

QUALCOMM INC/DE  
Form DEFA14A  
February 21, 2018

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

(Rule 14a-101)

**INFORMATION REQUIRED IN PROXY STATEMENT**

**Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

**QUALCOMM INCORPORATED**

(Name of Registrant as Specified In Its Charter)

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On February 21, 2018, Qualcomm Incorporated ( Qualcomm ) posted the following material to [www.qcomvalue.com](http://www.qcomvalue.com).

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TRANSCRIPT OF QUALCOMM LEAD DIRECTOR ON BROADCOM TAKEOVER BID

FROM CNBC'S SQUAWK ON THE STREET

DAVID FABER AND TOM HORTON

FEBRUARY 20, 2018

David Faber: Let's talk to Qualcomm's lead director, he's Tom Horton. Some people may remember you, of course, running American Airlines and a number of other things as well. Nice to have you here.

Tom Horton: Great to be here.

David Faber: Why did the Board decide to increase the offer to \$127.50 for NXP when you do have somebody like Hock Tan saying it's a failed business model that you have in general?

Tom Horton: Well, of course, we totally disagree with all of that. The deal for NXP is strategically very important for Qualcomm, accelerating our growth into automotive, IoT, security, building on our 5G strength and roll out. Strategically made a lot of sense. We did the deal initially at \$110 a share. I think a lot of folks viewed that as you know, a very favorable price for Qualcomm. The Company has continued to do very well, earnings are up 20% from the time we did the deal.

David Faber: That's NXP you're talking about.

Tom Horton: NXP's earnings.

David Faber: Right.

Tom Horton: And we raised the bid 16%. So it's actually at a lower multiple than the deal when it was originally announced.

David Faber: Right.

Tom Horton:

So we think it makes a lot of sense strategically and financially.

David Faber:  
get done at \$110.

As I had been reporting for many, many months, the deal was not going to

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Tom Horton: We noted that.

David Faber: Yeah. And in part because of its unique structure, Dutch company, a tender offer as opposed to the way other things go. Is it done now in your opinion? Is this thing going to close on March 5th? And what about China? We're still waiting for the approvals from the antitrust authorities.

Tom Horton: Well, and we don't know when we'll get the approval from the Chinese antitrust authorities. They're a very competent regulator and they typically tend to follow the others. We've got eight regulatory bodies around the world that have already approved it. So we think we'll get approval. But we have to wait and see on that. In terms of the shareholders you know, we've got 28% of them signed up. We lowered the minimum tender threshold from 80% to 70%. So we think from a shareholder perspective it's buttoned up.

David Faber: And on China on timing, you just have you have nothing to offer at this point?

Tom Horton: Well, we'll wait and see. You know, it's the middle of the Chinese New Year, so that slowed things down a little bit. But we think after that, we'll get approval. We're confident we'll get approval. We've been in constant dialogue with MOFCOM and we think we'll get approval in short order.

David Faber: March 5th is when the tender offer for NXP expires. March 6th is currently the vote for your own shareholders to decide who's going to be on the Board of Directors.

Tom Horton: That's correct.

David Faber: ISS, the influential advisory firm, came out with their recommendation late Friday in which they said they think four of Broadcom's nominees should be seated. They went on to say that Qualcomm's optimistic vision of the future would likely resonate more effectively amongst shareholders if the company's track record was more like that of its would-be acquirer, Broadcom. What do you say when you read something like that?

Tom Horton: Yeah, so obviously we disagree that four directors need to be added to our Board. That obviously is not a majority of the Board. So I think that's notable. I think what's interesting about the ISS report is that it agreed with us on many points, which is \$82 a share is not adequate value for the Company, the

regulatory certainty has not been sufficiently met, and notably, that certainty on NXP was important to Qualcomm and its shareholders. Well, we've actually addressed the latter of those and we agree with the first two. So I think that's important. And I

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think, you know, you also need to remember that ISS tends to influence a minority of the shareholders. So I think it's far from clear as to what effect, if any, that'll have.

David Faber: Right. Of course the index funds can typically follow them. They are a significant percentage overall of many companies shares. \$82 is not enough. The Board is unanimous in that decision. Why?

Tom Horton: Well, if you look at our 2019 earnings projections which are now even more certain than they were before with the completion of the NXP deal around \$7 a share. \$82 represented 11 to 12 times multiple on that. The semi-conductor average multiple is around 18. Precedent deals around 22. So it's just not even close to what the value of the Company is. And that's the Board's view.

David Faber: And to those who would say that \$7 number is really a reach particularly given the ability of the Company to execute over the last few years on its business plan and say that it has failed to do so? What's your response?

Tom Horton: I completely disagree with that. We're on the verge of reaping the benefits of all the investments we've made in 5G, which is rolling out in a very profound way over the next couple of years. And we've just closed up the NXP deal which has \$1.50 of accretion inherent in it. So that part of the puzzle has now been put in place.

David Faber: And what about the business model overall? Of course the licensing business where it appears Broadcom has a very different view in terms of how they would run it. Again, to this ISS report only because it very recently came out. They say the assertion that certain customers and regulators might be very receptive to a revamp of Qualcomm's approach to licensing seems credible.

Tom Horton: Well, it's not at all clear what the proposal on licensing is from the Broadcom side. And that's something we've tried to address as we've spoken with them. But I would say, you know, we have 300 big customers around the world that are signed up to our licensing protocol which, by the way, creates the platform for 5G.

You know, Qualcomm is sort of the engineering and development engine behind wireless technologies around the world, and a lot of customers benefit from that. So a couple years ago we established a protocol for a licensing in China as part of the settlement with the Chinese. And that's a big part of our business. That's actually our biggest business. And just recently we signed up Samsung, the largest OEM in the world. So I think it's the facts just really belie that assertion



David Faber: And has the debate in the boardroom been robust, would you say? You certainly are, you know, somebody who's had a lot of experience in those rooms. Are people pushing back? Is there a lot of conversation about these very issues?

Tom Horton: I would say this is a very energetic Board. We have a lot of new Board members on the Board. Our average tenure is around five years. So it's a very energetic, enthusiastic and fresh perspective Board, if I could put it that way. We're skeptical. We're skeptical, I think in a healthy way, of our own plans.

We're skeptical of others' plans for the Company in an M&A context. But, you know, it's one of the reasons, David, that we thought getting the NXP deal done was good in either case. It makes Qualcomm stronger, more diversified, more profitable. It adds \$3 billion in EBITDA to Qualcomm. That's good in either case. Whether we pursue our independent strategy or whether we pursue a combination of Broadcom. It just creates more value for Qualcomm.

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### **Additional Information**

Qualcomm has filed a definitive proxy statement and WHITE proxy card with the U.S. Securities and Exchange Commission (the SEC) in connection with its solicitation of proxies for its 2018 Annual Meeting of Stockholders (the 2018 Annual Meeting). QUALCOMM STOCKHOLDERS ARE STRONGLY ENCOURAGED TO READ THE DEFINITIVE PROXY STATEMENT (AND ANY AMENDMENTS AND SUPPLEMENTS THERETO) AND ACCOMPANYING WHITE PROXY CARD AS THEY CONTAIN IMPORTANT INFORMATION. Stockholders may obtain the proxy statement, any amendments or supplements to the proxy statement and other documents as and when filed by Qualcomm with the SEC without charge from the SEC's website at [www.sec.gov](http://www.sec.gov).

### **Certain Information Regarding Participants**

Qualcomm, its directors and certain of its executive officers may be deemed to be participants in connection with the solicitation of proxies from Qualcomm's stockholders in connection with the matters to be considered at the 2018 Annual Meeting. Information regarding the identity of potential participants, and their direct or indirect interests, by security holdings or otherwise, is set forth in the proxy statement and other materials to be filed with the SEC. These documents can be obtained free of charge from the sources indicated above.

### **Cautionary Note Regarding Forward-Looking Statements**

Any statements contained in this website that are not historical facts are forward-looking statements as defined in the U.S. Private Securities Litigation Reform Act of 1995. Additionally, statements regarding operating results for future years, growth in operating results and the factors contributing to future operating results; the resolution of licensing disputes and the impact and timing thereof; expected market, industry, geographic and organic growth and trends; future serviceable addressable market size and growth; anticipated contributions from and growth in new opportunities; benefits from planned cost reductions; technology and product leadership and trends; Qualcomm's positioning to benefit from any of the above; potential benefits and upside to Qualcomm's stockholders related to any of the above; and the regulatory process and regulatory uncertainty are forward-looking statements. Words such as anticipate, believe, estimate, expect, forecast, intend, may, plan, project, should, will and similar expressions are intended to identify such forward-looking statements. These statements are based on Qualcomm's current expectations or beliefs, and are subject to uncertainty and changes in circumstances. Actual results may differ materially from those expressed or implied by the statements herein due to changes in economic, business, competitive, technological, strategic and/or regulatory factors, and other factors affecting the operations of Qualcomm. More detailed information about these factors may be found in Qualcomm's filings with the SEC, including those discussed in Qualcomm's most recent Annual Report on Form 10-K and in any subsequent periodic reports on Form 10-Q and Form 8-K, each of which is on file with the SEC and available at the SEC's website at [www.sec.gov](http://www.sec.gov). SEC filings for Qualcomm are also available in the Investor Relations section of Qualcomm's website at [www.qualcomm.com](http://www.qualcomm.com). Qualcomm is not obligated to update these forward-looking statements to reflect events or circumstances after the date of such statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates.

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