

July 22, 2015

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# Strategic Realignment Plan

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# Safe Harbor

This presentation and the conference call it accompanies 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; industry trends and product cycle issues and their impact on QCT; our confidence in the future and our rationale therefor; QTL and QCT opportunities, including adjacent opportunities, and our positioning for growth in those businesses; and our estimates and guidance regarding revenues, service addressable opportunities, global 3G/4G device sales, long-term QCT and QTL operating margin targets, and the CSR acquisition being accretive to FY16 Non-GAAP EPS. 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 ability to successfully execute our Strategic Realignment Plan, including our ability to achieve anticipated cost savings in anticipated timeframes, and to improve our operations and business and financial results; 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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# Agenda

- Strategic Realignment Plan
- Industry Assessment & Key Initiatives
- Summary

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# Qualcomm Strategic Realignment Plan

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 of Directors
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

# \$1.4 Billion Spending Reduction Plan

## Reduction in spending\* vs. FY'15

~\$1.1B

QCT spend

~\$800M

Non-QCT spend

~\$300M

FY'16 planned reduction

\$600M+

Timing of full run rate savings

Q4 FY'16

## Reduction in share-based compensation (SBC) grants vs. FY'15

~\$300M

## Restructuring charges estimate\*\*

~\$350M-\$450M

## QCT operating margin targets

Q4 FY'16^

16%+

Long-term

20%+

## Spending base\*

~\$7.3B



FY'15 baseline\*

~\$6.2B



Annual run rate exiting FY'16

\* Spending base relates to R&D expenses, SG&A expenses and certain non-product related cost of sales and excludes impacts of M&A activity; FY'15 baseline is expected fiscal 2015 spend, adjusted for variable compensation.

\*\* Restructuring and restructuring-related charges include an estimate of severance costs, lease termination costs, acceleration of depreciation, consultancy fees and other costs, which will be excluded from our Non-GAAP results.

^ Excludes pending CSR transaction.

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# Actions to Achieve Cost Targets

Dedicated team established to manage execution of cost reduction plan

- **Resize and realign QCT spend**
  - ~15% reduction in full-time headcount, in line with the rest of the company
  - Significantly reduce temporary workforce
  - Streamline engineering organization
  - Increase mix of resources in lower-cost regions and reduce locations
  - Invest in most differentiated technology areas
- **Significant reduction in investments outside of QCT and QTL**
- **Drive SG&A efficiencies on an ongoing basis**

Manage costs while maintaining technology leadership, product roadmap  
and investment in most promising growth opportunities

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## Review of Corporate & Financial Structure

- Qualcomm's Board and management, with the assistance of outside financial advisors, are conducting a review of the Company's corporate structure (including possible business separation alternatives), capital return opportunities and other potential strategic and financial alternatives available to the Company to create stockholder value
- The Company does not expect to publicly comment on this review prior to its completion, which is expected to occur by the end of the calendar year

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# Reaffirming Commitment to Significant Capital Return Program

Commitment to return  
minimum of **75%** of  
free cash flow to stockholders in  
repurchases and dividends

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Annualized dividend  
increased **14%** to **\$1.92** per share  
(announced in March 2015)

Plus\* **\$10B** of share  
repurchases between  
March 2015 – March 2016:  
**\$6.4B\*\*** including ASR

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**+\$25B\*\*** cumulative  
returned to stockholders  
since 2012

\* Targeting incremental \$10B of share repurchases from March 2015 through March 2016, in addition to our commitment to return 75% of free cash flow to stockholders through dividends & repurchases.

\*\* Through July 22, 2015 and includes \$5B related to accelerated share repurchase (ASR) agreements, which are expected to settle in or before November 2015.



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# Board and Executive Compensation Changes

- Adding new Directors with complementary skill sets
  - Mark McLaughlin and Anthony Vinciguerra have been added to the Board
  - New Directors bring skills and perspectives that will be helpful to the Company as it implements its Strategic Realignment Plan
  - Will appoint one additional independent Director
- Reducing the average tenure of the Board of Directors
  - General Brent Scowcroft and Duane Nelles have retired from the Board, the Company and Board thanks them for their dedication to the Company, service to stockholders and substantial contributions to the growth in the value of Qualcomm
  - Sir Donald Cruickshank had previously informed the Company that he will not stand for re-election in 2016
  - Raymond Dittamore has advised the Company that he does not intend to stand for re-election in 2017\*
- Further align executive compensation with performance and stockholder return objectives
  - Plans to add return-based metric (ROIC) for performance-based equity awards and utilize EPS calculation including SBC for annual cash bonuses

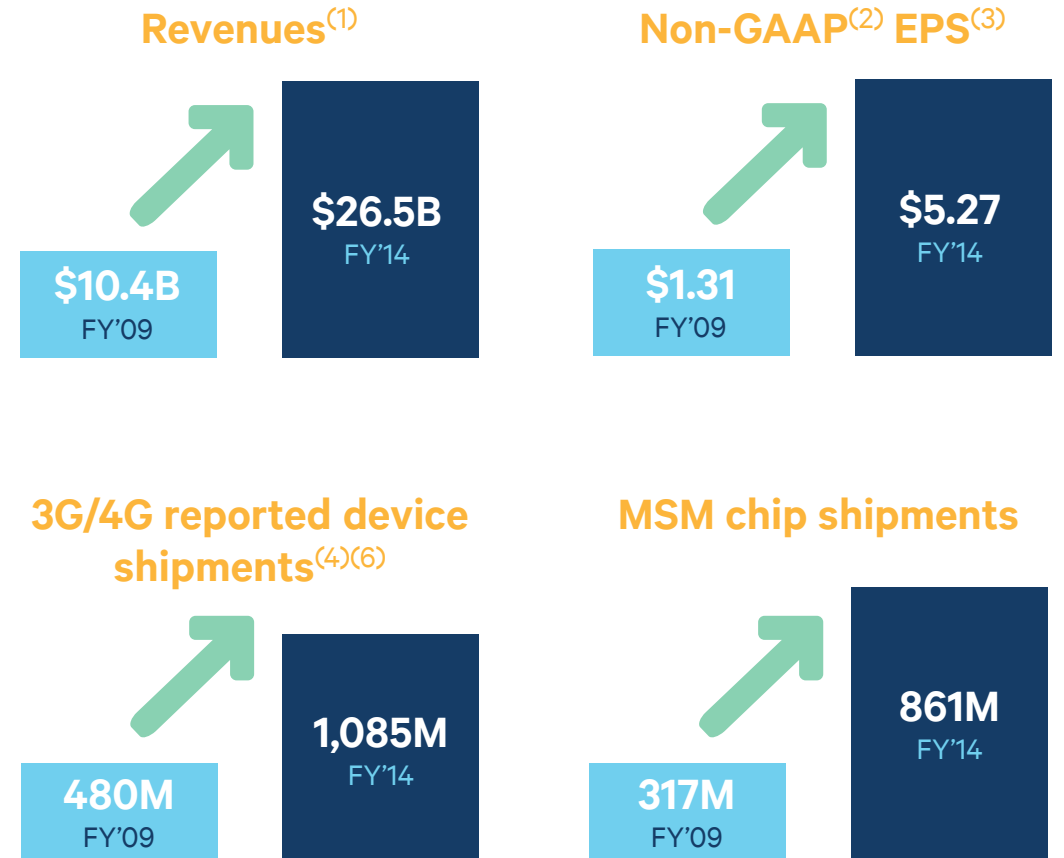
\* Assuming he is re-elected to the Board at the Company's 2016 Annual Meeting of Stockholders

# Assets and Track Record Give Us Confidence in the Future

Positioned to extend technology leadership, scale and strong balance sheet to address current environment

## Successfully navigated many industry transitions

- CDMA2000 → WCDMA → LTE
- CDMA2000 modem → #3 semiconductor company\*
- Baseband modem → smartphone SOC platform
- Handsets → connectivity + networking + compute
- NDRC resolution and China chipset success



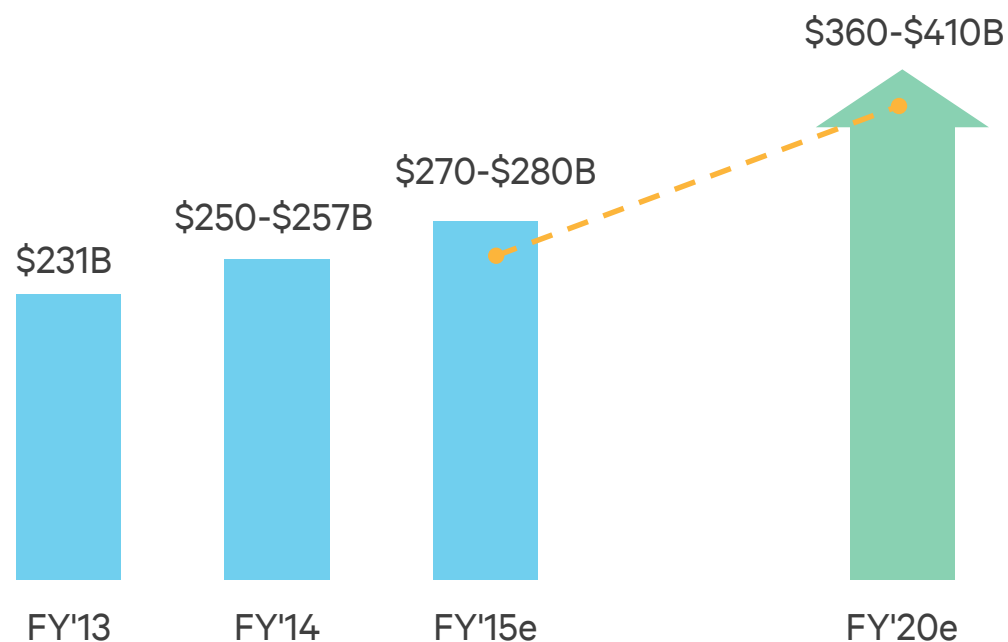
\*According to IHS, April 2015

(1), (2), (3) (4) & (6) See footnotes page at the end of the presentation.

# QTL - Strong Foundation for Sustained Growth

Significant opportunities ahead

**Global 3G/4G device sales<sup>(5)</sup> CAGR:**  
**mid- to high-single-digit %\***  
(FY'15 – FY'20)



- **Leading intellectual property position**

- Most widely licensed, broad-based IP portfolio
- Continuing to invest in wireless technologies, as well as a broad set of other device technologies

- **Strong global 3G/4G growth**

- **Modest compound annual % decline in 3G/4G global device ASP<sup>(5)</sup>, consistent with prior view**

- **China**

- Making progress
- Implementing additional compliance measures

- **Long-term QTL operating margin target of 86-88%\***

\* Guidance as of July 22, 2015

(5) See footnotes page at the end of the presentation.

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# QCT Leadership Position in Changing Industry

- Growing technology leadership position
  - Product roadmap, developed in tandem with leading global network operators, remains at the forefront of the industry
- Industry leading innovator with worldwide scale
  - Footprint and scale provide cost savings and increased global support capabilities
  - Design wins remain strong at premium tier for new handsets, including with Chinese OEMs
- Industry trends and product cycle issues impacting QCT results
  - Share shift in the premium tier, OEM vertical strategies and low-end competition in emerging regions
- Strategic Realignment Plan calibrated for success in current environment

# QCT Growth Opportunities

Lead in smartphones and drive growth into adjacent opportunities

## Smartphones

Positioning for new industry dynamics







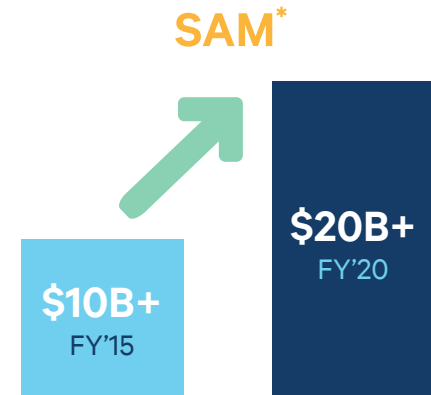
Driving new opportunities for core technologies

- 8.5B+ Smartphones 2015-2019
- Grow share of content

## Adjacent opportunities

Significant growth opportunities building off of core IP

-  **Networking**
-  **Mobile Compute**
-  **IoT**
-  **Automotive**



- **~\$1.6 billion revenues expected in FY'15\*\***
- CSR acquisition pending, accretive to FY16 Non-GAAP EPS\*\*

**Long-term QCT operating margin target of 20%+\*\***

\* SAM: Serviceable Addressable Market

\*\* As of July 22, 2015

Source: Cumulative smartphone shipments, IDC May'15; SAM, combination of third party and internal estimates excluding impacts of M&A activities

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# Taking Actions to Drive Value

Resolved NDRC regulatory review and solidified China growth opportunity	✓
Approved largest capital return program in Qualcomm history	✓
Completed comprehensive review of cost structure and developed plan with consultants	✓
Implementing detailed plan to reduce operating expenses by ~\$1.1 billion	<b>Underway</b>
Reducing annual SBC grants by \$300 million	<b>Underway</b>
Review of structural and financial alternatives	<b>Underway</b>
Further aligning executive compensation with performance	<b>Underway</b>
Adding new Directors while reducing the average Board of Directors tenure	<b>Underway</b>
Refocused investment spend to drive growth while delivering attractive returns	<b>Underway</b>

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# 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. 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).
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.

# Reconciliation - Non-GAAP results

In millions, except per share data

	Non-GAAP	QSI	Share-Based Compensation	Acquisition- Related Items	Tax Items	GAAP
<b>12 MONTHS - FISCAL 2014</b>						
Net income (loss)	\$9,032	\$15	(\$856)	(\$290)	\$66	\$7,967
Diluted EPS	\$5.27	\$0.01	(\$0.50)	(\$0.17)	\$0.04	\$4.65
Diluted shares used	1,714	1,714	1,714	1,714	1,714	1,714
<b>12 MONTHS - FISCAL 2009</b>						
Net income (loss)	\$2,187	(\$252)	(\$455)	(\$6)	\$118	\$1,592
Diluted EPS	\$1.31	(\$0.15)	(\$0.27)	\$0.00	\$0.07	\$0.95
Diluted shares used	1,673	1,673	1,673	1,673	1,673	1,673

Sums may not equal totals due to rounding.



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# Thank you

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