
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

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

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

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

NXP Semiconductors N.V.
(Names of Persons Filing Statement)

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

N6596X109
(CUSIP Number of Class of Securities)

Dr. Jean A.W. Schreurs
SVP and Chief Corporate Counsel
60 High Tech Campus
5656 AG

Eindhoven, The Netherlands
+31-40-2728686

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

With copies to:

Kenton J. King
Allison R. Schneirov
Four Times Square
New York, New York 10036
212-735-3000

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

This Schedule 14D-9 filing consists of the following communications related to the proposed acquisition of NXP Semiconductors N.V. (the “Company”) by QUALCOMM Incorporated (“Parent”) and Qualcomm River Holdings B.V. (“Buyer”), a private company with limited liability organized under the laws of The Netherlands and an indirect and wholly owned subsidiary of Parent, pursuant to the terms of the Purchase Agreement, dated October 27, 2016 (the “Purchase Agreement”) entered into by and between the Company and Buyer, that were first used or made available on October 27, 2016:

List of Exhibits:

| | |
|------------|---|
| Exhibit 1 | Employee presentation |
| Exhibit 2 | Email to Company employees |
| Exhibit 3 | Leader Talking Points |
| Exhibit 4 | Letter to Suppliers |
| Exhibit 5 | Memo to Company sales persons |
| Exhibit 6 | Letter to Customers |
| Exhibit 7 | Frequently asked questions for customers |
| Exhibit 8 | Letter to Distributors |
| Exhibit 9 | Frequently asked questions for employees |
| Exhibit 10 | Transcript of video message from Steve Mollenkopf, Chief Executive Officer of QUALCOMM Incorporated, first made available to employees of NXP Semiconductors N.V. on October 27, 2016 |
| Exhibit 11 | Transcript of investor conference call held by QUALCOMM Incorporated and NXP Semiconductors N.V. on October 27, 2016 |

In addition on October 27, 2016, the Company furnished two Form 6-Ks (the “Form 6-Ks”) to the SEC that included communications relating to the proposed tender offer for all of the outstanding common shares of the Company by Buyer pursuant to the terms of the Purchase Agreement.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

THIS COMMUNICATION CONTAINS CERTAIN FORWARD-LOOKING STATEMENTS WITH RESPECT TO THE TENDER OFFER AND RELATED TRANSACTIONS, INCLUDING THE TIMING OF THE COMPLETION OF THE TRANSACTION AND THE EXPECTED BENEFITS OF THE PROPOSED TRANSACTION. THESE FORWARD-LOOKING STATEMENTS CAN BE IDENTIFIED BY THE FACT THAT THEY DO NOT RELATE ONLY TO HISTORICAL OR CURRENT FACTS. FORWARD-LOOKING STATEMENTS OFTEN USE WORDS SUCH AS “ANTICIPATE”, “TARGET”, “EXPECT”, “ESTIMATE”, “INTEND”, “PLAN”, “GOAL”, “BELIEVE”, “HOPE”, “AIM”, “CONTINUE”, “WILL”, “MAY”, “WOULD”, “COULD” OR “SHOULD” OR OTHER WORDS OF SIMILAR MEANING OR THE NEGATIVE THEREOF. THERE ARE SEVERAL FACTORS WHICH COULD CAUSE ACTUAL PLANS AND RESULTS TO DIFFER MATERIALLY FROM THOSE EXPRESSED OR IMPLIED IN FORWARD-LOOKING STATEMENTS. SUCH FACTORS INCLUDE, BUT ARE NOT LIMITED TO, THE EFFECT OF THE ANNOUNCEMENT OF THE TENDER OFFER AND RELATED TRANSACTIONS ON THE COMPANY’S BUSINESS RELATIONSHIPS (INCLUDING, WITHOUT LIMITATION, PARTNERS AND CUSTOMERS), OPERATING RESULTS AND BUSINESS GENERALLY; THE OCCURRENCE OF ANY EVENT, CHANGE OR OTHER CIRCUMSTANCES THAT COULD GIVE RISE TO THE TERMINATION OF THE PURCHASE AGREEMENT, AND THE RISK THAT THE PURCHASE AGREEMENT MAY BE TERMINATED IN CIRCUMSTANCES THAT REQUIRE THE COMPANY TO PAY TERMINATION COMPENSATION; THE OUTCOME OF ANY LEGAL PROCEEDINGS THAT MAY BE INSTITUTED AGAINST THE COMPANY RELATED TO THE PURCHASE AGREEMENT; UNCERTAINTIES AS TO THE NUMBER OF SHAREHOLDERS OF THE COMPANY WHO MAY TENDER THEIR SHARES IN THE TENDER OFFER; THE FAILURE TO SATISFY OTHER CONDITIONS TO COMPLETION OF THE TRANSACTION, INCLUDING THE RECEIPT OF ALL REGULATORY APPROVALS RELATED TO THE TRANSACTION (AND ANY CONDITIONS, LIMITATIONS OR RESTRICTIONS PLACED ON THESE APPROVALS); RISKS THAT THE TENDER OFFER AND RELATED TRANSACTIONS DISRUPT CURRENT PLANS AND OPERATIONS AND THE POTENTIAL DIFFICULTIES IN EMPLOYEE RETENTION AS A RESULT OF THE PROPOSED TRANSACTIONS; THE EFFECTS OF LOCAL AND NATIONAL ECONOMIC, CREDIT AND CAPITAL MARKET CONDITIONS ON THE ECONOMY IN GENERAL, AND OTHER RISKS AND UNCERTAINTIES; AND THOSE RISKS AND UNCERTAINTIES DISCUSSED FROM TIME TO TIME IN OUR OTHER REPORTS AND OTHER PUBLIC FILINGS WITH THE SECURITIES AND EXCHANGE COMMISSION (THE “SEC”).

THESE FORWARD-LOOKING STATEMENTS ARE BASED ON NUMEROUS ASSUMPTIONS AND ASSESSMENTS MADE BY THE COMPANY IN LIGHT OF ITS EXPERIENCE AND PERCEPTION OF HISTORICAL TRENDS, CURRENT CONDITIONS, BUSINESS STRATEGIES, OPERATING ENVIRONMENT, FUTURE DEVELOPMENTS AND OTHER FACTORS IT BELIEVES APPROPRIATE. BY THEIR NATURE, FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS AND UNCERTAINTIES BECAUSE THEY RELATE TO EVENTS AND DEPEND ON CIRCUMSTANCES THAT WILL OCCUR IN THE FUTURE. THE FACTORS DESCRIBED IN THE CONTEXT OF SUCH FORWARD-LOOKING STATEMENTS IN THIS ANNOUNCEMENT COULD CAUSE THE COMPANY’S PLANS, ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS, INDUSTRY RESULTS AND DEVELOPMENTS TO DIFFER MATERIALLY FROM THOSE EXPRESSED IN OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. ALTHOUGH IT IS BELIEVED THAT THE EXPECTATIONS REFLECTED IN SUCH FORWARD-LOOKING STATEMENTS ARE REASONABLE, NO ASSURANCE CAN BE GIVEN THAT SUCH EXPECTATIONS WILL PROVE TO HAVE BEEN CORRECT AND PERSONS READING THIS ANNOUNCEMENT ARE THEREFORE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON THESE FORWARD-LOOKING STATEMENTS WHICH SPEAK ONLY AS AT THE DATE OF THIS ANNOUNCEMENT. THE COMPANY ASSUMES NO OBLIGATION TO UPDATE THE INFORMATION CONTAINED IN THIS ANNOUNCEMENT (WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE), EXCEPT AS REQUIRED BY APPLICABLE LAW.

ADDITIONAL INFORMATION CONCERNING THESE AND OTHER FACTORS THAT MAY IMPACT OUR EXPECTATIONS AND PROJECTIONS CAN BE FOUND IN THE COMPANY'S ANNUAL REPORT ON FORM 20-F FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015 AND IN ITS REPORTS ON FORM 6-K. OUR SEC FILINGS ARE AVAILABLE PUBLICLY ON THE SEC'S WEBSITE AT WWW.SEC.GOV, ON OUR WEBSITE AT WWW.NXP.COM/INVESTOR.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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IMPORTANT INFORMATION FOR INVESTORS AND SECURITY HOLDERS

THE TENDER OFFER FOR THE OUTSTANDING COMMON SHARES OF THE COMPANY HAS NOT YET COMMENCED. THIS COMMUNICATION IS NOT AN OFFER TO BUY OR THE SOLICITATION OF AN OFFER TO SELL ANY SECURITIES. THE SOLICITATION AND THE OFFER TO BUY COMMON SHARES OF THE COMPANY WILL BE MADE ONLY PURSUANT TO AN OFFER TO PURCHASE AND RELATED MATERIALS THAT PARENT AND BUYER INTEND TO FILE WITH THE SEC. **IF THE TENDER OFFER IS COMMENCED, PARENT AND BUYER WILL FILE A TENDER OFFER STATEMENT ON SCHEDULE TO WITH THE SEC, AND THEREAFTER THE COMPANY WILL FILE A SOLICITATION/RECOMMENDATION STATEMENT ON SCHEDULE 14D-9 WITH RESPECT TO THE TENDER OFFER. INVESTORS AND SHAREHOLDERS ARE URGED TO READ THE TENDER OFFER STATEMENT (INCLUDING AN OFFER TO PURCHASE, A RELATED LETTER OF TRANSMITTAL AND OTHER OFFER DOCUMENTS) AND THE SOLICITATION/RECOMMENDATION STATEMENT ON SCHEDULE 14D-9 WHEN THEY BECOME AVAILABLE, AS WELL AS OTHER DOCUMENTS FILED WITH THE SEC, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION.** THESE MATERIALS (WHEN AVAILABLE) WILL BE SENT FREE OF CHARGE TO COMPANY SHAREHOLDERS AND MAY ALSO BE OBTAINED FROM THE COMPANY WEBSITE, [HTTP://WWW.NXP.COM/INVESTOR](http://www.nxp.com/investor). IN ADDITION, ALL OF THESE MATERIALS (AND ALL OTHER DOCUMENTS FILED WITH THE SEC) WILL BE AVAILABLE AT NO CHARGE FROM THE SEC THROUGH ITS WEBSITE AT [WWW.SEC.GOV](http://www.sec.gov).



Qualcomm to Acquire NXP

Creates Semiconductor
Engine for the Connected World

October 27, 2016



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QUALCOMM®

Why Wait™

30

years of driving
the evolution of
wireless

#1

fabless
semiconductor
company

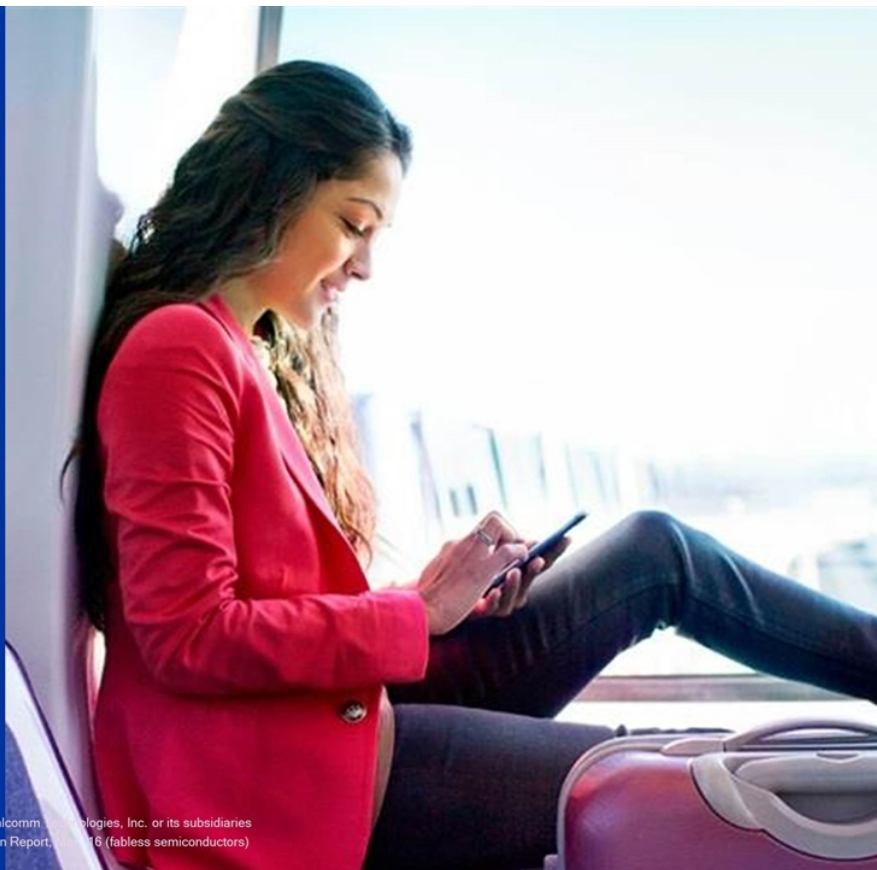
#1

in 3G/4G
LTE modem

#1

in wireless
semiconductors

Source: Qualcomm Incorporated data. Currently, Qualcomm semiconductors are products of Qualcomm Technologies, Inc. or its subsidiaries
IHS, Jan. '16 (wireless ASSP/ASIC total); Strategy Analytics, Dec. '15 (modem, AP), The McClean Report, Jan. '16 (fabless semiconductors)





Key business segments

QCT: semiconductors

#1

in 3G/4G LTE modem

932M

MSM chipsets shipped in FY'15

QTL: technology licensing as of Q2 FY' 16'

310+

3G licensees

180+

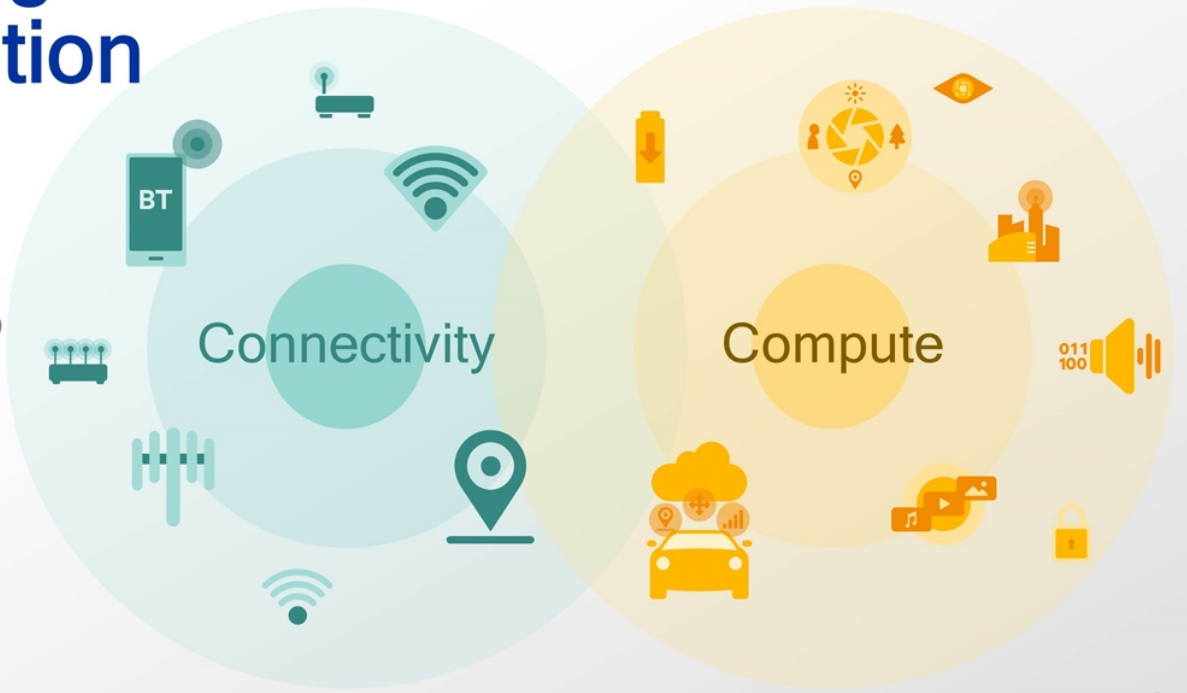
4G licensees

Source: Qualcomm Incorporated data. Currently, Qualcomm semiconductors are products of Qualcomm Technologies, Inc. or its subsidiaries ; Strategy Analytics, Dec. '15 (modem, AP) MSM is a product of Qualcomm Technologies, Inc.

Leading R&D innovation

~\$41B

in cumulative R&D through Q2 FY'16'



Source: Qualcomm data

Transforming industries
and the world

Providing technology at scale

Lead in
mobile

Transform existing
industries

Enable new
industries

Transforming industries



Automotive



Smart cities



Wearables



Networking



Smart homes



Datacenter



Healthcare



Smartphones

Creates semiconductor engine for the connected world

 TECHNOLOGY LEADERSHIP,
INTEGRATION AND SCALE TO WIN
IN THE CONNECTED WORLD

 COMBINED REVENUE
OF \$30+ BILLION

 SIGNIFICANTLY EXPANDS
FOOTPRINT IN AUTO, IOT
AND SECURITY

 SUBSTANTIAL SYNERGY
OPPORTUNITIES: \$500 MILLION

 COMPLEMENTARY TECHNOLOGY,
PRODUCTS AND CHANNELS

 HIGHLY ATTRACTIVE FINANCIAL
ATTRIBUTES

 EXPECTED TO ADD SAM⁽¹⁾ OF \$38B
TO REACH \$138B BY 2020

 EXPECTED TO BE SIGNIFICANTLY
ACCRETIVE TO NON-GAAP EPS

(1) SAM: Serviceable Addressable Market- combination of third-party and internal estimates

Executing strategy to extend our core technology to new opportunities

Successfully built a foundation for profitable growth



(1) SAM: Serviceable Addressable Market, combination of third-party and internal estimates

Qualcomm + NXP: A global leader in integrated semiconductor solutions

| | QUALCOMM | + | NXP | = | QUALCOMM + NXP |
|-------------------------------------|------------------------|---|---------------------------------------|---|----------------------------|
| ANNUAL REVENUE ⁽¹⁾ | \$25B | | \$10B | | \$35B |
| CUSTOMERS | Leading mobile channel | | Leading auto, IoT & security channels | | World-class sales channels |
| EXPECTED SAM ⁽²⁾ BY 2020 | \$100B | | \$38B | | \$138B |

Leading SoC technology roadmap, core components and industry channels to win in the connected world

(1) Qualcomm revenue is fiscal year 2015 as reported under GAAP. NXP revenue is the combined consolidated revenues of NXP and Freescale for the year end December 31, 2015. Please refer to the NXP Historic Financial Model file found on the Financial Information page of the Investor Relations section of NXP's website at www.nxp.com/investor for additional information.

(2) SAM: Serviceable Addressable Market, combination of third-party and internal estimates

Leadership, integration and scale to win in the connected world

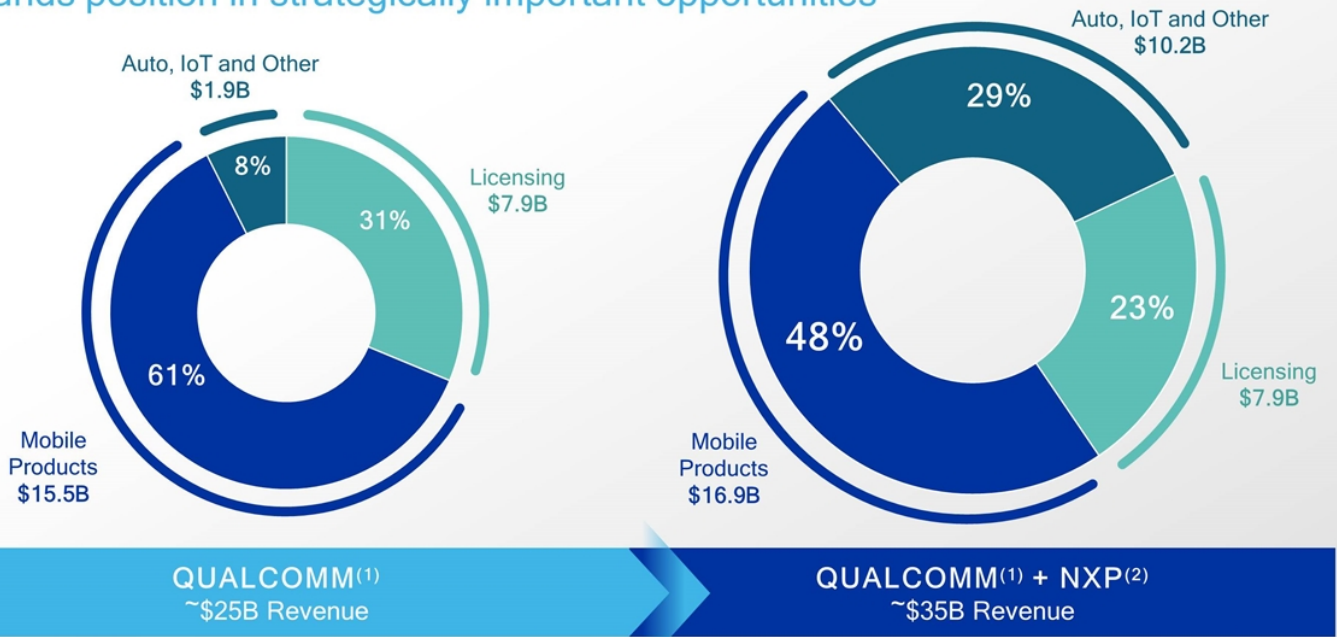


| | QUALCOMM | NXP | QUALCOMM + NXP |
|-------------------------------|--|---|---|
| MOBILE | Leading position in Smartphone SoCs and 3G/4G modems; accelerating 5G adoption | Well positioned to lead in the nascent NFC/eSE technology solutions | A LEADER Mobile SoC, Connectivity and Security |
| AUTOMOTIVE | Leading position in telematics and strength in compute, graphics, machine learning, computer vision, sensor fusion and wireless charging | Leading position in automotive across infotainment, in-vehicle networking, radar and safety systems | A LEADER Across automotive semis/systems at scale and best-in-class technology IP for next generation of ADAS |
| IOT ⁽¹⁾ | Strength in advanced computing, SoC and connectivity systems | Leading position in broad-based MCUs, secure ID, payment cards and transit | A LEADER Broad-based MCUs, secure ID, payment cards and transit; strength in advanced computing, SoC, security and connectivity systems |
| NETWORKING | Leading position in Wave-2 11ac/11ad and Home and Enterprise wireless networks | Leading position in RF Power and embedded communications processors | A LEADER Networking and RF sub-segments, including Wave-2 11ac/11ad, RF Power and embedded communications processors |

(1) Includes Security

Revenue extension beyond mobile

Expands position in strategically important opportunities



(1) Qualcomm revenue is fiscal year 2015 revenue as reported under GAAP. Note Qualcomm other revenue is from non-reportable segments.

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Transaction overview

TRANSACTION CONSIDERATION

- \$110 in cash per share; \$47B enterprise value
- To be financed through cash on hand and \$11B in new debt

FINANCIAL IMPACT

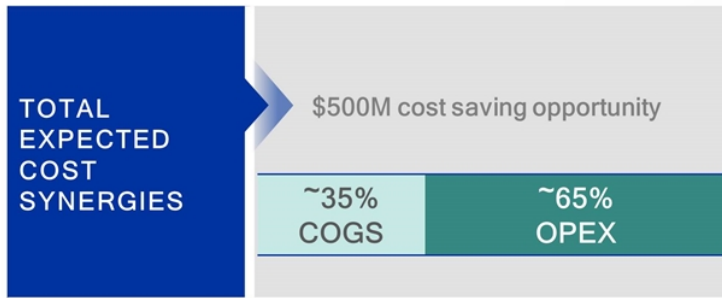
- Anticipate \$500M annualized cost synergies within 2 years of close
- Expected to be significantly accretive to non-GAAP EPS immediately upon close
- Committed to strong investment-grade credit rating

TIMING AND APPROVALS

- Tender of NXP common shares in the offer; receipt of regulatory approvals and other closing conditions
- Expected to close towards the end of calendar 2017

Cost synergies

Expect total annualized synergies of \$500 million



100% run-rate savings to be achieved within 2 years of close

Builds on existing \$1.9B spending reduction programs

EXPECTED SYNERGIES ARE INCREMENTAL TO STANDALONE COST SAVING INITIATIVES



\$1.4B spending reduction under Strategic Realignment Plan



\$500M synergy targets from NXP Freescale combination

Financial strength and capital returns

BALANCE SHEET

TRANSACTION EFFICIENCIES

Tax efficient use of offshore cash;
significantly improves ROIC

ACQUISITION FINANCING

Ability to rapidly deleverage; expect to approach
pre-transaction leverage ratios
within two years of close

STRONG LIQUIDITY

Expect to retain global liquidity
in excess of \$8B

RETURN OF CAPITAL

DIVIDEND

Committed to current dividend
and continued dividend growth

SHARE REPURCHASES

Anti-dilutive share repurchases through
deleveraging period

RETURN OF CAPITAL

Combined cash flow profile provides strong
support for future capital returns

Creates semiconductor engine for the connected world

 TECHNOLOGY LEADERSHIP,
INTEGRATION AND SCALE TO WIN
IN THE CONNECTED WORLD

 COMBINED REVENUE
OF \$30+ BILLION

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Thank you

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For more information, visit us at:

www.qualcomm.com & www.qualcomm.com/blog

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Qualcomm Incorporated includes Qualcomm's licensing business, QTL, and the vast majority of its patent portfolio. Qualcomm Technologies, Inc., a wholly-owned subsidiary of Qualcomm Incorporated, operates, along with its subsidiaries, substantially all of Qualcomm's engineering, research and development functions, and substantially all of its product and services businesses, including its semiconductor business, QCT.



From: Rick Clemmer
To: NXP Employees
Subject: Qualcomm acquisition of NXP

Today, we announced that NXP has agreed to be acquired by Qualcomm in a transaction with an enterprise value of \$47 billion. The combination is based on compelling strategic logic that brings together two highly successful and complementary industry leaders creating the semiconductor industry powerhouse to focus on secure connections for the smarter world. The combined company would have annual revenues of more than \$30 billion.

As the transaction is subject to regulatory approvals and other closing conditions, the acquisition will likely not close until the end of calendar 2017. For now, and until the close of the transaction, it will be business as usual, and all of us need to stay focused on our current responsibilities, and remain committed to meeting and surpassing the expectations of our customers. It is critical that we maintain the strong momentum we have worked so hard to establish as a team.

Let me offer some context on why we are so excited by what this transaction means for NXP. As we all know, over the last several years we have collectively worked hard to successfully transform NXP into the company it is today. Thanks to you, NXP is a stronger and significantly more competitive company than ever before in its history. At the same time, the semiconductor industry is undergoing continued and rapid change where the marketplace increasingly rewards those who possess the most complete solutions portfolio, scale, size, and global reach.

The highly complementary nature of our world-class technologies, products and channels and our shared cultures of innovation makes us ideal partners. As a result of combining NXP with Qualcomm, we will have all the elements in place to achieve our vision of secure connections for the smarter world, combining advanced computing and connectivity with security and high performance mixed-signal electronics including microcontrollers and application processors. Jointly, we will be able to provide industry leading and more complete solutions which in turn will allow us to further enhance our leadership positions, and expand our already strong partnerships with our broad customer base in our key verticals of automotive, consumer & industrial IoT and device level security.

The combination also reinforces our automotive number one leadership position by adding leadership positions in telematics, connectivity and high-end processing & artificial intelligence to our portfolio, enabling end-to-end solutions for ADAS and ultimately autonomous vehicles. Qualcomm's advances in 5G are driving the next disruptive trend in the industry. 5G will enable new use cases and business models for NXP's products and solutions, creating opportunities from end-nodes to infrastructure across the broadest range of product categories & applications.

The complementary products and technologies from both companies will allow us to provide more complete and innovative system solutions for our customer base. Based on all of your hard work over the past few years, we enter this transaction from a position of strength and momentum.

This combination will provide NXP employees with new and exciting opportunities. Over the next several months, an integration team comprised of Qualcomm and NXP executives will carefully analyze the operations of our two companies to ensure that we are best structured to succeed in the marketplace. And, while we are very early in the process, we expect the vast majority of NXP's team will have the opportunity to be integrated into the new company. We are aware that a number of our team members are still working on the NXP-Freescale merger integration process and it is important to continue these activities to build a solid foundation for the combination with Qualcomm.

In closing, let me emphasize that we have reached this exciting milestone for our business as a result of your hard work and dedication, and our combined company will win by continuing to leverage your tremendous talents and contributions. Thank you for all of your hard work, and we look forward to a bright future for our company, employees, customers, shareholders and partners.

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Leader Talking Points

Instructions

Attached you will find the talking points that have been created for our Senior Leaders across NXP. As a senior leader, you are expected to take responsibility in keeping the lines of communication open with your employees. These talking points are intended to provide a structured message for you to effectively communicate with your team about what we know and ensure that our employees continue stay focused on current priorities and meeting and surpassing the expectations of our customers.

Some important reminders:

- With the announcement of this transaction, U.S. Securities laws require the company to publicly disclose through the Security and Exchange Commission (SEC) any written communication related to the proposed acquisition. Thus, please do not create any written information related to the announcement and only use the documents you will find posted on the Integration Hub website. Examples of written material you should not create as they relate to the acquisition, include presentations, meeting handouts, documents, Internet / Social Media (blogs, links, internet communications).
- While it is important that you engage with your employees during this time, you should not hold regular townhalls just to discuss the acquisition. Instead, continue scheduling townhalls with your organization to discuss pertinent business information and keep the flow of communications with your employees. In other words: manage as much "business as usual" as possible. As appropriate, you can also review any acquisition updates provided by the Integration Team.

Finally, as a senior leader, it is important to communicate in an honest, empathetic and optimistic manner. It's not always easy to be in front of your employees when things are uncertain. But your employees need to be listened to and heard. Solicit their thoughts and feelings about what's going on. These are their reality and it's important to them. Remember that you don't have to have all the answers to engage employees in discussions. You can direct them to the Integration Hub to submit their questions and to share their feedback with the Integration Team.

Introduction

- Earlier today, we announced that NXP has agreed to be acquired by Qualcomm. This will create the industry powerhouse to focus on *Secure Connections for a Smarter World*.
- The combining of NXP into Qualcomm is based on compelling strategic logic that brings together two highly successful and complementary businesses to create a premier semiconductor industry leader. With unique leadership positions in Wireless technologies, Security and Processing, the union is ideally positioned to address the emerging trends of ADAS and Autonomous Vehicles, the Internet of Things (IoT) and the 5G revolution.
- I'll tell you as much as I know, but please realize there are many questions for which we don't have definitive answers.

- As the transaction is subject to regulatory approvals and other closing conditions, the merger will likely close at the end of calendar 2017.

Qualcomm at a Glance

- Qualcomm is a world leader in smartphone SOCs and 3G/4G/5G modems with a 30+ year track record of innovation and delivering transformative technology.
- Qualcomm is helping connect the world of devices by bringing 5G to market and delivering intelligent, connected platforms into industries such as mobile, automotive, computing, IOT and healthcare.
- In FY15, Qualcomm achieved \$25.3B in revenue and \$5.8B in operating income. Qualcomm shipped 932M MSM chipsets and approximately 5B chips overall.
- Qualcomm has approximately 30,000 employees and ~200 office locations worldwide.
- Qualcomm has a long history of innovation and has served the industry as an R&D engine. Qualcomm has invested ~\$41B in cumulative R&D (1985- Q2 FY16), more than \$33B of which was in the last decade (FY06-15), to drive the evolution of wireless communications. Qualcomm's R&D investment drives technology and IP creation which they deploy at global scale.
- Qualcomm has more than 120,000 patents and pending patent applications worldwide, and filed more than 3,500 patent applications in the U.S. in FY2015.

Why a Transaction?

NXP has agreed to be acquired by Qualcomm creating the semiconductor industry powerhouse. The transaction has substantial strategic and financial benefits:

- **Complementary technology leadership in strategically important areas:** The transaction combines Qualcomm's leadership in low-power advanced computing, connectivity and communications systems with NXP's complementary leadership in general purpose and automotive grade processing, security, automotive safety sensors and RF; enabling more complete system solutions.
 - **Mobile:** A leader in mobile SoCs, 3G/4G/5G modems and security.
 - **Automotive:** A leader in global automotive semiconductors, including ADAS, infotainment, safety systems, body & networking, powertrain & chassis and secure access.
 - **IoT and Security:** A leader in broad-based MCUs, secure identification, mobile transactions, payment cards and transit; strength in application processors and connectivity systems.
 - **Networking:** A leader in network processors for wired and wireless communications and RF sub-segments, Wave-2 11ac/11ad, RF power and BTS systems.
- **Enhanced go-to-market capabilities to serve our customers:** The combination of Qualcomm and NXP's deep customer and ecosystem relationships and distribution channels enables the ability to deliver leading products and platforms at scale in mobile, automotive, IoT, industrial, security and networking.

- **Shared track record of innovation and commitment to operational discipline:** Both companies have demonstrated a strong commitment to technology leadership and best-in-class product portfolios with focused investments in R&D. Qualcomm and NXP have both taken action to position themselves for profitable growth, while maintaining financial and operational discipline.

Approach for the Integration

- Qualcomm has one of the largest and most geographically diversified supply chains in the industry, driving investment in leading nodes while having cost leadership. While Qualcomm has traditionally had a fabless model, Qualcomm will be assuming fab operations under the joint venture with TDK. Qualcomm also recognizes that NXP's factories have been an important factor in NXP's success and plans to continue to operate with that model going forward.
- Qualcomm attaches great importance to the skills, knowledge and expertise of NXP's existing management and employees - it's one of the reasons they are excited about this deal. Qualcomm expects the vast majority of NXP's team will have the opportunity to be integrated into Qualcomm and have new opportunities for advancement and growth. Overall, one of the guiding principles of the integration will be to create the best team for the combined company, which means considering the right talent from both organizations.
- As with any acquisition, there will likely be some overlap in functions, however we are at a very early stage of the transaction. We are immediately launching a rigorous integration planning effort to ensure a seamless integration to ensure that, after the transaction closes, we are structured to best serve our customers and for ongoing success. Until then, both companies will continue to operate independently of each other.
- Please note that we are in the very early stages of this transaction and it is not expected to close until the end of calendar 2017. For now, and until the close of the transaction, it will be business as usual, and all of us should continue to be focused on our current responsibilities, and remain committed to meeting and surpassing the expectations of our customers. It is important to remember that this transaction is about growth and new opportunities - not cost cuts. It is critical that we maintain the strong momentum we have worked so hard to establish as a team.

What Happens Next?

- For now, and until the close of the transaction, it will be business as usual, and all of us should focus on our current responsibilities, and remain committed to meeting and surpassing the expectations of our customers.
- It is imperative we continue to finish other key initiatives, including the divestiture of Nexperia and activities related to the Freescale and NXP Integration, such as entity consolidation.
- We are immediately launching a rigorous integration planning effort to ensure a seamless integration. Over the next several months, an integration team comprised of Qualcomm and NXP representatives will carefully analyze the operations of our two companies and develop transition plans and approaches to ensure that we are best structured to meet the needs of our customers.

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- Until further notice, the integration contact points in NXP will be Henri Ardevol, Sean Pitonak, Maarten Dirkwager, and Karen Rapp
 - While we are very early in the process, we expect the vast majority of the NXP team will have the opportunity to be integrated into the new company.
 - There is relatively low product overlap between the two companies and it is important to understand that the reason for the combination of NXP and Qualcomm is the complimentary products that the combined entity would offer.
 - Let me emphasize that we have reached this exciting milestone for our business as a result of your hard work, dedication and talent. Right now, it is important that we all stay focused on serving our customers and doing our jobs to the best of our ability. It is critical that we maintain the strong momentum we have worked so hard to establish as a team.
 - We are committed to communicating more with you as it is appropriate to do so.
 - Thank you for your hard work, and let's stay focused on closing out 2016 by meeting and exceeding our commitments.

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Mr. / Ms. John / Jane Q. Supplier
Any Supplier Company
123 Any St.
Anytown, XX 12345-9999

October 28, 2016

Dear (Supplier Name)

As you are likely aware, on October 27, 2016, we announced that NXP Semiconductors has agreed to be acquired by Qualcomm Incorporated creating the semiconductor industry powerhouse.

The combining of NXP into Qualcomm is based on compelling strategic logic that brings together two highly successful and complementary businesses to create a premier semiconductor industry leader. With unique leadership positions in Wireless technologies, Security and Processing, the union is ideally positioned to address the emerging trends of ADAS and Autonomous Vehicles, the Internet of Things (IoT) and the 5G revolution.

The combined company is expected to have annual revenues of more than \$30 billion, serviceable addressable markets of \$138 billion in 2020 and leadership positions across mobile, automotive, IOT, security and networking segments. The transaction has substantial strategic and financial benefits:

- **Complementary technology leadership in strategically important areas:** The transaction combines Qualcomm's leadership in low-power advanced computing, connectivity and communications systems with NXP's complementary leadership in general purpose and automotive grade processing, security, automotive safety sensors and RF; enabling more complete system solutions.
 - **Mobile:** A leader in mobile SoCs, 3G/4G/5G modems and security.
 - **Automotive:** A leader in global automotive semiconductors, including ADAS, infotainment, safety systems, body & networking, powertrain & chassis and secure access.
 - **IoT and Security:** A leader in broad-based MCUs, secure identification, mobile transactions, payment cards and transit; strength in application processors and connectivity systems.
 - **Networking:** A leader in network processors for wired and wireless communications and RF sub-segments, Wave-2 11ac/11ad, RF power and BTS systems.
 - **Enhanced go-to-market capabilities to serve our customers:** The combination of Qualcomm and NXP's deep customer and ecosystem relationships and distribution channels enables the ability to deliver leading products and platforms at scale in mobile, automotive, IoT, industrial, security and networking.
 - **Shared track record of innovation and commitment to operational discipline:** Both companies have demonstrated a strong commitment to technology leadership and
-



best-in-class product portfolios with focused investments in R&D. Qualcomm and NXP have both taken action to position themselves for profitable growth, while maintaining financial and operational discipline.

As one of our important suppliers you have the opportunity to be part of our ongoing success story. My team will work closely with you and your company to discuss the next steps and to elaborate how you can support the new company in the future.

Of course, the transaction is subject to regulatory approvals and other closing conditions, so we anticipate that the acquisition will likely close during the end of calendar 2017.

For now and until the close of the deal, it will be business as usual. So, although some changes may take place over the weeks and months ahead, our operational activities will continue without any interruptions. We will keep you informed as additional information becomes available that we are legally permitted to share, and strive to ensure that throughout the transition period the process is seamless.

On behalf of the entire NXP team, we sincerely thank you for your continued support and commitment as we together continue to complete the integration of the Freescale and NXP systems, and look forward to growing our relationship as we work together to take advantage of future opportunities as part of Qualcomm. The relevant Sourcing teams will be in touch with you in the short term to address any comments or concerns.

Sincerely,

Jacky McNulty
SVP & Chief Procurement Officer
NXP Semiconductors



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QUALCOMM TO ACQUIRE NXP: THE NEXT EXCITING PHASE IN THE LIFE OF OUR COMPANY

27 October 2016

Team,

As I am sure you are aware by now, we have announced that NXP has agreed to be acquired by Qualcomm in a transaction with an enterprise value of \$47 billion. As stated by Rick in his note to employees, this exciting combination brings together two highly successful and complementary industry leaders creating the industry leader providing secure connections for the smarter world, with projected revenues of more than \$30 billion.

Please be sure to read both the press release and Rick's internal note to fully understand the information already provided. However, allow me to also offer a few comments specific to GSM.

I know this transaction comes at a time when we are very close to completing our integration with the Freescale systems, people and processes started last year. That may lead to concerns for some, but let me assure you, this is actually a great time to take this next step. Although it will require additional work, the process that we have gone through is fresh and relevant, so the need to reinvent procedures will be minimal. Additionally, the thorough detail we defined means that there are people with extensive knowledge of our programs, which will make this next integration much easier and hopefully seamless.

Further, this union of two great companies will allow us to have greater reach and influence in our markets, bring stronger and more extensive solutions to bear with increasingly innovative technologies and, most importantly, allow us to help make our customer even more successful. In short, this combination of NXP with Qualcomm is expected to provide NXP employees with new and exciting opportunities.

Over the next several months, an integration team comprised of Qualcomm and NXP executives will carefully analyze the operations of our two companies to ensure that we are best structured to succeed in the market. This naturally includes a review of the GSM organization approach. I will provide more information as it is available and I am permitted to share.

It is critical to note that until the close of the transaction (not expected until the end of 2017), it will be business as usual, and we all must continue to be focused on our stated commitments and strive to surpass the expectations of our customers. A letter regarding the acquisition is being electronically sent today to all customers via a centralized process. In the meantime, please go to the acquisition hub portal for current customer talking points and FAQs, as well as the customer letter.

I will be hosting two all-hands GSM calls later today (3 PM CET & 6 PM CET) to discuss this major announcement and answer questions as I am able and permitted by law. Please look for another email soon with dial in information if you wish to join one of the calls.

Thank you for all of your incredible dedication and hard work. This is a terrific next step for the company that would not have been possible without your commitment to continued success. I am counting on you to continue that drive as we collectively move to take this next step for our company and our future.

Best,

Steve Owen
EVP GSM

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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October 27, 2016

Dear (customer name),

On October 27, 2016, we announced that NXP has agreed to be acquired by Qualcomm. This will create the industry powerhouse to focus on *Secure Connections for a Smarter World*.

The combining of NXP into Qualcomm is based on compelling strategic logic that brings together two highly successful and complementary businesses to create a premier semiconductor industry leader. With unique leadership positions in Wireless technologies, Security and Processing, the union is ideally positioned to address the emerging trends of ADAS and Autonomous Vehicles, the Internet of Things (IoT) and the 5G revolution.

The combined company is expected to have annual revenues of more than \$30 billion, serviceable addressable markets of \$138 billion in 2020 and leadership positions across mobile, automotive, IOT, security and networking segments. The transaction has substantial strategic and financial benefits:

- **Complementary technology leadership in strategically important areas:** The transaction combines Qualcomm's leadership in low-power advanced computing, connectivity and communications systems with NXP's complementary leadership in general purpose and automotive grade processing, security, automotive safety sensors and RF; enabling more complete system solutions.
 - **Mobile:** A leader in mobile SoCs, 3G/4G/5G modems and security.
 - **Automotive:** A leader in global automotive semiconductors, including ADAS, infotainment, safety systems, body & networking, powertrain & chassis and secure access.
 - **IoT and Security:** A leader in broad-based MCUs, secure identification, mobile transactions, payment cards and transit; strength in application processors and connectivity systems.
 - **Networking:** A leader in network processors for wired and wireless communications and RF sub-segments, Wave-2 11ac/11ad, RF power and BTS systems.
- **Enhanced go-to-market capabilities to serve our customers:** The combination of Qualcomm and NXP's deep customer and ecosystem relationships and distribution channels enables the ability to deliver leading products and platforms at scale in mobile, automotive, IoT, industrial, security and networking.
- **Shared track record of innovation and commitment to operational discipline:** Both companies have demonstrated a strong commitment to technology leadership and best-in-class product portfolios with focused investments in R&D. Qualcomm and NXP have both taken action to position themselves for profitable growth, while maintaining financial and operational discipline.

Qualcomm is an exceptional company with a like-minded approach to that of NXP, in terms of customer-focused innovation. Its exceptional heritage, engineering execution capability and richness of technology are an ideal match to NXP's long-standing commitment to the Automotive, Security, Networking, Consumer and Industrial markets. We and the entire NXP team are delighted at this prospect and wish to assure you of our continued commitment to you throughout the entire transition phase and beyond.



Of course, the transaction is subject to regulatory approvals and other closing conditions, so we anticipate that the acquisition will likely close during the end of calendar 2017. However, for now and until the close of the deal, it will be business as usual, and all NXP employees will remain focused on total customer satisfaction with a passion to win.

On behalf of the entire organization, we thank you for your continued support, as we together continue to complete the integration of the Freescale and NXP systems. We are truly excited about our potential as a combined company with Qualcomm and the increased ability to deliver to you unsurpassed customer service and innovative products. We are confident that our combination with Qualcomm will be as seamless as possible and look forward to working with you for many years to come.

We will keep you informed as additional information becomes available that we are legally permitted to share.

Sincerely,

Rick Clemmer
President & CEO
NXP Semiconductors

Steve Owen
EVP Global Sales & Marketing
NXP Semiconductors





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1. What did NXP announce on October 27th?

On October 27, 2016, we announced that NXP has agreed to be acquired by Qualcomm. This will create the industry powerhouse to focus on Secure Connections for a Smarter World.

2. Why is Qualcomm acquiring NXP?

NXP has agreed to be acquired by Qualcomm creating the semiconductor industry powerhouse. The transaction has substantial strategic and financial benefits including:

- Complementary technology leadership in mobile, automotive, IoT and Security and Networking
- Enhanced go-to-market capabilities to serve our customers
- Shared track record of innovation and providing customers with industry-leading solutions
- Substantial financial benefits

For more detail, please refer to the Qualcomm press release <<[Link](#)>>

3. Who is Qualcomm?

- Qualcomm through its licensing and chipset businesses, has been pioneering mobile technologies for over 30 years. Today, they are a world leader in 3G, 4G/LTE, and they are leading the way to 5G. Since its founding, the approach has been to anticipate big industry challenges and invest early-on to solve them. In fact, over time, Qualcomm has invested more than \$41 billion dollars in R&D, helping to drive major technology shifts that have changed the way we all communicate with one another. They drove the transition to digital communications and that's been the foundation for everything that's followed including how computing was redefined including bringing to life the smartphone and the ability to deliver wireless data with very low-power processing. Qualcomm long-term vision is to deliver the intelligent platforms that connect people's worlds.

4. How will this transaction affect my relationship with NXP?

- From the perspective of our customers, we believe that this combination will enable us to become an even stronger partner for you. We will be able to broaden and deepen our leading product platforms, while strengthening and expanding our distribution channels. Our increased scale will allow us to further develop our product roadmaps and provide customers with enhanced solutions.
- For now, and until the close of the transaction, it will be business as usual, and all of our employees will remain focused on their current responsibilities of serving you.

5. When do you intend to close the transaction?

- As the transaction is subject to stockholder and regulatory approvals, the acquisition will likely not close until the end of calendar 2017.

6. Will there be a delay in customer shipments as a result of the transaction?

- We expect that the acquisition by Qualcomm will be as seamless as possible.
- For now, and until the close of the transaction, it will be business as usual, and all of our employees will remain focused on their current responsibilities of serving you.
- As we approach the closing date, we will, of course, update you on any new developments.

7. **Will customers maintain their current NXP contacts?**
- Yes, for now and until the close of the transaction, it will be business as usual, and all of our employees will remain focused on their current responsibilities of serving you.
 - Over the next few months, an integration team comprised of NXP and Qualcomm executives will carefully analyze the operations of our companies to ensure that we are best positioned to succeed following the closing of the transaction.
 - As we approach the closing date, we will, of course, update you on any new developments.
8. **Will there be any impact on the company's pricing?**
- No, from now and until the close of the transaction it will be business as usual
9. **Do you expect changes to the company's products?**
- From the perspective of our customers, we believe that this combination will enable us to become an even stronger partner for you, enabling us to broaden and deepen our leading product platforms, while strengthening and expanding our distribution channels.
 - As there is little product overlap between the two companies, and several products and technologies are complementary, we expect to provide our customers with an expanded set of solutions.
10. **Will NXP be laying off a lot of its employees?**
- At this time our employees' roles and day-to-day responsibilities are not changing.
 - The combination with Qualcomm will provide NXP employees with new and exciting opportunities for advancement and growth, as part of one of the best-positioned and most competitive semiconductor companies.
 - This transaction is a testament to the hard work of our great team. We have achieved a leadership position in the industry through the skill and hard work of our people, and our combined company must leverage that tremendous talent if it is to succeed.
 - Over the next few months, an integration team comprised of Qualcomm and NXP representatives will carefully analyze the operations of our companies to ensure that we are best positioned to succeed following the closing of the transaction.
11. **Will NXP's operations still be headquartered in Eindhoven, NL?**
- The HQ of the combined company will be based in San Diego, California.
12. **Will the company be changing its name?**
- The company name will be Qualcomm after the transaction closes.
13. **How will this affect the previously announced divestiture of NXP's Standard Products business?**
- We do not anticipate any impact on our previously announced divestiture of NXP's Standard Products business. We remain on track to close the transaction in Q1 2017
14. **Are we going to put the NXP-FSL merger integration process or the Nexperia disentanglement on hold?**
- No – we proceed as currently planned. Finishing the FSL integration and the Standard Product (Nexperia) disentanglement in time is important. Nexperia disentanglement is planned for early Q1 2017.

15. **Whom shall I call if I have additional questions?**

- Please feel free to reach out to your current sales contact

16. **Do you anticipate any change to the Distribution network as a consequence of this acquisition?**

- Qualcomm and NXP executives will discuss the distribution network as part of the integration process. Both companies see very high potential for the combined portfolio addressing a very wide customer base as an exciting opportunity.

17. **Will this acquisition affect the longevity of supply of NXP parts?**

- We expect to honor all existing NXP longevity commitments on product supply to meet the requirements of the Automotive, Medical, Telecommunications and Industrial markets that will be extremely important markets for the combined company.

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October 27, 2016

Dear (Distributor customer name),

On October 27, 2016, we announced that NXP has agreed to be acquired by Qualcomm creating the semiconductor industry powerhouse.

The combining of NXP into Qualcomm is based on compelling strategic logic that brings together two highly successful and complementary businesses to create a premier, semiconductor industry leader that will help you fulfill your customer needs even better. With unique leadership positions in Wireless technologies, Security and Processing, the union is ideally positioned to address the emerging trends of ADAS and Autonomous Vehicles, the Internet of Things (IoT) and the 5G revolution.

The combined company is expected to have annual revenues of more than \$30 billion, serviceable addressable markets of \$138 billion in 2020 and leadership positions across mobile, automotive, IOT, security and networking segments. The transaction has substantial strategic and financial benefits:

- **Complementary technology leadership in strategically important areas:** The transaction combines Qualcomm's leadership in low-power advanced computing, connectivity and communications systems with NXP's complementary leadership in general purpose and automotive grade processing, security, automotive safety sensors and RF; enabling more complete system solutions.
 - **Mobile:** A leader in mobile SoCs, 3G/4G/5G modems and security.
 - **Automotive:** A leader in global automotive semiconductors, including ADAS, infotainment, safety systems, body & networking, powertrain & chassis and secure access.
 - **IoT and Security:** A leader in broad-based MCUs, secure identification, mobile transactions, payment cards and transit; strength in application processors and connectivity systems.
 - **Networking:** A leader in network processors for wired and wireless communications and RF sub-segments, Wave-2 11ac/11ad, RF power and BTS systems.
 - **Enhanced go-to-market capabilities to serve our customers:** The combination of Qualcomm and NXP's deep customer and ecosystem relationships and distribution channels enables the ability to deliver leading products and platforms at scale in mobile, automotive, IoT, industrial, security and networking.
-



- **Shared track record of innovation and commitment to operational discipline:** Both companies have demonstrated a strong commitment to technology leadership and best-in-class product portfolios with focused investments in R&D. Qualcomm and NXP have both taken action to position themselves for profitable growth, while maintaining financial and operational discipline.

Qualcomm is an exceptional company with a like-minded approach to that of NXP, in terms of customer-focused innovation. Its exceptional heritage, execution capability and richness of technology are an ideal match to NXP's long-standing commitment to the Automotive, Security, Networking, Consumer and Industrial markets. We, and the rest of the NXP team, are delighted at this prospect and wish to assure you of our continued commitment to customer service and support throughout the entire transition phase and beyond.

Of course, the transaction is subject to regulatory approvals and other closing conditions, so we anticipate that the acquisition will likely close during the end of calendar 2017. However, for now and until the close of the deal, it will be business as usual, and we will continue to work closely with our distribution partners to support their customers and execute on our Mass Market acceleration strategy.

On behalf of the entire organization, we thank you for your continued commitment to support NXP products as you are fulfilling your customer needs and as we together continue to complete the integration of the Freescale and NXP systems. We are truly excited about our potential as a combined company with Qualcomm and the increased ability to jointly help you deliver innovative products and solutions to your customers. We are confident that our combination with Qualcomm will be as seamless as possible and look forward to working with you as our distribution partners for many years to come.

We will keep you informed as additional information becomes available that we are legally permitted to share.

Sincerely,

Steve Owen
EVP Global Sales & Marketing
NXP Semiconductors

Chris Allexandre
SVP Worldwide Mass Market Sales & Global Distribution
NXP Semiconductors



CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

THIS COMMUNICATION CONTAINS CERTAIN FORWARD-LOOKING STATEMENTS WITH RESPECT TO THE TENDER OFFER AND RELATED TRANSACTIONS, INCLUDING THE TIMING OF THE COMPLETION OF THE TRANSACTION AND THE EXPECTED BENEFITS OF THE PROPOSED TRANSACTION. THESE FORWARD-LOOKING STATEMENTS CAN BE IDENTIFIED BY THE FACT THAT THEY DO NOT RELATE ONLY TO HISTORICAL OR CURRENT FACTS. FORWARD-LOOKING STATEMENTS OFTEN USE WORDS SUCH AS "ANTICIPATE", "TARGET", "EXPECT", "ESTIMATE", "INTEND", "PLAN", "GOAL", "BELIEVE", "HOPE", "AIM", "CONTINUE", "WILL", "MAY", "WOULD", "COULD" OR "SHOULD" OR OTHER WORDS OF SIMILAR MEANING OR THE NEGATIVE THEREOF. THERE ARE SEVERAL FACTORS WHICH COULD CAUSE ACTUAL PLANS AND RESULTS TO DIFFER MATERIALLY FROM THOSE EXPRESSED OR IMPLIED IN FORWARD-LOOKING STATEMENTS. SUCH FACTORS INCLUDE, BUT ARE NOT LIMITED TO, THE EFFECT OF THE ANNOUNCEMENT OF THE TENDER OFFER AND RELATED TRANSACTIONS ON THE COMPANY'S BUSINESS RELATIONSHIPS (INCLUDING, WITHOUT LIMITATION, PARTNERS AND CUSTOMERS), OPERATING RESULTS AND BUSINESS GENERALLY; THE OCCURRENCE OF ANY EVENT, CHANGE OR OTHER CIRCUMSTANCES THAT COULD GIVE RISE TO THE TERMINATION OF THE PURCHASE AGREEMENT, AND THE RISK THAT THE PURCHASE AGREEMENT MAY BE TERMINATED IN CIRCUMSTANCES THAT REQUIRE THE COMPANY TO PAY TERMINATION COMPENSATION; THE OUTCOME OF ANY LEGAL PROCEEDINGS THAT MAY BE INSTITUTED AGAINST THE COMPANY RELATED TO THE PURCHASE AGREEMENT; UNCERTAINTIES AS TO THE NUMBER OF SHAREHOLDERS OF THE COMPANY WHO MAY TENDER THEIR SHARES IN THE TENDER OFFER; THE FAILURE TO SATISFY OTHER CONDITIONS TO COMPLETION OF THE TRANSACTION, INCLUDING THE RECEIPT OF ALL REGULATORY APPROVALS RELATED TO THE TRANSACTION (AND ANY CONDITIONS, LIMITATIONS OR RESTRICTIONS PLACED ON THESE APPROVALS); RISKS THAT THE TENDER OFFER AND RELATED TRANSACTIONS DISRUPT CURRENT PLANS AND OPERATIONS AND THE POTENTIAL DIFFICULTIES IN EMPLOYEE RETENTION AS A RESULT OF THE PROPOSED TRANSACTIONS; THE EFFECTS OF LOCAL AND NATIONAL ECONOMIC, CREDIT AND CAPITAL MARKET CONDITIONS ON THE ECONOMY IN GENERAL, AND OTHER RISKS AND UNCERTAINTIES; AND THOSE RISKS AND UNCERTAINTIES DISCUSSED FROM TIME TO TIME IN OUR OTHER REPORTS AND OTHER PUBLIC FILINGS WITH THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC").

THESE FORWARD-LOOKING STATEMENTS ARE BASED ON NUMEROUS ASSUMPTIONS AND ASSESSMENTS MADE BY THE COMPANY IN LIGHT OF ITS EXPERIENCE AND PERCEPTION OF HISTORICAL TRENDS, CURRENT CONDITIONS, BUSINESS STRATEGIES, OPERATING ENVIRONMENT, FUTURE DEVELOPMENTS AND OTHER FACTORS IT BELIEVES APPROPRIATE. BY THEIR NATURE, FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS AND UNCERTAINTIES BECAUSE THEY RELATE TO EVENTS AND DEPEND ON CIRCUMSTANCES THAT WILL OCCUR IN THE FUTURE. THE FACTORS DESCRIBED IN THE CONTEXT OF SUCH FORWARD-LOOKING STATEMENTS IN THIS ANNOUNCEMENT COULD CAUSE THE COMPANY'S PLANS, ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS, INDUSTRY RESULTS AND DEVELOPMENTS TO DIFFER MATERIALLY FROM THOSE EXPRESSED IN OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. ALTHOUGH IT IS BELIEVED THAT THE EXPECTATIONS REFLECTED IN SUCH FORWARD-LOOKING STATEMENTS ARE REASONABLE, NO ASSURANCE CAN BE GIVEN THAT SUCH EXPECTATIONS WILL PROVE TO HAVE BEEN CORRECT AND PERSONS READING THIS ANNOUNCEMENT ARE THEREFORE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON THESE FORWARD-LOOKING STATEMENTS WHICH SPEAK ONLY AS AT THE DATE OF THIS ANNOUNCEMENT. THE COMPANY ASSUMES NO OBLIGATION TO UPDATE THE INFORMATION CONTAINED IN THIS ANNOUNCEMENT (WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE), EXCEPT AS REQUIRED BY APPLICABLE LAW.



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GENERAL

1. Why is Qualcomm acquiring NXP?

NXP has agreed to be acquired by Qualcomm creating the semiconductor industry powerhouse. The transaction has substantial strategic and financial benefits including:

- Complementary technology leadership in mobile, automotive, IoT and Security and Networking
- Enhanced go-to-market capabilities to serve our customers
- Shared track record of innovation and commitment to operational discipline
- Substantial financial benefits

2. Who is Qualcomm?

- Qualcomm, a world leader in 3G and 4G, is inventing technologies to accelerate innovation. Over the past 30 years, Qualcomm's digital communications technologies have connected billions of people and helped create the smartphone revolution. Looking forward, Qualcomm is helping connect the world of devices by bringing 5G to market and delivering intelligent, connected platforms into industries such as mobile, automotive, computing, IOT and healthcare. Qualcomm Incorporated includes their licensing business, QTL, and the vast majority of their patent portfolio. Qualcomm Technologies, Inc., a subsidiary of Qualcomm Incorporated, operates, along with its subsidiaries, substantially all of their engineering, research and development functions, and substantially all of their products and services businesses, including their semiconductor business, QCT, and their mobile, automotive, computing, IOT and healthcare businesses. Qualcomm has approximately 30,000 employees and operates in over 40 countries.

3. How would my job be impacted by this transaction?

- NXP has achieved a leadership position in the industry through the skill and hard work of our people, and our combined company will succeed by continuing to leverage that tremendous talent.
- We are immediately launching a rigorous integration planning effort to ensure a seamless integration. Over the next several months, an integration team comprised of NXP and Qualcomm representatives will be carefully analyzing the operations of our two companies to develop a plan to ensure that, after the transaction closes, we are best positioned to meet the needs of our customer. While we are very early in the process, we expect the vast majority of NXP's team will have the opportunity to be integrated into the combined company and have new opportunities for advancement and growth. Until the transaction closes, both companies will continue to operate independently of each other.
- It is important to note that we are in the very early stages of the transaction, which is not expected to close until the end of calendar 2017. For now, and until the close of the transaction, it will be business as usual and all of us should focus on our current responsibilities, and remain committed to meeting and surpassing the expectations of our customers.

4. **Will you be reducing headcount as a result of this announcement?**
- In any strategic combination, there will be synergies that result in some reductions. That will be the case here. While we are very early in the process, we expect the vast majority of NXP's team will have the opportunity to be integrated into the combined company and have new opportunities for advancement and growth.
 - At this time our employees' roles and day-to-day responsibilities are not changing. Over the next several months, an integration team comprised of NXP and Qualcomm representatives will be carefully analyzing the operations of our two companies to ensure that, once the transaction closes, we can be best positioned to succeed.
 - We recognize this creates uncertainty and any specific details of reductions resulting from this announcement will be communicated to impacted employees as soon as we are able.
5. **Do I have a similar job/role going forward?**
- It is very early in the process and we cannot yet comment on these types of details. Until the closing, we need to focus on our current responsibilities, and remain committed to meeting and surpassing the expectations of our customers. As soon as more information can be shared, we will notify employees.
6. **When will we find out more?**
- The transaction is subject to regulatory approvals and other closing conditions and will likely not close until the end of calendar 2017. We are committed to sharing more information with you as soon as it is appropriate to do so.
7. **What will I be working on in the immediate future?**
- You will continue to work on your current assignments and goals.
 - Until the transaction closes, we will continue operating as two separate companies.
8. **Will my reporting structure change?**
- Any reporting structure changes will be as a result of normal business activities. Any changes to reporting structure due to the acquisition will be communicated as soon after the close as possible.
 - Until the transaction closes, we will continue operating as two separate companies.
9. **What changes will be made between now and the close?**
- Between now and the close, NXP employees should continue to focus on the pertinent work priorities and we will continue to operate as business as usual.
 - Until the transaction closes, we will continue operating as two separate companies.
10. **What if I lose my job as a result of the acquisition?**
- We are committed to communicate to employees' plans relating to the organizational structure and organizational roles as soon as feasible. Any organizational changes relating to this transaction will not be implemented until after the deal closes. To the extent possible and allowable, every effort will be made to determine specific roles and reporting relationships before, or as soon after as possible, the closing.

- 11. Will we continue to work on the same projects/products? How will this affect our product road map?**
- While our technology and products are highly complementary, there is very little product overlap between the product portfolios of the two companies.
 - Until the closing, we will continue to work on our own projects, products and critical priorities. Once the close is completed, NXP and Qualcomm will then begin to engage regarding our product roadmaps, strategies and projects in support of our customers.
- 12. What can I communicate?**
- Until we close the transaction, we will continue to be an independent company. It is important that we run the businesses separate from Qualcomm until the transaction closes.
 - Information should be limited to this FAQ. You should not comment on the transaction terms or other details.
- 13. What do I communicate to external parties with questions – suppliers, customers, etc.?**
- Company leadership has begun to reach out to our external stakeholders as appropriate to communicate the transaction and strategic rationale. In the event you do receive question from external parties, please refer them to Dirk Morgenroth for Sales, Jacky McNulty for Suppliers, Joon Knapen for press and any other external parties. You should not comment on the transaction terms or other details. If you have any questions, please contact your manager or human resources representative.
- 14. Will our name change?**
- The combined entity will be called Qualcomm.
- 15. What will happen to our headquarters and major locations?**
- The HQ of the combined company will be based in San Diego, California.
 - We are in the very early stages of this transaction, which is not expected to close until the end of calendar 2017. We are immediately launching a rigorous integration planning effort to ensure a seamless integration. Over the next several months, an integration team comprised of NXP and Qualcomm representatives will be carefully analyzing the operations. As decisions are made, they will be communicated as soon as it is appropriate to do so. Until that time, we will continue to operate as independent companies and business as usual.
- 16. What happens if the Acquisition does not close?**
- We are focused on executing our current strategy and will continue to be an independent company.
- 17. Qualcomm does not have internal manufacturing facilities. What does this mean for NXP's front-end and back-end manufacturing facilities?**
- While Qualcomm has traditionally had a fabless model, and will continue to maintain that model for the majority of their existing products, that model is shifting in certain areas of their business under the joint venture with TDK. Qualcomm also recognizes that NXP's factories have been an important part of NXP's leadership position and success, and plans to continue to operate with that model going forward.

18. **Qualcomm has a central engineering organization model. What does this mean for the NXP engineering community?**
- Both companies have leveraged successful business and engineering models to bring best-in-class products to our customers. As you know, we are in the very early of the integration planning process. Over the next several months, the Qualcomm and NXP integration team will be carefully analyzing our companies' overall operations to develop a plan to ensure that, after the transaction closes, we are best positioned to leverage each other's technical capabilities and meet the needs of our customer.
19. **Will any businesses be shut down as a result of this acquisition?**
- It is too early to discuss that level of detail but it is important to remember that this combination is about growth opportunities.
20. **How will this affect the previously announced divestiture of NXP's Standard Products business?**
- We do not anticipate any impact on our previously announced divestiture of NXP's Standard Products business. We remain on track to close the transaction in Q1 2017.
21. **What happens to the NXP CEO and rest of NXP Management Team (MT)?**
- It is very early in the process and we cannot yet comment on these types of details. Until the closing, we need to focus on our current responsibilities, and remain committed to meeting and surpassing the expectations of our customers. As soon as more information can be shared, we will notify employees.
22. **Can NXP employees have contact with Qualcomm employees?**
- We must continue to operate as two independent companies until the transaction closes next year - there should be no changes to current plans at this time.
 - A team is being formed to direct and coordinate the integration efforts, and will engage with the relevant business and engineering teams as appropriate.
 - During this phase, NXP and Qualcomm activities are subject to restrictions and monitoring by various regulatory authorities.
 - Unless otherwise directed by the integration team (Henri Ardevol, Sean Pitonak, Maarten Dirkwager, or Karen Rapp), please ensure you comply with the following:
 - No external communication or speculation, including what the proposed transaction may mean to NXP's and Qualcomm's businesses or how we might operate as one company.
 - No internal or external discussions regarding potential integration plans, particularly those related to synergies.
 - No interaction between NXP and Qualcomm with the exception of any regular or normal course of business activities that may occur in your role.

BENEFITS

23. How are my benefits changing?

- NXP will continue to align and harmonize local country benefit programs as needed and related to normal operations of NXP.
- Qualcomm has agreed for 12 months following closing that it will continue to provide benefits that are substantially comparable in the aggregate to what NXP employees were entitled to immediately prior to closing of the transaction, and benefits that are substantially comparable in the aggregate to either those benefits that are generally made available as per October 26, 2016 by NXP to such employees or by Qualcomm to similarly situated Qualcomm employees.
- Additional information will be provided regarding post-closing benefits as we get closer to closing and finalize the transition.

24. What happens to my NXP Retirement/Pension (International Employees Only) or U.S. 401(k) Plan?

- Between signing and closing NXP Pension Plans and the US 401(k) plan will continue in place as they are today, and any changes will be as a result of normal operations of NXP.
- More information will be provided to employees regarding post-closing benefit plans and the impact on NXP employees closer to closing.

25. What will happen to my Annual Leave or Paid Time Off (PTO) balances?

- NXP employees should continue utilize their Annual Leave or PTO in accordance with local policies and procedures.
- The closing will not impact your accrued leave balance.
- Additional information regarding Qualcomm's annual leave programs and transition details will be communicated closer to closing.

26. How will the announcement impact the Immigration, H1B Visa or Permanent Residency Process?

- The announcement does not impact any Immigration, H1B Visa or Permanent Residency process. We expect to continue these processes, consistent with how they were handled prior to the announcement. More information will be communicated directly with employees engaged in these processes.

COMPENSATION

27. Will the Acquisition announcement have any impact on NXP's current compensation programs?

- No, the announcement of the transaction does not have any impact on NXP's current compensation programs.
- NXP will continue to align and harmonize our compensation programs as needed and related to normal operations of NXP.

28. Will NXP continue to harmonize the job levels in 2017 in view of the Freescale merger integration, given this announcement?

- Yes, until close, Qualcomm and NXP will continue to operate as two different companies and as such NXP will continue harmonization activities related to the Freescale merger integration, including job leveling. We expect this work to be completed in 2017, pending approval in countries where consultation is required.

29. What will happen with my Restricted Share Units (RSUs) or Stock Options?

- Grants of long-term incentives (including RSUs and Stock Options) will continue to vest per the vesting schedule associated with each award and found in the respective LTIP terms and grant letters. Unvested RSUs and Stock Options will remain outstanding on their current terms and conditions through the closing. At the closing, unvested RSUs and Stock Options will convert to awards with respect to Qualcomm stock based on an exchange rate specified in the definitive agreement for the transaction. Vested RSUs and Stock Options will be cashed out at closing. With respect to vested RSUs, this cash out payment will be an amount equal to the number of NXP shares subject to such RSU award multiplied by \$110 (the price payable per common share of NXP in Qualcomm's tender offer). With respect to vested stock options, the cash out payment will be an amount equal to the excess (if any) of \$110 over the applicable per share exercise price of such stock option, multiplied by the number of NXP shares subject to such stock option award. Payments with respect to vested RSUs and stock options will be subject to applicable withholding taxes. Additional information will be communicated closer to closing.

30. Will we continue to have the Share Savings Plan (SSP) / Employee Stock Purchase Plan (ESPP)?

- Yes, NXP will continue the SSP / ESPP for the upcoming February 2017 purchase period. Under the terms of the definitive agreement for the transaction, participants are not permitted to increase their payroll deductions for the SSP/ESPP from those in effect on the date of the definitive agreement. Based on the potential closing date, NXP will evaluate future purchase periods and communicate the status of the SSP / ESPP to participants.

31. Will we continue to have the Annual Incentive Plan (AIP) and Sales Incentive Plan (SIP)?

- Yes, NXP will continue with the 2016 AIP and SIP through the close. Additional information will be provided regarding Qualcomm incentive compensation plans as we finalize the transition and closer to closing.

32. Is the standard Qualcomm salary / bonus scale consistent with NXP?

- NXP and Qualcomm will complete a detailed review of compensation programs between the two companies. For the first twelve months following closing, NXP employee salaries and AIP / SIP compensation opportunity will remain consistent with the rate it was prior to close. Additional information will be provided regarding Qualcomm compensation plans as we finalize the transition and closer to closing.

33. Will NXP's Technical Ladder still exist after the Acquisition?

- NXP and Qualcomm will complete a detailed review of each organization's technical ladder and communicate any go forward implications related to NXP's technical ladder closer to closing.

MANAGERS

34. How do I address employee questions before the close?

- Managers should only address questions for which they have been provided answers and should not speculate or offer personal opinions. We will be making every effort that we can to update all employees between now and close on all pertinent information.

35. How, if at all, will the basic processes of the company change for the rest of the year and next year?

- We will continue to manage all the processes and programs across the company as we did prior to this announcement. Managers will continue to manage and recognize the performance of their team. At the time of the close, additional information will be provided to managers regarding changes in processes and programs.

Integration

36. The Qualcomm press release mentioned synergies, can you explain what this means?

- Synergies are cost reductions that will be realized as a combined company. This can include leveraging our combined purchasing power, efficiencies with tools and equipment, site consolidations, and unfortunately employee reductions. As integration planning and decisions are made, they will be communicated as soon as it is appropriate to do so. For any employee reductions, we will be thoughtful and respectful, communicating to impacted employees as soon as possible.

37. Are we going to put the NXP-FSL merger integration process or the Nexperia disentanglement on hold?

- No, we will proceed as currently planned. Finishing the FSL integration and the Standard Product (Nexperia) disentanglement in time is important. Nexperia disentanglement is planned for early Q1 2017.

38. How can I stay informed through the acquisition process?

- To assist with ensuring employees are kept informed about the acquisition process, we have launched an internal integration website portal for all things pertaining to the Qualcomm acquisition, accessible through SharePoint. We will keep this site up to date with news, important documents, rules of engagement (do's and don'ts) and frequently asked questions.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

THIS COMMUNICATION CONTAINS CERTAIN FORWARD-LOOKING STATEMENTS WITH RESPECT TO THE TENDER OFFER AND RELATED TRANSACTIONS, INCLUDING THE TIMING OF THE COMPLETION OF THE TRANSACTION AND THE EXPECTED BENEFITS OF THE PROPOSED TRANSACTION. THESE FORWARD-LOOKING STATEMENTS CAN BE IDENTIFIED BY THE FACT THAT THEY DO NOT RELATE ONLY TO HISTORICAL OR CURRENT FACTS. FORWARD-LOOKING STATEMENTS OFTEN USE WORDS SUCH AS "ANTICIPATE", "TARGET", "EXPECT", "ESTIMATE", "INTEND", "PLAN", "GOAL", "BELIEVE", "HOPE", "AIM", "CONTINUE", "WILL", "MAY", "WOULD", "COULD" OR "SHOULD" OR OTHER WORDS OF SIMILAR MEANING OR THE NEGATIVE THEREOF. THERE ARE SEVERAL FACTORS WHICH COULD CAUSE ACTUAL PLANS AND RESULTS TO DIFFER MATERIALLY FROM THOSE EXPRESSED OR IMPLIED IN FORWARD-LOOKING STATEMENTS. SUCH FACTORS INCLUDE, BUT ARE NOT LIMITED TO, THE EFFECT OF THE ANNOUNCEMENT OF THE TENDER OFFER AND RELATED TRANSACTIONS ON THE COMPANY'S BUSINESS RELATIONSHIPS (INCLUDING, WITHOUT LIMITATION, PARTNERS AND CUSTOMERS), OPERATING RESULTS AND BUSINESS GENERALLY; THE OCCURRENCE OF ANY EVENT, CHANGE OR OTHER CIRCUMSTANCES THAT COULD GIVE RISE TO THE TERMINATION OF THE PURCHASE AGREEMENT, AND THE RISK THAT THE PURCHASE AGREEMENT MAY BE TERMINATED IN CIRCUMSTANCES THAT REQUIRE THE COMPANY TO PAY TERMINATION COMPENSATION; THE OUTCOME OF ANY LEGAL PROCEEDINGS THAT MAY BE INSTITUTED AGAINST THE COMPANY RELATED TO THE PURCHASE AGREEMENT; UNCERTAINTIES AS TO THE NUMBER OF SHAREHOLDERS OF THE COMPANY WHO MAY TENDER THEIR SHARES IN THE TENDER OFFER; THE FAILURE TO SATISFY OTHER CONDITIONS TO COMPLETION OF THE TRANSACTION, INCLUDING THE RECEIPT OF ALL REGULATORY APPROVALS RELATED TO THE TRANSACTION (AND ANY CONDITIONS, LIMITATIONS OR RESTRICTIONS PLACED ON THESE APPROVALS); RISKS THAT THE TENDER OFFER AND RELATED TRANSACTIONS DISRUPT CURRENT PLANS AND OPERATIONS AND THE POTENTIAL DIFFICULTIES IN EMPLOYEE RETENTION AS A RESULT OF THE PROPOSED TRANSACTIONS; THE EFFECTS OF LOCAL AND NATIONAL ECONOMIC, CREDIT AND CAPITAL MARKET CONDITIONS ON THE ECONOMY IN GENERAL, AND OTHER RISKS AND UNCERTAINTIES; AND THOSE RISKS AND UNCERTAINTIES DISCUSSED FROM TIME TO TIME IN OUR OTHER REPORTS AND OTHER PUBLIC FILINGS WITH THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC").

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ADDITIONAL INFORMATION CONCERNING THESE AND OTHER FACTORS THAT MAY IMPACT OUR EXPECTATIONS AND PROJECTIONS CAN BE FOUND IN THE COMPANY'S ANNUAL REPORT ON FORM 20-F FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015 AND IN ITS REPORTS ON FORM 6-K. OUR SEC FILINGS ARE AVAILABLE PUBLICLY ON THE SEC'S WEBSITE AT WWW.SEC.GOV, ON OUR WEBSITE AT WWW.NXP.COM/INVESTOR.

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Hello, I'm Steve Mollenkopf, CEO of Qualcomm.

On behalf of the Qualcomm executive team, I want to tell you how excited we are to be joining forces with NXP. We have a fantastic opportunity together.

We are deeply impressed by NXP's world-class technology, innovative products and customer relationships. And we know that NXP's success is a direct result of the extremely talented team ... all over the world ... who bring NXP's technologies and products to life.

As you know, there are many steps before the proposed transaction closes. But there are many reasons to be excited about the prospect of bringing together our two great companies.

First, let me share some background on Qualcomm.

With the drive and dedication of our employees, through our licensing and chipset businesses, Qualcomm has been pioneering mobile technologies for over 30 years. Today, we are a world leader in 3G, 4G, and we are leading the world to 5G.

Since our founding, our approach has been to anticipate big industry challenges and invest early, to solve them. Just like NXP, where others see complexity, we see opportunity. In fact, over time, we have invested more than \$41 billion dollars in R&D, helping to drive major technology shifts that have changed the way we all communicate with one another.

We drove the transition to digital communications and that's been the foundation for everything that's followed ... including redefining computing ... and bringing the smartphone to life.

And as we build on our technologies that have connected people ... our long-term vision is to deliver the intelligent platforms that connect their worlds ... and that's something that we can do very well together.

The combination of our two companies is a great fit. The highly complementary nature of our world-class technology, products and channels ... and our shared culture of innovation makes us an ideal match.

I'm impressed by the breadth of your technology portfolio and leadership in key areas. This strongly aligns and accelerates our strategy of extending our core technology to new areas beyond mobile, such as automotive, IoT and networking.

By combining our mobile roadmap and connectivity expertise with your processing, networking and security technology, products and channels, we will be able to provide fully integrated solutions at scale to customers across these industries.

Clearly, this is great news for customers of both companies, including those that we already share, especially in the automotive segment.

Together, we will have leading technology and product capabilities, enabling us to accelerate the pace of innovation and integration. And we will also benefit from NXP's deep operational expertise in fab manufacturing and significant presence with foundry partners.

We recognize that NXP's fabs have been an important factor in your success, and this expertise will build on the manufacturing capabilities that we will have after our joint venture with TDK closes.

Overall, the combination of technology leadership, integration and scale will position us to win in a highly-connected world. And I have no doubt that our combined talents and roadmap will continue to create value and opportunities for our customers and deliver innovations that transform industries.

Qualcomm, like NXP, is committed to a culture of innovation. Both companies have a strong track record of focused investments in R&D that have yielded best-in-class product portfolios. This mutual commitment to innovation gives us a running start as we begin to map out how we will combine our two companies.

To that end, we will begin carefully developing a joint integration plan to ensure this process is as seamless as possible for employees, customers, suppliers and other key stakeholders at both companies.

A designated integration team, comprised of senior members from Qualcomm and NXP, will oversee and facilitate the integration, including how we can leverage the best talent, processes and capabilities at both companies to support our future growth.

There will be much more to talk about in the weeks and months to come, but it's worth noting that both companies are highly complementary in nature, and have an excellent track record of successful business integrations. And we are aware that a number of you are still dealing with a merger integration process with Freescale and we will be thoughtful in our integration design.

I know you have many questions. As this process moves forward, Rick and I, along with our leadership teams will do our best to provide you with information and answers in a timely manner. And I look forward to joining Rick in Austin for a Town Hall meeting on Monday. In the meantime, I hope you are as excited about the new opportunities ahead for our combined company as we are here at Qualcomm.

Thank you.

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EDITED TRANSCRIPT

QCOM - Qualcomm Inc to Acquire NXP Semiconductors NV - M&A Call

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PRESENTATION

Operator

Good morning. My name is Beth and I will be your conference operator today. At this time I would like to welcome everyone to the Qualcomm to acquire NXP conference call.

(Operator Instructions)

Thank you. John Sinnott, Vice President Industrial (sic - see website, Qualcomm.com, "Investor") Relations, you may begin your conference.

John Sinnott - Qualcomm Incorporated - VP of IR

Thank you, Beth. Good morning, everyone, and welcome to our conference call regarding the announcement of Qualcomm's proposed acquisition of NXP Semiconductor. A slide presentation and audio broadcast will accompany this call and you can access them by visiting Qualcomm.com.

Our presentation and discussion today will include forward-looking statements relating to our current outlook, expectations and beliefs, which are subject to a number of risks and uncertainties that could cause actual results to differ materially from the forward-looking statements. Please review our press release announcing the proposed transaction as well as our SEC filings for further details regarding these risks and uncertainties.

Please note that the tender offer in connection with Qualcomm's proposed acquisition of NXP has not yet commenced, and our communication is neither an offer to purchase nor a solicitation of an offer to sell any NXP securities. NXP shareholders are urged to read the tender offer statement and solicitation recommendation statement to be filed with the SEC when they become available because they will contain important information about the proposed transaction. With that, I would like to turn it over to Steve Mollenkopf.

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Steve Mollenkopf - Qualcomm Incorporated - CEO

Thanks, John, and thank you all for joining us on short notice. On the call with me today are George Davis, our CFO; Rick Clemmer, CEO of NXP; and Dan Durn, CFO of NXP.

We are very pleased to announce that we have reached an agreement to acquire NXP. We believe the combination will create the semiconductor engine for the connected world.

With NXP we will extend our mobile technology leadership and footprint into attractive growth opportunities. We will have the leading position in automobile, a strong mobile security position, as well as strength in the low-power computing solutions that are critical for consumer and industrial IoT. This is a highly complementary combination that we believe will increase our SAM by approximately 40% to \$138 billion in 2020.

In addition to its strong technology roadmap and product portfolio, NXP has an excellent sales organization serving both direct relationships across the relevant industries and a network of global distribution channels. We believe this provides an attractive new channel for selling our existing IoT products, as well.

NXP brings a broad suite of solutions and has differentiated its microcontroller business through the ability to support customers on a global basis and in multiple design centers at scale, much like Qualcomm has done in the mobile device ecosystem. And this has allowed them to achieve a leading position in their core businesses.

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.

Qualcomm bet on mobile over 30 years ago. Our innovations and inventions have played a vital role in creating and accelerating the evolution of the mobile industry. From our early days of pioneering advanced digital cellular communication systems to our innovation in leadership and systems solutions for smartphones, we have embraced the complexity of bringing together secure and reliable connectivity, along with powerful but low-power computing, graphics, sensors, imaging and other technologies for the mobile device ecosystem.

Today, more than ever, we are driving standards in innovation at the network level and at the chip level in order to meet the ever-increasing demands for flexible, reliable, secure and ultrafast mobile broadband solutions. Our innovations have revolutionized the way people communicate with one another, and our technologies are now enabling entirely new business models.

Many of the most popular applications used daily would simply not be possible without Qualcomm technologies. The graphics, processors, cameras, sensors, location services, 4G LTE, Wi-Fi radios, and other Qualcomm innovations that are enabling services like Uber, Instagram and others. The world's information is in the hands of billions of people because we carry computers in our pockets, and that is possible because of Qualcomm's technology.

Looking ahead to the Internet of Things, we believe our portfolio of technologies and communication systems expertise will be more relevant and valuable than ever. Many of the same technologies that have made Qualcomm a leader in the mobile device ecosystem, along with those in our forward-technology roadmap, will unlock vast new ecosystems and economic value as we bring the Internet of Things from its early stage today to widespread global adoption.

For the last 30 years we've connected people and some of the things around them. For the next 30 years we will be interconnecting their worlds and everything around them. As mobile technology expands into new areas our vision is to transform the world with intelligent connected technology platforms.

Over the past two years we have laid the foundation for driving long-term value for our stockholders, customers and partners throughout the ecosystem, putting us in an excellent position to lead through the next wave of growth. First, we are investing to expand our technology roadmap. Just as we led each mobile technology transition from 2G to 3G, and from 3G to 4G LTE, we are leading the industry to 5G in order to unlock the tremendous value of the 5G economy.

We are pursuing new opportunities and fast-growing SAMs that build on our technology leadership, applying our core smartphone technologies into rapidly expanding adjacent opportunities in a highly disciplined way. We identified mobile computing, automotive, IoT and networking as the areas where we can create the most value and generate the best returns, and we're making focused investments in these areas. Our advances are driving the development of machine learning, computer vision, sensor fusion and other autonomous driving technologies which benefit from our expertise in low-power embedded computing.

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In our licensing business, we are continuing to develop the core technologies that drive industry standards and other important technologies across the globe. Our technologies impact billions of people every day. We have established a framework that allows mobile device manufacturers, infrastructure providers and increasingly many other types of companies and industries to benefit from Qualcomm's portfolio of technology and related intellectual property.

We have more than 320 CDMA-based licensees, including in China where we've signed agreements with more than 115 licensees in less than two years that are consistent with the NDRC terms. We're also taking aggressive action to optimize our business model and create a more agile Qualcomm. We remain committed to an efficient cost structure while making focused investments to remain an innovation leader.

We are improving operating margins while continuing to bring great inventions to market such as our recently announced Snapdragon X50, the first modem of its kind designed for 5G, delivering multi-gigabit speeds.

We have also selectively pursued strategic M&A to accelerate and de-risk our growth agenda. With CSR we added products, channels and customers in IoT and automotive infotainment. And with the pending TDK joint venture we are enhancing our ability to address the increasing complexity of the numerous spectrum bands that need to be supported for LTE and 5G by scaling up our front-end capabilities, where innovation and technology leadership will become increasingly important.

As we've executed this strategy we've maintained our strong balance sheet and commitment to attractive capital returns. Over the last seven quarters through the third quarter of FY16 we've returned approximately \$20 billion in capital to our stockholders through dividends and stock repurchases. We have built a foundation for profitable growth and we are in an excellent position to accelerate the pace at which we are extending our core technologies to new opportunities. Today's announcement is strongly aligned with that strategy.

This transaction is about complementary technology and scale. Together we will have the leading SoC-technology roadmap and industry channels to win in the intelligently connected world.

We will have leadership positions in several important areas. In mobile we will be the modem, SoC, connectivity, compute and security. In automotive we will lead across multiple verticals at scale, combining our expertise in compute and multimedia with NXP's leadership in complete car infotainment systems, secure-car access, body and in-vehicle networking and safety.

As many of you know auto business design cycles are multi-year, and strong customer relationships are high barrier to entry. Both Qualcomm and NXP our trusted partners in the global-auto industry. And NXP is the largest semi supplier to the industry on a complete solution level going beyond components. This is a key focus area for us, and we see significant opportunity ahead as the growth of semiconductor content in cars is expected to outpace the rate of vehicle production growth itself as features proliferate from luxury vehicles more broadly through the industry.

Together we have the technology and expertise to win in the next generation of ADAS and autonomous driving vehicles. We believe that the development of ADAS will be similar to that of the smartphone where the breadth of technology matters. ADAS is a rapidly developing area, and with our combination we will be well positioned to lead as the world moves to securely connected fully automated cars.

Qualcomm is already playing a critical role in the Internet of Things as many industries become mobile and connected. With NXP we will build our connectivity expertise in IoT with NXP's leadership in microprocessors, security and sensors to become a leader in broad-based microcontrollers, secure identification, payment cards and transit applications. IoT is an area where NXP's global network of distribution channel partners is a key asset, one that will allow us to bring our technology beyond the global mobile ecosystem.

Of course end-to-end security is a critical element of success in each of these areas and, accordingly, growth in intelligent connected devices is also driving demand for security. With the addition of NXP's established security expertise and solutions, which encompass secure-connected devices, secure interfaces and infrastructure, and secure-ID solutions, we will be able to deliver truly secure solutions on a global scale.

We will also benefit from NXP's deep operational expertise in manufacturing and significant presence with foundry partners. NXP's fabs have been an important factor in their success, and this expertise will build on the manufacturing capabilities that we will have after our joint venture when TDK closes.

As we expand our technology leadership, we are significantly diversifying our revenue stream beyond mobile with combined company mobile revenue of less than 50%. With our last reported fiscal year, Qualcomm had revenue of \$1.7 billion from QCT adjacencies that include automobile, IoT and networking, or about 10% of total QCT revenues. Combined, looking at Qualcomm and NXP's last reported fiscal years, revenue of \$10.2 billion came from automotive, IoT and networking, almost 30% of combined company revenue. And mobile solutions encompassed just under 50%.

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We strongly believe that the combination of Qualcomm and NXP's deep customer and ecosystem relationships and distribution channels will drive significant revenue opportunities well into the future. We also believe this is an efficient use of our offshore cash, and the combined companies will have tremendous cash flow generation that will strongly position us for the future.

With that I'd like to turn the call over to George to talk about the financial highlights of this transaction.

George Davis - Qualcomm Incorporated - CFO

Thank you, Steve. I'll take a moment now to briefly review the terms of the transaction. We intend to acquire NXP for \$110 per share in an all-cash tender offer, using the combination of offshore cash and new debt.

The enterprise value is \$47 billion. This is an extremely efficient use of our offshore cash position. The tender offer will not be subject to any financing conditions; however, we have secured \$11 billion in committed financing.

The transaction, which we expect to close by the end of calendar 2017, is subject to regulatory approvals in various jurisdictions and other closing conditions, including the tender of a minimum number of NXP's issued and outstanding common shares. We expect to achieve \$500 million in annualized run rate cost synergies two years after the transaction closes.

The savings are focused on improvements in cost of goods sold from the strength of our supply chain relationships and operating expense reductions related to overlapping costs. The \$500 million savings will be in addition to the \$1.4 billion cost program we announced as part of our strategic realignment plan and the \$500 million in savings to which NXP has committed with respect to its merger with Freescale.

The structure of the transaction takes advantage of our strong balance sheet and we are deploying our cash in a capital efficient manner. Our use of offshore cash enhances transaction efficiencies, unlocks value, and significantly improves our return on invested capital. We plan to use future offshore cash to service the transaction financing, enabling us to reduce leverage quickly. And we remain committed to a strong investment-grade rating.

We will maintain strong sources of liquidity through minimum cash balances and an increase of our revolving debt facility. We expect to retain global liquidity in excess of \$8 billion.

It is important to note that we are firmly committed to our current dividend program and to continuing to growing our dividends. We are also committed to share repurchases at a level that offsets dilution as we pay down debt. We expect to approach our pre-transaction leverage ratios within two years of close. As you can see, the strong cash profile of the combined company provides strong support for future capital returns to stockholders. Now I will hand it back to Steve.

Steve Mollenkopf - Qualcomm Incorporated - CEO

Thanks, George. While we don't expect the transaction to close until late next year, we are already intently focused on integration. Both Qualcomm and NXP have extensive integration experience, and we intend to immediately launch a rigorous integration planning effort. This collaborative effort will be led by leaders from both companies in order to bring together are very complementary companies and teams seamlessly.

We have known and admired Rick, Dan and many others on the NXP team for years, and we are very excited to join our great companies together. We have great respect for the semiconductor technologies that NXP has invented, and we can't wait to get started on new inventions that will enable more and more industries to benefit from the innovations we are both developing. Our shared commitment to innovation and operational discipline will enable us to accelerate the pace of innovation through focused investments. I'd now like to turn the call over to Rick to say a few words before we take your questions.

Rick Clemmer - NXP - CEO

Thank you, Steve. And good morning to everyone on the call today. We are very excited about the transaction announced this morning. We believe the combination of Qualcomm and NXP will complement and bring together all the technologies to realize our vision we've shared with most of you for secure connections for the smarter world.

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We view the combination as creating a semiconductor industry powerhouse, a world leader in advanced computing, ubiquitous connectivity, security and high-performance next-signal solutions including microcontrollers. The transaction completes our capability to be the thought leader in the next-generation ADAS solution. The new company will leverage the deep automotive domain expertise of NXP and combine it with advanced computing in connectivity capability of Qualcomm to address the requirements of deep learning, automotive vision systems, and the requirements for next-generation automotive domain control.

In IoT, prior to the acquisition, NXP was very well positioned to address the demands of the next-generation smart connected devices for the next few years. With this transaction it will accelerate and expand the capabilities with Qualcomm's strong position in wireless connectivity, which will ideally complement NXP's leadership in low-power ARM-based microcontrollers and industry-leading device security. This will enable the delivery of the most complete solutions to our customers and partners.

In summary, we view the transaction as positive to all of our stakeholders: our employees, our customers and our shareholders. The combination of Qualcomm and NXP will be the leader in secure-connected devices for the next decade.

Steve Mollenkopf - Qualcomm Incorporated - CEO

Thanks, Rick. We are very excited about this transaction and the opportunities to transform the world with intelligent, connected and secure platforms. Together, we will be even better positioned to empower customers and consumers to realize all the benefits of the intelligently connected world. With that we'd be happy to take your questions. Operator?

QUESTION AND ANSWER

Operator

(Operator Instructions)

Ron Hall, Morgan Stanley (sic - Rod Hall, JPMorgan), your line is open.

Rod Hall - JPMorgan - Analyst

Hi, it is Rod Hall with JPMorgan. Thanks for the questions, guys, and congratulations on this deal. We really like it from a strategic point of view and a financial point of view. The questions that are coming in to us this morning are mostly related to the timing of the close and whether that relates to the regulatory review process. So, I'd like to get you to comment a little bit on whether that is the case. Is the late 2017 timing related mainly to the regulatory review, or is it just the complexity of the deal overall?

And then could you also walk us through how you believe the markets will be defined in that regulatory review and just any other color you can give us on that review process.

George Davis - Qualcomm Incorporated - CFO

Rod, this is George. From a regulatory standpoint, we see about nine jurisdictions today that we would need to go through. In general, the timetable really reflects our perception of just the time it's going to take to get through all of these regulatory bodies. This is a highly complementary deal so we are expecting it to be received that way, but it really just reflects the amount of time that we think it takes just to get through all the bodies.

Rod Hall - JPMorgan - Analyst

And, George, just a follow-up to that. Thanks for that answer. Could you give us some idea - so, you are saying you will raise new debt - can you give us some idea on the timing of that? Is that on down the road a ways or will that be relatively soon?

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George Davis - Qualcomm Incorporated - CFO

We have secured bridge financing for the deal, sufficient when combined with our offshore cash to fund the deal entirely. It is an all-cash deal. So, that is in place today. We have no financing covenant or out in the deal. We are committed.

Rod Hall - JPMorgan - Analyst

Great. Okay, thank you very much and congratulations again.

Operator

Your next question comes from Stacy Rasgon, Bernstein Research.

Stacy Rasgon - Sanford C. Bernstein & Co. - Analyst

Hi, guys. Thanks for taking my questions. I wanted to ask about the price. Can you tell us a little bit about how you settled on that? And are you concerned with getting sufficient shareholder approval at \$110?

George Davis - Qualcomm Incorporated - CFO

Stacy, it's George. Again, I think if you look at the price, first, from our standpoint, we've always been a disciplined cash-on-cash returns player when it comes to M&A. We think this deal looks attractive to our shareholders and to NXP shareholders.

I think whether you look at DV to revenue or the PE multiples, I think both shareholders from both sides can look at this deal and feel that they are getting fair value in the transaction. If you look at the premium on the undisturbed for NXP, that also, I think, will be seen as attractive.

So, we think the combination, the logic of the combination, is quite good. Shareholders will see that. It's very consistent with the strategies of both companies. And I think from a valuation standpoint both companies can feel good.

Added to that, our shareholders will also see it as a very efficient use of our offshore cash, not only in terms of the reflection in our return on invested capital, but also the fact that we can quickly delever through the use of offshore cash to retire the transaction debt. So, I think there's plenty to point to from both sides to support this deal.

Stacy Rasgon - Sanford C. Bernstein & Co. - Analyst

Got it. And for my follow-up, a question for Rick and Dan. Why is now the right time to sell?

Rick Clemmer - NXP - CEO

Stacy, I think it's interesting when you say that. I think we had made good progress with where we were. We fell good about our portfolio. But when we looked forward, especially like in ADAS, for example, I think over the last few quarters Kurt and I had begin to realize that we really needed some expanded computing capability to be the leader in ADAS, that we need to have machine-learning capability that, frankly, we didn't have internal. So, that had become a challenge that we needed to be sure that we could address, to be sure that we could be the leader in autonomous driving as it moves forward.

In addition to that, when you think about IOT, we were positioned okay on the connectivity front today, but when we look out a couple of years we clearly needed a much broader connectivity platform than we had. So, we think this is really attractive. The combination is truly going to be an industry leader and will position the Company well going forward.

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Operator

Your next question comes from the line of Mike Walkley from Canaccord Genuity.

Matt Ramsay - Canaccord Genuity - Analyst

Yes, thank you very much, gentlemen. This is Matt Ramsay on for the combined team here at Canaccord for Mike. Steve, I'd like to get your perspective, stepping back from this transaction. This is one that we've been discussing the potential for and have been proponents of in our conversations with investors for a while. But it seems to me that you guys had a few directions that you could go - one, maybe doubling down on your core competency in wireless; two, a transaction like this to really diversify the business; and, maybe three, a succession of smaller maybe growth and margin accretive QCT deals. It would be great to hear your perspective on how you guys thought about those different options and settled on this type of transaction.

Steve Mollenkopf - Qualcomm Incorporated - CEO

Sure, Matt, it's a really good question. For us, if you just look at the next two decades, I think we view the car and the internet of things to be very similar to what I would have looked at the handset in the 2000 timeframe, meaning the technology and the pace of innovation in automobile and IOT will increase dramatically. We look at it as what a tremendous opportunity to extend the technology roadmap that we have in mobile and really drive those two businesses, or those opportunities, moving forward.

We've always had a great relationship with the NXP folks, admired their business and their team. I just felt like it was the right time to put together something a little bigger and really put together the team that we think can really drive the next couple of decades of innovation in those markets. We just thought it was the right time to move forward.

As you know, we've been doing a lot over the last couple of years to really get the business in a position where it could really take an offense move and really take advantage of the opportunity. We think we have that. It is a tremendous team, a tremendous portfolio of leaders as well as customers, and we think it's a great position to be in.

We view the next several, really, years in the car and then the following decade of the IOT, it's going to be tremendous change to the way in which you deliver semiconductors. And having a breadth of technology, the SoC expertise, we just think that is a winning hand. And we saw the opportunity to combine two great companies and we just took the opportunity.

Matt Ramsay - Canaccord Genuity - Analyst

Thanks for that. And, as a follow-up, George, maybe yourself or Dan could address this - it was a little bit of a surprise to us, going back a couple weeks now, to see the transactions done in an all-cash format. Qualcomm is going to be diversifying itself tremendously here. Maybe you could comment a bit about any mechanisms in place to retain key senior management in the channel and in the automotive and IOT businesses as this transaction comes to fruition. Thanks.

George Davis - Qualcomm Incorporated - CFO

Matt, it's George. We think the all-cash provides a compelling use of our offshore cash and is one of the things that, in addition to just the inherent value of the combination, is quite attractive to our shareholders. It is a separate issue to, I think, any of the other considerations.

Again, I think I would still come back and point to the fact that we are looking at a transaction that, regardless of the funding source, the industrial logic of the companies coming together, and the fact that if you look at the strategies of both NXP and Qualcomm, very complementary assets and very complementary needs to address the markets going forward. And I think both management teams see that.

As we went through the process of understanding each other better that you do as part of preparing for this type of acquisition, both sides were quite excited by what each could bring to the table, many capabilities that both of us feel will be important going forward. So, I think that's the best retention tool of all.

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Operator

Your next question comes from the line of Tim Long, BMO Capital Markets.

Tim Long - BMO Capital Markets - Analyst

Thank you. One question and a follow-up. First, Steve, as far as running the semiconductor business, obviously you guys are fab-less, never really were running a fab. So, could you talk to us a little bit about how you envision running the two companies together? And if the answer is they're going to be run separate then maybe walk us through where those synergies come from.

And then, second, on the NXP side, it sounds pretty positive on the combination here. On the deal terms, why not a little bit of stock component to it so that the NXP shareholders can participate in the upside? Thank you.

Steve Mollenkopf - Qualcomm Incorporated - CEO

I'll take the first one. Tim, on the integration, high level, we expect to have one diversified semiconductor business and run it that way. And we expect the leadership team to be made up from senior people from both sides. And that is how we are planning it right now. Given the strength of both teams, I think that makes probably the most sense.

From the perspective of operations and how you get these two teams, I think both teams have significant expertise in the operations of a large semiconductor business. And it is varied. Both sides have expertise in different areas and in many cases the same areas. It is a very diversified business from a supply chain perspective and the diversity of expertise.

As is no secret, we have on the Qualcomm side a fairly large semiconductor operation. And we are looking forward to having a different level of expertise and a different area of expertise coming in as part of NXP. And we expect to have significant representation by that team on the management team.

Tim Long - BMO Capital Markets - Analyst

Okay. And then the stock component?

George Davis - Qualcomm Incorporated - CFO

Again, I think ultimately, at the end of the day, you have to take a look at the value that's on the table, whether it is cash or stock. And we think both boards were unanimously supportive of the deal as it is structured because it represents good value for both companies. All-cash is uniquely appropriate to Qualcomm because of the structure of our balance sheet. And the value is appropriate for both shareholders. I think that really was the logic behind an all-cash offer.

Tim Long - BMO Capital Markets - Analyst

Okay, thank you.

Operator

Your next question comes from the line of James Faucette, Morgan Stanley.

James Faucette - Morgan Stanley - Analyst

Thank you very much. I just wanted to ask a couple of follow-up questions. First, as far as the structure of the company goes, as Tim was suggesting, it's a lot different type of company than Qualcomm, at least, was operated in the past. Can you maybe give a little more color on how you think the two management teams could mesh together and what that looks like going forward?

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And then my second question is, clearly with the debt that will be taken on, et cetera, and your comments about wanting to delever quickly, that may have some impact. But maybe, George, could you talk a little bit about how we should think about long-term capital return commitments, and if and when you may be able to get back to that 75% of free cash flow return commentary that you have made in the past? Thank you very much.

Steve Mollenkopf - Qualcomm Incorporated - CEO

James, this is Steve. I would look at it as there are different product areas that today cross two companies, have, I think, very capable leads. For example, I will just highlight Kurt's business on automotive, very strong business.

What it really needs from Qualcomm is exactly as Rick laid out. We provide technology and hopefully support from the supply chain point of view, and it's a tremendously strong business and we want to slot that into Qualcomm and let it drive. Similar for the IOT business, as well.

I think you should think of it as the cultures are very similar within the product areas. When you talk to the leads, they're focused on the same thing - innovation, customers, speed of delivery, all the same things. We will have a broader semiconductor business in that regard.

As you can imagine, at this point in the transaction there are still a lot of things to work out. But we expect there to be a lot of opportunity to grow those businesses with a shared technology roadmap.

When we talked to the leadership team - I will just echo something George said earlier - there's a lot of excitement about the transaction. I think the opportunity to assemble the key assets in the industry, and to do that upstream of what we think is a decade of a large amount of disruption, and to drive that from a leadership position, I think the teams are very excited it, particularly from the point of view that there is a lot of pride of ownership in these businesses. Our job as a management team is to feed into that.

George Davis - Qualcomm Incorporated - CFO

I'll take the delivering. The combined companies are going to have EBITDA well in excess of \$10 billion a year, which will allow for very rapid deleveraging. And at the same time, if anything, it improves our ability to provide attractive long-term returns to our stockholders.

I will say, even during the period of delevering, we have maintained the commitment to grow the dividend over time. We have said we would be maintaining anti-dilutive share repurchases. Perhaps not at the same level as 75%.

But I think as we get closer too coming out of that two-year period, we will have a conversation about where our capital return program goes from there. But our commitment is strong. The strength of our cash flow and balance sheet will certainly support attractive returns to shareholders. And I think it'll be a good conversation once we get through that period.

Operator

Your next question comes from the line of Kulbinder Garcha, Credit Suisse.

Kulbinder Garcha - Credit Suisse - Analyst

Hi. Thanks for the questions. Just a couple. The first one is, are you guys not communicating any revenue synergy targets? There should be some revenue synergies, I assume. And if you're not going to communicate them, can you give us a sense (inaudible).

And the second one is, maybe strategically, a lot of options were considered during this deal. The combined entity, would you argue that licensing is less relevant synergistically with the rest of the business? Because you considered a split last year and you decided against it. Is that now something you would consider again in the future? Thanks.

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George Davis - Qualcomm Incorporated - CFO

I couldn't quite hear the first question.

Steve Mollenkopf - Qualcomm Incorporated - CEO

The first question was revenue synergies.

George Davis - Qualcomm Incorporated - CFO

Okay. On revenue synergies, we are not providing an estimate of revenue synergies, but clearly the complementary nature of this, and the ability to bring new solutions into the marketplace because we have a combination of technologies that either company couldn't bring by themselves, we think will provide revenue synergies that we will be able to talk about as we go forward. But right now we're just committing to the cost synergies, which are in addition to the cost synergies both companies have already committed to.

Rick Clemmer - NXP - CEO

If I could just add one thing on the revenue synergies, I think when you look at it, one of the real opportunities is in automotive. And clearly when you look at the revenue contribution that would come from that, that would be out a few years. That won't be something that will happen in the near term associated with it. But the opportunity to bring together the technology from both companies to be able to address solutions is a significant opportunity, and should create significant opportunities for upside in revenue in the future.

Steve Mollenkopf - Qualcomm Incorporated - CEO

And then your question about licensing, I wouldn't make the conclusion that it's any less important. It continues to be an important business for us.

if you were to look at 5G, and we are obviously investing to make sure that we drive that into industries, a lot of 5G is about how do I take mobile and enable it to be used by new industries, not just the traditional cellular industry. And having a stronger product portfolio and product breadth and more customers that you can deliver products into, I think that helps the licensing business. But we still have a tremendous focus on the licensing business and think it continues to be, and will continue to be, an important component of Qualcomm moving forward, as you would expect.

Kulbinder Garcha - Credit Suisse - Analyst

Thank you.

Operator

Your next question comes from the line of Tal Liani, Bank of America.

Tal Liani - BofA Merrill Lynch - Analyst

Thank you. First I want to ask about the structure of the deal. You structure it as a tender that allows NXP to accept another bid or another proposal until the very end of the deal. And that's a much longer period of time versus a merger structure. And the question is, why did you choose a tender and not a merger? That's number one.

Number two, you discussed closing the deal in about a year. Does it mean you do anything between now and the deal closes, anything in terms of restructuring, any expenses related to the deal, any cost savings? Or would it all start after you close the deal. So, that means when you talk about the two-year period, for example, it's two-year period after the deal closes about a year from now.

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And the third question is, NXP itself had gone through acquisitions and mergers. You acquired some companies. Certain things went right, certain things went the other way. What do you have in mind in terms of a process to put in place in order to make sure the execution of this large merger is going smoothly? What are the things that you learned in the past that you are going to implement now that will help you to execute it smoother? Thanks.

George Davis - Qualcomm Incorporated - CFO

Tal, the tender approach is really a reflection of the fact that there is a Dutch entity involved with a US entity. So, it is the structure that we felt was required.

Steve Mollenkopf - Qualcomm Incorporated - CEO

I think there was a question about the timing. Should they think about it starting a year from now or are there actions we're going to take within the year, was the question.

George Davis - Qualcomm Incorporated - CFO

We will take the integration activities between the two companies, the planning for that will begin immediately. We are obviously limited on the things that ultimately we can do together until the close. But there will be a tremendous effort on both sides to make sure that this gets off to a very fast start.

Steve Mollenkopf - Qualcomm Incorporated - CEO

And your third question was really about risk of execution. And I would acknowledge the fact, this is a deal larger than I think anybody has dealt with. But, that being said, I think both teams have expertise in this. And there is particularly, I think, some very good process and learnings from the NXP Freescale integration which we have been talking about.

We will also bring in an external partner to help us, as well. There is really, I think, a good roadmap across the two companies that we can share to make sure that we get the integration right. It'll obviously have the focus of the senior management team, and the senior management team will be driving that to make sure that goes. And there will be time lines along the way that we will be sharing with our internal teams, as well.

Operator

Your next question comes from the line of Chris Caso of CLSA.

Chris Caso - CLSA - Analyst

Thank you, good morning. The first question is regarding the cost synergies, if you could provide a little bit more detail on where you're looking for those cost synergies. Specifically, you talked about 35% attributed to COGS. I would assume that some of that is from the Qualcomm side. And, additionally, I know that Qualcomm was already pursuing some of the markets where NXP is already strong. Is there some savings from redirecting those efforts?

George Davis - Qualcomm Incorporated - CFO

On the cost synergies front, you've got the percentages right as we see them today. And I would say just not in COGS but OpEx, we'll look across both companies. Both companies have just gone through very significant cost reduction. So, we will expect that most of these will tend to come from overlap areas between the two companies. Obviously on COGS we believe our supply chain position can help drive some of these savings.

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Chris Caso - CLSA - Analyst

Okay, thank you. As a follow-up, the NXP divestiture of the standard products business was already in progress. Should we assume that should continue? And, additionally, are there other parts of the NXP portfolio that you might consider to be nonstrategic? Is there potential for some pieces of the NXP business to be divested following a review?

Rick Clemmer - NXP - CEO

In the standard products, we have now passed all the regulatory hurdles associated with that, including the US and all the regulatory agencies around the world. The only roadblock to closing the transaction is the ability to separate that from our current business, which we plan on being able to achieve in first quarter of 2017, and are still on track to achieve that.

George Davis - Qualcomm Incorporated - CFO

In terms of the remaining portfolio within NXP, again highly complementary. We like the positions that the Company has established across industries. So, we don't have any targeted dispositions that we would put on deck at this point.

Operator

Great, thank you. Your next question comes from the line of CJ Muse from Evercore.

C.J. Muse - Evercore ISI - Analyst

Good morning, thank you for taking my question. My first question, as you look at the combination - and I know it's very early - can you share your initial thoughts on plans for integrating sales as well as other client-facing employees?

Steve Mollenkopf - Qualcomm Incorporated - CEO

CJ, this is Steve. I think the sales assets in NXP is a tremendous asset, actually. I think the way we would look at it is we should really leverage that to sell more of the products that we have. That's an area where I would expect us to see really one organization working here post the integration.

C.J. Muse - Evercore ISI - Analyst

Very helpful. As my follow-up, just a couple deal questions. In terms of debt, I think you said you wanted to manage the Combined Company with \$8 billion-plus in cash, which suggests roughly \$20 billion of debt. Is that fairly accurate? And should we assume you are borrowing offshore? And can you share what kind of financing rates there are there? And added on to that, what combined tax rate should we be thinking about longer term?

George Davis - Qualcomm Incorporated - CFO

Post the close of the transaction, when you combine our existing debt and their existing debt, the acquisition related debt will be about \$30 billion in debt overall, which we will start deleveraging immediately following, and expect that to come back down more towards the levels of what you were estimating after that two-year period.

Again, the financing rates, we will have to what's in place as we put the structure, in time. We haven't forecasted that. Both companies have very efficient tax structures. We would expect those to continue going forward but we are not forecasting the long-term view yet.

C.J. Muse - Evercore ISI - Analyst

Okay, very helpful, thank you.

Operator

Your next question comes from the line of Tavis McCourt, Raymond James.

Tavis McCourt - Raymond James & Associates, Inc. - Analyst

Hey, guys, thanks for taking my question. First a financial one. In the meantime, in the next 12 to 15 months, would you expect the share repurchases to be at their recent historical rates, or will you start accumulating cash on the balance sheet in preparation for the transaction?

And then, secondly, do you have an estimate of the annual repurchases that will be required given the dilution at Qualcomm and NXP to keep the share count anti-dilutive? Thanks.

George Davis - Qualcomm Incorporated - CFO

Post this announcement, we will be retiring stock to maintain anti-dilution through the close of the delevering period, which, again, we estimate to be about two years post the close of the transaction. We have not provided an estimate yet up what the annual share repurchase, just that we will assure that it is anti-dilutive.

Tavis McCourt - Raymond James & Associates, Inc. - Analyst

And, Steve, can you repeat the diversification benefits you did in the prepared script? I think you said below 50%. I assume you were talking QCT only, but if you could run through that maybe a little slower that would be helpful. Thanks.

Steve Mollenkopf - Qualcomm Incorporated - CEO

Sure. Actually, maybe I'll ask George to do it. There is a slide in our investor deck that I think it might be helpful for him to go through, and might be helpful for others, as well.

George Davis - Qualcomm Incorporated - CFO

If you look at the slide called revenue extension beyond mobile, it shows the combined companies. If you think about QCT as our mobile products business, that is about 61% of the mix today. That goes to under 50% at 48% with the combination. Auto, IOT and other moves from about 8% overall to close to 30% post the combination. And then licensing would represent 31% today and 23% post the combination.

Tavis McCourt - Raymond James & Associates, Inc. - Analyst

Great, thanks very much.

Operator

Your next question comes from the line of Vijay Rakesh, Mizuho.

Vijay Rakesh - Mizuho Securities USA - Analyst

Hi guys. Steve and Rick, congratulations. Just a couple of questions here. When you look at NXP side, obviously about 55% outsourced, do you expect to increase that outsourcing mix there, especially as both of you have a DSMC as a common foundry there?

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Rick Clemmer - NXP - CEO

You're talking about on the NXP side, Vijay?

Vijay Rakesh - Mizuho Securities USA - Analyst

Yes.

Rick Clemmer - NXP - CEO

What we've said is, as we continue to grow, that most of our growth will be from outsourced foundry partners because all the new technology is outsourced from our foundry partners. Clearly that number would continue to grow on an NXP standalone basis. And with the combination, obviously Steve and George will have to come back to that as we get through the integration.

Steve Mollenkopf - Qualcomm Incorporated - CEO

Rick, I think that's a good point. It's one of the things that underpins the opportunities for synergies on the COGS side. We have been established in a fab-less model for a very long time. So, we think we can help there.

Vijay Rakesh - Mizuho Securities USA - Analyst

Got it. And then post all the cost synergies that you laid out, \$500 million per year over two years, where do you see the combined operating margins longer term? Both of you now have 30%-plus operating margins. Where do you see, post the synergies, that basing out? Thanks.

George Davis - Qualcomm Incorporated - CFO

We haven't put out the revised target for the combination. But, again, fundamentally, we will see synergies on top of the combined performance that both companies are going to bring into that. And, again, we see the opportunity for, as we talked about, revenue synergies will also be additive to that over time as we bring the teams together.

Vijay Rakesh - Mizuho Securities USA - Analyst

Okay, thanks.

Operator

I will now turn the call back to our presenter, Steve Mollenkopf, for closing remarks.

Steve Mollenkopf - Qualcomm Incorporated - CEO

Thank you. We are incredibly excited about today's announcement and for these two fantastic organizations to join together. Thank you all for listening today.

Operator

This concludes today's conference call. You may now disconnect. Thank you.

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