

July 22, 2015

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# Third Quarter Fiscal 2015 Earnings

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# Safe Harbor

In addition to the historical information contained herein, this presentation and the conference call that accompanies it contain forward-looking statements that are inherently subject to risks and uncertainties, including but not limited to statements regarding our Strategic Realignment Plan and the goals, expectations, execution and elements of that plan, including aggressively right-sizing our cost structure, reviewing alternatives to our corporate and financial structure, reaffirming our plan to return significant capital to stockholders, adding new Directors with complementary skills while reducing the average tenure of the Board of Directors, further aligning executive compensation with performance, disciplined investment in areas that further our leadership positions and build upon our core technologies and capabilities and offer attractive growth opportunities and returns; our reduced outlook for QCT and the factors impacting that outlook; QTL and QCT opportunities, including adjacent opportunities, and our positioning for growth in those businesses; our being very well positioned to capitalize on the significant long-term opportunities before us; our capital return commitments, including our plan to repurchase an additional \$10 billion in stock by March 2016; certain licensees in China not fully complying with their contractual obligations to report their sales of licensed products to us; progress with licensees executing agreements based on the new China terms and with several other licensees informing us that they intend to retain the terms of their existing agreements, our expectations that it will take some time to conclude negotiations with certain other licensees, and our belief that the conclusion of new agreements with these licensees will result in improved reporting by these licensees, including with respect to sales of three-mode devices; our business and financial outlook; and our estimates and guidance related to revenues, earnings per share, MSM chip shipments, revenue per MSM, total reported device sales, device ASPs, operating margins, R&D and SG&A expenses, tax rates, and 3G/4G device sales and shipments, both globally and which we expect to be reported to us, and the factors influencing our estimates and guidance. Forward-looking statements are generally identified by words such as “estimates,” “guidance,” “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks” and similar expressions. Actual results may differ materially from those referred to in the forward-looking statements due to a number of important factors, including but not limited to risks associated with commercial network deployments, expansions and upgrades of CDMA, OFDMA and other communications technologies, our customers’ and licensees’ sales of products and services based on these technologies and our ability to drive our customers’ demand for our products and services; competition in an environment of rapid technological change; our dependence on a small number of customers and licensees; the continued and future success of our licensing programs; attacks on our licensing business model, including current and future legal proceedings or actions of governmental or quasi-governmental bodies or standards or industry organizations; the enforcement and protection of our intellectual property rights; government regulations and policies, or adverse rulings in enforcement or other proceedings; the commercial success of our new technologies, products and services; the execution of our Strategic Realignment Plan; claims by third parties that we infringe their intellectual property; acquisitions, strategic transactions and investments; our dependence on a limited number of third-party suppliers; our stock price and earnings volatility; risks associated with our indebtedness; our ability to attract and retain qualified employees; global economic conditions that impact the mobile communications industry; foreign currency fluctuations and failures in our products or services or in the products or services of our customers or licensees, including those resulting from security vulnerabilities, defects or errors. These and other risks are set forth in the Company’s Quarterly Report on Form 10-Q for the third quarter ended June 28, 2015 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. The most directly comparable GAAP financial measures and information reconciling these non-GAAP financial measures to the Company’s financial results prepared in accordance with GAAP are included at the end of this presentation.

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

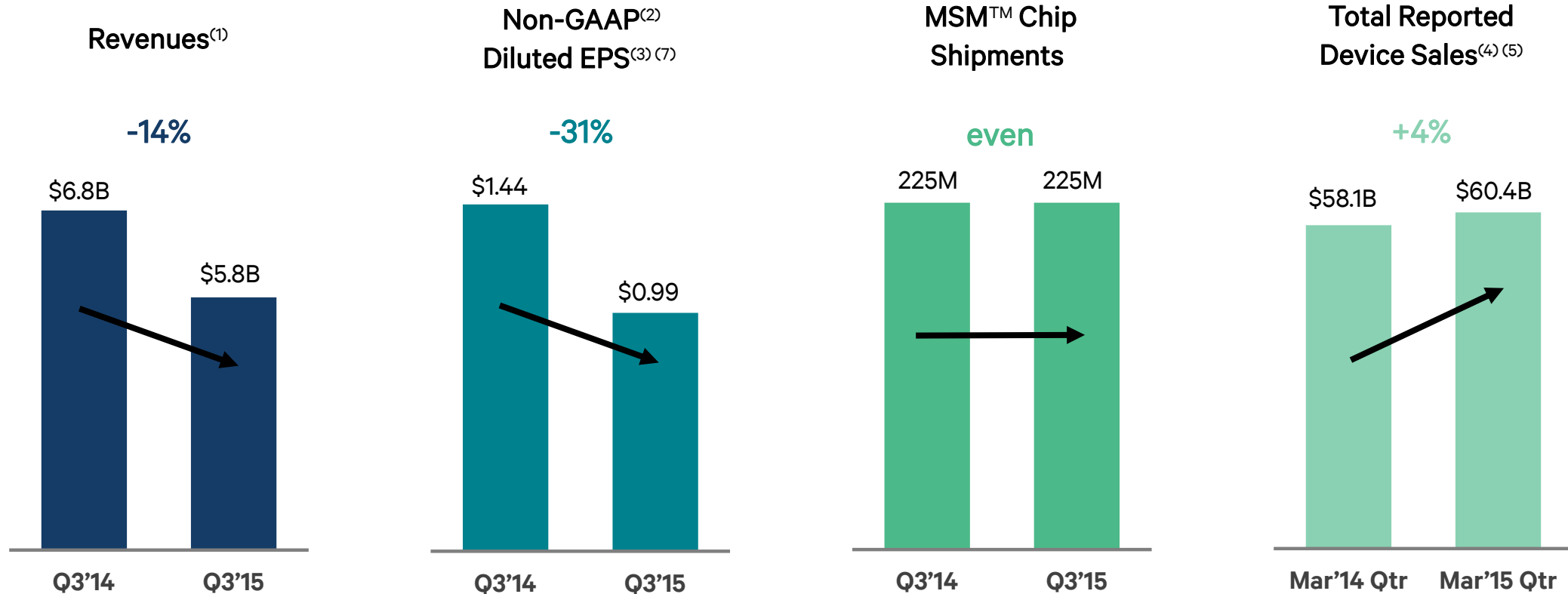
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# Qualcomm Reports Third Quarter Fiscal 2015 Earnings

Quarter ended June 28, 2015

- Our fiscal third quarter revenues, MSM chip shipments and EPS were within prior expectations.
- We took a significant step towards our increased capital return commitments through the initiation of a \$5 billion accelerated share repurchase as part of our plan to repurchase an additional \$10 billion in stock by March 2016.
- We also launched a comprehensive review of our cost structure and announced today a Strategic Realignment Plan designed to improve execution, enhance financial performance and drive profitable growth.
- Importantly, the changes we are announcing today are designed to enable us to right-size our cost structure and reposition Qualcomm for improved financial and operating performance.
- We will continue to invest to build upon our technology leadership position and capitalize on the significant long-term opportunities before us in order to create sustainable long-term value for stockholders.

# Third Quarter Fiscal 2015 Results vs. Last Year



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

# Third Quarter Fiscal 2015 Results vs. Guidance

	Q3'15 guidance*	Q3'15 results
Revenues <sup>(1)</sup>	\$5.4B - \$6.2B	\$5.8B
Non-GAAP <sup>(2)</sup> diluted EPS <sup>(3)</sup>	\$0.85 - \$1.00	\$0.99**
MSM chip shipments	210M - 230M	225M
Total reported device sales <sup>(4)</sup> (Mar. Qtr. <sup>(5)</sup> )	\$61.0B - \$67.0B	\$60.4B
Est. reported 3G/4G device shipments <sup>(4)</sup> (Mar. Qtr. <sup>(5)</sup> )	not provided	289M - 293M
Est. reported 3G/4G device ASP <sup>(4)</sup> (Mar. Qtr. <sup>(5)</sup> )	not provided	\$205 - \$211

\* Prior guidance as of Apr. 22, 2015.

\*\* Q3 Non-GAAP EPS was above the midpoint of guidance primarily due to additional tax benefits resulting from an increase in the allocation of expenses to our United States operations, partially offset by a decrease in our estimate of foreign income taxed at rates lower than the rate in the United States.

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

# Fiscal Fourth Quarter & Year 2015 Guidance

As of July 22, 2015

	Q4'14 results	Q4'15 guidance	FY'14 results	FY'15 prior guidance*	FY'15 current guidance
Revenues <sup>(1)</sup>	\$6.7B	\$4.7B - \$5.7B	\$26.5B	\$25.0B - \$27.0B	\$24.5B - \$25.5B
Non-GAAP <sup>(2)</sup> diluted EPS <sup>(3)</sup>	\$1.26	\$0.75 - \$0.95	\$5.27	\$4.60 - \$5.00	\$4.50 - \$4.70
MSM chip shipments	236M	170M - 190M	861M	not provided	not provided
Total reported device sales <sup>(4) (5)</sup>	\$57.4B	\$60.5B - \$66.5B <sup>^</sup>	\$243.6B	\$255.0B - \$275.0B <sup>^</sup>	\$253.0B - \$259.0B <sup>^</sup>

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

\* Prior guidance as of Apr. 22, 2015.

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

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# Fiscal Fourth Quarter & Year 2015 Guidance (Cont.)

As of July 22, 2015

## Additional guidance metrics:

- Fiscal Q4

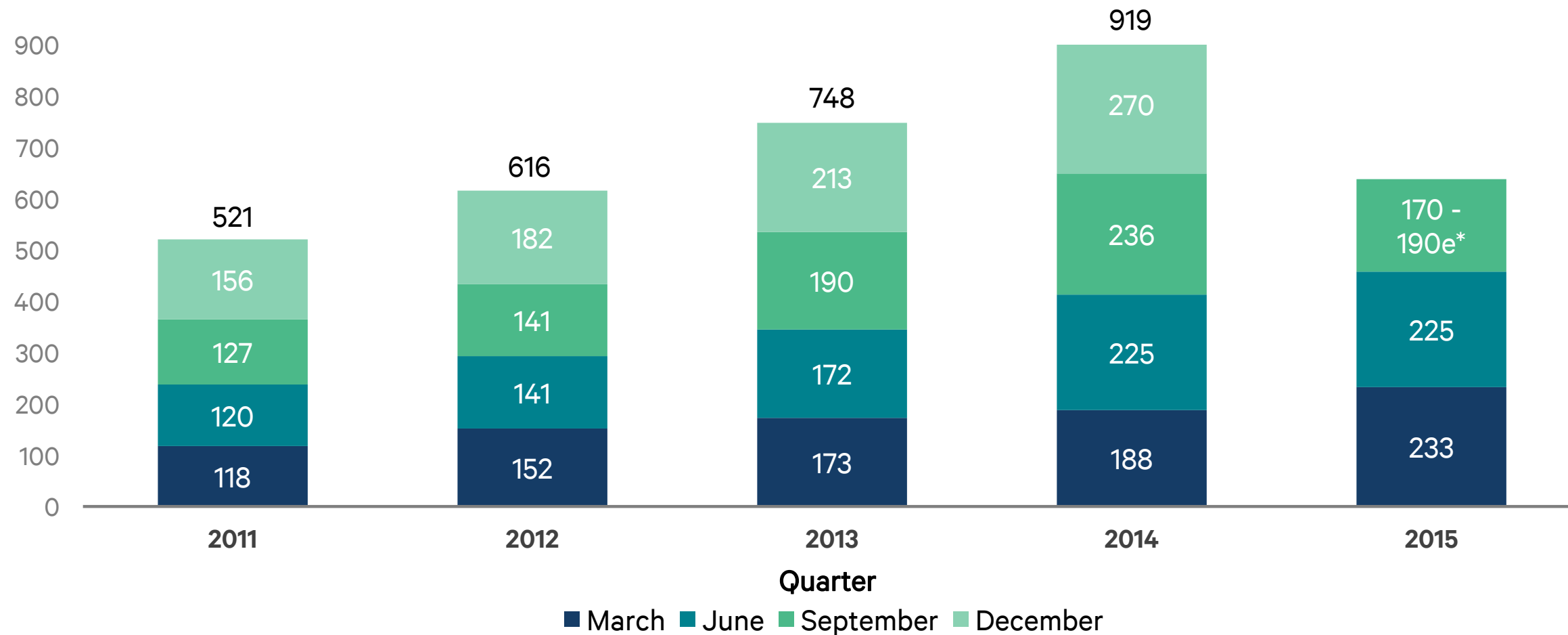
- Non-GAAP combined R&D and SG&A expenses expected to be approximately flat to up 2% sequentially.
- Revenue per MSM expected to be approximately flat to modestly up sequentially.
- QCT operating margin expected to be approximately 2% to 4%.

- FY 2015

- Non-GAAP combined R&D and SG&A expenses expected to be approximately flat year-over-year.

# MSM Chip Shipments

Calendar year, millions



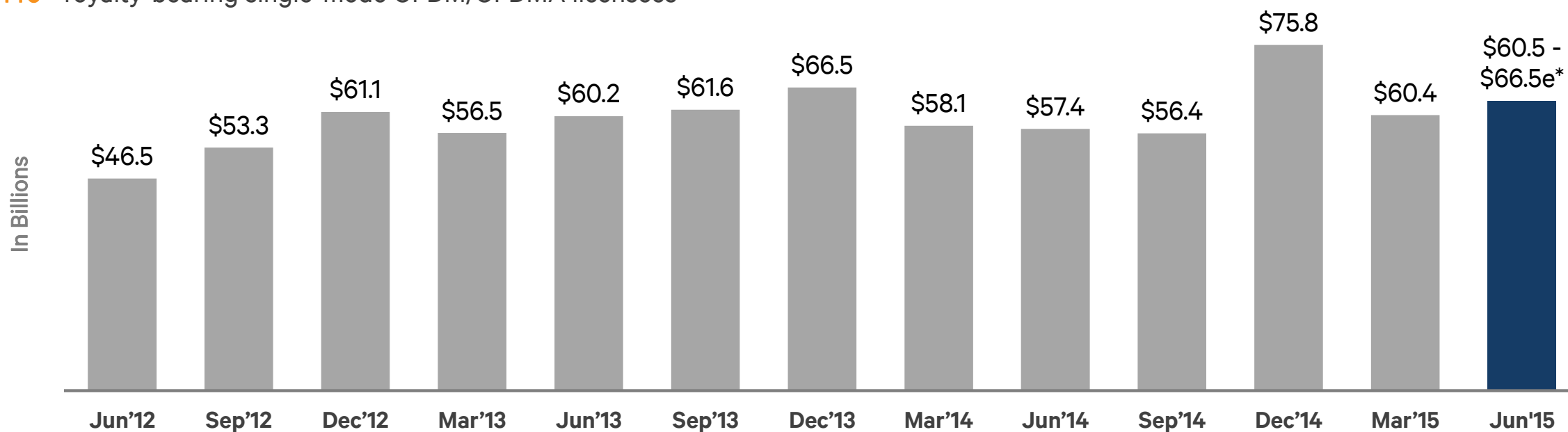
\* Guidance as of Jul. 22, 2015.



# Quarterly Total Reported Device Sales<sup>(4)</sup> <sup>(5)</sup>

## Reported by Qualcomm licensees

- 275+ CDMA-based licensees; 230+ licensed for WCDMA
- 140+ royalty-bearing single-mode OFDM/OFDMA licensees



Est. ASP	\$216-\$222	\$224-\$230	\$214-\$220	\$227-\$233	\$227-\$233	\$219-\$225	\$221-\$227	\$228-\$234	\$220-\$226	\$194-\$200	\$193-\$199	\$205-\$211	not provided
Est. Shipments	210-214M	233-237M	279-283M	244-248M	260-264M	276-280M	295-299M	250-254M	256-260M	284-288M	384-388M	289-293M	provided

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

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

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# Estimated 3G/4G Device Shipments - Update

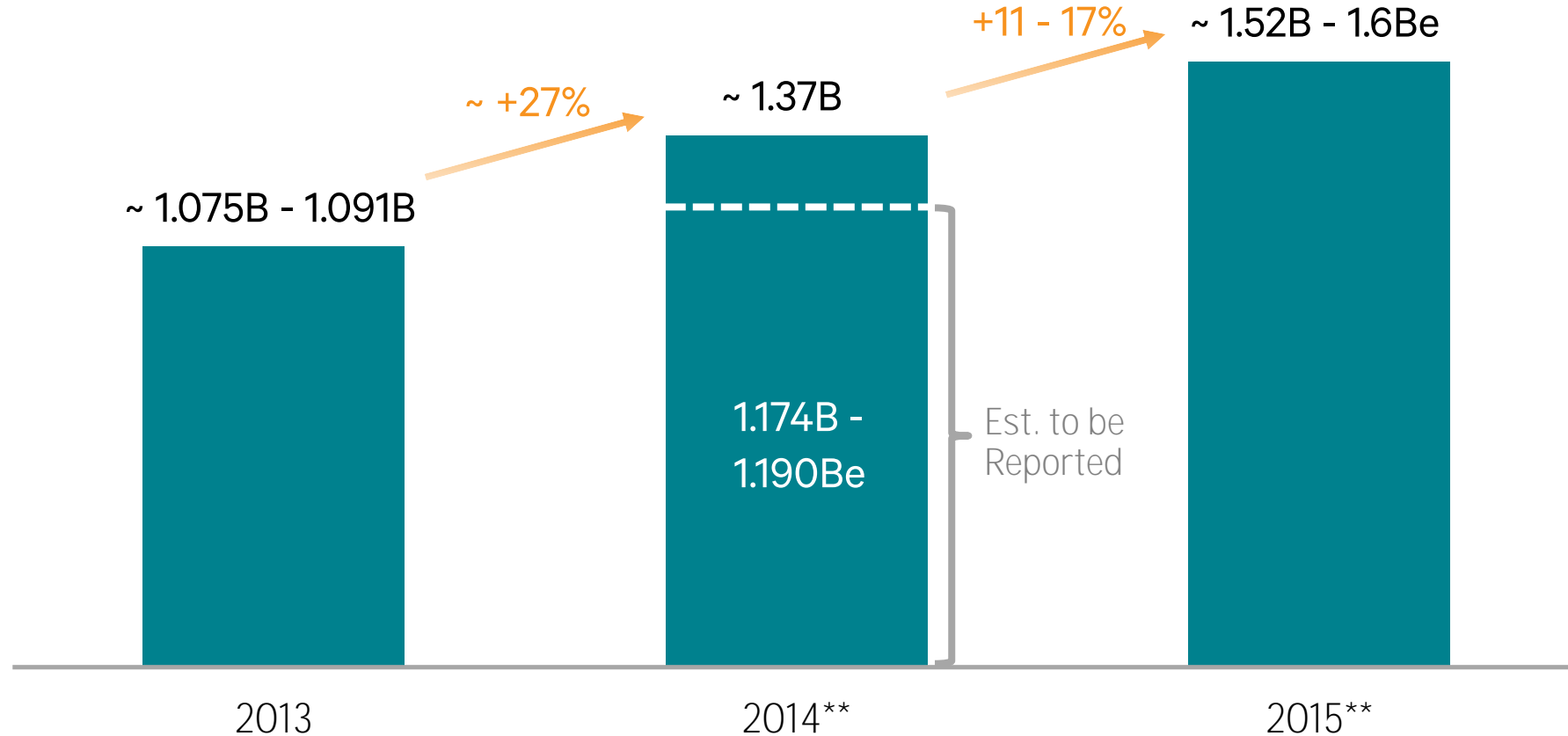
In the second quarter of fiscal 2015, we reached a resolution with the NDRC regarding its investigation and agreed to implement a rectification plan that modifies certain of our business practices in China. However, we continue to believe that certain licensees in China are not fully complying with their contractual obligations to report their sales of licensed products to us (which includes 3G/4G units that we believe are not being reported by certain licensees). We continue to make progress, with licensees executing agreements based on the new China terms, and with several other licensees informing us that they intend to retain the terms of their existing agreements. Negotiations with certain other licensees are ongoing, and we expect it will take some time to conclude these negotiations. We believe that the conclusion of new agreements with these licensees will result in improved reporting by these licensees, including with respect to sales of three-mode devices (i.e., devices that implement GSM, TD-SCDMA, and LTE) sold in China.

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

- We expect global 3G/4G device shipments to be approximately 1.52 billion to 1.6 billion for calendar year 2015. At this time, we are not providing a forecast for calendar year 2015 reported 3G/4G device shipments.
- Our guidance for estimated fiscal fourth quarter and fiscal 2015 3G/4G total reported device sales 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<sup>(4)</sup>

Calendar year, as of July 22, 2015



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

\*\* We estimate global 3G/4G device shipments were approximately 1.37 billion for calendar year 2014. However, we do not believe that all of the global 3G/4G device shipments for calendar year 2014 were reported to us within the time periods required by our license agreements. Accordingly, we estimate approximately 1.174 billion to 1.190 billion calendar year 2014 3G/4G device shipments were actually reported to us through the first calendar quarter of 2015. We expect global 3G/4G device shipments to be approximately 1.52 billion to 1.6 billion for calendar year 2015. At this time, we are not providing a forecast for calendar year 2015 reported 3G/4G device shipments.

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

# Supplemental Information – 3G/4G Device Estimates

		FY'14	FY'15**	CY'14**	CY'15**
<b>3G/4G Units</b>	Global			~ 1.37B	~ 1.52B - 1.6B
	Reported (4) (5)	~ 1,077M - 1,093M		~ 1,174M - 1,190M	
<b>3G/4G ASP</b>	Global	~ \$208 - \$216	~ down 11 - 12 % YoY		
	Reported (4) (5)	~ \$222 - \$228			
<b>3G/4G Device Sales</b>	Global	~ \$250B - \$257B	~ \$270B - \$280B		
	Reported (4) (5)	~ \$243.6B	~ \$253.0B - \$259.0B		

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

\* We estimate global 3G/4G device shipments were approximately 1.37 billion for calendar year 2014. However, we do not believe that all of the global 3G/4G device shipments for calendar year 2014 were reported to us within the time periods required by our license agreements. Accordingly, we estimate approximately 1.174 billion to 1.190 billion calendar year 2014 3G/4G device shipments were actually reported to us through the first calendar quarter of 2015. We expect global 3G/4G device shipments to be approximately 1.52 billion to 1.6 billion for calendar year 2015. At this time, we are not providing a forecast for calendar year 2015 reported 3G/4G device shipments.

^ Guidance as of Jul. 22, 2015. Our guidance range for fiscal 2015 total reported device sales reflects estimated 3G/4G total reported device sales that we currently expect to be reported to us, which includes an estimate of some prior period activity (i.e., devices shipped in prior periods) that may be reported to us.

# Quarterly Estimated 3G/4G Reported Device Shipments & ASP Trend<sup>(4) (5)</sup>

	FY'13				FY'14				FY'15				
	Sep '12	Dec '12	Mar '13	Jun '13	Sep '13	Dec '13	Mar '14	Jun '14	Sep '14	Dec '14	Mar '15	Jun '15**	
Qtr. total reported device sales (\$B)	\$53.3	\$61.1	\$56.5	\$60.2	\$61.6	\$66.5	\$58.1	\$57.4	\$56.4	\$75.8	\$60.4	\$60.5 - \$66.5e^	
FY total reported device sales (\$B)				\$231.2				\$243.6					\$253.0 - \$259.0e^
Qtr. device shipments* (M)	235	281	246	262	278	297	252	258	286	386	291		
CY device shipments* (M)	937						1,083					1,182^^	
FY device shipments* (M)				1,025				1,085					
Qtr. device ASP*	\$227	\$217	\$230	\$230	\$222	\$224	\$231	\$223	\$197	\$196	\$208		
FY device ASP*				\$226				\$225					

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

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

\*\* Guidance as of Jul. 22, 2015.

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

^^ We estimate global 3G/4G device shipments were approximately 1.37 billion for calendar year 2014. However, we do not believe that all of the global 3G/4G device shipments for calendar year 2014 were reported to us within the time periods required by our license agreements.

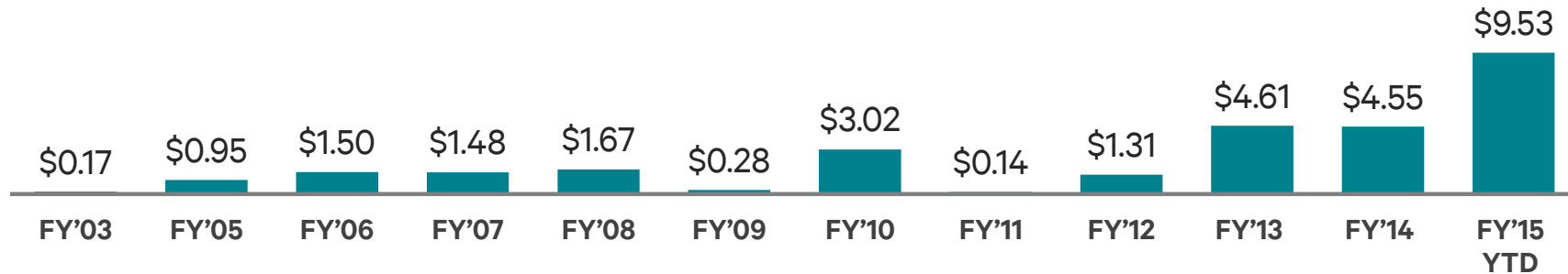
Accordingly, we estimate approximately 1.174 billion to 1.190 billion calendar year 2014 3G/4G device shipments were actually reported to us through the first calendar quarter of 2015. We expect global 3G/4G device shipments to be approximately 1.52 billion to 1.6 billion for calendar year 2015. At this time, we are not providing a forecast for calendar year 2015 reported 3G/4G device shipments.

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

# Cumulative \$44.7 Billion Returned to Stockholders

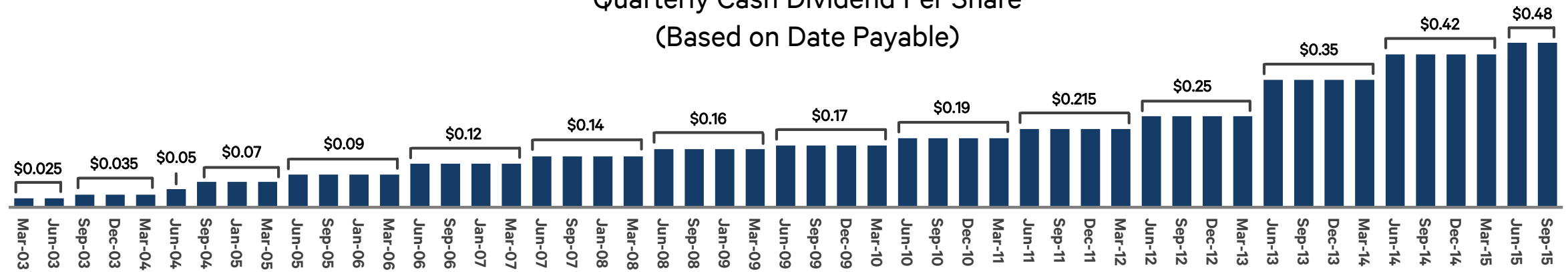
As of July 22, 2015

Stock Repurchases\*  
(Billions)



**\$8.6 billion** remained authorized for repurchase under our stock repurchase program.

Quarterly Cash Dividend Per Share  
(Based on Date Payable)



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

\* Gross repurchases before commissions.

# Financial Strength

In billions	Jun'14	Jun'15	
<i>Domestic</i>	\$6.9	<b>\$8.0</b>	Cash resources and operating/ stock repurchase flexibility
<i>Offshore</i>	<u>\$25.8</u>	<u><b>\$27.2</b></u>	
Total cash & marketable securities	\$32.7	<b>\$35.2</b>	
Total assets	\$48.4	<b>\$52.3</b>	Solid balance sheet
Stockholders' equity	\$38.8	<b>\$33.2</b>	
Debt*	\$0.0	<b>\$10.9</b>	
EBITDA** (7)	\$2.7	<b>\$1.6</b>	Cash flow to support future growth and dividends
Free cash flow***	\$2.5	<b>\$1.8</b>	

\* Including long-term and short-term debt.

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

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

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

# Footnotes

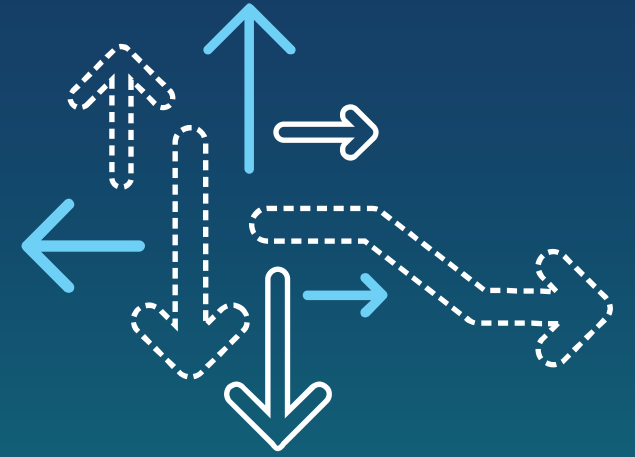
1. Throughout this presentation, revenues, operating expenses, operating income, earnings before tax (EBT) and effective tax rates are from continuing operations (i.e., before adjustments for noncontrolling interests and discontinued operations), unless otherwise stated.
2. Non-GAAP results exclude the QSI (Qualcomm Strategic Initiatives) segment and certain share-based compensation, acquisition-related items, tax items and other items. Beginning in the first quarter of fiscal 2015, we changed our methodology for reporting Non-GAAP results to exclude third-party acquisition and integration services costs and certain other items, which may include major restructuring and restructuring-related costs, goodwill and long-lived asset impairment charges and litigation settlements and/or damages.
3. Throughout this presentation, net income and diluted earnings per share (EPS) are attributable to Qualcomm (i.e., after adjustments for noncontrolling interests and discontinued operations), unless otherwise stated.
4. Total reported device sales is the sum of all reported sales in U.S. dollars (as reported to us by our licensees) of all licensed CDMA-based, OFDMA-based and CDMA/OFDMA multimode subscriber devices (including handsets, modules, modem cards and other subscriber devices) by our licensees during a particular period (collectively, 3G/4G devices). The reported quarterly estimated ranges of average selling prices (ASPs) and unit shipments are determined based on the information as reported to us by our licensees during the relevant period and our own estimates of the selling prices and unit shipments for licensees that do not provide such information. Not all licensees report sales, selling prices and/or unit shipments the same way (e.g., some licensees report sales net of permitted deductions, including transportation, insurance, packing costs and other items, while other licensees report sales and then identify the amount of permitted deductions in their reports), and the way in which licensees report such information may change from time to time. In addition, certain licensees may not report (in the quarter in which they are contractually obligated to report) their sales of certain types of subscriber units, which (as a result of audits, legal actions or for other reasons) may be reported in a subsequent quarter. Accordingly, total reported device sales, estimated unit shipments and estimated ASPs for a particular period may include prior period activity that was not reported by the licensee until such particular period.
5. Royalties are recognized when reported, generally one quarter following shipment.
6. The midpoints of the estimated ranges are used for comparison purposes only and do not indicate a higher degree of confidence in the midpoints.
7. The following should be considered in regards to the year-over-year comparisons:
  - The third quarter of fiscal 2015 GAAP results included:
    - \$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.
  - The third quarter of fiscal 2014 Non-GAAP and GAAP results included:
    - \$208 million of income, or \$0.12 per share, of which \$184 million was recorded in other income, due to the reversal of accruals related to our litigation with ParkerVision; and
    - \$164 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.



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# Reconciliations

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# Non-GAAP Results

In millions, except per share data

	Non-GAAP	QSI	Share-Based Compensation	Other Items (1) (2) (3)	GAAP
<b>Q3 - FISCAL 2015</b>					
Net income (loss)	\$1,611	(\$26)	(\$213)	(\$188)	\$1,184
Diluted EPS	\$0.99	(\$0.02)	(\$0.13)	(\$0.12)	\$0.73
Diluted shares used	1,629	1,629	1,629	1,629	1,629
<b>Q4 - FISCAL 2014</b>					
Net income (loss)	\$2,143	\$28	(\$199)	(\$78)	\$1,894
Diluted EPS	\$1.26	\$0.02	(\$0.12)	(\$0.05)	\$1.11
Diluted shares used	1,701	1,701	1,701	1,701	1,701
<b>Q3 - FISCAL 2014</b>					
Net income (loss)	\$2,470	\$ -	(\$232)	\$ -	\$2,238
Diluted EPS	\$1.44	\$0.00	(\$0.14)	\$0.00	\$1.31
Diluted shares used	1,714	1,714	1,714	1,714	1,714
<b>12 MONTHS - FISCAL 2014</b>					
Net income (loss)	\$9,032	\$15	(\$856)	(\$224)	\$7,967
Diluted EPS	\$5.27	\$0.01	(\$0.50)	(\$0.13)	\$4.65
Diluted shares used	1,714	1,714	1,714	1,714	1,714

(1) Beginning in the first quarter of fiscal 2015, we changed our methodology for reporting Non-GAAP results to exclude third-party acquisition and integration services costs and certain other items, which may include major restructuring and restructuring-related costs, goodwill and long-lived asset impairment charges and litigation settlements and/or damages. In the third quarter of fiscal 2015, other items excluded from Non-GAAP EBT included impairment charges of \$131 million and \$11 million related to goodwill and intangible assets, respectively, \$78 million of acquisition-related items and \$6 million of severance costs related to restructurings, partially offset by a \$44 million gain on the sale of certain assets. In the third quarter of fiscal 2015, the tax expense in the other items column included a \$4 million tax expense to reconcile the tax provision for each column to the total GAAP tax provision for the quarter, a \$1 million tax expense for the tax effect of other items in EBT and a \$1 million tax expense for the tax effect of acquisition-related items.

(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. In interim quarters of prior year, this difference was allocated to the tax provisions (benefits) among the columns.

(3) Details of amounts included in the "Other Items" column for prior periods are included in the slides for those periods.

Sums may not equal totals due to rounding.

# EBITDA<sup>(1)</sup>

In millions

## Reconciliation of EBITDA to Income from Continuing Operations

	<u>Q3'14</u>	<u>Q3'15</u>
<b>Income from continuing operations</b>	\$ 2,237	\$ 1,183
Plus: Income tax expense	260	215
Plus: Depreciation and amortization expense	292	297
Less: Interest and dividend income, net	<u>(139)</u>	<u>(96)</u>
<b>EBITDA</b>	<u>\$ 2,650</u>	<u>\$ 1,599</u>

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

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

In millions

	Three Months Ended June 28, 2015				
	Non-GAAP	QSI	Share-Based Compensation	Other Items (b)	GAAP
<b>Net cash provided (used) by operating activities</b>	\$ 2,153	\$ (7)	\$ (20) (c)	\$ (10)	\$ 2,116
Less: capital expenditures	(366)	-	-	-	(366)
<b>Free cash flow</b>	<u>\$ 1,787</u>	<u>\$ (7)</u>	<u>\$ (20)</u>	<u>\$ (10)</u>	<u>\$ 1,750</u>
Revenues	\$ 5,832	\$ -	\$ -	\$ -	\$ 5,832
Net cash provided by operating activities as % of revenues	37%	N/A	N/A	N/A	36%
Free cash flow as % of revenues	31%	N/A	N/A	N/A	30%
	Three Months Ended June 29, 2014				
	Non-GAAP	QSI	Share-Based Compensation	Other Items (b)	GAAP
<b>Net cash provided (used) by operating activities</b>	\$ 2,752	\$ (9)	\$ (70) (c)	\$ -	\$ 2,673
Less: capital expenditures	(158)	-	-	-	(158)
<b>Free cash flow</b>	<u>\$ 2,594</u>	<u>\$ (9)</u>	<u>\$ (70)</u>	<u>\$ -</u>	<u>\$ 2,515</u>
Revenues	\$ 6,806	\$ -	\$ -	\$ -	\$ 6,806
Net cash provided by operating activities as % of revenues	40%	N/A	N/A	N/A	39%
Free cash flow as % of revenues	38%	N/A	N/A	N/A	37%

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

(b) Other items excluded from Non-GAAP include certain acquisition-related items, tax items and other items. Beginning in the first quarter of fiscal 2015, we changed our methodology for reporting Non-GAAP results to exclude third-party acquisition and integration services costs and certain other items, which may include major restructuring and restructuring-related costs, goodwill and long-lived asset impairment charges and litigation settlements and/or damages. In the three months ended June 28, 2015, net cash used by operating activities in the other items column primarily consisted of acquisition-related activities and severance costs related to restructurings.

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

N/A – Not Applicable

# Business Outlook

As of July 22, 2015

<b>FOURTH FISCAL QUARTER</b>	<b>Q4'14 Results</b>	<b>Current Guidance Q4'15 Estimates (1)</b>
<b>Revenues</b>	<b>\$6.7B</b>	<b>\$4.7B - \$5.7B</b>
<i>Year-over-year change</i>		<i>decrease 15% - 30%</i>
<b>Non-GAAP diluted EPS</b>	<b>\$1.26</b>	<b>\$0.75 - \$0.95</b>
<i>Year-over-year change</i>		<i>decrease 25% - 40%</i>
Diluted EPS attributable to QSI	\$0.02	(\$0.01)
Diluted EPS attributable to share-based compensation	(\$0.12)	(\$0.13)
Diluted EPS attributable to other items	(\$0.05)	(\$0.05) - (\$0.10)
<b>GAAP diluted EPS</b>	<b>\$1.11</b>	<b>\$0.51 - \$0.76</b>
<i>Year-over-year change</i>		<i>decrease 32% - 54%</i>

<b>FISCAL YEAR</b>	<b>FY 2014 Results</b>	<b>Prior Guidance FY 2015 Estimates</b>	<b>Current Guidance FY 2015 Estimates (1)</b>
<b>Revenues</b>	<b>\$26.5B</b>	<b>\$25.0B - \$27.0B</b>	<b>\$24.5B - \$25.5B</b>
<i>Year-over-year change</i>		<i>decrease 6% - increase 2%</i>	<i>decrease 4% - 8%</i>
<b>Non-GAAP diluted EPS</b>	<b>\$5.27</b>	<b>\$4.60 - \$5.00</b>	<b>\$4.50 - \$4.70</b>
<i>Year-over-year change</i>		<i>decrease 5% - 13%</i>	<i>decrease 11% - 15%</i>
Diluted EPS attributable to QSI	\$0.01	(\$0.04)	(\$0.04)
Diluted EPS attributable to share-based compensation	(\$0.50)	(\$0.54)	(\$0.52)
Diluted EPS attributable to other items	(\$0.13)	(\$0.74)	(\$0.84) - (\$0.89)
<b>GAAP diluted EPS</b>	<b>\$4.65</b>	<b>\$3.28 - \$3.68</b>	<b>\$3.05 - \$3.30</b>
<i>Year-over-year change</i>		<i>decrease 21% - 29%</i>	<i>decrease 29% - 34%</i>
<b>Non-GAAP effective income tax rate</b>			<b>18%</b>
<b>GAAP effective income tax rate</b>			<b>19%</b>

(1) Our guidance range for GAAP for the fourth quarter of fiscal 2015 includes an estimate of restructuring and restructuring-related charges of \$100 million to \$200 million; these charges are excluded from our Non-GAAP guidance.

Details of amounts included in "Other Items" for prior periods are included in the slides for those periods.

Sums may not equal totals due to rounding.

# Q4 FY'15 Combined R&D and SG&A Expenses Guidance

In millions

	Q3'15 Results	Q4'15 Guidance* (est.)
<b>Non-GAAP combined R&amp;D and SG&amp;A expenses</b>	\$ 1,717	Approx. 0% - increase 2%
<b>QSI</b>	21	Not provided
<b>Other Items (1)</b>	(15)	Not provided
<b>Total combined R&amp;D and SG&amp;A expenses excluding certain share-based compensation</b>	1,723	Approx. 0% - increase 2%
<b>Share-based compensation allocated to R&amp;D and SG&amp;A</b>	261	Not provided
<b>Total GAAP combined R&amp;D and SG&amp;A expenses (2)</b>	\$ 1,984	Approx. 0% - increase 2%

(1) Other items excluded from Non-GAAP include certain acquisition-related items and other items. Beginning in the first quarter of fiscal 2015, we changed our methodology for reporting Non-GAAP results to exclude third-party acquisition and integration services costs and certain other items, which may include major restructuring and restructuring-related costs, goodwill and long-lived asset impairment charges and litigation settlements and/or damages. Other items in Q3'15 primarily consisted of a \$44 million gain on the sale of certain assets, partially offset by \$23 million in acquisition-related items and \$6 million of severance costs relating to restructurings.

(2) Q4 FY15 total GAAP combined R&D and SG&A expenses guidance includes an estimate of the share-based compensation expense allocated to R&D and SG&A.

\* Guidance as of Jul. 22, 2015

# FY'15 Combined R&D and SG&A Expenses Guidance

In millions

	<u>Fiscal 2014 Results</u>	<u>Fiscal 2015 Guidance* (est.)</u>
<b>Non-GAAP combined R&amp;D and SG&amp;A expenses</b>	\$ 6,684	Approx. flat
<b>QSI</b>	18	Not provided
<b>Other Items (1)</b>	55	Not provided
<b>Total combined R&amp;D and SG&amp;A expenses excluding certain share-based compensation</b>	<u>6,757</u>	Approx. 0% - increase 1%
<b>Share-based compensation allocated to R&amp;D and SG&amp;A</b>	1,010	Not provided
<b>Total GAAP combined R&amp;D and SG&amp;A expenses (2)</b>	<u><u>\$ 7,767</u></u>	Approx. 0% - increase 1%

(1) Other items excluded from Non-GAAP include certain acquisition-related items and other items. Beginning in the first quarter of fiscal 2015, we changed our methodology for reporting Non-GAAP results to exclude third-party acquisition and integration services costs and certain other items, which may include major restructuring and restructuring-related costs, goodwill and long-lived asset impairment charges and litigation settlements and/or damages. Other items in fiscal 2014 consisted of acquisition-related items.

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

\* Guidance as of Jul. 22, 2015

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# Thank you

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