

January 31, 2018

Qualcomm

First quarter 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 significant growth potential; expanding our products and technologies into attractive new markets; our benefiting from our technology and product leadership in mobile, and our leveraging that leadership into a growing set of opportunities across RF front-end, auto, IoT, mobile compute and networking; our fiscal second quarter guidance reflecting some higher than normal seasonality due to near-term inventory build in the handset market; our expectation that the strong year-over-year performance in QCT will continue in our fiscal second quarter; our longer term outlook for our business remaining unchanged as we continue to see positive trends, with higher than expected global smartphone ASPs in QTL and strong share and product trends for QCT across multiple growth areas; the expansion of our relationship with Samsung and the potential benefits thereof; the strength of our design pipeline in adjacent opportunities; our automotive order backlog; our belief that RF front-end design leadership will transition from dedicated component suppliers back to system solution providers in 5G; our reshaping the carrier segment with our mesh solutions while gaining share from key incumbents; the non-binding MOUs we entered into with certain Chinese handset manufacturers for the multi-year purchase of our RF front-end solutions totaling at least \$2 billion dollars, and the potential impact on our RF front-end share at these accounts; our 5G Pioneer initiative in China; 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 on our financial results and guidance; Apple as a valued customer and our openness to finding a path to resolution and collaboration with them; our forecasting some short-term end-market softness, driven by larger than typical sequential correction in orders from a thin modem customer, and near-term smartphone trends in China; our continuing to see favorable long-term trends, including flagship handset launches later this year and the ramp of 5G device shipments beginning in early calendar 2019; the near-term and longer-term value opportunity for our stockholders and our plan to deliver \$6.75 to \$7.50 in Non-GAAP earnings per share in fiscal 2019; our huge opportunity for growth and diversification through our expansion into new, complementary, adjacent opportunities, and the expansion of our Service Addressable Market (SAM) from 23 billion dollars in 2015 to approximately 150 billion dollars by 2020 - or more than 6 times the size of our 2015 SAM; our lead in 5G and the transition to 5G providing us with the opportunity to benefit from our significant technology lead; our cost reduction initiatives; the amount and timing of cash payments we expect to make in connection with the one-time repatriation tax on our offshore deemed repatriated earnings and profits; the longer term impact of U.S. tax reform on our effective tax rate; regulatory matters, including our intent to appeal the KFTC and European Commission decisions; our proposed acquisition of NXP, and our expectations regarding required regulatory approvals, the timing of the close and funding of the transaction, and the strategic, business and financial implications thereof; business and growth opportunities and priorities, including in 5G, RF front end and adjacent businesses such as automotive, IoT, security, networking and datacenter, and our investments therein and positioning to take advantage of opportunities in these areas; our business, product and technology strategies; our technologies and technology leadership, products and product leadership, and product roadmap; our business trends, as well as 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, revenue per MSM, margins, combined R&D and SG&A expenses, interest expense, interest expense net of investment income, effective tax rates, 3G/4G device sales, shipments and average selling prices (ASPs), seasonal trends, 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 the disruptive takeover proposal to which we are subject; 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 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 acquired through the formation 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; our cost reduction plan; our compliance with laws, regulations, policies and standards; our use of open source software; our stock price and earnings volatility; our indebtedness; security breaches or other misappropriation of our intellectual property or proprietary or confidential information; potential tax liabilities; global, regional or local economic conditions 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 Quarterly Report on Form 10-Q for the fiscal quarter ended December 24, 2017 filed with the SEC. Our reports filed with the SEC are available on our website at www.qualcomm.com. We undertake no obligation to update, or continue to provide information with respect to, any forward-looking statement or risk factor, whether as a result of new information, future events or otherwise.

This presentation includes "non-GAAP financial measures" as that term is defined in Regulation G. Further discussion regarding our use of non-GAAP financial measures, as well as the most directly comparable GAAP financial measures and information reconciling these non-GAAP financial measures to our financial results prepared in accordance with GAAP, are included at the end of this presentation.

We refer to "Qualcomm" for ease of reference. However, in connection with our 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 first quarter fiscal 2018 earnings

Quarter ended December 24, 2017

- Our fiscal first quarter results reflect continued strong performance in our semiconductor business, as well as continued strength in 3G/4G handset ASPs.
- We recently detailed our roadmap for value creation, outlining the significant growth potential for Qualcomm as we enter the 5G world and our products and technologies expand into attractive new markets.
- We announced an amended and expanded long-term licensing agreement with Samsung and a multi-year QCT strategic relationship agreement with Samsung.

First quarter fiscal 2018 results vs. guidance

	Q1 '18 Guidance*	Q1 '18 Results ⁽⁴⁾
Revenues	\$5.5B - \$6.3B	\$6.1B
Non-GAAP ⁽¹⁾ combined R&D and SG&A expenses	Decrease 1% - 3% sequentially	Increase 1% sequentially
Non-GAAP ⁽¹⁾ diluted EPS ⁽²⁾	\$0.85 - \$0.95	\$0.98
MSM chip shipments	220M - 240M	237M
QCT EBT margin %	18% - 20%	21%
QTL revenues ⁽³⁾	\$1.1B - \$1.3B	\$1.3B
QTL EBT margin %	68% - 72%	68%

* Prior guidance as of November 1, 2017, which 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.

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

Second quarter fiscal 2018 guidance

As of January 31, 2018

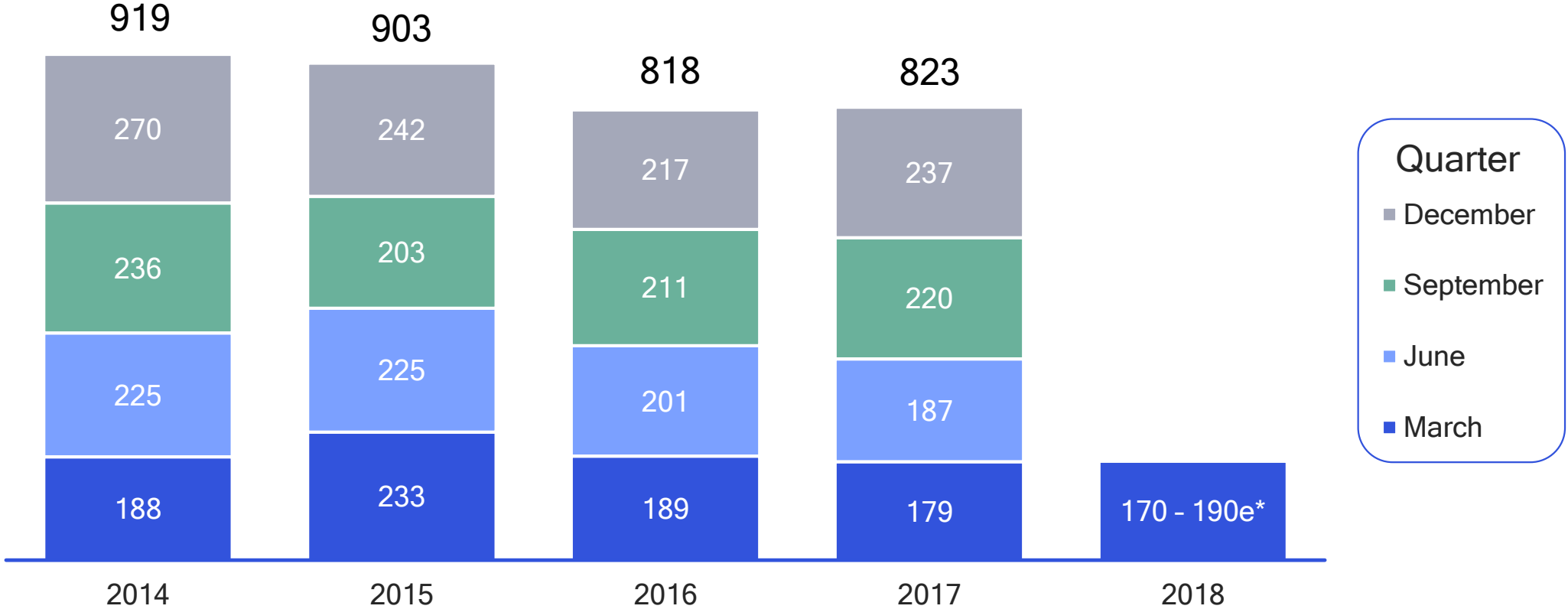
	Q2 '18 Guidance*
Revenues	\$4.8B - \$5.6B
Non-GAAP ⁽¹⁾ combined R&D and SG&A expenses	Flat to decrease 2% sequentially
Non-GAAP ⁽¹⁾ diluted EPS ⁽²⁾	\$0.65 - \$0.75
MSM chip shipments	170M - 190M
Revenue per MSM	Up sequentially
QCT EBT margin %	13% - 15%
QTL revenues ⁽³⁾	\$1.15B - \$1.35B
QTL EBT margin %	64% - 68%
Non-GAAP ⁽¹⁾ tax rate	~8%
Non-GAAP ⁽¹⁾ interest expense, net of investment income	~\$60M
	FY '18 Guidance*
Non-GAAP ⁽¹⁾ tax rate	~8%

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

* Our financial guidance for the second quarter of fiscal 2018 excludes QTL revenues for royalties due on the sale of Apple's products by Apple's contract manufacturers, as well as the sale 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.

MSM chip shipments

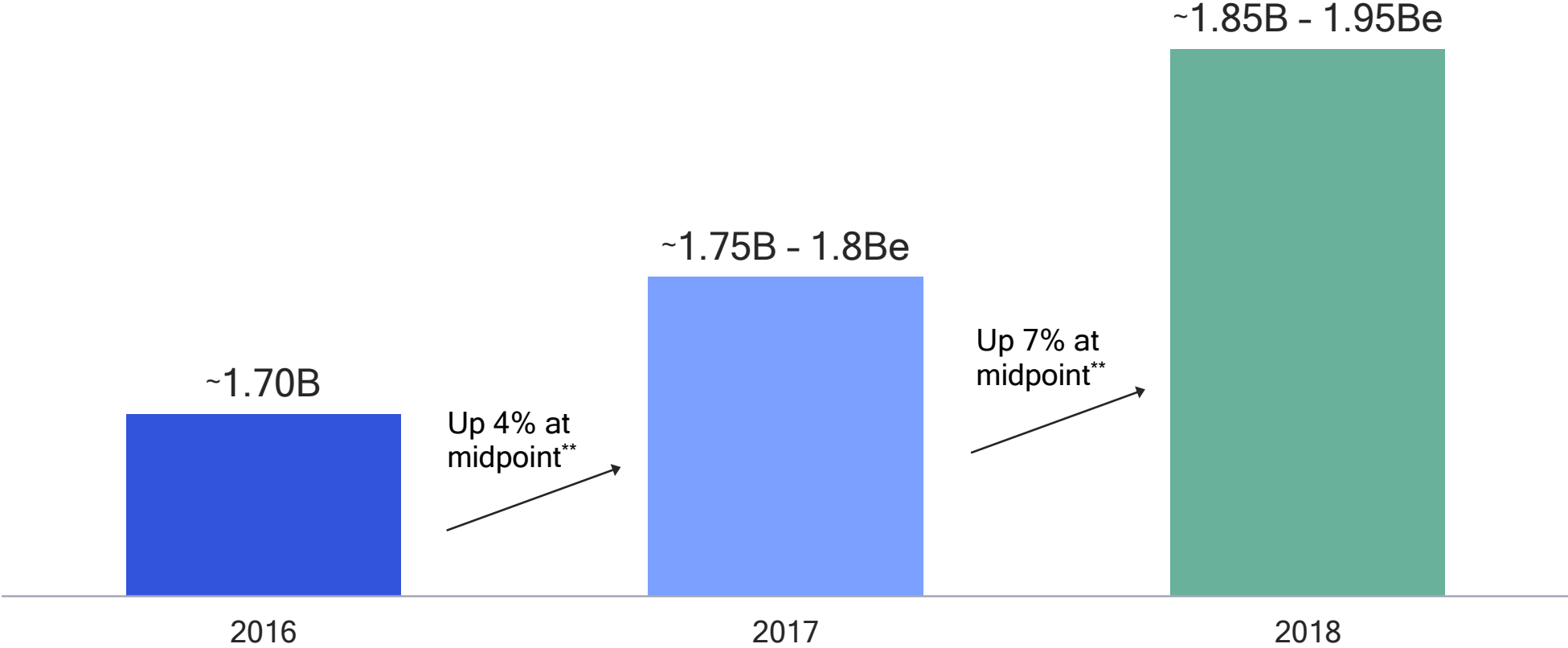
Calendar year, millions



* Guidance as of January 31, 2018.

Global 3G/4G device shipment* estimates

Calendar year, as of January 31, 2018



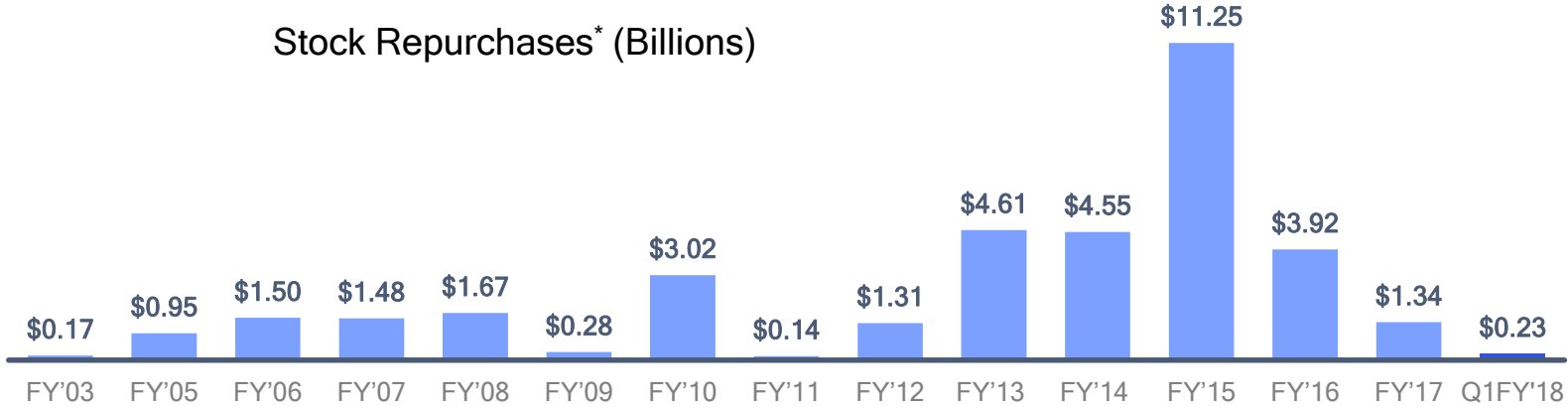
* Global 3G/4G device shipments represent our estimate of CDMA-based, OFDMA-based and CDMA/OFDMA multimode subscriber devices shipped globally, excluding TD-SCDMA devices that do not implement LTE. We continue to believe that certain licensees, particularly in China, are not fully complying with their contractual obligations to report their sales of licensed products to us, and certain companies, including unlicensed companies, 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 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 \$59.7 billion returned to stockholders

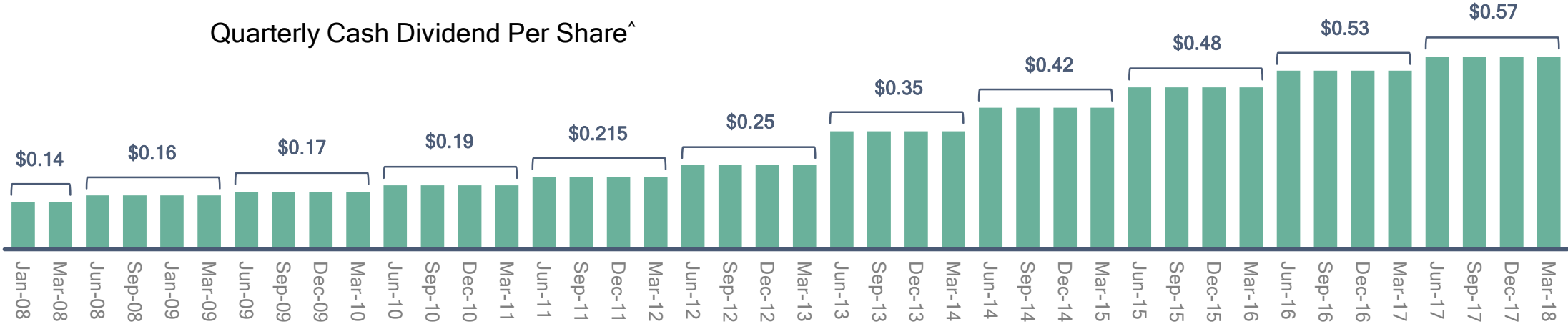
As of December 24, 2017

Stock Repurchases* (Billions)



\$1.4 billion remained authorized for repurchase under our stock repurchase program

Quarterly Cash Dividend Per Share^



* 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	Dec '16	Dec '17 [^]
<i>Domestic</i>	\$1.9	\$8.5
<i>Offshore</i>	\$27.9	\$31.4
Total cash, cash equivalents & marketable securities	\$29.8	\$39.9
Total assets	\$52.4	\$64.4
Stockholders' equity	\$31.2	\$23.9
Debt [*]	\$11.7	\$22.8
EBITDA ^{**} (4)	\$1.1	\$0.4
Free cash flow ^{***} (4)	\$1.5	\$1.5

[^] In May 2017, we issued an aggregate principal amount of \$11.0 billion of unsecured floating and fixed-rate notes, which are intended to be used to finance, in part, our proposed acquisition of NXP Semiconductors N.V. and other related transactions and for general corporate purposes.

^{*} 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.

(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 (loss) income and diluted (loss) earnings per share (EPS) are attributable to Qualcomm (i.e., after adjustments for noncontrolling interests), unless otherwise stated.
3. Royalties are recognized when reported, generally one quarter following shipment and when all other revenue recognition criteria are met.
4. The first quarter of fiscal 2018 and fourth quarter of fiscal 2017 GAAP and Non-GAAP results were negatively impacted by our continued dispute with Apple and its contract manufacturers (who are Qualcomm licensees), as well as the previously disclosed dispute with another licensee. We did not record any QTL revenues in the first quarter of fiscal 2018 or fourth quarter of fiscal 2017 for royalties due on sales of Apple's or the other licensee's products. The first quarter of fiscal 2017 results included approximately \$740 million in QTL revenues related to the products of Apple and the other licensee in dispute. We expect the actions taken by these licensees will continue until the respective disputes are resolved.

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

- The first quarter of fiscal 2018 GAAP results included:
 - \$6.0 billion charge, or (\$4.03) per share, relating to the enactment of the Tax Cuts and Jobs Act (the Tax Legislation) in the United States (U.S.), which was comprised of \$5.3 billion related to the estimated one-time repatriation tax on deemed repatriated earnings and profits of U.S.-owned foreign subsidiaries (the Toll Charge), \$562 million resulting from the estimated impact of remeasurement of U.S. deferred tax assets and liabilities that existed at the end of fiscal 2017 at a lower enacted corporate income tax rate and \$86 million resulting from our decision to no longer indefinitely reinvest certain foreign earnings. We currently estimate that we will pay \$3.3 billion for the Toll Charge, after application of certain tax credits, which is payable in installments over eight years beginning on January 15, 2019.
 - \$1.2 billion charge, or (\$0.76) per share, for the fine imposed by the European Commission (EC), for which we intend to provide a financial guarantee to satisfy the obligation.
- The first quarter of fiscal 2017 GAAP results included:
 - \$868 million charge, or (\$0.49) per share, for the fine imposed by the Korea Fair Trade Commission (KFTC).
- The fourth quarter of fiscal 2017 GAAP results included:
 - \$778 million charge, or (\$0.52) per share, for the fine imposed by the Taiwan Fair Trade Commission (TFTC), which will be paid in 60 monthly installments beginning on January 30, 2018.

Reconciliations



Note regarding use of Non-GAAP financial measures

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

The Company uses 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) and diluted earnings (loss) per share. The Company is able to assess what it believes is a more meaningful and comparable set of financial performance measures for the Company and its business segments by using Non-GAAP information. In addition, the Compensation Committee of the Board of Directors uses certain Non-GAAP financial measures in establishing portions of the performance-based incentive compensation programs for our executive officers. The Company presents Non-GAAP financial information to provide greater transparency to investors with respect to its use of such information in financial and operational decision-making. This Non-GAAP financial information is also used by institutional investors and analysts in evaluating the Company’s business and assessing trends and future expectations.

Non-GAAP information used by management excludes 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 the first quarter of 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.

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.

Non-GAAP results

In millions, except per share data

	Non-GAAP Results	QSI	Share-based Compensation	Other Items ⁽¹⁾⁽²⁾⁽³⁾	GAAP Results
Q1 '18	Revenues	\$6,038	\$30	\$0	\$6,068
	Net income (loss)	\$1,468	\$8	(\$199)	(\$5,953)
	Diluted EPS ⁽⁴⁾	\$0.98	\$0.01	(\$0.13)	(\$4.03)
	Diluted shares ⁽⁴⁾	1,491	1,491	1,491	1,477
Q1 '17	Revenues	\$5,985	\$14	\$0	\$5,999
	Net income (loss)	\$1,783	(\$11)	(\$190)	\$682
	Diluted EPS	\$1.19	(\$0.01)	(\$0.13)	\$0.46
	Diluted shares	1,495	1,495	1,495	1,495

(1) In the first quarter of fiscal 2018, other items excluded from Non-GAAP net income included a \$1.2 billion charge related to the fine imposed by the European Commission (EC), \$187 million of acquisition-related charges and \$3 million of net foreign currency transaction losses related to the Taiwan Fair Trade Commission (TFTC) fine. Other items also included a \$6.0 billion charge relating to Tax Legislation partially offset by a \$45 million tax benefit to reconcile the tax provision for each column to the total GAAP tax provision for the quarter, a \$30 million tax benefit for the tax effect of acquisition-related items in EBT and a \$21 million tax benefit for the combined effect of other items in EBT.

(2) In the first quarter of fiscal 2017, other items excluded from Non-GAAP EBT included an \$868 million charge related to the Korea Fair Trade Commission (KFTC) fine, \$159 million of acquisition-related charges, \$30 million of impairment charges and \$8 million of restructuring and restructuring-related charges related to our Strategic Realignment Plan. The "Other Items" column included tax benefits of \$130 million to reconcile the tax provision for each column to the total GAAP tax provision for the quarter primarily due to the impact of the charge related to the KFTC fine, \$16 million for the tax effect of acquisition-related items in EBT and \$19 million for the combined tax effect of other items in EBT.

(3) 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.

(4) As a result of the net loss in our GAAP results in the first 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. The diluted EPS impacts of the \$6.0 billion charge resulting from the Tax Legislation and the \$1.2 billion charge related to the fine imposed by the EC were 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.

EBITDA⁽¹⁾

In millions

	Q1 '17	Q1 '18
Net (loss) income	\$681	(\$5,953)
Plus: Income tax expense	189	5,926
Plus: Depreciation and amortization expense	329	363
Plus: Interest expense	90	170
Less: Interest and dividend income	167	126
EBITDA	\$1,122	\$380

(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.

Q1 '18 combined R&D and SG&A expenses, sequential comparison

In millions

	Q4 '17 Results	Q1 '18 Results	% Increase	Q1 '18 Guidance* (est.)
Non-GAAP combined R&D and SG&A expenses	\$1,860	\$1,874	1%	decrease 1% - 3%
QSI	4	3		n/p
Other items ⁽¹⁾	80	78		n/p
Total combined R&D and SG&A expenses excluding certain shared-based compensation	1,944	1,955	1%	decrease 2% - 4%
Share-based compensation allocated to R&D and SG&A	195	238		n/p
Total GAAP combined R&D and SG&A expenses	\$2,139	\$2,193	3%	decrease 0% - 2%

(1) Other items in Q4'17 and Q1'18 consisted primarily of acquisition-related items.

* Guidance as of Nov. 1, 2017.

Tax rates

In millions

		Non-GAAP Results	QSI	Share-based Compensation	Other Items ⁽³⁾⁽⁴⁾	GAAP Results
Q1 '18	Income (loss) before income taxes	\$1,583	\$11	(\$248)	(\$1,373)	(\$27)
	Income tax (expense) benefit	(115)	(3)	49	(5,857)	(5,926)
	Net income (loss) ⁽¹⁾	\$1,468	8 ⁽²⁾	(199) ⁽²⁾	(7,230) ⁽²⁾	(\$5,953)
	Tax rate	7%	0% ⁽²⁾	(2%) ⁽²⁾	(21,953%) ⁽²⁾	(21,948%)
FY '18	Estimated annual tax rate	8%	0% ⁽²⁾	(1%) ⁽²⁾	290% ⁽²⁾	297%
Q2 '18	Estimated tax rate	8%	1% ⁽²⁾	(1%) ⁽²⁾	0% ⁽²⁾	8%

(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 first quarter of fiscal 2018, the tax expense in the "Other Items" column included a \$6.0 billion charge resulting from Tax Legislation, partially offset by a \$45 million tax benefit to reconcile the tax provision for each column to the total GAAP tax provision for the quarter, a \$30 million tax benefit for the tax effect of acquisition-related items in EBT and a \$21 million tax benefit for the combined effect of other items in EBT.

(4) In fiscal 2018, the estimated annual effective tax rate for the "Other Items" column included a \$6.0 billion charge resulting from Tax Legislation, partially offset by a \$119 million tax benefit for the tax effect of acquisition-related items in EBT and a \$24 million tax benefit for the combined effect of other items in EBT.

Free cash flow^(a)

In millions

Q1 '18	Non-GAAP Results	QSI	Share-based Compensation ^(b)	Other Items ^(c)	GAAP Results
Net cash provided (used) by operating activities ^(b)	\$1,844	\$9	-	(\$91)	\$1,762
Less: Capital expenditures	(226)	-	-	-	(226)
Free cash flow	\$1,618	\$9	-	(\$91)	\$1,536
Revenues	\$6,038	\$30	-	-	\$6,068
Net cash provided by operating activities as % revenues	31%	N/A	N/A	N/A	29%
Free cash flow as % revenues	27%	N/A	N/A	N/A	25%

Q1 '17	Non-GAAP Results	QSI	Share-based Compensation ^(b)	Other Items ^(c)	GAAP Results
Net cash provided (used) by operating activities ^(b)	\$1,616	(\$14)	-	(\$16)	\$1,586
Less: Capital expenditures	(129)	-	-	-	(129)
Free cash flow	\$1,487	(\$14)	-	(\$16)	\$1,457
Revenues	\$5,985	\$14	-	-	\$5,999
Net cash provided by operating activities as % revenues	27%	N/A	N/A	N/A	26%
Free cash flow as % revenues	25%	N/A	N/A	N/A	24%

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

(b) In the first quarter of fiscal 2018, we adopted new accounting guidance that changed the presentation of certain cash flows related to share-based awards in the statement of cash flows. As a result of these changes, GAAP amounts for Q1 FY17 have been adjusted to conform to the current year presentation as follows: net cash provided by operating activities increased by \$207 million with a corresponding offset to net cash used in financing activities. In addition, previously the reconciliation from non-GAAP to GAAP operating cash flows had included an adjustment for incremental tax benefits from share-based compensation as this amount was classified as a reduction to net cash provided by operating activities but was not included in net income. In accordance with the new accounting guidance adopted, cash flows related to incremental tax benefits are now classified within net cash provided by operating activities and are included in net income and, therefore, we have recorded no adjustment to GAAP operating cash flows in the first quarter of fiscal 2017 and 2018 related to our share-based compensation.

(c) Other Items excluded from Non-GAAP results primarily consisted of acquisition-related and restructuring activities.

N/A - Not Applicable

Q1 '18 QTL EBT margin

In millions

Q1 '18 Results

QTL Revenues	\$1,299
QTL GAAP EBT	\$887
Add back QTL bad debt expense	\$45
QTL EBT excluding bad debt expense	\$932
QTL GAAP EBT margin	68%
QTL EBT margin excluding bad debt expense	72%

Q2 '18 Non-GAAP interest expense, net of investment income guidance

As of January 31, 2018

In millions

Q2 '18 Estimates

Non-GAAP interest expense, net of investment income	~(\$60)
Plus: Amounts attributable to QSI	\$50
Plus: Amounts attributable to share-based compensation	-
Plus: Amounts attributable to other items	(\$2)
GAAP interest expense, net of investment income	~(\$12)

Previous business outlook

As of November 1, 2017

	Q1 '18 Previous Guidance Estimate ⁽²⁾
Revenues	\$5.5B - \$6.3B
GAAP diluted EPS	\$0.63 - \$0.73
Less diluted EPS attributable to QSI	\$0.01
Less diluted EPS attributable to share-based compensation	(\$0.14)
Less diluted EPS attributable to other items ⁽¹⁾	(\$0.09)
Non-GAAP diluted EPS	\$0.85 - \$0.95

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

(2) Our financial guidance for the first 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.

Business outlook

As of January 31, 2018

	Q2 '17 Results ⁽¹⁾	Q2 '18 Estimates ⁽²⁾
Revenues	\$5.0B	\$4.8B - \$5.6B
Year-over-year change		<i>decrease 4% - increase 12%</i>
GAAP diluted EPS	\$0.50	\$0.41 - \$0.51
Less diluted EPS attributable to QSI	\$0.00	\$0.03
Less diluted EPS attributable to share-based compensation	(\$0.14)	(\$0.14)
Less diluted EPS attributable to other items	(\$0.69)	(\$0.13)
Non-GAAP diluted EPS	\$1.34	\$0.65 - \$0.75
Year-over-year change		<i>decrease 44% - 51%</i>

(1) The second quarter of fiscal 2017 GAAP results included a \$974 million reduction to revenues, or (\$0.48) per share, related to the BlackBerry arbitration decision. Diluted EPS attributable to other items for the second quarter of fiscal 2017 was primarily attributable to the reduction to revenues related to the BlackBerry arbitration decision and acquisition-related items. The second quarter of fiscal 2017 results included QTL revenues related to the products of Apple's contract manufacturers and the other licensee in dispute.

(2) Our financial guidance for the second quarter of fiscal 2018 excludes QTL revenues for royalties due on the sale of Apple's products by Apple's contract manufacturers, as well as the sale 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. Our guidance for diluted EPS attributable to other items for the second quarter of fiscal 2018 is primarily attributable to acquisition-related items.

Sums may not equal totals due to rounding.

Q2 '18 combined R&D and SG&A expenses guidance*

In millions

	Q1 '18 Results	Q2 '18 Guidance* (est.)
Non-GAAP combined R&D and SG&A expenses	\$1,874	Approx. decrease 0% - 2%
QSI	3	Not provided
Other items ⁽¹⁾	78	Not provided
Total combined R&D and SG&A expenses excluding certain shared-based compensation	1,955	Flat
Share-based compensation allocated to R&D and SG&A	238	Not provided
Total GAAP combined R&D and SG&A expenses ⁽²⁾	\$2,193	Approx. decrease 0% - 2%

(1) Other items in Q1'18 consisted primarily of acquisition-related items.

(2) Q2'18 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 Jan 31, 2018.

Fiscal 2019 Earnings Per Share (EPS) guidance*

	Fiscal 2019 EPS (est.) ⁽²⁾	Fiscal 2019 Accretion from NXP ⁽²⁾	Accretion from Share Repurchase
GAAP diluted EPS	\$4.47 - \$5.22	\$0.08	\$1.26
Less: Diluted EPS attributable to QSI	\$0.02	N/A	\$0.01
Less: Diluted EPS attributable to share-based compensation	(\$0.73)	(\$0.16)	(\$0.16)
Less: Diluted EPS attributable to other items ⁽¹⁾	(\$1.57)	(\$1.26)	(\$0.09)
Non-GAAP diluted EPS	\$6.75 - \$7.50	\$1.50	\$1.50
Less: Diluted EPS attributable to income from customers involved in licensee disputes	\$1.50 - 2.25		
Non-GAAP EPS, before impact of expected licensing resolutions	\$5.25		

(1) Other items excluded from Non-GAAP in fiscal 2019 consist primarily of acquisition-related items.




(2) Fiscal 2019 estimated EPS and EPS accretion assume close of the pending NXP acquisition. Estimated amortization of intangible assets included in other items was based on a preliminary purchase price and are subject to change when the formal valuation and other studies are finalized. The differences that will occur between the preliminary estimates and the final purchase accounting could be material.

Sums may not equal totals due to rounding

* Guidance as of Jan 31, 2018.



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