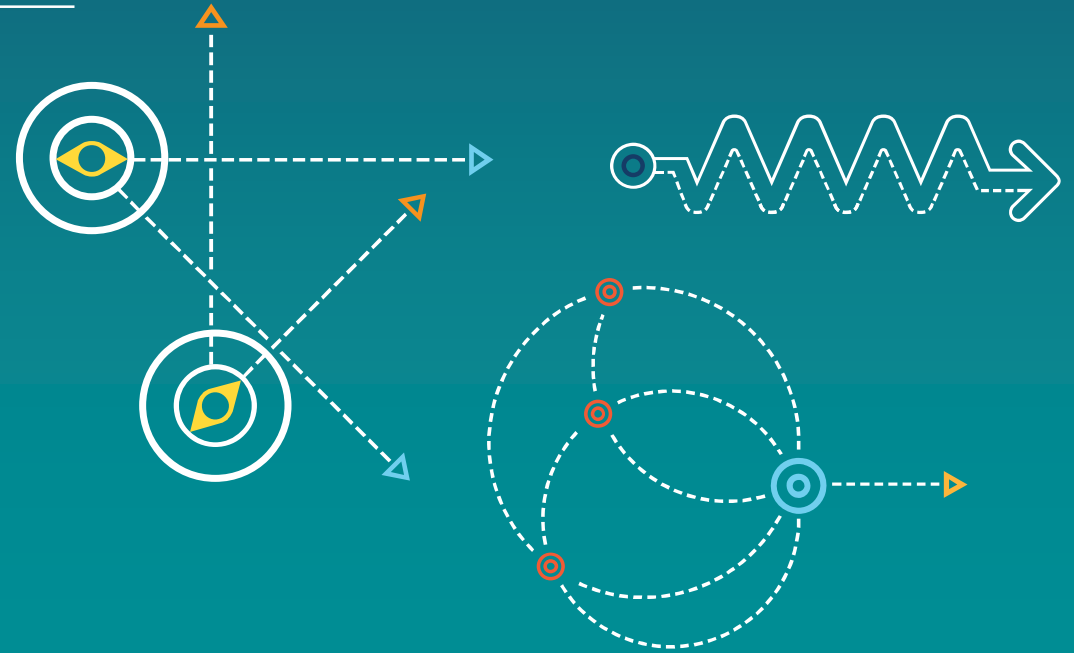


January 28, 2015

First Quarter Fiscal 2015 Earnings



Safe harbor

This presentation and the conference call it accompanies contain forward-looking statements that are inherently subject to risks and uncertainties, including but not limited to statements regarding our lowered outlook for our semiconductor business for the second half of the fiscal year and our lowered EPS expectations, largely driven by the effects of a shift in share among OEMs at the premium tier, expectations that our Snapdragon 810 processor will not be in the upcoming design cycle of a large customer's flagship device, and heightened competition in China; our QTL forecast; challenges in China, including the NDRC investigation, suspected underreporting of device sales by certain licensees and sales of unlicensed devices, and our efforts and expectations regarding the resolution of these challenges and the timing thereof, as well as the potential impact on our business, financial results and guidance; expectations regarding previously uncollected royalties related to the resolution of a customer dispute in China; our ability to collect royalties on LTE device shipments; our view of the long-term strategic environment and QCT's leadership position; our customers' devices to be launched with our chipsets; our future products and solutions; return of capital to stockholders; our business and financial outlook; and our estimates and guidance related to revenues, earnings per share, MSM chip shipments, revenue per MSM, total reported device sales, ASPs, operating margins, R&D and SG&A expenses, tax rates, investment income, and 3G/4G device sales and shipments, both globally and which we expect to be reported to us, and the factors influencing our estimates and guidance. Forward-looking statements are generally identified by words such as "estimates," "guidance," "expects," "anticipates," "intends," "plans," "believes," "seeks" and similar expressions. Actual results may differ materially from those referred to in the forward-looking statements due to a number of important factors, including but not limited to risks associated with commercial network deployments, expansions and upgrades of CDMA, OFDMA and other communications technologies, our customers' and licensees' sales of products and services based on these technologies and our ability to drive our customers' demand for our products and services; competition; our dependence on a small number of customers and licensees; the continued and future success of our licensing programs; attacks on our licensing business model, including current and future legal proceedings or actions of governmental or quasi-governmental bodies or standards or industry organizations; the enforcement and protection of our intellectual property rights; government regulations and policies, or adverse rulings in enforcement or other proceedings; the commercial success of our new technologies, products and services; claims by third parties that we infringe their intellectual property; acquisitions, strategic transactions and investments; our dependence on a limited number of third-party suppliers; our stock price and earnings volatility; our ability to attract and retain qualified employees; global economic conditions that impact the mobile communications industry; foreign currency fluctuations; and failures in our products or services or in the products or services of our customers or licensees, including those resulting from security vulnerabilities, defects or errors. These and other risks are set forth in the Company's most recent Quarterly Report on Form 10-Q filed with the SEC. Our reports filed with the SEC are available on our website at www.qualcomm.com. We undertake no obligation to update, or continue to provide information with respect to, any forward-looking statement or risk factor, whether as a result of new information, future events or otherwise.

This presentation includes a discussion of "non-GAAP financial measures" as that term is defined in Regulation G. The most directly comparable GAAP financial measures and information reconciling these non-GAAP financial measures to the Company's financial results prepared in accordance with GAAP are included at the end of this presentation.

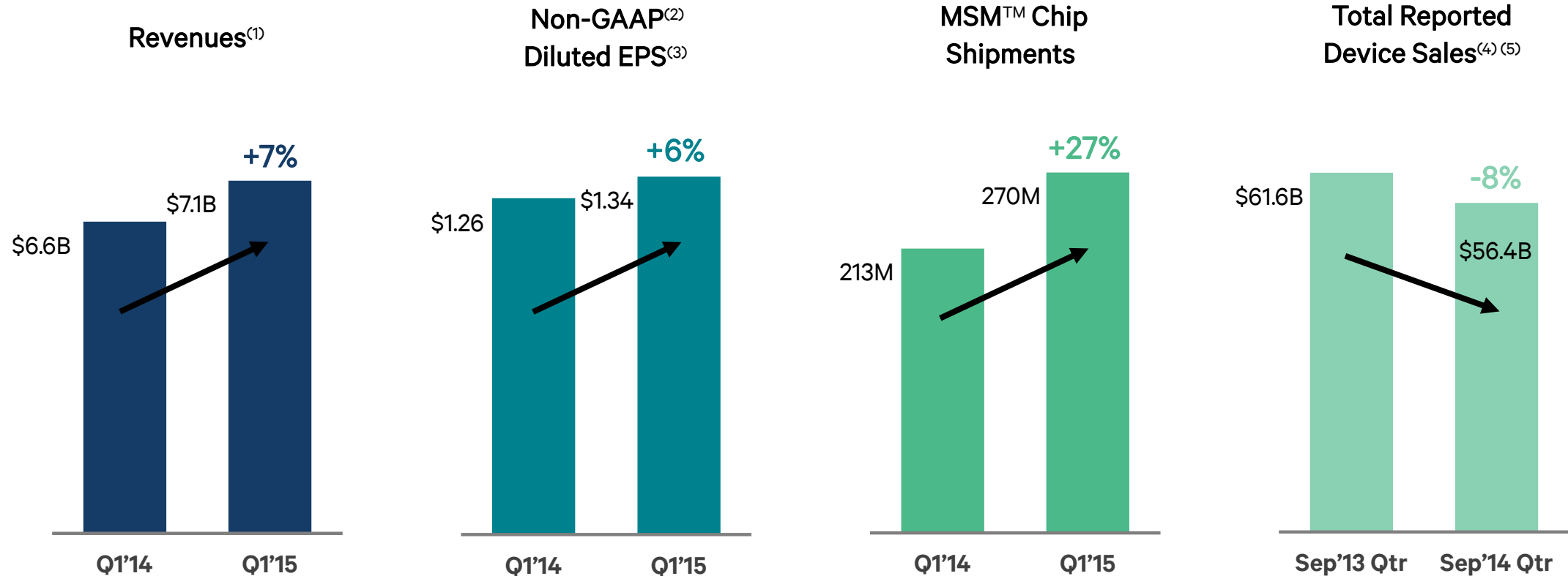
We refer to "Qualcomm" for ease of reference. However, in connection with our fiscal 2013 reorganization, Qualcomm Incorporated continues to operate QTL and own the vast majority of our patent portfolio, while Qualcomm Technologies, Inc., its wholly-owned subsidiary, now operates, along with its subsidiaries, substantially all of our products and services businesses, including QCT, and substantially all of our research and development functions.

Qualcomm reports first quarter fiscal 2015 earnings

Fiscal first quarter ended December 28, 2014

- We delivered a strong quarter, achieving record quarterly revenues and Non-GAAP operating income, and we also are very pleased to have resolved our previously disclosed dispute with a licensee in China.
- Looking ahead, we have lowered our revenue outlook for our semiconductor business for the second half of the fiscal year and lowered our EPS expectations. These changes are largely driven by the effects of:
 - A shift in share among OEMs at the premium tier, which has reduced our near-term opportunity for sales of our integrated Snapdragon™ processors and has skewed our product mix towards more modem chipsets in this tier;
 - Expectations that our Snapdragon 810 processor will not be in the upcoming design cycle of a large customer's flagship device; and
 - Heightened competition in China.

First quarter fiscal 2015 results vs. last year ⁽⁷⁾



(1), (2), (3), (4) (5) & (7) See Footnotes page at the end of the presentation.
MSM chips are products of Qualcomm Technologies, Inc.

First quarter fiscal 2015 results vs. guidance

	Q1'15 guidance*	Q1'15 results
Revenues ⁽¹⁾	\$6.6B - \$7.2B	\$7.1B
Non-GAAP ⁽²⁾ diluted EPS ⁽³⁾	\$1.18 - \$1.30	\$1.34
MSM chip shipments	250M - 270M	270M
Total reported device sales ⁽⁴⁾ (Sep. Qtr. ⁽⁵⁾)	\$53.0B - \$59.0B	\$56.4B
Est. reported 3G/4G device shipments ⁽⁴⁾ (Sep. Qtr. ⁽⁵⁾)	not provided	284M - 288M
Est. reported 3G/4G device ASP ⁽⁴⁾ (Sep. Qtr. ⁽⁵⁾)	not provided	\$194 - \$200

* Prior guidance as of Nov. 5, 2014.

(1), (2), (3), (4) & (5) See Footnotes page at the end of the presentation.

Fiscal second quarter & year 2015 guidance

As of January 28, 2015

	Q2'14 results	Q2'15 guidance	FY'14 results	FY'15 prior guidance*	FY'15 current guidance
Revenues ⁽¹⁾	\$6.4B	\$6.5B - \$7.1B	\$26.5B	\$26.8B - \$28.8B	\$26.0B - \$28.0B
Non-GAAP ⁽²⁾ diluted EPS ⁽³⁾	\$1.31	\$1.28 - \$1.40	\$5.27	\$5.05 - \$5.35**	\$4.75 - \$5.05**
MSM chip shipments	188M	220M - 240M	861M	not provided	not provided
Total reported device sales ⁽⁴⁾ ⁽⁵⁾	\$66.5B	\$69.5B - \$75.5B [^]	\$243.6B	\$240.0B - \$270.0B [^]	\$245.0B - \$270.0B [^]

(1), (2), (3), (4) & (5) See Footnotes page at the end of the presentation.

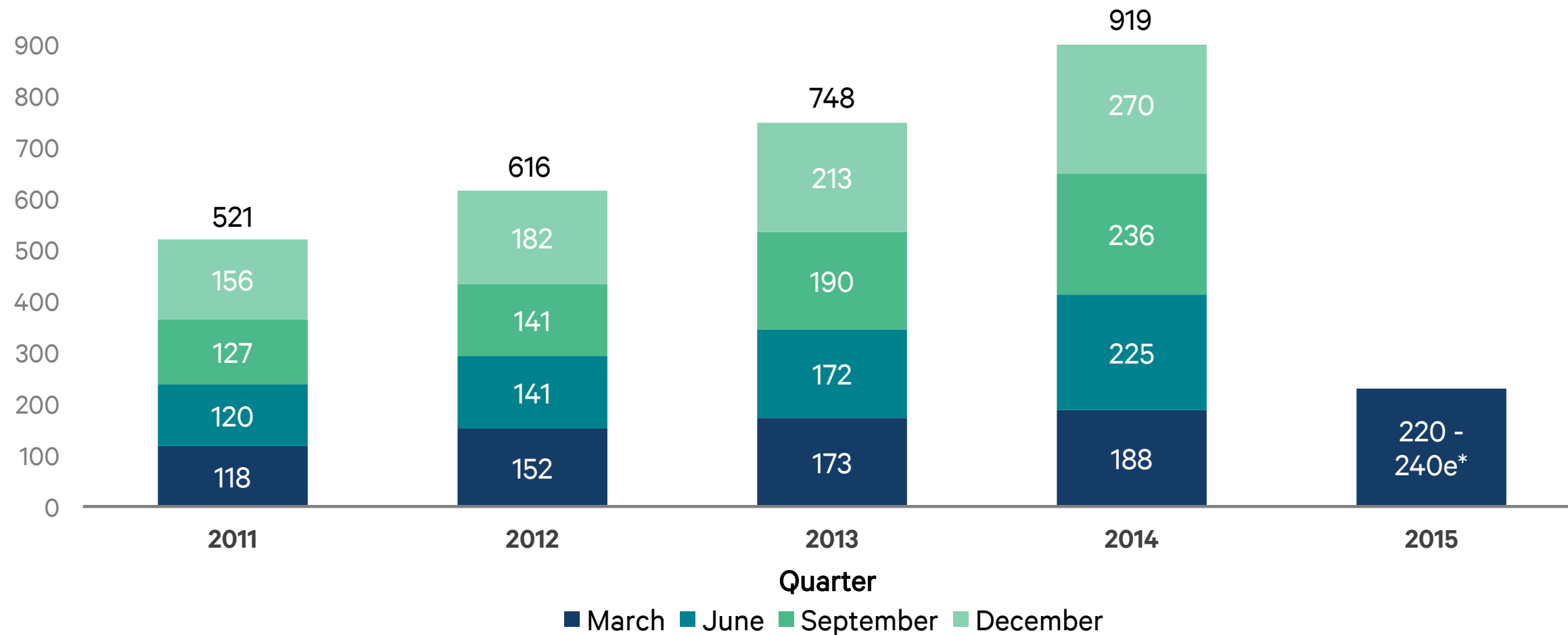
* Prior guidance as of Nov. 5, 2014.

** Our prior and current guidance for fiscal 2015 includes an estimate of the benefit related to stock repurchases that we plan to complete over the remainder of fiscal 2015 under our current stock repurchase program.

[^] Our guidance range for the second quarter of fiscal 2015 and fiscal 2015 total reported device sales reflects estimated 3G/4G total reported device sales that we currently expect to be reported to us, which includes an estimate of some prior period activity (i.e., devices shipped in prior periods) that may be reported to us.

MSM chip shipments

Calendar year, millions

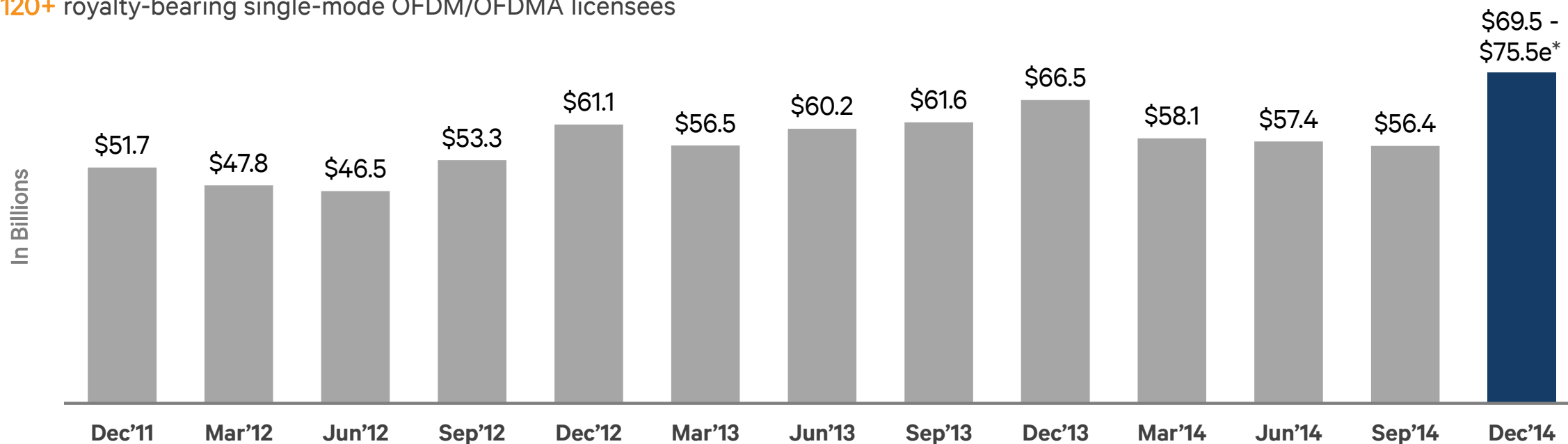


* Guidance as of Jan. 28, 2015.

Quarterly total reported device sales^{(4) (5)}

Reported by Qualcomm licensees

- 265+ CDMA-based licensees; 190+ licensed for WCDMA/TD-SCDMA
- 120+ royalty-bearing single-mode OFDM/OFDMA licensees



Est. ASP	\$211-\$217	\$226-\$232	\$216-\$222	\$224-\$230	\$214-\$220	\$227-\$233	\$227-\$233	\$219-\$225	\$221-\$227	\$228-\$234	\$220-\$226	\$194-\$200	not
Est. Shipments	239-243M	206-211M	210-214M	233-237M	279-283M	244-248M	260-264M	276-280M	295-299M	250-254M	256-260M	284-288M	provided

(4) & (5) See Footnotes page at the end of the presentation.

* Guidance as of Jan. 28, 2015. Our guidance range for the second quarter of fiscal 2015 total reported device sales reflects estimated 3G/4G total reported device sales that we currently expect to be reported to us, which includes an estimate of some prior period activity (i.e., devices shipped in prior periods) that may be reported to us.

Estimated 3G/4G device shipments - update

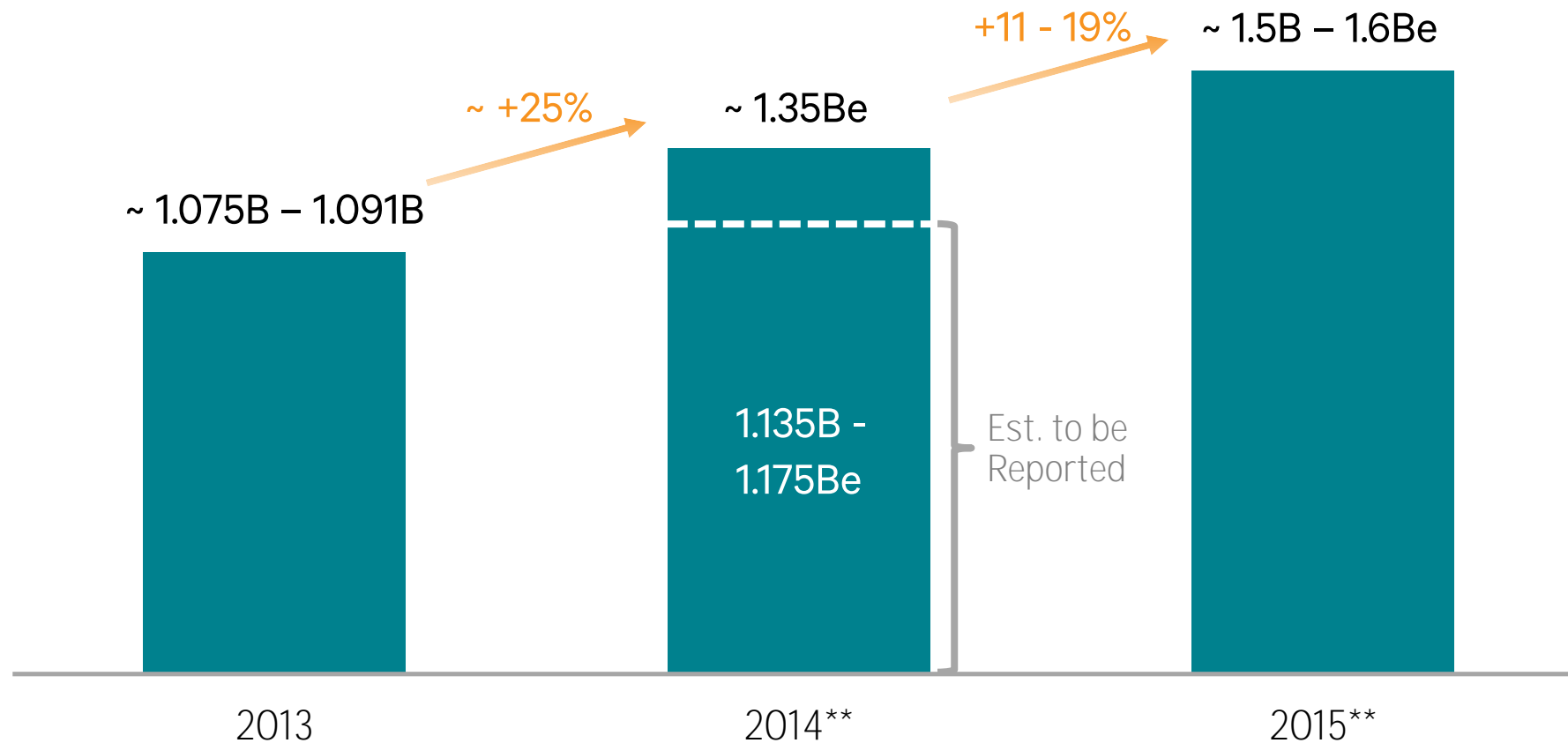
China continues to present significant opportunities for us, particularly with the rollout of 3G/4G LTE multimode, but also presents significant challenges, as our business practices continue to be the subject of an investigation by the China National Development and Reform Commission (NDRC). Please refer to our Quarterly Report on Form 10-Q for the first quarter ended December 28, 2014 filed with the SEC for our most recent disclosures regarding the NDRC investigation.

Our current outlook for our licensing business, QTL, reflects the following:

- We resolved the previously disclosed dispute with a licensee in China in the first quarter of fiscal 2015. However, we continue to believe that certain licensees in China are not fully complying with their contractual obligations to report their sales of licensed products to us (which includes certain licensees underreporting a portion of their 3G/4G device sales) and that unlicensed companies may seek to delay execution of new licenses while the NDRC investigation is ongoing. We are taking steps to address these issues, although the outcome and timing of any resolutions are uncertain.
- We expect global 3G/4G device shipments to be approximately 1.35 billion for calendar year 2014. However, due to the issues described above, we do not believe that all of the global 3G/4G device shipments for calendar year 2014 will be reported to us within the time periods required by our license agreements. Accordingly, we currently estimate approximately 1.135 billion to 1.175 billion calendar year 2014 3G/4G device shipments will actually be reported to us through the first calendar quarter of 2015.
- We expect global 3G/4G device shipments to be approximately 1.5 billion to 1.6 billion for calendar year 2015. At this time, we are not providing a forecast for calendar year 2015 reported 3G/4G device shipments.
- We are providing guidance for estimated second fiscal quarter and fiscal 2015 3G/4G total reported device sales. That guidance includes an estimate of some prior period activity (i.e., devices shipped in prior periods) that may be reported to us.

Global 3G/4G device shipment* estimates⁽⁴⁾

Calendar year, as of January 28, 2015



* Device shipments are Qualcomm estimates and include handsets, data devices, telematics, security devices and some quantity of channel inventory.

** We expect global 3G/4G device shipments to be approximately 1.35 billion for calendar year 2014. However, we do not believe that all of the global 3G/4G device shipments for calendar year 2014 will be reported to us within the time periods required by our license agreements. Accordingly, we currently estimate approximately 1.135 billion to 1.175 billion calendar year 2014 3G/4G device shipments will actually be reported to us through the first calendar quarter of 2015. We expect global 3G/4G device shipments to be approximately 1.5 billion to 1.6 billion for calendar year 2015. At this time, we are not providing a forecast for calendar year 2015 reported 3G/4G device shipments.

(4) See Footnotes page at the end of the presentation.

Supplemental information – 3G/4G device estimates

		FY'14	FY'15**	CY'14**	CY'15**
3G/4G Units	Global			~ 1.35B	~ 1.5B - 1.6B
	Reported ⁽⁴⁾	~ 1,077M - 1,093M		~ 1,135M - 1,175M	
3G/4G ASP	Global	~ \$208 - \$216	~ down 12 - 13 % YoY		
	Reported ⁽⁴⁾	~ \$222 - \$228			
3G/4G Device Sales	Global	~ \$250B - \$257B	~ up 6 - 9% YoY		
	Reported ⁽⁴⁾	~ \$243.6B	~ \$245.0B - \$270.0B		

(4) See Footnotes page at the end of the presentation.

* We expect global 3G/4G device shipments to be approximately 1.35 billion for calendar year 2014. However, we do not believe that all of the global 3G/4G device shipments for calendar year 2014 will be reported to us within the time periods required by our license agreements. Accordingly, we currently estimate approximately 1.135 billion to 1.175 billion calendar year 2014 3G/4G device shipments will actually be reported to us through the first calendar quarter of 2015. Our guidance range for fiscal 2015 total reported device sales reflects estimated 3G/4G total reported device sales that we currently expect to be reported to us, which includes an estimate of some prior period activity (i.e., devices shipped in prior periods) that may be reported to us. We expect global 3G/4G device shipments to be approximately 1.5 billion to 1.6 billion for calendar year 2015. At this time, we are not providing a forecast for calendar year 2015 reported 3G/4G device shipments.

^ Guidance as of Jan. 28, 2015.

Quarterly estimated 3G/4G reported device shipments & ASP trend^{(4) (5)}

	FY'13				FY'14				FY'15	
	Sep '12	Dec '12	Mar '13	Jun '13	Sep '13	Dec '13	Mar '14	Jun '14	Sep '14	Dec '14**
Qtr. total reported device sales (\$B)	\$53.3	\$61.1	\$56.5	\$60.2	\$61.6	\$66.5	\$58.1	\$57.4	\$56.4	\$69.5 - \$75.5e^
FY total reported device sales (\$B)				\$231.2				\$243.6		\$245.0 - \$270.0e^
Qtr. device shipments* (M)	235	281	246	262	278	297	252	258	286	
CY device shipments* (M)		937				1,083				CY'14: ~ 1,155e^^
FY device shipments* (M)				1,025				1,085		
Qtr. device ASP*	\$227	\$217	\$230	\$230	\$222	\$224	\$231	\$223	\$197	
FY device ASP*				\$226				\$225		

(4) & (5) See Footnotes page at the end of the presentation.

* Midpoints, see note (6) on the Footnotes page at the end of the presentation.

** Guidance as of Jan. 28, 2014.

^ Our guidance range for the second quarter of fiscal 2015 and fiscal 2015 total reported device sales reflects estimated 3G/4G total reported device sales that we currently expect to be reported to us, which includes an estimate of some prior period activity (i.e., devices shipped in prior periods) that may be reported to us.

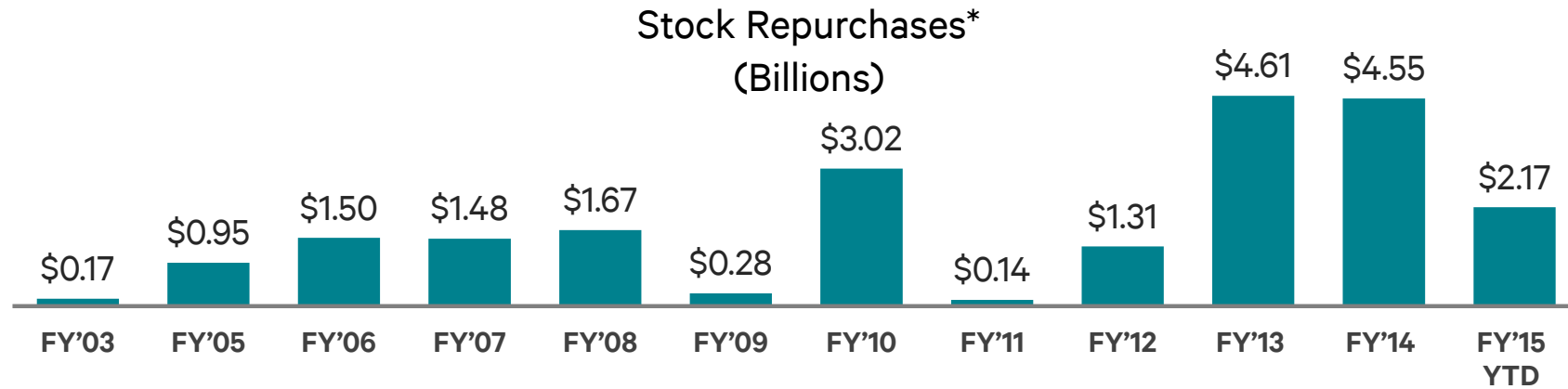
^^ We expect global 3G/4G device shipments to be approximately 1.35 billion for calendar year 2014. However, we do not believe that all of the global 3G/4G device shipments for calendar year 2014 will be reported to us within the time periods required by our license agreements.

Accordingly, we currently estimate approximately 1.135 billion to 1.175 billion calendar year 2014 3G/4G device shipments will actually be reported to us through the first calendar quarter of 2015. We expect global 3G/4G device shipments to be approximately 1.5 billion to 1.6 billion for calendar year 2015. At this time, we are not providing a forecast for calendar year 2015 reported 3G/4G device shipments.

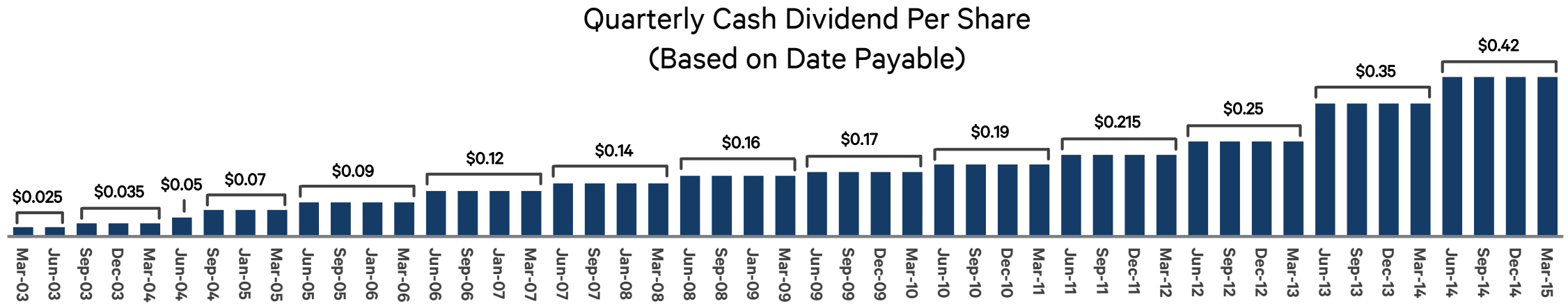
Note: Sums of quarterly amounts may not equal totals due to rounding.

Cumulative \$35.9 billion returned to stockholders

As of January 28, 2015



\$3.1 billion remained authorized for repurchase under our stock repurchase program.



Note: The Company effected a two-for-one stock split in August 2004. All references to per share data have been adjusted to reflect the stock split.

* Gross repurchases before commissions.

Financial strength

In billions	Dec'13	Dec'14	
<i>Domestic</i>	\$8.7	\$4.1	Cash resources and operating/ stock repurchase flexibility
<i>Offshore</i>	<u>\$22.9</u>	<u>\$27.5</u>	
Total cash & marketable securities	\$31.6	\$31.6	
Total assets	\$46.3	\$48.4	Solid balance sheet
Stockholders' equity	\$37.0	\$38.8	
Debt*	\$0.0	\$0.0	
EBITDA**	\$1.9	\$2.5	Cash flow to support future growth and dividends
Free cash flow***	\$2.6	\$2.1	

* Included capital leases.

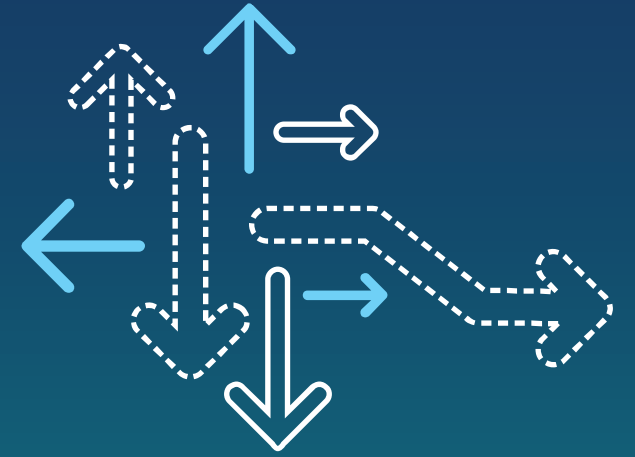
** EBITDA is defined as income from continuing operations before income tax expense, depreciation and amortization expense and interest and dividend income, net.

*** Free cash flow is defined as net cash provided by operating activities less capital expenditures.

Footnotes

1. Throughout this presentation, revenues, operating expenses, operating income, earnings before tax (EBT) and effective tax rates are from continuing operations (i.e., before adjustments for noncontrolling interests and discontinued operations), unless otherwise stated.
2. Non-GAAP results exclude the QSI (Qualcomm Strategic Initiatives) segment and certain share-based compensation, acquisition-related items, tax items and other items. Beginning in the first quarter of fiscal 2015, we changed our methodology for reporting Non-GAAP results to exclude third-party acquisition and integration services costs and certain other items, which may include major restructuring and restructuring-related costs, goodwill and long-lived asset impairment charges and litigation settlements and/or damages.
3. Throughout this presentation, net income and diluted earnings per share (EPS) are attributable to Qualcomm (i.e., after adjustments for noncontrolling interests and discontinued operations), unless otherwise stated.
4. Total reported device sales is the sum of all reported sales in U.S. dollars (as reported to us by our licensees) of all licensed CDMA-based, OFDMA-based and CDMA/OFDMA multimode subscriber devices (including handsets, modules, modem cards and other subscriber devices) by our licensees during a particular period (collectively, 3G/4G devices). The reported quarterly estimated ranges of average selling prices (ASPs) and unit shipments are determined based on the information as reported to us by our licensees during the relevant period and our own estimates of the selling prices and unit shipments for licensees that do not provide such information. Not all licensees report sales, selling prices and/or unit shipments the same way (e.g., some licensees report sales net of permitted deductions, including transportation, insurance, packing costs and other items, while other licensees report sales and then identify the amount of permitted deductions in their reports), and the way in which licensees report such information may change from time to time. In addition, certain licensees may not report (in the quarter in which they are contractually obligated to report) their sales of certain types of subscriber units, which (as a result of audits, legal actions or for other reasons) may be reported in a subsequent quarter. Accordingly, total reported device sales, estimated unit shipments and estimated ASPs for a particular period may include prior period activity that was not reported by the licensee until such particular period.
5. Royalties are recognized when reported, generally one quarter following shipment.
6. The midpoints of the estimated ranges are identified for comparison purposes only and do not indicate a higher degree of confidence in the midpoints.
7. The following should be considered in regards to the year-over-year comparisons:
 - The first quarter of fiscal 2014 results included:
 - \$665 million gain, or \$0.25 per share, in discontinued operations associated with the sale of substantially all of the operations of our Omnitrac division; and
 - \$444 million charge, or \$0.20 per share, that resulted from an impairment on long-lived assets related to our QMT (Qualcomm MEMS Technologies) division.

Reconciliations



Non-GAAP results

In millions, except per share data

	Non-GAAP	QSI	Share-Based Compensation	Other Items (1) (2)	GAAP
Q1 - FISCAL 2015					
Income tax rate	18%	-%	16%	67%	14%
Net income (loss)	\$2,263	\$ -	(\$229)	(\$62)	\$1,972
Diluted EPS	\$1.34	\$0.00	(\$0.14)	(\$0.04)	\$1.17
Change from prior year	6%	-%	(8%)	-%	7%
Diluted shares used	1,686	1,686	1,686	1,686	1,686
Q1 - FISCAL 2014					
Net income (loss)	\$2,163	\$4	(\$226)	(\$66)	\$1,875
Diluted EPS	\$1.26	\$0.00	(\$0.13)	(\$0.04)	\$1.09
Diluted shares used	1,722	1,722	1,722	1,722	1,722
Q2 - FISCAL 2014					
Net income (loss)	\$2,255	(\$17)	(\$198)	(\$81)	\$1,959
Diluted EPS	\$1.31	(\$0.01)	(\$0.11)	(\$0.05)	\$1.14
Diluted shares used	1,719	1,719	1,719	1,719	1,719
12 MONTHS - FISCAL 2014					
Net income (loss)	\$9,032	\$15	(\$856)	(\$224)	\$7,967
Diluted EPS	\$5.27	\$0.01	(\$0.50)	(\$0.13)	\$4.65
Diluted shares used	1,714	1,714	1,714	1,714	1,714

(1) Beginning in the first quarter of fiscal 2015, we changed our methodology for reporting Non-GAAP results to exclude third-party acquisition and integration services costs and certain other items, which may include major restructuring and restructuring-related costs, goodwill and long-lived asset impairment charges and litigation settlements and/or damages. In the first quarter of fiscal 2015, other items excluded from Non-GAAP EBT included \$83 million of acquisition-related items, \$69 million due to the impairment of goodwill related to our business that provides push-to-talk enablement services to wireless operators and \$35 million of severance costs related to a restructuring.

(2) The tax benefit in the "Other Items" column included a \$101 million tax benefit related to fiscal 2014 as a result of the retroactive reinstatement of the federal R&D tax credit, a \$21 million tax benefit for the tax effect of other items in EBT, a \$4 million tax benefit related to fiscal 2014 as a result of the retroactive reinstatement of other tax laws and a \$2 million tax benefit to reconcile the tax provisions for each column to the total GAAP tax provision for the quarter, partially offset by a \$3 million tax expense for the tax effect of acquisition-related items. At fiscal year end, the quarterly tax provision (benefit) for each column equals the annual tax provision (benefit) for each column computed in accordance with GAAP. In interim quarters, the sum of these provisions (benefits) may not equal the total GAAP tax provision, and this difference is included in the tax provision (benefit) in the "Other Items" column. In interim quarters of prior year, this difference was allocated to the tax provisions (benefits) among the columns.

Sums may not equal totals due to rounding.

Q1 FY'15 diluted EPS results vs. guidance

	<u>Non-GAAP (1)</u>	<u>GAAP</u>
Q1 FY15 diluted EPS guidance (midpoint) (2)	\$1.24	\$1.06
Q1 FY15 diluted EPS results	1.34	1.17
Difference	<u>\$0.10</u>	<u>\$0.11</u>
 Certain diluted EPS Factors		
Higher QCT earnings	\$0.05	\$0.05
Other factors (3)	0.05	0.05
Items excluded from Non-GAAP results (4)	N/A	0.01
Subtotal	<u>\$0.10</u>	<u>\$0.11</u>

(1) Non-GAAP results exclude the QSI segment and certain share-based compensation, acquisition-related items, tax items and other items. Beginning in the first quarter of fiscal 2015, we changed our methodology for reporting Non-GAAP results to exclude third-party acquisition and integration services costs and certain other items, which may include major restructuring and restructuring-related costs, goodwill and long-lived asset impairment charges and litigation settlements and/or damages.

(2) Provided as of Nov. 5, 2014.

(3) Other factors are primarily related to the impact of improved total reported device sales, lower operating expenses in QTL and other businesses and the Q1 FY'15 impact of the tax benefit as a result of the retroactive reinstatement of the federal R&D tax credit.

(4) Items excluded from Non-GAAP results related to the tax benefit related to fiscal 2014 as a result of the retroactive reinstatement of the federal R&D tax credit, partially offset by an impairment of goodwill related to our business that provides push-to-talk enablement services to wireless operators and severance costs related to a restructuring.

N/A - Not Applicable

Q1 FY'15 combined R&D and SG&A expenses, sequential comparison

In millions

	<u>Q4 FY'14 Results</u>	<u>Q1 FY'15 Results</u>	<u>% Increase / (Decrease)</u>
Non-GAAP combined R&D and SG&A expenses	\$ 1,655	\$ 1,600	(3%)
QSI	3	7	N/M
Share-based compensation	241	261	8%
Other items (1)	10	51	N/M
Total GAAP combined R&D and SG&A expenses	<u>\$ 1,909</u>	<u>\$ 1,919</u>	1%

(1) Other items excluded from Non-GAAP include certain acquisition-related items and other items. Beginning in the first quarter of fiscal 2015, we changed our methodology for reporting Non-GAAP results to exclude third-party acquisition and integration services costs and certain other items, which may include major restructuring and restructuring-related costs, goodwill and long-lived asset impairment charges and litigation settlements and/or damages.

N/M - Not meaningful

EBITDA⁽¹⁾

In millions

	<u>Q1 FY'14</u>	<u>Q1 FY'15</u>
Income from continuing operations	\$ 1,444	\$ 1,971
Plus: Income tax expense	313	327
Plus: Depreciation and amortization expense	272	287
Less: Interest and dividend income, net	<u>(153)</u>	<u>(133)</u>
EBITDA	<u>\$ 1,876</u>	<u>\$ 2,452</u>

(1) EBITDA is defined as income from continuing operations before income tax expense, depreciation and amortization expense and interest and dividend income, net.

Free cash flow ^(a)

In millions

	Three Months Ended December 28, 2014				
	Non-GAAP	QSI	Share-Based Compensation	Other Items (b)	GAAP
Net cash provided (used) by operating activities	\$ 2,421	\$ (7)	\$ (48) (c)	\$ (2)	\$ 2,364
Less: capital expenditures	(253)	-	-	-	(253)
Free cash flow	\$ 2,168	\$ (7)	\$ (48)	\$ (2)	\$ 2,111
Revenues	\$ 7,099	\$ -	\$ -	\$ -	\$ 7,099
Net cash provided by operating activities as % of revenues	34%	N/A	N/A	N/A	33%
Free cash flow as % of revenues	31%	N/A	N/A	N/A	30%
Total return of capital to stockholders					\$ 2,361
Total return of capital to stockholders as a percentage of net cash provided by operating activities					100%
Total return of capital to stockholders as a percentage of free cash flow					112%

	Three Months Ended December 29, 2013				
	Non-GAAP	QSI	Share-Based Compensation	Other Items (b)	GAAP
Net cash provided (used) by operating activities	\$ 2,887	\$ (7)	\$ (99) (c)	\$ -	\$ 2,781
Less: capital expenditures	(210)	-	-	-	(210)
Free cash flow	\$ 2,677	\$ (7)	\$ (99)	\$ -	\$ 2,571
Revenues	\$ 6,622	\$ -	\$ -	\$ -	\$ 6,622
Net cash provided by operating activities as % of revenues	44%	N/A	N/A	N/A	42%
Free cash flow as % of revenues	40%	N/A	N/A	N/A	39%

(a) Free cash flow is defined as net cash provided by operating activities less capital expenditures.

(b) Other items excluded from Non-GAAP include certain acquisition-related items, tax items and other items. Beginning in the first quarter of fiscal 2015, we changed our methodology for reporting Non-GAAP results to exclude third-party acquisition and integration services costs and certain other items, which may include major restructuring and restructuring-related costs, goodwill and long-lived asset impairment charges and litigation settlements and/or damages.

(c) Incremental tax benefits from share-based compensation during the period.

N/A – Not Applicable

Business outlook

As of January 28, 2015

SECOND FISCAL QUARTER	Q2 FY'14 Results	Current Guidance Q2 FY'15 Estimates
Revenues	\$6.4B	\$6.5B - \$7.1B
<i>Year-over-year change</i>		<i>increase 2% - 12%</i>
Non-GAAP diluted EPS	\$1.31	\$1.28 - \$1.40
<i>Year-over-year change</i>		<i>decrease 2% - increase 7%</i>
Diluted EPS attributable to QSI	(\$0.01)	(\$0.01)
Diluted EPS attributable to share-based compensation	(\$0.11)	(\$0.13)
Diluted EPS attributable to other items (1)	(\$0.05)	(\$0.06)
GAAP diluted EPS	\$1.14	\$1.08 - \$1.20
<i>Year-over-year change</i>		<i>decrease 5% - increase 5%</i>

FISCAL YEAR	FY 2014 Results	Prior Guidance FY 2015 Estimates (2)	Current Guidance FY 2015 Estimates (2)
Revenues	\$26.5B	\$26.8B - \$28.8B	\$26.0B - \$28.0B
<i>Year-over-year change</i>		<i>increase 1% - 9%</i>	<i>decrease 2% - increase 6%</i>
Non-GAAP diluted EPS	\$5.27	\$5.05 - \$5.35	\$4.75 - \$5.05
<i>Year-over-year change</i>		<i>decrease 4% - increase 2%</i>	<i>decrease 4% - 10%</i>
Diluted EPS attributable to QSI	\$0.01	(\$0.01)	(\$0.02)
Diluted EPS attributable to share-based compensation	(\$0.50)	(\$0.55)	(\$0.54)
Diluted EPS attributable to other items (1)	(\$0.13)	(\$0.16)	(\$0.15)
GAAP diluted EPS	\$4.65	\$4.33 - \$4.63	\$4.04 - \$4.34
<i>Year-over-year change</i>		<i>decrease 7% - even</i>	<i>decrease 7% - 13%</i>
Non-GAAP effective income tax rate			18%
GAAP effective income tax rate			17%

(1) Other items excluded from Non-GAAP include certain acquisition-related items, tax items and other items. Beginning in the first quarter of fiscal 2015, we changed our methodology for reporting Non-GAAP results to exclude third-party acquisition and integration services costs and certain other items, which may include major restructuring and restructuring-related costs, goodwill and long-lived asset impairment charges and litigation settlements and/or damages.

(2) Our prior and current guidance for fiscal 2015 includes an estimate of the benefit related to stock repurchases that we plan to complete over the remainder of fiscal 2015 under our current stock repurchase program.

Sums may not equal totals due to rounding.

Q2 FY'15 combined R&D and SG&A expenses guidance

In millions

	Q1 FY'15 Results	Q2 FY'15 Guidance* (est.)
Non-GAAP combined R&D and SG&A expenses	\$ 1,600	Increase approx. 6% - 8%
QSI	7	not provided
Other Items (1)	51	not provided
Total combined R&D and SG&A expenses excluding certain share-based compensation	<u>1,658</u>	Increase approx. 6% - 8%
Share-based compensation allocated to R&D and SG&A	261	
Total GAAP combined R&D and SG&A expenses (2)	<u><u>\$ 1,919</u></u>	Increase approx. 4% - 6%

(1) Other items excluded from Non-GAAP include certain acquisition-related items and other items. Beginning in the first quarter of fiscal 2015, we changed our methodology for reporting Non-GAAP results to exclude third-party acquisition and integration services costs and certain other items, which may include major restructuring and restructuring-related costs, goodwill and long-lived asset impairment charges and litigation settlements and/or damages.

(2) Q1 FY15 total GAAP combined R&D and SG&A expenses guidance includes an estimate of the share-based compensation expense allocated to R&D and SG&A.

* Guidance as of Jan. 28, 2015

FY'15 combined R&D and SG&A expenses guidance

In millions

	Fiscal 2014 Results	Fiscal 2015 Guidance* (est.)
Non-GAAP combined R&D and SG&A expenses	\$ 6,684	Increase approx. 3% - 5%
QSI	18	not provided
Other Items (1)	55	not provided
Total combined R&D and SG&A expenses excluding certain share-based compensation	<u>6,757</u>	Increase approx. 3% - 5%
Share-based compensation allocated to R&D and SG&A	1,010	
Total GAAP combined R&D and SG&A expenses (2)	<u><u>\$ 7,767</u></u>	Increase approx. 3% - 5%

(1) Other items excluded from Non-GAAP include certain acquisition-related items and other items. Beginning in the first quarter of fiscal 2015, we changed our methodology for reporting Non-GAAP results to exclude third-party acquisition and integration services costs and certain other items, which may include major restructuring and restructuring-related costs, goodwill and long-lived asset impairment charges and litigation settlements and/or damages.

(2) Fiscal 2015 total GAAP combined R&D and SG&A expenses guidance includes an estimate of the share-based compensation expense allocated to R&D and SG&A.

* Guidance as of Jan. 28, 2015

Thank you

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