



# Fourth Quarter and Fiscal 2016 Earnings

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November 2, 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 expectations for continued growth of global 3G/4G device shipments in calendar year 2017, led by growing demand in emerging regions; our being well positioned to extend our mobile technology leadership and footprint into attractive growth opportunities, accelerated by our recently announced agreement to acquire NXP; executing on our strategic priorities to position the Company for profitable growth; our Strategic Realignment Plan, including our cost reduction initiatives; our capital return and dividend programs; 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; the Korean Fair Trade Commission investigation of our licensing practices; second sourcing at our large modem customer; our proposed joint venture with TDK, our proposed acquisition of NXP, and our expectations regarding the benefits, timing and strategic and financial implications thereof; business and growth opportunities and priorities, including in RF front end and adjacent businesses such as automotive, IoT, security and networking, and our investments therein and positioning to take advantage thereof; 5G, its benefits, features and capabilities, and our investments and leadership therein; our strategic plans and our execution on those plans; our technologies and technology leadership, products and product leadership, and product roadmap; industry trends, and our positioning to take advantage thereof; operational performance; our business and financial drivers, outlook and expectations; and our expectations, estimates and guidance related to revenues, earnings per share (EPS), MSM chip shipments, operating margins, combined R&D and SG&A expenses, effective tax rates, externally implied royalty rates, 3G/4G device/handset average selling prices (ASPs), sales and shipments, both globally and which we expect to be reported to us (Total Reported Device Sales or TRDS), 3G/4G connected IoT device shipments, 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; the enforcement and protection of our intellectual property rights; the continued and future success of our licensing programs and the need to extend license agreements that are expiring; government regulations and policies, or adverse rulings in enforcement or other proceedings; 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; 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; our ability to attract and retain qualified employees; foreign currency fluctuations; global regional or local economic conditions that impact the industries in which we operate; 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 Annual Report on Form 10-K for the fiscal year ended September 25, 2016 filed with the SEC. Our reports filed with the SEC are available on our website at [www.qualcomm.com](http://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 Fourth Quarter and Fiscal 2016 Earnings

Quarter ended September 25, 2016

- Our fiscal fourth quarter EPS was above the high end of our expectations, reflecting new license agreements in China and strong chipset shipments.
- We are forecasting continued growth of global 3G/4G device shipments in calendar year 2017, led by growing demand in emerging regions.
- We are well positioned to extend our mobile technology leadership and footprint into attractive growth opportunities, accelerated by our recently announced agreement to acquire NXP.

# Fourth Quarter Fiscal 2016 Results vs. Guidance

	Q4'16 Guidance*	Q4'16 Results
Revenues	\$5.4B - \$6.2B	\$6.2B
Non-GAAP <sup>(1)</sup> diluted EPS <sup>(2)</sup>	\$1.05 - \$1.15	\$1.28
MSM™ chip shipments	195M - 215M	211M
Total reported device sales <sup>(3)</sup> (Jun. Qtr. <sup>(4)</sup> )	\$57.0B - \$65.0B	\$74.2B
Est. reported 3G/4G device shipments <sup>(3)</sup> (Jun. Qtr. <sup>(4)</sup> )	not provided	401M - 405M
Est. reported 3G/4G device ASP <sup>(3)</sup> (Jun. Qtr. <sup>(4)</sup> )	not provided	\$181 - \$187

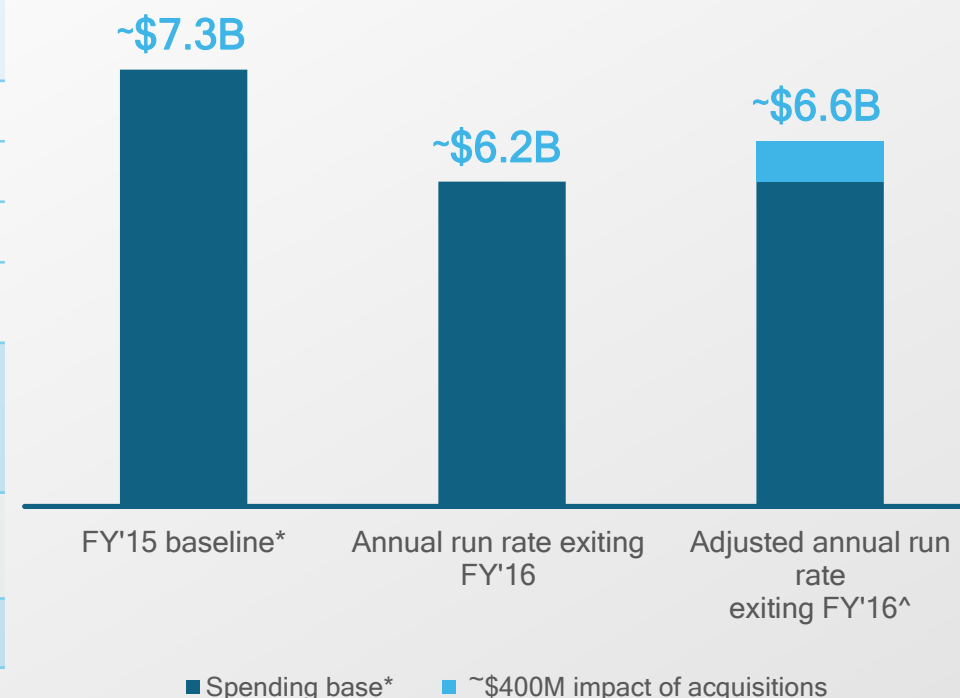
\* Prior guidance as of Jul. 20, 2016.

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

# Strategic Realignment Plan Completed

## \$1.4 billion cost reduction plan achieved

	Actual Results	Achieved Target
<b>Reduction in spending* vs. FY'15 baseline</b>	~\$1.1B	✓
QCT spend	~\$800M	✓
Non-QCT spend	~\$300M	✓
FY'16 reduction	<b>+\$150M vs. initial est.</b> >\$750M	✓
Timing of full run rate savings	Q4'16	✓
<b>Reduction in share-based compensation (SBC) grants vs. FY'15</b>	~\$300M	✓
<b>Net restructuring charges**</b>	~\$350M	✓
<b>QCT operating margin</b>		
Q4 FY'16	16%+	✓



\* Spending base relates to R&D expenses, SG&A expenses and certain non-product related cost of revenues 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 the impact of the CSR and Capsule Technologie acquisitions as well as costs of a nonreportable segment up to the amount of related revenues recognized in fiscal 2016, which is consistent with the methodology used for determining our cost reduction targets.

# First Quarter Fiscal 2017 Guidance

As of November 2, 2016

## Q1'17 Guidance

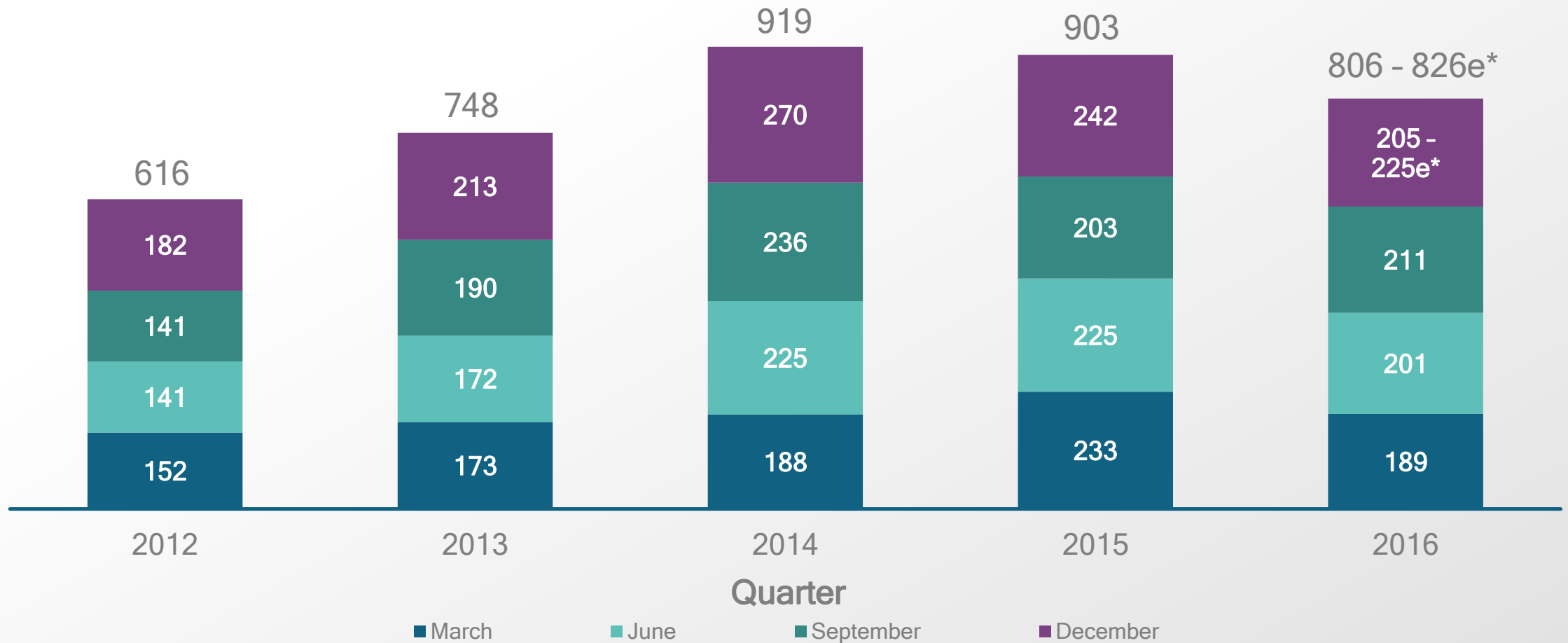
Revenues	\$5.7B - \$6.5B
Non-GAAP <sup>(1)</sup> combined R&D and SG&A expenses	Flat QoQ
Non-GAAP <sup>(1)</sup> diluted EPS <sup>(2)</sup>	\$1.12 - \$1.22
Total reported device sales <sup>(3)</sup> (Sep. Qtr. <sup>(4)</sup> )	\$58.0B - \$66.0B*
QCT operating margin %	Within ~100 basis points of Q4'16
MSM chip shipments	205M - 225M

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

\* Our guidance range for the first 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.

# MSM Chip Shipments

Calendar year, millions



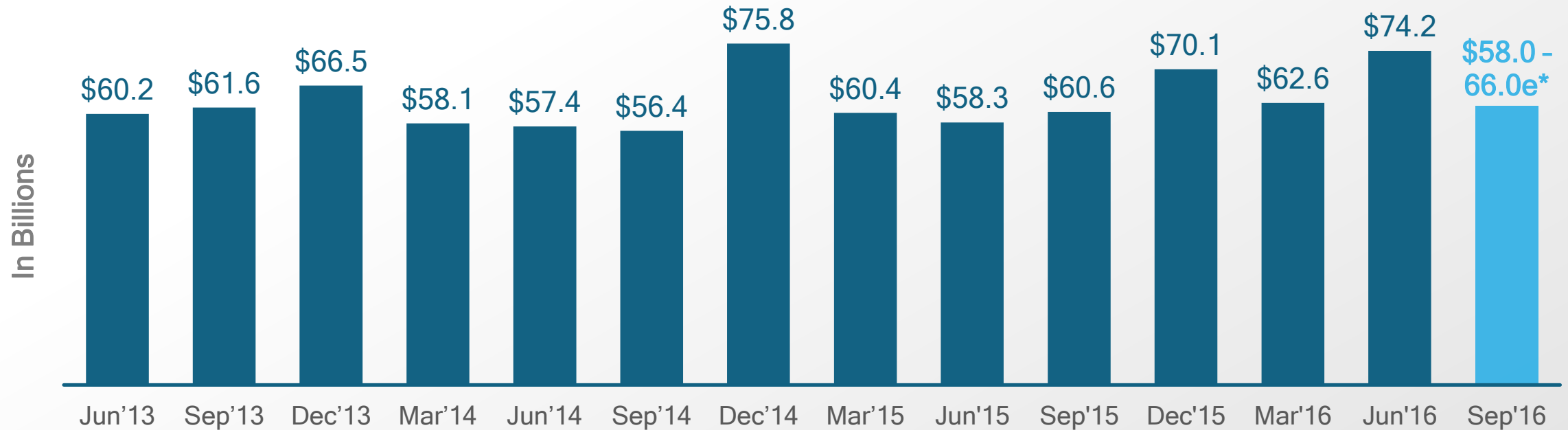
\* Guidance as of Nov. 2, 2016.

# Quarterly Total Reported Device Sales<sup>(3)(4)</sup>

## Reported by Qualcomm licensees

**330+** CDMA-based licensees; **285+** licensed for WCDMA

**210+** royalty-bearing single-mode OFDM/OFDMA licensees



Est. ASP	\$227-\$233	\$219-\$225	\$221-\$227	\$228-\$234	\$220-\$226	\$194-\$200	\$193-\$199	\$205-\$211	\$207-\$213	\$193-\$199	\$205-\$211	\$191-\$197	\$181-\$187	not
Est. Shipments	260-264M	276-280M	295-299M	250-254M	256-260M	284-288M	384-388M	289-293M	276-280M	307-311M	335-339M	321-325M	401-405M	provided

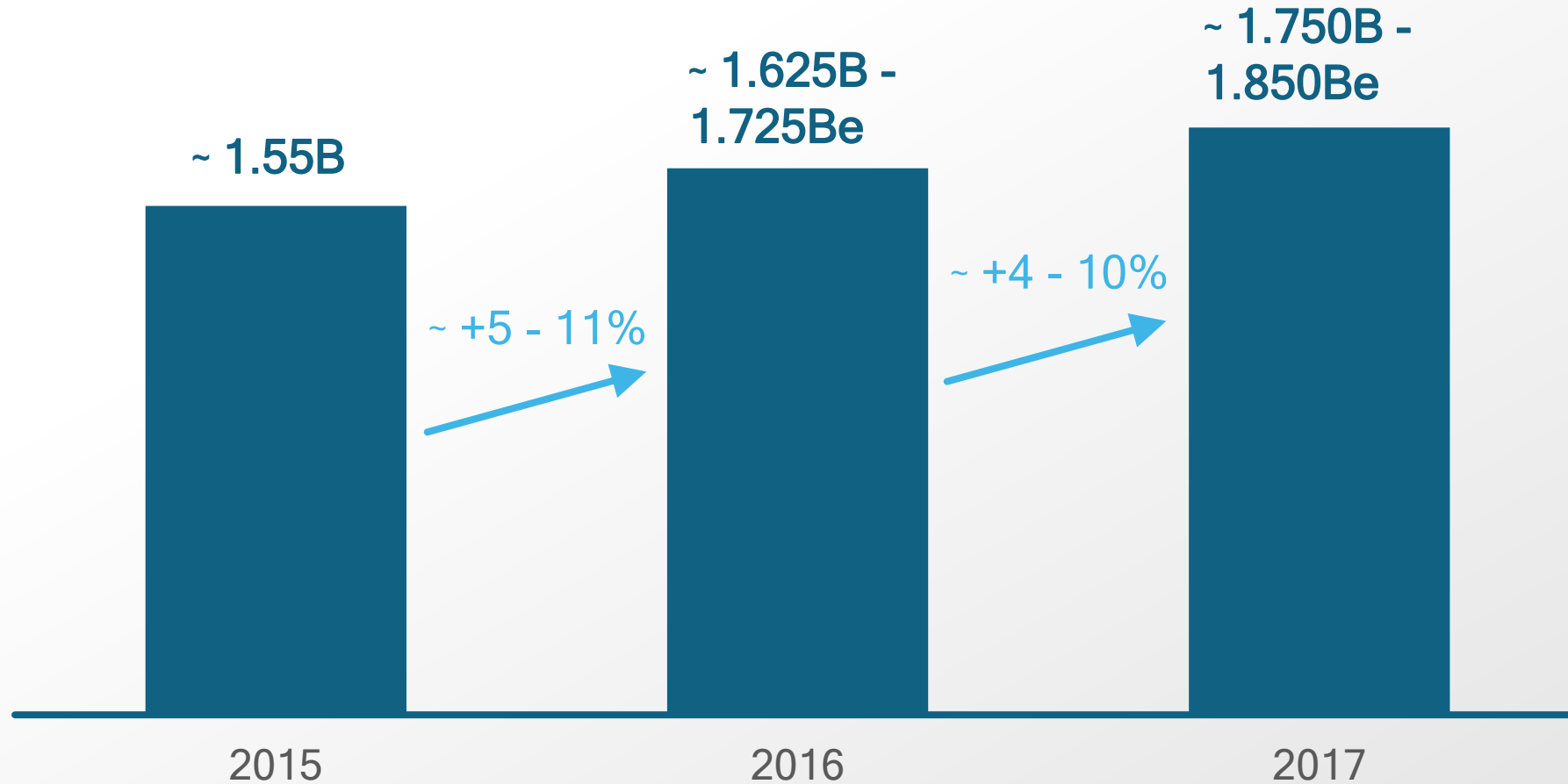
(3) & (4) See Footnotes page at the end of the presentation.

\* Guidance as of Nov. 2, 2016. The first 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 November 2, 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, 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, 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 November 2, 2016

		FY'16	CY'16	CY'17
3G/4G Units	<b>Global</b>		~ 1.625B - 1.725B	~ 1.750B - 1.850B
	Reported <sup>(3)(4)</sup>	~ 1,364M - 1,380M		
3G/4G ASP	<b>Global</b>	~ \$169 - \$179		
	Reported <sup>(3)(4)</sup>	~ \$192 - \$198		
3G/4G Device Sales	<b>Global</b>	~ \$278.0B - \$288.0B		
	Reported <sup>(3)(4)</sup>	~ \$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 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<sup>(3)(4)</sup>

	FY'15				FY'16				FY'17
	Sep'14	Dec'14	Mar'15	Jun'15	Sep'15	Dec'15	Mar'16	Jun'16	Sep'16**
Qtr. total reported device sales (\$B)	\$56.4	\$75.8	\$60.4	\$58.3	\$60.6	\$70.1	\$62.6	\$74.2	\$58.0 - \$66.0e
FY total reported device sales (\$B)				\$250.9				\$267.4	
Qtr. device shipments* (M)	286	386	291	278	309	337	323	403	
CY device shipments* (M)		1,182				1,215			
FY device shipments* (M)				1,241				1,372	
Qtr. device ASP*	\$197	\$196	\$208	\$210	\$196	\$208	\$194	\$184	
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 Nov. 2, 2016. The first 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.

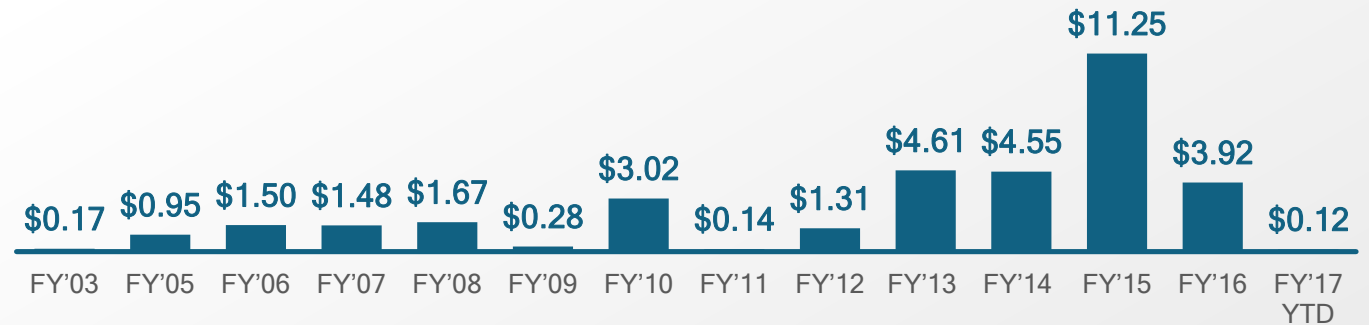
Note: Sums of quarterly amounts may not equal totals due to rounding.

# Cumulative \$54.2 Billion Returned to Stockholders

As of November 2, 2016

**\$2.9 billion** remained authorized for repurchase under our stock repurchase program.

Stock Repurchases\* (Billions)



Quarterly Cash Dividend Per Share<sup>^</sup>



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.

<sup>^</sup> Based on date payable.

# Financial Strength

In Billions	Sep'15	Sep'16
<i>Domestic</i>	\$5.3	\$2.8
<i>Offshore</i>	\$25.6	\$29.6
Total cash & marketable securities	\$30.9	\$32.4
Total assets	\$50.8	\$52.4
Stockholders' equity	\$31.4	\$31.8
Debt*	\$11.0	\$11.8
EBITDA** (6)	\$7.3	\$7.9
Free cash flow*** (6)	\$4.5	\$6.9

\* 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:
  - Fiscal 2016 GAAP results included:
    - \$154 million of charges, or \$0.07 per share, that resulted from net restructuring and restructuring-related charges related to our Strategic Realignment Plan in fiscal 2016; and
    - \$380 million gain, or \$0.20 per share, related to the sale of our wireless spectrum in the United Kingdom in the first quarter of fiscal 2016.
  - 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 in the second quarter of fiscal 2016; and
    - \$235 million of revenues, or \$0.11 per share, due to the recognition of previously deferred royalty revenues related to the dismissal of the arbitration with LG Electronics, Inc. in the third quarter of fiscal 2016.
  - 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 in the second quarter of fiscal 2015;
    - \$142 million of charges, or \$0.08 per share, that resulted from an impairment of goodwill and long-lived assets related to one of our display businesses in the third quarter of fiscal 2015;
    - \$190 million of charges, or \$0.09 per share, that resulted from restructuring and restructuring-related charges related to our Strategic Realignment Plan in the fourth quarter of fiscal 2015; and
    - Operating cash flow was impacted by the prepayment of \$950 million to secure long-term capacity commitments at a supplier of our integrated circuit products in the second quarter of fiscal 2015.

# Reconciliations

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# 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 also is used by institutional investors and analysts in evaluating our 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 starting with acquisitions completed in the third quarter of fiscal 2011, as well as any tax 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 and third-party acquisition and integration services costs.
  - 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 litigation settlements and/or damages.
  - 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 <sup>(1)(2)(3)</sup>	GAAP Results
Q4: Fiscal 2016	Net income (loss)	\$1,905	(\$9)	(\$150)	(\$147)	\$1,599
	Diluted EPS	\$1.28	(\$0.01)	(\$0.10)	(\$0.10)	\$1.07
	Diluted shares	1,491	1,491	1,491	1,491	1,491

(1) In the fourth quarter of fiscal 2016, other items excluded from Non-GAAP EBT included \$112 million of acquisition-related charges, \$44 of restructuring and restructuring-related charges related to our Strategic Realignment Plan and \$2 million of impairment and other charges. In the fourth quarter of fiscal 2016, the tax benefit in the "Other Items" column included a \$22 million tax benefit for the combined tax effect of other items in EBT and a \$7 million tax benefit for the tax effect of acquisition-related items in EBT, partially offset by a \$18 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<sup>(1)</sup>

In millions

	FY15	FY16
Net income	\$5,268	\$5,702
Plus: Income tax expense	1,219	1,131
Plus: Depreciation and amortization expense	1,214	1,428
Plus: Interest expense	104	297
Less: Interest and dividend income	527	611
<b>EBITDA</b>	<b>\$7,278</b>	<b>\$7,947</b>

(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.

# Q4'16 Combined R&D and SG&A Expenses, Sequential Comparison

In millions

	Q3'16 Results	Q4'16 Results	% Decreased
Non-GAAP combined R&D and SG&A expenses	\$1,605	\$1,564	(3%)
QSI	5	4	
Other Items <sup>(1)</sup>	53	25	
Share-based compensation allocated to R&D and SG&A	225	204	
Total GAAP combined R&D and SG&A expenses	\$1,888	\$1,797	(5%)

(1) Other items in Q3'16 consisted of \$25 million in acquisition-related items, \$23 million in asset impairment charges and \$5 million of other severance costs. Other items in Q4'16 consisted of \$23 million in acquisition-related items and \$2 million of impairment and other charges.

# Tax Rates

In millions

		Non-GAAP Results	QSI	Share-Based Compensation	Other Items	GAAP Results
Fiscal 2017	Estimated annual tax rate	18%	0% <sup>(1)</sup>	0% <sup>(1)</sup>	0% <sup>(1)</sup>	18%

(1) The incremental effect of our Non-GAAP adjustments to the 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.

# Free Cash Flow<sup>(a)</sup>

In millions

	FY'16
Net cash provided by operating activities	\$7,400
Less: Capital expenditures	(539)
<b>Free cash flow</b>	<b>\$6,861</b>
Cash paid to repurchase shares of our common stock (before commissions)	\$3,922
Cash dividends paid	2,990
<b>Total return of capital to stockholders</b>	<b>\$6,912</b>
Total return of capital to stockholders as a % of net cash provided by operating activities	93%
<b>Total return of capital to stockholders as a % of free cash flow</b>	<b>101%</b>

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

# Free Cash Flow<sup>(a)</sup>

In millions

	Fiscal 2016				
	Non-GAAP Results	QSI	Share-Based Compensation	Other Items <sup>(b)</sup>	GAAP Results
Net cash provided (used) by operating activities	\$7,725	(\$2)	(\$8) <sup>(c)</sup>	(\$315)	\$7,400
Less: Capital expenditures	(539)	-	-	-	(539)
<b>Free cash flow</b>	<b>\$7,186</b>	<b>(\$2)</b>	<b>(\$8)</b>	<b>(\$315)</b>	<b>\$6,861</b>
Revenues	\$23,507	\$47	\$-	\$-	\$23,554
Net cash provided by operating activities as % revenues	33%	N/M	N/A	N/A	31%
Free cash flow as % revenues	31%	N/M	N/A	N/A	29%

	Fiscal 2015				
	Non-GAAP Results	QSI	Share-Based Compensation	Other Items <sup>(d)</sup>	GAAP Results
Net cash provided (used) by operating activities	\$6,700	(\$25)	(\$103) <sup>(c)</sup>	(\$1,066)	\$5,506
Less: Capital expenditures	(994)	-	-	-	(994)
<b>Free cash flow</b>	<b>\$5,706</b>	<b>(\$25)</b>	<b>(\$103)</b>	<b>(\$1,066)</b>	<b>\$4,512</b>
Revenues	\$25,277	\$4	\$-	\$-	\$25,281
Net cash provided by operating activities as % revenues	27%	N/A	N/A	N/A	22%
Free cash flow as % revenues	23%	N/A	N/A	N/A	18%

(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 and severance costs related to restructuring activities and acquisition-related activities.

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

(d) Other Items excluded from Non-GAAP results primarily consisted of the payment of \$975 million resulting from the fine imposed by the NDRC, acquisition-related activities and severance costs related to restructuring activities.

N/A - Not Applicable

N/M - Not Meaningful

# Previous Business Outlook

As of July 20, 2016

## Fourth Fiscal Quarter

## Previous Guidance Q4'16 Estimates

Revenues	\$5.4B - \$6.2B
GAAP diluted EPS	\$0.84 - \$0.94
Less diluted EPS attributable to QSI	\$0.01
Less diluted EPS attributable to share-based compensation	(\$0.13)
Less diluted EPS attributable to other items <sup>(1)</sup>	(\$0.09)
Non-GAAP diluted EPS	\$1.05 - \$1.15

(1) Our guidance for diluted EPS attributable to other items for the fourth quarter of fiscal 2016 includes a loss per share of \$0.07 for acquisition-related items. Sums may not equal totals due to rounding.

# QTL Revenues

FY16

QTL segment revenues (GAAP)	\$7.7B
Less: Adjustments <sup>(1)</sup>	0.5B
Adjusted QTL segment revenues (Non-GAAP)	\$7.2B

(1) Non-GAAP QTL revenues for fiscal 2016 excluded \$0.3 billion in licensing revenues recorded in the second quarter of fiscal 2016 due to the termination of an infrastructure license agreement resulting from the merger of two licensees, \$0.1 billion in reported sales of CDMA-based products related to devices shipped in prior periods and \$0.1 billion in license fees related to the multi-year amortization from a license agreement that expired after the first quarter of fiscal 2016.



# Business Outlook

## As of November 2, 2016

First Fiscal Quarter	Q1'16 Results	Current Guidance Q1'17 Estimates
Revenues	\$5.8B	\$5.7B - \$6.5B
Year-over-year change		decrease 1% - increase 13%
GAAP diluted EPS	\$0.99	\$0.91 - \$1.01
Year-over-year change		decrease 8% - increase 2%
Less diluted EPS attributable to QSI	\$0.15	\$0.01
Less diluted EPS attributable to share-based compensation	(\$0.12)	(\$0.13)
Less diluted EPS attributable to other items <sup>(1)</sup>	(\$0.01)	(\$0.09)
Non-GAAP diluted EPS	\$0.97	\$1.12 - \$1.22
Year-over-year change		increase 15% - 26%

(1) Our guidance for diluted EPS attributable to other items for the first quarter of fiscal 2017 is attributable to 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.

# Q1'17 Combined R&D and SG&A Expenses Guidance\*

In millions

	Q4'16 Results	Q1'17 Guidance* (est.)
Non-GAAP combined R&D and SG&A expenses	\$1,564	Flat sequentially
QSI	4	Not provided
Other Items <sup>(1)</sup>	25	Not provided
Total combined R&D and SG&A expenses excluding certain share-based compensation	1,593	Approx. increase 1% - 3%
Share-based compensation allocated to R&D and SG&A	204	Not provided
Total GAAP combined R&D and SG&A expenses <sup>(2)</sup>	\$1,797	Approx. increase 1% - 3%

(1) Other items in Q4'16 consisted of \$23 million in acquisition-related items, and \$2 million of impairment and other charges.

(2) Q1'17 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 Nov. 2, 2016.

# Thank you



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