Second Quarter Fiscal 2017 Earnings

April 19, 2017

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 business, product and technology strategies; our focus on innovation, our investments in R&D and the focus of that R&D; defending our business model and protecting the value of our inventions and technologies; our legal and regulatory challenges and our confidence in our ability to work through these challenges; our confidence that the QTL business will remain a strong cash flow contributor to the Company; uncertainty as to whether Apple will interfere with our contracts with their contract manufacturers, whether Apple's contract manufacturers and another licensee will underpay royalties owed to us, and the potential impact of any such underpayments on our guidance and financial results; our expectation that we will continue to be an important supplier to Apple; our joint venture with TDK and our proposed acquisition of NXP, our expectations regarding the timing and funding, and strategic and financial implications, thereof; business and growth opportunities and priorities, including in 5G, RF front end and adjacent businesses such as automotive, IoT, security, networking, the PC and datacenter, and our investments therein and positioning to take advantage of opportunities in these areas; Gigabit LTE, 5G, and their benefits, features and capabilities, our investments and leadership therein, the potential impact on our business, and our positioning to take advantage of opportunities in these areas; our technologies and technology leadership, products and product leadership, and product roadmap, the adoption of our products and technologies, the commercial availability of third party products utilizing our products and technologies, and the potential impact on our business and our positioning to take advantage of opportunities for our products and technologies; industry trends, their potential impact on our business, and our positioning to take advantage thereof; operational performance; the timing of our payment of the BlackBerry arbitration award; our fiscal third quarter typically being the low quarter for revenue and earnings per share (EPS); our expectation that we will be in the capital markets in the second half of fiscal 2017; our growth and operating margin being limited by our ability to ramp volumes at ten nanometer and our expectations of when this will normalize; our capital return and dividend programs, including our confidence in the strength of our ongoing cash flows and future earnings growth; our business and financial drivers, outlook and expectations; and our expectations, estimates and guidance related to revenues, EPS, MSM chip shipments, operating margins, combined R&D and SG&A expenses, net investment income, interest expense, inventory levels, effective tax 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), and the factors and assumptions underlying 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 our proposed acquisition of NXP; 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 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; our dependence on the premium-tier device segment; 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; potential requirements to change our patent licensing practices due to governmental investigations and/or private legal proceedings challenging those practices; government regulations and policies, or adverse rulings in enforcement or other proceedings; the enforcement and protection of our intellectual property rights; the commercial success of our new technologies, products and services, including our ability to extend our products into new and expanded product areas and adjacent industry segments; risks associated with operation and control of manufacturing facilities acquired through the formation of our joint venture, RF360; the continued and future success of our licensing programs and the need to extend license agreements that are expiring; our dependence on a limited number of third-party suppliers; claims by third parties that we infringe their intellectual property; strategic acquisitions, transactions and investments; our use of open source software; our stock price and earnings volatility; our indebtedness; foreign currency fluctuations; global regional or local economic conditions that impact the industries in which we operate; our ability to attract and retain qualified employees; 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; security breaches of our information technology systems; and potential tax liabilities. These and other risks are set forth in the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended March 26, 2017 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. Further discussion regarding our use of non-GAAP financial measures, as well as the most directly comparable GAAP financial measures and information reconciling these non-GAAP financial measures to our 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 2017 Earnings

Quarter ended March 26, 2017

- We delivered strong results this quarter, with healthy year-over-year growth across our QTL licensing and QCT semiconductor businesses, especially in the important automotive, networking and IoT growth areas.
- Our performance reflects continued execution of our strategy to lead the mobile industry across a broad set of technologies, including advanced LTE and 5G, and accelerate our growth opportunities beyond mobile into automotive, IoT, security and networking.
- We will continue to protect the value of our technologies, which enables today's robust mobile communications ecosystem, and invest in R&D that will drive the leading edge of mobile computing and connectivity for decades to come - focusing on areas where our technologies will have the most impact and generate the best returns.
- With our leading technology roadmap and pending acquisition of NXP, we are positioned to address a larger set of opportunities ahead than any other time in our history.

Second Quarter Fiscal 2017 Results vs. Guidance

	Q2'17 Guidance*	Q2'17 Results
Non-GAAP(1) Revenues	$5.5B - $6.3B	**$6.0B**
Non-GAAP(1) diluted EPS(2)	$1.15 - $1.25	**$1.34**
MSM™ chip shipments	165M - 185M	**179M**
Total reported device sales(3) (Dec. Qtr.(4))	$74.0B - $82.0B	**$82.6B**
Est. reported 3G/4G device shipments(3) (Dec. Qtr.(4))	not provided	**398M – 402M**
Est. reported 3G/4G device ASP(3) (Dec. Qtr.(4))	not provided	**$204 – $210**

* Prior guidance as of Jan. 25, 2017.

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

Third Quarter Fiscal 2017 Guidance

As of April 19, 2017

	Q3'17 Guidance
Revenues	\$5.3B - \$6.1B
Non-GAAP[1] combined R&D and SG&A expenses	Increase 2% - 4% sequentially
Non-GAAP[1] diluted EPS[2]	\$0.90 - \$1.15
Total reported device sales[3] (Mar. Qtr.[4])	\$59.0B - \$67.0B*
QCT operating margin %	~ 13% +/- 100 basis points
MSM chip shipments	180M - 200M

(1), (2), (3) & (4) See Footnotes page at the end of the presentation.
* Our guidance range for the third quarter of fiscal 2017 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.

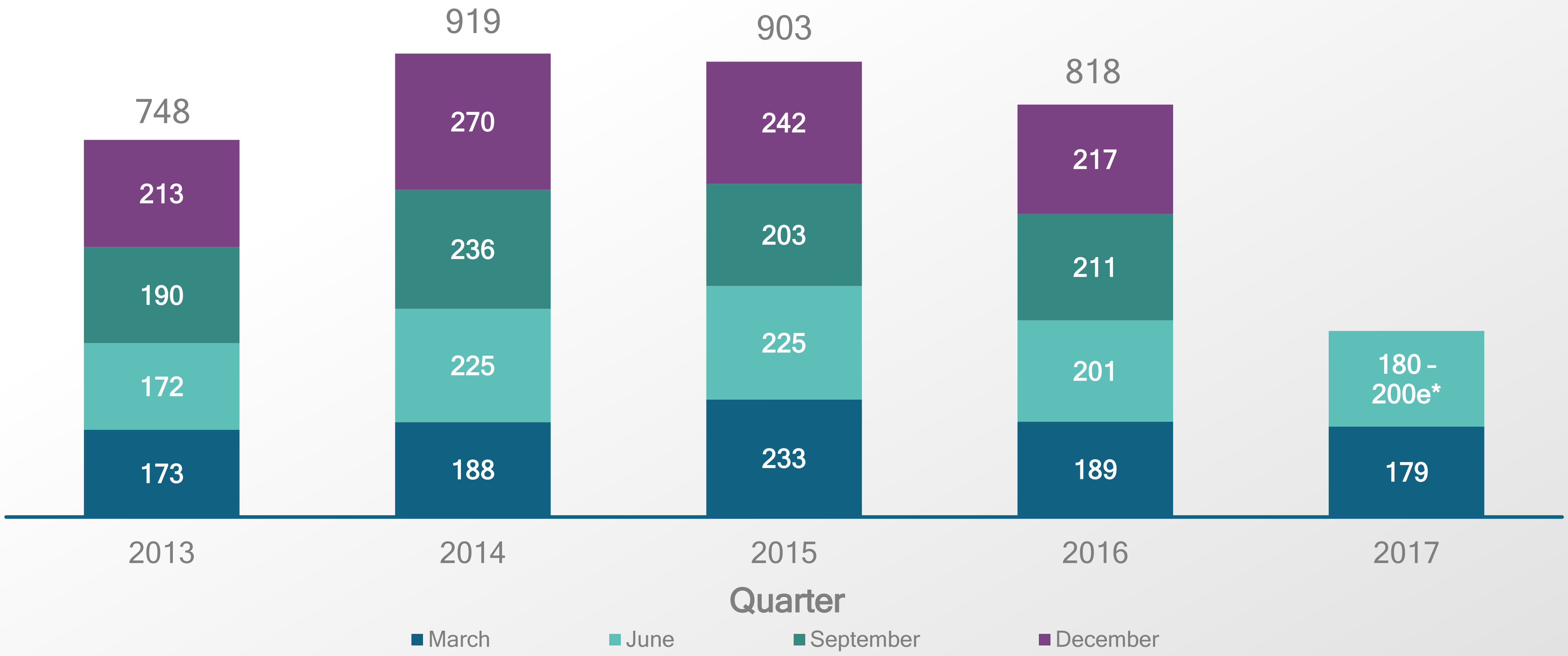
Fiscal Q2 and Q3 2017

Apple related items of note

- Apple's suppliers reported royalties in fiscal Q2 for sales activity in the December quarter, but withheld ~$1 billion from their payments. This amount is equal to the amount that Apple claims Qualcomm owes it under a separate Cooperation Agreement between Qualcomm and Apple.
- Fiscal Q2 royalty revenues were not impacted by the underpayment because the suppliers reported royalties in accordance with the terms of their agreements, and acknowledged the amounts are due, but underpaid by the same amount that Qualcomm has not paid Apple under our Cooperation Agreement that is currently in dispute. This is consistent with the guidance we provided last quarter.
- Our accounts receivables balance reflects the ~$1 billion due from Apple's suppliers. And, we continue to carry ~$1 billion in other current liabilities for unpaid disputed amounts with respect to the Cooperation Agreement with Apple, which expired at the end of calendar 2016. Note that these unpaid, disputed amounts have been accrued as a reduction to revenues in our Income Statement over the past few quarters.
- Our guidance range for fiscal Q3 2017 earnings per share is wider than our typical practice primarily due to the uncertainty around whether Apple's suppliers will withhold some portion of the royalty payments they are obligated to pay under their contracts with us. We have considered a variety of scenarios within the range. However, our guidance range does not include the case where no payments are made by Apple suppliers.
- We will update our guidance if we subsequently learn of any action that would take us materially outside of the announced guidance range.

MSM Chip Shipments

Calendar year, millions



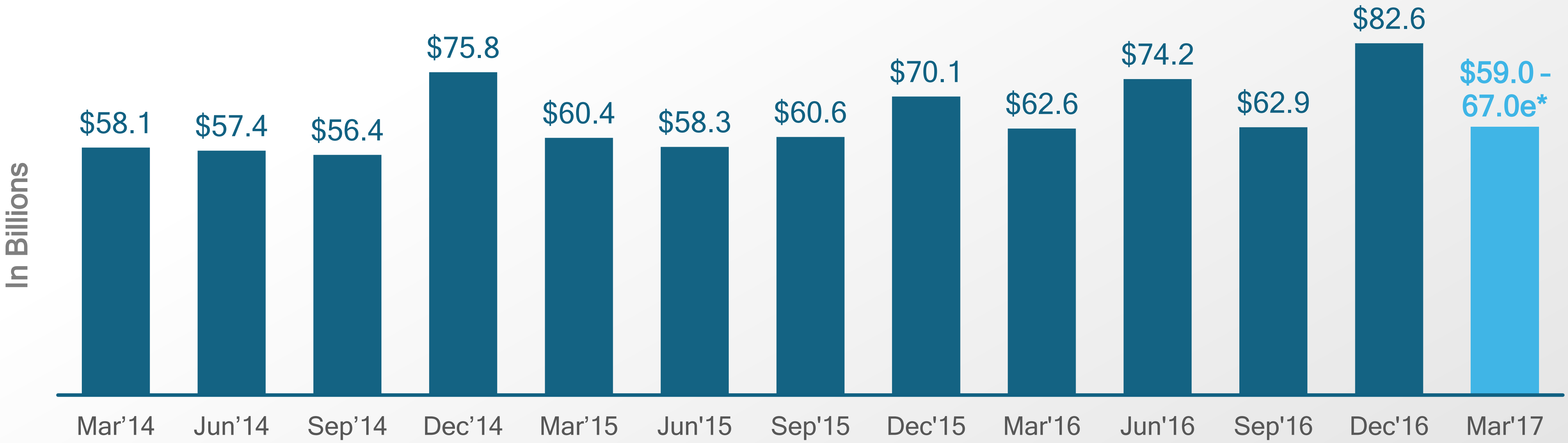
* Guidance as of Apr 19, 2017.

Quarterly Total Reported Device Sales(3)(4)

Reported by Qualcomm licensees

340+ CDMA-based licensees; **295+** licensed for WCDMA

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



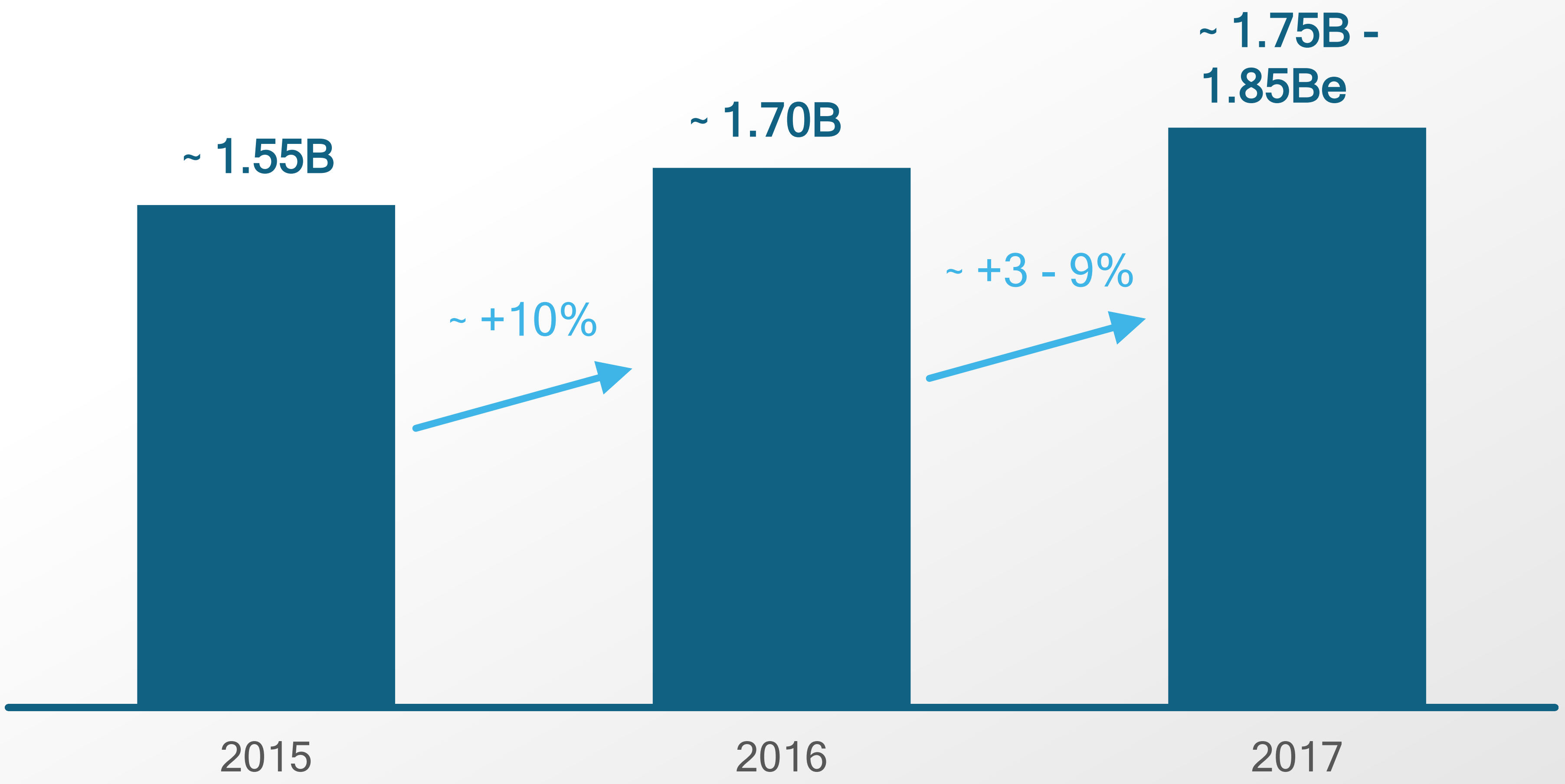
	Mar’14	Jun’14	Sep’14	Dec’14	Mar’15	Jun'15	Sep'15	Dec'15	Mar'16	Jun'16	Sep'16	Dec'16	Mar'17
Est. ASP	$228-$234	$220-$226	$194-$200	$193-$199	$205-$211	$207-$213	$193-$199	$205-$211	$191-$197	$181-$187	$186-$192	$204-$210	not
Est. Shipments	250-254M	256-260M	284-288M	384-388M	289-293M	276-280M	307-311M	335-339M	321-325M	401-405M	331-335M	398-402M	provided

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

* Guidance as of Apr. 19, 2017. The third quarter of fiscal 2017 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 19, 2017



* 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, particularly in emerging regions, including 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 19, 2017

		FY'16	CY'16	CY'17
3G/4G Units	**Global**		**~ 1.70B**	**~ 1.75B - 1.85B**
	Reported(3)(4)	~ 1,364M - 1,380M	~1,451 - 1,467M	
3G/4G ASP	**Global**	**~ $169 - $179**		
	Reported(3)(4)	~ $192 - $198		
3G/4G Device Sales	**Global**	**~ $278.0B - $288.0B**		
	Reported(3)(4)	~ $267.4B		

(3) & (4) 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, particularly in emerging regions, including 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(3)(4)

	FY'15				FY'16				FY'17		
	Sep'14	Dec'14	Mar'15	Jun'15	Sep'15	Dec'15	Mar'16	Jun'16	Sep'16	Dec'16	Mar'17**
Qtr. total reported device sales ($B)	$56.4	$75.8	$60.4	$58.3	$60.6	$70.1	$62.6	$74.2	$62.9	$82.6	$59.0 - $67.0e
FY total reported device sales ($B)				$250.9				$267.4			
Qtr. device shipments* (M)	286	386	291	278	309	337	323	403	333	400	
CY device shipments* (M)		1,182				1,215				1,459	
FY device shipments* (M)				1,241				1,372			
Qtr. device ASP*	$197	$196	$208	$210	$196	$208	$194	$184	$189	$207	
FY device ASP*				$202				$195			

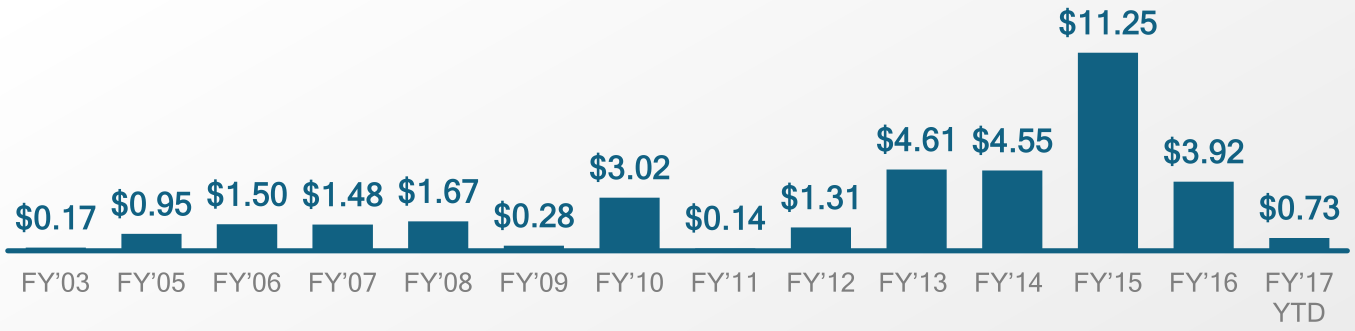
(3) & (4) See Footnotes page at the end of the presentation.
* Midpoints, see note (5) on the Footnotes page at the end of the presentation.
** Guidance as of Apr. 19, 2017. The third quarter of fiscal 2017 total reported device sales reflects estimated 3G/4G total reported device sales that we currently 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 $56.4 Billion Returned to Stockholders

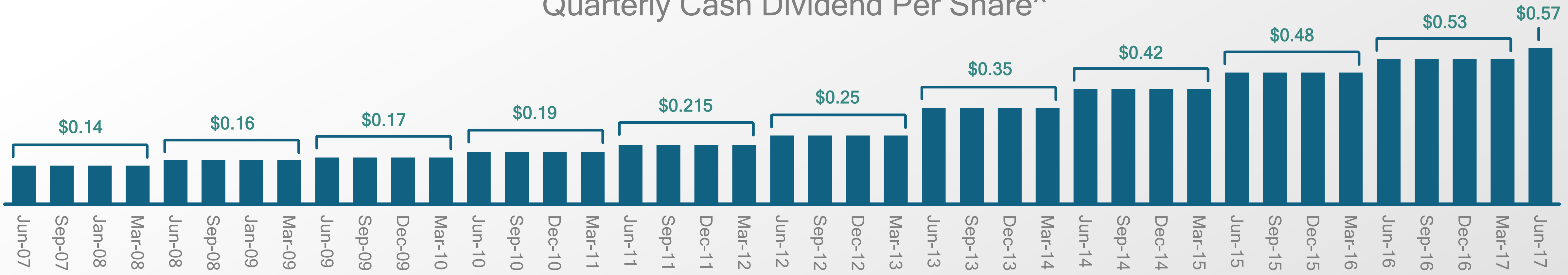
As of March 26, 2017

$2.3 billion remained authorized for repurchase under our stock repurchase program.

Stock Repurchases* (Billions)



Quarterly Cash Dividend Per Share^



Note: Please visit our website: http://investor.qualcomm.com/dividends.cfm for the complete dividend and stock split history list.
* Gross repurchases before commissions.
^ Based on date payable.

Financial Strength

In Billions	Mar'16	Mar'17
Domestic	$2.9	$2.1
Offshore	$27.1	$26.8
Total cash, cash equivalents & marketable securities	$30.0	**$28.9**
Total assets	$50.1	**$56.1**
Stockholders' equity	$29.6	**$31.3**
Debt*	$11.9	**$11.9**
EBITDA** (6)	$1.8	**$1.2**
Free cash flow*** (6)	$0.6	**$0.7**

* 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.
(6) See Footnotes page at the end of the presentation.

Footnotes

1. 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 regarding the Company's use of Non-GAAP financial measures and detailed reconciliations between GAAP and Non-GAAP results are included in this presentation.
2. 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.
3. 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.
4. Royalties are recognized when reported, generally one quarter following shipment.
5. The midpoints of the estimated ranges are used for comparison purposes only and do not indicate a higher degree of confidence in the midpoints.
6. The following should be considered in regards to the year-over-year comparisons:

- The second quarter of fiscal 2017 GAAP results included:
  - $974 million reduction to revenues, or $0.48 per share, which was accrued, related to the BlackBerry arbitration decision.
- 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.

Reconciliations

Note Regarding Use of Non-GAAP Financial Measures

The Non-GAAP financial information presented herein should be considered in addition to, not as a substitute for or superior to, financial measures calculated in accordance with GAAP. In addition, “Non-GAAP” is not a term defined by GAAP, and as a result, the Company’s measure of Non-GAAP results might be different than similarly titled measures used by other companies. Reconciliations between GAAP and Non-GAAP results follow.

The Company uses the Non-GAAP financial information: (i) to evaluate, assess and benchmark the Company’s operating results on a consistent and comparable basis; (ii) to measure the performance and efficiency of the Company’s ongoing core operating businesses, including the QCT (Qualcomm CDMA Technologies) and QTL (Qualcomm Technology Licensing) segments; and (iii) to compare the performance and efficiency of these segments against competitors. Non-GAAP measurements used by the Company include revenues, cost of revenues, R&D expenses, SG&A expenses, other income or expenses, operating income, interest expense, net investment income, income or earnings before income taxes, effective tax rate, net income and diluted earnings per share. The Company is able to assess what it believes is a more meaningful and comparable set of financial performance measures for the Company and its business segments by using Non-GAAP information. In addition, the Compensation Committee of the Board of Directors uses certain Non-GAAP financial measures in establishing portions of the performance-based incentive compensation programs for our executive officers. The Company presents Non-GAAP financial information to provide greater transparency to investors with respect to its use of such information in financial and operational decision-making. This Non-GAAP financial information is also used by institutional investors and analysts in evaluating the Company’s business and assessing trends and future expectations.

Non-GAAP information used by management excludes QSI and certain share-based compensation, acquisition-related items, tax items and other items.

- QSI is excluded because the Company expects to exit its strategic investments in the foreseeable future, and the effects of fluctuations in the value of such investments and realized gains or losses are viewed by management as unrelated to the Company’s operational performance.
- Share-based compensation expense primarily relates to restricted stock units. Management believes that excluding non-cash share-based compensation from the Non-GAAP financial information allows management and investors to make additional comparisons of the operating activities of the Company’s ongoing core businesses over time and with respect to other companies.
- Certain other items are excluded because management views such expenses as unrelated to the operating activities of the Company’s ongoing core businesses, as follows:
  - Acquisition-related items include amortization of certain intangible assets, recognition of the step-up of inventories to fair value and the related tax effects of these items, as well as any effects from restructuring the ownership of such acquired assets. Additionally, the Company excludes expenses related to the termination of contracts that limit the use of the acquired intellectual property, third-party acquisition and integration services costs and costs related to temporary debt facilities and letters of credit executed prior to the close of an acquisition. Starting with acquisitions in the second quarter of fiscal 2017, the Company excludes recognition of the step-up of property, plant and equipment from the net book value based on the original cost basis to fair value. Such change related to acquisitions that were completed prior to the second quarter of fiscal 2017 continue to be allocated to the segments, and such amounts are not material.
  - The Company excludes certain other items that management views as unrelated to the Company’s ongoing business, such as major restructuring and restructuring-related costs, goodwill and indefinite- and long-lived asset impairments and awards, settlements and/or damages arising from legal or regulatory matters.
  - Certain tax items that are unrelated to the fiscal year in which they are recorded are excluded in order to provide a clearer understanding of the Company’s ongoing Non-GAAP tax rate and after tax earnings.

The Company uses free cash flow to facilitate an understanding of the amount of cash flow generated that is available to grow our business, service debt and create long-term stockholder value. Accordingly, free cash flow does not represent the remaining cash flow available for discretionary expenditures. The Company believes return of capital to stockholders as a percentage of free cash flow provides insight into our cash-generating activities relative to the amount of capital returned to stockholders.

Non-GAAP Results

In millions, except per share data

		Non-GAAP Results	QSI	Share-Based Compensation	Other Items[1][2][3]	GAAP Results
Q2: Fiscal 2017	Revenues	$5,990	$0	$0	($974)	**$5,016**
	Net income (loss)	$1,989	$0	($210)	($1,030)	**$749**
	Diluted EPS	$1.34	$0	($0.14)	($0.69)	**$0.50**
	Diluted shares	1,489	1,489	1,489	1,489	**1,489**
Q1: Fiscal 2017	Revenues	$5,985	$14	$0	$0	**$5,999**
	Net income (loss)	$1,783	($11)	($190)	($900)	**$682**
	Diluted EPS	$1.19	($0.01)	($0.13)	($0.60)	**$0.46**
	Diluted shares	1,495	1,495	1,495	1,495	**1,495**

(1) In the second quarter of fiscal 2017, other items excluded from Non-GAAP results included an $974 million reduction to revenues related to the BlackBerry arbitration decision, $200 million of acquisition-related charges, $40 million of net foreign currency losses related to the fine imposed by the KFTC and $25 million of restructuring and restructuring-related charges related to our Strategic Realignment Plan. The tax benefit in the “Other Items” column included a $38 million tax benefit for the tax effect of acquisition-related items in EBT and a $339 million benefit for the combined tax effect of other items in EBT, partially offset by a $155 million tax expense to reconcile the tax provision for each column to the total GAAP tax provision for the quarter primarily due to the impact of the KFTC and BlackBerry charges and a $13 million tax expense related to an increase in unrecognized tax benefits.

(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

	Q2’16	Q2’17
Net income	$1,164	$749
Plus: Income tax expense	306	108
Plus: Depreciation and amortization expense	372	342
Plus: Interest expense	72	107
Less: Interest and dividend income	158	153
EBITDA	**$1,756**	**$1,153**

(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.

Q2'17 Combined R&D and SG&A Expenses, Sequential Comparison

In millions

	Q1'17 Results	Q2'17 Results	% Increased
Non-GAAP combined R&D and SG&A expenses	$1,575	$1,691	7%
QSI	3	4	
Other Items[1]	94	70	
Share-based compensation allocated to R&D and SG&A	230	236	
Total GAAP combined R&D and SG&A expenses	**$1,902**	**$2,001**	5%

(1) Other items in Q1'17 consisted of $64 million in acquisition-related items and $30 million of impairment and other charges. Other items in Q2'17 consisted primarily of $69 million in acquisition-related items.

Tax Rates

In millions

		Non-GAAP Results	QSI	Share-Based Compensation	Other Items[3][4]	GAAP Results
Q2: Fiscal 2017	Income (loss) before income taxes	$2,342	$0	($246)	($1,239)	**$857**
	Income tax (expense) benefit	(353)	0	36	209	**(108)**
	Net income (loss) [1]	$1,989	$0	($210)	($1,030)	**$749**
	Tax rate	15%	0%[2]	0%[2]	(2%)[2]	**13%**
Fiscal 2017	Estimated annual tax rate	17%	0%[2]	0%[2]	0%[2]	**17%**

(1) Before adjustments for noncontrolling interests.
(2) The incremental effect of our adjustments to the Non-GAAP tax rate is calculated by allocating the difference between (i) the tax expense (benefit) calculated based on the GAAP tax rate and (ii) the actual or estimated tax expense (benefit) for each column.
(3) In the second quarter of fiscal 2017, the tax benefit in the "Other Items" column included a $38 million tax benefit for the tax effect of acquisition-related items in EBT and a $339 million benefit for the combined tax effect of other items in EBT, partially offset by a $155 million tax expense to reconcile the tax provision for each column to the total GAAP tax provision for the quarter primarily due to the impact of the KFTC and BlackBerry charges and a $13 million tax expense related to an increase in unrecognized tax benefits.
(4) In fiscal 2017, the estimated annual effective tax rate for the "Other Items" column includes a $112 million tax benefit for the tax effect of acquisition-related items in EBT and a $364 million tax benefit for the combined tax effect of other items in EBT, partially offset by a $13 million tax expense related to an increase in unrecognized tax benefits.

Free Cash Flow[a]

In millions

	Three Months Ended March 26, 2017				
	Non-GAAP Results	QSI	Share-Based Compensation	Other Items [b]	GAAP Results
Net cash provided (used) by operating activities	$845	($9)	($2) [c]	($19)	$815
Less: Capital expenditures	(122)	-	-	-	(122)
Free cash flow	**$723**	**($9)**	**($2)**	**($19)**	**$693**
Revenues	$5,990	$-	$-	($974)	$5,016
Net cash provided by operating activities as % revenues	14%	N/A	N/A	N/A	16%
Free cash flow as % revenues	12%	N/A	N/A	N/A	14%

	Three Months Ended March 27, 2016				
	Non-GAAP Results	QSI	Share-Based Compensation	Other Items [d]	GAAP Results
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%

(a) Free cash flow is defined as net cash provided (used) by operating activities less capital expenditures.
(b) Other Items excluded from Non-GAAP results primarily consisted of payments for consulting services related to acquisition-related and restructuring activities.
(c) Incremental tax benefits from share-based compensation during the period.
(d) Other Items excluded from Non-GAAP results primarily consisted of payments for consulting services and severance costs related to restructuring activities.
N/A - Not Applicable
N/M - Not Meaningful

Previous Business Outlook

As of January 25, 2017

Second Fiscal Quarter	Previous Guidance Q2'17 Estimates
Revenues	$5.5B - $6.3B
GAAP diluted EPS	$0.89 - $0.99
Less diluted EPS attributable to QSI	$0.01
Less diluted EPS attributable to share-based compensation	($0.14)
Less diluted EPS attributable to other items[1]	($0.13)
Non-GAAP diluted EPS	$1.15 - $1.25

(1) Our guidance for diluted EPS attributable to other items for the second quarter of fiscal 2017 includes losses per share of $0.09 for acquisition-related items, $0.03 due to the recognition of a tax benefit to reconcile the Non-GAAP tax provision to the total GAAP tax provision primarily resulting from the KFTC charge recorded in the first quarter of fiscal 2017 and $0.01 for other items.

Business Outlook

As of April 19, 2017

Third Fiscal Quarter	Q3'16 Results	Current Guidance Q3'17 Estimates
Revenues	**$6.0B**	**$5.3B - $6.1B**
Year-over-year change		decrease 12% - increase 1%
GAAP diluted EPS	**$0.97**	**$0.67 - $0.92**
Year-over-year change		decrease 31% - 5%
Less diluted EPS attributable to QSI	$0.00	$0.02
Less diluted EPS attributable to share-based compensation	($0.13)	($0.13)
Less diluted EPS attributable to other items(1)	($0.06)	($0.12)
Non-GAAP diluted EPS	**$1.16**	**$0.90 - $1.15**
Year-over-year change		decrease 22% - 1%

(1) Our guidance for diluted EPS attributable to other items for the third quarter of fiscal 2017 is primarily attributable to acquisition-related items.
Sums may not equal totals due to rounding.

Q3'17 Combined R&D and SG&A Expenses Guidance*

In millions

	Q2'17 Results	Q3'17 Guidance* (est.)
Non-GAAP combined R&D and SG&A expenses	**$1,691**	**Approx. increase 2% - 4%**
QSI	4	Not provided
Other Items(1)	70	Not provided
Total combined R&D and SG&A expenses excluding certain share-based compensation	**1,765**	**Approx. increase 2% - 4%**
Share-based compensation allocated to R&D and SG&A	236	Not provided
Total GAAP combined R&D and SG&A expenses(2)	**$2,001**	**Approx. increase 1% - 3%**

(1) Other items in Q2'17 consisted of $69 million in acquisition-related items, and $1 million of other charges.
(2) Q2'17 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. 19, 2017.

Thank you

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