



Second Quarter Fiscal 2016 Earnings

April 20, 2016



Safe Harbor

In addition to the historical information contained herein, this presentation and the conference call that accompanies it contain forward-looking statements that are inherently subject to risks and uncertainties, including but not limited to statements regarding our Strategic Realignment Plan, including our cost reduction initiatives, and our progress and expectations related thereto; our licensing compliance and reporting challenges in China and our progress, expectations and intentions with respect to resolving those challenges, and the timing thereof, as well as the impact on our business, financial results and guidance; our proposed joint venture with TDK and our expectations regarding the benefits, timing and financial implications thereof; our strategic plans and our execution on those plans; 5G, its benefits, features and capabilities, and our leadership therein; business and growth opportunities and initiatives, and our positioning to take advantage thereof; our technology and technology leadership, products and product leadership, and product roadmap; opportunities, including in RF front end and adjacent businesses such as automotive, networking, mobile compute and IoT; product mix; industry trends; operational performance; our business and financial drivers, outlook and expectations; fiscal 2016 being a transition year; improving demand for premium and high tier devices in the second half of the fiscal year, offset by some reduced demand for thin modem products and low tier chipsets; increasing benefits of our actions to strengthen our chip roadmap, reduce operating expenses and improve supply chain efficiencies; 4G growth in China, offset by growth rates in other emerging regions; volume expectations for our Snapdragon 820 processor; and our expectations, estimates and guidance related to revenues, earnings per share (EPS), EBT, EBT margin, MSM chip shipments, revenue per MSM, operating margins, combined R&D and SG&A expenses, effective tax rates, externally implied royalty rates; 3G/4G device average selling prices (ASPs), sales and shipments, both globally and which we expect to be reported to us (Total Reported Device Sales or TRDS); growth in adjacent areas; and the factors influencing such expectations, 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 in an environment of rapid technological change; our dependence on a small number of customers and licensees; 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; the continued and future success of our licensing programs; government regulations and policies, or adverse rulings in enforcement or other proceedings; the commercial success of our new technologies, products and services; our dependence on a limited number of third-party suppliers; claims by third parties that we infringe their intellectual property; acquisitions, strategic transactions and investments; the execution of our Strategic Realignment Plan; our stock price and earnings volatility; our indebtedness; our ability to attract and retain qualified employees; foreign currency fluctuations; global economic conditions that impact the mobile communications industry 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 Quarterly Report on Form 10-Q for the quarter ended March 27, 2016 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 “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 Second Quarter Fiscal 2016 Earnings

Quarter ended March 27, 2016

- Our fiscal second quarter results were driven by stronger than expected performance across our chipset and licensing businesses.
- We are pleased with our continued progress in the licensing business, including the recent conclusion of new license agreements in China and the resolution of our dispute with LG Electronics.
- We are continuing to build momentum into the second half of our fiscal 2016 with traction for our Snapdragon processors in the premium and high tiers and strong execution of our strategic realignment plan.

Strategic Realignment Plan Remains on Track

SRP Initiative

Progress

1. Aggressively right-size cost structure

- On track to achieve \$1.4 billion spending reductions
- On track to realize at least \$700 million in savings in FY'16, an increase of \$100 million from our original estimate

2. Review alternatives to the Company's corporate and financial structure

- Review completed
- Current structure will drive greater value than alternatives

3. Reaffirm intent to return significant capital to stockholders

- Returned \$5.0 billion in 1HFY'16 through dividends and repurchases of common stock, including the completion of our commitment to repurchase \$10 billion of stock from March 2015 through March 2016
- Increased our quarterly cash dividend by 10% to \$0.53 per share
- Returned a record \$14 billion in FY'15; >300% of free cash flow (FCF)
- For the last three fiscal years, our cumulative capital return was 140% of FCF, exceeding that of each of our proxy and semiconductor peers; Target capital return of at least 75% of FCF
- Maintain strong balance sheet; commitment to strong investment grade rating

Strategic Realignment Plan Remains on Track (cont.)

SRP Initiative

Progress

4. Add new Directors with complementary skill sets while reducing the average tenure of the Board

- 3 director additions and 6 director retirements reduced average tenure to ~5 years

5. Further align executive compensation with performance, including return on investment

- Utilizing ROIC and relative TSR to determine performance-based equity awards
- Utilizing EPS (including share-based compensation) for annual cash bonuses*

6. Disciplined investment in areas that extend Qualcomm's leadership position, using core technologies and capabilities that offer attractive growth and returns

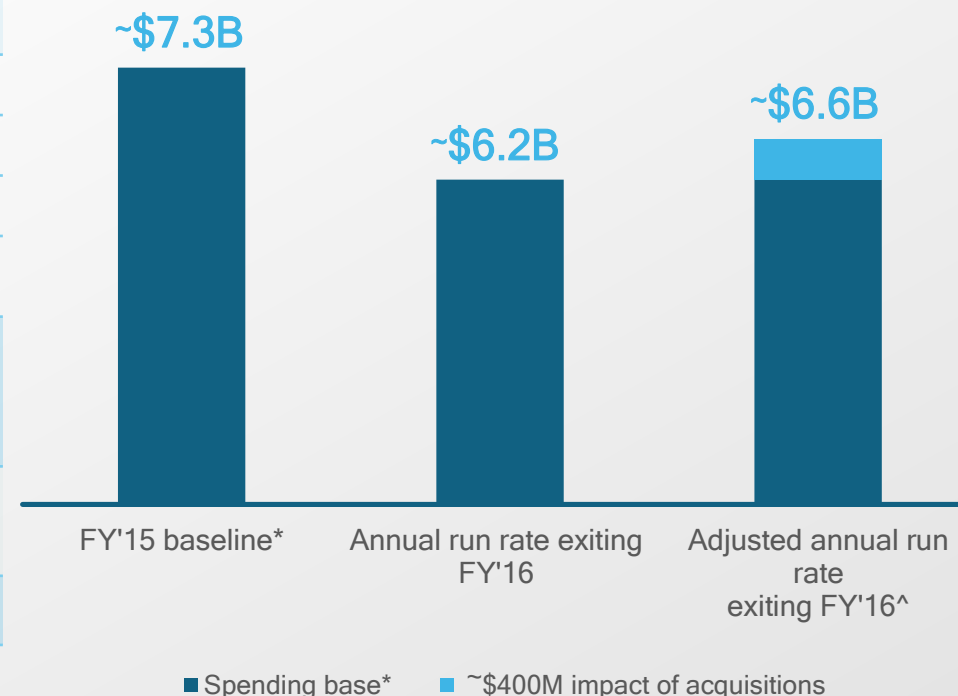
- Focused investments; core smartphone technologies, adjacent opportunities and new businesses
- Completed CSR acquisition and exited or reduced investments in non-core areas
- Announced an agreement with TDK to form a joint venture to provide industry-leading RF front-end solutions for mobile devices

* Starting with fiscal 2016.

Aggressively Reducing Costs

\$1.4 billion cost reduction plan remains on track (estimates as of April 20, 2016)

	Target	On Track
Reduction in spending* vs. FY'15 baseline	~\$1.1B	✓
QCT spend	~\$800M	✓
Non-QCT spend	~\$300M	✓
FY'16 planned reduction	\$700M+	✓
Timing of full run rate savings	Q4'16	✓
Reduction in share-based compensation (SBC) grants vs. FY'15	~\$300M	✓
Net restructuring charges estimate**	~\$300M - \$400M	✓
QCT operating margin targets		
Q4 FY'16	16%+	✓
Long-term	20%+	✓



* Spending base relates to R&D expenses, SG&A expenses and certain non-product related cost of sales and excludes impacts of M&A activity; FY'15 baseline was expected FY'15 spend, adjusted for variable compensation, as announced Jul. 22, 2015.

** Primarily consists of severance and consulting costs.

^ Adjusted annual run rate includes incremental impact of acquisitions.

Note: \$1.4B cost reduction plan excludes impact of M&A activity.

Second Quarter Fiscal 2016 Results vs. Guidance

	Q2'16 Guidance*	Q2'16 Results
Revenues ⁽¹⁾	\$4.9B - \$5.7B	\$5.6B
Non-GAAP ⁽²⁾ diluted EPS ⁽³⁾	\$0.90 - \$1.00	\$1.04
MSM™ chip shipments	175M - 195M	189M
Total reported device sales ⁽⁴⁾ (Dec. Qtr. ⁽⁵⁾)	\$65.0B - \$73.0B	\$70.1B
Est. reported 3G/4G device shipments ⁽⁴⁾ (Dec. Qtr. ⁽⁵⁾)	not provided	335M - 339M
Est. reported 3G/4G device ASP ⁽⁴⁾ (Dec. Qtr. ⁽⁵⁾)	not provided	\$205 - \$211

* Prior guidance as of Jan. 27, 2016.

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

Third Quarter Fiscal 2016 Guidance

As of April 20, 2016

Q3'16 Guidance

Revenues ⁽¹⁾	\$5.2B - \$6.0B
Non-GAAP ⁽²⁾ combined R&D and SG&A expenses	~ Flat QoQ
Non-GAAP ⁽²⁾ diluted EPS ⁽³⁾	\$0.90 - \$1.00
Total reported device sales ⁽⁴⁾ (Mar. Qtr. ⁽⁵⁾)	\$52.0B - \$60.0B*
QTL operating margin %	Down QoQ (inline w/ seasonal trends)
MSM chip shipments	175M - 195M
QCT revenue per MSM	Up >10% QoQ
QCT operating margin %	9% - 10%

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

* Our guidance range for the third quarter of fiscal 2016 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.

Fiscal 2016 Supplemental Guidance

As of April 20, 2016

FY'16 Guidance

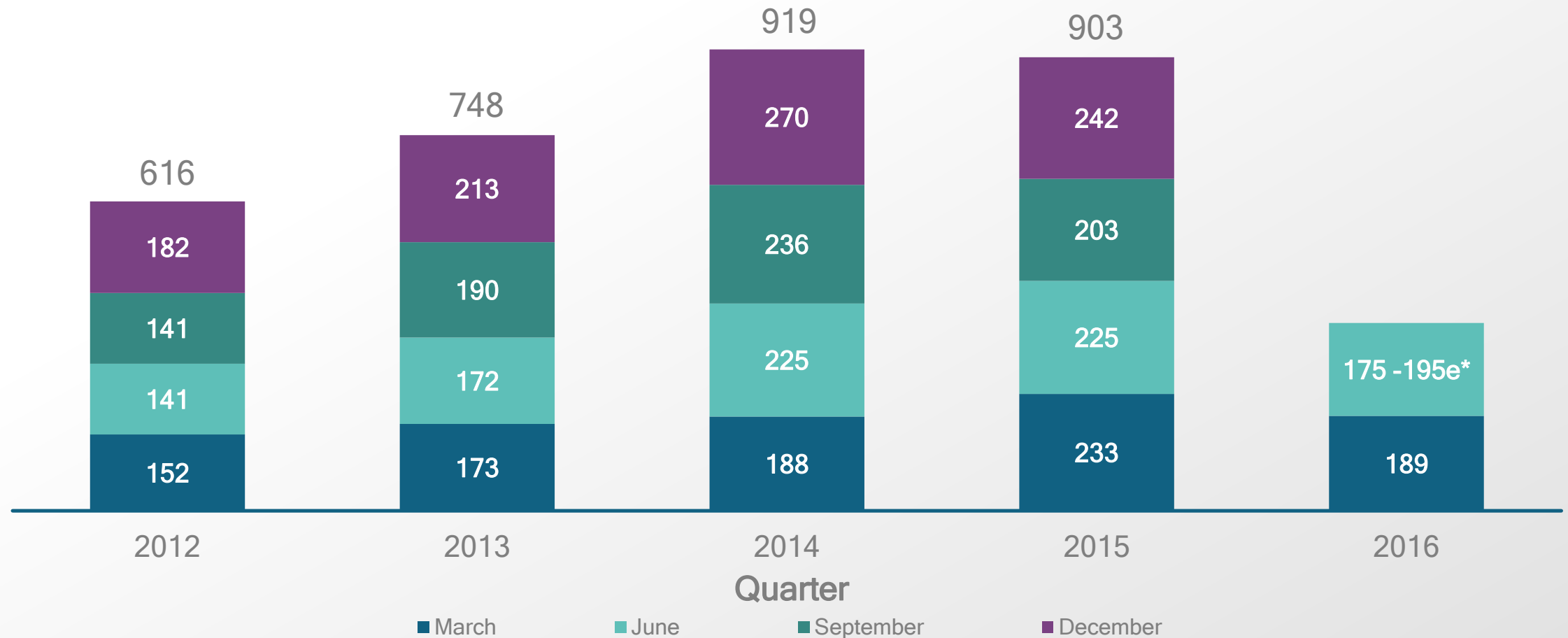
Global 3G/4G device sales^ (Sep - Jun. Qtr.)	Grow at a low single-digit % YoY
QTL revenue range	~ \$7.3B - \$8.0B
QCT EBT margin	16% or better in Q4'16
QCT performance - EBT \$	Improving 2nd half of FY'16
Non-GAAP ⁽²⁾ combined R&D and SG&A expenses	Down ~ 2% - 4% YoY
Non-GAAP ⁽²⁾ effective tax rate	~ 18%

[^] Global 3G/4G device sales represent our estimate of CDMA-based, OFDMA-based and CDMA/OFDMA multimode subscriber devices shipped globally, excluding TD-SCDMA devices that do not implement LTE. 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, and certain companies, including unlicensed companies, are delaying execution of new license agreements. As a result, we do not believe that all global 3G/4G device shipments are currently being reported to us.

⁽²⁾ See Footnotes page at the end of the presentation.

MSM Chip Shipments

Calendar year, millions



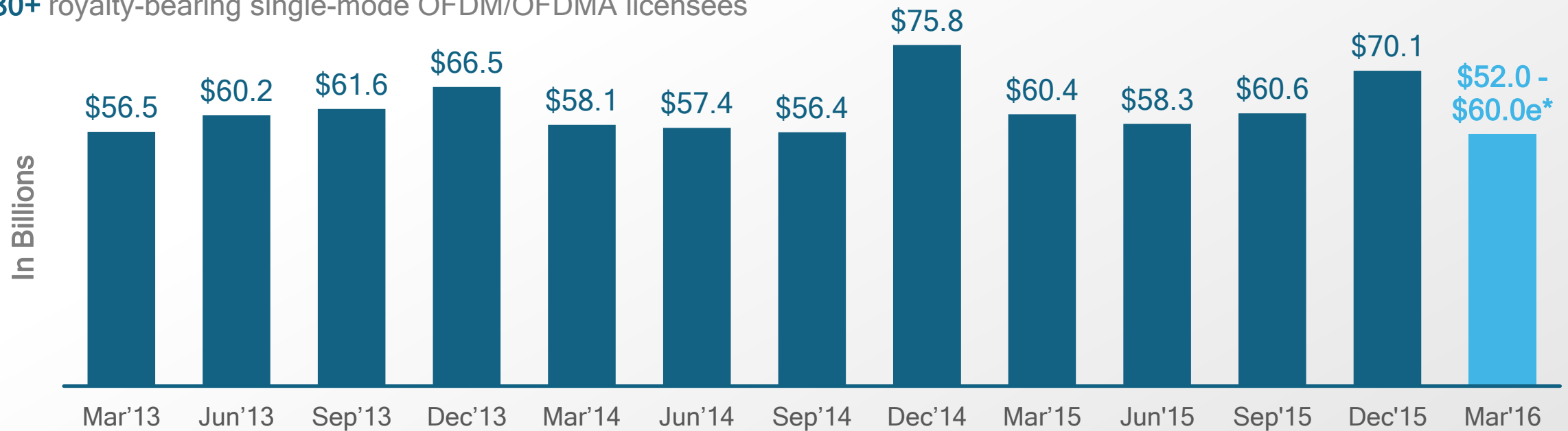
* Guidance as of Apr. 20, 2016.

Quarterly Total Reported Device Sales⁽⁴⁾⁽⁵⁾

Reported by Qualcomm licensees

310+ CDMA-based licensees; 265+ licensed for WCDMA

180+ royalty-bearing single-mode OFDM/OFDMA licensees



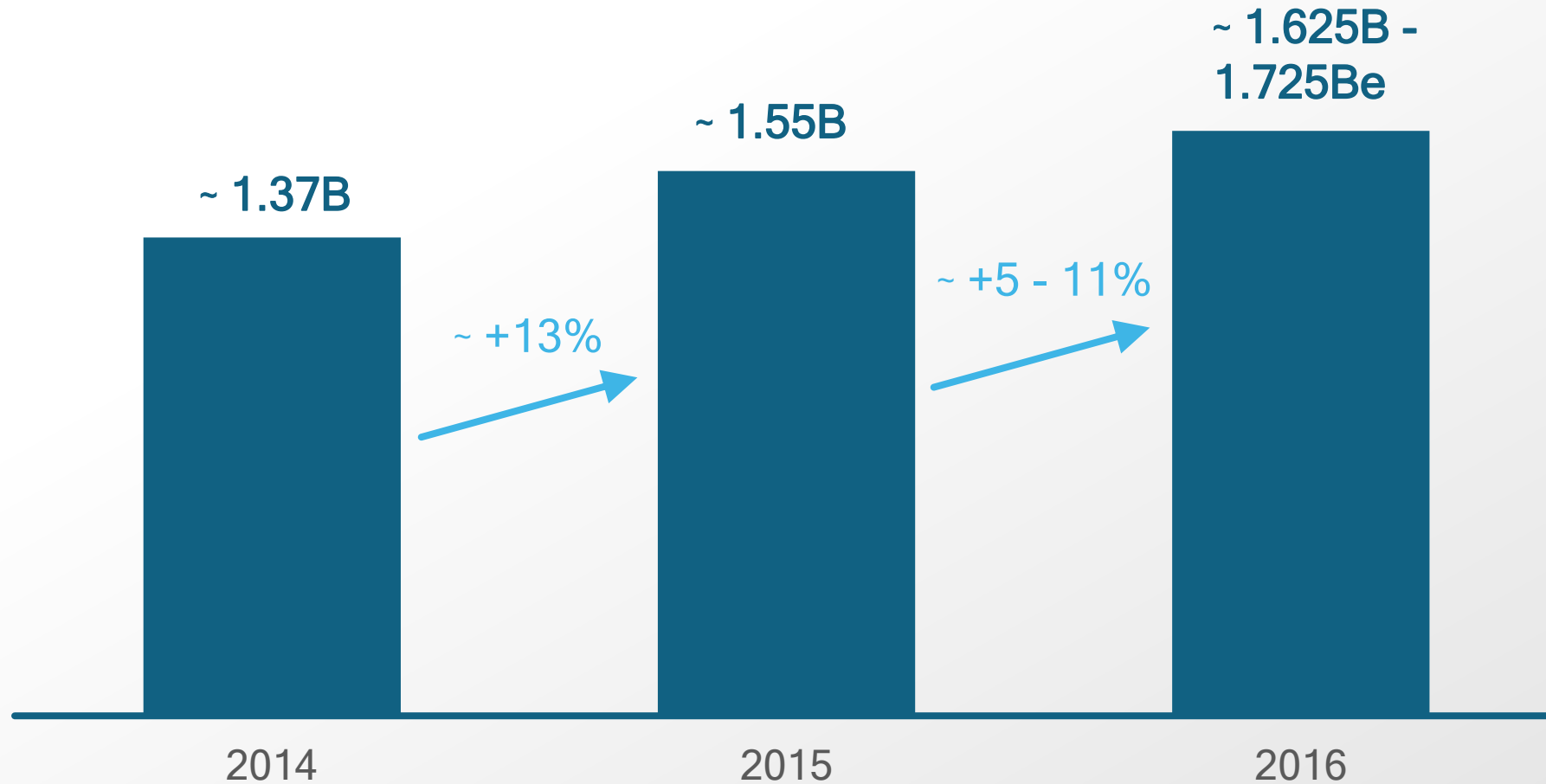
Est. ASP	\$227-\$233	\$227-\$233	\$219-\$225	\$221-\$227	\$228-\$234	\$220-\$226	\$194-\$200	\$193-\$199	\$205-\$211	\$207-\$213	\$193-\$199	\$205-\$211	not
Est. Shipments	244-248M	260-264M	276-280M	295-299M	250-254M	256-260M	284-288M	384-388M	289-293M	276-280M	307-311M	335-339M	provided

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

* Guidance as of Apr. 20, 2016. Our guidance range for the third quarter of fiscal 2016 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.

Global 3G/4G Device Shipment* Estimates

Calendar year, as of April 20, 2016



* Global 3G/4G device shipments represent our estimate of CDMA-based, OFDMA-based and CDMA/OFDMA multimode subscriber devices shipped globally, excluding TD-SCDMA devices that do not implement LTE. 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, and certain companies, including unlicensed companies, are delaying execution of new license agreements. As a result, we do not believe that all global 3G/4G device shipments are currently being reported to us.

Supplemental Information, 3G/4G Device Estimates*

As of April 20, 2016

		FY'15	FY'16	CY'15	CY'16
3G/4G Units	Global			~ 1.55B	~ 1.625B - 1.725B
	Reported ⁽⁴⁾⁽⁵⁾	~ 1,233M - 1,249M		~ 1,207M - 1,223M	
3G/4G ASP	Global	~ \$181 - \$191			
	Reported ⁽⁴⁾⁽⁵⁾	~ \$199 - \$205			
3G/4G Device Sales	Global	~ \$271B - \$280B	~ Grow at a low single-digit % YoY		
	Reported ⁽⁴⁾⁽⁵⁾	~ \$250.9B			

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

* Global 3G/4G device shipments represent our estimate of CDMA-based, OFDMA-based and CDMA/OFDMA multimode subscriber devices shipped globally, excluding TD-SCDMA devices that do not implement LTE. 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, and certain companies, including unlicensed companies, are delaying execution of new license agreements. As a result, we do not believe that all global 3G/4G device shipments are currently being reported to us.

Quarterly Estimated 3G/4G Reported Device Shipments and ASP Trend⁽⁴⁾⁽⁵⁾

	FY'14				FY'15				FY'16		
	Sep'13	Dec'13	Mar'14	Jun'14	Sep'14	Dec'14	Mar'15	Jun'15	Sep'15	Dec'15	Mar'16**
Qtr. total reported device sales (\$B)	\$61.6	\$66.5	\$58.1	\$57.4	\$56.4	\$75.8	\$60.4	\$58.3	\$60.6	\$70.1	\$52.0 - \$60.0e
FY total reported device sales (\$B)				\$243.6				\$250.9			
Qtr. device shipments* (M)	278	297	252	258	286	386	291	278	309	337	
CY device shipments* (M)		1,083				1,182				1,215	
FY device shipments* (M)				1,085				1,241			
Qtr. device ASP*	\$222	\$224	\$231	\$223	\$197	\$196	\$208	\$210	\$196	\$208	
FY device ASP*				\$225				\$202			

(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 Apr. 20, 2016. Our guidance range for the third quarter of fiscal 2016 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.

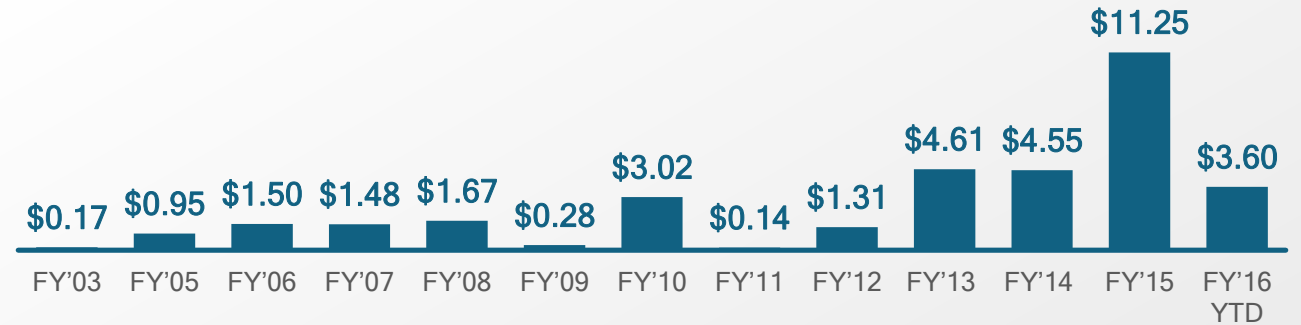
Note: Sums of quarterly amounts may not equal totals due to rounding.

Cumulative \$52.2 Billion Returned to Stockholders

As of March 27, 2016

\$3.3 billion remained authorized for repurchase under our stock repurchase program.

Stock Repurchases* (Billions)



Quarterly Cash Dividend Per Share^



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.

^ Based on date payable.

Financial Strength

In Billions	Mar'15	Mar'16	
<i>Domestic</i>	\$3.4	\$2.9	Cash resources and operating/ stock repurchase flexibility
<i>Offshore</i>	\$26.2	\$27.1	
Total cash & marketable securities	\$29.6	\$30.0	
Total assets	\$47.2	\$50.1	Solid balance sheet
Stockholders' equity	\$37.8	\$29.6	
Debt*	\$1.1	\$11.9	
EBITDA** (7)	\$1.7	\$1.8	Cash flow to support future growth and dividends
Free cash flow*** (7)	(\$0.9)	\$0.6	

* Including short-term and long-term debt.

** EBITDA is defined as net income (before adjustments for noncontrolling interests) before income tax expense, depreciation and amortization expense, interest expense and interest and dividend income.

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

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

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), 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. Further discussion and detailed reconciliations between GAAP and Non-GAAP results are included in this presentation.
3. Throughout this presentation, net income and diluted earnings per share (EPS) are attributable to Qualcomm (i.e., after adjustments for noncontrolling interests), 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 used 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 second quarter of fiscal 2016 GAAP and Non-GAAP results included:
 - \$266 million of revenues, or \$0.13 per share, due to the termination of an infrastructure license agreement resulting from the merger of two licensees.
 - The first quarter of fiscal 2016 GAAP results included:
 - \$380 million gain, or \$0.20 per share, related to the sale of our wireless spectrum in the United Kingdom.
 - The second quarter of fiscal 2015 GAAP results included:
 - \$975 million charge, or \$0.58 per share, related to the resolution reached with the China National Development and Reform Commission (NDRC) regarding its investigation of us under China's Anti-Monopoly Law; and
 - Operating cash flow also was impacted by the prepayment of \$950 million to secure long-term capacity commitments at a supplier of our integrated circuit products.

Reconciliations



Non-GAAP Results

In millions, except per share data

		Non-GAAP	QSI	Share-Based Compensation	Other Items ⁽¹⁾⁽²⁾⁽³⁾	GAAP
Q2: Fiscal 2016	Revenues	\$5,539	\$12	\$-	\$-	\$5,551
	Net income (loss)	\$1,552	\$30	(\$220)	(\$198)	\$1,164
	Diluted EPS	\$1.04	\$0.02	(\$0.15)	(\$0.13)	\$0.78
	Diluted shares	1,498	1,498	1,498	1,498	1,498
Q1: Fiscal 2016	Net income (loss)	\$1,469	\$234	(\$187)	(\$18)	\$1,498
	Diluted EPS	\$0.97	\$0.15	(\$0.12)	(\$0.01)	\$0.99
	Diluted shares	1,517	1,517	1,517	1,517	1,517

Non-GAAP Results (cont.)

In millions, except per share data

1. In the second quarter of fiscal 2016, other items excluded from Non-GAAP EBT included \$135 million of acquisition-related charges; \$75 million of restructuring and restructuring-related charges related to our Strategic Realignment Plan; \$12 million in asset impairment charges and \$4 million of other severance costs. In the second quarter of fiscal 2016, the tax benefit in the “Other Items” column included a \$24 million tax benefit for the tax effect of other items and \$15 million tax benefit for the tax effect of acquisition-related items in EBT, partially offset by a \$11 million tax expense to reconcile the tax provision for each column to the total GAAP tax provision for the quarter.
2. 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.
3. Details of amounts included in the “Other Items” column for the prior period are included in the slides for that period.

Sums may not equal totals due to rounding.

EBITDA⁽¹⁾

In millions

	Q2'15	Q2'16
Net income	\$1,052	\$1,164
Plus: Income tax expense	487	306
Plus: Depreciation and amortization expense	304	372
Plus: Interest expense	1	72
Less: Interest and dividend income	(138)	(158)
EBITDA	\$1,706	\$1,756

(1) EBITDA is defined as net income (before adjustments for noncontrolling interests) before income tax expense, depreciation and amortization expense, interest expense and interest and dividend income.

Q2'16 Combined R&D and SG&A Expenses, Sequential Comparison

In millions

	Q1'16 Results	Q2'16 Results	% Increased / (Decreased)
Non-GAAP combined R&D and SG&A expenses	\$1,648	\$1,637	(1%)
QSI	10	-	
Other Items ⁽¹⁾	35	46	
Shared-based compensation allocated to R&D and SG&A	237	237	
Total GAAP combined R&D and SG&A expenses	\$1,930	\$1,920	(1%)

(1) Other items in Q1'16 primarily consisted of \$32 million in acquisition-related items and \$3 million of severance costs. Other items in Q2'16 consisted of \$30 million in acquisition-related items, \$12 million in asset impairment charges and \$4 million of severance costs.

Q2'16 Tax Rate Reconciliation

In millions

		Non-GAAP	QSI	Share-Based Compensation	Other Items	GAAP
Q2: Fiscal 2016	Income (loss) before income taxes	\$1,897	\$46	(\$247)	(\$226)	\$1,470
	Income tax (expense) benefit	(345)	(16)	27	28	(306)
	Net income (loss) ⁽¹⁾	\$1,552	\$30	(\$220)	(\$198)	\$1,164
	Tax rate	18%	35%	11%	12%	21%

(1) Before adjustments for noncontrolling interests.

Free Cash Flow^(a)

In millions

Three Months Ended March 27, 2016

	Non-GAAP	QSI	Share-Based Compensation	Other Items ^(b)	GAAP
Net cash provided (used) by operating activities	\$878	\$6	\$-	(\$147)	\$737
Less: Capital expenditures	(125)	-	-	-	(125)
Free cash flow	\$753	\$6	\$-	(\$147)	\$612
Revenues	\$5,539	\$12	\$-	\$-	\$5,551
Net cash provided by operating activities as % revenues	16%	N/M	N/A	N/A	13%
Free cash flow as % revenues	14%	N/M	N/A	N/A	11%

Three Months Ended March 29, 2015

	Non-GAAP	QSI	Share-Based Compensation	Other Items ^(d)	GAAP
Net cash provided (used) by operating activities	\$383	(\$6)	(\$30) ^(c)	(\$1,005)	(\$658)
Less: Capital expenditures	(196)	-	-	-	(196)
Free cash flow	\$187	(\$6)	(\$30)	(\$1,005)	(\$854)
Revenues	\$6,894	\$-	\$-	\$-	\$6,894
Net cash provided by operating activities as % revenues	6%	N/A	N/A	N/A	(10%)
Free cash flow as % revenues	3%	N/A	N/A	N/A	(12%)

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

(b) In the three months ended March 27, 2016, net cash used by operating activities in the "Other Items" column primarily consisted of payments for consulting services and severance costs related to restructuring activities.

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

(d) In the three months ended March 29, 2015, net cash used by operating activities in the "Other Items" column primarily consisted of the payment of \$975 million resulting from the fine imposed by the NDRC and payments of \$25 million of severance costs related to restructuring activities.

N/A - Not Applicable

N/M - Not Meaningful

Free Cash Flow^(a)

In millions

	FY'15	FY'14	FY'13	Cumulative FY'13 - FY'15
Net cash provided by operating activities	\$5,506	\$8,887	\$8,778	\$23,171
Less: Capital expenditures	(994)	(1,185)	(1,048)	(3,227)
Free cash flow	\$4,512	\$7,702	\$7,730	\$19,944
Cash paid to repurchase shares of our common stock (before commissions)	\$11,245	\$4,548	\$4,609	\$20,402
Cash dividends paid	2,880	2,586	2,055	7,521
Total return of capital to stockholders	\$14,125	\$7,134	\$6,664	\$27,923
Total return of capital to stockholders as a % of net cash provided by operating activities	257%	80%	76%	121%
Total return of capital to stockholders as a % of free cash flow	313%	93%	86%	140%

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

Business Outlook

As of April 20, 2016

Third Fiscal Quarter	Q3'15 Results	Current Guidance Q3'16 Estimates
Revenues	\$5.8B	\$5.2B - \$6.0B
Year-over-year change		decrease 11% - increase 3%
Non-GAAP diluted EPS	\$0.99	\$0.90 - \$1.00
Year-over-year change		decrease 9% - increase 1%
Diluted EPS attributable to QSI	(\$0.02)	\$0.01
Diluted EPS attributable to share-based compensation	(\$0.13)	(\$0.14)
Diluted EPS attributable to other items ⁽¹⁾	(\$0.12)	(\$0.09)
GAAP diluted EPS	\$0.73	\$0.68 - \$0.78
Year-over-year change		decrease 7% - increase 7%

Fiscal Year	Current Guidance FY2016 Estimates
Non-GAAP effective income tax rate	18%
GAAP effective income tax rate	18%

(1) Our guidance for diluted EPS attributable to other items for the third quarter of fiscal 2016 includes a loss per share of \$0.08 for acquisition-related items. Details of amounts included in "Other Items" for the prior period are included in the slides for that period. Sums may not equal totals due to rounding.

Q3'16 Combined R&D and SG&A Expenses Guidance*

In millions

	Q2'16 Results	Q3'16 Guidance* (est.)
Non-GAAP combined R&D and SG&A expenses	\$1,637	Flat sequentially
QSI	0	Not provided
Other Items ⁽¹⁾	46	Not provided
Total combined R&D and SG&A expenses excluding certain share-based compensation	1,683	Flat sequentially
Share-based compensation allocated to R&D and SG&A	237	Not provided
Total GAAP combined R&D and SG&A expenses ⁽²⁾	\$1,920	Flat Sequentially

(1) Other items in Q2'16 consisted of \$30 million in acquisition-related items, \$12 million in asset impairments and \$4 million in severance costs.

(2) Q3'16 total GAAP combined R&D and SG&A expenses guidance includes an estimate of share-based compensation expense allocated to R&D and SG&A.

* Guidance as of Apr. 20, 2016.

Fiscal 2016 Combined R&D and SG&A Expenses Guidance*

In millions

	FY'15 Results	FY'16 Guidance* (est.)
Non-GAAP combined R&D and SG&A expenses excluding the effects of certain acquisitions ⁽¹⁾	\$6,606	Approx. decrease 7% - 9%
Certain acquisitions ⁽¹⁾	42	Not provided
Non-GAAP combined R&D and SG&A expenses	6,648	Approx. decrease 2% - 4%
QSI	40	Not provided
Other Items ⁽²⁾	162	Not provided
Total combined R&D and SG&A expenses excluding certain share-based compensation	6,850	Approx. decrease 3% - 5%
Share-based compensation allocated to R&D and SG&A	984	Not provided
Total GAAP combined R&D and SG&A expenses ⁽³⁾	\$7,834	Approx. decrease 3% - 5%

(1) Consisted of acquisitions closed in fourth quarter of fiscal 2015.

(2) Other items in fiscal 2015 consisted of \$87 million in acquisition-related items, \$46 million in severance costs and \$29 million in asset impairments.

(3) Fiscal 2016 total GAAP combined R&D and SG&A expenses guidance includes an estimate of share-based compensation expense allocated to R&D and SG&A.

* Guidance as of Apr. 20, 2016.

Thank you



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