November 7, 2018

Qualcomm

Fourth quarter and fiscal 2018 earnings

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 executing on our strategic objectives, including driving the commercialization of 5G globally in 2019 and returning significant capital to our stockholders; our being well-positioned for the future; our expectations for growth from our business in China; business and growth opportunities and strategic priorities, including driving the transition to 5G, opportunities in RF front-end and adjacencies such as automotive, IoT, security, networking and mobile compute, and our growth, revenues, design wins, share and investments therein and our positioning to take advantage of opportunities in these areas; our lead in 5G, the transition to 5G, and the complexity thereof providing us with the opportunity to benefit from our significant technology investments; the adoption of 5G and upcoming commercial launches of 5G networks and devices, and the pace and timing of such adoptions and launches; our belief that we are the only vendor with the ability to launch sub6GHz, mmWave, stand-alone and non-standalone 5G to cover all 5G launches; our progress signing OEMs under our new 5G licensing framework; our efforts to resolve our licensing disputes; the timing and potential impact of various legal milestones related to our litigation with Apple and its contract manufacturers; our expectation that Apple's contract manufacturers and another licensee will continue to not pay royalties owed to us until their disputes with us are resolved, and the corresponding impact of such nonpayment, and of potential resolutions of those disputes, on our financial results and guidance; Apple's use our competitors' modems rather than our modems in its latest iPhone release, and the impact on our financial results and the timing of such impact; our adoption of new revenue recognition guidance under ASC 606 and the impact on our financial results and financial reporting; changes to our allocation of certain technology items and the impact on our financial reporting; risk to our outlook from the trade dispute between the U.S. and China; our cost plan; our business, product and technology strategies; our technologies and technology leadership, products and product leadership, and product roadmap; new product releases and/or announcements; our business and share trends, as well as market and industry trends, and their potential impact on our business, and our positioning to take advantage thereof; and our expectations, estimates and guidance related to revenues, earnings per share (EPS), MSM chip shipments, margins, combined R&D and SG&A expenses, interest expense net of investment and other income, tax rates, deferred tax asset impacts, tax benefits, diluted share count, 3G/4G/5G device sales, shipments and average selling prices (ASPs), seasonal trends, demand, 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: 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 and governmental investigations and proceedings, or actions of quasi-governmental bodies or standards or industry organizations; potential changes in our patent licensing practices, whether due to governmental investigations, private legal proceedings challenging those practices, or otherwise; the enforcement and protection of our intellectual property rights; our ability to extend our technologies, products and services into new and expanded product areas and adjacent industry segments; risks associated with operation and control of manufacturing facilities of our joint venture, RF360 Holdings; the continued and future success of our licensing programs, which requires us to continue to evolve our patent portfolio, and which may be impacted by the proliferation of devices in new industry segments such as automotive and IoT, 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 or our ability to consummate planned strategic acquisitions; our cost plan; our compliance with laws, regulations, policies and standards; our use of open source software; our stock price and earnings volatility; our indebtedness and our significant stock repurchase program; security breaches or other misappropriation of our intellectual property or proprietary or confidential information; potential tax liabilities; global, regional or local economic conditions or political actions that impact the industries in which we operate; our ability to attract and retain qualified employees; 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 Annual Report on Form 10-K for the fiscal year ended September 30, 2018 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 October 2012 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, all of our products and services businesses, including QCT, and all of our research and development functions.

Qualcomm reports fourth quarter and fiscal 2018 earnings

Quarter ended September 30, 2018

- We delivered a strong quarter, with Non-GAAP earnings per share above the high end of our prior expectations, on greater than expected chipset demand in QCT and lower operating expenses.

- We are executing well on our strategic objectives, including driving the commercialization of 5G globally in 2019 and returning significant capital to our stockholders.

Fourth quarter fiscal 2018 results vs. guidance

	Q4 ‘18 Guidance*	Q4 ‘18 Results[4]
Revenues	$5.1B - $5.9B	**$5.8B**
Non-GAAP[1] combined R&D and SG&A expenses	Flat sequentially	**Decreased 1% sequentially**
Non-GAAP[1] diluted EPS[2]	$0.75 - $0.85	**$0.90**
MSM chip shipments	205M - 225M	**232M**
QCT EBT margin %	16% - 18%	**17%**
QTL revenues[3]	$1.0B - $1.2B	**$1.14B**
QTL EBT margin %	58% - 62%	**65%**

- Prior guidance as of July 25, 2018. Our financial guidance for the fourth quarter of fiscal 2018 excluded QTL revenues for royalties due on sales of Apple’s products by Apple’s contract manufacturers as we expected the actions taken by these companies would continue until the respective disputes are resolved. Our financial guidance for the fourth quarter of fiscal 2018 included $100 million of QTL revenues from the other licensee in dispute under the interim agreement while negotiations continue. Further, our guidance for the fourth quarter of fiscal 2018 did not include estimates related to the payment of the $2.0 billion NXP termination fee. It also did not include the impact of the significant stock repurchase program that was implemented upon termination of the NXP agreement.

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

First quarter fiscal 2019 guidance

As of November 7, 2018

	Q1 ‘19 Guidance*
Revenues	$4.5B - $5.3B
Non-GAAP(1) combined R&D and SG&A expenses	Decrease 5% - 7% sequentially
Non-GAAP(1) diluted EPS(2)	$1.05 - $1.15
Diluted shares	~ 1.23B
MSM chip shipments	175M - 195M
QCT EBT margin %	13% - 15%
QTL revenues(3)	$1.0B - $1.1B
QTL EBT margin %	53% - 57%
Non-GAAP(1) tax rate	~ 43% benefit
Non-GAAP(1) interest expense, net of investment and other income	~ $100M

	FY ‘19 Guidance*
Non-GAAP(1) tax rate	3% - 4%
Diluted shares	1.19B - 1.2B

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

* Our financial guidance for the first quarter of fiscal 2019 excludes QTL revenues for royalties due on sales of Apple products by Apple’s contract manufacturers as well as sales of products by the other licensee in dispute, as we expect the actions taken by these companies will continue until the respective disputes are resolved. Our financial guidance for the first quarter of fiscal 2019 does not include the final $100 million payment received under the interim agreement by the other licensee that was collected in the first quarter of fiscal 2019 since such amount will be recognized as an adjustment to our opening retained earnings balance upon adoption of the new revenue recognition guidance. As a result of the Tax Legislation, we made certain tax elections in the first quarter of fiscal 2019, which will result in an estimated income tax benefit of $525 million to $575 million, which is included in our first quarter of fiscal 2019 guidance for GAAP and Non-GAAP diluted EPS.

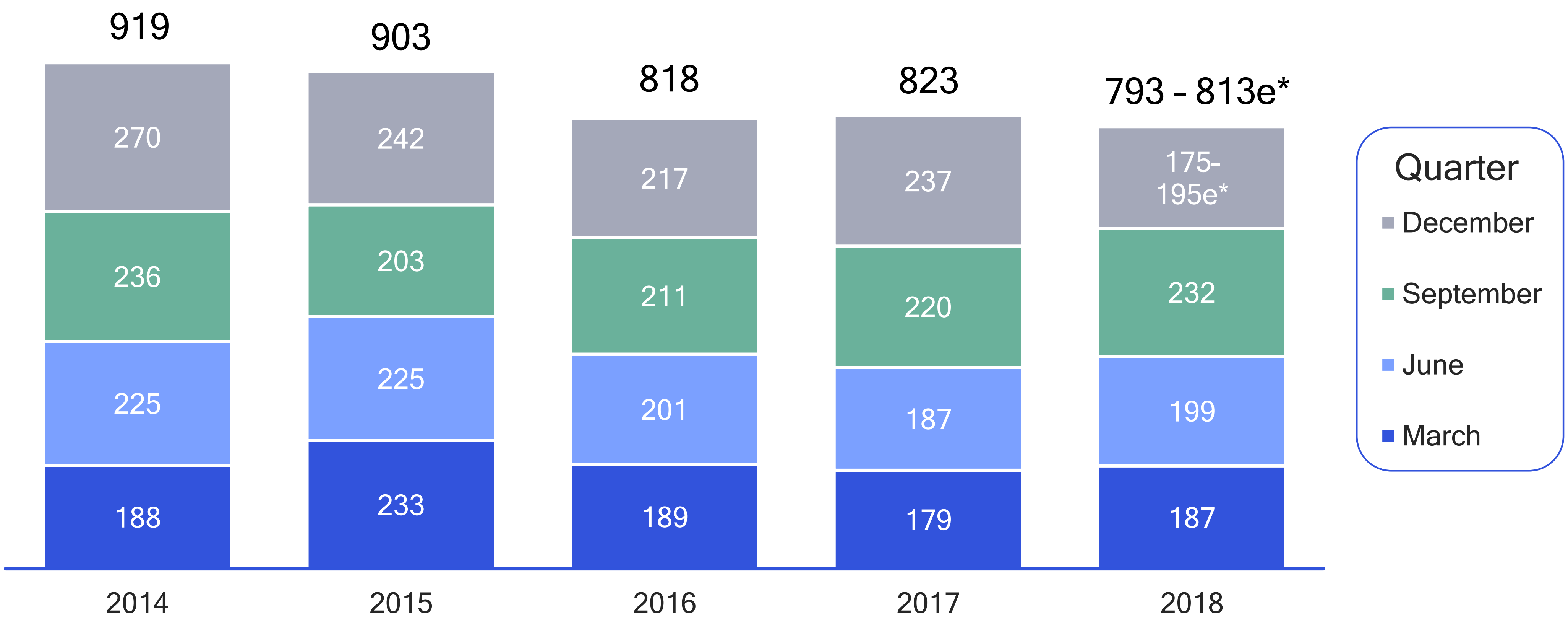
Qualcomm will adopt new revenue recognition guidance under ASC 606 in Q1FY19

Will most significantly impact our QTL royalty revenues

- Royalty revenues will be estimated and recognized in the period in which the licensees' sales occur
  - Rather than on an as reported basis one quarter in arrears
  - Results in acceleration of royalty revenues by one quarter
- Adjustments to the estimates will be recorded in subsequent quarters based on the actual amounts of royalties reported
- Q1FY19 guidance reflects an estimate of the December quarter sales by our licensees
- Royalty revenues from September quarter sales will be recorded to opening retained earnings in Q1FY19 upon adoption of the new guidance

MSM chip shipments

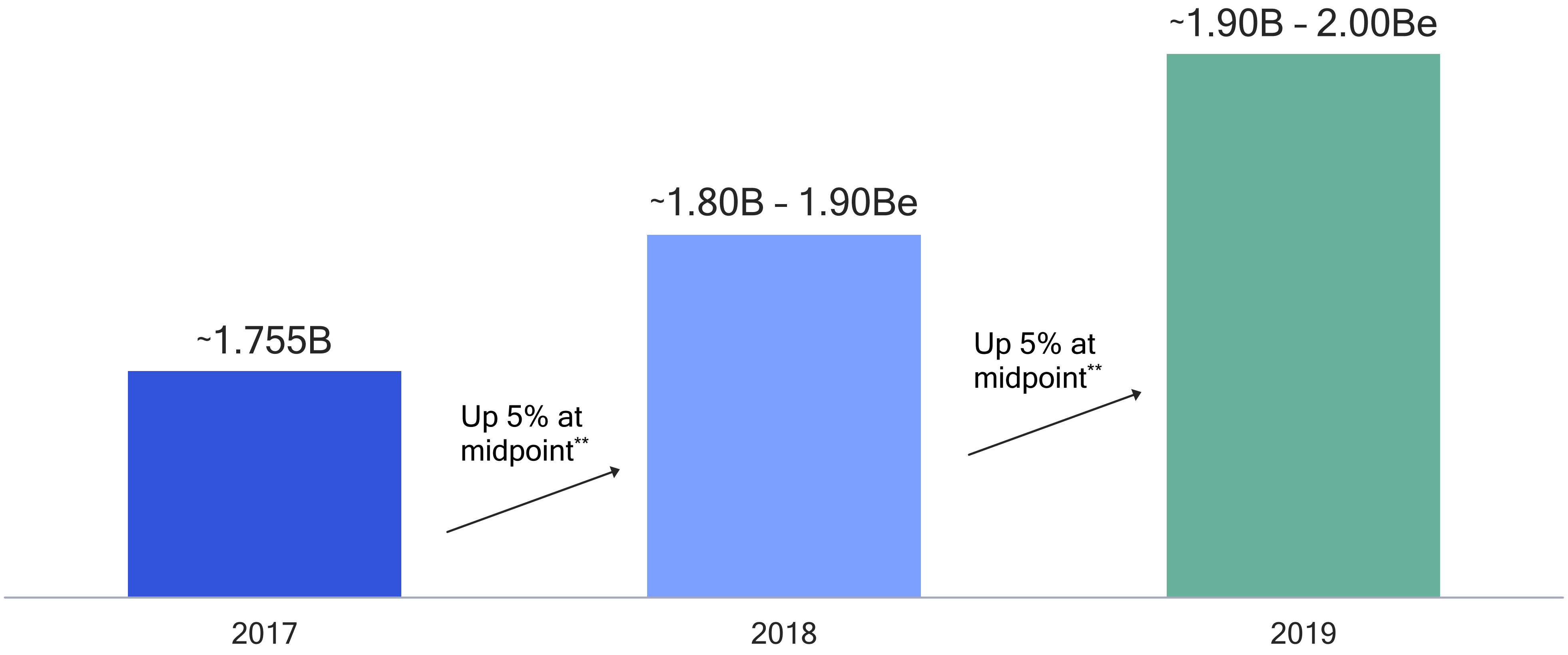
Calendar year, millions



* Guidance as of November 7, 2018.

Global 3G/4G/5G device shipment* estimates

Calendar year, as of November 7, 2018

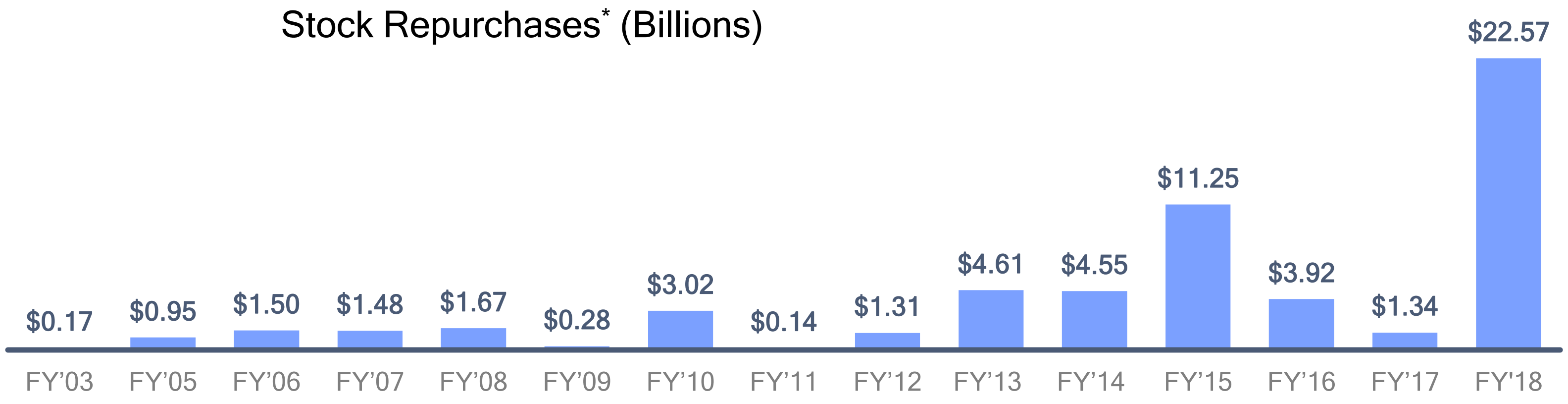


* Global 3G/4G/5G device shipments represent our estimate of CDMA-based, OFDMA-based and CDMA/OFDMA multimode subscriber devices shipped globally, excluding TD-SCDMA devices that do not implement LTE. We continue to believe that certain licensees, particularly in China, are not fully complying with their contractual obligations to report their sales of licensed products to us, and certain companies, including unlicensed companies, particularly in emerging regions, including China, are delaying execution of new license agreements. As a result, we do not believe that all global 3G/4G/5G device shipments are currently being reported to us.

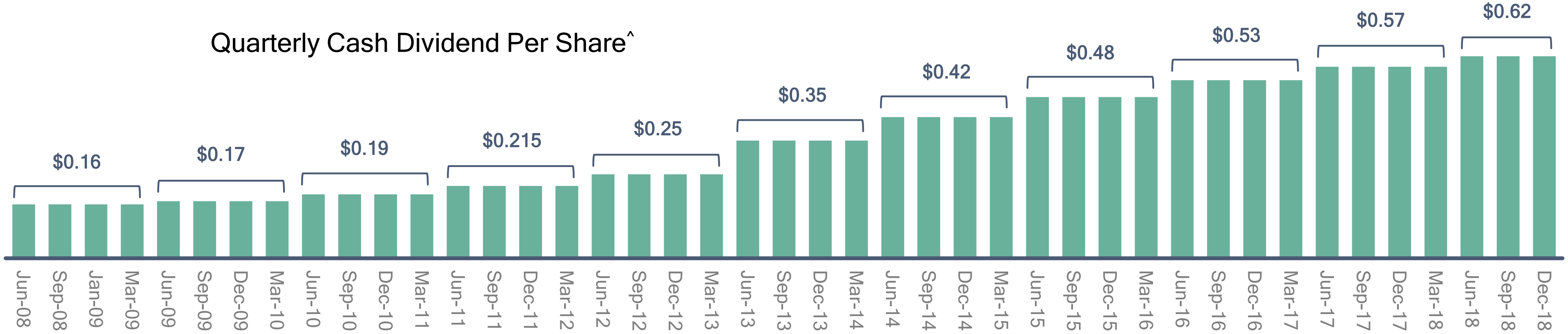
** The midpoints of the estimated ranges are used for comparison purposes only and do not indicate a higher degree of confidence in the midpoints.

Cumulative $84.7 billion returned to stockholders

As of November 7, 2018



At September 30, 2018, $8.9 billion remained authorized for repurchase under our current stock repurchase program.



* Gross repurchases before commissions.

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

Financial strength

In Billions	Sep ‘17	Sep ‘18
Total cash, cash equivalents & marketable securities	$38.6	$12.1^
Total assets	$65.5	$32.7
Stockholders’ equity	$30.7	$0.9
Debt*	$21.9	$16.4
EBITDA**(4)	$4.1	$2.3
Adjusted EBITDA**(4)	$8.1	$6.7

^ Stock repurchases and repayment of long-term debt significantly reduced our cash, cash equivalents and marketable securities balance at the end of the fourth quarter of fiscal 2018.
* Including short-term and long-term debt.
** Starting in the fourth quarter of fiscal 2018, EBITDA is defined as net income (before adjustments for noncontrolling interests) before income tax expense, depreciation and amortization expense, interest expense and investment and other income, net. Adjusted EBITDA also excludes the following items: QSI segment; certain acquisition-related items; certain share-based compensation; and certain other items that management views as unrelated to Qualcomm’s ongoing business.
(4) 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 (loss) and diluted earnings (loss) per share (EPS) are attributable to Qualcomm (i.e., after adjustments for noncontrolling interests), unless otherwise stated.

3. For the fourth quarter of fiscal 2018 and prior, royalties were recognized on an as reported basis, generally one quarter following the period in which the licensees' sales occur. Starting in the first quarter of fiscal 2019, royalties will be estimated and recognized in the period in which the licensees' sales occur, resulting in an acceleration of royalty revenues by one quarter. As a result of estimation, adjustments will be recorded in subsequent quarters based on the actual amounts of royalties reported by licensees.

4. Beginning in the third quarter of fiscal 2017, GAAP and Non-GAAP results have been negatively impacted by our dispute with Apple and its contract manufacturers (who are our licensees). We did not record any QTL revenues in fiscal 2018 or the third or fourth quarters of fiscal 2017 for royalties due on sales of Apple's products. We expect the actions taken by these companies will continue until these disputes are resolved. QTL revenues in the fourth fiscal quarter and fiscal 2018 included $100 million and $600 million, respectively, received under an interim agreement with the other licensee in dispute. This represents a partial payment for royalties due after the second quarter of fiscal 2017 by that other licensee while negotiations continue. This payment does not reflect the full amount of royalties due under the underlying license agreement. We did not record any revenues from the third quarter of fiscal 2017 through the second quarter of fiscal 2018 for royalties due on the sales of the other licensee's products. Royalty revenues related to the products of Apple's contract manufacturers and the other licensee in dispute were approximately $1.7 billion in fiscal 2017.

   The following also should be considered in regard to the year-over-year and sequential comparisons:

- Fiscal 2018 GAAP results included:
  - $6.0 billion charge, or ($4.03) per share, related to the enactment of the Tax Cuts and Jobs Act (the Tax Legislation) in the United States in the first quarter of fiscal 2018.
  - $2.0 billion charge, or ($1.41) per share, related to a termination fee paid to NXP Semiconductors N.V. (NXP) in the fourth quarter of fiscal 2018 resulting from the termination of the purchase agreement.
  - $1.2 billion charge, or ($0.76) per share, for the fine imposed by the European Commission (EC) in the first quarter of fiscal 2018. We provided financial guarantees to satisfy the obligation in lieu of cash payment while we appeal the EC's decision.
  - $687 million of restructuring and restructuring-related charges, or ($0.37) per share, related to our Cost Plan that was announced in the second quarter of fiscal 2018.
  - $676 million gain, or $0.48 per share, related to the settlement of the Taiwan Fair Trade Commission (TFTC) investigation in the fourth quarter of fiscal 2018.

- Fiscal 2018 GAAP and Non-GAAP results included:
  - $600 million of revenues, or $0.31 per share for GAAP and $0.30 per share for Non-GAAP (based on diluted shares of 1,463 million and 1,475 million, respectively), resulting from an interim agreement with the other licensee in dispute for royalties due after the second quarter of fiscal 2017, while negotiations continue.

- Fiscal 2017 GAAP results included:
  - $868 million charge, or ($0.49) per share, for the fine imposed by the Korea Fair Trade Commission (KFTC) in the first quarter of fiscal 2017 (additional impact of $59 million of related foreign exchange losses, resulting in a total charge of $927 million in fiscal 2017).
  - $974 million reduction to revenues, or ($0.48) per share, related to the BlackBerry arbitration decision in the second quarter of fiscal 2017 (subsequent downward adjustment of $34 million to reflect the final award amount, resulting in a total reduction to revenues of $940 million in fiscal 2017).
  - $778 million charge, or ($0.52) per share, for the fine imposed by the TFTC, which was accrued in the fourth quarter of fiscal 2017.

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 used herein are presented herein.

The Company uses 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 and other income, income or earnings before income taxes, effective tax rate, net income (loss), diluted earnings (loss) per share, EBITDA and Adjusted EBITDA. 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 its QSI segment 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 items 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 charges 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. In fiscal 2018, the Company excluded the full impact of the Toll Charge, including the portion that relates to earnings and profits of U.S.-owned foreign subsidiaries generated in the first quarter of fiscal 2018.

Non-GAAP results

In millions, except per share data

		Non-GAAP Results	QSI	Share-based Compensation	Other Items (1)(2)	GAAP Results
Q4 ‘18	Revenues	$5,833	$20	$–	($50)	$5,803
	Net income (loss)	$1,280	($11)	($195)	($1,567)	($493)
	Diluted EPS (3)	$0.90	($0.01)	($0.14)	($1.10)	($0.35)
	Diluted shares (3)	1,429	1,429	1,429	1,429	1,417
Q4 ‘17	Revenues	$5,957	$43	$–	($95)	$5,905
	Net income (loss)	$1,375	$25	($153)	($1,079)	$168
	Diluted EPS	$0.92	$0.02	($0.10)	($0.73)	$0.11
	Diluted shares	1,488	1,488	1,488	1,488	1,488

(1) In the fourth quarter of fiscal 2018, other items excluded from Non-GAAP revenues consisted of a reduction to licensing revenues related to a portion of a business arrangement that resolves a legal dispute. Other items excluded from Non-GAAP net income included a $2.0 billion charge related to the NXP termination fee, $265 million of restructuring and restructuring-related charges related to our Cost Plan, $162 million of acquisition-related charges and $6 million of interest expense related to the EC fine, partially offset by a $676 million gain related to the TFTC settlement and $7 million of foreign currency transaction gains related to the EC and TFTC fines, net of associated losses on derivative instruments. Other items excluded from Non-GAAP net income also include a benefit of $80 million for the combined effect of other items in EBT, a $66 million benefit to reconcile the tax provision for each column to the total GAAP tax provision for the quarter, a $64 million net benefit related to the refinement of estimates related to the combined effect of the Toll Charge, the remeasurement of deferred tax assets and liabilities and our decision to no longer indefinitely reinvest certain foreign earnings, all of which relate to the Tax Legislation, and a $37 million tax benefit for the tax effect of acquisition-related items in EBT, partially offset by tax expense of $14 million related to the revaluation of deferred tax assets that existed at the end of fiscal 2017 due to a new tax incentive agreement in Singapore. Details of amounts included in the “Other Items” column for prior periods are included in the presentation for those periods.

(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) As a result of the net loss in our GAAP results in the fourth quarter of fiscal 2018, all of the common share equivalents issuable under share-based compensation plans had an anti-dilutive effect and were therefore excluded from the computation of GAAP diluted loss per share. Amounts in all other columns included the common share equivalents issuable under share-based compensation plans in the calculation of diluted earnings per share because the Company reported Non-GAAP net income.

Sums may not equal totals due to rounding.

EBITDA and Adjusted EBITDA(1)

In millions

	FY ‘17	FY ‘18
Net income (loss):	$2,465	($4,864)
Plus income tax expense	555	5,377
Plus depreciation and amortization expense	1,461	1,561
Plus interest expense	494	768
Less investment and other income, net	900	539
EBITDA	$4,075	$2,303
Adjustments:		
QSI (2)	($38)	($23)
Share-based compensation (2)	914	883
Other items*	3,150	3,526
Adjusted EBITDA	$8,101	$6,689
*Other items includes:		
BlackBerry arbitration	$962	$–
Reductions to licensing revenues related to resolution of a legal dispute	95	100
Fines and settlements (KFTC, TFTC and EC)	1,705	507
Restructuring and restructuring-related charges (3)	38	612
Asset impairments	74	–
Acquisition related (3)	276	307
NXP termination fee	–	2,000
Total Other items	$3,150	$3,526

(1) Starting in the fourth quarter of fiscal 2018, EBITDA is defined as net income (before adjustments for noncontrolling interests) before income tax expense, depreciation and amortization expense, interest expense and investment and other income, net. Adjusted EBITDA also excludes the following items: QSI segment; certain acquisition-related items; certain share-based compensation; and certain other items that management views as unrelated to Qualcomm’s ongoing business.

(2) Depreciation and amortization was $0 for the fiscal years 2017 and 2018.

(3) Excludes depreciation and amortization.

Combined R&D and SG&A expenses

In millions

	Q3 '18 Results	Q4 '18 Results	% Increase (Decrease)
Non-GAAP combined R&D and SG&A expenses	1,865	1,840	(1%)
Plus amounts attributable to QSI	3	3	
Plus amounts attributable to other items (1)	23	18	
Total combined R&D and SG&A expenses excluding certain shared-based compensation	1,891	1,861	(2%)
Plus share-based compensation allocated to R&D and SG&A	180	216	
Total GAAP combined R&D and SG&A expenses	$2,071	$2,077	–%

(1) Other items in Q3'18 and Q4'18 consisted primarily of acquisition-related items.

Tax rates

In millions

		Non-GAAP Results	QSI(2)	Share-based Compensation(2)	Other Items (2)(3)(4)	GAAP Results
Q4 '18	Income (loss) before income taxes	$1,269	($20)	($224)	($1,800)	($775)
	Income tax benefit	11	9	29	233	282
	Net income (loss)(1)	$1,280	($11)	($195)	($1,567)	($493)
	Tax rate	(1%)	–%	4%	33%	36%
Q4 '18 Guidance*	Estimated tax rate	2%	2%	(4%)	(10%)	(10%)

*Guidance as of July 25, 2018

(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 fourth quarter of fiscal 2018, the tax benefit in the "Other Items" column included a benefit of $80 million for the combined effect of other items in EBT, a $66 million benefit to reconcile the tax provision for each column to the total GAAP tax provision for the quarter, a $64 million net benefit related to the refinement of estimates related to the combined effect of the Toll Charge, the remeasurement of deferred tax assets and liabilities and our decision to no longer indefinitely reinvest certain foreign earnings, all of which relate to the Tax Legislation, and a $37 million tax benefit for the tax effect of acquisition-related items in EBT, partially offset by tax expense of $14 million related to the revaluation of deferred tax assets that existed at the end of fiscal 2017 due to a new tax incentive agreement in Singapore.

Tax rates

		Estimated annual tax rate excluding the impact of the deferred tax asset item	Impact of the deferred tax asset item	Non-GAAP Results	QSI (1)	Share-based Compensation (1)	Other Items (1)(2)	GAAP Results
FY '19	Estimated* Q1 tax rate	Not provided	Not provided	(43%)	(3%)	(28%)	(13%)	(87%)
	Estimated* annual tax rate	15%	(11%) - (12%)	3% - 4%	—%	(4%)	(2%)	(2%) - (3%)

*Guidance as of November 7, 2018

(1) 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.

(2) In fiscal 2019, the estimated annual effective tax rate for the "Other Items" column is primarily attributable to acquisition-related items.

Fiscal 2018 results

In millions, except per share data

		Non-GAAP Results	QSI	Share-based Compensation	Other Items (1)	GAAP Results
FY '18	Revenue	$22,732	$100	$–	($100)	$22,732
	Net income (loss) (1)	5,443	22	(743)	(9,586)	(4,864)
	Diluted EPS (2)	$3.69	$0.01	($0.50)	($6.53)	($3.32)
	Diluted shares (2)	1,475	1,475	1,475	1,475	1,463

Sums may not equal totals due to rounding.

(1) In fiscal 2018, other items excluded from Non-GAAP revenues consisted of reductions to licensing revenues related to a portion of a business arrangement that resolved a legal dispute. Other items excluded from Non-GAAP EPS included a $2.0 billion charge related to a termination fee paid to NXP, a $1.2 billion charge related to the fine imposed by the EC, $836 million of acquisition-related charges, $687 million of restructuring and restructuring-related charges related to our Cost Plan, $10 million of interest expense related to the EC fine, partially offset by a $676 million gain related to the TFTC settlement and $8 million of foreign currency transaction gains related to the EC and TFTC fines, net of associated losses on derivative instruments. Other items excluded from Non-GAAP EPS also included a $5.8 billion charge related to the combined effect of the Toll Charge, the remeasurement of deferred tax assets and liabilities and our decision to no longer indefinitely reinvest certain foreign earnings, all of which relate to the Tax Legislation, and an $8 million increase in unrecognized tax benefits, partially offset by tax benefits of $147 million for the tax effect of acquisition-related items in EBT, $165 million for the combined effect of other items in EBT and $2 million from a new tax incentive agreement in Singapore.

(2) As a result of the net loss in our GAAP results in fiscal 2018, all of the common share equivalents issuable under share-based compensation plans had an anti-dilutive effect and were therefore excluded from the computation of GAAP diluted loss per share. The diluted EPS impacts of a $5.7 billion charge resulting from the Tax Legislation recorded in fiscal 2018 was calculated using the GAAP diluted shares. Amounts in all other columns included the common share equivalents issuable under share-based compensation plans in the calculation of diluted earnings per share because the Company reported Non-GAAP net income.

Sums may not equal totals due to rounding.

Business outlook

As of November 7, 2018

	Q1 '18 Results(1)	Q1 '19 Estimates(2)(3)(4)
Revenues	$6.1B	$4.5B - $5.3B
Year-over-year change		decrease 13% - 26%
GAAP diluted EPS	($4.03)	$0.78 - $0.88
Less diluted EPS attributable to QSI	0.01	(0.02)
Less diluted EPS attributable to share-based compensation	(0.13)	(0.16)
Less diluted EPS attributable to other items	(4.89)	(0.09)
Non-GAAP diluted EPS	$0.98	$1.05 - $1.15
Year-over-year change		increase 7% - 17%

(1) The first quarter of fiscal 2018 results excluded QTL revenues for royalties due on sales of Apple's products by Apple's contract manufacturers, as well as sales of products by the other licensee in dispute. Diluted EPS attributable to other items for the first quarter of fiscal 2018 was primarily attributable to a $6.0 billion charge resulting from the Tax Legislation, a $1.2 billion charge related to the fine imposed by the EC and acquisition-related items.

(2) Our financial guidance for the first quarter of fiscal 2019 excludes QTL revenues for royalties due on sales of Apple's products by Apple's contract manufacturers, as well as sales of products by the other licensee in dispute, as we expect the actions taken by these licensees will continue until the respective disputes are resolved.

(3) Our guidance for diluted EPS attributable to other items for the first quarter of fiscal 2019 is primarily attributable to acquisition-related items and restructuring and restructuring-related items.

(4) As a result of the Tax Legislation, we made certain tax elections in the first quarter of fiscal 2019, which will result in an estimated income tax benefit of $525 million to $575 million, which is included in our first quarter of fiscal 2019 guidance for GAAP and Non-GAAP diluted EPS.

Sums may not equal total due to rounding.

Combined R&D and SG&A expenses guidance

In millions

	Q4 '18 Results	Q1 '19 Estimates*
Non-GAAP combined R&D and SG&A expenses	1,840	5% - 7% decline sequentially
Plus amounts attributable to QSI	3	Not Provided
Plus amounts attributable to other items (1)	18	Not Provided
Total combined R&D and SG&A expenses excluding certain shared-based compensation	1,861	5% - 7% decline sequentially
Plus share-based compensation allocated to R&D and SG&A	216	Not Provided
Total GAAP combined R&D and SG&A expenses(2)	2,077	4% - 6% decline sequentially

*Guidance as of November 7, 2018

(1) Other items in Q4'18 consisted primarily of acquisition-related items.

(2) Q1'19 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.

Non-GAAP interest expense, net of investment and other income guidance

In millions

	Q4 ‘18 Results	Q1 ‘19 Estimates*
Non-GAAP interest expense, net of investment and other income	($11)	~($100)
Plus amounts attributable to QSI	(22)	Not provided
Plus amounts attributable to share-based compensation	–	Not provided
Plus amounts attributable to other items (1)	(88)	Not provided
GAAP interest expense, net of investment and other income	($121)	~($110)

* Guidance as of November 7, 2018

(1) Includes $58 million of restructuring-related charges and $30 million of acquisition-related charges.

Previous business outlook

As of July 25, 2018

	Q4 '18 Previous Guidance Estimate[2]
Revenues	$5.1B - $5.9B
GAAP diluted EPS	$0.58 - $0.68
Less diluted EPS attributable to QSI	$0.03
Less diluted EPS attributable to share-based compensation	($0.12)
Less diluted EPS attributable to other items[1]	($0.08)
Non-GAAP diluted EPS	$0.75 - $0.85

(1) Our guidance for diluted EPS attributable to other items for the fourth quarter of fiscal 2018 was primarily attributable to acquisition-related items and restructuring and restructuring-related costs.

(2) Our financial guidance for the fourth quarter of fiscal 2018 excluded QTL revenues related to the sale of Apple products by Apple's contract manufacturers, as well as the other licensee in dispute as we expected the actions taken by these licensees would continue until the respective disputes were resolved. Our financial guidance for the fourth quarter of fiscal 2018 included $100 million of QTL revenues from the other licensee under the interim agreement while negotiations continue. Our guidance for Non-GAAP diluted EPS excluded a reduction to revenues related to a portion of a business arrangement that resolves a legal dispute. Further, our guidance for the fourth quarter of fiscal 2018 did not include estimates related to the payment of the $2.0 billion NXP termination fee. It also did not include the impact of the significant stock repurchase program that was implemented upon termination of the NXP agreement.

Operating expense cost plan

As of November 7, 2018

	FY '17 Baseline Spend[1]	FY '19 estimate
Non-GAAP operating expense	$7,440	Greater than $6,400
Plus operating expense attributable to QSI	16	Not Provided
Plus operating expense attributable to share-based compensation	780	Not Provided
Plus operating expense attributable to other items[2]	320	Not Provided
GAAP operating expense	$8,556	Greater than $7,400

(1) FY17 Baseline Spend is calculated from the fourth quarter of fiscal 2017 combined R&D and SG&A expenses multiplied by four.

(2) Other items excluded from Non-GAAP results included acquisition-related charges.

Thank you!

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