

December 15, 2015

Qualcomm Completes Review of Corporate and Financial Structure



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 progress executing on our Strategic Realignment Plan; our current corporate and financial structure best positioning us to maximize stockholder value, drive profitable growth, drive continued leadership in our core wireless business and extend our technologies into large new adjacent opportunities; the strategic benefits, advantages and synergies of our current structure; our leading the next generation of mobile innovation; 5G being the most encompassing evolution of wireless technology ever; our strategy to optimize value; our intention of maintaining a strong balance sheet and strong investment grade credit rating; our fiscal 2016 execution priorities; our being well positioned to continue to lead in smartphones and to benefit from the increasing relevance and importance of our smartphone technologies across a wide range of new growth opportunities; our investments in 4G and 5G, and our expectations for those investments; our expectation that we will continue to grow our share of content in devices; opportunities in adjacent areas, including automotive, IoT, networking, mobile compute, data center and small cells, and our ability to capitalize on those opportunities; our being well positioned for success as the industry goes through technology transitions; our being confident that we will conclude additional license agreements in China over time; and our expectation that we will be at or modestly above the high end of our prior GAAP and Non-GAAP earnings per share guidance ranges for the fiscal first quarter. Forward-looking statements are generally identified by words such as “estimates,” “guidance,” “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks” and similar expressions. Actual results may differ materially from those referred to in the forward-looking statements due to a number of important factors, including but not limited to risks associated with commercial network deployments, expansions and upgrades of CDMA, OFDMA and other communications technologies, our customers’ and licensees’ sales of products and services based on these technologies and our ability to drive our customers’ demand for our products and services; competition in an environment of rapid technological change; our dependence on a small number of customers and licensees; attacks on our licensing business model, including current and future legal proceedings or actions of governmental or quasi-governmental bodies or standards or industry organizations; the enforcement and protection of our intellectual property rights; the continued and future success of our licensing programs; government regulations and policies, or adverse rulings in enforcement or other proceedings; the commercial success of our new technologies, products and services; our dependence on a limited number of third-party suppliers; claims by third parties that we infringe their intellectual property; acquisitions, strategic transactions and investments; the execution of our Strategic Realignment Plan; our stock price and earnings volatility; our indebtedness; our ability to attract and retain qualified employees; foreign currency fluctuations; global economic conditions that impact the mobile communications industry, and failures in our products or services or in the products or services of our customers or licensees, including those resulting from security vulnerabilities, defects or errors. These and other risks are set forth in the Company’s Annual Report on Form 10-K for the fiscal year ended September 27, 2015 filed with the SEC. Our reports filed with the SEC are available on our website at www.qualcomm.com. We undertake no obligation to update, or continue to provide information with respect to, any forward-looking statement or risk factor, whether as a result of new information, future events or otherwise.

This presentation includes “non-GAAP financial measures” as that term is defined in Regulation G. The most directly comparable GAAP financial measures and information reconciling these non-GAAP financial measures to the Company’s financial results prepared in accordance with GAAP are included at the end of this presentation.

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

Executing on Strategic Realignment Plan

SRP initiatives

1. Aggressively right-size cost structure

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

3. Reaffirm intent to return significant capital to stockholders

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

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

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

Update

- On track to achieve \$1.4 billion spending reductions and to realize at least \$600 million in savings in FY'16

- **Current structure will drive greater value than alternatives**

- Returned a record \$14 billion in FY'15; >300% of free cash flow (FCF)
- Repurchased \$11.2 billion of common stock (including \$5 billion under accelerated share repurchase) and paid \$2.9 billion in dividends in FY'15
- For the last three fiscal years, our cumulative capital return was 140% of FCF, exceeding that of each of our proxy and semiconductor peers; Target capital return of at least 75% of FCF
- Maintain strong balance sheet; commitment to strong investment grade rating

- Director additions and departures reduced average tenure by ~3 years to ~6.5 years
- Actively recruiting additional new director

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

- Focused investments; core smartphone technologies, adjacent opportunities and new businesses
- Completed CSR acquisition and exited or reduced investments in non-core areas

Board and management fully reviewed broad set of alternatives

- **Robust review of corporate and financial structure**

- Full Board of Directors and management team performed exhaustive review
- Special Committee of six directors, including the Presiding Director and the two new independent directors
- Three financial advisors: Centerview Partners advised the Special Committee, Goldman, Sachs & Co. and Evercore advised the Company
- Three legal advisors: Jones Day acted as counsel to the Special Committee with respect to regulatory matters, DLA Piper, US LLP acted as counsel to the Board and Special Committee and Cravath, Swaine & Moore LLP acted as counsel to the Company with respect to regulatory matters
- The Boston Consulting Group was retained by the Special Committee to evaluate potential regulatory and market-based impacts of various structural alternatives

- **Comprehensive review of alternatives to maximize long-term value**

- Detailed review of broad set of alternatives
- Strategy, business model, tax, capital structure opportunities and risks considered
- Where costs and risks were identified, potential mitigants were explored

Board of Directors came to unanimous decision after comprehensive four-month review

Conclusion of review

Current structure best positioned to maximize stockholder value

- Best positioned to execute on growth strategy and build value
- Enhanced technology/IP creation – QCT R&D contributes to and expands Qualcomm’s patent portfolio
- Enhanced adoption of new technology/IP – QCT facilitates early and broad adoption of Qualcomm technology across global ecosystem and new industries
- Earlier to market with leading-edge products – fundamental R&D drives technology roadmap
- Enhanced role with standards bodies and customers – combination of technologies and global semiconductor product reach enables the Company to work more effectively within standards bodies and with ecosystem partners
- Attractive financial returns – efficient capital structure and cash flow enables investment in profitable growth and significant stockholder returns
- Cost and tax synergies – Qualcomm realizes significant annual cost savings in R&D and, to a lesser extent SG&A expenses, as well as tax synergies from not having to operate two separate companies
- Pro-competitive model benefits wireless industry and consumers

Synergies fuel growth of both businesses and create strategic advantages that cannot be replicated

Model is highly synergistic: businesses fuel each other's growth

Current structure drives creation of high-value and industry leading technology and product leadership



- ✓ Technology leadership
- ✓ Product strength
- ✓ High-value, relevant patent portfolio
- ✓ Deliver technology at scale

16% 10-year revenue CAGR*

Monetize inventions through chipset sales and IP licensing to create stockholder value

Our model has succeeded in each generation of technology...

Technology complexity is accelerating – we solve complex problems for the industry

Mobile everywhere

7.2B

Global cellular connections*

*As of Sept 2015; GSMA Intelligence, Oct. '15

Mobile 2G

D-AMPS, GSM/GPRS, cdmaOne



<0.5Mbps¹



Mobile 3G

CDMA2000/EV-DO WCDMA/HSPA+, TD-SCDMA



63+ Mbps²



Mobile 4G

LTE, LTE Advanced, LTE Advanced Pro



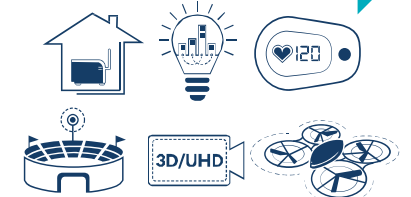
1+ Gbps³



Mobile 5G



More than multi Gbps



Why we win

Scale, reach and technology/IP powerhouse

~119,000
Total worldwide patents[^]

285+ 3G licensees[^]
155+ single-mode 4G only licensees[^]

~1.56B 3G/4G⁽⁴⁾
Est. global devices shipped in CY 2015

932M
MSM chipsets shipped in FY 2015

Technology leadership**



#1 in RF



#1 in 3G/4G LTE modem



#1 in applications processor

(1), (2), (3) and (4) See notes included in the appendix section at the end of the presentation

[^]Source: Qualcomm Incorporated granted and pending patents as of Nov.'15; licensee count as of Nov. '15.

**Sources: IHS, Apr. '15 (RF); Strategy Analytics, Jun. '15 (modem, AP)

...And will lead the next generation of mobile innovation

5G will be broadest most encompassing evolution of wireless technology ever

Enhanced mobile broadband

Extreme throughput

Multi-gigabits per second

Uniform experience

with much more capacity

Ultra-low latency

down to 1ms e2e latency

High availability

Multiple links for failure tolerance and mobility

✓ **UltraSON**
Self organizing networks

✓ **MuLTFire**

✓ **LSA**
Licensed shared access (LSA) and similar

✓ **Advanced receivers**
and interference management

✓ **LTE broadcast**

Massive Internet of Things

Lower complexity

Low device and network cost

Long range

Deep coverage

Power efficient

Multi-year battery life

High reliability

Extremely low loss rate

Ultra-low latency

Down to 1ms e2e latency

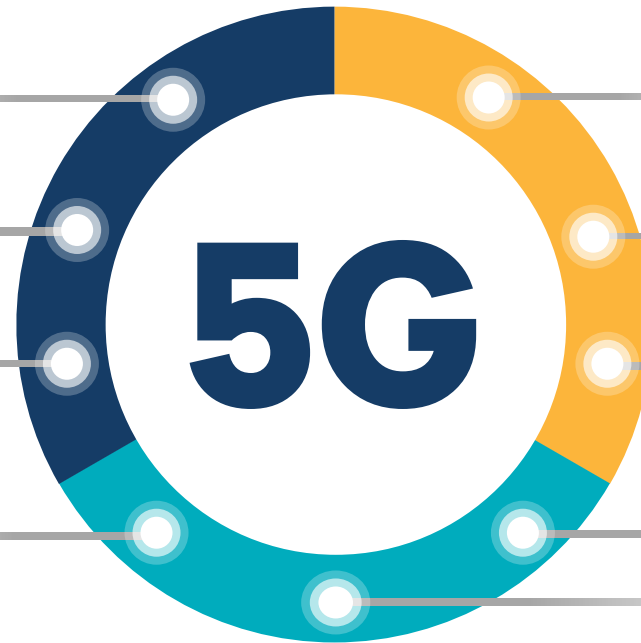
✓ **Wi-Fi technology leadership**

11ah, 11ad, 11ax, Wi-Fi Aware, Wi-Fi Direct

✓ **LTE direct device-to-device**

✓ **LTE-M** (machine-type communications), NB-IOT

✓ **60 GHz**



New, mission-critical services

✓ **Massive MIMO**

✓ **BT technology leadership**

✓ **Wi-Fi- DSRC**

✓ **Deliver global interoperability**

Extending innovation into key new opportunities

Driving mobile technologies and core competencies into large new opportunities

Smartphones



8.5B+ cumulative shipments 2015-2019*

Adjacent opportunities



Automotive



IoT



Networking



Mobile compute

**\$12B+ FY'15 → \$25B+ FY'20
Chipset revenue opportunity****

New businesses



Data center[^]

**Small cells
Healthcare**

Empowering a connected world: smartphone technology in everything

Why we win

- ✓ Technology leadership
- ✓ Growing share of device content
- ✓ #1 ARM based processor provider
- ✓ Breadth of product roadmap/tiers
- ✓ Broad distribution channels
- ✓ Global scale; strong capital base

* Cumulative smartphone shipments, Gartner Sept.'15;

** Chipset revenue opportunity - SAM (Serviceable Addressable Market): combination of third party and internal estimates excluding impacts of any future M&A activities

[^] Total Addressable Market >\$15B by 2020 based on Gartner Nov. '14, IDC Nov. '14 and internal estimates

Aggressive strategy to optimize value

Lead transition to 5G and extend core technologies into new opportunities

1. Build on core technology roadmap

- Drive LTE-U, convergence with Wi-Fi and 5G
- Grow content in handsets through RF front end, connectivity, security and emerging technologies

2. Drive growth in new areas

- Extend into adjacent opportunities that leverage our core competencies of communications and compute, such as networking, mobile computing, IoT and automotive
- Pursue disruptive opportunities in data center, small cells and certain IoT verticals, including healthcare

3. Reduce costs & disciplined capital allocation

- Execute on cost reductions to build from a profitable base
- Preserve strategic flexibility
- Continue to significantly return capital to stockholders, including target capital return of at least 75% of free cash flow
- Commitment to strong investment grade rating

Taking actions to drive profitable growth

Fiscal 2016 execution priorities

Exit fiscal 2016 on improving financial trajectory

- Conclude new license agreements and improve compliance with Chinese OEMs
- Execute on SRP including spending reductions of \$1.4 billion to right size the business and realize at least \$600 million in savings in fiscal 2016; improve QCT operating margin to at least 16% in the fourth quarter of fiscal 2016
- Deliver on QCT roadmap across tiers, including Snapdragon 820 – strong customer interest
- Grow revenues from adjacent opportunities
- Continue to invest in technology leadership that will drive growth in the core and new areas, and execute on focused longer-term growth initiatives
- Maintain constructive dialogue with regulatory bodies
- Continue to return significant capital to stockholders

Analyst Day scheduled for February 11, 2016 in San Diego

Footnotes

1. Peak data rate based on GSM/GPRS specifications; latest Evolved EDGE has peak download data rates capable of up to 1.2 Mbps.
2. Peak data rate based on 3GPP HSPA+ specifications, download 3x carrier aggregation; HSPA+ specification includes additional potential carrier aggregation and use of multiple antennas.
3. Approximate 1 Gbps peak data rate based on 3GPP LTE Advanced specification using Category 16 3x20 MHz downlink carrier aggregation with 256-QAM and 4x4 MIMO; LTE specification includes additional potential carrier aggregation and additional use of multiple antennas for fasted data rates.
4. Global 3G/4G devices include not only those devices reported to us but also our estimates of unreported and unlicensed device sales, but excludes TDSCDMA devices that do not implement LTE or any other form of CDMA (such as CDMA2000 and WCDMA).

Reconciliations

Free cash flow^(a)

In millions

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

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

Thank you

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