x	15.1x	18.9x	16.3x
	2019E	5.34	10.3x	11.3x	12.3x	13.3x	14.4x	15.4x	14.4x	17.8x	15.5x

Source: Qualcomm and NXP company filings, Analyst Consensus as of 5-Jan-18

Notes:

1 Qualcomm's undisturbed share price of US\$54.84 as of 2-Nov-17

2 Based on fully diluted shares (including options, RSUs and PSUs)

3 Including acquisition debt, assuming 100% cash acquisition of NXP at offer price at US\$145 per share

4 Calendarised to December year end. Assumes US\$750m of pre-tax run-rate synergies with 50/100% phasing in 2018/19. Net income impact calculated on the basis of tax rate of ~11%

5 Defined as EBITDA less capex

6 US tax reform implications on earnings have not been factored in due to lack of sufficient publicly available Qualcomm and NXP tax disclosure. Please see page 3 for further commentary on tax and assumptions

US\$m

Pro-forma EBITDA<sup>4</sup>

US\$m

Pro-forma OpFCF<sup>4,5</sup>

US\$m

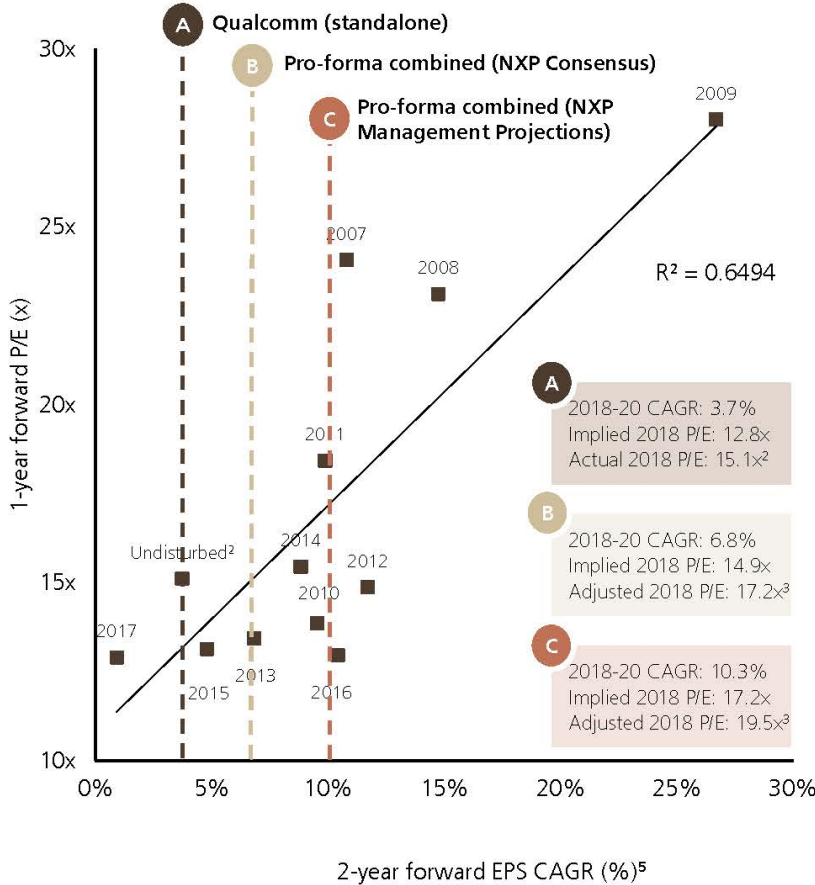




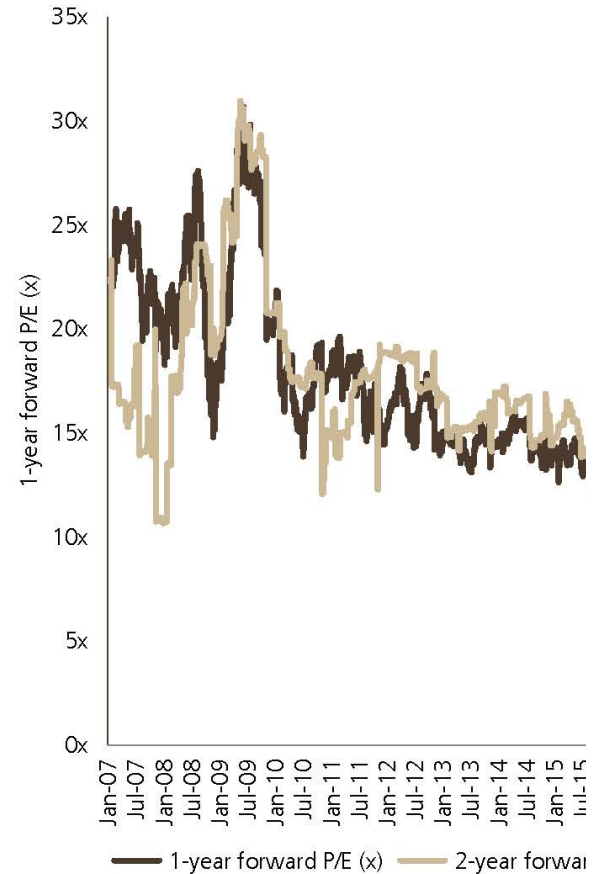
# Qualcomm EPS CAGR vs. P/E regression analysis

The UBS Financial Analysis estimates that based on historical data there is correlation between the expected 1-year forward P/E multiple of Qualcomm and the P/E multiple of Qualcomm

Qualcomm EPS CAGR vs. P/E regression analysis<sup>1</sup>



Qualcomm EPS CAGR vs. P/E over time<sup>4</sup>



Source: Analyst Consensus, FactSet as of 5-Jan-18

Notes:

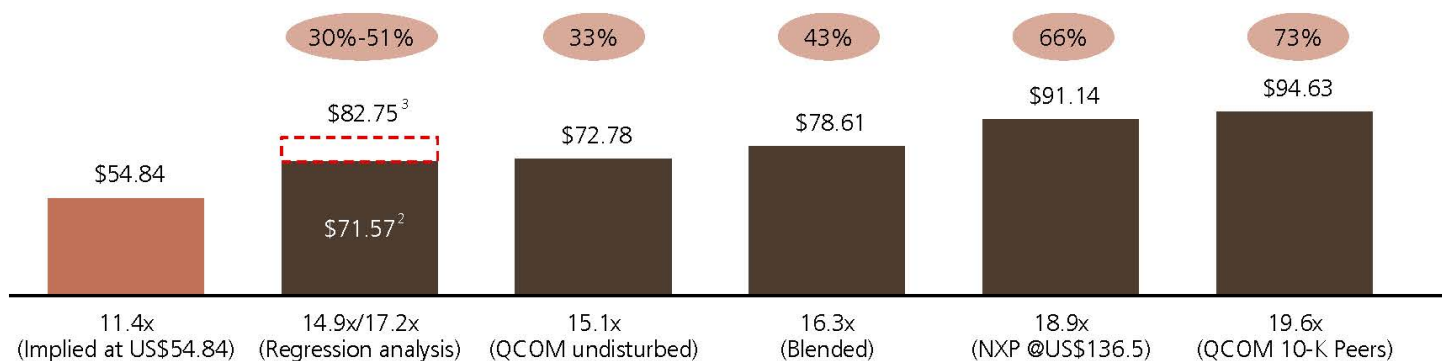
- 1-year forward P/E and expected 2-year EPS CAGR measured as of 1 July of the respective year. **US tax reform implications on earnings have not been factored in due to lack of sufficient publicly available disclosure. Please see page 3 for further commentary on tax reform implications and assumptions**
- 2018 P/E based on Qualcomm's undisturbed share price of US\$54.84 as of 2-Nov-17
- Adjusted for 2.3x P/E premium of Qualcomm standalone's actual 2018 P/E (15.1x) vs implied 2018 P/E (12.8x)
- Covers period from 1-Jan-07 to 2-Nov-17
- Calculated as the CAGR between 1-year forward and 3-year forward EPS



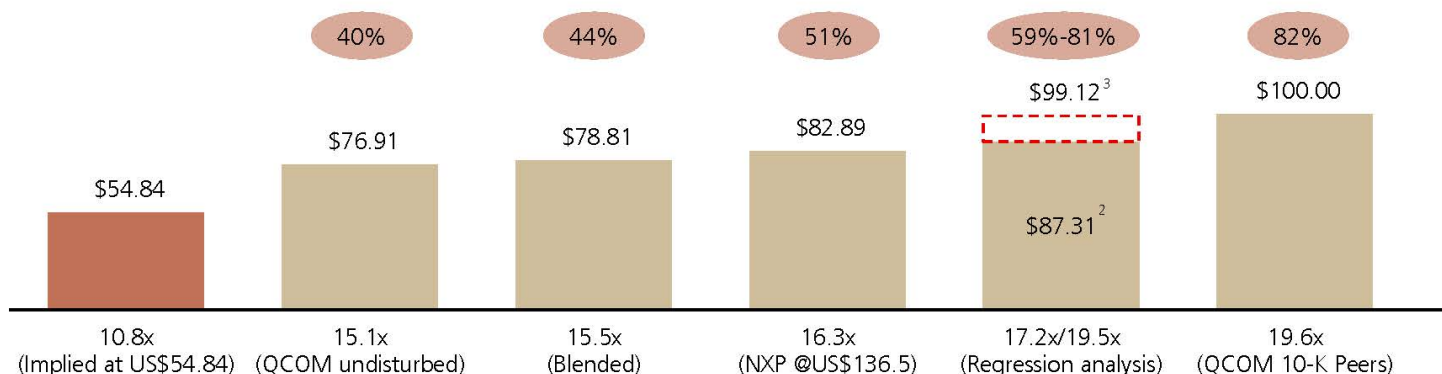
# Implied price per Qualcomm share

The UBS Financial Analysis estimates that there is approximately 50-81% upside to Qualcomm's undisturbed price of US\$54.84 if the combined company trades at the P/E multiple implied by the regression analysis set forth on page 10 assuming a US\$145, all-cash offer with US\$750m run-rate synergies

**Implied price per Qualcomm share assuming NXP acquisition (2018 pro-forma combined EPS of US\$4.82 based on Analyst Consensus)**



**Implied price per Qualcomm share assuming NXP acquisition (2018 pro-forma combined EPS of US\$5.09 based on Qualcomm Consensus and NXP Management Projections<sup>1</sup>)**



Legend: Premium to Qualcomm's undisturbed share price



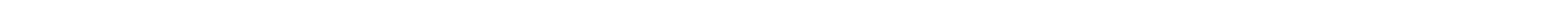
Source: Qualcomm and NXP company filings, NXP Management Projections, Analyst Consensus as of 5-Jan-18

Notes:

- 1 Assuming a US\$145, all-cash offer, US\$750m of pre-tax run-rate synergies with 50/100% phasing in 2018/19; calendarised to December year end. **US tax reform implications on earnings have not been fully reflected in the analysis. Please see page 3 for further commentary on tax reform implications and assumptions.**
- 2 Based on implied 2018 P/E
- 3 Based on adjusted 2018 P/E

Appendix

# Supporting materials



# Qualcomm Analyst Consensus

Qualcomm Analyst Consensus expects Qualcomm to grow revenue at a CAGR of 0.4% in 2017-19, with gross profit margin to 58.5% and an EBITDA margin of 33.0% by 2019

(US\$m, Sept-YE)	2016A	2017A	2018E	2019E	2020E	CA 2017-'19
<b>Revenues</b>	22,291	23,235	22,824	23,432	23,921	0
<i>growth (%)</i>	--	4.2	(1.8)	2.7	2.1	
<b>Gross profit</b>	14,288	14,020	13,085	13,652	13,937	(1)
<i>margin (%)</i>	60.8	60.3	57.3	58.3	58.3	
<b>EBITDA</b>	9,262	8,555	7,104	7,733	7,868	(4)
<i>margin (%)</i>	41.6	36.8	31.1	33.0	32.9	
<b>Net income<sup>1</sup></b>	6,653	6,386	5,271	5,612	5,736	(6)
<i>margin (%)</i>	29.8	27.5	23.1	23.9	24.0	
<b>EPS<sup>1</sup> (US\$)</b>	4.44	4.32	3.57	3.80	3.88	(6)
<i>growth (%)</i>	--	(2.6)	(17.5)	6.5	2.2	
<b>OpFCF<sup>2</sup></b>	8,723	7,865	6,448	7,082	7,204	(5)
<i>margin (%)</i>	39.1	33.8	28.3	30.2	30.1	



Source: Qualcomm Analyst Consensus

Notes:

1 US tax reform implications on earnings have not been factored in due to lack of sufficient publicly available Qualcomm and NXP tax disclosure. Please see page 3 for further commentary on tax and assumptions

2 Defined as EBITDA minus capex

# NXP Analyst Consensus

NXP Analyst Consensus expects NXP to grow revenue at a CAGR of 4.9%<sup>1</sup> in 2017-19, with gross margin trending upwards and EBITDA margin reaching 38.0% by 2019

(US\$m, Dec-YE)	2016A	2017E	2018E	2019E	2020E	CAGR 2017-19
<b>Revenues</b>	<b>9,498</b>	<b>9,115</b>	<b>9,506</b>	<b>9,894</b>	<b>10,297</b>	<b>4.9%</b>
<i>growth (%)</i>	--	(4.0)	4.3	4.1	4.1	
<i>like-for-like growth (%)<sup>2</sup></i>	--	8.7	5.7	4.1	4.1	
<b>Gross profit</b>	<b>4,790</b>	<b>4,830</b>	<b>5,141</b>	<b>5,405</b>	<b>5,626</b>	<b>5.1%</b>
<i>margin (%)</i>	50.4	53.0	54.1	54.6	55.6	
<b>EBITDA<sup>3</sup></b>	<b>2,981</b>	<b>3,138</b>	<b>3,552</b>	<b>3,764</b>	<b>3,900</b>	<b>9.1%</b>
<i>margin (%)</i>	31.4	34.4	37.4	38.0	37.9	
<b>Net income<sup>4</sup></b>	<b>2,058</b>	<b>2,250</b>	<b>2,494</b>	<b>2,650</b>	<b>2,755</b>	<b>8.1%</b>
<i>margin (%)</i>	21.7	24.7	26.2	26.8	26.8	
<b>EPS<sup>4</sup> (US\$)</b>	<b>5.93</b>	<b>6.51</b>	<b>7.22</b>	<b>7.67</b>	<b>7.97</b>	<b>8.1%</b>
<i>growth (%)</i>	--	9.8	10.8	6.3	4.0	
<b>OpFCF<sup>5</sup></b>	<b>2,592</b>	<b>2,620</b>	<b>3,086</b>	<b>3,291</b>	<b>3,411</b>	<b>12.1%</b>
<i>margin (%)</i>	27.3	28.7	32.5	33.3	33.1	

Source: NXP Analyst Consensus

Notes:

1 Adjusted to exclude Standard Products revenue in 1Q17 (adjusted 2017E revenue of US\$8,997m)

2 Adjusted for Standard Products sale

3 Adjusted for results of equity-accounted investees, purchase accounting effect on inventory, restructuring, stock-based compensation, merger-related costs, other incidental items

4 **US tax reform implications on earnings have not been factored in due to lack of sufficient publicly available Qualcomm and NXP tax disclosure. Please see page 3 for further commentary on tax and assumptions**

5 Defined as EBITDA minus capex



# NXP Management Projections

NXP Management Projections expects NXP to grow revenue at a CAGR of 13.6% in 2017-19, with gross margin 56.7% and EBITDA margin reaching 40.1% by 2019

(US\$m, Dec-YE)	2016A	2017E	2018E	2019E	2020E	CAGR 2017-19
<b>Revenues</b>	<b>9,498</b>	<b>9,195</b>	<b>10,511</b>	<b>11,867</b>	<b>12,935</b>	<b>13.6</b>
<i>growth (%)</i>	--	(3.2)	14.3	12.9	9.0	
<b>Gross profit</b>	<b>4,790</b>	<b>5,020</b>	<b>5,865</b>	<b>6,729</b>	<b>7,334</b>	<b>15.1</b>
<i>margin (%)</i>	50.4	54.6	55.8	56.7	56.7	
<b>EBITDA</b>	<b>2,981</b>	<b>3,343</b>	<b>3,991</b>	<b>4,758</b>	<b>5,186</b>	<b>19.1</b>
<i>margin (%)</i>	31.4	36.4	38.0	40.1	40.1	
<b>Net income<sup>1</sup></b>	<b>2,058</b>	<b>2,453</b>	<b>2,897</b>	<b>3,443</b>	<b>3,775</b>	<b>18.1</b>
<i>margin (%)</i>	21.7	26.7	27.6	29.0	29.2	
<b>EPS<sup>1</sup> (US\$)</b>	<b>5.93</b>	<b>7.10</b>	<b>8.38</b>	<b>9.96</b>	<b>10.93</b>	<b>18.1</b>
<i>growth (%)</i>	--	19.7	18.1	18.8	9.7	
<b>OpFCF<sup>2</sup></b>	<b>2,592</b>	<b>2,824</b>	<b>3,526</b>	<b>4,286</b>	<b>4,697</b>	<b>23.1</b>
<i>margin (%)</i>	27.3	30.7	33.5	36.1	36.3	



Source: NXP Management Projections

Notes:

1 Interest expense, tax rate and minority interest assumptions per NXP Analyst Consensus. US tax reform implications on earnings have not been factored in due to lack of sufficient publicly available Q4 disclosure. Please see page 3 for further commentary on tax reform implications

2 Defined as EBITDA minus capex

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**UBS**

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January 19, 2018

Dear Fellow NXP Shareholder:

Our firm, Elliott Advisors (UK) Limited ("Elliott"), advises funds which collectively hold an economic interest in NXP Semiconductors N.V. ("NXP") of approximately 6.6%. Our increasing economic interest in NXP, which has current market value of approximately \$2.7 billion, underscores our significant level of conviction in the value opportunity present at NXP today, as well as our alignment of interest with our fellow NXP shareholders.

In our December 11, 2017 letter, we wrote to you to outline our view that **we believe NXP is worth \$135 per share on a fundamental standalone basis, before any control premium that is customary in a takeover situation.** This view is based on our own extensive research and that of our financial advisor, UBS Investment Bank ("UBS"), which we have shared on our website, [www.FairValueForNXP.com](http://www.FairValueForNXP.com).

Today, in order to provide additional perspectives on NXP, we are writing to you to outline our view that a take-out price that is **fair and reasonable** for both QUALCOMM Incorporated ("Qualcomm") and NXP shareholders needs to include a customary change-of-control premium, and Qualcomm can afford to pay such premium. In short, we believe the current \$110 offer is not even in the right zip-code and a **credible** offer from Qualcomm requires a price in excess of our estimate of NXP's intrinsic standalone fair value of \$135 per share<sup>1</sup>.

Our letter is organised as follows:

- Our views on why NXP is uniquely able to fulfil Qualcomm's long-term strategic aims;
- Why we believe a price in excess of \$135 per share for NXP is a fair and reasonable take-out price for an acquisition of NXP by Qualcomm; and
- Why we believe the benefits of the transaction to Qualcomm: (i) justify a price not only well above its current offer of \$110 per share, but also in excess of our view of NXP's intrinsic standalone value of \$135 per share, and (ii) deliver significant value to Qualcomm's own shareholders.

Qualcomm's current offer for NXP is \$110 per share, well below NXP's current trading price of \$120 per share, as of the market close on January 18, 2018. Despite NXP trading above Qualcomm's offer price since July 27, 2017, we believe it would trade even higher if not for the downward pressure imposed by Qualcomm's highly opportunistic and unreasonably low offer. Given our analysis (further detailed at [www.FairValueForNXP.com](http://www.FairValueForNXP.com)), we believe both Qualcomm and NXP shareholders stand to benefit from a credible offer for NXP — an offer which appropriately and fairly recognizes both NXP's intrinsic value, the substantial value that will be delivered to Qualcomm and a control premium for NXP shareholders.

<sup>1</sup> NXP's standalone value is set out in Elliott's press release and investor presentation, dated as of December 11, 2017, which can be viewed at [www.FairValueforNXP.com](http://www.FairValueforNXP.com)



## NXP is of significant strategic importance to Qualcomm

NXP is one of the world's leading semiconductor firms, and we have tremendous respect for what Rick Clemmer and his team have accomplished. They deserve enormous credit for the achievements to date, and we recognise that the value opportunity described in this letter is only possible due to what they have built over the years.

We believe Qualcomm's business is in need of a radical overhaul and its prior narrowly focused strategy resulted in its share price significantly underperforming its peers (Qualcomm's stock price underperformed the SOX by 134% in the 36 months prior to the emergence of the Broadcom Limited ("Broadcom") bid<sup>2</sup>) and, as a consequence, left Qualcomm vulnerable to a hostile takeover. Qualcomm's decision to make a transformative acquisition with the acquisition of NXP was, in our view, a signal that a rapid and significant change was needed to reverse the chronic underperformance. Implementing a one-time, sizeable share repurchase programme is no substitute for an attractively priced, synergistic, strategic transaction – even if the estimated short-term EPS accretion is coincidentally identical. We believe NXP uniquely fits Qualcomm's long-term strategic aims, enhances Qualcomm's equity story and should re-rate Qualcomm's trading multiples for the following reasons:

- NXP is uniquely positioned within the semiconductor market to radically enhance Qualcomm's business mix and provide access to key high growth segments (auto and industrial), which will form a core pillar of Qualcomm's long-term strategy. In our view, no other potential target for Qualcomm with a similar revenue contribution in similar end markets has the same strategic fit as NXP does due to NXP's position across infotainment, in-vehicle networking and safety systems within automotive, leadership in broad-based MCUs and secure element technologies;
- Acquiring NXP allows Qualcomm to diversify away from its declining licensing business, reducing Qualcomm's vulnerability to decreasing royalty rates and intensifying competition, while expanding into strategically relevant, high growth end-markets; and
- A combined Qualcomm/NXP business will, in our view, have an enhanced financial profile, with far superior top line growth, margin and cash conversion metrics relative to Qualcomm's standalone prospects.

As well as being a unique acquisition target with unparalleled strategic fit, we believe NXP is the most actionable transaction for Qualcomm, given that it has already undergone approximately 14 months<sup>3</sup> of regulatory reviews and integration planning. We believe any other transaction would likely seriously delay Qualcomm's strategic overhaul, an overhaul which has been at the heart of their defence against Broadcom's hostile offer.

We do not believe we are alone in our assessment of the potential combination - Qualcomm shareholders have already applauded the deal as evidenced by Qualcomm's stock rising by an amount equal to 29% of NXP's market capitalisation<sup>4</sup> in the month<sup>5</sup> following initial rumours of the transaction. Additionally, the following quotes represent only a small sample of commentary from both Qualcomm senior management and equity research analysts highlighting the important benefits of NXP to Qualcomm:

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<sup>2</sup> Between October 31, 2014 and October 31, 2017

<sup>3</sup> Assuming regulatory reviews and integration planning began on the date the transaction was announced (October 27, 2016)

<sup>4</sup> As at September 28, 2016

<sup>5</sup> Between September 28, 2016 and October 27, 2016



In our view, Qualcomm's acquisition of NXP will give it **instant leadership in the automotive market** which could also **secure opportunities for Qualcomm's LTE and 5G technology to become the automotive standard...**

*Stifel, QCOM: Expecting In-line Quarter; Weak FTC Complaint, 18 Jan 2017*



With the addition of NXP, **the opportunity to grow content in the car increases dramatically**. And we will be uniquely positioned for ADAS and autonomous driving, a large multi-decade megatrend that is just starting. You will be hearing more from us on this important topic in the future.

*Steven Mollenkopf, Qualcomm CEO, Q2 2017 Earnings Call*



NXP would help Qualcomm **diversify semiconductor exposure away from smartphones, and lessen the company's dependence on licensing profits**.

*BofAML, QCOM: Modeling scenarios for Apple; worst case baked-in, yet expect continued volatility, 2 Feb 2017*



In addition, we believe the pending NXP acquisition will provide us with greater scale in automotive, IoT, security and networking with their highly complementary product and world-class sales channel, serving a long tail of customers that are driving growth. **The combined company will be a technology and semiconductor leader with future annual revenues projected to be more than \$30 billion.**

*Steven Mollenkopf, Qualcomm CEO, Q3 2017 Earnings Call*



**We believe we are on a path to build Qualcomm into the semiconductor engine for the connected world.**

*Steven Mollenkopf, Qualcomm CEO, Q4 2016 Earnings Call*



This is also a financially compelling acquisition. **We expect it to be significantly accretive to non-GAAP EPS immediately upon close and we've identified \$500 million in cost synergies. Our capital structure post-close will remain conservative and we remain committed to maintaining a strong investment-grade rating. We expect to delever quickly giving us strategic flexibility and providing strong support for future capital returns to our stockholders.**

*Steven Mollenkopf, Acquisition of NXP Semiconductors N.V by Qualcomm Incorporated Call, 27 October 2016*



**The NXP business, its access to technology and technology scale that would be very hard to do in a stand-alone way.**

*Steven Mollenkopf, CNBC Transcript: Qualcomm CEO Steve Mollenkopf Speaks with CNBC's David Faber on "Squawk on the Street" Today, 31 July 2017*

**We believe an offer in excess of \$135 per share is fair and reasonable for both NXP and Qualcomm shareholders**

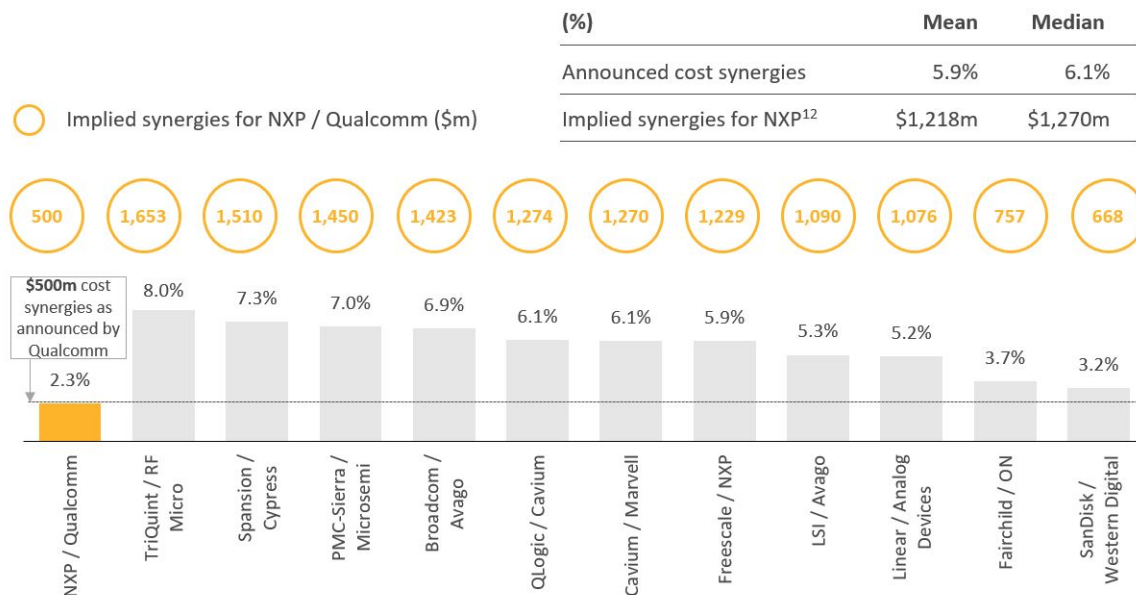
An analysis of prior change-of-control transactions **indicates that an average premium to standalone value of 37.1% has been paid in semiconductor transactions** (which comprise 12 deals spanning 7 years<sup>6</sup>) and **an average premium to standalone value of 37.0% has been paid in large cap M&A transactions** (which comprise 45 deals spanning 7 years<sup>7</sup>). Qualcomm itself has rejected an offer at a 33% premium<sup>8</sup> yet claims the NXP offer of \$110 is "full and fair"<sup>9</sup> when it represents an 18.5% discount to standalone value.

**Take-out premia in all cash transactions (%)**

	Average	Median	# deals
Semiconductor M&A transactions <sup>5</sup>	37.1	37.6	12
Large Cap M&A transactions <sup>6</sup>	37.0	34.7	45

Furthermore, an offer at a premium to standalone value is warranted and justified if a transaction is synergistic to the buyer – Qualcomm has announced a synergy estimate of \$500 million.<sup>10</sup> However, an analysis of historical synergy targets in semiconductor transactions highlighted below suggests this estimate may prove to be conservative. We believe NXP shareholders should expect to fairly share in the synergy value created by the transaction.

**Announced cost synergies as % of combined LTM cost base (%)<sup>11</sup>**



<sup>6</sup> Premium paid on semiconductor M&A transaction with an equity value larger than \$1bn since 2010; premium defined as premium of the offer price over the price 4-weeks prior to announcement; source SDC Platinum and Factset  
<sup>7</sup> Premium paid on large cap M&A transaction with a transaction value larger than \$10bn since 2010; premium defined as premium of the offer price over the price 4-weeks prior to announcement; source SDC Platinum and Factset as of January 5, 2018  
<sup>8</sup> Premium to Qualcomm's unaffected 30-day VWAP as of November 2, 2017 as per Broadcom's presentation, dated as of November 6, 2017  
<sup>9</sup> As per Qualcomm's press release as of December 11, 2017  
<sup>10</sup> As per Qualcomm's investor presentation as of October 27, 2016  
<sup>11</sup> At announcement; cost base defined as sum of costs of goods sold and operating expense of the target and acquirer in the last twelve months prior to the transaction  
<sup>12</sup> Calculated by applying precedent announced synergy estimates to combined NXP and Qualcomm 2017 cost base of US\$20,732m (excluding Standard Products)

Based on the foregoing it is our view that the per share standalone value for NXP provides the floor from which to begin a discussion regarding an appropriate price in a takeover situation – not the end point. **We see no reason why NXP shareholders should be uniquely disadvantaged and not fairly share in the synergies associated with this transaction, which we believe are worth between \$19.2 and \$48.0 per NXP share<sup>13</sup> in addition to standalone intrinsic value. Qualcomm recently argued that its shareholders should reject a transaction which “substantially undervalued” their shares at 10x 2019 P/E when the SOX is trading at 19x – yet is currently trying to acquire NXP at only 12x when it appears that NXP has none of the long term strategic issues that plague Qualcomm<sup>14</sup>.**

We believe our own financial analysis and the UBS Financial Analysis (that UBS prepared for us and we have made available at [www.FairValueForNXP.com](http://www.FairValueForNXP.com)) show the financial impact of the NXP deal to Qualcomm remains highly attractive at prices greater than NXP's fundamental stand-alone value of \$135 per share and continues to create significant value for Qualcomm shareholders.

Specifically, the UBS Financial Analysis substantiates our views regarding the financial value of this deal to Qualcomm in several ways. We believe that the acquisition:

- Is highly accretive to Qualcomm's 2019 EPS: approximately 33 to 56% accretive at prices of \$145 to 155<sup>15</sup> (which would still imply a large discount to precedent transaction P/E multiples of 22x)<sup>16</sup>;
- Delivers a return on invested capital in excess of Qualcomm's weighted-average cost of capital<sup>17</sup>;
- Will transform the Qualcomm business mix and provide a superior financial profile which is likely to result in a re-rating and could lead to an increase in excess of 30%<sup>18</sup> from Qualcomm's undisturbed share price. In our view, Qualcomm will not be able to crystallise this upside through a large buyback as it will not improve Qualcomm's business profile and is therefore unlikely to lead to multiple re-rating.

We believe a transaction can be structured such that all these benefits would be reaped by Qualcomm without taking on any material incremental leverage and thus financial risk.

**On the basis of all the above, even if one's view of NXP's intrinsic stand-alone fair value is below Elliott's own estimate of \$135 per share, we believe the analysis supports the finding that Qualcomm can deliver value to its shareholders at prices for NXP higher than \$135 per share.**

We believe NXP shareholders have the opportunity to unlock a material valuation gap that exists today. Please visit [www.FairValueForNXP.com](http://www.FairValueForNXP.com) and sign up to learn more today.

Thank you,  
**Elliott Advisors (UK) Limited**

<sup>13</sup> Based on annual synergies range of \$500m (as announced by Qualcomm) and \$1,250m (as implied by precedent transactions) implying NPV range of \$6,787m and \$16,969m (NPV calculated by valuing post-tax synergies at the blended 2018 P/E of Qualcomm and NXP of 16.3x less integration costs equal to 100% of assumed synergies; assumed NXP tax rate of -11%)

<sup>14</sup> Based on Elliott's estimate 2019 EPS per its presentation on December 11, 2017

<sup>15</sup> Range assuming acquisition prices of \$145-\$155 per NXP share and: (1) NXP projections as per analyst consensus and \$500m of annual synergies on the low end, (2) NXP Management Projections set forth in NXP's Schedule 14D-9 (filed on November 18, 2016) and \$1,000m of annual synergies on the high end

<sup>16</sup> Precedent P/E multiple of 22x as per Qualcomm's presentation as of January 16, 2018

<sup>17</sup> Based on 2022E ROIC assuming: (1) acquisition prices of \$145-\$155 per NXP share, (2) NXP Management Projections set forth in NXP's Schedule 14D-9 (filed on November 18, 2016), and (3) Qualcomm's WACC of 8.2% as per Bloomberg as of January 18, 2018

<sup>18</sup> Assuming the combined company trades at 14.9x-17.2x P/E 18E (multiple range implied by the regression analysis of 1-year forward P/E vs. 2-year EPS CAGR measured as of July 1 of every year since 2007), assuming a US\$145, all-cash offer with US\$750m run-rate synergies

## Who we are

Founded in 1977, Elliott Management Corporation is one of the oldest private investment firms of its kind under continuous management. The firm's investors include pension funds, private endowments, charitable foundations, family offices, and employees of the firm. Elliott Advisors (UK) Limited is an affiliate of Elliott Management Corporation.

Our approach to NXP is consistent with our approach to many of our current and previous investments. We have invested a significant amount of time and resources into understanding NXP, including hiring numerous advisors and consultants with whom we have worked together to receive input from over 50 industry participants. We believe strongly in the value conclusions that we have drawn as a result of this effort.

## For more information

We have created a website where NXP shareholders can review additional information about Elliott's views on NXP including its standalone valuation and an assessment of a fair take-out price.

Elliott's goal is to ensure that NXP shareholders understand what we believe is the fair value of their investment in NXP on a standalone basis and that we believe Qualcomm should pay an appropriate takeover premium for this unique asset. You can visit the site by typing the following URL into your web browser [www.FairValueForNXP.com](http://www.FairValueForNXP.com)

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## **Elliott Believes Qualcomm Can Deliver Value to its Shareholders at Prices for NXP Higher than \$135 Per Share**

*Releases detailed UBS Financial Analysis laying out supporting financial data*

*The Report and Elliott's Shareholder Letter can be viewed at dedicated website:*

[www.FairValueForNXP.com](http://www.FairValueForNXP.com)

**NEW YORK (January 19, 2018)** – Elliott Advisors (UK) Limited (“Elliott”), which advises funds which now collectively hold an increased economic interest in NXP Semiconductors N.V. (NASDAQ: NXP) (“NXP”) of approximately 6.6%, today released a letter to NXP shareholders. In conjunction with that letter, Elliott has made available a new presentation which was prepared by UBS Investment Bank (“UBS”) for Elliott — the “UBS Financial Analysis”.

The new materials make the case that NXP is of significant strategic importance to QUALCOMM Incorporated (“Qualcomm”) and that such a transaction will deliver substantial value to Qualcomm shareholders at prices meaningfully higher than Elliott’s own assessment of standalone intrinsic value of \$135 per share.

In summary, Elliott’s letter sets out the following points:

- Qualcomm’s shareholders would benefit from a transaction which delivers material diversification away from its declining licensing business and provides meaningful strategic and financial synergies. In Elliott’s view, an acquisition of NXP brings more dollars of strategically relevant diversification in high-growth segments of the semiconductor market to Qualcomm than any other company. Elliott also notes that these benefits would not be available to Qualcomm through other means of capital allocation such as a buyback;
- The synergies from the acquisition of NXP by Qualcomm alone could create between \$19 and \$48 of value per NXP share. NXP shareholders would be uniquely disadvantaged if a transaction occurred and these synergies were not appropriately and fairly shared. The average takeover premium paid on semiconductor and large cap deals during the last seven years was, based on one recent estimate, approximately 37%; and
- The UBS Financial Analysis shows that Qualcomm shareholders could benefit from a share price increase from unaffected levels, as a result of an NXP acquisition, in excess of 30% at prices meaningfully higher than Elliott’s view of NXP’s standalone value of \$135 per share.

“We believe both Qualcomm and NXP shareholders stand to benefit from a credible offer for NXP — an offer which appropriately and fairly recognizes both NXP’s intrinsic value, the substantial value that will be delivered to Qualcomm and a control premium for NXP shareholders,” Elliott said in its letter to shareholders. “Even if one’s view of NXP’s intrinsic stand-alone fair value is below Elliott’s own estimate of \$135 per share, we believe the analysis

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supports the finding that Qualcomm can deliver value to its shareholders at prices for NXP higher than \$135 per share. Our increasing economic interest in NXP which has current market value of approximately \$2.7 billion underscores our significant level of conviction in the value opportunity present at NXP today.”

#### **About Elliott**

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Our approach to NXP is consistent with our approach to many of our current and previous investments. We have invested a significant amount of time and resources into understanding NXP, including hiring numerous advisors and consultants with whom we have worked together to receive input from over 50 industry participants. We believe strongly in the value conclusions that we have drawn as a result of this effort.

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