

Broadcom’s Proposed Purchase of Qualcomm for \$105 Billion By Colette Gulick, J.D. Candidate 2018 | November 10, 2017

Revealed on Monday, Broadcom Ltd. has made an unsolicited bid to buy Qualcomm Inc. for approximately [\\$105 billion](#). Broadcom’s bid for Qualcomm offers \$70 per share in cash and stock: [“\\$60 a share in cash and \\$10 a share in Broadcom stock.”](#) The takeover would include Broadcom’s assumption of [\\$25 billion](#) of Qualcomm’s net debt, culminating in a total value of the takeover at \$130 billion. The bid presents a [28 percent premium](#) on the closing price of Qualcomm’s common stock on November 2, 2017.

This proposed deal is being classified as the [“biggest takeover in the history of the technology industry.”](#) Aside from this deal, both companies are in the process of attempting to acquire other technology companies. Broadcom, a semiconductor maker, is in the process of acquiring [Brocade Communications Systems Inc.](#) Qualcomm, the mobile phone chip maker, is in the process of acquiring [NXP Semiconductors](#). Broadcom maintains that it will proceed with acquiring Qualcomm despite the result of the pending NXP Semiconductors transaction. A successful combination of Qualcomm and Broadcom would result in a technology giant that would be responsible for products incorporated into [“nearly every smartphone in the world.”](#)

It is anticipated that Qualcomm will reject the bid, as it views the price as undervaluing the company and taking advantage of Qualcomm’s difficult fiscal year and [current legal disputes](#). Qualcomm has experienced an [18% decline in its stock price](#) over the last year and has been embroiled in a legal dispute with Apple regarding [patent royalties](#). Qualcomm will likely advise shareholders to reject the offer and to keep Qualcomm’s current management in place.

In the case that Qualcomm rejects the current offer, Broadcom may engage in a proxy battle to complete a [hostile takeover](#) and gain control of Qualcomm. Broadcom has until [December 8, 2017](#) to engage in the proxy battle and move forward with a hostile takeover of Qualcomm.