QUALCOMM INC/DE
Form DEF 14A
January 21, 2016
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
SCHEDULE 14A INFORMATION
PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE
SECURITIES EXCHANGE ACT OF 1934
(AMENDMENT NO.)
Filed by the Registrant [X]
Filed by a Party other than the Registrant [ ]
Check the appropriate box:
[ ] Preliminary Proxy Statement
[ ] Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
[X] Definitive Proxy Statement
[ ] Definitive Additional Materials
[ ] Soliciting Material Pursuant to Section 240.14a-12

QUALCOMM INCORPORATED

(Name of Registrant as Specified In Its Charter)
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

[X] No fee required.
[ ] Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
(1) Title of each class of securities to which transaction applies:
(2) Aggregate number of securities to which transaction applies:
(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
(4) Proposed maximum aggregate value of transaction:
(5) Total fee paid:
[ ] Fee paid previously with preliminary materials.
[ ] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
(1) Amount Previously Paid:
(2) Form, Schedule or Registration Statement No.:
(3) Filing Party:
(4) Date Filed:

January 21, 2016

Dear Fellow Stockholder:

You are cordially invited to attend Qualcomm's 2016 Annual Meeting of Stockholders (the Annual Meeting) on Tuesday, March 8, 2016. The meeting will begin promptly at 9:30 a.m. Pacific Time at the Irwin M. Jacobs Qualcomm Hall, 5775 Morehouse Drive, San Diego, California 92121. I invite you to arrive early at 8:30 a.m. to preview our product displays. We will begin the Annual Meeting with a discussion and vote on the matters set forth in the Notice of Annual Meeting of Stockholders, followed by presentations and a report on Qualcomm's fiscal 2015 performance.

I would like to highlight Proposal 3, Approval of the 2016 Long-Term Incentive Plan. We offer a broad-based equity compensation program that is critical to attracting, retaining and engaging the finest people in our industry and ensuring alignment among our employees and stockholders. Our program of providing broad merit-based grants of restricted stock units to our employees has been a central part of our compensation and benefits mix, and we believe it has helped to create Qualcomm's inclusive and results-oriented culture. Without this program, we believe Qualcomm's competitiveness would be negatively impacted and would place Qualcomm at a disadvantage in its efforts to attract and retain the most talented and skilled individuals in the industry.

Whether or not you plan to attend the Annual Meeting, please vote as soon as possible. As an alternative to voting in person at the Annual Meeting, you may vote via the Internet, by telephone, or if you receive a paper proxy card in the mail, by mailing the completed proxy card. Voting by any of these methods will ensure your representation at the Annual Meeting.

Your vote is very important to us. I urge you to vote as our Board of Directors recommends.

Thank you for your support and continued interest in Qualcomm. I look forward to seeing you in San Diego at the Irwin M. Jacobs Qualcomm Hall on Tuesday, March 8, 2016.

Sincerely,

Steve Mollenkopf
Chief Executive Officer

5775 Morehouse Drive
San Diego, California 92121-1714

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held On March 8, 2016

To the Stockholders of QUALCOMM Incorporated:

NOTICE IS HEREBY GIVEN that the 2016 Annual Meeting of Stockholders (Annual Meeting) of QUALCOMM Incorporated, a Delaware corporation (the Company), will be held at the Irwin M. Jacobs Qualcomm Hall, 5775 Morehouse Drive, San Diego, California 92121, on Tuesday, March 8, 2016 at 9:30 a.m. Pacific Time for the following purposes:

1. To elect 12 directors to hold office until the next annual meeting of stockholders and until their respective successors have been elected and qualified.
2. To ratify the selection of PricewaterhouseCoopers LLP as our independent public accountants for our fiscal year ending September 25, 2016.
3. To approve the 2016 Long-Term Incentive Plan.
4. To hold an advisory vote to approve our executive compensation.
5. To act on a stockholder proposal, if properly presented at the Annual Meeting.
6. To transact such other business as may properly come before stockholders at the Annual Meeting or any adjournment or postponement thereof.

The Board of Directors has fixed the close of business on January 11, 2016 as the record date for the determination of stockholders entitled to notice of and to vote at the Annual Meeting and at any adjournment or postponement thereof.

By Order of the Board of Directors,

Donald J. Rosenberg
Executive Vice President,
General Counsel and Corporate Secretary
San Diego, California
January 21, 2016

TABLE OF CONTENTS

PROXY OVERVIEW

2016 ANNUAL MEETING OF STOCKHOLDERS (ANNUAL MEETING)

Date and Time	March 8, 2016 9:30 a.m. Pacific Time
Location	Irwin M. Jacobs Qualcomm Hall 5775 Morehouse Drive, San Diego, California 92121
Record Date	January 11, 2016
Voting	Stockholders of record as of the record date may vote via the Internet at www.proxyvote.com; by telephone at 1-800-690-6903; by completing and returning their proxy card; or in person at the Annual Meeting.
Date of First Distribution of Proxy Materials	January 21, 2016

VOTING MATTERS AND BOARD RECOMMENDATIONS

Proposal		Board Recommendation	Page Reference
PROPOSAL 1	Election of Directors	FOR each Nominee	17
PROPOSAL 2	Ratification of the selection of PricewaterhouseCoopers LLP as our independent public accountants for our fiscal year ending September 25, 2016	FOR	25
PROPOSAL 3	Approval of the 2016 Long-Term Incentive Plan	FOR	27
PROPOSAL 4	Approval of our executive compensation	FOR	39
PROPOSAL 5	Stockholder proposal	AGAINST	41

Proxy Overview

DIRECTOR NOMINEES (SEE PAGE 17)

Name	Age	Director Since	Occupation	Independent
Barbara T. Alexander	67	2006	Independent Consultant	X
Raymond V. Dittamore	72	2002	Retired Audit Partner, Ernst &Young LLP	X
Jeffrey W. Henderson	51	2016	Advisory Director to Berkshire Partners LLC	X
Thomas W. Horton *	54	2008	Senior Advisor to Warburg Pincus LLC	X
Paul E. Jacobs	53	2005	Executive Chairman and Chairman of the Board, QUALCOMM Incorporated	
Harish Manwani	62	2014	Former Chief Operating Officer, Unilever	X
Mark D. McLaughlin	50	2015	Chairman, President and Chief Executive Officer, Palo Alto Networks, Inc.	X
Steve Mollenkopf	47	2013	Chief Executive Officer, QUALCOMM Incorporated	
Clark T. Randt, Jr.	70	2013	President, Randt & Co. LLC	X
Francisco Ros	65	2010	Founder and President, First International Partners, S.L.	X
Jonathan J. Rubinstein	59	2013	Former Chairman and CEO, Palm, Inc.	X
Anthony J. Vinciquerra	61	2015	Senior Advisor to Texas Pacific Group	X

* Presiding Director

Proxy Overview

EXECUTIVE COMPENSATION HIGHLIGHTS

Our executive compensation decisions in fiscal 2015 were influenced by retention actions we took in fiscal 2014, feedback from stockholders, enhancements to align executive pay with company performance and continuing executive compensation programs and policies, all within the framework of what the Compensation Committee believed to be in the best interests of the Company and our stockholders. We highlight these factors in the following sections to provide context for the more detailed Compensation Discussion & Analysis (CD&A) that follows.

In fiscal 2014, the Board determined that strong defensive actions were necessary to maintain the continuity of our senior executive team in the intensely competitive mobile communications industry, where their expertise made them candidates-of-choice at other companies. We realigned leadership responsibilities, awarded selective special equity grants and granted early (or "front-loaded") a portion of future equity for the next three-to-five years (varied by individual). We believe these Board initiatives successfully served the long-term interests of our stockholders; however, reaction from some investors and proxy advisory services providers was mixed.

At the 2015 annual meeting, 58% of our stockholders who voted were in favor of our advisory say-on-pay proposal covering fiscal 2014 compensation. Prior to the vote, the Chairman of our Compensation Committee and executives from our investor relations department engaged in discussions with institutional stockholders, who in aggregate owned approximately 50% of our outstanding shares. Our engagement with stockholders both before and after the vote, which also included our Presiding Director, provided constructive feedback that informed further Compensation Committee actions during fiscal 2015. We considered the voting results and stockholder feedback and changed our executive compensation program for increased strategic alignment. In addition, we initiated a Strategic Realignment Plan designed to improve execution, enhance financial performance and drive profitable growth as we work to create sustainable long-term value for stockholders. As part of that plan, we implemented and continue to implement cost reductions to reduce our annual costs from fiscal 2015 levels (adjusted for variable compensation) of $7.3 billion (as announced on July 22, 2015) by approximately $1.1 billion through a series of targeted reductions that will not jeopardize our growth objectives or core technology roadmap. We are also reducing annual share-based compensation grants by approximately $300 million. We expect these cost initiatives to be fully implemented by the end of fiscal 2016.

In fiscal 2015, we only granted performance stock units (PSUs) to our Named Executive Officers (NEOs). We did not grant time-vested restricted stock units (RSUs) to our NEOs in fiscal 2015 because they had received front-loaded RSUs for retention in fiscal 2014. This resulted in a reduction in the equity and total direct compensation (TDC) amounts included in the Summary Compensation Table for fiscal 2015 compared to fiscal 2014. This, and the reduced Annual Cash Incentive Plan (ACIP) compensation amounts earned for fiscal 2015, resulted in an 81% reduction in TDC among our executives who were NEOs in both fiscal 2014 and 2015 from an aggregate of $172.6 million in fiscal 2014 to $33.6 million in 2015.

Our fiscal 2015 financial and relative TSR performance resulted in performance-based pay that was significantly below the target amounts. The final payouts of two components of the NEOs' fiscal 2015 performance-based pay were determined at the end of fiscal 2015: (1) earnings under the fiscal 2015 ACIP and (2) earnings under the PSUs granted in fiscal 2013 (Fiscal 2013 PSUs) for which the multi-year performance period was completed at the end of fiscal 2015. Mr. Mollenkopf's earnings for performance-based pay determined at the end of fiscal 2015 were $1,025,000, which was only 14% of his aggregate target amount of $7,120,000. Dr. Jacobs's earnings for performance-based pay were $0 compared to his target amount of $8,100,000.

- The NEOs' aggregate earnings under the fiscal 2015 ACIP were 47% of their target award amounts because we achieved only 90% of our Adjusted Revenues objective and 89% of our Adjusted Operating Income objective. (See page 65 for the definitions of the performance measures used in calculating ACIP amounts for fiscal 2015.)
  Mr. Mollenkopf earned $1,025,000, or only 45%, of his target amount of $2,260,000. Dr. Jacobs is not eligible to participate in the ACIP.
- The NEOs did not earn any shares of our common stock under the Fiscal 2013 PSUs (whose multi-year performance period was completed at the end of fiscal 2015). The Fiscal 2013 PSUs were based on relative TSR for fiscal 2014 - 2015.

The grant date fair values of the Fiscal 2013 PSUs granted to Mr. Mollenkopf and Dr. Jacobs were $4,860,000 and $8,100,000, respectively. Because relative TSR was below the payout threshold, no shares were earned.

- In addition to the Fiscal 2013 PSUs, there is one other PSU award with a performance period that includes fiscal 2015. The PSUs granted in fiscal 2014 (Fiscal 2014 PSUs) are based on relative TSR for fiscal 2015 - 2017. No measurement period was completed in fiscal 2015, and the first interim measurement period will be completed on March 27, 2016. If a measurement period had been completed as of the end of fiscal 2015, the payout would have been 0% of the target award because relative TSR for fiscal 2015 was below the payout threshold.

- The PSUs granted in fiscal 2015 (Fiscal 2015 PSUs) were granted on September 25, 2015. One-half of the Fiscal 2015 PSUs is based on relative TSR for fiscal 2016 - 2018, and the other half is based on Adjusted Return On Invested Capital (ROIC) for the same performance period. There is a single measurement period at the end of fiscal 2018. (See page 65 for the definition of the Adjusted ROIC performance measure to be used in determining the number of Fiscal 2015 PSUs earned over the fiscal 2016 - 2018 performance period.)
- The remainder of equity granted to executive officers in prior years was in the form of RSUs. We did not grant any RSUs to our NEOs in fiscal 2015. The grants made to Mr. Mollenkopf and Dr. Jacobs in fiscal 2014 were front-loaded (Fiscal 2014 RSUs), and the grant date fair values reflected five years of annual RSUs, including the value of RSUs that would have been granted in fiscal 2015. Our fiscal 2015 stock price performance resulted in significant reductions in the value of the Fiscal 2014 RSUs.

Mr. Mollenkopf's front-loaded RSUs reflected an annualized grant date fair value of $6,000,000 and vest in equal annual installments over five years. One-fifth of the RSUs vested in fiscal 2015, and the fair value of these vested RSUs as of the end of fiscal 2015 was 27% lower than the annualized fair value on the date of grant.

Dr. Jacobs's front-loaded RSUs reflected an annualized grant date fair value of $9,000,000 and vest in equal installments on the third, fourth and fifth anniversaries of the grant date. While no RSUs from this front-loaded award vested in fiscal 2015, the front-loaded grant reflected five years of annual RSUs. The fair value of one-fifth of the RSUs as of the end of fiscal 2015 was 33% lower than the annualized fair value on the date of grant.

To illustrate the impact of fiscal 2015 performance on the cash and equity compensation components for Mr. Mollenkopf and Dr. Jacobs, the following table compares the target amounts to the actual earnings for performance-based pay at the end of fiscal 2015.

Figure 1: Impact of Performance on Cash and Equity Compensation

Name	Pay Component	Effective Date/ Grant Date	Target Amount ($)	Cash Earned/ Fair Value of Equity Awards ($)	Percent of Target Amount
Steve Mollenkopf	Fiscal 2015 ACIP	11/30/2014	2,260,000	1,025,000	45%
	Fiscal 2013 PSUs	9/29/2013	4,860,000	0	0%
	Total		7,120,000	1,025,000	14%
Paul Jacobs	Fiscal 2015 ACIP	11/30/2014	N/A	N/A	N/A
	Fiscal 2013 PSUs	9/29/2013	8,100,000	0	0%
	Total		8,100,000	0	0%

Compensation Program Changes to Strengthen Stockholder Alignment

In response to stockholder feedback during fiscal 2015, our Compensation Committee approved changes to the ACIP for fiscal 2016 and for PSUs granted in fiscal 2015 that may be earned for the fiscal 2016 - 2018 performance period as described in the table below. In structuring our cash and long-term equity incentive award programs, we continue to use variations of non-GAAP performance measures as financial objectives. (See page 65 for definitions of the various performance measures used in determining our cash and long-term equity incentives.)

Figure 2: Summary of Key Changes to Executive Compensation

Executive compensation component	Feedback from our stockholders	Actions we took and anticipated impact
Annual Cash Incentive Plan (ACIP)	NEOs' ACIP earnings are determined based on metrics that may not adequately align with stockholder value creation and exclude share-based compensation expense from the definition of operating income.	Replaced an adjusted operating income measure with an adjusted earnings per share (EPS) measure that includes share-based compensation expense. The change further encourages NEOs to focus on (1) growing per share net income (a perspective not captured by operating income alone); (2) reducing our share count; and (3) managing our share-based compensation expense. Also, as a stockholder safeguard, the Adjusted EPS calculation will exclude any share repurchases that were not anticipated in establishing the ACIP target.
Performance Stock Units (PSUs)	NEOs' earned PSUs are based entirely on the Company's relative TSR compared to the NASDAQ-100, which does not directly encourage value-creating capital allocation, which is a strategic priority.	Added an adjusted return on invested capital (ROIC) measure for determining 50% of PSU awards beginning with fiscal 2015 grants (ROIC PSUs), with the remaining 50% continuing to be earned based on relative TSR compared to the NASDAQ-100 (Relative TSR PSUs).
PSU interim measurement periods	The use of three-year relative TSR for determining NEOs' earned PSUs based on overlapping interim measurement periods of 18, 24, 30 and 36 months is complicated and potentially mitigates downside performance risk during the overall measurement period.	Removed the interim measurement periods for determining earned PSUs based on relative TSR performance and will measure performance only for the full three years for grants beginning in fiscal 2015. The new ROIC PSUs will also measure performance over the full three years.

Compensation Program Best Practices

Our compensation program is market-based and supports our business strategy, and governance is strong under the oversight of an independent Compensation Committee. We have avoided problematic pay practices and have implemented compensation plans that reinforce a performance-based company culture.

What We Do

þ	A significant portion of our NEOs' compensation varies with the Company's performance. For fiscal 2015, approximately 95% of our NEOs' aggregate TDC was attributable to the grant date fair values of the Relative TSR and ROIC PSUs, the portion of the grant date fair value of RSUs awarded in fiscal 2014 that we attribute to fiscal 2015, and target ACIP amounts (Figures 6 and 7 in the CD&A).	þ	We have a balanced approach to incentive programs with differentiated measures. ACIP is based on annual performance, and PSUs are based on three-year performance periods.
þ	We have limits on the amounts of variable compensation that may be earned. Earned annual cash incentives are limited to 2x target amounts, and earned PSUs are limited to 2x the target shares. We further limit earned PSUs to no more than 1x the target shares if absolute TSR is negative over the three-year performance period regardless of the level of relative TSR or the extent to which we achieve the ROIC objective.	þ	We have a cash incentive compensation repayment ("clawback") policy. We require executive officers, including NEOs, to repay to us the amount of any earned annual cash incentive that was paid as required by our policy, SEC regulations or stock exchange rules.
þ	We have robust stock ownership guidelines. Our CEO is required to own 6x his salary, our President is required to own 3x his salary, and our other NEOs and executive officers are required to own 2x their respective salaries in our common stock. The ownership guideline for our Executive Chairman, whose annual salary is $1, is 6x his prior salary as CEO.	þ	We manage potential compensation-related risks to the Company. We perform annual risk assessments for our executive compensation program, as well as incentive arrangements below the executive level. This review is conducted by the Compensation Committee's independent consultant, Frederic W. Cook & Co., Inc. (FWC).
þ	Our 2006 Long-Term Incentive Plan (LTIP) and our proposed 2016 LTIP include a "double-trigger" provision for vesting of equity in connection with a change in control. In the event of a change in control where the acquirer assumes our outstanding unvested equity awards, the vesting of an NEO's awards would accelerate only if the NEO was involuntarily terminated or the NEO voluntarily resigned for "good reason" during a specified period after the change in control.		

What We Don't Do

ý	Our insider trading policy, as applicable to executive officers, including NEOs and nonemployee directors, prohibits the hedging and pledging of our common stock and trading in put and call options and other types of equity derivatives.	ý	Our NEOs do not have severance agreements or employment contracts. Generally, all U.S. employees, including all of our NEOs, have "at will" employment relationships without severance agreements or contracts. This enables us to terminate employment with discretion as to the

terms and conditions of any separation.

ý	We do not provide tax gross-ups for benefits unless they are provided under a policy generally applicable to all U.S.-based employees, such as relocation.	ý	We do not have guaranteed severance arrangements upon a change in control (i.e., no “single trigger” payments) or excise tax gross-ups for change-in-control payments.

PROXY STATEMENT

In this document, the words "Qualcomm," "the Company," "we," "our," "ours" and "us" refer only to QUALCOMM Incorpora
a Delaware corporation, and its consolidated subsidiaries and not to any other person or entity.

MEETING INFORMATION

The Board of Directors (Board) of QUALCOMM Incorporated is soliciting your proxy for use at the Company's 2016 Annual Meeting of Stockholders (Annual Meeting) to be held on Tuesday, March 8, 2016, at 9:30 a.m. Pacific Time and at any adjournment or postponement thereof.

VOTING RIGHTS AND OUTSTANDING SHARES

Only holders of record of common stock at the close of business on January 11, 2016 (Record Date) will be entitled to notice of and to vote at the Annual Meeting. At the close of business on the Record Date, we had 1,494,754,354 shares of common stock outstanding and entitled to vote. Each holder of record of common stock on the Record Date will be entitled to one vote for each share held on all matters to be voted upon. If no choice is indicated on the proxy, the shares will be voted as described in the section "How Your Shares Will Be Voted" below. All votes will be counted by an independent inspector of election appointed for the Annual Meeting, who will separately tabulate affirmative and negative votes, abstentions and broker non-votes.

NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS

We are furnishing proxy materials to our stockholders primarily via the Internet under rules adopted by the U.S. Securities and Exchange Commission (SEC), instead of mailing printed copies of those materials to each stockholder. On January 21, 2016, we commenced mailing to our stockholders (other than those who previously requested electronic delivery or a full set of printed proxy materials) a Notice of Internet Availability of Proxy Materials containing instructions on how to access our proxy materials, including this proxy statement. The Notice of Internet Availability of Proxy Materials also provides instructions on how to access your proxy card to vote via the Internet. This process is designed to expedite stockholders' receipt of proxy materials, lower the cost of the Annual Meeting and help conserve natural resources. If you received the Notice of Internet Availability of Proxy Materials and would prefer to receive printed proxy materials, please follow the instructions included in the Notice of Internet Availability of Proxy Materials. If you have previously elected to receive our proxy materials electronically, you will continue to receive these materials via email unless you elect otherwise.

This proxy statement and our Annual Report on Form 10-K for fiscal year 2015 are available at http://www.qualcomm.com.

VOTING METHODS

If you are a stockholder with shares registered in your name, you may vote by one of the following three options depending on the method of delivery by which you received the proxy materials:

- Vote via the Internet. Go to the web address http://www.proxyvote.com and follow the instructions for Internet voting shown on the proxy card or the Notice of Internet Availability of Proxy Materials mailed to you or the instructions that you received by email.
- Vote by Telephone. Dial 1-800-690-6903 and follow the instructions for telephone voting shown on the proxy card you received by mail.
- Vote by Proxy Card. Complete, sign, date and mail the proxy card in the envelope provided. If you vote via the Internet or by telephone, please do not mail your proxy card.

If your shares are held by a broker, bank or other stockholder of record, in nominee name or otherwise, exercising fiduciary powers (typically referred to as being held in "street name"), please follow the instructions you receive from them. You may need to contact your broker, bank or other stockholder of record to determine whether you will be able to vote electronically via the Internet or by telephone.

PLEASE NOTE THAT IF YOUR SHARES ARE HELD BY A BROKER, BANK OR OTHER STOCKHOLDER OF RECORD AND YOU WISH TO VOTE AT THE ANNUAL MEETING, YOU MUST FIRST OBTAIN A LEGAL PROXY ISSUED IN YOUR NAME FROM THE RECORD HOLDER. OTHERWISE, YOU WILL NOT BE PERMITTED TO VOTE IN PERSON AT THE MEETING.

HOW YOUR SHARES WILL BE VOTED

Your shares will be voted in accordance with your instructions. If you do not specify voting instructions on your proxy, the shares will be voted as follows:

Proposal		Vote	Page Reference
PROPOSAL 1	Election of Directors	FOR each Nominee	17
PROPOSAL 2	Ratification of the selection of PricewaterhouseCoopers LLP as our independent public accountants for our fiscal year ending September 25, 2016	FOR	25
PROPOSAL 3	Approval of the 2016 Long-Term Incentive Plan	FOR	27
PROPOSAL 4	Approval of our executive compensation	FOR	39
PROPOSAL 5	Stockholder proposal	AGAINST	41

In the absence of instructions to the contrary, proxies will be voted in accordance with the judgment of the person exercising the proxy on any other matter properly presented at the Annual Meeting.

BROKER NON-VOTES

A broker non-vote occurs when a broker, bank or other stockholder of record, in nominee name or otherwise, exercising fiduciary powers (typically referred to as being held in "street name") submits a proxy for the Annual Meeting, but does not vote on a particular proposal because that holder does not have discretionary voting power with respect to that proposal and has not received voting instructions from the beneficial owner. Abstentions and broker non-votes have no effect on the determination of whether a nominee or the proposal has received the vote of a majority of the shares of common stock present or represented by proxy and voting at the Annual Meeting. Under the rules that govern brokers who are voting with respect to shares held in street name, brokers have the discretion to vote those shares on routine matters, but not on non-routine matters. Routine matters include ratification of the selection of independent public accountants. Non-routine matters include the election of directors, actions on incentive plans, advisory votes on executive compensation and stockholder proposals.

REVOCABILITY OF PROXIES

Any person giving a proxy pursuant to this solicitation has the power to revoke it at any time before it is voted. A proxy may be revoked by filing a written notice of revocation or a duly executed proxy bearing a later date with our Corporate Secretary at our principal executive offices, 5775 Morehouse Drive, N-520I, San Diego, California 92121-1714, or it may be revoked by attending the Annual Meeting and voting in person. Attendance at the Annual Meeting will not, by itself, revoke a proxy.

PROXY SOLICITATION

We will bear the entire cost of the solicitation of proxies, including the preparation, assembly, printing and mailing of the Notice of Internet Availability of Proxy Materials, this proxy statement, the proxy card and any additional information furnished to stockholders. Copies of solicitation materials will be furnished to banks, brokerage houses, fiduciaries and custodians holding in their names shares of common stock beneficially owned by others to forward to such beneficial owners. We may reimburse persons representing beneficial owners of common stock for their costs of forwarding solicitation materials to such beneficial owners. In addition, we have retained Morrow & Company to act as a proxy solicitor in conjunction with the Annual Meeting. We have agreed to pay that firm $12,500, plus reasonable out-of-pocket expenses, for proxy solicitation services. Solicitation of proxies by mail may be supplemented by telephone or personal solicitation by our directors, officers or other employees. No additional compensation will be paid to directors, officers or other employees for such services.

STOCKHOLDER PROPOSALS

The deadline for submitting a stockholder proposal for inclusion in our proxy materials for our 2017 Annual Meeting of Stockholders is September 23, 2016. Stockholder nominations for director that are to be included in our proxy materials under the proxy access provision of our bylaws must be received no earlier than August 24, 2016 and no later than the close of business on September 23, 2016. Stockholder nominations for director and other proposals that are not to be included in such materials must be received no earlier than November 9, 2016 and no later than the close of business on December 9, 2016. Any such stockholder proposals or nominations for director must be submitted to our Corporate Secretary in writing at 5775 Morehouse Drive, N-520I, San Diego, California 92121-1714. Stockholders are advised to review our Amended and Restated Bylaws, which contain additional requirements for submitting stockholder proposals and director nominations. See page 14 for further information.

HOUSEHOLDING

The SEC allows companies and intermediaries (such as brokers) to implement a delivery procedure called "householding." Under this procedure, multiple stockholders who reside at the same address may receive a single copy of our proxy materials, including the Notice of Internet Availability of Proxy Materials, unless the affected stockholder has notified us that they want to continue receiving multiple copies. This practice is designed to reduce duplicate mailings and save printing and postage costs, as well as natural resources. Householding for bank and brokerage accounts is limited to accounts within the same bank or brokerage firm. For example, if you and your spouse share the same last name and mailing address and you and your spouse each have two accounts containing Qualcomm stock at two different brokerage firms, your household will receive two copies of the Qualcomm proxy materials, one from each brokerage firm. To reduce the number of duplicate sets of proxy materials your household receives, you may wish to enroll some or all of your accounts in our electronic delivery program at http://enroll.icsdelivery.com/qcom.

If you received a householded mailing this year and you would like to have separate copies of our Notice of Internet Availability of Proxy Materials and proxy materials mailed to you, please submit your request to Broadridge ICS, either by calling toll-free (866) 540-7095 or by writing to Broadridge ICS, Householding Department, 51 Mercedes Way, Edgewood, New York 11717. They will promptly send additional copies of our Notice of Internet Availability of Proxy Materials and proxy materials upon receipt of such request. Once you have received notice from your bank or broker that it will be householding communications to your address, householding will continue until you are notified otherwise or until you revoke your consent. Stockholders may revoke their consent at any time by contacting Broadridge ICS as provided above. Please note, however, that if you want to receive a paper proxy or voting instruction form or other proxy materials for purposes of this year's Annual Meeting, you should follow the instructions included in the Notice of Internet Availability that was sent to you. If you received multiple copies of the proxy materials and would prefer to receive a single copy in the future or if you would like to opt out of householding for future mailings, you may contact Broadridge ICS as provided above.

FINANCIAL INFORMATION

Attached as Appendix 1 is certain financial information from our Annual Report on Form 10-K for fiscal 2015 that we filed with the SEC on November 4, 2015. We have not undertaken any updates or revisions to such information since the date it was filed with the SEC. Accordingly, we encourage you to review Appendix 1 together with any subsequent information we have filed with the SEC and other publicly available information.

PERFORMANCE MEASUREMENT COMPARISON OF STOCKHOLDER RETURN

Attached as Appendix 2 is a graph that compares total stockholder return on our common stock since September 26, 2010 to two indices: the Standard & Poor's 500 Stock Index (S&P 500) and the NASDAQ-100 Index (NASDAQ-100).

CORPORATE DIRECTORY

Attached as Appendix 3 is a listing of our executive officers and members of our Board.

CORPORATE GOVERNANCE

CODE OF ETHICS AND CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES

The Board has adopted a Code of Ethics applicable to all of our employees, including our executive officers and employees of our subsidiaries, and members of our Board. Any amendments to, or waivers under, the Code of Ethics that are required to be disclosed by SEC rules will be disclosed on our website at www.qualcomm.com under the “Corporate Governance” section of our “Investor Relations” page, which appears under the “Company” tab. To date, there have not been any waivers by us under the Code of Ethics.

The Board has also adopted Corporate Governance Principles and Practices, which include information regarding the Board’s policies that guide its governance practices, including the roles, responsibilities and composition of the Board, director qualifications, committee matters and stock ownership guidelines, among others.

The Code of Ethics and the Corporate Governance Principles and Practices are available on our website at http://www.qualcomm.com under the “Corporate Governance” section of our “Investor Relations” page.

BOARD LEADERSHIP STRUCTURE

Chairman and CEO Roles

The Board believes that it should maintain flexibility to establish and revise Qualcomm’s Board leadership structure from time to time. Our charter documents and policies do not prevent our Chief Executive Officer from also serving as our Chairman of the Board. Our Board evaluates its leadership structure and elects the Chairman and the Chief Executive Officer based on the criteria it deems to be appropriate and in the best interests of the Company and its stockholders, given the circumstances at the time of such election. While we have in the past had one person serve as Chairman of the Board and Chief Executive Officer, the positions are currently held by separate individuals.

Presiding (Lead Independent) Director Role

Our Board believes that the role of Presiding Director, which pursuant to our Corporate Governance Principles and Practices must be an independent director, provides an appropriate balance in Qualcomm’s leadership. The Presiding Director helps ensure a strong, independent and active Board. Under our Corporate Governance Principles and Practices, at or before each annual meeting of the Board, which follows immediately after the annual meeting of stockholders, (i) the Governance Committee shall recommend the director who would serve as Presiding Director for the next term, and (ii) the Presiding Director shall be elected by a vote of the independent members of the Board. An individual shall serve as the Presiding Director for a one-year period, commencing with the annual meeting of the Board. No Presiding Director shall serve more than two consecutive terms. Mr. Thomas Horton, a member of the Audit Committee, is currently the Presiding Director, having commenced his service in this role in March 2015. The Presiding Director has the following roles and responsibilities:

- Presiding at all Board meetings at which the Chairman is not present, including executive sessions of the independent directors;
- Collaborating with the Chairman and the Chief Executive Officer in developing agendas for Board meetings;
- Acting as the principal liaison between the independent directors and the Chairman and the Chief Executive Officer;
- Communicating with independent directors to ensure that matters of interest are included on agendas for Board meetings;
- Communicating with independent directors and management to affirm that appropriate briefing materials are being provided to directors sufficiently in advance of Board meetings to allow for proper preparation and participation in meetings; and
- Calling special meetings of the Board, with the concurrence of at least one additional director, as appropriate.

Corporate Governance

BOARD MEETINGS, COMMITTEES AND ATTENDANCE

During fiscal 2015, the Board held ten meetings. Board agendas include regularly scheduled sessions for the independent directors to meet without management present, and the Board's Presiding Director leads those sessions. The Board delegates various responsibilities and authority to different Board committees. We have four standing Board committees: the Audit, Compensation, Governance and Finance committees. Committees regularly report on their activities and actions to the full Board. Committee assignments are re-evaluated annually and approved by the Board at an annual meeting that follows the annual meeting of stockholders, typically in March of each year. Each committee acts according to a written charter approved by the Board. Copies of each charter can be found on our website at www.qualcomm.com under the "Corporate Governance" section of our "Investor Relations" page as follows:

Name of Committee	Website Link
Audit Committee	http://investor.qualcomm.com/documentdisplay.cfm?DocumentID=463
Compensation Committee	http://investor.qualcomm.com/documentdisplay.cfm?DocumentID=462
Governance Committee	http://investor.qualcomm.com/documentdisplay.cfm?DocumentID=461
Finance Committee	http://investor.qualcomm.com/documentdisplay.cfm?DocumentID=464

The table below provides current committee membership information for each of the Board committees.

	Committees			
Name	Audit	Compensation	Governance	Finance
Barbara T. Alexander				C
Donald G. Cruickshank	X			
Raymond V. Dittamore	C			
Jeffrey W. Henderson				
Susan Hockfield			X	
Thomas W. Horton *	X			
Paul E. Jacobs				
Sherry Lansing		X		
Harish Manwani				X
Mark D. McLaughlin			X	
Steve Mollenkopf				
Clark T. Randt, Jr.			C	
Francisco Ros				X
Jonathan J. Rubinstein		X		
Marc I. Stern		C		
Anthony J. Vinciquerra	X			

C Committee Chair

* Presiding Director

The Audit Committee. The Audit Committee meets at least quarterly with our management and independent public accountants to review the results of the annual integrated audit and quarterly reviews of our consolidated financial statements and to discuss our financial statements and earnings releases. The Audit Committee selects, engages, oversees and evaluates the qualifications, performance and independence of our independent public accountants, reviews the plans and results of internal audits and reviews evaluations by management and the independent public accountants of our internal control over financial reporting and the quality of our financial reporting, among other functions. The Audit Committee met ten times during fiscal 2015. All of the members of the Audit Committee are audit committee financial

experts as defined by the SEC and independent directors within the meaning of Rule 5605 of the NASDAQ Stock Market LLC (NASDAQ Rule 5605) and Rule 10A-3(b)(1)(ii) of the Securities Exchange Act of 1934, as amended.

The Compensation Committee. The Compensation Committee determines compensation levels for the Chief Executive Officer, the named executive officers (as listed in the Fiscal 2015 Summary Compensation Table), the Chief Accounting Officer, the other executive officers and Board members, administers and approves stock offerings under our employee stock purchase and long-term incentive plans and performs such other functions regarding compensation as the Board may delegate. The Compensation Committee met seven times during fiscal 2015. All of the members of the Compensation Committee are independent directors within the meaning of NASDAQ Rule 5605 and outside directors within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended.

The Governance Committee. The Governance Committee reviews, approves and oversees various corporate governance-related policies and procedures applicable to us, including emergency procedures (such as disaster recovery and security). The Committee also reviews and evaluates the effectiveness of our executive development and succession planning processes and provides active leadership and oversight with respect to these processes. In addition, the Governance Committee evaluates and recommends nominees for membership on the Board and its committees. The Governance Committee met twelve times during fiscal 2015. All of the members of the Governance Committee are independent directors within the meaning of NASDAQ Rule 5605.

The Finance Committee. The Finance Committee reviews our financial position, cash management, dividend and stock repurchase programs, securities issuances, acquisitions and other major strategic investment decisions and provides oversight of our budgeting process. The Finance Committee met nine times during fiscal 2015. All of the members of the Finance Committee are independent directors within the meaning of NASDAQ Rule 5605.

During fiscal 2015, each Board member attended at least 75% of the aggregate of the meetings of the Board and of the meetings of the committees on which he or she served and that were held during the period for which he or she was a Board or committee member, respectively.

BOARD’S ROLE IN RISK OVERSIGHT

Qualcomm does not view risk in isolation, but considers risk as part of its regular evaluation of business strategy and business decisions. Assessing and managing risk is the responsibility of Qualcomm’s management, which establishes and maintains risk management processes, including action plans and controls, to balance risk mitigation and opportunities to create stockholder value. It is management’s responsibility to anticipate, identify and communicate risks to the Board and/or its committees. The Board oversees and reviews certain aspects of the Company’s risk management efforts, either directly or through its committees. Qualcomm approaches risk management by integrating its strategic planning, operational decision making and risk oversight and communicating risks and opportunities to the Board. The Board commits extensive time and effort every year to discussing and agreeing upon the Company’s strategic plan, and it reconsiders key elements of the strategic plan as significant events and opportunities arise during the year. As part of the review of the strategic plan, as well as in evaluating events and opportunities that occur during the year, the Board and management focus on the primary success factors and risks for the Company.

While the Board has primary responsibility for oversight of the Company’s risk management, the Board’s standing committees support the Board by regularly addressing various risks in their respective areas of oversight. Specifically, the Audit Committee assists the Board in fulfilling its oversight responsibilities with respect to risk management in the areas of financial reporting, internal controls and compliance with certain public reporting requirements. The Compensation Committee assists the Board in fulfilling its risk management oversight responsibilities with respect to risks arising from compensation policies and programs. The Governance Committee assists the Board in fulfilling its risk management oversight responsibilities with respect to risks related to corporate governance, succession planning and emergency procedures (including disaster recovery and security). The Finance Committee assists the Board in fulfilling its risk management oversight responsibilities with respect to risks related to major strategic investment decisions and other financial transactions, treasury functions and policies and budget processes. Each of the committee Chairs reports to the full Board at regular meetings concerning the activities of the committee, the significant issues it has discussed and the actions taken by the committee.

We believe that our leadership structure supports the risk oversight function of the Board. With two members of management, our Executive Chairman and our Chief Executive Officer, serving on the Board, they are able to promote open communication between management and directors relating to risk. Additionally, each Board committee is comprised solely of independent directors, and all directors are actively involved in the risk oversight function.

DIRECTOR NOMINATIONS

Our Amended and Restated Bylaws contain provisions that address the process (including required information and deadlines) by which a stockholder may nominate an individual to stand for election to the Board at our annual meeting of stockholders. In addition, the “proxy access” provisions of our Amended and Restated Bylaws provide that, under certain circumstances, a stockholder or group of up to 20 stockholders seeking to include director candidates in our proxy statement must own at least 3% of our outstanding common stock continuously for at least the previous three years. The number of stockholder-nominated candidates appearing in the proxy statement for our annual meeting cannot exceed 20% of the number of directors to be elected. If 20% of the number of directors is not a whole number, the maximum number of stockholder-nominated candidates is rounded down to the next whole number. If the number of stockholder-nominated candidates exceeds 20%, one nominee from each nominating stockholder or group of stockholders, based on the order of priority provided by such nominating stockholder or group of stockholders, would be selected for inclusion in our proxy materials until the maximum number is reached. The order of priority among nominating stockholders or groups of stockholders would be determined based on the number (largest to smallest) of shares of our common stock held by such nominating stockholders or groups of stockholders. Each nominating stockholder or group of stockholders must provide the information required by our Amended and Restated Bylaws, and each nominee must meet the qualifications required by our Amended and Restated Bylaws. Requests to include stockholder-nominated candidates in our proxy materials for next year’s annual meeting must be received by the Corporate Secretary at our corporate offices at 5775 Morehouse Drive, N-520I, San Diego, California 92121-1714, no earlier than August 24, 2016 and no later than the close of business on September 23, 2016. Stockholders are advised to review our Amended and Restated Bylaws, which contain additional requirements for submitting director candidates.

The Board has also adopted a formal policy concerning stockholder recommendations of Board candidates to the Governance Committee. This policy is set forth in our Corporate Governance Principles and Practices, which is available on our website at www.qualcomm.com under the “Corporate Governance” section of our “Investor Relations” page. Under this policy, the Governance Committee will review a reasonable number of candidates recommended by a single stockholder who has held over 1% of our common stock for over one year and who satisfies the notice, information and consent requirements set forth in our Amended and Restated Bylaws. To recommend a nominee for election to the Board, a stockholder must submit his or her recommendation to the Corporate Secretary at our corporate offices at 5775 Morehouse Drive, N-520I, San Diego, California 92121-1714. A stockholder’s recommendation must be received by us within the time limits set forth above under “Stockholder Proposals.” A stockholder’s recommendation must be accompanied by the information with respect to the stockholder nominee as specified in the Amended and Restated Bylaws, including among other things, the name, age, address and occupation of the recommended person, the proposing stockholder’s name and address, the ownership interests of the proposing stockholder and any beneficial owner on whose behalf the nomination is being made (including the number of shares beneficially owned, any hedging, derivative, short or other economic interests and any rights to vote any shares), and any material monetary or other relationships between the recommended person and the proposing stockholder and/or the beneficial owners on whose behalf the nomination is being made. The proposing stockholder must also provide evidence of owning the requisite number of shares of our common stock for over one year. Candidates so recommended will be reviewed using the same process and standards for reviewing Governance Committee recommended candidates.

In evaluating director nominees, the Governance Committee considers the following factors:

- The appropriate size of the Board;
- Our needs with respect to the particular talents and experience of our directors;
- The knowledge, skills and experience of nominees, including experience in technology, business, finance, administration or public service, in light of prevailing business conditions and the knowledge, skills and experience already possessed by other members of the Board;

- Familiarity with national and international business matters;
- Experience in political affairs;
- Experience with accounting rules and practices;

Corporate Governance

- Appreciation of the relationship of our business to the changing needs of society;
- The nominee's other commitments, including the other boards on which the nominee serves; and
- The desire to balance the considerable benefit of continuity with the periodic injection of the fresh perspective provided by new members.

The Governance Committee's goal is to assemble a board of directors that brings to us a diversity of perspectives and skills derived from high quality business and professional experience. In doing so, the Governance Committee also considers candidates with appropriate non-business backgrounds.

Other than the foregoing, there are no stated minimum criteria for director nominees, although the Governance Committee may also consider such other factors as it may deem are in the best interests of the Company and its stockholders. The Governance Committee does, however, believe it appropriate for at least one, and preferably several, members of the Board to meet the criteria for an "audit committee financial expert" as defined by the SEC, and for a majority of the members of the Board to meet the definition of "independent director" under NASDAQ Rule 5605. The Governance Committee also believes that it is in the best interests of stockholders that at least one key member of our current management participates as a member of the Board. The Governance Committee identifies nominees by first evaluating the current members of the Board willing to continue their service. Current members of the Board with skills and experience that are relevant to our business and who are willing to continue their service are considered for re-nomination, balancing the value of continuity of service by existing members of the Board with that of obtaining a new perspective. If any member of the Board does not wish to continue to serve or if the Governance Committee or the Board decides not to re-nominate a member for re-election, and if the Board determines not to reduce the Board size as a result, the Governance Committee identifies the desired skills and experience of a new nominee based on the criteria above. Current members of the Governance Committee and Board are polled for suggestions as to individuals meeting the criteria of the Governance Committee. Research may also be performed to identify qualified individuals. We have, in the past, engaged third parties to assist in identifying and evaluating potential nominees.

MAJORITY VOTING

Under our Amended and Restated Bylaws, in an uncontested election, if any incumbent nominee for director receives a greater number of "withhold" votes (ignoring abstentions and broker non-votes) than votes cast "for" his or her election, the director shall promptly tender his or her resignation from the Board, subject to acceptance by the Board. In that event, the Governance Committee shall make a recommendation to the Board as to whether to accept or reject the tendered resignation or whether other actions should be taken. In making its recommendation, the Governance Committee will consider all factors it deems relevant, including, without limitation, the stated reasons why stockholders withheld votes from such director, the length of service and qualifications of such director, the director's past contributions to us and the availability of other qualified candidates for director. The Governance Committee's evaluation shall be forwarded to the Board to permit the Board to act on it no later than 90 days following the date of the stockholder meeting. In reviewing the Governance Committee's recommendation, the Board shall consider the factors evaluated by the Governance Committee and such additional information and factors as the Board believes to be relevant. If the Board determines that the director's resignation is in the best interests of the Company and its stockholders, the Board shall promptly accept the resignation. We will publicly disclose the Board's decision within four business days in a Current Report on Form 8-K, providing an explanation of the process by which the decision was reached and, if applicable, the reasons for not accepting the director's resignation. The director in question will not participate in the Governance Committee's or the Board's considerations of the appropriateness of his or her continued service, except to respond to requests for information.

STOCK OWNERSHIP GUIDELINES

We adopted stock ownership guidelines for our directors and executive officers to help ensure that they each maintain an equity stake in the Company and, by doing so, appropriately link their interests with those of other stockholders. The guideline for executive officers is based on a multiple of the executive's base salary, ranging from two to six times, with the size of the multiple based on the individual's position with the Company. Only shares actually owned (as shares or as vested deferred stock units) count toward the requirement. Executives are required to achieve these stock ownership levels within five years of becoming an executive officer. Nonemployee directors are required to hold a number of shares of our common stock with a value equal to five times the annual retainer for Board service paid to U.S. residents. Nonemployee directors are required to achieve this ownership level within five years of joining the Board. In addition to the preceding ownership guidelines, all directors are expected to own shares of our common stock within one year of joining the Board.

COMMUNICATIONS WITH DIRECTORS

We have adopted a formal process for stockholder communications with the Board. This process is also set forth in our Corporate Governance Principles and Practices. Stockholders who wish to communicate to the Board should do so in writing to the following address:

[Name of Director(s) or Board of Directors]
Qualcomm Incorporated
Attn: General Counsel
5775 Morehouse Drive, N-520I
San Diego, California 92121-1714

Our General Counsel logs all such communications (and the disposition of such communications as set forth below) and forwards those not deemed frivolous, threatening or otherwise inappropriate to the Chair of the Governance Committee for distribution to the appropriate members of the Board and/or management.

ANNUAL MEETING ATTENDANCE

Our Corporate Governance Principles and Practices set forth a policy on director attendance at annual meetings. Directors are encouraged to attend absent unavoidable conflicts. All directors then in office attended our last annual meeting, except for Sherry Lansing.

DIRECTOR INDEPENDENCE

The Board has determined that, except for Dr. Paul E. Jacobs and Mr. Steve Mollenkopf, all of the members of the Board are "independent directors" within the meaning of NASDAQ Rule 5605.

PROPOSAL 1: ELECTION OF DIRECTORS

ELECTION OF DIRECTORS

Our Restated Certificate of Incorporation and Amended and Restated Bylaws provide that directors are to be elected at our annual meeting of stockholders to hold office until the next annual meeting and until their respective successors are elected and qualified. Vacancies on the Board resulting from death, resignation, disqualification, removal or other causes may be filled by either the affirmative vote of the holders of a majority of the then-outstanding shares of common stock or by the affirmative vote of a majority of the remaining directors then in office, even if less than a quorum of the Board is present. Newly created directorships resulting from any increase in the number of directors may, unless the Board determines otherwise, be filled only by the affirmative vote of the directors then in office, even if less than a quorum of the Board is present. Any director elected as a result of a vacancy shall hold office for a term expiring at the next annual meeting of stockholders and until such director's successor has been elected and qualified.

Our Restated Certificate of Incorporation provides that the number of directors shall be fixed exclusively by one or more resolutions adopted from time to time by the Board. Sir Donald Cruickshank, Dr. Susan Hockfield, Ms. Sherry Lansing and Mr. Marc Stern will conclude their service as directors at the Annual Meeting. The Board, upon recommendation of its Governance Committee, has decided to set the number of directors at 12 effective as of the time the stockholders vote on the election of directors at the Annual Meeting. Therefore, 12 directors will stand for election at the Annual Meeting.

In an uncontested election, our Bylaws provide that a director nominee will be elected only if he or she receives a majority of the votes cast with respect to his or her election (that is, the number of shares voted "for" a director nominee must exceed the number of "withhold" votes cast against that nominee). Abstentions and broker non-votes have no effect on the vote. In an uncontested election, if any nominee for director who is currently serving on the Board receives a greater number of "withhold" votes than votes "for" his or her election, the director shall promptly tender his or her resignation from the Board, subject to acceptance by the Board. The process that will be followed by the Board in that event is described above under the heading "Majority Voting."

The nominees receiving a majority of votes cast with respect to his or her election will be elected directors of the Company. Shares of common stock represented by executed proxies will be voted, if authority to do so is not withheld, for the election of the 12 nominees named below. Each person nominated for election has agreed to serve, if elected, and the Board has no reason to believe that any nominee will be unable to serve.

NOMINEES FOR ELECTION

BARBARA T. ALEXANDER

Age: 67

Director since: 2006

Ms. Alexander has been an independent consultant since February 2004. She was a senior advisor for UBS from October 1999 to January 2004 and a managing director of Dillon Read & Co., Inc. (Dillon Read) from January 1992 to September 1999. Prior to joining Dillon Read, Ms. Alexander was a managing director in the corporate finance department of Salomon Brothers. Ms. Alexander is past Chairman of the Board of the Joint Center for Housing Studies at Harvard University (the Center) and is currently a member of that board's executive committee and a senior industry fellow of the Center. Ms. Alexander has been a director of Allied World Assurance Company Holdings, Ltd. since August 2009 and Choice Hotels since February 2012. Ms. Alexander previously served as a director of KB Home from October 2010 to April 2014, Federal Home Loan Mortgage Corporation (Freddie Mac) from November 2004 to March 2010, Centex Corporation from July 1999 to August 2009, Harrah's Entertainment, Inc. from February 2002 to April 2007 and Burlington Resources, Inc. from January 2004 to March 2006. She holds B.S. and M.S. degrees in theoretical mathematics from the University of Arkansas.

We believe that Ms. Alexander's qualifications to serve on our Board include her significant financial and accounting experience. In addition, she has extensive experience serving on several other public company boards, including in most instances service on the compensation committee and/or the audit committee of those other boards, which provides valuable insights to our Board. Her experience at Freddie Mac has added to her knowledge regarding risk management issues.

RAYMOND V. DITTAMORE

Age: 72

Director since: 2002

Mr. Dittamore retired in June 2001 as a partner of Ernst & Young LLP, an international public accounting firm, after 35 years of service. Mr. Dittamore previously served as a director of Life Technologies Corporation from July 2001 to February 2014, Gen-Probe Incorporated from August 2002 to September 2009 and Digirad Corporation from March 2004 to March 2008. Mr. Dittamore holds a B.S. degree in accounting from San Diego State University.

We believe that Mr. Dittamore's qualifications to serve on our Board include his many years of financial and accounting experience, including his long service with an international accounting firm as an audit partner and as a member of that firm's management. In addition, Mr. Dittamore has served on other public company boards, where he has gained extensive audit committee experience as well as additional insight into the practices of other boards and their committees. He has been designated as an audit committee financial expert.

JEFFREY W. HENDERSON

Age: 51

Director since: 2016

Mr. Henderson has been an Advisory Director to Berkshire Partners LLC, a private equity firm, since September 2015. He served as Chief Financial Officer of Cardinal Health Inc., a health care services company, from May 2005 to November 2014. Prior to joining Cardinal Health, Mr. Henderson held multiple positions at Eli Lilly and General Motors, including serving as President and General Manager of Eli Lilly Canada, Controller and Treasurer of Eli Lilly Inc., and in management positions with General Motors in Great Britain, Singapore, Canada and the U.S. Mr. Henderson has been a director of Halozyme Therapeutics, Inc. since August 2015 and a director of FibroGen, Inc. since August 2015. Mr. Henderson holds a B.S. degree in electrical engineering from Kettering University and an M.B.A. degree from Harvard Business School.

We believe that Mr. Henderson's qualifications to serve on our Board of Directors include his financial and operational management experience, including his significant experience in international operations, which is a source of valuable insights to our Board. His experience in senior operational and financial management positions at companies that experienced significant growth and transformation, including into additional business areas, also provides a useful resource to our senior management. Additionally, pursuant to the Cooperation Agreement with JANA Partners, we have committed to include Mr. Henderson on the slate of director nominees recommended by the Board for election at the Annual Meeting.

THOMAS W. HORTON

Age: 54

Director since: 2008

Mr. Horton is a Senior Advisor in the Industrials and Business Services Group of Warburg Pincus LLC, a private equity firm focused on growth investing. Mr. Horton was Chairman of American Airlines Group Inc. (formed upon the merger of AMR Corporation (AMR) and US Airways Group, Inc.) from December 2013 to June 2014 and Chairman of American Airlines, Inc. (American) from November 2011 to June 2014. He was Chairman and Chief Executive Officer of AMR and Chief Executive Officer of American from November 2011 to December 2013, and President of AMR and American from July 2010 to December 2013. He served as Executive Vice President and Chief Financial Officer of AMR and American from March 2006 to July 2010. He served as Vice Chairman and Chief Financial Officer of AT&T Corporation (AT&T) from January 2002 to February 2006. Prior to joining AT&T, Mr. Horton was Senior Vice President and Chief Financial Officer of AMR from January 2000 to January 2002 and served in numerous management positions with AMR since 1985. Mr. Horton has been a director of Wal-Mart Stores, Inc. since November 2014. Mr. Horton holds a B.B.A. degree in accounting from Baylor University and an M.B.A. degree from Southern Methodist University.

We believe that Mr. Horton's qualifications to serve on our Board include his management, financial and accounting experience, including his former service as President of AMR, as Vice Chairman and Chief Financial Officer of AT&T and as Executive Vice President and Chief Financial Officer of AMR. In particular, Mr. Horton's roles in operational and financial management at AMR and AT&T bring valuable insights to our Board, as well as providing a useful resource to our senior management. He has been designated as an audit committee financial expert.

PAUL E. JACOBS

Age: 53

Director since: 2005

Dr. Jacobs is our Executive Chairman and Chairman of the Board of Directors. He has served as Chairman of the Board since March 2009 and as Executive Chairman since March 2014. He served as Chief Executive Officer from July 2005 to March 2014 and as Group President of Qualcomm Wireless & Internet from July 2001 to July 2005. In addition, he served as an executive vice president from February 2000 to June 2005. Dr. Jacobs was a director of A123 Systems, Inc. from November 2002 to July 2012. Dr. Jacobs holds a B.S. degree in electrical engineering and computer science, an M.S. degree in electrical engineering and a Ph.D. degree in electrical engineering and computer science from the University of California, Berkeley.

We believe that Dr. Jacobs's qualifications to serve on our Board include his extensive business, operational and management experience in the wireless telecommunications industry, including his current position as our Executive Chairman and his prior service as our Chief Executive Officer. His extensive knowledge of our business, products, strategic relationships and opportunities, as well as the rapidly evolving technologies and competitive environment in our industry, bring valuable insights and knowledge to our Board.

HARISH MANWANI

Age: 62

Director since: 2014

Mr. Manwani was the Chief Operating Officer for Unilever PLC, a leading global consumer products company, from September 2011 to December 2014. He served as Unilever's President, Asia, Africa, Middle East and Turkey, which was later extended to include Central and Eastern Europe, from April 2005 to August 2011. He served as Unilever's President, Home & Personal Care, North America from March 2004 to March 2005. He served as Unilever's President, Home & Personal Care, Latin America and as the Chairman of Unilever's Latin America Advisory Council from April 2001 to February 2004. He served as Unilever's Senior Vice President, Global Hair and Oral Care from June 2000 to March 2001. He served as a whole time Director on the board of Hindustan Unilever Limited from August 1995 to April 2000, a company he joined as a management trainee in 1976, and subsequently held various general management positions of increasing responsibilities within Unilever globally. Mr. Manwani has been a director of Whirlpool Corporation since August 2011 and Pearson plc since October 2013, and has been the Non-Executive Chairman of Hindustan Unilever Limited since July 2005. He has also been a Global Executive Advisor to the Blackstone Private Equity Group since February 2015 and a director of The Economic Development Board (Singapore) since February 2013 and the Indian School of Business since April 2006. Mr. Manwani previously served as a director of ING Group from April 2008 to April 2010, the Citigroup India Advisory Board from November 2010 to February 2013 and the Human Capital Leadership Institute from October 2012 to February 2014. Mr. Manwani holds a B.Sc. honors degree in statistics and an M.M.S. degree in management studies, both from Mumbai University in India. He has also attended the Advanced Management Program at Harvard Business School.

We believe that Mr. Manwani's qualifications to serve on our Board include his substantial management experience involving international operations, particularly in Asia. His executive management experience, particularly with respect to strategic planning and leadership of complex organizations, provides a valuable resource for our senior management. His experience on the boards of several other companies also brings valuable insights to our Board.

Proposal 1: Election of Directors

MARK D. McLAUGHLIN

Age: 50

Director since: 2015

Mr. McLaughlin is Chairman of the Board, President and Chief Executive Officer of Palo Alto Networks, Inc., a network security company. He joined Palo Alto Networks as President and Chief Executive Officer, and as a director, in August 2011 and became Chairman of the Board in April 2012. Mr. McLaughlin served as President and Chief Executive Officer and as a director of VeriSign, Inc., a provider of Internet infrastructure services, from August 2009 through July 2011 and as President and Chief Operating Officer from January 2009 to August 2009. Mr. McLaughlin served in several roles at VeriSign, including as Executive Vice President, Products and Marketing, from February 2000 through November 2007. Prior to joining VeriSign, Mr. McLaughlin was Vice President, Sales and Business Development at Signio Inc., an internet payments company acquired by VeriSign in February 2000. President Barack Obama appointed Mr. McLaughlin to serve on the National Security Telecommunications Advisory Committee (NSTAC) in January 2011 and to the position of Chairman of the NSTAC in 2014. Mr. McLaughlin has been a director of Opower, Inc. since April 2014. Mr. McLaughlin holds a B.S. degree from the U.S. Military Academy at West Point and a J.D. from Seattle University School of Law.

We believe that Mr. McLaughlin's qualifications to serve on our Board include his operational and management experience at several technology companies. Mr. McLaughlin's service on the National Security Telecommunications Advisory Committee, as well as his experience as Chief Executive Officer and a member of the Board of Directors of a network security company, provide him with significant knowledge regarding the operations and security of telecommunications systems and cybersecurity matters, which bring valuable insights to our Board. Additionally, pursuant to the Cooperation Agreement with JANA Partners, we have committed to include Mr. McLaughlin on the slate of director nominees recommended by the Board for election at the Annual Meeting.

STEVE MOLLENKOPF

Age: 47

Director since: 2013

Mr. Mollenkopf has served as our Chief Executive Officer since March 2014 and as a director since December 2013. Mr. Mollenkopf has served as our Chief Executive Officer since March 2014. He served as Chief Executive Officer-elect and President from December 2013 to March 2014 and as President and Chief Operating Officer from November 2011 to December 2013. In addition, he served as Executive Vice President and Group President from September 2010 to November 2011, as Executive Vice President and President of QCT from August 2008 to September 2010, as Executive Vice President, QCT Product Management from May 2008 to August 2008, as Senior Vice President, Engineering and Product Management from July 2006 to May 2008 and as Vice President, Engineering from April 2002 to July 2006. Mr. Mollenkopf joined Qualcomm in 1994 as an engineer and throughout his tenure at Qualcomm has held several other technical and leadership roles. Mr. Mollenkopf holds a B.S. degree in electrical engineering from Virginia Tech and an M.S. degree in electrical engineering from the University of Michigan.

Proposal 1: Election of Directors

We believe that Mr. Mollenkopf's qualifications to serve on our Board include his extensive business, operational and management experience in the wireless telecommunications industry, including his current position as our Chief Executive Officer. His extensive knowledge of our business, products, strategic relationships and opportunities, as well as the rapidly evolving technologies and competitive environment in our industry, bring valuable insights and knowledge to our Board.

CLARK T. "SANDY" RANDT, JR.

Age: 70

Director since: 2013

Ambassador Randt has been President of Randt & Co. LLC, a company that advises firms with interests in China, since February 2009. He is a former U.S. ambassador to the People's Republic of China, where he served from July 2001 to January 2009. He was a partner resident in the Hong Kong office of Shearman & Sterling, a major international law firm, where he headed the firm's China practice, from January 1994 to June 2001. Ambassador Randt served as First Secretary and Commercial Attaché at the U.S. Embassy in Beijing from August 1982 to October 1984. He was the China representative of the National Council for United States-China Trade in 1974 and he served in the U.S. Air Force Security Service from August 1968 to March 1972. Ambassador Randt is a member of the New York Bar Association and the Council on Foreign Relations. He is also a former governor and first vice president of the American Chamber of Commerce in Hong Kong. Ambassador Randt has been a director of Valmont Industries, Inc. since February 2009, a director of the United Parcel Service, Inc. since August 2010 and a director of Wynn Resorts Ltd. since October 2015, and he serves on the Advisory Board of the Duke Kunshan University. He is fluent in Mandarin Chinese. Ambassador Randt graduated from Yale University with a B.A. degree in English literature and received a J.D. degree from the University of Michigan. He also attended Harvard Law School where he was awarded the East Asia Legal Studies Traveling Fellowship to China.

We believe that Ambassador Randt's qualifications to serve on our Board include his deep understanding of Asia and experience in facilitating business throughout Asia, which is one of the most important regions to our business. He brings to our Board substantial experience in both diplomacy and international trade, including service as the U.S. Ambassador to The People's Republic of China. His international experience and knowledge of Asian business operations provide valuable insights to our Board.

FRANCISCO ROS

Age: 65

Director since: 2010

Dr. Ros is President of First International Partners, S.L., a business consulting firm he founded in 2002. He was Secretary of State (vice minister) of the Government of Spain from May 2004 to July 2010. He served as a senior director of business development of Qualcomm from July 2003 to April 2004. He was Chairman and CEO of Alua Broadband Optical Access, a company he co-founded, from January 2000 to June 2002. Dr. Ros served as President and CEO of Unisource (a joint venture among KPN, Telia, Swisscom and Telefónica) from May 1996 to October 1998. Dr. Ros headed several business areas within the Telefónica Group from April 1983 to November 1996 and became Managing Director of the holding company and a member of its Executive Management Board. Dr. Ros has been a director of Elephant Talk Communications Corp. since September 2014 and Non-Executive Chairman of Asurion Europe Limited in Spain since April 2014. He was a director of Proteccion On-Line S.L. from October 2012 to June 2013. In 2011, he was the recipient of the Great Cross of the Order of Civil Merit and the Great Plate of Telecommunications and the Information Society, both granted by the Government of Spain. Dr. Ros holds an engineering and a Ph.D. degree in telecommunications from the Universidad Politecnica de Madrid, an M.S. degree in electrical engineering and a Ph.D. degree in electrical engineering and computer science from the Massachusetts Institute of Technology and an advanced management degree from the Instituto de Estudios Superiores de la Empresa Business School in Madrid.

We believe that Dr. Ros's qualifications to serve on our Board include his significant experience related to the regulatory environment in Europe for wireless technology, as well as his technical and business background and education. In addition, Dr. Ros brings a non-U.S. perspective to issues facing us, enhancing the understanding of our Board.

JONATHAN J. RUBINSTEIN

Age: 59

Director since: 2013

Mr. Rubinstein was Senior Vice President, Product Innovation for the Personal Systems Group of the Hewlett-Packard Company (HP) from July 2011 to January 2012 and Senior Vice President and General Manager, Palm Global Business Unit of HP from July 2010 to July 2011. Mr. Rubinstein was Chief Executive Officer and President of Palm, Inc. (Palm) from June 2009 until its acquisition by HP in July 2010 and Chairman of the Board of Palm from October 2007 through the date of acquisition. He was Senior Vice President, iPod Division of Apple Inc. (Apple) from 2003 to 2006 and Senior Vice President, Hardware Engineering of Apple from 1997 to 2003. Mr. Rubinstein is a member of the National Academy of Engineering. Mr. Rubinstein has been a director of Amazon.com, Inc. since December 2010. Mr. Rubinstein holds B.S. and M.Eng. degrees in electrical engineering from Cornell University and an M.S. degree in computer science from Colorado State University.

We believe that Mr. Rubinstein's qualifications to serve on our Board include his substantial operational and executive management experience at a range of large technology companies, including senior management responsibilities at HP, Palm and Apple. His experience in addressing product development issues in emerging and evolving technology environments provides our Board with valuable knowledge and insights.

ANTHONY J. VINCIQUERRA

Age: 61

Director since: 2015

Mr. Vinciquerra is Senior Advisor to Texas Pacific Group (TPG) in the Technology, Media and Telecom sectors, where he advises TPG on acquisitions and operations. He has been Senior Advisor of TPG since September 2011. Mr. Vinciquerra was

Chairman of Fox Networks Group, the largest and most profitable operating unit of News Corporation, from September 2008 to February 2011 and President and Chief Executive Officer from June 2002 to February 2011. Earlier in his career, he held various management positions in the broadcasting and media industry. Mr. Vinciquerra has also been a director of DirecTV since September 2013. He previously served as a director of Motorola Mobility Holdings, Inc. from January 2011 to May 2012, and Motorola, Inc. from July 2007 to January 2011. Mr. Vinciquerra holds a B.A. degree in marketing from the State University of New York.

We believe that Mr. Vinciquerra's qualifications to serve on our Board include his management experience, including significant experience in operations, which is a source of important insights to our Board, as well as providing a useful resource to our senior management. His prior media industry experience is especially valuable with the convergence of the Internet, wireless, media and computing industries. He has been designated as an audit committee financial expert. Additionally, pursuant to the Cooperation Agreement with JANA Partners, we have committed to include Mr. Vinciquerra on the slate of director nominees recommended by the Board for election at the Annual Meeting.

REQUIRED VOTE AND BOARD RECOMMENDATION

If a quorum is present and voting, each of the 12 nominees for director will be elected by a vote of a majority of the votes cast, meaning that the number of shares cast "for" a director's election exceeds the number of "withhold" votes cast against that director. If you hold your shares in your own name and abstain from voting on this matter, your abstention will have no effect on the vote. If you hold your shares through a broker and you do not instruct the broker on how to vote for each of the 12 nominees, your broker will not have the authority to vote your shares. Abstentions and broker non-votes will each be counted as present for purposes of determining the presence of a quorum but will not have any effect on the outcome of the vote.

THE BOARD RECOMMENDS A VOTE "FOR" THE ELECTION OF EACH OF THE ABOVE NOMINEES.

Proposal 2: Ratification of Selection of Independent Public Accountants

PROPOSAL 2: RATIFICATION OF SELECTION OF INDEPENDENT PUBLIC ACCOUNTANTS

The Audit Committee of the Board has selected PricewaterhouseCoopers LLP as our independent public accountants for the fiscal year ending September 25, 2016, and the Board has directed that management submit this selection for ratification by the stockholders at the Annual Meeting. PricewaterhouseCoopers LLP has audited our consolidated financial statements since we commenced operations in 1985.

The Audit Committee has evaluated PricewaterhouseCoopers LLP's qualifications, performance and independence, including that of the lead audit partner. This evaluation was conducted with input from senior management. Stockholder ratification of the selection of PricewaterhouseCoopers LLP as our independent public accountants is not required by our Amended and Restated Bylaws or otherwise. However, the Board is submitting the selection of PricewaterhouseCoopers LLP to stockholders for ratification as a matter of good corporate governance. If stockholders fail to ratify the selection, the Audit Committee will reconsider whether or not to retain PricewaterhouseCoopers LLP. Even if the selection is ratified, the Audit Committee at its discretion may direct the appointment of different independent public accountants at any time during the year if it determines that such a change would be in the best interests of the Company and its stockholders.

FEES FOR PROFESSIONAL SERVICES

The following table presents fees for professional services rendered by PricewaterhouseCoopers LLP during our fiscal years ended September 27, 2015 and September 28, 2014 for the audits of our annual consolidated financial statements and fees for other services. All of the services described in the following table were approved in conformity with the Audit Committee's pre-approval process described below.

	Fiscal 2015	Fiscal 2014
Audit fees (1)	$6,725,000	$6,777,000
Audit-related fees (2)	4,597,700	3,481,000
Tax fees (3)	115,200	10,000
All other fees (4)	82,400	413,000
Total	$11,520,300	$10,681,000

(1) Audit fees consist of fees for professional services rendered for the audit of our annual consolidated financial statements and the effectiveness of our internal control over financial reporting, the reviews of our interim condensed consolidated financial statements included in quarterly reports and audits of certain subsidiaries and businesses for statutory, regulatory and other purposes.

(2) Audit-related fees consist of fees for assurance and related services that are reasonably related to the performance of the audit or reviews of our consolidated financial statements and are not reported under "audit fees." This category includes fees principally related to field verification of royalties from certain licensees.

(3) Tax fees consist of fees for permissible advisory services regarding general tax consulting services, including consulting on tax matters related to merger and acquisition activity (2015) and fees for professional services rendered for transfer pricing advice (2014).

(4) All other fees consist of fees for permissible advisory services provided in connection with market condition studies, services related to conflict minerals reporting requirements and technical publications purchased from the independent public accountants.

POLICY ON AUDIT COMMITTEE PRE-APPROVAL OF AUDIT AND NON-AUDIT SERVICES OF INDEPENDENT PUBLIC ACCOUNTANTS

The Audit Committee's policy is to pre-approve all audit and non-audit services provided by our independent public accountants. These services may include audit services, audit-related services, tax services and other services. Pre-approval is generally provided for up to one year, and any pre-approval is detailed as to the particular service or category of services

and an estimated fee. The Audit Committee has delegated certain pre-approval authority to certain committee members and members of management when expedition of approval is necessary. Our independent public accountants and management periodically report to the full Audit Committee regarding the extent of services provided by the independent public accountants and the fees for the services performed to date.

REPRESENTATION FROM PRICEWATERHOUSECOOPERS LLP AT THE ANNUAL MEETING

Representatives of PricewaterhouseCoopers LLP are expected to be present at the Annual Meeting, will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

REQUIRED VOTE AND BOARD RECOMMENDATION

The affirmative vote of a majority of the votes cast at the Annual Meeting at which a quorum is present, either in person or by proxy, is required to approve this proposal. If you hold your shares in your own name and abstain from voting on this matter, your abstention will have no effect on the vote. If you hold your shares through a broker and you do not instruct the broker on how to vote on this proposal, your broker will have the authority, but is not required, to vote your shares. Abstentions and any broker non-votes will each be counted as present for purposes of determining the presence of a quorum but will not have any effect on the outcome of the proposal.

THE BOARD RECOMMENDS A VOTE “FOR” THE RATIFICATION OF THE SELECTION OF PRICEWATERHOUSECOOPERS LLP AS OUR INDEPENDENT PUBLIC ACCOUNTANTS FOR THE FISCAL YEAR ENDING SEPTEMBER 25, 2016.

Proposal 3: Approval of the 2016 Long-Term Incentive Plan

PROPOSAL 3: APPROVAL OF THE 2016 LONG-TERM INCENTIVE PLAN

We offer a broad-based equity compensation program that is critical to attracting, retaining and engaging the finest people in our industry and ensuring alignment among our employees and stockholders. Employees with a stake in the future success of our business are highly motivated to innovate, execute and partner to achieve long-term growth and increase stockholder value. The purpose of Proposal 3, which seeks to establish the 2016 Long-Term Incentive Plan (the 2016 LTIP), is to provide the Company with a sufficient share reserve and added flexibility to continue to provide our employees with opportunities for equity ownership in a highly competitive and dynamic employment market.

While the 2016 LTIP provides flexibility in the type of equity compensation awards we may grant, we currently intend to continue to grant time-based restricted stock units to our general employee population and both time-based and performance-based restricted stock units to our executive officers. Our program of providing broad merit-based grants of restricted stock units to our employees has been a central part of our compensation and benefits mix, and we believe it has helped to create an inclusive and results-oriented culture of collaborative innovation. Without this program, we believe our competitiveness would be negatively impacted and would place us at a significant disadvantage in our efforts to attract and retain the most talented and skilled individuals in the industry.

In fiscal 2015, we granted 2.46% of our annual share-based compensation expense to our Named Executive Officers (NEOs), 0.76% to our other executive officers and 96.78% to our remaining employee population in the form of on-going retention and new hire grants. Equity compensation remains a significant component of our compensation and benefits mix. Over 98% of our regular, full-time employees currently have unvested restricted stock units.

In July 2015, we announced that we plan to reduce annual share-based compensation grants by approximately $300 million from fiscal 2015 levels. We expect these cost reduction initiatives to be fully implemented by the end of fiscal 2016. We recognize that share-based grants dilute existing stockholders, and therefore, we are committed to continued responsible management of our equity compensation program.

SUMMARY OF THE 2016 LONG-TERM INCENTIVE PLAN

At the Annual Meeting, stockholders will be asked to approve the Qualcomm Incorporated 2016 Long-Term Incentive Plan (the 2016 LTIP), which was adopted by the Board of Directors on December 7, 2015, subject to stockholder approval.

The Company currently maintains the Qualcomm Incorporated 2006 Long-Term Incentive Plan (the 2006 LTIP). As of December 14, 2015, a total of 63,850,864 shares of the Company’s common stock were subject to outstanding awards granted under the 2006 LTIP, and an additional 19,766,726 shares were available for new award grants under the 2006 LTIP.

No awards will be issued under the 2016 LTIP unless stockholders approve it at the Annual Meeting. If stockholders approve the 2016 LTIP, no new awards will be granted under the 2006 LTIP after the Annual Meeting, although all outstanding awards under that plan will remain outstanding according to their terms. If stockholders do not approve the 2016 LTIP, the Company will continue to have the authority to grant awards under the 2006 LTIP until March 7, 2018.

We believe that equity incentives are critical to attracting and retaining the most talented employees in our industry. Stockholder approval of the proposed 2016 LTIP will allow us to continue to provide such incentives.

Significant Historical Award Information

The following table provides information regarding the grant of equity awards under our 2006 LTIP over the past three completed fiscal years:

Key Equity Metrics	2013	2014	2015
Percentage of equity awards granted to NEOs (1)	5.0%	12.5%	3.4%
Equity burn rate (2)	0.9%	1.0%	1.0%
Dilution (3)(5)	12.1%	8.7%	6.9%
Overhang (4)(5)	6.2%	4.4%	3.9%

(1) Percentage of equity awards granted to individuals who were named executive officers (NEOs) in the relevant year is calculated by dividing the number of shares that were issuable pursuant to equity awards that were granted to NEOs

during the fiscal year by the number of shares issuable pursuant to all equity awards that were granted during the fiscal year.

(2) Equity burn rate is calculated by dividing the number of shares issuable pursuant to equity awards granted during the fiscal year by the weighted-average number of shares outstanding during the period.

(3) Dilution is calculated by dividing the sum of (x) the number of shares issuable pursuant to equity awards outstanding at the end of the fiscal year (59,890,371) and (y) the number of shares available under the 2006 LTIP for future grants (45,465,812), by the number of shares outstanding at the end of the fiscal year (1,524,308,039).

(4) Overhang is calculated by dividing the number of shares issuable pursuant to equity awards outstanding at the end of the fiscal year (59,890,371) by the number of shares outstanding at the end of the fiscal year (1,524,308,039).

(5) The Company repurchased 172,434,913 shares during fiscal 2015. If the Company had not repurchased these shares, 1,696,742,952 shares would have been outstanding at the end of fiscal 2015, and dilution and overhang would have been 6.2% and 3.5%, respectively, for fiscal 2015.

For purposes of the table above, the number of shares issuable pursuant to equity awards does not include any dividend equivalents that may be earned after the date of grant, and the number of shares issuable pursuant to an award that provides for issuance of a variable number of shares based on the extent to which performance targets are satisfied is deemed to be the maximum number of shares that may be issued on attainment of maximum performance targets, even though a lesser number of shares may be issued based on actual performance.

Summary of the 2016 LTIP

The following is a summary of the principal features of the 2016 LTIP. This summary does not purport to be a complete description of all of the provisions of the 2016 LTIP. It is qualified in its entirety by reference to the full text of the 2016 LTIP, a copy of which is attached to this Proxy Statement as Appendix 5.

General

The 2016 LTIP provides for the grant of incentive and nonstatutory stock options, stock appreciation rights, restricted stock, unrestricted stock, restricted stock units, performance units, performance shares (including performance stock units or PSUs), deferred compensation awards and other stock-based awards. Incentive stock options granted under the 2016 LTIP are intended to qualify as “incentive stock options” within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the Code). Nonstatutory stock options granted under the 2016 LTIP are not intended to qualify as incentive stock options under the Code.

Purpose

The purpose of the 2016 LTIP is to advance the interests of the Company and its stockholders by providing an incentive to attract and retain the best qualified personnel to perform services for the Company, by motivating such persons to contribute to the growth and profitability of the Company, by aligning their interests with the interests of the Company’s stockholders, and by rewarding such persons for their services by tying a portion of their total compensation package to the success of the Company.

Administration

The 2016 LTIP would be administered by the Compensation Committee of the Board or, if there is no Compensation Committee, it would be administered by the Board. Subject to the limitations in the 2016 LTIP, the Compensation Committee has the authority to interpret the 2016 LTIP and to determine the recipients of awards, the number of shares subject to each award, the times when an award will become exercisable or vest, the exercise price, the type of consideration to be paid upon exercise and other terms of the award. To the extent permitted by applicable law and the terms of the 2016 LTIP, the Committee may delegate to the appropriate officers of the Company the authority to grant, amend, modify, cancel, extend or renew awards to persons other than directors or executive officers whose transactions are subject to Section 16 of the Securities Exchange Act of 1934, as amended. Accordingly, as used herein with respect to the 2016 LTIP, references to the “Committee” include the full Board, the Compensation Committee and any officer of the Company to whom such authority may be delegated as provided in the 2016 LTIP.

Maximum Number of Shares Issuable Under the 2016 LTIP

Maximum Number of Shares Issuable. The maximum number of shares that may be issued pursuant to awards under the 2016 LTIP will equal:

Proposal 3: Approval of the 2016 Long-Term Incentive Plan

- 90,000,000 shares, plus
- the number of any shares available for new award grants under the 2006 LTIP on the date of the Annual Meeting, determined before giving effect to the termination of the authority to grant new awards under the 2006 LTIP, plus
- the number of any shares subject to stock options granted under the 2006 LTIP and outstanding as of the date of the Annual Meeting which expire, or for any reason are forfeited, canceled or terminated, after that date without being exercised, plus
- the number of any shares subject to full-value awards (including restricted stock units, performance shares and deferred stock units) granted under the 2006 LTIP that are outstanding as of the date of the Annual Meeting which are forfeited, terminated, canceled, not earned due to any performance goal that is not met or that fail to vest or are otherwise reacquired after that date without having become vested, in each case with the number of shares that may be issued pursuant to the 2016 LTIP being increased by two times the number of such shares, plus
- the number of any shares subject to full-value awards granted under the 2006 LTIP and outstanding on the date of the Annual Meeting that are paid in cash, exchanged by a participant or withheld by the Company after the date of the Annual Meeting to satisfy any tax withholding or tax payment obligations related to such award, in each case with the number of shares that may be issued pursuant to the 2016 LTIP being increased by two times the number of such shares.

As of December 14, 2015, 19,766,726 shares were available for new grants under the 2006 LTIP. The table below presents the number of shares, including dividend equivalents, that were subject to various outstanding equity awards at December 14, 2015 under the 2006 LTIP:

Outstanding Award	
Stock options (number of shares)	26,233,039
Weighted-average exercise price of stock options	$41.69
Weighted-average remaining term of stock options (years)	2.4
Restricted stock units (number of shares)	35,253,978
Performance shares (number of shares)	2,255,001
Deferred stock units (number of shares)	108,846

Share Counting. The following are other rules for counting shares against the maximum number of shares that may be issued pursuant to the 2016 LTIP:

- Shares issued with respect to awards granted under the 2016 LTIP other than stock options or stock appreciation rights (referred to as a full-value award) are counted against the 2016 LTIP's aggregate share limit as two shares for every one share actually issued in connection with the award.
- To the extent that shares are delivered pursuant to the exercise of a stock option or stock appreciation right, the number of underlying shares to which the exercise related shall be counted against the applicable share limits, regardless of the number of shares actually issued. Further, any shares that are exchanged by a participant or withheld by the Company as full or partial payment of the exercise price of any stock option or stock appreciation right or to satisfy any tax withholding or payment obligations related to any stock option or stock appreciation right will not be available for issuance of subsequent awards under the 2016 LTIP.
- To the extent that an award is settled in cash, the shares that would have been issued had there been no such cash settlement will not be counted against the number of shares available for issuance under the 2016 LTIP.
- Shares that are subject to awards that are forfeited, terminated, canceled, not earned due to any performance goal that is not met or otherwise fail to vest or are reacquired by the Company will again be available for subsequent awards under the 2016 LTIP. Any such shares subject to full value awards will be credited as two shares for purposes of determining the maximum number of shares available for issuance under the 2016 LTIP.
- If shares are exchanged by a participant or withheld by the Company to satisfy the tax withholding or payment obligations related to any full-value award, the maximum number of shares that are issuable pursuant to the 2016 LTIP will be credited with two (2) shares for each such share.
- Shares tendered (by attestation or otherwise), exchanged or withheld as full or partial payment of the exercise price of any option or stock appreciation right will not be available for subsequent awards; shares exchanged or withheld to satisfy the tax withholding or tax payment obligations related to any option or stock appreciation right

will not be available for subsequent awards; shares purchased or repurchased by the Company with option proceeds will not be available for subsequent awards; and shares covered by an option or stock appreciation right, to the extent that it is exercised and settled in shares, and whether or not shares are actually issued upon exercise, will be considered issued or transferred pursuant to the 2016 LTIP.

- Shares issued in connection with awards that are granted by or become obligations of the Company through the assumption of awards (or in substitution for awards) in connection with an acquisition of another company will not count against the shares available for issuance under the 2016 LTIP unless determined otherwise by the Board, and such awards may reflect the original terms of the related award being assumed or substituted for and need not comply with other specific terms of the 2016 LTIP.
- Shares of stock of an acquired company that are available under a pre-existing plan approved by its stockholders and not adopted in contemplation of such acquisition (as adjusted using the exchange ratio or other adjustment formula used in such acquisition or combination to determine the consideration payable to its stockholders) may be used for awards under the 2016 LTIP and will not reduce the number of shares available for issuance under the 2016 LTIP, provided that awards using such available shares cannot be made after the date the awards or grants could have been made under the terms of the pre-existing plan and will only be made to individuals who were not employees, consultants or nonemployee directors of the Company prior to such acquisition or combination.

Eligibility and Award Limitations

Awards other than incentive stock options are generally granted to our employees and directors, although the 2016 LTIP permits the grant of awards to consultants. Incentive stock options may be granted only to employees. As of December 14, 2015, the Company had approximately 26,800 employees and 13 nonemployee directors who would have been eligible to participate in the 2016 LTIP had it been in effect on that date.

If an incentive stock option is granted to any person who, at the time of the grant, owns (or is deemed to own) stock possessing more than 10% of the total combined voting power of the Company, or any of its parent or subsidiary corporations, the option must be granted at an exercise price that is at least 110% of the fair market value of the Company’s stock on the date of grant, and the term of the option must not exceed five years. The aggregate fair market value, determined at the time of grant, of the shares of common stock with respect to which incentive stock options granted under the 2016 LTIP that are exercisable for the first time by an optionee during any calendar year (under all our plans and our parent and subsidiary corporations) may not exceed $100,000.

Service Vesting Requirements. Generally, full-value awards, stock options and stock appreciation rights will vest based on a continued service with the Company over a period of no less than twelve months from the date on which such award is granted, except in connection with death, disability, retirement, termination of service without cause or upon a change in control. However, 5% of the aggregate number of shares authorized for issuance under the 2016 LTIP will not be subject to such service vesting requirements.

Section 162(m) Award Limits. In order to permit awards to qualify as “performance-based compensation” under Section 162(m) of the Code, the 2016 LTIP provides the following limits:

- Stock options and stock appreciation rights: No employee shall be granted within any fiscal year of the Company one or more options or freestanding stock appreciation rights which in the aggregate are for more than 3,000,000 shares.
- Restricted stock and restricted stock unit awards vesting based upon the attainment of performance goals: No employee shall be granted within any fiscal year of the Company one or more restricted stock awards or restricted stock unit awards subject to vesting conditions based on the attainment of performance goals for more than 2,000,000 shares.
- Performance share awards: No employee shall be granted within any fiscal year of the Company performance shares which could result in such employee receiving more than 2,000,000 shares.
- Performance unit awards: No employee shall be granted within any fiscal year of the Company performance units which could result in such employee receiving more than $10,000,000.

Limitation on Awards to Nonemployee Directors: The aggregate grant date fair value (computed as of the date of grant in accordance with applicable financial accounting rules) of awards granted to any nonemployee director under the 2016 LTIP during any single calendar year shall not exceed $500,000. However, this limit does not apply to any awards made at the election of a nonemployee director to receive awards in lieu of all or a portion of any annual committee cash retainers or other similar cash-based payments.

Proposal 3: Approval of the 2016 Long-Term Incentive Plan

Stock Options and Stock Appreciation Rights

The following is a general description of the terms of stock options and stock appreciation rights that may be awarded under the 2016 LTIP. Individual grants may have different terms, subject to the overall requirements of the 2016 LTIP.

Exercise Price; Payment. The exercise price of incentive stock options under the 2016 LTIP may not be less than the fair market value of the Company's common stock subject to the option on the date of grant, and in some cases may not be less than 110% of the fair market value on the grant date (see "Eligibility"). As of December 14, 2015, the fair market value (i.e., closing price) of a share of the Company's common stock was $46.83. The exercise price of a nonstatutory stock option and a stock appreciation right may not be less than the fair market value of the Company's stock subject to the award on the date of grant. The exercise price of options granted under the 2016 LTIP must be paid: (1) in cash, check or a cash equivalent; (2) by tender of shares of common stock of the Company subject to attestation to the ownership of the shares and to having a fair market value not less than the exercise price; (3) if permitted by the Committee and to the extent allowed by law, by means of a promissory note; (4) by net exercise whereby the number of shares issuable upon the exercise of the option is reduced by a number of shares having a fair market value equal to the exercise price; (5) in any other form of payment as may be approved by the Committee; or (6) by a combination of the above forms of payment.

Repricing and Reload Options Prohibited. The Company may not, without obtaining stockholder approval, (1) amend or modify the terms of any outstanding option or stock appreciation right to reduce the exercise price; (b) cancel, exchange or permit or accept the surrender of any outstanding option or stock appreciation right in exchange for an option or stock appreciation right with a lower exercise price; or (c) cancel, exchange or permit or accept the surrender of any outstanding option or stock appreciation right in exchange for any other award, cash or other securities for purposes of repricing that option or stock appreciation right. Also, no option may be granted to any participant on account of the use of shares to exercise a prior option.

Exercise. Stock options and stock appreciation rights granted under the 2016 LTIP vest in cumulative increments as determined by the Committee, provided that the holder's employment by, or service as a director of or consultant to, the Company or certain related entities or designated affiliates, continues from the date of grant until the applicable vesting date. Stock options and stock appreciation rights granted under the 2016 LTIP may be subject to different vesting terms, subject to the one-year minimum service vesting requirement (see "Service Vesting Requirements"). In addition, the Committee has the power to accelerate the time during which an award may be exercised, subject to these limitations.

Term. The maximum term of stock options and stock appreciation rights under the 2016 LTIP is 10 years, except for certain incentive stock options with a maximum term of five years (see "Eligibility"). The 2016 LTIP provides for the earlier termination of an award due to the holder's termination of service.

Restrictions on Transfer. During a participant's lifetime, stock options may be exercised only by the participant or the participant's guardian or legal representative. Stock options are not subject in any manner to anticipation, alienation, sale, exchange, transfer, assignment, pledge, encumbrance or garnishment. Participants may not transfer incentive stock options granted under the 2016 LTIP, except by will or by the laws of descent and distribution. The terms and conditions of award agreements may provide that nonstatutory stock options are transferrable by written designation of a beneficiary taking effect upon the death of the participant or by delivering written notice to the Company, in a form acceptable to the Company, that the participant will be gifting the option to certain family members, other specific entities controlled by or for the benefit of such family members.

Restricted Stock Units

The Committee may grant restricted stock units under the 2016 LTIP. Restricted stock units represent a right to receive shares of the Company's common stock at a future date determined in accordance with the participant's award agreement. There is no purchase or exercise price associated with restricted stock units or with the shares issued in settlement of the award. The Committee may grant restricted stock unit awards that vest subject to the one-year minimum service vesting requirement (see "Service Vesting Requirements") or upon attainment of one or more performance goals described below in connection with performance awards. Participants may not transfer shares acquired pursuant to restricted stock units until the units vest and are settled. Participants have no voting rights or rights to receive cash dividends with respect to restricted stock unit awards until shares of common stock are issued in settlement of such awards. However, the Committee may grant restricted stock units that entitle the holders to receive dividend equivalents, which are rights to receive additional restricted stock units or cash amounts on restricted stock units that vest based on the value of any cash dividends the Company declares prior to the settlement of vested restricted stock units.

Restricted Stock Awards

The Committee may grant restricted stock awards under the 2016 LTIP in the form of either a restricted stock purchase right, an immediate right to purchase common stock or a restricted stock bonus, for which the participant furnishes consideration in the form of services to the Company. The Committee determines the purchase price payable under restricted stock purchase rights, which may be less than the then current fair market value of the Company's common stock. Restricted stock awards may be subject to vesting conditions specified by the Committee based on service subject to the one-year minimum service vesting requirement (see "Service Vesting Requirements") or performance criteria, including the attainment of one or more performance goals similar to those described below in connection with performance awards. Participants may not transfer shares acquired pursuant to a restricted stock award until the shares vest. Unless otherwise provided by the Committee, participants forfeit any unvested shares of restricted stock upon termination of service. Participants holding restricted stock generally may vote the shares and receive any dividends paid; however, the restrictions on the original restricted stock award apply to dividends or distributions paid in shares, adjustments made upon a change in the capital structure of the Company, and any substituted or additional securities or property arising from such award.

Performance Awards

The Committee may grant performance awards subject to the fulfillment of conditions and the attainment of performance goals over such periods as the Committee determines in writing and sets forth in a written agreement between the Company and the participant. These awards may be designated as performance shares or performance units. Performance shares are awards that provide for a payment in shares (or cash equivalent to the fair market value of shares) based on satisfaction of performance goals established by the Committee, and performance units are awards that provide for the payment of cash based on the satisfaction of performance goals established by the Committee.

No later than the earlier of (a) the date ninety (90) days after the commencement of the applicable performance period or (b) the date on which 25% of the performance period has elapsed, the Committee will establish one or more performance goals applicable to the award. Performance goals are based on the attainment of specified target levels with respect to one or more selected measures of business or financial performance. Performance goals may be based on one or more of the following measures: revenues, average selling price, average unit costs, excess and obsolete inventory costs, costs of revenues, gross profit, gross margin, research and development expenses, selling, marketing and general and administrative expenses, operating expense, operating income, operating margin, contribution margin, earnings before any one or more of stock-based compensation expense, interest and dividend income, taxes, depreciation and amortization, net income, earnings per share, cost reductions or savings, stock price, economic value added, operating cash flow, free cash flow, return on capital, which includes return on invested capital, compound annual growth rate, return on stockholders' equity, total stockholder return, return on assets, balance of cash, cash equivalents and marketable securities, design wins, product launch, product quality, establishing relationships with commercial entities with respect to marketing, distribution and sale of the Company's products, supply chain achievements, customer satisfaction, customer leadership evaluation, completion of identified project(s), completion of a joint venture or corporate transaction, financing or other capital raising transactions (including sales of the Company's debt or equity), forecast accuracy, including demand or total addressable opportunities accuracy, regulatory achievements, including submitting or filing application or other documents with regulatory authorities or receiving approval of any such application or other document and passing preapproval inspections, brand reputation, market share or other measures as determined by the Committee. The degree of attainment of performance measures may be measured in absolute terms, relative terms (including but not limited to the passage of time or period to period comparisons and/or against other companies or financial metrics), on a per share and/or share per capita basis, against the performance of the Company as a whole or against particular entities, segments, operating or business units, regional operations or segments or products of the Company, in accordance with generally accepted accounting principles in the United States (GAAP) and/or other objective and pre-established principles which are not in accordance with GAAP, on a pre-tax or after-tax basis. The Committee may provide for exclusion of the impact of an event or occurrence which the Committee determines should appropriately be excluded, including but not limited to: restructurings, discontinued operations, extraordinary items and other unusual, infrequently occurring or non-recurring charges or events, asset write-downs, litigation or claim judgments or settlements, acquisitions or divestitures, reorganization or change in corporate structure or capital structure of the Company, an event either not directly related to the operations of the Company, participating company, division, business, segment or business unit or not within the reasonable control of management, foreign exchange gains and losses, a change in the fiscal year of the Company, the refinancing or repurchase of bank loans or debt securities, unbudgeted capital expenditures, the issuance or repurchase of equity securities and other changes in the number of outstanding shares, conversion of some or all of convertible securities to common stock, any business interruption event, the cumulative effects of tax or accounting changes in accordance with GAAP, or the effect of changes in other laws or regulatory rules affecting reported results. Following completion of the applicable performance period, the Committee certifies in writing the extent to which a participant has attained the applicable performance goals and the resulting value of the participant’s award. The Committee retains the discretion to eliminate or reduce, but not increase, the amount that would otherwise be payable to a participant who is a "covered employee" within the meaning of Section 162(m) of the Code. However, no such reduction may increase the amount correspondingly paid to any other participant. The Committee may make positive or negative adjustments to performance award payments to participants other than covered employees to reflect individual job performance or other factors. At its discretion, the Committee may provide for the payment of dividend equivalents with respect to cash dividends paid on the Company's common stock to a participant awarded performance shares. The Committee may provide for performance award payments in lump sums or installments. If any payment is to be made on a deferred basis, the Committee may provide for the payment of dividend equivalents or interest during the deferral period.

Unless otherwise provided by the Committee, if a participant terminates service due to death or disability prior to completion of the applicable performance period, the final award value is determined at the end of the performance period on the basis of the performance goals attained during the entire performance period, but is prorated for the number of months of the participant's service during the performance period. If a participant's service terminates prior to completion of the applicable performance period for any other reason, the participant forfeits the performance award, unless the Committee determines otherwise. Participants may not sell or transfer a performance award, other than by will or the laws of descent and distribution, prior to the end of the applicable performance period.

Deferred Compensation Awards

The 2016 LTIP authorizes the Committee to establish a deferred compensation award program. If and when implemented, participants designated by the Committee who are officers, nonemployee directors or members of a select group of highly compensated employees may elect to receive an award of deferred stock units, in lieu of compensation otherwise payable in cash or in lieu of cash or shares of common stock issuable upon the exercise or settlement of stock options, stock appreciation rights, performance shares or performance unit awards. Each such stock unit represents a right to receive one share of common stock at a future date determined in accordance with the participant's award agreement. Deferred stock units are fully vested upon grant and settled by distribution to the participant of a number of whole shares of common stock equal to the number of stock units subject to the award upon the earlier of the date on which the participant separates from service or a specific date elected by the participant at the time of his or her election to receive the deferred stock unit award. A holder of deferred stock units has no voting rights or other rights as a stockholder until shares of common stock are issued to the participant in settlement of the deferred stock units. However, participants holding deferred stock units may receive dividend equivalents credited in the form of additional stock units as determined by the Committee. Prior to settlement, deferred stock units may not be assigned or transferred other than by will or the laws of descent and distribution.

Other Stock-Based Awards

The 2016 LTIP permits the Committee to grant other awards based on the Company's stock or based on dividends paid on its stock. No such other awards were granted under the 2006 LTIP during fiscal 2015 or were outstanding at December 14, 2015.

Adjustments Upon Certain Corporate Events

In the event of any stock dividend, stock split, reverse stock split, recapitalization, combination, reclassification or similar change in the capital structure of the Company, the 2016 LTIP provides for appropriate adjustments in (i) the maximum number and class of shares subject to the 2016 LTIP and to any outstanding awards, (ii) Code Section 162(m) per employee grant limits (see "Section 162(m) Award Limits") and (iii) the exercise price per share of any outstanding awards. Any fractional share resulting from an adjustment is rounded down to the nearest whole number, and at no time will the exercise price of any stock option or stock appreciation right be decreased to an amount less than par value of the stock subject to the award.

Change in Control. The Committee may provide in any award agreement or, in the event of a change in control, take such actions as it deems appropriate to accelerate the exercisability and vesting of stock options or stock appreciation rights in connection with a change in control; provided such acceleration may not occur solely upon a change in control to the extent the stock option or stock appreciation right is being assumed or substituted with a similar award in connection with such change in control. Further, with respect to awards other than stock options and stock appreciation rights in the event of a change in control or in the event of a termination of employment following a change in control, the Committee may provide in any award agreement for the lapsing of vesting conditions or restrictions, restriction periods, performance goals or other limitations applicable to the stock subject to such award held by a participant whose service has not terminated prior to the change in control; provided such acceleration or waiver may not occur solely upon a change in control. If a change in control occurs, the surviving, continuing, successor or purchasing corporation or parent corporation thereof may either assume the Company's rights and obligations under the outstanding awards or substitute substantially equivalent awards without the consent of the participant. With respect to awards that are not assumed or substituted with substantially equivalent awards, nor exercised as of the date of the change in control, will terminate and cease to be outstanding effective as of the date of the change in control.

Duration, Amendment and Termination

The Board may amend or terminate the 2016 LTIP at any time. If not earlier terminated, the 2016 LTIP will continue in effect until the date on which all of the shares of Stock available for issuance under the 2016 LTIP have been issued, all restrictions on such shares under the terms of the 2016 LTIP have lapsed and the agreements evidencing awards have lapsed. However, awards will not be granted under the 2016 LTIP later than the tenth anniversary of the date it was originally approved by the stockholders (March 8, 2026). No amendment authorized by the Board will be effective unless approved by the stockholders of the Company if the amendment would (1) increase the number of shares reserved under the 2016 LTIP; (2) change the class of persons eligible to receive incentive stock options; (3) reprice any stock option or stock appreciation right (see "Repricing and Reload Options Prohibited") or (4) modify the 2016 LTIP in any other way that requires stockholder approval under applicable law.

Specific Benefits

The Company has not approved any awards that are conditioned on stockholder approval of the 2016 LTIP proposal. The Company cannot currently determine the benefits or number of shares subject to awards that may be granted in the future to executive officers and employees (including employee directors) under the 2016 LTIP because the Company's equity award grants are discretionary in nature. If the proposed 2016 LTIP had been in effect in 2015, the Company expects that its award grants for 2015 would not have been different from those actually made in that year under the 2006 LTIP. For information regarding awards that were granted to the NEOs during 2015, see "Awards Granted During Fiscal 2015 to Certain Persons under the 2006 LTIP." For information regarding past award grants under the 2006 LTIP, see the "Aggregate Past Grants Under the 2006 LTIP" table below.

Awards Granted During Fiscal 2015 to Certain Persons under the 2006 LTIP

The following table sets forth for each NEO, for all current executive officers, all current directors (who are not executive officers) and for all employees (who are not executive officers): (1) the Annual Cash Incentive Plan (ACIP) awards for fiscal 2015; (2) the aggregate number of shares subject to restricted stock units and performance shares granted under the 2006 LTIP during fiscal 2015; and (3) the aggregate dollar value of such shares based on $53.22 per share, the fair market value of our common stock on September 27, 2015, the last trading day of fiscal 2015.

Name and Position	ACIP Awards ($) (1)	Number of Shares Subject to Restricted Stock Units (#)	Dollar Value of Restricted Stock Units ($)	Number of Shares Subject to Performance Shares (#)	Dollar Value of Performance Shares ($)
Steve Mollenkopf Chief Executive Officer	1,025,000	—	—	296,814	15,796,441
George S. Davis Executive Vice President and Chief Financial Officer	400,000	—	—	100,176	5,331,367
Derek K. Aberle President	520,000	—	—	140,246	7,463,892
Cristiano R. Amon Executive Vice President, Qualcomm Technologies, Inc. and President, QCT	320,000	—	—	134,310	7,147,978
Paul E. Jacobs Executive Chairman	—	—	—	333,916	17,771,010
All current executive officers as a group (10 persons)	3,415,000	26,999	1,436,887	1,385,394	73,730,669
All current directors, who are not executive officers, as a group (13	—	34,569	1,839,762	—	—

persons) (2)					
All employees, who are not executive officers, as a group (26,695 persons)	—	15,411,716	820,211,526	—	—

Proposal 3: Approval of the 2016 Long-Term Incentive Plan

(1) The Company provides annual cash incentive bonus opportunities for its employees. Individuals serving as executive officers as of the beginning of fiscal 2015 received ACIP awards under the 2006 LTIP in order to comply with the performance-based compensation exception provided under Section 162(m) of the Code. All other employees received annual cash incentive bonus opportunities under a separate discretionary program.

(2) Amount includes 714 fully vested deferred stock units granted to nonemployee directors in lieu of their annual cash retainer and 31,104 deferred stock units and 2,751 restricted stock units granted under the nonemployee director compensation program.

Aggregate Past Grants Under the 2006 LTIP

As of December 14, 2015, awards covering 275,008,143 shares of the Company's common stock had been granted under the 2006 LTIP. This number of shares includes shares subject to awards that expired or terminated without having been exercised or paid and became available for new award grants under the 2006 LTIP. The following table shows information regarding the distribution of those awards among the persons and groups identified below. The number of performance shares that were subject to past awards and the number of performance shares that are outstanding at December 14, 2015 reflect the maximum number of shares that could be earned based on satisfaction of the applicable performance goals.

	Stock Options				Restricted Stock Units/ Performance Shares		
			Number of Shares Underlying Options as of December 14, 2015				
Name and Position	Number of Shares Subject to Past Grants	Number of Shares Acquired On Exercise	Exercisable	Unexercisable	Number of Units/Shares Subject to Past Awards	Number of Units/Shares Vested as of December 14, 2015	Number of Units/Shares Outstanding and Unvested as of December 14, 2015
Steve Mollenkopf Chief Executive Officer	1,076,150	1,076,150	0	0	1,673,844	627,280	1,090,615
George S. Davis Executive Vice President and Chief Financial Officer	0	0	0	0	389,618	108,198	289,851
Derek K. Aberle President	790,100	689,049	101,051	0	924,782	373,807	574,313
Cristiano R. Amon Executive Vice President, Qualcomm Technologies, Inc. and President, QCT	432,000	343,375	71,625	17,000	452,818	146,531	314,562
Paul E. Jacobs Executive Chairman	3,030,250	2,614,294	415,956	0	1,955,464	830,354	1,159,141
All current executive officers as a group (10 persons)	7,549,550	6,449,218	1,070,582	29,750	6,788,549	2,775,283	4,159,591
All current directors, who are not executive officers, as a group (13 persons) (1)	332,500	108,245	224,255	0	194,863	168,253	34,383
All employees, who are not executive officers, as a group (26,788 persons)	166,028,467	117,448,024	24,872,134	14,498	94,114,214	53,692,395	33,249,860

(1) Amount includes 24,635 fully vested deferred stock units granted to nonemployee directors in lieu of their annual cash retainer and 149,894 deferred stock units and 20,334 restricted stock units granted under the nonemployee director compensation program.

United States Federal Income Tax Information

The following discussion is intended to be a general summary only of the federal income tax aspects of awards granted under the 2016 LTIP and not of state or local taxes that may apply to awards under the 2016 LTIP. Tax consequences may vary depending on particular circumstances, and administrative and judicial interpretations of the application of the federal income tax laws are subject to change. Participants in the 2016 LTIP who are residents of or are employed in a country other than the United States may be subject to taxation in accordance with the tax laws of that particular country in addition to or in lieu of United States federal income taxes. This discussion is based on the provisions of the Code in effect at the time this summary was drafted for inclusion in this Proxy Statement. It does not include a discussion of or anticipate changes that may become effective or be implemented after December 31, 2015. Subsequent developments in the U.S. federal income tax law could have a material effect on the U.S. federal income tax consequences of awards granted under the 2016 LTIP.

Incentive Stock Options. An optionee recognizes no taxable income for regular income tax purposes as the result of the grant or exercise of an incentive stock option. Optionees who do not dispose of their shares for at least two years following the date the incentive stock option was granted or within one year following the exercise of the option normally will recognize a long-term capital gain or loss equal to the difference, if any, between the sale price and the purchase price of the shares. If an optionee satisfies both such holding periods upon a sale of the shares, the Company will not be entitled to any deduction for federal income tax purposes. If an optionee disposes of shares either within two years after the date of grant or within one year from the date of exercise (referred to as a "disqualifying disposition"), the difference between the fair market value of the shares on the exercise date and the option exercise price (not to exceed the gain realized on the sale if the disposition is a transaction with respect to which a loss, if sustained, would be recognized) will be taxed as ordinary income at the time of disposition. Any gain in excess of that amount will be treated as a capital gain. If a loss is recognized, it will be a capital loss. A capital gain or loss will be long-term if the optionee's holding period is more than 12 months. Any ordinary income recognized by the optionee upon the disqualifying disposition of the shares generally should be deductible by the Company for federal income tax purposes, except to the extent such deduction is limited by applicable provisions of the Code or the regulations thereunder. The difference between the option exercise price and the fair market value of the shares on the exercise date of an incentive stock option is an adjustment in computing the optionee's alternative minimum taxable income and may be subject to an alternative minimum tax, which is paid if such tax exceeds the regular tax for the year. Special rules may apply with respect to certain subsequent sales of the shares in a disqualifying disposition, certain basis adjustments for purposes of computing the alternative minimum taxable income on a subsequent sale of the shares and certain tax credits which may arise with respect to optionees subject to the alternative minimum tax.

Nonstatutory Stock Options and Stock Appreciation Rights. Nonstatutory stock options and stock appreciation rights have no special tax status. A holder of these awards generally does not recognize taxable income as the result of the grant of such award. Upon exercise of a nonstatutory stock option or stock appreciation right, the holder normally recognizes ordinary income in an amount equal to the difference between the exercise price and the fair market value of the shares on the exercise date. If the holder is an employee, such ordinary income generally is subject to withholding of income and employment taxes. Upon the sale of stock acquired by the exercise of a nonstatutory stock option or stock appreciation right, any gain or loss, based on the difference between the sale price and the fair market value on the exercise date, will be taxed as capital gain or loss. A capital gain or loss will be long-term if the holding period of the shares is more than 12 months. The Company generally is entitled to a deduction equal to the amount of ordinary income recognized by the optionee as a result of the exercise of a nonstatutory stock option or stock appreciation right, except to the extent such deduction is limited by applicable provisions of the Code or the regulations thereunder. No tax deduction is available to the Company with respect to the grant of a nonstatutory stock option or stock appreciation right or the sale of the stock acquired pursuant to such grant.

Restricted Stock. A participant acquiring restricted stock generally will recognize ordinary income equal to the fair market value of the shares on the "determination date." The determination date is the date on which the participant acquires the shares unless the shares are subject to a substantial risk of forfeiture and are not transferable, in which case the determination date is the earlier of (i) the date on which the shares become transferable or (ii) the date on which the shares are no longer subject to a substantial risk of forfeiture. If the determination date is after the date on which the participant acquires the shares, the participant may elect, pursuant to Section 83(b) of the Code, to have the date of acquisition be the determination date by filing an election with the Internal Revenue Service no later than 30 days after the date on which the shares are acquired. If the participant is an employee, such ordinary income generally is subject to withholding of income and employment taxes. Upon the sale of shares acquired pursuant to a restricted stock award, any gain or loss, based on the difference between the sale price and the fair market value on the determination date, will be taxed as capital gain or loss. The Company generally should be entitled to a deduction equal to the amount of ordinary income recognized by the participant on the determination date, except to the extent such deduction is limited by applicable provisions of the Code.

Performance Shares, Performance Units and Restricted Stock Unit Awards. A participant generally will recognize no income upon the receipt of a performance share, performance unit or restricted stock unit award. Upon the settlement of such an award, participants normally will recognize ordinary income in the year of receipt in an amount equal to the cash received and the fair market value of any substantially vested shares received. If the participant is an employee, such ordinary income generally is subject to withholding of income and employment taxes. If the participant receives shares of restricted stock, the participant generally will be taxed in the same manner as described under “Restricted Stock.” Upon the sale of any shares received, any gain or loss, based on the difference between the sale price and the fair market value on the determination date (as defined under “Restricted Stock”), will be taxed as capital gain or loss. The Company generally is entitled to a deduction equal to the amount of ordinary income recognized by the participant on the determination date, except to the extent such deduction is limited by applicable provisions of the Code.

Deferred Compensation Awards. A participant generally will recognize no income upon the receipt of a deferred compensation award. Upon the settlement of the award, the participant normally will recognize ordinary income in the year of settlement in an amount equal to the fair market value of the shares received. Upon the sale of any shares received, any gain or loss, based on the difference between the sale price and the fair market value of the shares on the date they were transferred to the participant, will be taxed as capital gain or loss. The Company generally is entitled to a deduction equal to the amount of ordinary income recognized by the participant, except to the extent such deduction is limited by applicable provisions of the Code. Deferred compensation awards, when granted, would generally be subject to the requirements of Section 409A of the Code, which would impose certain restrictions on the timing and form of payment of deferred compensation.

Potential Limitation on Company Deductions. In accordance with applicable regulations issued under Section 162(m), compensation attributable to stock options and stock appreciation rights should qualify as performance-based compensation, provided that: (1) the 2016 LTIP contains a per-employee limitation on the number of shares for which options or stock appreciation rights may be granted during a specified period; (2) the per-employee limitation is approved by the stockholders; (3) the option is granted by a compensation committee comprised solely of outside directors (as defined in Section 162(m) of the Code); and (4) the exercise price of the option or right is not less than the fair market value of the stock on the date of grant. For the above reasons, our 2016 LTIP provides for an annual per employee limitation as required under Section 162(m), and our Compensation Committee is comprised solely of outside directors. Accordingly, options or stock appreciation rights granted by the Compensation Committee should qualify as performance-based compensation, and the other awards subject to performance goals may also qualify.

EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth information regarding outstanding equity awards and shares reserved for future issuance under our equity compensation plans as of September 27, 2015 (number of shares in thousands):

Plan Category	Number of Shares to be Issued Upon Exercise / Vesting of Outstanding Awards		Weighted Average Exercise Price of Outstanding Options (1)	Number of Shares Remaining Available for Future Issuance	
Equity compensation plans approved by stockholders (2)	61,123	(4)	$41.76	71,826	(6)
Equity compensation plans not approved by stockholders (3)	995	(5)	$28.17	—	
Total	62,118		$41.40	71,826	

(1) Weighted Average Exercise Price of Outstanding Options does not include outstanding performance shares, time-based restricted stock units and performance-based restricted stock units, which were all granted under an equity compensation plan approved by stockholders.

(2) Consists of four plans: the Company’s 2001 Stock Option Plan, 2006 Long-Term Incentive Plan, 2001 Non-Employee Directors’ Stock Option Plan and Amended and Restated 2001 Employee Stock Purchase Plan.

(3) Consists of the Atheros Communications, Inc. 2004 Stock Incentive Plan, as amended (the Atheros Plan), which was assumed in connection with the acquisition of Atheros in May of 2011, and other plans assumed in connection with mergers and acquisitions.

(4) Includes approximately 32,522,000 shares that may be issued upon the satisfaction of performance objectives or other conditions pursuant to performance shares, time-based restricted stock units and performance-based restricted stock units granted under the 2006 Long-Term Incentive Plan. The performance shares include the maximum number of shares that may be issued.

(5) Includes approximately 219,000 shares that may be issued under the Atheros Plan.

(6) Includes approximately 26,361,000 shares reserved for issuance under the Amended and Restated 2001 Employee Stock Purchase Plan.

Proposal 3: Approval of the 2016 Long-Term Incentive Plan

REQUIRED VOTE AND BOARD RECOMMENDATION

The affirmative vote of a majority of the votes cast at the Annual Meeting, at which a quorum is present, either in person or by proxy, is required to approve the 2016 LTIP, as discussed above. If you hold your shares in your own name and abstain from voting on this matter, your abstention will have no effect on the vote. If you hold your shares through a broker and you do not instruct the broker on how to vote on this proposal, your broker will not have the authority to vote your shares. Abstentions and broker non-votes will each be counted as present for purposes of determining the presence of a quorum, but will not have any effect on the outcome of the proposal.

Should stockholder approval not be obtained, the 2016 LTIP will not be implemented, and the 2006 LTIP will continue in effect pursuant to its current terms. However, the shares reserved for issuance will be depleted, the 2006 LTIP will expire on March 7, 2018, and the Company will not achieve its intended objectives of helping to attract and retain employees.

The Board believes that the proposed 2016 LTIP is in the best interests of the Company and its stockholders for the reasons stated above.

THE BOARD UNANIMOUSLY RECOMMENDS A VOTE “FOR” APPROVAL OF THE 2016 LONG-TERM INCENTIVE PLAN.

PROPOSAL 4: ADVISORY VOTE FOR APPROVAL OF OUR EXECUTIVE COMPENSATION

This stockholder advisory vote, commonly known as "Say-on-Pay," is required pursuant to the Securities Exchange Act of 1934, as amended, and gives our stockholders the opportunity to approve or not approve, on a non-binding advisory basis, the compensation paid to our named executive officers (NEOs). The Board recommends a vote for the following resolution:

"Resolved, that the stockholders of QUALCOMM Incorporated approve, on a non-binding advisory basis, the compensation paid to the Company's named executive officers, as disclosed in this proxy statement, including the Compensation Discussion and Analysis, compensation tables and narrative disclosures."

COMPENSATION PROGRAM BEST PRACTICES

We continued the many ongoing practices that promote consistent leadership, decision-making and actions without taking inappropriate or unnecessary risks. These practices are discussed in detail in the Compensation Discussion and Analysis (CD&A) section and include:

- A majority of our long-term incentive equity awards (based on the annualized value of the front-loaded restricted stock units) are performance-based. All of the long-term incentive equity awards granted in fiscal 2015 were performance-based.
- A significant portion of our NEOs' compensation varies with Company financial and stock performance.
- We have a balanced approach to incentive programs, including a mix of short- and long-term incentives and performance measures.
- We have limits on incentive amounts that may be earned in the event we significantly exceed our annual financial performance objectives or experience exceptional performance relative to peer companies. We also have limits on incentive amounts that may be earned in the event we do not meet or exceed our annual financial performance objectives. Further, if certain threshold annual financial performance objectives are not met, no incentive amounts will be earned.
- We have an enterprise risk management process that includes compensation, talent management and succession planning.
- We have stock ownership guidelines.
- We do not provide tax gross-ups for benefits unless they are provided under a policy generally applicable to all eligible employees, such as relocation.
- We have a cash incentive compensation clawback policy in the event of an accounting restatement.
- Our insider trading policy includes a prohibition on hedging and pledging of our common stock covering all executive officers and directors.
- Our NEOs do not have severance agreements or employment contracts, and our equity acceleration in the event of a change in control is "double-trigger."
- Our compensation decisions are made with both prevalent practices and comparative performance information as background, using objectively selected smaller and larger peers where the Company is reasonably positioned in the middle of the range.
- The Compensation Committee engages an independent compensation consulting firm to advise it on compensation matters, such as recommendations for potential peer companies, analyses of competitive practices for executive officers, directors and aggregate equity compensation spending.

CHANGES TO OUR COMPENSATION PROGRAMS

In response to stockholder feedback during fiscal 2015, the Compensation Committee approved changes to the Annual Cash Incentive Plan (ACIP) for fiscal 2016 and for performance stock units (PSUs) granted at the end of fiscal 2015. We describe these changes in the “Compensation Program Changes to Strengthen Stockholder Alignment” section of the Proxy Overview on page 5. The changes include:

- Replaced an adjusted operating income measure with an adjusted earnings per share (EPS) measure that includes share-based compensation expense. The change further encourages named executive officers to focus on (1) growing per share net income, (2) reducing our share count and (3) managing our share-based compensation expense.
- Added an adjusted return on invested capital (ROIC) measure for determining 50% of PSU awards with the remaining 50% continuing to be earned based on relative total shareholder return (TSR).
- Removed the interim measurement periods for determining earned PSUs and will measure performance only for the full three years for grants beginning in fiscal 2015.

REQUIRED VOTE

The affirmative vote of a majority of the votes cast at the Annual Meeting at which a quorum is present, either in person or by proxy, is required to approve this proposal. If you hold your shares in your own name and abstain from voting on this matter, your abstention will have no effect on the vote. If you hold your shares through a broker and you do not instruct the broker on how to vote on this proposal, your broker will not have the authority to vote your shares. Abstentions and any broker non-votes will each be counted as present for purposes of determining the presence of a quorum but will not have any effect on the outcome of the proposal.

EFFECT OF THIS RESOLUTION

Because your vote is advisory, it will not be binding upon the Company, the Board or the Compensation Committee. However, our Board and Compensation Committee value the opinions of our stockholders, and the Compensation Committee will take into account the outcome of this vote when considering future compensation decisions.

BOARD RECOMMENDATION

The Board believes that the compensation of our NEOs, as described in the CD&A, compensation tables and narrative disclosures, is appropriate for the reasons discussed herein.

THE BOARD RECOMMENDS AN ADVISORY VOTE “FOR” APPROVAL OF OUR EXECUTIVE COMPENSATION.

Proposal 5: Stockholder Proposal

PROPOSAL 5: STOCKHOLDER PROPOSAL

The following stockholder proposal will be voted on at the Annual Meeting if properly presented by or on behalf of the stockholder proponent.

The Company has been advised that Mr. James McRitchie, 9295 Yorkship Court, Elk Grove, California 95758, has indicated that he is a beneficial owner of at least $2,000 in market value of the Company’s common stock and intends to submit the following proposal at the Annual Meeting:

Shareholder Proxy Access

RESOLVED: Shareholders of QUALCOMM Incorporated (the "Company") ask the board of directors (the "Board") to adopt, and present for shareholder approval; a "proxy access" bylaw as follows:

Require the Company to include in proxy materials prepared for a shareholder meeting at which directors are to be elected the name, Disclosure and Statement (as defined herein) of any person nominated for election to the board by a shareholder or an unrestricted number of shareholders forming a group (the "Nominator") that meets the criteria established below.

Allow shareholders to vote on such nominee on the Company's proxy card.

The number of shareholder-nominated candidates appearing in proxy materials should not exceed one quarter of the directors then serving or two, whichever is greater. This bylaw should supplement existing rights under Company bylaws, providing that a Nominator must:

a) have beneficially owned 3% or more of the Company's outstanding common stock, including recallable loaned stock, continuously for at least three years before submitting the nomination;

b) give the Company, within the time period identified in its bylaws, written notice of the information required by the bylaws and any Securities and Exchange Commission (SEC) rules about (i) the nominee, including consent to being named in proxy materials and to serving as director if elected; and (ii) the Nominator, including proof it owns the required shares (the "Disclosure"); and

c) certify that (i) it will assume liability stemming from any legal or regulatory violation arising out of the Nominator's communications with the Company shareholders, including the Disclosure and Statement; (ii) it will comply with all applicable laws and regulations if it uses soliciting material other than the Company's proxy materials; and (iii) to the best of its knowledge, the required shares were acquired in the ordinary course of business, not to change or influence control at the Company.

The Nominator may submit with the Disclosure a statement not exceeding 500 words in support of the nominee (the "Statement"). The Board should adopt procedures for promptly resolving disputes over whether notice of a nomination was timely, whether the Disclosure and Statement satisfy the bylaw and applicable federal regulations, and the priority given to multiple nominations exceeding the one-quarter limit. No additional restrictions that do not apply to other board nominees should be placed on these nominations or re-nominations.

Supporting Statement: Long-term shareholders should have a meaningful voice in nominating directors. The SEC's universal proxy access Rule 14a-11 (https://www.sec.gov/rules/final/2010/33-9136.pdf) was vacated, in part due to inadequate cost-benefit analysis. Proxy Access in the United States (http://www.cfapubs.org/doi/pdf/10.2469/ccb.v2014.n9.1), a cost-benefit analysis by CFA Institute, found proxy access would "benefit both the markets and corporate boardrooms, with little cost or disruption," raising US market capitalization by up to $140.3 billion. Public Versus Private Provision of Governance (http://ssrn.com/abstract=2635695) found a 0.5 percent average increase in shareholder value for proxy access targeted firms.

Enhance shareholder value. Vote for Shareholder Proxy Access - Proposal 5

THE COMPANY’S STATEMENT IN OPPOSITION TO PROPOSAL 5

The Board recommends a vote AGAINST Proposal 5.

The Board believes that this stockholder proposal is unnecessary because our stockholders already have a meaningful and well-considered “proxy access” right. After engaging with a number of our significant stockholders and considering the

published positions of other significant stockholders regarding the desirability of a proxy access mechanism and the appropriate terms for a proxy access framework, in December 2015, the Board amended the Company's bylaws to allow any stockholder (or group of no more than 20 stockholders) owning 3% or more of the Company's common stock continuously for at least three years to nominate director candidates for up to 20% of our Board, and require the Company to include such nominees in our proxy statement and on the Company's proxy card.

As we believe that our current proxy access framework is in the best interests of our stockholders, the Board recommends a vote AGAINST the stockholder proposal.

We have adopted a carefully considered proxy access framework that strikes the appropriate balance between promoting stockholder rights and adequately protecting the best interests of all of our stockholders.

Our Board carefully considered the many viewpoints on proxy access rights and recently adopted a proxy access bylaw. Many stockholders and investors have expressed their support for proxy access generally, noting their beliefs that proxy access rights would increase accountability of directors to stockholders and would give stockholders a more meaningful voice in electing directors. At the same time, however, stockholders have expressed varying points of view about the appropriate terms of a proxy access framework. The Board also considered the views of other large investors and certain governance experts who do not support proxy access, believing that the implementation of any proxy access provision could undermine the role of the Company's independent Governance Committee, and could lead to, among other things, unnecessary expense and distraction, as well as an inexperienced, fragmented and less effective Board with directors who may pursue special interests not shared by all or most of our stockholders.

Based on the information available to the Board and the Board's own thoughtful and thorough deliberations on the topic, the Board concluded that the best course of action for the Company and our stockholders was to adopt a proxy access bylaw with thresholds that were set based on the parameters of proxy access provisions adopted by similar companies seeking to implement meaningful proxy access rights for their stockholders, while also tailored to the Company's particular circumstances. The Board determined that a 3% ownership threshold for at least a three-year holding period, and a nominating group of no more than 20 stockholders with the ability to nominate candidates for up to 20% of our Board, was most appropriate for the Company.

The Board believes that this stockholder proposal, which contemplates proxy access for up to one quarter of the Board and an unlimited stockholder group, does not appropriately balance the potential disruption that could be created by regular proxy contests and the corresponding turnover of a number of Board seats, together with the challenges of on-boarding and integrating these new directors, against the benefits stockholders would gain under proxy access. Based on the composition of the stockholder base and feedback from stockholders, the Board believes that limiting the size of the nominating group to no more than 20 stockholders provides stockholders with an appropriate opportunity to include nominees in the proxy statement. The Board also considered the complexities of nominations from a large number of stockholders (each potentially holding small numbers of shares) and the costs that would be associated with managing such an unwieldy process. The Board concluded that making available one-fifth of the Board seats to proxy access with a reasonable limitation on the number of stockholders that could constitute a group provides an appropriately balanced approach.

We have a strong corporate governance structure and record of accountability.

The Company's current corporate governance structure reflects a significant and ongoing commitment to strong and effective governance practices and a willingness to be responsive and accountable to stockholders. We regularly assess and refine our corporate governance policies and procedures to take into account evolving best practices and to address feedback provided by our stockholders.

In addition to adopting a proxy access bylaw, over the last several years, we have implemented numerous other corporate governance enhancements to ensure the Board remains accountable to stockholders and to provide our stockholders with both a meaningful voice in the nomination and election of directors and the ability to engage with directors and promote the consideration of stockholder views. The following corporate governance measures are in place to safeguard our stockholders' interests:

- Each director serves a one-year term and stands for re-election at each annual meeting of stockholders.
- In an uncontested election, directors must be elected by a majority vote, and a director who fails to receive the required majority of votes for re-election must tender his or her written resignation for consideration by the Board.

- The Board is composed entirely of independent directors, other than the Executive Chairman and the CEO.
- Standing committees of the Board are comprised only of independent directors.

Proposal 5: Stockholder Proposal

- We have an independent Presiding Director (elected by and from the independent members of the Board) with defined and significant responsibilities, including acting as the principal liaison between the independent directors and the Executive Chairman and the CEO, collaborating with the Executive Chairman and the CEO in developing agendas for Board meetings, and presiding during executive sessions of the independent directors.
- Our stockholders are able to:
  - recommend director candidates to our Governance Committee, which considers such recommendations in the same manner as recommendations received from other sources (as described above in the "Corporate Governance" section under the heading "Director Nominations");
  - directly nominate director candidates and solicit proxies for the election of those candidates in accordance with our bylaws and the federal securities laws;
  - submit proposals for inclusion in the Company's proxy statement for consideration at an annual meeting of stockholders, subject to the rules and regulations of the SEC;
  - communicate directly with members of our Board, the Executive Chairman, the Presiding Director, any Board committee or our independent directors as a group (as described further in the "Corporate Governance" section under "Communications with Directors"); and
  - express their views on executive compensation through annual "say-on-pay" votes.

Our Board also has shown an ongoing commitment to Board refreshment and to having highly qualified, independent voices in the boardroom. In the last year, the Company reduced the size and average tenure of the Board. Through our robust director nomination and evaluation process, seven of the Company's independent directors have been added to the Board since 2012. Importantly, several of these new directors were based on suggestions from stockholders, demonstrating that stockholders already have an effective mechanism for providing director candidates. In addition, four of our current directors, including several of our longer serving directors, are not seeking reelection at the Annual Meeting, and another longer serving director will not seek reelection at the 2017 annual meeting of stockholders.

In light of the Board's continuing commitment to ensuring effective corporate governance, as evidenced by the adoption of a proxy access bylaw and by the other actions described above and elsewhere in this proxy statement, the Board believes that adoption of this stockholder proposal and the underlying changes to our proxy access framework that it would suggest are not necessary and could be potentially detrimental to our stockholders.

REQUIRED VOTE

The affirmative vote of a majority of the votes cast at the Annual Meeting at which a quorum is present, either in person or by proxy, is required to approve this proposal. If you hold your shares in your own name and abstain from voting on this matter, your abstention will have no effect on the vote. If you hold your shares through a broker and you do not instruct the broker on how to vote on this proposal, your broker will not have the authority to vote your shares. Abstentions and any broker non-votes will each be counted as present for purposes of determining the presence of a quorum but will not have any effect on the outcome of the proposal.

EFFECT OF THIS RESOLUTION

Because your vote is advisory, it will not be binding upon the Company or the Board. However, our Board values the opinions of our stockholders, and will take into account the outcome of this vote when considering future proxy access decisions.

BOARD RECOMMENDATION

The Board believes that this stockholder proposal is not in the best interests of stockholders for the reasons discussed herein.

THE BOARD RECOMMENDS A VOTE "AGAINST" THIS PROPOSAL 5.

Stock Ownership of Certain Beneficial Owners and Management

STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the ownership of our common stock as of December 14, 2015 by: (i) each stockholder known to us to have greater than a 5% ownership interest (based solely on our review of Schedules 13D and 13G Form 13F, filed with the SEC); (ii) each of our executive officers named in the Fiscal 2015 Summary Compensation Table under “Executive Compensation and Related Information” (the Named Executive Officers or NEOs); (iii) each current director and nominee for director; and (iv) all of our executive officers and directors as a group.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership (1) Number of Shares	Percent of Class
BlackRock, Inc. 55 East 52nd Street New York, NY 10055 (2)	106,042,068	7.10%
Vanguard Group Inc. P.O. Box 2600, V26 Valley Forge, PA 19482-2600 (3)	101,772,524	6.81%
Steve Mollenkopf (4)	278,881	*
George S. Davis (5)	64,363	*
Derek K. Aberle (6)	169,393	*
Cristiano R. Amon (7)	81,135	*
Paul E. Jacobs (8)	1,772,594	*
Barbara T. Alexander (9)	46,144	*
Donald G. Cruickshank (10)	69,225	*
Raymond V. Dittamore (11)	81,531	*
Jeffrey W. Henderson (12)	—	*
Susan Hockfield (13)	2,227	*
Thomas W. Horton (14)	14,591	*
Sherry Lansing (15)	41,384	*
Harish Manwani (16)	—	*
Mark D. McLaughlin (17)	5,650	*
Clark T. Randt, Jr. (18)	748	*
Francisco Ros (19)	4,847	*
Jonathan J. Rubinstein (20)	797	*
Marc I. Stern (21)	389,617	*
Anthony J. Vinciquerra (22)	1,567	*
All Executive Officers and Directors as a Group (23 persons) (23)	3,640,245	*

* Less than 1%

(1) The information for officers and directors in this table is based upon information supplied by those officers and directors. Unless otherwise indicated in the footnotes to this table and subject to community property laws where applicable, the Company believes that each of the stockholders named in this table has sole voting and investment power with respect to the shares indicated as beneficially owned. Applicable percentages are based on 1,494,451,232 shares outstanding on December 14, 2015, adjusted as required by rules promulgated by the SEC.

(2) This information is as of December 31, 2014 and based on the Schedule 13G/A filed with the SEC by BlackRock, Inc. on January 30, 2015.

(3) This information is as of December 31, 2014 and based on the Schedule 13G filed with the SEC by Vanguard Group Inc. on February 10, 2015.

Stock Ownership of Certain Beneficial Owners and Management

(4) Includes 192,716 shares held in family trusts and 86,165 restricted stock units and related dividend equivalents that will vest within 60 days.
(5) Includes 64,363 shares held in family trusts.
(6) Includes 101,051 shares issuable upon exercise of options exercisable within 60 days.
(7) Includes 80,125 shares issuable upon exercise of options exercisable within 60 days.
(8) Includes 1,135,468 shares held in family trusts, 534 shares held by an individual sharing Dr. Jacobs's household, 397 shares held by his former spouse, 2,200 shares owned by The Paul and Stacy Jacobs Foundation and 218,039 shares held for the benefit of his children. Also includes 415,956 shares issuable upon exercise of options exercisable within 60 days, of which all shares are held in trusts for the benefit of his children. Dr. Jacobs disclaims all beneficial ownership for the shares held in trust for the benefit of his children and his former spouse.
(9) Includes 23,929 shares held in family trusts, 22,000 shares issuable upon exercise of options exercisable within 60 days and 215 fully vested deferred stock units and related dividend equivalents to be released within 60 days. Excludes 7,951 fully vested deferred stock units and dividend equivalents that settle three years after the date of grant.
(10) Includes -9,225 shares held in a pension plan pursuant to which Sir Donald Cruickshank has voting rights or discretion over the holdings in the plan. Also includes 60,000 shares issuable upon exercise of options exercisable within 60 days.
(11) Includes 25,400 shares held in family trusts and 3,131 held jointly with his spouse. Also includes 53,000 shares issuable upon exercise of options exercisable within 60 days. Excludes 10,872 fully vested deferred stock units and dividend equivalents that settle on December 31, 2020 and 5,879 fully vested deferred stock units and dividend equivalents shares that settle three years after the date of grant.
(12) Mr. Henderson joined the Board on January 12, 2016.
(13) Includes 2,227 shares held in a living trust. Excludes 5,879 fully vested deferred stock units and dividend equivalents that settle three years after the date of grant.
(14) Includes 12,091 shares held jointly with Mr. Horton's spouse and 2,500 shares issuable upon exercise of options exercisable within 60 days. Excludes 5,879 fully vested deferred stock units and dividend equivalents that settle three years after the date of grant.
(15) Includes 14,629 shares held in family trusts and 26,755 shares issuable upon exercise of options exercisable within 60 days. Excludes 5,879 fully vested deferred stock units and dividend equivalents that settle three years after the date of grant.
(16) Excludes 1,975 fully vested deferred stock units and dividend equivalents that settle three years after the date of grant.
(17) Includes 5,650 shares held in family trusts.
(18) Includes 748 shares held jointly with Mr. Randt's spouse. Excludes 2,745 fully vested deferred stock units and dividend equivalents that settle on March 4, 2020.
(19) Excludes 5,879 fully vested deferred stock units and dividend equivalents that settle three years after the date of grant.
(20) Includes 797 shares held in family trusts. Excludes 2,745 fully vested deferred stock units and dividend equivalents that settle on March 4, 2019 and 2,492 fully vested deferred stock units and dividend equivalents that settle three years after the date of grant.
(21) Includes 295,437 shares owned through a grantor trust and 34,180 shares owned by The Marc and Eva Stern Foundation (the Foundation), of which Mr. Stern is the trustee. Mr. Stern disclaims all beneficial ownership for the shares owned by the Foundation. Also includes 60,000 shares issuable upon exercise of options exercisable within 60 days. Excludes 18,554 fully vested deferred stock units and dividend equivalents that settle upon retirement from the Board.
(22) Includes 1,567 shares held in family trusts. Excludes 318 fully vested deferred stock units and dividend equivalents that settle on January 1, 2019.
(23) Includes 1,309,712 shares issuable upon exercise of options exercisable within 60 days. Also includes 86,380 fully vested restricted stock units, deferred stock units and dividend equivalents to be released within 60 days for

all directors and executive officers as a group. Excludes 77,044 fully vested deferred stock units and related dividend equivalents.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act requires our directors, executive officers and persons who own more than 10% of a registered class of our equity securities to file with the SEC initial reports of ownership and reports of changes in ownership of our common stock and other equity securities. Officers, directors and greater-than-10% stockholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file.

To our knowledge, based solely on a review of the copies of such reports furnished to us and written representations that no other reports were required, all Section 16(a) filing requirements were complied with during fiscal 2015, except for a late Form 4 that was filed in December 2014 to report a grant of Restricted Stock Units to Mr. John Murphy, Senior Vice President and Chief Accounting Officer.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION IN COMPENSATION DECISIONS

None of the members of our Compensation Committee are, or have been, employees or officers of the Company. During fiscal 2015, no member of the Compensation Committee had any relationship with us requiring disclosure under Item 404 of Regulation S-K. During fiscal 2015, none of our executive officers served on the compensation committee (or equivalent) or board of another entity whose executive officer(s) served on our Compensation Committee or Board.

Certain Relationships and Related-Person Transactions

CERTAIN RELATIONSHIPS AND RELATED-PERSON TRANSACTIONS

Our Code of Ethics states that our executive officers and directors, including their immediate family members, are charged with avoiding situations in which their personal, family or financial interests conflict with those of the Company. Our Conflicts of Interest and Outside Activities policy provides additional rules regarding the employment of relatives. In accordance with its charter, the Audit Committee is responsible for reviewing and approving transactions between the Company and any directors or executive officers or any of such person's immediate family members or affiliates, which would be reportable as a related-person transaction under SEC rules. The Audit Committee's charter also provides that the Audit Committee may delegate review and approval of employment-related, related-person transactions to the Compensation Committee. In considering the proposed arrangement, the Audit Committee or Compensation Committee, as appropriate, will consider the relevant facts and circumstances and the potential for conflicts of interest or improprieties.

During fiscal 2015, we employed the family members of certain of our directors and executive officers. The Audit Committee delegated to the Compensation Committee the review and approval of such related-person transactions, and the Compensation Committee approved the related-person transactions below.

Those employees whose compensation (salary, cash incentives and grant date fair value of equity awards) exceeded $120,000 are discussed below, all of whom were adults who did not live with the related director or executive officer, except as otherwise described below. Each family member is compensated according to our standard practices, including participation in our employee benefit plans generally made available to employees of a similar responsibility level. We do not view any of the directors or executive officers as having a beneficial interest in the compensation of family members described below that is material to them or the Company. Restricted stock units were granted under our 2006 Long-Term Incentive Plan and generally vest over three years from the grant date, contingent upon continued service with the Company.

Duane A. Nelles's son, Duane A. Nelles III, serves as Vice President, QCT Corporate Development, Qualcomm Technologies, Inc. During fiscal 2015, Duane A. Nelles III earned $292,877 in base salary and $133,500 in cash incentives and received restricted stock unit grants totaling 8,733 shares with an aggregate grant date fair value of $604,581. Duane A. Nelles retired from the Board in July 2015.

Duane A. Nelles's son, Paul S. Nelles, serves as a Senior Program Manager, Qualcomm Technologies, Inc. During fiscal 2015, Paul S. Nelles earned $132,213 in base salary and $14,665 in cash incentives and received restricted stock unit grants totaling 637 shares with an aggregate grant date fair value of $44,036.

Cristiano Amon's brother, Rogerio Amon, serves as a Senior Director, Program Management, Qualcomm Technologies, Inc. During fiscal 2015, Rogerio Amon earned $118,189 in base salary and $43,820 in cash incentives and received restricted stock unit grants totaling 1,700 shares with an aggregate grant date fair value of $117,593.

Steve Mollenkopf's brother, James D. Mollenkopf, serves as a Senior Director, Strategic Development, Qualcomm Technologies, Inc. During fiscal 2015, James D. Mollenkopf earned $232,998 in base salary and $64,660 in cash incentives and received restricted stock unit grants totaling 3,180 shares with an aggregate grant date fair value of $220,067.

Donald J. Rosenberg's son-in-law, Dr. Lucian Iancovici, serves as a Manager, Ventures, Qualcomm Technologies, Inc. During fiscal 2015, Dr. Lucian Iancovici earned $171,822 in base salary and $61,710 in cash incentives and received restricted stock unit grants totaling 421 shares with an aggregate grant date fair value of $29,070.

Michelle M. Sterling shares her household with Mark E. Palamar, who serves as a Senior Director, IP Licensing Analysis. During fiscal 2015, Mark E. Palamar earned $215,960 in base salary and $51,010 in cash incentives and received restricted stock unit grants totaling 2,417 shares with an aggregate grant date fair value of $167,449.

Daniel L. Sullivan's daughter, Megan Delgado, serves as Staff Manager, Marketing, Qualcomm Incorporated. Megan Delgado earned $146,809 in base salary and $17,435 in cash incentives and received restricted stock unit grants totaling 899 shares with an aggregate grant date fair value of $62,129. Daniel L. Sullivan stepped down from his role as Executive Vice President, Human Resources in April 2015 and assumed the role of Executive Vice President and Senior Advisor. He retired from the Company in January 2016.

COMPENSATION COMMITTEE REPORT

The Compensation Committee reviewed and discussed the Compensation Discussion and Analysis (CD&A) with management. Based on this review and discussion, the Compensation Committee recommended to the Board that the CD&A be included in our 2016 Proxy Statement.

COMPENSATION COMMITTEE

Marc I. Stern, Chair
Sherry Lansing
Jonathan J. Rubinstein

EXECUTIVE COMPENSATION AND RELATED INFORMATION

COMPENSATION DISCUSSION & ANALYSIS

This section of the proxy statement explains how the Compensation Committee of the Board of Directors oversees our executive compensation programs and discusses the compensation earned by our named executive officers (NEOs), as presented in the tables below under "Compensation Tables and Narrative Disclosures."

This Compensation Discussion and Analysis is composed of six sections:

Detailed compensation tables that quantify and further explain our NEOs' compensation follow this Compensation Discussion and Analysis.

OUR NAMED EXECUTIVE OFFICERS (NEOs) FOR FISCAL 2015

Our NEOs for fiscal 2015 were as follows:

Steve Mollenkopf	Current position Chief Executive Officer (CEO), since March 2014 Prior Qualcomm positions include: CEO-Elect and President, 2013 - 2014 President and Chief Operating Officer, 2011 - 2013 21 years of service with Qualcomm
George S. Davis	Current position Executive Vice President and Chief Financial Officer (CFO), since March 2013 3 years of service with Qualcomm
Derek K. Aberle	Current position President, since March 2014 Prior Qualcomm positions include: Executive Vice President and Group President, 2011 - 2014 Executive Vice President and President, QTL, 2008 - 2011 15 years of service with Qualcomm
Cristiano R. Amon	Current position Executive Vice President, Qualcomm Technologies, Inc. and President QCT since November 2015 Prior Qualcomm positions include: Executive Vice President, Qualcomm Technologies, Inc. and Co-President QCT from October 2012 to November 2015 Senior Vice President and Co-President, 2012 Senior Vice President, Product Management, 2007 - 2012 18 years of service with Qualcomm
Paul E. Jacobs	Current position Executive Chairman and Chairman of the Board, since March 2014 Prior Qualcomm positions include: Chairman of the Board and CEO, 2009 - 2014 CEO, 2005 - 2009 25 years of service with Qualcomm

Compensation Discussion & Analysis

COMPENSATION COMPONENTS

Figure 3 is an overview of the primary components of total direct compensation (TDC) for fiscal 2015 that include base salary, earnings under the Annual Cash Incentive Plan (ACIP), Performance Stock Units (PSUs) and Restricted Stock Units (RSUs). It also highlights how each component aligns with the objectives of our compensation program. In structuring our cash and long-term equity incentive award programs, we continue to use variations of non-GAAP performance measures as financial objectives. (See page 65 for definitions of the various performance measures used in determining our cash and long-term equity incentives.)

Figure 3: Fiscal 2015 TDC Overview

Key Features	Salary	ACIP	Performance Stock Units	Restricted Stock Units (Not granted in fiscal 2015)
Form Type	Cash Fixed Compensation	Cash Variable Compensation	Equity	Equity
Performance Period	Set at the beginning of fiscal 2015 Earned for fiscal 2015	Set at the beginning of fiscal 2015 Earned for performance in fiscal 2015	Awarded at the end of fiscal 2015 To be earned for performance in fiscal 2016 - 2018	A portion of the fiscal 2014 award replaced the grant that would otherwise have been made in fiscal 2015
Measures and relative weightings	Individual performance, experience, expertise, skills, competitive practices and internal comparisons	Adjusted Revenues performance (weighted 40%) Adjusted Operating Income performance (weighted 60%)	Relative total shareholder return (TSR) compared to NASDAQ-100 (50% of total PSU awards) (RTSR PSUs) Average annual Adjusted Return On Invested Capital (ROIC) (50% of total PSU awards) (ROIC PSUs)	Award vests based on continued service
Objectives				
Align interests of NEOs and stockholders	Competitive amounts that attract and retain executives who execute the business strategy	Aligns approximately 9% of NEOs' aggregate TDC to achieving Company's annual financial objectives	Aligns approximately 86% of NEOs' aggregate TDC to long-term absolute and relative TSR performance and efficient use of capital for the fiscal 2016 - 2018 performance period	
Pay for performance - amounts earned vary with performance	Individual contributions are considered when adjusting salary amounts	Payouts vary from 0 (performance at or below 80% of objective) to 2x target (performance at or above 125% of objective) Funding rate for fiscal 2015 was 0.48x of target award for performance at 90% of objective	Earned shares vary from 0 to 2x of target award, depending on relative stock price performance and achieving ROIC objective Earned shares for both awards capped at target if absolute TSR is negative	Fair value of award varies depending on stock price performance
Tax efficient for the Company	Deductible except for portion of CFO's salary in excess of $1 million, if any	Designed with intent to comply with the requirements for tax deductibility under Internal Revenue Code Section 162(m)		

Internally fair and equitable	The Compensation Committee considers business and individual factors to evaluate internal fairness and equitability and monitors the internal compensation relationships among the NEOs but does not set specific internal relationships.		
Competitive for the business	Competitive levels to attract, motivate, engage and retain executives. The Compensation Committee considers competitive practices of peer companies as reference points for comparative purposes but does not set specific benchmark percentile objectives.		
High standards for governance and risk management	The Compensation Committee reviews annually the amounts of all components of compensation and obtains industry and peer data in consultation with Frederic W. Cook Co., Inc. (FWC), the Compensation Committee's independent consultant.		
		Cash incentive compensation repayment ("clawback") policy	The Executive Chairman must hold net after-tax shares from the front-loaded RSUs for one year after termination of service.

Compensation Discussion & Analysis

In addition to TDC, we have competitive health and welfare benefits that are generally structured the same for all U.S. employees, plus several other benefits. Figure 4 describes the other benefits that are generally available to U.S.-based executives, and Figure 5 describes the other benefits that are generally available to all U.S.-based employees, including executives.

Figure 4: U.S. Executive Benefits

Component	Form and Purpose	Comment
Nonqualified deferred compensation program Company match (NQDC Plan)	Company match on employees' deferred contributions up to a predefined formula maximum amount Provide a competitive, nonqualified, tax-efficient defined contribution retirement program for employees deemed to be "highly compensated"	We do not have a pension plan or other defined benefit retirement program. See the "Fiscal 2015 Nonqualified Deferred Compensation" table for a description of the Company match program.
Financial planning reimbursement	Reimbursement of actual expenses incurred for financial, estate and tax planning Attract and retain executive-level employees Assist NEOs with managing their time	We reimburse up to $12,500 for the Executive Chairman, the CEO and the President and up to $8,000 for the other NEOs.
Additional life insurance	Additional coverage, above the amount provided to all employees Attract and retain executive-level employees	The additional coverage is $1 million for the Executive Chairman and the CEO and $750,000 for the other NEOs.
Use of corporate aircraft for personal travel	Facilitate flexible travel arrangements and provide security	We have a program that limits the amount of compensation reported in the Summary Compensation Table to $250,000 for the CEO and $650,000 for all NEOs in the aggregate.

Figure 5: U.S. All-Employee Benefits

Component	Form and Purpose	Comment
Tax qualified deferred compensation	401(k) Plan Provide a tax-efficient retirement savings opportunity Attract and retain employees	The 401(k) Plan is a tax-qualified deferred compensation plan. We match employee contributions in cash using a tiered structure in order to encourage participation among all employees.
Employee Stock Purchase Plan (ESPP)	Qualcomm stock Encourage stock ownership and align employee and stockholder interests Attract and retain employees	The ESPP is a tax-qualified plan available to all U.S.-based employees. Purchases through payroll deductions are limited to $12,500 in fair market value (FMV) of the stock per 6-month offering period (determined on the first day of each offering period). The purchase price is equal to 85% of the lower of: (1) the FMV on the first day of the offering period or (2) the FMV on the last day of the offering period.
Charitable contribution match	Matching cash paid to the charitable organization Encourage and extend employees' support of cultural, educational and community non-profit organizations	We match 100% of employee contributions, up to pre-defined maximum amounts, to qualified tax-exempt non-profit organizations, excluding organizations that further religious doctrine, exclusionary organizations and/or political non-profit organizations. The maximum annual amount we will match is based on the employee's job level. We will match up to $125,000 for the Executive Chairman, the CEO and the President and up to $100,000 annually for the other NEOs.

In addition to the programs identified above, we offer supplemental dental and vision programs that provide limited coverage above the basic dental and vision plans to senior-level, U.S.-based employees. The purpose of this program is to attract and retain experienced talent.

THE AMOUNTS AND MIX OF NEO COMPENSATION FOR FISCAL 2015

Performance-Based Incentives

Figure 6 is an overview of Mr. Mollenkopf's target TDC, and Figure 7 is a similar overview of the aggregate target TDC for our other NEOs. Target TDC includes base salary, the ACIP target award that would be paid for 100% achievement of our financial objectives, target PSUs awarded on September 25, 2015 and the annualized value of the front-loaded RSUs awarded in fiscal 2014 (see the discussion under "RSU Awards for Fiscal 2015" for further explanation). Figure 6 shows that approximately 94% of Mr. Mollenkopf's fiscal 2015 target TDC was attributable to performance-based incentive compensation that varies with financial metrics, including relative and absolute TSR and ROIC.

Figure 6: CEO Compensation Mix

Figure 7: Other NEOs' Aggregate Compensation Mix

Fiscal 2015 Salaries

In September 2014, the Compensation Committee approved the fiscal 2015 salaries for our NEOs (see Figure 8). These increases positioned their salaries within 5% of the median of our peer companies, excluding Dr. Jacobs's salary, which is $1 annually and precludes meaningful comparison. Prior to the increases, Mr. Mollenkopf's salary was slightly below the competitive median, and Mr. Aberle's salary was aligned with the competitive median. Prior to their increases, Messrs. Davis's and Amon's salaries were at least 10% below the competitive median, and the increases positioned their salaries approximately 5% below the competitive medians.

Figure 8: Fiscal 2015 Salaries for the CEO and Other NEOs

Name	Base Salary 2014 ($)	2015 ($)	Increase %
Steve Mollenkopf	1,100,000	1,130,000	2.7%
George S. Davis	725,000	760,000	4.8%
Derek K. Aberle	780,000	800,000	2.6%
Cristiano R. Amon	475,000	525,000	10.5%
Paul E. Jacobs	1	1	—%
Total	3,080,001	3,215,001	4.4%

Fiscal 2015 ACIP Earnings

In Fiscal 2015, we achieved 90% of our weighted financial performance objectives, and our NEOs earned 45% of their aggregate target amounts.

Figure 9 shows the objectives and performance levels for Adjusted Revenues and Adjusted Operating income, which were the measures that the Compensation Committee established during the first quarter of fiscal 2015 for determining earned ACIP awards. The fiscal 2015 weighted financial performance was 90% of our objectives, resulting in an ACIP funding rate of

0.48 (compared to a funding rate of 1.0 had we achieved our financial objectives). See page 65 for definitions of the various performance measures used in determining our cash incentives.

Figure 9: Fiscal 2015 ACIP Financial Objectives and Performance

The funding rate was determined through the following steps:

- Adjusted Revenues performance was 90% of the objective and Adjusted Operating Income performance was 88% of the objective. Consistent with the ACIP, we applied a relative weighting of 40% to Adjusted Revenues and 60% to Adjusted Operating Income to emphasize the relative importance of operating income to stockholder value creation. Accordingly, our weighted financial performance was 89% [(90% x 40%) + (89% x 60%)].
- The funding rate is based on the weighted financial performance, such that:

For each one percent that the weighted financial performance exceeds the objective, the funding rate increases by 0.04 from the target funding rate of 1.00 up to a maximum of 2.00.

For each one percent that the weighted financial performance falls short of the objective, the funding rate decreases by 0.05 from the target funding rate of 1.00, which would reach zero for weighted financial performance at or below 80% of the objective.

- Our fiscal 2015 weighted financial performance was 89%, or 11 percent short of the objective, resulting in a 0.52 reduction from the target funding rate of 1.00. Accordingly, the fiscal 2015 ACIP funding rate was 0.48 (1.00 - 0.52).

In addition to the funding rate determined by fiscal 2015 Adjusted Revenues and Adjusted Operating income, the Compensation Committee considered other strategic and operational achievements by the NEOs. Some examples of these achievements include resolution with China's National Development and Reform Commission (NDRC), execution of the initial phase of the Company's plan to reduce operating expenses and numerous business acquisition and strategic investment transactions, including the acquisition of CSR plc. To maximize tax deductibility, amounts earned under the ACIP are designed to qualify as performance-based compensation under Section 162(m). This design provides that if certain financial objectives are met, the NEOs may receive up to 2x of their target amounts, subject to the Compensation Committee's negative discretion to pay any amount less than that maximum.

Figure 10 shows the calculations for determining the fiscal 2015 performance-adjusted amounts and earned amounts for each NEO.

Figure 10: Fiscal 2015 ACIP Target, Performance-Adjusted and Earned Amounts

Name	ACIP Target ($)	x	Funding Rate	=	Performance-Adjusted Amount ($)	Earned Amount Awarded by Compensation Committee ($)	Variance of Earned Amount vs Performance-Adjusted Amount (%)
Steve Mollenkopf	2,260,000		0.48		1,084,800	1,025,000	-6%
George S. Davis	988,000		0.48		474,240	400,000	-16%
Derek K. Aberle	1,080,000		0.48		518,400	520,000	0%
Cristiano R. Amon	525,000		0.48		252,000	320,000	27%
Paul E. Jacobs	—		n/a		—	n/a	n/a
Total	4,853,000				2,329,440	2,265,000	-3%

The Compensation Committee was authorized under the fiscal 2015 ACIP to modify Adjusted Revenues and Adjusted Operating Income in calculating financial performance on which fiscal 2015 cash incentives were determined. Modifications are intended to eliminate the distorting effect of certain unusual income or expense items if the Compensation Committee determines, in its discretion, that the items do not reflect a fair measurement of our operating performance. The Committee did not make any such modifications for fiscal 2015.

Fiscal 2015 ACIP Compared to Previous Years

Figure 11 summarizes ACIP performance for fiscal years 2013 - 2015 and illustrates the alignment of Company financial performance and ACIP earnings. (See page 65 for definitions of the various performance measures as those terms were used in calculating ACIP amounts.)

- In fiscal 2013, the Company exceeded the Adjusted Revenues and Adjusted Operating Income objectives by 5% and 3%, respectively, resulting in an ACIP funding rate of 1.16 (16% above the target amount).
- In fiscal 2014, the Company fell short of the Adjusted Revenues and Adjusted Operating Income objectives, resulting in an ACIP funding rate of 0.71 (29% below the target amount).
- In fiscal 2015, the Company fell short of the Adjusted Revenues and Adjusted Operating Income objectives, resulting in an ACIP funding rate of 0.48 (52% below the target amount).

Figure 11: ACIP Financial Objectives and Performance

Fiscal 2016 Changes to the ACIP

Based on stockholder input and the Compensation Committee's own review, the Compensation Committee changed the ACIP metrics for fiscal 2016 by replacing the Adjusted Operating Income measure used in fiscal 2015 with the new Adjusted Earnings Per Share (EPS) measure that includes share-based compensation expense and excludes certain items to the extent that they were not anticipated in establishing the ACIP target. (See page 65 for the definitions of performance measures used in calculating ACIP amounts.)

Fiscal 2015 Long-Term Incentives

In fiscal 2015, all equity granted to the NEOs was in the form of PSUs, and the potential number of shares of our common stock that may be earned at the end of the three-year performance period varies from 0 to 2x of the target amount. The Compensation Committee determines in its sole discretion the appropriate mix of equity awards, the target values of these awards, the achievement of the performance measures and the potential maximum number of equity awards that may be earned. The Compensation Committee approved PSU awards for each NEO in fiscal 2015, taking into consideration the annualized value of front-loaded RSUs it awarded to the NEOs in fiscal 2014. (See further discussion on page 59 under "Annualized Portion of Fiscal 2014 Front-Loaded RSU Awards Attributable to Fiscal 2015.") The Compensation Committee approved two separate PSU awards for each NEO as described below.

Relative TSR PSUs (RTSR PSUs)

The RTSR PSU award allows the NEOs to earn a variable number of shares of our common stock based on the relative performance of our total shareholder return (TSR) compared to that of the companies comprising the NASDAQ-100. The

NEOs must also satisfy time-based service requirements. The Compensation Committee selected relative TSR because it aligns directly with stockholder value creation.
Relative TSR compares our TSR percentile rank among the companies comprising the NASDAQ-100 over a three-year period according to the payout schedule set forth in Figure 12.
Figure 12: RTSR PSUs Payout Schedule

Award Level	Qualcomm's TSR Percentile Rank Among the NASDAQ-100	Multiple of Target RTSR PSUs Earned (1)
Maximum Award Level	90^{th} percentile and above	2x
Target Award Level	60^{th} percentile	1x
Threshold Award Level	33^{rd} percentile	0.33x
Below Threshold	Below 33^{rd} percentile	No shares would be earned

(1) The multiple of target RTSR PSUs earned between the award levels interpolates linearly with our TSR percentile ranking.

The RTSR PSUs also provide that the total number of shares earned may not exceed the target number of shares if our absolute TSR for the entire three-year performance period is negative. This provision considers stockholder's interests by limiting the number of shares that may be earned in the event relative TSR performance is strong despite a declining stock price.
Return On Invested Capital PSUs (ROIC PSUs)
The Compensation Committee introduced Adjusted ROIC PSUs to tie a portion of our NEOs' awards to efficient use of capital. The ROIC PSU awards allow the NEOs to earn a variable number of shares of our common stock based on the achievement of a three-year ROIC objective established by the Compensation Committee at the time of grant in September 2015. Eligible participants must also satisfy time-based service requirements.
ROIC is a common financial term, and there are numerous methods for calculating ROIC. We calculate our Adjusted ROIC by averaging over the three-year performance period (a) Adjusted After-Tax Operating Income divided by (b) the sum of average Adjusted Debt and average Adjusted Equity for the relevant year. (See page 65 for the definitions of performance measures to be used in determining the number of PSUs for the 2016 - 2018 performance period.) The payout schedule is set forth in Figure 13.
Figure 13: ROIC PSU Payout Schedule

Award Level	Average Annual ROIC for Fiscal 2016 - 2018	Multiple of Target ROIC PSUs Earned (1)
Maximum Award Level	ROIC is at or above 120% of Target	2x
Target Award Level	ROIC is at Target	1x
Threshold Award Level	ROIC is 80% of Target	0.33x
Below Threshold	ROIC is less than 80% of Target	No shares would be earned

(1) The multiple of target ROIC PSUs earned between the award levels interpolates linearly with our average annual Adjusted ROIC.

The ROIC PSUs also provide that the total number of shares earned may not exceed the target number of shares if our average annual Adjusted ROIC for the entire three-year performance period is negative.
Figure 14 shows the grant date fair values of the PSUs the Compensation Committee awarded to the NEOs on September 25, 2015.

Compensation Discussion & Analysis

Figure 14: Grant Date Fair Values of PSUs Awarded to NEOs in Fiscal 2015

Name	Grant Date Fair Value RTSR PSUs ($)	ROIC PSUs ($)	Aggregate PSU Awards ($)
Steve Mollenkopf	4,000,019	4,000,015	8,000,034
George S. Davis	1,350,014	1,350,032	2,700,046
Derek K. Aberle	1,890,052	1,890,002	3,780,054
Cristiano Amon	1,810,048	1,810,012	3,620,060
Paul E. Jacobs	4,500,028	4,500,017	9,000,045
Total	13,550,161	13,550,078	27,100,239

Annualized Portion of Fiscal 2014 Front-Loaded RSU Awards Attributable to Fiscal 2015

In fiscal 2014, we granted front-loaded RSUs, which accelerated future years' RSU grant values into fiscal 2014, to encourage retention without making above-market grants and increasing related costs and dilution over time. Since we attributed a portion of the front-loaded RSUs granted in fiscal 2014 to fiscal 2015, the Compensation Committee considered the annualized value of the fiscal 2014 RSU grants in determining fiscal 2015 total equity grant values (i.e., the Compensation Committee reduced the total equity value that they would have otherwise granted to the NEOs in fiscal 2015 by the amount of the RSUs granted in fiscal 2014 which were attributable to fiscal 2015). There will be similar annual offsets for Messrs. Mollenkopf and Aberle and Dr. Jacobs through fiscal 2018 as their RSUs were front-loaded for five years. The RSUs granted to Messrs. Davis and Amon were front-loaded for three years and consequently will have annual offsets through 2016. The structure of the fiscal 2014 awards is summarized below in Figure 15 for clarity on this point.

Figure 15: Fiscal 2014 Front-Loaded NEO RSU Grants

Name	Grant Date Fair Value ($ millions)	Periods Covered By Grant Value	Vesting
Steve Mollenkopf	30.0	Fiscal 2014 through 2018	Five equal annual installments
George S. Davis	6.9	Fiscal 2014 through 2016	Five equal annual installments
Derek K. Aberle	16.1	Fiscal 2014 through 2018	Five equal annual installments
Cristiano R. Amon	4.1	Fiscal 2014 through 2016	Five equal annual installments
Paul E. Jacobs	45.0	Fiscal 2014 through 2018	Three equal installments on the 3rd, 4th and 5th anniversaries of the grant date

With respect to Messrs. Mollenkopf and Aberle and Dr. Jacobs, one-fifth of the fiscal 2014 RSUs are treated as attributable to fiscal 2015. With respect to Messrs. Davis and Amon, one-third of the fiscal 2014 RSUs are treated as attributable to fiscal 2015.

PSU Performance in Previous Years

The number of shares of our common stock earned by the NEOs has varied based on the relative performance of our TSR compared to that of the NASDAQ-100 during applicable measurement periods. The Compensation Committee has awarded RTSR PSUs to our NEOs and other executive officers annually since fiscal 2010. The four performance periods for RTSR PSUs granted in fiscal 2010, 2011, 2012 and 2013 have been completed, the number of shares of our common stock earned for each of these four performance periods have been determined, and the shares have been issued to the recipients.

Figure 16 summarizes the TSRs for Qualcomm relative to the NASDAQ-100 and the percent of target shares earned for our relative TSR performance.

Our TSR out-performed the NASDAQ-100 TSR for one of the four performance periods and under-performed for the other three performance periods. The RTSR PSUs earned as a percent of the target shares were aligned with our relative performance.

- Our relative TSR for the fiscal 2010 RTSR PSU awards (for the three-year performance period from 11/2/2009 - 10/31/2012) underperformed the NASDAQ-100 TSR, resulting in a payout of 98% of the target shares.

- Our relative TSR for the fiscal 2011 RTSR PSU awards (for the three-year performance period from 11/1/2010 - 10/31/2013) out-performed the NASDAQ-100 TSR, resulting in a payout of 119% of the target shares.
- Our relative TSR for the fiscal 2012 RTSR PSU awards (for the three-year performance period from 9/26/2011 - 9/26/2014) underperformed the NASDAQ-100 TSR, resulting in a payout of 88% of the target shares.
- Our relative TSR for the fiscal 2013 RTSR PSU awards (for the two-year performance period from 9/30/2013 - 9/27/2015) was below the 33rd percentile threshold compared to the NASDAQ-100, and as a result, no shares were earned or issued.

Figure 16: Qualcomm and NASDAQ-100 3-Year Total Shareholder Returns for PSUs Granted in Fiscal 2010 - 2013 (1)

(1) We are providing information on PSUs granted prior to fiscal 2015 to illustrate the historical performance of PSUs and the strong relationship between the percent of target PSUs earned and our TSR relative to the NASDAQ-100.

PROCESS AND RATIONALE FOR NEO COMPENSATION DECISIONS

We consider several factors in determining the compensation levels of our NEOs. The Compensation Committee does not have a predefined framework that determines which of these factors may be more or less important, and the emphasis placed on specific factors may vary among the NEOs. Ultimately, it is the Compensation Committee's judgment about these factors that forms the basis for determining our NEOs' compensation.

We review the compensation practices of other companies with which we compete.

The Compensation Committee identified peer companies to use for competitive analyses, taking into account recommendations made by FWC, the Compensation Committee's independent compensation consultants. The peer companies were identified based on the following characteristics:

- Technology, telecommunications and media companies (excluding those that are primarily content producers) based on Global Industry Classification Standard (GICS) codes;
- Companies of comparable size, with both market capitalization and revenues between 0.25x to 4.0x Qualcomm's size;

We believe that market capitalization is appropriate as the primary quantitative criterion because:

Market capitalization, a key component of which is stock price, is the key driver of equity compensation grant value, and equity compensation grant value is the single largest component of CEO compensation among technology companies with large market capitalizations;

Market capitalization is directly related to stockholder benefit; and

A significant portion of our business is technology licensing, which is a high-margin business, and as such, Qualcomm typically has higher market capitalization and profit than companies with similar revenues.

We also include revenues as a secondary quantitative criterion because revenues are commonly used as a selection criterion by our peer companies, third-party compensation survey providers and proxy advisory services.

- Comparable compensation model;
- Consistent and on-going data availability; and
- Peers of peers, which are the peer companies often disclosed by our peer companies.

Figure 17 identifies the peer companies the Compensation Committee selected in May 2015. The peer companies and Qualcomm are ranked, high-to-low, on revenues, net income, EBITDA, EBITDA margin and market capitalization. Compared to the prior year's peer group, the Compensation Committee removed Yahoo!, which fell below the revenue threshold. The Compensation Committee added Micron Technology and Visa, both prominent technology companies that fit the criteria. Broadcom's market capitalization was below the threshold, but was retained to maintain continuity and a sufficiently robust peer company sample size. (The proposed acquisition of Broadcom by Avago was announced after the Compensation Committee approved the peer companies.)

Qualcomm's percentile rankings among the peer companies illustrate that, relative to our peer companies, we are below median for revenues and above median for the other metrics, and our market capitalization is strongly supported by the other metrics.

Compensation Discussion & Analysis

Figure 17: Qualcomm's Relative Rankings Among Peer Companies as of March 31, 2015 (1)

Revenue			Net Income		EBITDA		EBITDA Margin		Market Cap	
Company	Ticker	$ Millions	Ticker	$ Millions	Ticker	$ Millions	Ticker		Ticker	$ Millions
Microsoft	MSFT	93,074	MSFT	20,675	MSFT	34,150	V	68%	GOOG	372,734
IBM	IBM	92,793	GOOG	14,444	INTC	24,191	FB	50%	MSFT	334,103
Amazon.com	AMZN	88,988	IBM	12,022	CMCSA	23,160	ORCL	46%	FB	229,955
Comcast	CMCSA	68,775	INTC	11,704	IBM	22,833	INTC	43%	ORCL	188,695
Google	GOOG	66,001	ORCL	10,827	GOOG	21,476	TXN	39%	AMZN	173,027
United Technologies	UTX	64,270	CSCO	8,653	ORCL	17,856	MSFT	37%	V	161,161
Intel	INTC	55,870	CMCSA	8,380	CSCO	13,434	QCOM	36%	IBM	158,979
Cisco	CSCO	48,083	QCOM	8,064	UTX	11,231	TWC	36%	INTC	148,470
Lockheed Martin	LMT	45,600	UTX	6,220	QCOM	9,687	MU	35%	CMCSA	143,494
Honeywell	HON	40,306	V	5,600	V	8,759	CMCSA	34%	CSCO	140,570
Oracle	ORCL	38,840	HON	4,239	DTV	8,489	GOOG	33%	QCOM	114,688
DirecTV	DTV	33,260	MU	3,690	TWC	8,228	CSCO	28%	UTX	106,579
Qualcomm	QCOM	26,964	LMT	3,614	HON	7,353	EBAY	28%	HON	81,591
EMC	EMC	24,440	FB	2,940	LMT	6,368	DTV	26%	EBAY	70,600
Time Warner Cable	TWC	22,812	TXN	2,821	EMC	6,323	EMC	26%	LMT	63,729
eBay	EBAY	17,902	DTV	2,756	FB	6,225	IBM	25%	TXN	59,851
Micron Technology (+)	MU	16,889	EMC	2,714	MU	5,898	ADP	23%	EMC	50,737
Texas Instruments	TXN	13,045	TWC	2,031	TXN	5,135	BRCM	19%	DTV	42,783
Visa (+)	V	12,929	ADP	1,437	AMZN	5,057	HON	18%	TWC	42,086
Facebook	FB	12,466	BRCM	652	EBAY	5,039	UTX	17%	ADP	40,859
ADP	ADP	11,629	EBAY	46	ADP	2,650	LMT	14%	MU	29,165
Broadcom	BRCM	8,428	AMZN	-241	BRCM	1,631	AMZN	6%	BRCM	25,934
75th percentile		64,270		8,653		17,856		37%		161,161
50th percentile		38,840		3,690		8,228		28%		106,579
25th percentile		16,889		2,714		5,898		23%		50,737
QCOM percentile rank		41 %		69 %		62 %		69%		51 %

(1) Data reflected in Figure 17 represents the latest four quarters of data available on March 31, 2015 reported in Standard & Poor's Compustat reports as of March 31, 2015, the time at which FWC prepared the peer company selection analysis, and therefore does not reflect the acquisition of DirecTV by AT&T or Google's new operating structure under the name Alphabet, Inc.

FWC provides analyses of peer company competitive practices. The Compensation Committee considers these peer company competitive practices, along with the other factors described in this section, when determining the salaries, ACIP targets, long-term equity grant date fair values and the TDC for the CEO, other NEOs and the other executive officers.

We consider internal pay equitability in light of business and individual performance.

The NEOs' compensation levels are intended to be internally fair and equitable relative to roles, responsibilities and relationships, in addition to being competitively reasonable. Accordingly, the Compensation Committee also considers the following factors in the process of determining NEO compensation:

- The Committee's evaluation of the NEO's individual performance and contributions to financial objectives;

Compensation Discussion & Analysis

- Labor market conditions, the need to retain and motivate the NEO and the NEO’s potential to assume increased responsibilities (which may be part of the Company’s leadership succession plans) and contribute long-term value to the Company;
- Operational management, such as project milestones, process improvements and expense management;
- Internal working and reporting relationships, and our desire to encourage partnerships and teamwork among our NEOs (for example, using the same ACIP financial metrics and objectives for all NEOs promotes teamwork and collaboration and our NEO’s contribution to company-wide initiatives, such as our commitment to reduce operating expenses);
- Individual expertise, skills, knowledge and tenure in position;
- Leadership actions that communicate, promote and support compliance with our Code of Ethics and our Code of Business Conduct (such as discussing ethics at breakfast meetings our NEOs have with employees, participating in an internal video series on compliance and establishing a review board to oversee internal investigations); and
- Developing and motivating employees (such as establishing processes for identifying and assessing high potential employees) and attracting and retaining employees (such as initiatives to increase the pipeline of women in leadership roles).

With respect to Dr. Jacobs, the Executive Chairman and the Chairman of the Board, the review process recognizes that his responsibilities are significantly greater than that of a typical employee board of directors’ chair. Prior to becoming Executive Chairman in 2014 in accordance with a pre-established management succession process in which Mr. Mollenkopf became the CEO, Dr. Jacobs had 25 years of service with Qualcomm and had been regularly recognized by institutional investors as a top CEO in our sector throughout his nine-year tenure as CEO. Dr. Jacobs agreed to relinquish the CEO title and assume a different role, which we elected to call Executive Chairman after looking to companies such as Google, Oracle, Cisco and others for precedent. In this capacity, Dr. Jacobs focuses on long-term opportunities in emergent areas and manages certain of our relationships with key partners around the world, in addition to his responsibilities managing the Board. Those in the industry know him as a genuine pioneer and visionary, having been a key factor in the development of mobile communications technology.

As an example of the value our stockholders derived from this executive partnership during fiscal 2015, Dr. Jacobs played a key role in securing our resolution of the antitrust dispute in China, which was well received by the market. He was critical to this successful outcome in a complex geopolitical and legal landscape, benefiting from high-level relationships he has developed over many years with senior industry and government contacts.

Looking ahead, companies across all sectors are urgently trying to figure out ways to monetize the opportunities that are arising as their customers increasingly interact with them through mobile devices. Dr. Jacobs, as a full-time employee, focuses on long-term opportunities in emergent areas and certain key relationships around the world, while Mr. Mollenkopf sets corporate strategy, leads the operations of the Company, oversees product development and manages global relationships.

We consider the results of stockholder advisory votes on executive compensation as well as stockholder feedback. Prior to the March 9, 2015 annual meeting of our stockholders, the Chairman of our Compensation Committee and executives from our investor relations department engaged in discussions with institutional stockholders, who in aggregate owned approximately 50% of our outstanding shares.

Many of our institutional stockholders commented on the metrics upon which we based our executives’ incentives. The Compensation Committee, working with its independent consultants and our senior executives, determined that changes to our executive compensation program and practices were appropriate based on the feedback from these discussions, as well as stockholders holding more than 40% of the shares voted were against the non-binding advisory vote on executive compensation (“Say-on-Pay”) at the 2015 annual meeting. The Compensation Committee approved changes to the ACIP for fiscal 2016 and PSUs awards granted in fiscal 2015. We described these modifications in the executive compensation highlights section of the proxy overview.

We confer with the CEO on his recommendations for the other NEOs.

The Compensation Committee and the CEO discuss our business performance, the CEO’s performance and the CEO’s evaluation of and compensation recommendations for the other NEOs and other executive officers. The CEO, other NEOs and other executive officers prepare self-evaluations, which highlight key strategic and operational accomplishments and

leadership actions that communicate, promote and support Qualcomm's ethical standards and compliance culture. The Compensation Committee and the CEO meet in executive session to review the self-evaluations and the CEO's oral assessment of his and the other NEOs' accomplishments and opportunities for improvement, including an assessment of each NEO's overall performance and potential for future roles. Members of the Compensation Committee, in their Committee and Board of Director roles, regularly engage with our executive officers through various briefings and discussions, providing opportunities for the Compensation Committee to consider the leadership contributions of the CEO and other NEOs on the Company's annual and longer-term performance. It is with these perspectives that the Compensation Committee, in executive session without the CEO present, decided and approved the CEO's and other NEOs' fiscal 2015 PSU award amounts (for the fiscal 2016 - 2018 performance period), any application of negative discretion for the fiscal 2015 ACIP earned amounts and any adjustments to base salaries and ACIP targets for fiscal 2016.

We maintain policies to mitigate compensation risk.

Our current clawback policy requires an executive officer to repay any ACIP amount paid to them to extent that: (1) the amount of the ACIP payment was based on the achievement of certain financial results that were subsequently the subject of a restatement that occurred within 12 months of such payment; (2) the executive officer had engaged in theft, dishonesty or intentional falsification of documents or records that resulted in the obligation to restate our financial results; and (3) a lower annual cash incentive would have been paid to the executive officer based upon the restated financial results. We plan to amend this policy as needed to comply with any additional requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) after the SEC adopts new regulations implementing those requirements.

Our executive officers, including the NEOs, and our nonemployee directors are long-term stockholders. The CEO is required to own 6x his salary, our President is required to own 3x his salary, and our other NEOs and executive officers are required to own 2x their respective salaries in our common stock. The ownership guideline for our Executive Chairman, whose annual salary is $1, is 6x his prior salary as CEO. Nonemployee directors have a guideline of 5x the annual cash Board retainer. NEOs have five years from the date of hire, appointment as an executive officer or appointment to an executive officer position with a different ownership guideline to comply with the applicable guideline. Nonemployee directors have five years from joining the Board to comply with the applicable guideline. In addition, all nonemployee directors are expected to own shares within one year of joining the Board.

If an NEO, other executive officer or nonemployee director is not in compliance by the deadline, we require that the individual retain 100% of the net shares remaining after required tax withholdings upon payment of any deferred stock units and 50% of the net shares remaining after required tax withholdings upon payment of any other full-value award or upon stock option exercise until the applicable guideline is met. Only shares actually owned, vested deferred stock units and shares under the NQDC Plan count toward the guideline. Outstanding unexercised stock options and unvested PSUs and RSUs do not count. Dr. Jacobs and Messrs. Aberle, Davis and Mollenkopf have met their ownership guidelines. Mr. Amon is required to meet his ownership guideline by October 2017.

We also have an insider trading policy that applies to executive officers, including NEOs, and nonemployee directors. The policy prohibits the hedging and pledging of our common stock and trading in put and call options and other types of equity derivatives.

We engage independent advisors.

The Compensation Committee has the authority to engage and terminate any independent compensation consultant and to obtain advice and assistance from external legal, accounting and other advisors. As previously described, the Compensation Committee engaged FWC, an independent executive compensation consulting firm, to advise it on compensation matters during fiscal 2015. George Paulin, who is Chairman of FWC, leads the FWC team that assists the Compensation Committee and generally attends all Compensation Committee meetings. FWC reports directly to the Compensation Committee. The Company did not engage FWC for any additional services during fiscal 2015 beyond its support of the Compensation Committee, and the engagement did not raise any conflicts of interest.

Pursuant to the engagement, FWC:

- Provided information, insights and advice regarding compensation philosophy, objectives and strategy;
- Recommended peer group selection criteria and identified and recommended potential peer companies;

- Provided analyses of competitive compensation practices for executive officers and nonemployee directors;
- Provided analyses of potential risks arising from executive and non-executive compensation programs;
- Provided analyses of aggregate equity compensation spending and related dilution;

- Reviewed and commented on recommendations regarding NEO compensation;
- Advised the Compensation Committee on specific issues as they arose, including engagement with stockholders; and
- Kept the Compensation Committee informed of executive compensation trends and regulatory and governance considerations related to executive compensation.

The Compensation Committee also sought and received advice from our outside legal counsel, DLA Piper LLP. Our human resources department supported the Compensation Committee in its work, collaborated with FWC and DLA Piper, conducted additional analyses and managed our compensation and benefit programs.

PERFORMANCE MEASURES

We use non-GAAP financial information (i) to evaluate, assess and benchmark our operating results on a consistent and comparable basis; (ii) to measure the performance and efficiency of our 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 each other and against competitors.

We are able to assess what we believe is a more meaningful and comparable set of financial performance measures by using non-GAAP information. As a result, management compensation decisions and the review of executive compensation by the Compensation Committee of the Board of Directors focus primarily on non-GAAP financial measures.

The various performance measures used throughout this Proxy Statement are defined below. The most directly comparable GAAP performance measures and information reconciling non-GAAP performance measures to our reported financial results prepared in accordance with GAAP are included in Appendix 4.

Adjusted Revenues and Adjusted Operating Income

For purposes of determining earnings under the ACIP for fiscal 2013, 2014 and 2015, GAAP revenues and operating income were adjusted to exclude (1) the QSI segment, (2) certain share-based compensation, (3) certain acquisition-related items and (4) certain tax items that were unrelated to the fiscal year in which they were recorded. Acquisition-related items included amortization of certain intangible assets, recognition of the step-up of inventories to fair value and expenses related to the termination of contracts that limited the use of the acquired intellectual property. Starting in fiscal 2015, we also excluded third-party acquisition and integration services costs.

Adjusted Earnings Per Share (EPS)

For purposes of determining earnings under the ACIP for fiscal 2016, GAAP earnings per share will be adjusted to exclude the after tax impact of the following items:

- the QSI segment;
- acquisition-related items, which may include (i) third-party acquisition and integration services costs, (ii) amortization of certain intangible assets, (iii) recognition of the step-up of inventories to fair value, (iv) expenses related to the termination of contracts that limit the use of the acquired intellectual property, and (v) and the related tax effects of these items;
- certain tax items that are unrelated to the fiscal year in which they are recorded;
- certain other items, which may include major restructuring and restructuring-related costs, goodwill and long-lived asset impairments and litigation settlements and/or damages; and
- to the extent that they were not anticipated in establishing the ACIP target: (i) the impact of share repurchases and (ii) the operating results of acquisitions completed in the relevant year for which the purchase price exceeds $500 million.

Adjusted Return On Invested Capital (ROIC)

We calculate our Adjusted ROIC by averaging over the three-year performance period (a) Adjusted After-Tax Operating Income for the relevant year divided by (b) the sum of average Adjusted Debt and average Adjusted Equity for the relevant year.

For purposes of calculating Adjusted After-Tax Operating Income for use in the Adjusted ROIC calculation, GAAP operating income will be adjusted to (a) include the relevant tax effects of the components of operating income and (b) exclude the after tax impact of the following items:

- the QSI segment;
- certain acquisition-related items, including (i) third-party acquisition and integration services costs, (ii) amortization of certain intangible assets, (iii) recognition of the step-up of inventories to fair value, (iv) expenses related to the termination of contracts that limit the use of the acquired intellectual property;
- tax items exceeding $10 million that are unrelated to the fiscal year in which they are recorded;
- certain other items, including restructuring and restructuring-related costs; impairments of goodwill and indefinite- and long-lived assets; litigation settlements and/or damages; and gains and losses on divestitures and sales of certain assets.

In addition, both the numerator and the denominator in the Adjusted ROIC calculation may be adjusted to exclude the impacts of certain items that were not anticipated in establishing the ROIC PSU target, which may include but are not limited to: (i) share repurchases; (ii) the financing of acquisitions with a purchase price greater than $5 billion; and (iii) changes in in tax law, accounting principles or other such laws or provisions.

COMPENSATION RISK MANAGEMENT

The Compensation Committee engaged FWC to collaborate with Qualcomm's human resources staff to conduct an assessment of potential risks that may arise from our compensation programs. Based on this assessment, the Compensation Committee concluded that our policies and practices do not encourage excessive and unnecessary risk taking that would be reasonably likely to have a material adverse effect on Qualcomm. The assessment included executive and non-executive programs and focused on the variable components of cash incentives and equity awards. Our compensation programs are designed and administered through a corporate total rewards management office and are substantially identical among business units, corporate functions and global locations (with modifications to comply with local regulations as appropriate). The risk-mitigating factors considered in this assessment included:

- The alignment of pay philosophy, peer group companies and compensation amounts relative to competitive practices to support our business objectives;
- Effective balance of cash and equity, short- and long-term performance periods, limits on performance-based award schedules, Company financial metrics with consideration of individual performance factors and Compensation Committee discretion; and
- Ownership guidelines, a clawback policy, an insider trading policy, an equity award approval authorization policy and independent Compensation Committee oversight.

COMPENSATION TABLES AND NARRATIVE DISCLOSURES

The following tables, narratives and footnotes describe the total compensation and benefits awarded to, earned by or paid to our NEOs during fiscal 2015.

SUMMARY COMPENSATION TABLE

The following table shows information regarding compensation of each named executive officer for fiscal 2015, 2014 and 2013, except in the case of Mr. Amon, who was not a named executive officer in fiscal 2013.

Fiscal 2015 Summary Compensation Table (1)(2)

Name and Principal Position	Year	Salary ($) (3)	Bonus ($) (4)	Stock Awards ($) (5)	Non-Equity Incentive Plan Compensation ($) (6)	All Other Compensation ($) (7)	Total ($)
Steve Mollenkopf Chief Executive Officer (8)	2015	1,141,886	—	8,000,034	1,025,000	205,405	10,372,325
	2014	1,069,239	—	58,000,203	1,550,000	121,150	60,740,592
	2013	815,006	1,500	12,000,079	1,325,000	166,481	14,308,066
George S. Davis	2015	758,665	—	2,700,046	400,000	159,606	4,018,317
Executive Vice President	2014	724,043	—	9,600,019	665,000	167,555	11,156,617
and Chief Financial Officer	2013	363,463	1,000,000	11,500,110	590,000	192,023	13,645,596
Derek K. Aberle President (9)	2015	805,394	—	3,780,054	520,000	237,474	5,342,922
	2014	772,734	—	30,380,219	720,000	230,706	32,103,659
	2013	728,321	—	8,000,053	1,045,000	284,061	10,057,435
Cristiano R. Amon	2015	523,090	—	3,620,060	320,000	102,305	4,565,455
Executive Vice President,	2014	474,048	—	10,760,281	460,000	9,973	11,704,302
Qualcomm Technologies, Inc. and President, QCT	2013	—	—	—	—	—	—
Paul E. Jacobs	2015	1	5,375	9,000,045	—	309,392	9,314,813
Executive Chairman and	2014	969,984	21,375	54,000,175	1,300,000	650,458	56,941,992
Chairman of the Board (10)	2013	1,200,014	8,325	15,000,069	3,480,000	760,532	20,448,940

(1) We did not grant any stock option awards to our NEOs during fiscal 2015. As a result, the "Option Awards" column has been omitted from the Fiscal 2015 Summary Compensation Table.

(2) We do not offer a pension plan or other defined benefit retirement plan to our NEOs. We do not provide above-market or preferential earnings on deferred compensation, nor do we provide dividends on stock in the Non-Qualified Deferred Compensation (NQDC) Plan at a rate higher than dividends on our common stock. As a result, the "Change in Pension Value and Nonqualified Deferred Compensation Earnings" column has been omitted from the Fiscal 2015 Summary Compensation Table.

(3) Salaries for NEOs as presented in this column may include vacation match payments payable under our vacation policy. This column also includes portions of the NEOs' salaries that they may have deferred pursuant to the NQDC Plan (see "Fiscal 2015 Nonqualified Deferred Compensation" table).

(4) The amounts in this column, with the exception of Mr. Davis who received a new hire bonus, represent amounts received under our patent award program. We disclose annual cash incentives in the "Non-Equity Incentive Plan Compensation" column.

Compensation Tables and Narrative Disclosures

(5) Stock awards granted to NEOs include annual grants and may include special grants for new hires, promotions and/or retention. The amounts in this column represent the grant date fair values of PSUs and RSUs granted during the fiscal year. The grant date fair values of RSUs were determined based on the fair value of our common stock on the date of grant. The PSU grant date fair values were determined based on a Monte Carlo simulation (which probability weights multiple potential outcomes). The amounts may not be indicative of the realized value of the awards if and when they vest. See the "Fiscal 2015 Grants of Plan-Based Awards" table for details on the stock awards granted to the NEOs during fiscal 2015. If we assume that the highest level of performance conditions will be achieved with respect to the PSUs (and thus the maximum number of shares will be issued under the PSUs), using the fair value of our common stock on the grant date for such shares, the fiscal 2015 stock awards would be as follows: $16,000,068 for Mr. Mollenkopf; $5,400,092 for Mr. Davis; $7,560,108 for Mr. Aberle; $7,240,120 for Mr. Amon; and $18,000,090 for Dr. Jacobs.

(6) The amounts in this column represent cash awards earned under our annual cash incentive plan (ACIP) for performance during fiscal 2015. The Compensation Committee approved the fiscal 2015 ACIP amounts on December 1, 2015, and the NEOs received payment in December 2015. See the "Compensation Discussion and Analysis" (CD&A) section and the "Fiscal 2015 Grants of Plan-Based Awards" table for a description of the ACIP and the payments made thereunder. This column includes portions of the NEOs' ACIP amounts that they may have deferred pursuant to the NQDC Plan (see "Fiscal 2015 Nonqualified Deferred Compensation" table).

(7) See the "Fiscal 2015 All Other Compensation" table for an itemized account of all other compensation reported in this column.

(8) The 2014 salary amount represents compensation for Mr. Mollenkopf from September 30 through December 11, 2013 as President and Chief Operating Officer, from December 12, 2013 through March 3, 2014 as Chief Executive Officer-elect and President and from March 4, 2014 through September 28, 2014 as Chief Executive Officer.

(9) The 2014 salary amount represents compensation for Mr. Aberle from September 30, 2013 through March 9, 2014 as Executive Vice President and Group President and from March 10, 2014 through September 28, 2014 as President.

(10) The 2014 amounts represent compensation for Dr. Jacobs from September 30, 2013 through March 3, 2014 as Chief Executive Officer and from March 5, 2014 through September 28, 2014 as Executive Chairman. Dr. Jacobs's salary and non-equity incentive plan target were reduced on March 4, 2014 when he stepped down as our Chief Executive Officer and assumed his current role of Executive Chairman.

ALL OTHER COMPENSATION

We provide our NEOs with other compensation that is reasonable and consistent with our executive compensation program and supports our efforts to attract and retain executive-level employees. The cost of these benefits are disclosed in the All Other Compensation column of the Fiscal 2015 Summary Compensation Table and are itemized in the Fiscal 2015 All Other Compensation table below.

Fiscal 2015 All Other Compensation

Name	Perquisites and Other Personal Benefits ($) (1)	Nonqualified Deferred Compensation Plan ($) (2)	Charitable Match ($) (3)	Company Matching 401k Contributions ($) (4)	Life Insurance Premiums ($) (5)	All Other Compensation Total ($)
Steve Mollenkopf	—	77,500	117,120	5,475	5,310	205,405
George S. Davis	—	111,847	30,845	5,052	11,862	159,606
Derek K. Aberle	35,658	119,539	72,707	5,475	4,095	237,474
Cristiano R. Amon	17,713	75,724	—	5,475	3,393	102,305
Paul E. Jacobs	24,819	154,829	125,000	—	4,744	309,392

(1) Perquisites and other personal benefits for a named executive officer are excluded if the total value of all of such perquisites and personal benefits is less than $10,000. If the total value of all perquisites and personal benefits for a

named executive officer is $10,000 or more, then each perquisite or personal benefit, regardless of its amount, is

identified by type. Each perquisite or personal benefit that exceeds the greater of $25,000 or 10% of the total amount of perquisites and personal benefits for that named executive officer is identified by type and quantified.
The amounts in this column include: Mr. Aberle - $21,397 for the personal use of our corporate aircraft and the remainder for other insurance premiums, financial planning and home office costs; Mr. Amon - for insurance premiums and financial planning; and Dr. Jacobs - $18,834 for the personal use of our corporate aircraft and the remainder for other insurance premiums. Under certain circumstances, NEOs may utilize our corporate aircraft for personal use. In those instances, the value of the benefit is based on the aggregate incremental cost to the Company. Incremental cost is calculated based on the variable costs to the Company, including fuel costs, mileage, certain maintenance, universal weather-monitoring costs, on-board catering, landing/ramp fees and certain other miscellaneous costs. Fixed costs that do not change based on usage, such as pilot salaries, are excluded. The Company and Dr. Jacobs entered into aircraft time-sharing agreements pursuant to which Dr. Jacobs may use certain Company aircraft for his personal use and reimburse the Company for certain expenses of each flight operated under such an agreement up to the maximum amount permitted under Federal Aviation Administration rules. Dr. Jacobs has discretion over which flights are operated under time-sharing agreements. The amounts shown for Dr. Jacobs's personal use of our corporate aircraft reflect the total aggregate incremental costs to the Company of his personal use of our corporate aircraft, less any payments made by Dr. Jacobs to the Company under such time-sharing agreements.

(2) See the Nonqualified Deferred Compensation discussion for a description of the NQDC Plan and the Company match program thereunder. The amounts disclosed represent the Company's match, in cash, of up to 8% of the aggregate of the participant's base salary plus ACIP amounts deferred on a pre-tax basis under the NQDC Plan.

(3) We match 100% of an employee's contributions, up to predetermined maximum amounts, to encourage and extend employees' support of qualified tax exempt non-profit organizations, excluding organizations that further religious doctrine, exclusionary organizations or political organizations. The amounts disclosed represent our matching contributions for NEO contributions to cultural, education and community non-profit organizations. We will match up to $125,000 for our Executive Chairman, CEO and President and up to $100,000 for other NEOs.

(4) The 401(k) plan is a voluntary, tax-qualified deferred compensation plan available to all U.S. employees. We match employee contributions in cash, up to certain limits, using a tiered structure in order to encourage participation among our U.S.-based employees. This program provides a tax-efficient retirement savings opportunity. The amounts disclosed represent the cash value of the Company matches of our NEO's contributions to the 401(k) plan.

(5) We provide our executive officers additional life insurance above the amounts provided to other employees. The additional coverage is $1 million for the Executive Chairman, the CEO and the President and $750,000 for the other NEOs. The amounts disclosed represent the premiums paid for group term life insurance greater than $50,000 and executive life insurance.

GRANTS OF PLAN-BASED AWARDS

The following table shows information regarding the incentive awards granted to our named executive officers for 2015. See "Compensation Discussion and Analysis" (CD&A) in the "Executive Compensation and Related Information" section for detailed information regarding our annual cash incentive plan and equity award programs.

Compensation Tables and Narrative Disclosures

Fiscal 2015 Grants of Plan-Based Awards (1)(2)

Name	Type of Award	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All other Stock Awards: Number of shares of stock or units (#)	Grant Date Fair Value of Stock Awards ($) (3)
			Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)		
Steve Mollenkopf	ACIP		22,600	2,260,000	4,520,000					
	RTSR PSUs	9/25/2015				24,172	73,247	146,494		4,000,019
	ROIC PSUs	9/25/2015				24,803	75,160	150,320		4,000,015
George S. Davis	ACIP		9,880	988,000	1,976,000					
	RTSR PSUs	9/25/2015				8,158	24,721	49,442		1,350,014
	ROIC PSUs	9/25/2015				8,371	25,367	50,734		1,350,032
Derek K. Aberle	ACIP		10,800	1,080,000	2,160,000					
	RTSR PSUs	9/25/2015				11,421	34,610	69,220		1,890,052
	ROIC PSUs	9/25/2015				11,719	35,513	71,026		1,890,002
Cristiano R. Amon	ACIP		5,250	525,000	1,050,000					
	RTSR PSUs	9/25/2015				10,938	33,145	66,290		1,810,048
	ROIC PSUs	9/25/2015				11,223	34,010	68,020		1,810,012
Paul E. Jacobs	ACIP		—	—	—					
	RTSR PSUs	9/25/2015				27,193	82,403	164,806		4,500,028
	ROIC PSUs	9/25/2015				27,903	84,555	169,110		4,500,017

(1) The Compensation Committee approved all equity grants on the grant dates.

(2) We did not award any stock options to any NEOs in fiscal 2015. Therefore, we did not include the “All Other Option Awards” or “Exercise or Base Price of Option Awards” columns in this table.

(3) The amounts for ROIC PSUs represent the grant date fair values based on the closing price of the Company’s common stock on the dates of grant. The amounts for RTSR PSUs represent the grant date fair value of the Company’s common stock as determined using a Monte Carlo simulation (which probability weights multiple potential outcomes).

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END

The “Outstanding Equity Awards at Fiscal Year End” table below provides information on the current holdings of equity awards by the NEOs. The market value of stock reported is based on the closing price of the Company’s common stock at the end of the fiscal year. All stock options awarded to the NEOs were nonqualified stock options; stock options granted prior to September 10, 2010 are exercisable for ten years from the grant date, and stock options granted on or after September 10, 2010 are exercisable for seven years from the grant date.

Compensation Tables and Narrative Disclosures

Outstanding Equity Awards at Fiscal Year End (1)

		Option Awards				Stock Awards			
Name	Grant Date	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#) (2)	Market Value of Shares or Units of Stock That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (3)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
Steve Mollenkopf	11/09/11					30,053 (6)	1,599,405		
	09/29/13					21,495 (7)	1,143,960		
	09/29/13					14,330 (8)	762,640		
	12/12/13					287,216 (9)	15,285,619		
	12/12/13					344,659 (10)	18,342,742		
	11/09/11							26,947 (17)	1,434,113
	09/16/14							216,712 (18)	11,533,430
	09/25/15							146,494 (19)	7,796,411
	09/25/15							150,320 (19)	8,000,030
Total		—	—			697,753	37,134,366	540,473	28,763,984
George S. Davis	03/11/13					34,461 (11)	1,834,038		
	09/29/13					23,884 (12)	1,271,085		
	05/05/14					72,143 (13)	3,839,458		
	09/16/14							73,140 (18)	3,892,489
	09/25/15							49,442 (19)	2,631,303
	09/25/15							50,734 (19)	2,700,063
Total		—	—			130,488	6,944,581	173,316	9,223,855
Derek K. Aberle	09/16/08	38,000	—	47.92	09/15/18				
	11/09/09	63,051	—	44.75	11/08/19				
	11/09/11					24,042 (6)	1,279,501		
	09/29/13					14,330 (7)	762,640		
	09/29/13					9,554 (8)	508,445		
	05/05/14					168,335 (13)	8,958,791		
	05/05/14					137,230 (14)	7,303,388		
	11/09/11							21,559 (17)	1,147,376
	09/16/14							102,400 (18)	5,449,747
	09/25/15							69,220 (19)	3,683,888
	09/25/15							71,026 (19)	3,780,004
Total		101,051	—			353,491	18,812,765	264,205	14,061,015
Cristiano Amon	10/23/09	20,625	—	40.70	10/22/19				
	07/06/12	51,000	17,000 (5)	55.31	07/05/19				
	09/30/12					4,024 (15)	214,177		

	09/30/12			5,979 (15)	318,193		
	09/29/13			7,165 (16)	381,320		
	09/29/13			4,777 (8)	254,251		
	05/05/14			43,286 (13)	2,303,697		
	05/05/14			39,209 (14)	2,086,714		
	09/16/14					98,065 (18)	5,219,026
	09/25/15					66,290 (19)	3,527,954
	09/25/15					68,020 (19)	3,620,024
Total		71,625	17,000	104,440	5,558,352	232,375	12,367,004

QUALCOMM Incorporated 72

Compensation Tables and Narrative Disclosures

Name	Grant Date	Option Awards: Number of Securities Underlying Unexercised Options Exercisable (#)	Option Awards: Number of Securities Underlying Unexercised Options Unexercisable (#)	Option Awards: Option Exercise Price ($)	Option Awards: Option Expiration Date	Stock Awards: Number of Shares or Units of Stock That Have Not Vested (#) (2)	Stock Awards: Market Value of Shares or Units of Stock That Have Not Vested ($)	Stock Awards: Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (3)	Stock Awards: Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
Paul E. Jacobs	11/04/05	286,586	—	44.02	11/03/15				
	11/10/06	211,218	—	34.83	11/09/16				
	11/12/07	195,168	—	37.29	11/11/17				
	11/09/09	9,570	—	44.75	11/08/19				
	09/29/13					35,825 (16)	1,906,600		
	05/05/14					588,129 (14)	31,300,210		
	09/16/14							243,801 (18)	12,975,109
	09/25/15							164,806 (19)	8,770,975
	09/25/15							169,110 (19)	9,000,034
Total		415,956 (4)	—			623,954	33,206,810	577,717	30,746,118

(1) There were no unexercised, unearned options at September 27, 2015. Therefore, we did not include the "Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options" column in this table.

(2) Represents RSUs that have not vested at fiscal year end and includes dividend equivalent shares that have not vested at fiscal year end as follows: 33,568 shares for Mr. Mollenkopf; 8,431 shares for Mr. Davis; 16,651 shares for Mr. Aberle; 5,339 shares for Mr. Amon; and 24,902 shares for Dr. Jacobs.

(3) Represents PSUs that have not vested at fiscal year end and includes dividend equivalent shares that have not vested at fiscal year end as follows: 8,359 shares for Mr. Mollenkopf; 2,012 shares for Mr. Davis; 4,735 shares for Mr. Aberle; 2,697 shares for Mr. Amon; and 6,705 shares for Dr. Jacobs.

(4) Represents options exercisable by the trust of Dr. Jacobs's children for which he disclaims beneficial ownership.

	Type of Grant	Grant Date	Vesting Rate	Vesting Dates	Conditions
(5)	Stock Options	7/6/2012	25% vests on the first anniversary of the date of grant and the remaining balance vests on each six-month anniversary after the date of grant until fully vested four years from the date of grant.	7/6/2013 1/6/2014 7/6/2014 1/6/2015 7/6/2015 1/6/2016 7/6/2016	Vesting is conditioned upon continued employment through the vesting date(s).
(6)	Restricted Stock Units	11/9/2011	33-1/3% per year	11/9/2014 11/9/2015 11/9/2016	Vesting was conditioned on the Compensation Committee's determination that the Company attained the relevant performance goals for fiscal 2012.

					Vesting is also conditioned upon continued employment through the vesting date(s).
(7)	Restricted Stock Units	9/29/2013	33-1/3% per year	11/20/2013 11/20/2014 11/20/2015	Vesting is conditioned upon continued employment through the vesting date(s).
(8)	Restricted Stock Units	9/29/2013	33-1/3% per year	11/20/2014 11/20/2015 11/20/2016	Vesting was conditioned on the Compensation Committee's determination that the Company attained the relevant performance goals for the first nine months of fiscal 2014. Vesting is also conditioned upon continued employment through the vesting date(s).
(9)	Restricted Stock Units	12/12/2013	33-1/3% per year	12/12/2016 12/12/2017 12/12/2018	Vesting is conditioned upon continued employment through the vesting date(s).

Compensation Tables and Narrative Disclosures

	Type of Grant	Grant Date	Vesting Rate	Vesting Dates	Conditions
(10)	Restricted Stock Units	12/12/2013	20% per year	12/12/2014 12/12/2015 12/12/2016 12/12/2017 12/12/2018	Vesting is conditioned upon continued employment through the vesting date(s).
(11)	Restricted Stock Units	3/11/2013	33-1/3% per year	3/11/2014 3/11/2015 3/11/2016	Vesting is conditioned upon continued employment through the vesting date(s).
(12)	Restricted Stock Units	9/29/2013	33-1/3% per year	9/29/2014 9/29/2015 9/29/2016	Vesting is conditioned upon continued employment through the vesting date(s).
(13)	Restricted Stock Units	5/5/2014	20% per year	5/5/2015 5/5/2016 5/5/2017 5/5/2018 5/5/2019	Vesting was conditioned on the Compensation Committee's determination that the Company attained the relevant performance goals for the first six months of fiscal 2015. Vesting is also conditioned upon continued employment through the vesting date(s).
(14)	Restricted Stock Units	5/5/2014	33-1/3% per year	5/5/2017 5/5/2018 5/5/2019	Vesting was conditioned on the Compensation Committee's determination that the Company attained the relevant performance goals for the first six months of fiscal 2015. Vesting is also conditioned upon continued employment through the vesting date(s).
(15)	Restricted Stock Units	9/30/2012	33-1/3% per year	11/20/2013 11/20/2014 11/20/2015	Vesting is conditioned upon continued employment through the vesting date(s).
(16)	Restricted Stock Units	9/29/2013	33-1/3% per year	11/20/2013 11/20/2014 11/20/2015	Vesting is conditioned upon continued employment through the vesting date(s).
(17)	Performance Stock Units	11/9/2011	33-1/3% per year	11/9/2014 11/9/2015 11/9/2016	As of 9/27/15, all four measurement periods were complete. Number of shares is the total earned for the four measurement periods. Vesting is also conditioned upon continued employment through the vesting date(s).

(18)	Performance Stock Units	9/16/2014	100% cliff vesting	10/4/2017	As of 9/27/15, none of the measurement periods were complete. Number of shares is the potential maximum shares that may be earned for the four measurement periods. Vesting is also conditioned upon continued employment through the vesting date(s).
(19)	Performance Stock Units	9/25/2015	100% cliff vesting	10/10/2018	As of 9/27/15, the measurement period was incomplete. Number of shares is the potential maximum shares that may be earned for the measurement period. Vesting is also conditioned upon continued employment through the vesting date(s).

OPTION EXERCISES AND STOCK AWARDS VESTED DURING FISCAL 2015

The “Option Exercises and Stock Awards Vested During Fiscal 2015” table below provides information on stock options exercised by the NEOs and NEO stock awards that vested during fiscal 2015.

Compensation Tables and Narrative Disclosures

Option Exercises and Stock Awards Vested During Fiscal 2015

Name	Option Awards				Stock Awards	
	Number of Shares Acquired on Exercise (#)		Value Realized On Exercise ($)		Number of Shares Acquired on Vesting (#) (1)	Value Realized on Vesting ($) (2)
Steve Mollenkopf	—		—		214,560	15,256,802
George S. Davis	—		—		63,409	4,369,016
Derek K. Aberle	—		—		135,522	9,555,614
Cristiano R. Amon	—		—		43,171	2,963,030
Paul E. Jacobs	223,656	(3)	6,312,656	(3)	195,283	14,000,353

(1) Amounts include dividend equivalents on vested shares and shares withheld for the payment of taxes.

(2) Amounts represent the dollar value of shares acquired upon vesting based on the fair market value of our common stock on the vest date.

(3) Amounts include 79,429 shares acquired on exercise with a value realized on exercise of $2,157,694 by Dr. Jacobs's children for which he disclaims beneficial ownership.

NONQUALIFIED DEFERRED COMPENSATION

The "Fiscal 2015 Nonqualified Deferred Compensation" table below provides information on the nonqualified deferred compensation of the NEOs.

Under the NQDC Plan, we match a portion of participants' contributions to the NQDC Plan with cash. We effectively match up to 8% of the aggregate of the participant's base salary plus ACIP amounts. We match eligible participants' contributions for a calendar year annually only if he or she is actively employed on the first day of the next calendar year or is terminated without cause during the calendar year and had satisfied the vesting eligibility requirement. Prior to calendar 2014, the Company matched participants' contributions with our common stock (Match Shares). All matching amounts vest in full upon an eligible employee's death, disability, attainment of age 65 while employed with the Company, involuntary termination of employment without "Cause" or voluntary termination of employment for "Good Reason" (in both cases within 24 months after a change in control of the Company), or completion of two continuous years of service with the Company commencing with the employee's date of hire. Effective for the 2016 Plan Year, the Company match was reduced from 8% to 4% of the aggregate of the participant's base salary plus ACIP amounts.

The amounts reported as Company contributions in the last fiscal year reflect the cash match in fiscal 2015 for the NEOs' contributions in the 2014 calendar year.

Fiscal 2015 Nonqualified Deferred Compensation

Name	Executive Contributions in Last Fiscal Year ($) (1)	Registrant Contributions in Last Fiscal Year ($) (2)	Aggregate Earnings in Last Fiscal Year ($) (3)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last Fiscal Year End ($) (4)
Steve Mollenkopf	155,000	77,500	(154,446)	—	1,747,876
George S. Davis	455,666	111,847	(33,714)	—	1,705,435
Derek K. Aberle	305,079	119,539	(425,020)	—	4,763,818
Cristiano R. Amon	157,294	75,724	(27,769)	—	338,338
Paul E. Jacobs	208,000	154,829	(1,267,332)	—	27,823,729

(1) All amounts disclosed in this column are also reported in the Fiscal 2015 Summary Compensation Table with some of the amounts included in the "Salary" column for the current year and the remaining amounts included in the "Non-Equity Incentive Plan Compensation" column for the current fiscal year.

(2) All amounts disclosed in this column are also reported in the Fiscal 2015 Summary Compensation Table under "All Other Compensation."

(3) The amounts in this column are not included in the Fiscal 2015 Summary Compensation Table.

(4) This column includes all amounts in the NQDC Plan for the NEOs. The following amounts were reported as compensation to the NEOs in our summary compensation tables for previous years (since fiscal 2002): Mr. Mollenkopf - $1,106,388; Mr. Davis - $1,113,198; Mr. Aberle - $1,780,229; Mr. Amon - $55,540 and Dr. Jacobs - $13,021,318.

POTENTIAL POST-EMPLOYMENT PAYMENTS

As noted in the CD&A, the Company employs almost all U.S.-based employees, including all of our NEOs, "at will," without employment contracts or severance agreements. We do not have a pre-defined severance plan covering the involuntary termination of employees, including our NEOs. We do not accelerate unvested stock options, RSUs or PSUs in the event of an involuntary "for cause" termination. Such terminations may involve theft, dishonesty, falsification, actions that are detrimental to the Company, conviction of a criminal act that impairs the performance of duties required by the Company or violation of a material Company policy. Our practice in such an involuntary termination situation may include the following non-equity benefits:

- Salary continuation dependent on the business reason for the termination;
- Lump-sum payment based on job level and years of service with Qualcomm;
- Lump-sum payment to assist with health care coverage for a limited time; and
- Outplacement services.

Figure 18 summarizes the general terms of our equity award plans and agreements and nonqualified deferred compensation plan regarding how unvested options, PSUs, RSUs and Match Shares would be treated in the event of death, long-term disability, a change in control, certain involuntary terminations and normal retirement age. Any variations from the below are set forth in the CD&A.

Compensation Tables and Narrative Disclosures

Figure 18: Treatment of Unvested Equity Awards in Certain Termination Situations

Termination Situation	Treatment of Unvested Stock Options and RSUs	Treatment of Unvested PSUs
Death	All unvested stock options and RSUs would become fully vested. Stock options would remain exercisable up to one year from the date of death or the expiration date of the grant, whichever is earlier.	All unvested PSUs would become fully vested, but the number of shares issued would be prorated based on a pre-established formula described in the applicable award agreement.
Long-Term Disability (LTD)	Stock options would continue to vest per their original vesting schedule. Stock options would remain exercisable until the expiration date of the grant. All unvested RSUs would become fully vested.	All unvested PSUs would become fully vested, but the number of shares issued would be prorated based on a pre-established formula described in the applicable award agreement.
Involuntary termination without cause	Stock options: 10% of the total amount granted is automatically accelerated, and up to an additional 10% may be accelerated using a pre-established formula as described in the applicable award agreement, subject to execution of a general release of claims. The accelerated vested stock options could then be exercised up to six months after termination, but in no event later than the expiration date of such options. RSUs: All unvested RSUs are forfeited.	All unvested PSUs are forfeited.
Involuntary termination after a change in control - without cause or voluntary resignation for good reason	"Double-trigger" treatment of unvested awards: If, within 24 months after a change in control, the recipient's employment is involuntarily terminated for any reason other than for cause or if the recipient voluntarily resigns for "good reason" (as defined in the award agreements), then vesting of stock options and RSUs is accelerated in full.	Accelerate the vesting of PSUs that remain outstanding after a change in control. The number of shares of stock that may be issued will be prorated using a pre-defined formula.
Voluntary termination	Stock options: All vested stock options may be exercised for the number of days set forth in the terms of the applicable award agreement(s), but in no event later than the expiration date of such stock options. All unvested stock options are forfeited. Note: Retirement provision applies to stock options if retirement eligible at termination. RSUs: All unvested RSUs are forfeited.	All unvested PSUs are forfeited. Note: Retirement provision applies if retirement eligible at termination.
Retirement (2)		

Stock Options: All vested stock options may be exercised at any time prior to the expiration of 12 months, but in no event later than the expiration date of such options. All unvested stock options are forfeited. RSUs: All unvested RSUs are forfeited.	All unvested PSUs would become fully vested, but the number of shares issued would be prorated based on a pre-established formula described in the applicable award agreement.

(1) Match Shares are fully vested upon the completion of two years of continuous service with the Company.

(2) Retirement (for stock options, RSU and PSUs) is the date on which a participant has attained the age of 60 years and has completed 10 years of continuous service with the Company.

Compensation Tables and Narrative Disclosures

The information in the "Potential Payments Upon Termination or Change in Control" table below describes the compensation that would be payable under various scenarios if the NEO's employment had terminated on the last day of fiscal 2015.

Potential Payments Upon Termination or Change In Control (1)

			Equity Awards		
Name	Termination Scenario	Accrued Vacation ($) (2)	Stock Options ($) (3)(4)(5)(6)	Performance Stock Units/Restricted Stock Units ($) (5)(7)	Total ($)
Steve Mollenkopf	Death	207,268	—	40,188,756	40,396,024
	Long Term Disability	—	—	40,188,756	40,188,756
	Change In Control	—	—	40,669,492	40,669,492
	Involuntary Termination	207,268	—	—	207,268
	Voluntary Termination	207,268	—	—	207,268
	Retirement	207,268	—	—	207,268
George S. Davis	Death	66,333	—	7,431,284	7,497,617
	Long Term Disability	—	—	7,431,284	7,431,284
	Change In Control	—	—	7,593,536	7,593,536
	Involuntary Termination	66,333	—	—	66,333
	Voluntary Termination	66,333	—	—	66,333
	Retirement	66,333	—	—	66,333
Derek K. Aberle	Death	153,848	—	20,784,028	20,937,876
	Long Term Disability	—	—	20,784,028	20,784,028
	Change In Control	—	—	21,011,203	21,011,203
	Involuntary Termination	153,848	—	—	153,848
	Voluntary Termination	153,848	—	—	153,848
	Retirement	153,848	—	—	153,848
Cristiano R. Amon	Death	90,476	904,740	6,210,918	7,206,134
	Long Term Disability	—	904,740	6,210,918	7,115,658
	Change In Control	—	904,740	6,428,459	7,333,199
	Involuntary Termination	90,476	90,474	—	180,950
	Voluntary Termination	90,476	—	—	90,476
	Retirement	90,476	—	—	90,476
	Death	—	—	34,829,169	34,829,169
	Long Term Disability	—	—	34,829,169	34,829,169

Paul E. Jacobs

Change In Control	—	—	35,369,955	35,369,955
Involuntary Termination	—	—	6,260,042	6,260,042
Voluntary Termination	—	—	—	—
Retirement	—	—	—	—

(1) Match Shares are fully vested upon the completion of two years of continuous service with the Company. All of the NEOs fulfilled the continuous service requirement as of September 27, 2015, and all of the Match Shares credited to their accounts are vested. The potential payments upon termination or change in control related to the NQDC Plan are equal to the Aggregate Balance column in the "Fiscal 2015 Nonqualified Deferred Compensation" table, and as a result, we did not include these amounts in this table.

(2) All U.S.-based employees, including the NEOs, are entitled to payouts of accrued vacation upon termination, including death. These amounts are as of September 27, 2015.

(3) Amounts related to the death, LTD and change-in-control termination scenarios are based on the intrinsic value of unvested options that would have become exercisable on September 27, 2015 based on the fair market value of the stock on such date.

(4) Amounts related to the involuntary termination scenario that is not for cause are based on the intrinsic value of 10% of unvested options assuming acceleration on September 27, 2015.

(5) For the change-in-control termination scenario, we have assumed 100% acceleration of unvested shares. The valuation of unvested shares is presented as of September 27, 2015.

(6) The share-based compensation expense recorded for accounting purposes may differ from the intrinsic value as disclosed in this column.

(7) None of the NEOs were retirement eligible under the applicable plan and award agreements at September 27, 2015. The amounts shown assume retirement eligibility for illustration purposes.

Director Compensation

DIRECTOR COMPENSATION

The Compensation Committee reviews our nonemployee director compensation practices annually, including an analysis of reported nonemployee director compensation practices at the same peer companies used for the Compensation Committee's evaluation of NEO compensation. The analysis, prepared by FWC, includes prevalent practices for retainers, fees, equity-based compensation and stock ownership guidelines. The analysis conducted for fiscal 2015 affirmed that our structural provisions continue to be aligned with best practices as follows:

- No fees are provided for Board meeting attendance.
- Where applicable, directors receive an annual award of deferred stock units (DSUs) that are defined under a fixed-value formula, have vesting terms of approximately one year, include a mandatory three-year holding period from the grant date, and settle three years from the date of grant. Directors based in certain non-U.S. locations in which DSUs are not available under the local tax code receive restricted stock units (RSUs) that are also defined under a fixed-value formula and have vesting terms of approximately one year but do not have the three-year holding period.

The Compensation Committee approved a change to the vesting terms, effective with the annual equity awards granted on or after the March 2016 Annual Meeting. The DSUs will be fully vested at grant and delivered on the third anniversary of the grant date, regardless of continued Board service, or upon death, disability or a change in control. A director may elect to defer the distribution, and the taxable event, beyond the 3-year mandatory period.

- Directors are subject to meaningful stock ownership guidelines. As discussed under "Stock Ownership Guidelines," nonemployee directors are required to hold a number of shares of our common stock with a value equal to five times the annual retainer for Board service paid to U.S. residents. Nonemployee directors are required to achieve this ownership level within five years of joining the Board. All of our nonemployee directors who have served on the Board for five years have met this guideline, except Sir Donald Cruickshank who is not standing for re-election at the Annual Meeting. Dr. Hockfield and Messrs. Manwani, McLaughlin, Randt, Rubinstein and Vinciquerra have not served on the Board for five years and thus are not yet required to meet this guideline. In addition to the preceding ownership guidelines, all directors are expected to own shares of our common stock within one year of joining the Board. All of our nonemployee directors who have served on the Board for one year have met this guideline.

The following narratives, tables and footnotes describe the total compensation and benefits awarded to, earned by or paid to our nonemployee directors during fiscal 2015.

SUMMARY

Annual retainer. Directors who are U.S. residents receive an annual retainer of $100,000 paid in equal one-fourth installments at the end of each calendar quarter. Directors who are non-U.S. residents receive an annual retainer of $120,000 in consideration of the increased travel time, also paid in equal one-fourth installments at the end of each calendar quarter. If available under the applicable tax code, directors may elect to receive all, or a portion, of the annual retainer in cash and/or in DSUs granted under the 2006 LTIP. The number of DSUs received is based on the fair market value of our common stock (as defined by the 2006 LTIP) on the last trading day of the last month of the calendar quarter. The DSUs vest immediately but are subject to a three-year holding period and generally settle three years from the grant date, unless the director elects to defer further.

Board committee Chair retainer. The Chairs of the Audit and Compensation Committees receive annual retainers of $25,000. Chairs of the Governance and Finance Committees receive annual retainers of $15,000. The Board may appoint special committees from time-to-time, and retainers, if any, for the chairs of such committees are determined by the Compensation Committee in its discretion.

Presiding director retainer. The presiding director receives an annual retainer of $25,000.

Meeting fees. Directors receive $1,500 for each standing committee meeting attended (in person or by telephone). Directors do not receive a fee for attending Board meetings. Directors Emeriti receive $2,000 for each Board meeting attended in person ($1,000 for telephonic attendance). Meeting fees, if any, for special committees are determined by the Compensation Committee in its discretion.

Director Compensation

Equity compensation. The Compensation Committee grants annual DSUs to directors who reside in jurisdictions where DSUs are permitted. The Compensation Committee grants annual RSUs to directors who reside in jurisdictions where DSUs are not permitted. The grant date is the date of the annual meeting of stockholders, and the number of DSUs and RSUs awarded is determined by dividing $200,000 by the closing price of our common stock on the grant date. Directors who join the Board between annual meetings of stockholders receive DSUs or RSUs with a value on the grant date determined on a pro rata basis to reflect the partial year of service until the next annual meeting of stockholders. The DSUs vest at the subsequent annual meeting (generally a one-year cliff vesting) and are settled in shares of our common stock three years following the grant date (or later if voluntarily elected by the director). The RSUs vest in April of the calendar year following the grant date . A director may elect to receive a partial cash payment to pay estimated taxes upon vest. The DSUs and RSUs include dividend equivalent rights. The dividend equivalent rights accrue in the form of additional shares of our common stock with vesting and distribution at the same time as the underlying DSUs and RSUs.

The Compensation Committee reviewed best practices in 2015 and made certain changes to the the equity compensation program. Effective January 1, 2016, the annual DSUs and RSUs awarded to our directors will be fully vested on the grant date and will settle in shares of our common stock a minimum of three years following the grant date (or later if voluntarily elected by the director) regardless of continued Board service, or upon death, disability or a change in control. A director may continue to elect to receive a partial cash payment to pay estimated taxes upon vest. The DSUs and RSUs will continue to include dividend equivalent rights, and the dividend equivalent rights will continue to accrue in the form of additional shares of our common stock with vesting and distribution at the same time as the underlying DSUs and RSUs.

Nonqualified deferred compensation earnings. Directors may defer any cash portion of their retainer and meeting fees under the NQDC Plan. Directors who contribute to the NQDC Plan are not eligible to receive the Company cash match or any interest that is above the market rate.

Charitable gifts matching program. We will match 100%, up to $50,000 annually, of a director’s or Director Emeritus’s contribution to qualified, eligible IRS recognized non-profit organizations.

Perquisites and other personal benefits. Perquisites and other personal benefits for a director are excluded if the total value of all of his or her perquisites and personal benefits is less than $10,000. If the total value of all of his or her perquisites and personal benefits is $10,000 or more, then each perquisite or personal benefit, regardless of its amount, is identified by type. Each perquisite or personal benefit that exceeds the greater of $25,000 or 10% of the total amount of perquisites and personal benefits for that director is identified by type and quantified. We offer a new cellular phone to each director each year as a personal benefit, and these amounts are included as perquisites if required to be disclosed as provided above.

Director Compensation

Fiscal 2015 Director Compensation (1)(2)

Name	Fees Earned or Paid in Cash ($) (3)	Stock Awards ($) (4)	All Other Compensation ($) (5)	Total ($)
Barbara T. Alexander	114,458	200,011	50,000	364,469
Donald G. Cruickshank	141,000	200,011	50,000	391,011
Raymond V. Dittamore	140,000	200,011	—	340,011
Jeffrey W. Henderson (6)	—	—	—	—
Susan Hockfield	122,500	200,011	14,200	336,711
Thomas W. Horton	207,597	200,011	50,000	457,608
Sherry Lansing	129,444	200,011	50,000	379,455
Harish Manwani	123,000	200,011	—	323,011
Mark D. McLaughlin (7)	28,565	117,057	—	145,622
Duane A. Nelles (8)	99,661	200,011	50,000	349,672
Clark T. Randt, Jr.	176,958	200,011	—	376,969
Francisco Ros	133,500	200,011	3,000	336,511
Jonathan J. Rubinstein	193,500	200,011	50,000	443,511
Brent Scowcroft (8)	88,620	200,011	50,000	338,631
Marc I. Stern	135,500	200,011	50,000	385,511
Anthony J. Vinciquerra (7)	25,565	117,057	—	142,622

(1) We did not award any stock options or provide any non-equity incentive plan compensation to any directors in fiscal 2015. Therefore, we did not include the "Option Awards" or "Non-Equity Incentive Plan Compensation" columns in this table.

(2) We do not offer a pension plan or other defined benefit retirement plan to our nonemployee directors. We do not provide above-market or preferential earnings on deferred compensation, nor do we provide dividends on stock in the Non-Qualified Deferred Compensation (NQDC) Plan at a rate higher than dividends on our common stock. As a result, the "Nonqualified Deferred Compensation Earnings" column has been omitted from the Fiscal 2015 Director Compensation Table.

(3) These amounts include cash retainers and meeting fees. For Ms. Alexander and Mr. Vinciquerra, these amounts also include the value of DSUs issued in lieu of payment of cash retainer fees. DSUs awarded to Ms. Alexander are fully vested and will be settled in three years. DSUs awarded to Mr. Vinciquerra are fully vested and will be settled in January 1, 2019.

(4) These amounts represent the fair value of the awards as determined based on the fair market value of our common stock on the date of grant. DSUs issued in lieu of payment of cash retainer fees are not included in this column.

(5) These amounts represent the Company's match of directors' contributions to qualified, eligible IRS recognized non-profit organizations. Perquisites and personal benefits have been excluded as the total value for each director was less than $10,000.

(6) Mr. Henderson joined the Board on January 12, 2016.

(7) Mr. McLaughlin and Mr. Vinciquerra joined the Board on July 21, 2015.

(8) On July 17, 2015, General Scowcroft and Mr. Nelles retired from the Board. In connection with the conclusion of their lengthy service on the Board, the Compensation Committee accelerated the vesting of their annual DSUs granted in March 2015.

The following table shows the number of outstanding stock options and the aggregate number of outstanding RSUs and DSUs held by each of our nonemployee directors as of September 27, 2015.

Director Compensation

Outstanding Equity Awards Held by Directors at Fiscal Year End

Name	Number of Outstanding Options (#) (1)	Number of Outstanding RSUs/DSUs (#) (2)
Barbara T. Alexander	22,000	10,946
Donald G. Cruickshank	60,000	2,796
Raymond V. Dittamore	60,000	19,547
Jeffrey W. Henderson (3)	—	—
Susan Hockfield	—	8,675
Thomas W. Horton	2,500	8,675
Sherry Lansing	26,755	8,675
Harish Manwani	—	4,771
Mark D. McLaughlin	—	1,813
Duane A. Nelles (4)	—	—
Clark T. Randt, Jr.	—	5,541
Francisco Ros	—	8,675
Jonathan J. Rubinstein	—	8,033
Brent Scowcroft (4)	60,000	—
Marc I. Stern	60,000	21,350
Anthony J. Vinciquerra	—	1,813

(1) All outstanding stock options referenced in this column are fully vested.

(2) The information in this column includes dividend equivalent rights and amounts deferred under the director compensation program. See the narrative above under "Director Compensation" for detailed information on RSUs and DSUs granted to our nonemployee directors.

(3) Mr. Henderson joined the Board on January 12, 2016.

(4) On July 17, 2015, General Scowcroft and Mr. Nelles retired from the Board.

Audit Committee Report

AUDIT COMMITTEE REPORT

The Audit Committee assists the Board in its general oversight of Qualcomm's financial reporting processes. The Audit Committee Charter describes in greater detail the full responsibilities of the Committee. During each fiscal year, the Audit Committee reviews the Company's consolidated financial statements, internal control over financial reporting, audit matters and reports from management. In connection with these reviews, the Audit Committee meets with management and the independent public accountants (PricewaterhouseCoopers LLP) at least once each quarter. The Audit Committee schedules its meetings with a view to ensuring that it devotes appropriate attention to all of its tasks. These meetings include, whenever appropriate, executive sessions in which the Audit Committee meets separately with the independent public accountants, internal auditors, management personnel and legal counsel.

As part of its review of audit matters, the Audit Committee supervises the relationship between the Company and its independent public accountants, including: having direct responsibility for their appointment, compensation and retention; reviewing the nature and type of their services; approving their audit and non-audit services; reviewing the plan for and results of the annual integrated audit and quarterly reviews of the Company's consolidated financial statements; and confirming their independence. The Audit Committee has evaluated PricewaterhouseCoopers LLP's qualifications, performance and independence, including that of the lead audit partner. The Audit Committee and senior financial management determine the selection of the lead audit partner, working with PricewaterhouseCoopers LLP. As part of the engagement process, the Audit Committee considers whether to rotate the independent public accountants. Although the Audit Committee has the sole authority to appoint the independent public accountants, the Audit Committee will continue its longstanding practice of recommending that the Board ask the stockholders to ratify the appointment of the independent public accountants at the Annual Meeting.

In addition, the Audit Committee reviews key initiatives and programs aimed at maintaining the effectiveness of the Company's internal control over financial reporting. Together with senior members of the Company's management team, the Audit Committee reviews the plans of the internal auditors, the results of internal audit examinations and evaluations by management and the Company's independent public accountants of the Company's internal control over financial reporting and the quality of the Company's financial reporting. As part of this process, the Audit Committee monitors the scope and adequacy of the Company's internal auditing program, including reviewing internal audit department staffing levels and steps taken to maintain the effectiveness of internal procedures and controls.

In performing all of these functions, the Audit Committee acts in an oversight capacity. The Audit Committee reviews and discusses the quarterly unaudited and annual audited consolidated financial statements with management, the internal auditors and the independent public accountants prior to their issuance. In its oversight role, the Audit Committee relies on the work and assurances of the Company's management, which is responsible for establishing and maintaining adequate internal control over financial reporting, preparing the consolidated financial statements and other reports and maintaining policies relating to legal and regulatory compliance, ethics and conflicts of interest. PricewaterhouseCoopers LLP is responsible for performing an independent audit of the annual consolidated financial statements and expressing an opinion on the conformity of those consolidated financial statements with accounting principles generally accepted in the United States of America, as well as expressing an opinion on the effectiveness of the Company's internal control over financial reporting.

The Audit Committee has reviewed with the independent public accountants the matters required to be discussed by Auditing Standard No. 16, "Communication with Audit Committees," including a discussion with management and the independent public accountants about the quality (and not merely the acceptability) of the Company's accounting principles, the reasonableness of significant estimates, judgments and the transparency of disclosures in the Company's consolidated financial statements. In addition, the Audit Committee reviewed and discussed with PricewaterhouseCoopers LLP matters related to its independence, including a review of audit and non-audit fees and the written disclosures in the letters from PricewaterhouseCoopers LLP to the Committee required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent public accountant's communication with the Audit Committee concerning independence. The Audit Committee concluded that PricewaterhouseCoopers LLP is independent from the Company and its management.

Taking all these reviews and discussions into account, the Audit Committee recommended to the Board that the audited consolidated financial statements be included in Qualcomm's Annual Report on Form 10-K for fiscal year

2015 for filing with the SEC.
AUDIT COMMITTEE
Raymond V. Dittamore, Chair
Donald G. Cruickshank
Thomas W. Horton
Anthony J. Vinciquerra

OTHER MATTERS

The Board knows of no other matters that will be presented for consideration at the Annual Meeting. If any other matters are properly submitted before the Annual Meeting, it is the intention of the persons named in the accompanying proxy to vote on such matters in accordance with their best judgment.

A copy of our Annual Report on Form 10-K for fiscal 2015 as filed with the Securities and Exchange Commission, excluding exhibits, may be obtained by stockholders without charge by request to Investor Relations, 5775 Morehouse Drive, San Diego, California 92121-1714 or by calling 858-658-4813 (or toll-free at 866-658-4813) and may be accessed on our website at http://investor.qualcomm.com/sec.cfm?DocType=Annual&Year=.

By Order of the Board of Directors,

Donald J. Rosenberg
Executive Vice President,
General Counsel and Corporate Secretary
January 21, 2016

APPENDIX 1: FINANCIAL INFORMATION

The following is certain financial information that was originally filed with the Securities and Exchange Commission (SEC) on November 4, 2015 as part of our Annual Report on Form 10-K for the fiscal year ended September 27, 2015. We have not undertaken any updates or revision to such information since the date it was originally filed with the SEC. Accordingly, you are encouraged to review such financial information together with any subsequent information we have filed with the SEC and other publicly available information. The words “Qualcomm,” “we,” “our,” “ours” and “us” used in this financial information refer only to QUALCOMM Incorporated and its subsidiaries and not any other person or entity.

This financial information contains forward-looking statements regarding our business, financial condition, results of operations and prospects. Words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates” and simi expressions or variations of such words are intended to identify forward-looking statements, but are not the exclusive means of identifying forward-looking statements in this financial information. Additionally, statements concerning future matters such as the development of new products, enhancements or technologies, sales levels, expense levels and other statements regarding matters that are not historical are forward-looking statements.

Although the forward-looking statements reflect our good faith judgment, such statements can only be based on facts and factors currently known by us. Consequently, forward-looking statements are inherently subject to risks and uncertainties and actual results and outcomes may differ materially from those referred to herein 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 or 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; 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; our ability to attract and retain qualified employees; global economic conditions that impact the mobile communications industry; foreign currency fluctuations; 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; and the possibility that the CSR acquisition may not be timely completed, if at all; as well as other risks detailed from time-to-time in our SEC reports, including our Annual Report on Form 10-K for the fiscal year ended September 27, 2015.

We incorporated in 1985 under the laws of the state of California. In 1991, we reincorporated in the state of Delaware. We operate and report using a 52-53 week fiscal year ending on the last Sunday in September. Our 52-week fiscal years consist of four equal fiscal quarters of 13 weeks each, and our 53-week fiscal years consist of three 13-week fiscal quarters and one 14-week fiscal quarter. The financial results for our 53-week fiscal years and our 14-week fiscal quarters will not be exactly comparable to our 52-week fiscal years and our 13-week fiscal quarters. The fiscal years ended September 27, 2015, September 28, 2014 and September 29, 2013 included 52 weeks.

Appendix 1: Financial Information

Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information and Dividends

Our common stock is traded on the NASDAQ Global Select Market under the symbol "QCOM." The following table sets forth the range of high and low sales prices of our common stock, as reported by NASDAQ, and cash dividends announced per share of common stock for the fiscal periods presented. Quotations of our stock price represent inter-dealer prices without retail markup, markdown or commission and may not necessarily represent actual transactions.

	High ($)	Low ($)	Dividends ($)
2014			
First quarter	74.19	65.47	0.35
Second quarter	79.72	70.98	0.35
Third quarter	81.66	76.77	0.42
Fourth quarter	81.97	71.82	0.42
2015			
First quarter	78.53	67.67	0.42
Second quarter	75.60	62.26	0.42
Third quarter	71.90	64.60	0.48
Fourth quarter	66.05	52.39	0.48

At November 2, 2015, there were 7,665 holders of record of our common stock. On November 2, 2015, the last sale price reported on the NASDAQ Global Select Market for our common stock was $60.64 per share. On October 9, 2015, we announced a cash dividend of $0.48 per share on our common stock, payable on December 18, 2015 to stockholders of record as of the close of business on December 1, 2015. We intend to continue to pay quarterly dividends, subject to capital availability and our view that cash dividends are in the best interests of our stockholders. Future dividends may be affected by, among other items, our views on potential future capital requirements, including those relating to research and development, creation and expansion of sales distribution channels, investments and acquisitions, legal risks, stock repurchase programs, debt issuance, changes in federal and state income tax law and changes to our business model.

Share-Based Compensation

We primarily issue restricted stock units under our equity compensation plans, which are part of a broad-based, long-term retention program that is intended to attract and retain talented employees and directors and align stockholder and employee interests.

Our 2006 Long-Term Incentive Plan (2006 Plan) provides for the grant of both incentive and non-qualified stock options, restricted stock units, stock appreciation rights, restricted stock, performance stock units and other stock-based awards. Restricted stock units generally vest over periods of three years from the date of grant. Stock options vest over periods not exceeding five years and are exercisable for up to ten years from the grant date. The Board of Directors may terminate the 2006 Plan at any time.

Additional information regarding our share-based compensation plans and plan activity for fiscal 2015, 2014 and 2013 is provided in "Notes to Consolidated Financial Statements, Note 5. Employee Benefit Plans" and additional information regarding our share-based compensation plans for fiscal 2015 is provided in our 2016 Proxy Statement under the heading "Equity Compensation Plan Information."

Appendix 1: Financial Information

Issuer Purchases of Equity Securities

Issuer purchases of equity securities during the fourth quarter of fiscal 2015 were:

	Total Number of Shares Purchased (In thousands)	Average Price Paid Per Share (1)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (In thousands)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (2) (In millions)
June 29, 2015 to July 26, 2015	8,946	$63.71	8,946	$8,568
July 27, 2015 to August 23, 2015	9,531	62.95	9,531	7,968
August 24, 2015 to September 27, 2015				
Accelerated share repurchases (3)	20,539		20,539	6,908
Other repurchases	19,030	55.70	19,030	6,908
Total	58,046	59.46	58,046	

(1) Average Price Paid Per Share excludes cash paid for commissions.

(2) On March 9, 2015, we announced a repurchase program authorizing us to repurchase up to $15 billion of our common stock. At September 27, 2015, $6.9 billion remained authorized for repurchase. The stock repurchase program has no expiration date. Since September 27, 2015, we repurchased and retired 24.6 million shares of common stock for $1.4 billion.

(3) In the third quarter of fiscal 2015, we entered into two accelerated share repurchase agreements (ASR Agreements) to repurchase an aggregate of $5.0 billion of our common stock and received an initial delivery of 57.7 million shares. During the fourth quarter of fiscal 2015, the ASR Agreements were completed, and an additional 20.5 million shares were delivered to us, comprising the final delivery of shares under the ASR Agreements. In total, 78.3 million shares were delivered to us under the ASR agreements.

Appendix 1: Financial Information

Selected Financial Data

The following data should be read in conjunction with the annual consolidated financial statements, related notes and other financial information appearing elsewhere herein.

	Years Ended (1)				
	September 27, 2015	September 28, 2014	September 29, 2013	September 30, 2012	September 25, 2011
	(In millions, except per share data)				
Statement of Operations Data:					
Revenues	$25,281	$26,487	$24,866	$19,121	$14,957
Operating income	5,776	7,550	7,230	5,682	5,026
Income from continuing operations	5,268	7,534	6,845	5,283	4,555
Discontinued operations, net of income taxes	—	430	—	776	(313)
Net income attributable to Qualcomm	5,271	7,967	6,853	6,109	4,260
Per Share Data:					
Basic earnings (loss) per share attributable to Qualcomm:					
Continuing operations	$3.26	$4.48	$3.99	$3.14	$2.76
Discontinued operations	—	0.25	—	0.45	(0.19)
Net income	3.26	4.73	3.99	3.59	2.57
Diluted earnings (loss) per share attributable to Qualcomm:					
Continuing operations	3.22	4.40	3.91	3.06	2.70
Discontinued operations	—	0.25	—	0.45	(0.18)
Net income	3.22	4.65	3.91	3.51	2.52
Dividends per share announced	1.80	1.54	1.20	0.93	0.81
Balance Sheet Data:					
Cash, cash equivalents and marketable securities	$30,947	$32,022	$29,406	$26,837	$20,913
Total assets	50,796	48,574	45,516	43,012	36,422
Loans and debentures (2)	—	—	—	1,064	994
Short-term debt (3)	1,000	—	—	—	—
Long-term debt (4)	9,969	—	—	—	—
Other long-term liabilities (5)	817	428	550	426	620
Total stockholders' equity	31,414	39,166	36,087	33,545	26,972

(1) Our fiscal year ends on the last Sunday in September. The fiscal years ended September 27, 2015, September 28, 2014, September 29, 2013 and September 25, 2011 each included 52 weeks. The fiscal year ended September 30, 2012 included 53 weeks.

(2) Loans and debentures were included in liabilities held for sale in the consolidated balance sheet as of September 30, 2012.

(3) Short-term debt was comprised of outstanding commercial paper.

(4) Long-term debt was comprised of floating-and fixed-rate notes.

(5) Other long-term liabilities in this balance sheet data exclude unearned revenues.

Appendix 1: Financial Information

Overview

We continue to lead the development and commercialization of a digital communication technology called CDMA (Code Division Multiple Access), and we also continue our role as one of the leaders in the development and commercialization of the OFDMA (Orthogonal Frequency Division Multiple Access) family of technologies, including LTE (which stands for Long Term Evolution and is an OFDM (Orthogonal Frequency Division Multiplexing) -based standard that uses OFDMA, and single-carrier FDMA (Frequency Division Multiple Access), for cellular wireless communication applications). We own significant intellectual property applicable to products that implement any version of CDMA and OFDMA in mobile communications products, including patents, patent applications and trade secrets. The mobile communications industry generally recognizes that a company seeking to develop, manufacture and/or sell products that use CDMA and/or LTE standards will require a patent license from us. CDMA and OFDMA are two of the main technologies currently used in digital wireless communications networks (also known as wireless networks). Based on wireless connections, CDMA, OFDMA and TDMA (Time Division Multiple Access), of which GSM (Global System for Mobile Communications) is the primary commercial form, are the primary digital technologies currently used to transmit a wireless device user’s voice or data over radio waves using a public cellular wireless network.

We also develop and commercialize a number of other key technologies used in handsets and tablets that contribute to end-user demand, and we own substantial intellectual property related to these technologies. Some of these were contributed to and are being commercialized as industry standards, such as certain audio and video codecs, the advanced WLAN (wireless local area networks, or Wi-Fi) 802.11 functionality and volatile and non-volatile memory controllers. Other technologies widely used by wireless devices that we have developed are not related to any industry standards, such as operating systems, user interfaces, graphics and camera processing functionality, integrated circuit packaging techniques, sensors and sensor fusion algorithms and application processor architectures.

In addition to licensing portions of our intellectual property portfolio, which includes certain patent rights essential to and/or useful in the manufacture and sale of certain wireless products, we design, manufacture, have manufactured on our behalf and market products and services based on CDMA, OFDMA and other digital communications technologies. Our products principally consist of integrated circuits (also known as chips or chipsets) and system software used in mobile devices and in wireless networks. We also sell other products and services, which include: integrated circuits for use in wired devices, particularly broadband gateway equipment, desktop computers and streaming media players; software products and content and push-to-talk enablement services for wireless operators; and products designed for the implementation of small cells.

Industry Trends

The mobile industry has experienced tremendous growth over the past 20 plus years, growing from less than 60 million global connections in 1994 (WCIS+, September 2015) to approximately 7.2 billion global connections in September 2015 (GSMA Intelligence, October 2015). As the largest technology platform in the world, mobile has made peoples’ lives more connected, transforming the way we interact with one another and with the world. The scale and pace of innovation in mobile, especially around connectivity and computing capabilities, is also impacting industries beyond wireless.

Extending connectivity. 3G/4G (third generation/fourth generation) multimode mobile broadband technology has been a key driver of the growth of mobile, providing users with fast, reliable, always-on connectivity. As of September 2015, there were approximately 3.4 billion 3G/4G connections globally (CDMA-based, OFDMA-based and CDMA/OFDMA multimode) representing nearly 47% of total mobile connections. By 2019, global 3G/4G connections are projected to reach 5.8 billion, with more than 80% of these connections coming from emerging regions (GSMA Intelligence, October 2015).

3G/4G multimode mobile broadband has also emerged as an important platform for extending the reach and potential of the Internet. In 2010, the number of broadband connections using mobile technology surpassed those using fixed technologies, making mobile networks the primary method of access to the Internet for many people around the world. The impact is further amplified in emerging regions, where 3G/4G connections are approximately five times the number of fixed Internet connections (GSMA Intelligence, July 2015 and WBIS, October 2015). In China, 3G/4G LTE multimode services have experienced strong adoption since being launched in the fourth quarter of calendar

2013, with more than 290 million connections reported as of September 2015 (GSMA Intelligence, October 2015). In India, mobile operators are preparing to roll out 3G/4G LTE multimode services, providing consumers with the benefits of advanced mobile broadband connectivity while creating new opportunities for device manufacturers and other members of the mobile ecosystem. 3G/4G mobile broadband may be the first and, in many cases, the only way that people in these regions access the Internet.

Looking ahead, with decades of experience shaping the evolution of 3G, 4G LTE and Wi-Fi, the wireless industry is actively developing and standardizing the next generation of mobile technology under the name 5G (fifth generation). While the 5G standard is still being defined, it is expected that 5G will include higher data rates and the addition of new spectrum, as well as support new connectivity needs into the next decade, while seamlessly leveraging 4G and Wi-Fi technology. 5G is also expected to enhance mobile broadband and, importantly, have the scalability, security and reliability to support a wide variety of use cases spanning from connecting a significant number of things to new services, such as enabling complex robots to perform a variety of tasks and services. As was the case for 4G, 5G devices are expected to support 3G/4G capabilities, allowing mobile operators to continue to take advantage of current network deployments. At the same time, 4G LTE will continue to be developed and evolve in parallel with the advent of 5G, which is anticipated around 2020.

Growth in smartphones. Smartphone adoption is growing worldwide, fueled by 3G/4G LTE multimode connectivity, powerful application processors (delivering speeds over 2 GHz) and advanced multimedia and location awareness capabilities. In 2014, more than 1.2 billion smartphones shipped globally, representing a year-over-year increase of approximately 29%, and cumulative shipments of smartphones between 2015 and 2019 are projected to reach over 8.5 billion (Gartner, September 2015). Much of this growth is happening in emerging regions, where smartphones accounted for nearly 60% of handset shipments in 2014 and are expected to reach approximately 93% in 2019 (Gartner, September 2015). Growth in smartphones has not only been driven by the success of premium-tier devices, but also by the number of affordable handsets that are fueling shipments in emerging regions.

Consumer demand for new types of connected experiences, combined with the need of mobile operators and device manufacturers to provide differentiated features and services, is driving continued innovation within the smartphone. This innovation is happening across multiple technology dimensions, including connectivity, application processors, camera, audio, video, location, radio frequencies and sensors. As a result, the smartphone has, in many ways, supplanted the personal computer as the go-to device for email, web browsing, music, gaming and social networking, among others. It is also replacing many traditional consumer electronics items due to its advanced capabilities, including digital cameras, video cameras, Global Positioning System (GPS) units and music players.

Expansion into new adjacent opportunities. A number of industries beyond mobile are leveraging technology innovations found in smartphones to bring advanced connectivity and computing capabilities into a broad array of end-devices and access points, which make up the “edge” of the network. With billions of connected devices projected to be added to the Internet over the coming years, enhancing the capabilities and performance at the edge of the network will be vital to improving its scalability as it enters this new phase of growth. These enhancements are helping to transform industry segments, including networking, automotive, mobile computing and the Internet of Things, and enabling companies to create intelligently connected products and services and reach new customers.

The proliferation of intelligently connected “things” (e.g., consumer electronics, appliances, automobiles and medical devices) is enabling new types of user experiences, as smartphones are able to interact with and control more of the things around us. Through the addition of embedded sensors, connected things are able to collect and send data about their environment, providing users with contextually relevant information and further increasing their utility and value.

Wireless Technologies

The growth in the use of wireless devices worldwide, such as smartphones and tablets, and the demand for data services and applications requires continuous innovation to further improve the user experience, enable new services and increase network capacity, make use of different frequency bands and enable dense network deployments. To meet these requirements, different wireless communications technologies continue to evolve. For nearly three decades, we have invested and continue to invest heavily in research and development of many of these cellular wireless communication technologies, including CDMA and OFDMA. As a result, we have developed and acquired (and continue to develop and acquire) significant related intellectual property. This intellectual property has been incorporated into the most widely accepted and deployed cellular wireless communications technology standards, and we have licensed it to more than 285 licensees, including all leading wireless device and infrastructure manufacturers. Most of the cellular wireless technologies can be grouped into three categories.

TDMA-based. TDMA-based technologies are characterized by their access method allowing several users to share the same frequency channel by dividing the signal into different time slots. Most of these systems are classified as 2G (second generation) technology.

The main examples of TDMA-based technologies are GSM (deployed worldwide), IS-136 (deployed in the Americas) and Personal Digital Cellular (PDC) (deployed in Japan). Compared to the earlier generations of analog technologies, these digital communications technologies provided for significantly enhanced efficiency within a fixed spectrum, resulting in increased voice capacity. These technologies also enable enhanced services, such as SMS (short message service) texting service, as well as low-speed data services. GSM has evolved to support mobile packet data transmission, such as GPRS (General Packet Radio Service) and EDGE (Enhanced Data Rates for Global Evolution).

Appendix 1: Financial Information

To date, GSM has been more widely adopted than CDMA-based standards; however, CDMA technologies are the basis for all 3G wireless systems. According to GSMA Intelligence estimates as of September 30, 2015, there were approximately 3.8 billion GSM connections worldwide, representing approximately 53% of total cellular connections. The transition of wireless devices from 2G to 3G/4G continued around the world with 3G/4G connections up 22% year-over-year (GSMA Intelligence, October 2015).

CDMA-based. CDMA-based technologies are characterized by their access method allowing several users to share the same frequency and time by allocating different orthogonal codes to individual users. Most of the CDMA-based technologies are classified as 3G technology.

There are a number of variants of CDMA-based technologies deployed around the world, in particular CDMA2000, EV-DO (Evolution Data Optimized), WCDMA (Wideband CDMA) and TD-SCDMA (Time Division-Synchronous CDMA) (deployed exclusively in China). CDMA-based technologies provide vastly improved capacity for voice and low-rate data services as compared to analog technologies and significant improvements over TDMA-based technologies, such as GSM. To date, these technologies have seen many revisions, and they continue to evolve. New features continue to be defined in the 3rd Generation Partnership Project (3GPP). The following are the CDMA-based technologies and their standards revisions:

- CDMA2000 revisions A through E
- 1xEV-DO revisions A through C
- WCDMA/HSPA releases 4 through 12
- TD-SCDMA releases 4 through 12

CDMA technologies ushered in a significant increase in broadband data services that continue to grow globally. According to GSMA Intelligence estimates as of October 2015, there were approximately 2.5 billion CDMA-based connections worldwide, representing approximately 35% of total cellular connections.

OFDMA-based. OFDMA-based technologies are characterized by their access method allowing several users to share the same frequency band and time by allocating different subcarriers to individual users. Most of the OFDMA-based technologies deployed in 2015 are classified as 4G technology. It is expected that 5G will heavily leverage OFDM-based technologies. We continue to play a significant role in the development of LTE and LTE Advanced, which are the predominant 4G technologies currently in use.

LTE is incorporated in 3GPP specifications starting from release 8 and uses OFDMA in the downlink and single carrier FDMA (SC-FDMA) in the uplink. LTE has two modes, FDD (frequency division duplex) and TDD (time division duplex), to support paired and unpaired spectrum, respectively, and is being developed by 3GPP. The principal benefit of LTE is its ability to leverage a wide range of spectrum (bandwidths of 10 MHz or more). LTE is designed to seamlessly interwork with 3G through 3G/4G multimode devices. Most LTE devices rely on 3G for voice services across the network, as well as for ubiquitous data services outside the LTE coverage area and on 4G for data services inside the coverage area. LTE's voice solution, VoLTE (voice over LTE), is being commercially deployed in a growing number of networks.

Carrier aggregation, one of the significant improvements of LTE Advanced, was commercially launched in June 2013 and continues to evolve to aggregate additional carriers as well as the uplink. Along with carrier aggregation, LTE Advanced brings many more enhancements, including advanced antenna techniques and optimization for small cells. Apart from improving the performance of existing networks, these releases also bring new enhancements, such as LTE Direct for proximity-based device-to-device discovery, improved LTE broadcast, optimizations of machine-type communications and the ability to use LTE Advanced in unlicensed spectrum, which is referred to as LTE Unlicensed. There are multiple options for deploying LTE Unlicensed for different deployment scenarios.

- LTE-U, which relies on an LTE control carrier based on 3GPP Release 10/11/12, uses carrier aggregation to combine unlicensed and licensed spectrum and will be used in early mobile operator deployments in countries such as the United States, Korea and India.
- Licensed Assisted Access (LAA), which is part of 3GPP Release 13, also aggregates unlicensed and licensed spectrum.
- MuLTEfire will operate solely in unlicensed spectrum without a licensed anchor channel.

There also have been ongoing efforts to make the interworking between LTE and Wi-Fi more seamless and completely transparent to the users. The seamless interworking is also intended to enable the device to use the best possible link or links depending on conditions of the LTE and Wi-Fi links as the applications run on devices. Further integration is achieved with LTE+Wi-Fi link Aggregation (LWA), which utilizes existing and new carrier Wi-Fi deployments.

Appendix 1: Financial Information

LTE releases are often combined and given “marketing” or “trade” names that also indicate their benefits. The name LTE covers releases 8 and 9. Releases 10 and beyond are referred to as LTE Advanced. According to GSMA Intelligence estimates as of September 30, 2015, there were approximately 860 million global 3G/4G multimode connections worldwide, representing approximately 12% of total cellular connections.

According to the Global mobile Suppliers Association (GSA), as of October 2015, more than 650 wireless operators have commercially deployed or started testing LTE. In addition, LTE Advanced standards featuring carrier aggregation have begun to be deployed. As of October 2015, 142 operators were investing in LTE Advanced carrier aggregation across 62 countries, and 95 operators have launched commercially in 48 countries (GSA, October 2015).

Looking ahead to 2020 and beyond, the wireless industry is actively preparing the next generation of cellular technologies under the name 5G. While 5G is still being defined, it is expected that 5G will include advancements of 3G/4G features available today, including further enhanced mobile broadband services, device-to-device capabilities, use of both licensed and unlicensed spectrum and connectivity of a significant number of things. 5G is also expected to expand in a number of new areas to increase the addressable frequencies to include emerging higher bands such as those in the millimeter wave range, expand into new vertical product segments and define a radio link with much higher levels of reliability for control of vehicles and machines. In September 2015, 3GPP started a standardization track to define the 5G standard.

Other (non-cellular) wireless technologies. There are other, non-cellular wireless technologies that have also been broadly adopted.

Wireless Local Area Networks. Wireless local area networks (WLAN), such as Wi-Fi, link two or more nearby devices wirelessly and usually provide connectivity through an access point. Wi-Fi systems are based on standards developed by the Institute of Electrical and Electronics Engineers (IEEE) in the 802.11 family of standards. 802.11ac, which includes advanced features such as multiple user multiple in/multiple out (MU MIMO) and support for large bandwidths and higher order modulation, primarily targets broadband connectivity for mobile devices, laptops and consumer electronics devices using 5 GHz spectrum. 802.11ad provides multi-gigabit data rates for short range communication, using 60 GHz spectrum. 802.11ah, which is still under development and targets sub-GHz spectrum, is envisioned to be a solution for “connected home” applications that require long battery life. We played a leading role in the development of 802.11ac, 802.11ad and 802.11ah, and we are actively involved in the development of 802.11ax, which is an evolution from 802.11ac and will cover both the 2.4GHz and 5GHz unlicensed bands.

Bluetooth. Bluetooth is a wireless personal area network that provides wireless connectivity between devices over short distances ranging from a few centimeters to a few meters. Bluetooth technology provides wireless connectivity to a wide range of fixed or mobile consumer electronics devices. Bluetooth functionalities are standardized by the Bluetooth Special Interest Group in various versions of the specification (from 1.0 to 4.0), which include different functionalities, such as enhanced data rate or low energy (known as Bluetooth Smart). We recently acquired CSR plc, a leading contributor to Bluetooth evolution in the areas of core, HID (human interface device), A/V (audio/ video) and Smart Mesh.

Location Positioning Technologies. Location positioning technologies have evolved rapidly in the industry over the past few years in order to deliver an enhanced location experience. In the past, satellite navigation systems were predominantly used to provide the accurate location of mobile devices. We were a key developer of the Assisted-GPS (A-GPS) positioning technology used in most cellular handsets today. For uses requiring the best accuracy for E911 services and navigational based services, A-GPS provided a leading-edge solution.

The industry has now evolved to support additional inputs for improving the location experience. We now support multiple constellations, including: GPS, GLONASS (Global Navigation Satellite System) and BeiDou; terrestrial-based positioning using WWAN (Wireless Wide Area Network) and Wi-Fi-based inputs; Wi-Fi RSSI (received signal strength indication) and RTT (round-trip time) signals for indoor location; and third-party sensors combined with GNSS (Global Navigation Satellite System) measurements to provide interim support for location-based services in rural areas and indoors, where other signal inputs may not be available.

Other Significant Technologies used in Cellular and Certain Consumer Electronic Devices and Networks

We have played a leading role in developing many of the other technologies used in cellular and certain consumer electronic devices and networks, including:

- graphics and display processing functionality;
- video coding based on H.264 standards, which has already been deployed commercially, and its successor, H.265, or high-efficiency video codec, which will be deployed to support ultra-high definition (4K) video content;

Appendix 1: Financial Information

- audio coding, including for multimedia use and for voice/speech use (also known as Vocoding);
- camera and camcorder functions;
- system user and interface features;
- security and content protection systems;
- volatile (LP-DDR2, 3, 4) and non-volatile (eMMC) memory and related controllers; and
- power management systems and batteries.

Our Business and Operating Segments

We design, manufacture, have manufactured on our behalf and market digital communications products and services based on CDMA, OFDMA and other technologies. We derive revenues principally from sales of integrated circuit products and licensing our intellectual property, including patents, software and other rights.

We have three reportable segments. We conduct business primarily through two reportable segments: QCT (Qualcomm CDMA Technologies) and QTL (Qualcomm Technology Licensing), and our QSI (Qualcomm Strategic Initiatives) reportable segment makes strategic investments. Our reportable segments are operated by QUALCOMM Incorporated and its direct and indirect subsidiaries. Substantially all of our products and services businesses, including QCT, and substantially all of our engineering, research and development functions, are operated by Qualcomm Technologies, Inc. (QTI), a wholly-owned subsidiary of QUALCOMM Incorporated, and QTI's subsidiaries. QTL is operated by QUALCOMM Incorporated, which owns the vast majority of our patent portfolio. Neither QTI nor any of its subsidiaries has any right, power or authority to grant any licenses or other rights under or to any patents owned by QUALCOMM Incorporated.

QCT is a leading developer and supplier of integrated circuits and system software based on CDMA, OFDMA and other technologies for use in voice and data communications, networking, application processing, multimedia and global positioning system products. QCT's integrated circuit products are sold and its system software is licensed to manufacturers that use our products in wireless devices, particularly mobile phones, tablets, laptops, data modules, handheld wireless computers and gaming devices, access points and routers, data cards and infrastructure equipment, and in wired devices, particularly broadband gateway equipment, desktop computers and streaming media players. Our MSM integrated circuits, which include the Mobile Data Modem, Qualcomm Single Chip and Qualcomm Snapdragon processors and LTE modems, perform the core baseband modem functionality in wireless devices providing voice and data communications, as well as multimedia applications and global positioning functions. In addition, our Snapdragon processors provide advanced application and graphics processing capabilities. QCT's system software enables the other device components to interface with the integrated circuit products and is the foundation software enabling manufacturers to develop devices utilizing the functionality within the integrated circuits. QCT revenues comprised 68%, 70% and 67% of our total consolidated revenues in fiscal 2015, 2014 and 2013, respectively.

QCT utilizes a fabless production model, which means that we do not own or operate foundries for the production of silicon wafers from which our integrated circuits are made. Integrated circuits are die cut from silicon wafers that have completed the package assembly and test manufacturing processes. We rely on independent third-party suppliers to perform the manufacturing and assembly, and most of the testing, of our integrated circuits based primarily on our proprietary designs and test programs. Our suppliers are also responsible for the procurement of most of the raw materials used in the production of our integrated circuits. We employ both turnkey and two-stage manufacturing models to purchase our integrated circuits. Turnkey is when our foundry suppliers are responsible for delivering fully assembled and tested integrated circuits. Under the two-stage manufacturing model, we purchase die in singular or wafer form from semiconductor manufacturing foundries and contract with separate third-party suppliers for manufacturing services, such as wafer bump, probe, assembly and final test.

QTL grants licenses or otherwise provides rights to use portions of our intellectual property portfolio, which, among other rights, includes certain patent rights essential to and/or useful in the manufacture and sale of certain wireless products, including, without limitation, products implementing CDMA2000, WCDMA, CDMA TDD and/or LTE standards and their derivatives. QTL licensing revenues include license fees and royalties based on sales by licensees of products incorporating or using our intellectual property. License fees are fixed amounts paid in one or more installments. Royalties are generally based upon a percentage of the wholesale (i.e., licensee's) selling price of complete licensed products, net of certain permissible deductions (including transportation, insurance, packing costs and other items). QTL recognizes royalty revenues based on royalties reported by licensees and when other revenue recognition criteria are met. Licensees, however, do not report and pay royalties owed for sales in any given quarter until after the conclusion of that quarter. QTL revenues comprised 31%, 29% and 30% of our total consolidated revenues in fiscal 2015, 2014 and 2013, respectively. The vast majority of such revenues were generated through our licensees' sales of CDMA2000- and WCDMA-based products, such as feature phones and smartphones.

QSI makes strategic investments that are focused on opening new or expanding opportunities for our technologies and supporting the design and introduction of new products and services (or enhancing existing products or services) for voice and data communications. Many of these strategic investments are in early-stage companies in a variety of industries, including, but not limited to, digital media, e-commerce, healthcare and wearable devices. Investments primarily include non-marketable equity instruments, which generally are recorded using the cost method or the equity method, and convertible debt instruments, which are recorded at fair value. QSI also holds wireless spectrum, which at September 27, 2015 consisted of L-Band spectrum in the United Kingdom that was subsequently sold in October 2015 for an estimated gain of approximately $380 million. In addition, QSI segment results include revenues and related costs associated with development contracts with one of our equity method investees. As part of our strategic investment activities, we intend to pursue various exit strategies for each of our QSI investments in the foreseeable future.

Nonreportable segments include our small cells, data center and other wireless technology and service initiatives.

Corporate Structure

We operate our businesses through our parent company, QUALCOMM Incorporated, and multiple direct and indirect subsidiaries. We have developed our corporate structure in order to address various legal, regulatory, tax, contractual compliance, operations and other matters. Substantially all of our products and services businesses, including QCT, and substantially all of our engineering, research and development functions, are operated by QUALCOMM Technologies, Inc. (QTI), a wholly-owned subsidiary of QUALCOMM Incorporated, and QTI's subsidiaries. QTL is operated by QUALCOMM Incorporated, which owns the vast majority of our patent portfolio. Neither QTI nor any of its subsidiaries has any right, power or authority to grant any licenses or other rights under or to any patents owned by QUALCOMM Incorporated.

Management's Discussion and Analysis of Financial Condition and Results of Operations

In addition to historical information, the following discussion contains forward-looking statements that are subject to risks and uncertainties. Actual results may differ materially from those referred to herein due to a number of factors, including but not limited to risks described in the section entitled Risk Factors and elsewhere in our Annual Report on Form 10-K for fiscal 2015.

Fiscal 2015 Overview

The transition of wireless networks and devices to 3G/4G (CDMA-based, OFDMA-based and CDMA/OFDMA multimode) continued around the world. 3G/4G connections increased to approximately 3.4 billion, up 22% year-over-year, and represent approximately 47% of total cellular connections, up from 40% at the end of fiscal 2014.(1)

Revenues were $25.3 billion, a decrease of 5% compared to fiscal 2014, with net income attributable to Qualcomm of $5.3 billion, a decrease of 34% compared to fiscal 2014.

QCT Segment. We shipped approximately 932 million Mobile Station Modem (MSM) integrated circuits for CDMA- and OFDMA-based wireless devices, an increase of 8%, compared to approximately 861 million MSM integrated circuits in fiscal 2014. However, despite the increase in MSM integrated circuit shipments, QCT's revenues decreased by 8%, and its earnings before taxes as a percentage of revenues decreased to 14% from 20% in fiscal 2014, primarily due to the effects of a shift in share among our customers within the premium tier, which reduced our sales of integrated Snapdragon processors and skewed our product mix towards lower-margin modem chipsets in this tier, a decline in share at a large customer and the competitive environment in China.

On August 13, 2015, we acquired CSR plc for total cash consideration of $2.3 billion, net of cash acquired. CSR, which was integrated into the QCT segment, is an innovator in the development of multifunction semiconductor platforms and technologies for the automotive, consumer and voice and music categories. The acquisition complements our current offerings by adding products, channels and customers in the growth categories of the Internet of Things and automotive infotainment.

QTL Segment. Total reported device sales(2) by licensees were approximately $250.9 billion in fiscal 2015, an increase of approximately 3%, compared to approximately $243.6 billion in fiscal 2014. Our total reported device sales and QTL's results of operations were negatively impacted by units that we believe are not being reported to us by certain licensees and sales of certain unlicensed products in China.

Appendix 1: Financial Information

In the second quarter of fiscal 2015, we recorded and paid a $975 million fine after reaching a resolution with the China National Development and Reform Commission (NDRC) regarding its investigation of us under China's Anti-Monopoly Law. Despite the resolution of the NDRC investigation, China continues to present significant challenges for us as we believe that certain licensees in China are not fully complying with their contractual obligations to report their sales of licensed products to us, and certain companies, including unlicensed companies, are delaying execution of new license agreements. 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 and unlicensed companies are ongoing, and we expect it will take some time to conclude these negotiations.

Strategic Realignment Plan. In the fourth quarter of fiscal 2015, we announced a Strategic Realignment Plan designed to improve execution, enhance financial performance and drive profitable growth as we work to create sustainable long-term value for stockholders. During fiscal 2015, we recorded restructuring and restructuring-related charges of $190 million related to the plan.

Capital Return Program. On March 9, 2015, we announced that our Board of Directors authorized us to repurchase up to $15 billion of our common stock. We intend to return a minimum of 75% of our free cash flow[3] to stockholders through stock repurchases and dividends over the foreseeable future. Additionally, we announced our intention to repurchase $10 billion of stock from March 2015 through March 2016. In fiscal 2015, we completed $8.1 billion of repurchases towards our $10 billion stock repurchase commitment, which includes the completion of our $5.0 billion accelerated share repurchase agreements. Excluding these stock repurchases, we returned $6.0 billion, or 134% of free cash flow, to stockholders, including $3.1 billion through repurchases of common stock and $2.9 billion of cash dividends. Shares outstanding decreased by 9% to 1.52 billion at September 27, 2015 from 1.67 billion at September 28, 2014 due to share repurchases, partially offset by net shares issued under our employee benefit plans. To support our capital return program and for other general corporate purposes, in May 2015, we issued an aggregate principal amount of $10.0 billion of unsecured floating- and fixed-rate notes, with maturity dates in 2018 through 2045 and effective interest rates between 0.43% and 4.74%.

(1) According to GSMA Intelligence estimates as of November 2, 2015 for the quarter ended September 30, 2015 (estimates excluded Wireless Local Loop).

(2) 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). Not all licensees report sales 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 for a particular period may include prior period activity that was not reported by the licensee until such particular period.

(3) Free cash flow, a non-GAAP financial measure, is defined as net cash provided by operating activities less capital expenditures. See "Non-GAAP Financial Information."

Discontinued Operations

On November 25, 2013, we completed the sale of the North and Latin America operations of our Omnitracs division to a U.S.-based private equity firm for cash consideration of $788 million (net of cash sold). As a result, we recorded a gain in discontinued operations of $665 million ($430 million net of income tax expense) during fiscal 2014. The revenues and operating results of the North and Latin America operations of the Omnitracs division, which comprised substantially all of the Omnitracs division, were not presented as discontinued operations in any fiscal period because they were immaterial.

Looking Forward

We expect continued growth in the coming years in consumer demand for 3G, 3G/4G multimode and 4G products and services around the world, driven primarily by smartphones. We also expect growth in new device categories and industries, driven by the expanding adoption of certain technologies that are already commonly used in smartphones.

As we look forward to the next several months, we expect our business to be impacted by the following key items:

- Our business has been impacted by changing industry dynamics, including: an increased shift in share among our customers within the premium tier, which will continue to negatively impact sales of our integrated Snapdragon

Appendix 1: Financial Information

processors and skew our product mix towards lower-margin modem chipsets in this tier; an increased use of internally-developed integrated circuit products by certain of our OEM (original equipment manufacturer) customers, which has led to a decline in share at a large customer; and the acceleration of intense competition in the low-tier, particularly in China. We anticipate that our results of operations, particularly for our semiconductor business, QCT, will continue to be adversely impacted by these factors into the next fiscal year.

- China continues to present significant opportunities for us, particularly with the rollout of 3G/4G LTE multimode. We expect the rollout of 4G services in China will encourage competition and growth, bring the benefits of 3G/4G LTE multimode to consumers, encourage consumers to replace 2G (GSM) and 3G devices and enable new opportunities beyond mobile applications (e.g., machine-to-machine).
- In February 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. The rectification plan provides, among other things, that for licenses of only our 3G and 4G essential Chinese patents for branded devices sold for use in China starting on January 1, 2015 (and reported to us starting in the third quarter of fiscal 2015), we will charge running royalties at royalty rates of 5% for 3G CDMA or WCDMA devices (including multimode 3G/4G devices) and 3.5% for 4G devices that do not implement CDMA or WCDMA (including 3-mode LTE-TDD devices), in each case using a royalty base of 65% of the net selling price.
- Despite the resolution of the NDRC investigation, China continues to present significant challenges for us. 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), and certain companies, including unlicensed companies, are delaying execution of new license agreements. 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 and unlicensed companies 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-TDD) sold in China. However, litigation and/or other actions may be necessary to compel licensees to report and pay the required royalties for sales they have not previously reported and to compel unlicensed companies to execute new licenses.
- We continue to invest significant resources toward advancements in 3G, 3G/4G multimode and 4G LTE technologies, OFDM-based WLAN technologies, audio and video codecs, wireless baseband chips, our converged computing/communications (Snapdragon) chips, graphics, connectivity, multimedia products, software and services. We are also investing in targeted opportunities that utilize our existing technical and business expertise to deploy new business models and enter into new industry segments, such as products for the connected home and the Internet of Things; automotive; networking; mobile computing; small cells and addressing the challenge of meeting the increased demand for data; very high speed connectivity; data centers; mobile health; wireless charging; and machine learning, including robotics.
- We expect that the increased availability of low-tier 3G/4G smartphone products will help enable further expansion of 3G and 3G/4G multimode in emerging regions, particularly in China.
- We expect that 3G/4G device prices will continue to vary broadly due to the increased penetration of smartphones combined with competition throughout the world at all price tiers. Additionally, varying rates of economic growth by region and stronger growth of device shipments in emerging regions as compared to developed regions, are expected to continue to impact the average and range of selling prices of 3G/4G devices.
- In the fourth quarter of fiscal 2015, we announced a Strategic Realignment Plan designed to improve execution, enhance financial performance and drive profitable growth as we work to create sustainable long-term value for stockholders. The core elements of this plan include: (a) right-sizing our cost structure; (b) reviewing alternatives to our corporate and financial structure; (c) reaffirming our plan to return significant capital to stockholders; (d) adding new Directors with complementary skills while reducing the average tenure of our Board of Directors; (e) further aligning executive compensation with performance and stockholder return objectives; and (f) making disciplined investments in areas that build upon our core technologies and capabilities and offer attractive growth opportunities

and returns.

- In order to right-size our cost structure, we are planning to reduce our annual costs from fiscal 2015 levels (adjusted for variable compensation) of $7.3 billion (as announced on July 22, 2015) by approximately $1.1 billion through a series of targeted reductions across Qualcomm's businesses, particularly in QCT. We also plan to reduce annual share-based compensation grants by approximately $300 million. We expect these cost reduction initiatives to be fully implemented by the end of fiscal 2016. In connection with this plan, we expect to incur approximately $350 million to $450 million in restructuring and restructuring-related charges, of which $190 million were incurred in the fourth quarter of fiscal 2015. Restructuring and restructuring-related charges include severance costs, asset impairment charges, consultancy fees, lease termination costs, acceleration of depreciation and other costs.

In addition to the foregoing business and market-based matters, we continue to devote resources to working with and educating participants in the wireless value chain and governments as to the benefits of our business model and our extensive technology investments in promoting a highly competitive and innovative wireless industry. However, we expect that certain companies may continue to be dissatisfied with the need to pay reasonable royalties for the use of our technology and not welcome the success of our business model in enabling new, highly cost-effective competitors to their products. We expect that such companies and/or governments or regulators will continue to challenge our business model in various forums throughout the world.

Further discussion of risks related to our business is presented in the section entitled Risk Factors and elsewhere in our Annual Report on Form 10-K for fiscal 2015.

Critical Accounting Estimates

The preparation of our consolidated financial statements in accordance with accounting principles generally accepted in the United States requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and disclosure of contingent assets and liabilities. We base our estimates on historical and anticipated results and trends and on various other assumptions that we believe are reasonable under the circumstances, including assumptions as to future events. By their nature, estimates are subject to an inherent degree of uncertainty. Although we believe that our estimates and the assumptions supporting our assessments are reasonable, actual results that differ from our estimates could be material to our consolidated financial statements. A summary of our significant accounting policies is included in “Notes to Consolidated Financial Statements, Note 1. The Company and Its Significant Accounting Policies.” We consider the following accounting estimates to be critical in the preparation of our consolidated financial statements.

Impairment of Marketable Securities. We hold investments in marketable securities, with increases and decreases in fair value generally recorded through stockholders’ equity as other comprehensive income or loss. We record impairment charges through the statement of operations when we believe an investment has experienced a decline that is other than temporary. The determination that a decline is other than temporary is subjective and influenced by many factors. Adverse changes in market conditions or poor operating results of investees could result in losses or an inability to recover the carrying value of the investments, thereby requiring recognition of impairment losses. When assessing these investments for an other-than-temporary decline in value, we consider such factors as, among other things, the significance of the decline in value as compared to the cost basis; underlying factors contributing to a decline in the prices of securities in a single asset class; how long the market value of the security has been less than its cost basis; the security’s relative performance versus its peers, sector or asset class; expected market volatility; the market and economy in general; analyst recommendations and price targets; views of external investment managers; news or financial information that has been released specific to the investee; and the outlook for the overall industry in which the investee operates, as applicable. If we determine that a security price decline is other than temporary, we record an impairment loss, which could have an adverse impact on our results of operations. During fiscal 2015, 2014 and 2013, we recorded $163 million, $156 million and $72 million, respectively, in impairment losses on our investments in marketable securities.

Valuation of Inventories. Inventories are valued at the lower of cost or market (replacement cost, not to exceed net realizable value) using the first-in, first-out method. Recoverability of inventories is assessed based on review of future customer demand that considers multiple factors, including committed purchase orders from customers as well as purchase commitment projections provided by customers, among other things. This valuation also requires us to make judgments and assumptions based on information currently available about market conditions, including competition, product pricing, product life cycle and development plans. If we overestimate demand for our products, the amount of our loss will be impacted by our contractual ability to reduce inventory purchases from our suppliers. Our assumptions of future product demand are inherently uncertain, and changes in our estimates and assumptions may cause us to realize material write-downs in the future.

Valuation of Goodwill and Other Indefinite-Lived and Long-Lived Assets. Our business acquisitions typically result in the recording of goodwill, other intangible assets and property, plant and equipment, and the recorded values of those assets may become impaired in the future. We also acquire intangible assets and property, plant and equipment in other types of transactions. The determination of the recorded value of intangible assets acquired in a business combination requires management to make estimates and assumptions that affect our consolidated financial statements. For intangible assets acquired in a non-monetary exchange, the estimated fair values of the assets transferred (or the estimated fair values of the assets received, if more clearly evident) are used to establish their recorded values, unless the values of neither the assets received nor the assets transferred are determinable within reasonable limits, in which case the assets received are measured based on the carrying values of the assets transferred. Valuation techniques consistent with the market approach, income approach and/or cost approach are used to measure fair value. An estimate of fair value can be affected by many assumptions that require significant judgment. For example, the income approach generally requires us to use assumptions to estimate future cash flows including those related to total addressable market, pricing and share forecasts, competition, technology obsolescence, future tax rates and discount rates. Our estimate of the fair value of certain assets may differ materially from that determined by others who use different assumptions or utilize different business models.

Goodwill and other indefinite-lived intangible assets are tested annually for impairment and in interim periods if certain events occur indicating that the carrying amounts may be impaired. Long-lived assets, such as property, plant and equipment and intangible assets subject to amortization, are reviewed for impairment when there is evidence that events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. Our judgments regarding the existence of impairment indicators and future cash flows related to goodwill and other indefinite-lived intangible assets and long-lived assets may be based on operational performance of our businesses, market conditions, expected selling price and/or other factors. Although there are inherent uncertainties in this assessment process, the estimates and assumptions we use, including estimates of future cash flows and discount rates, are consistent with our internal planning, when appropriate. If these estimates or their related assumptions change in the future, we may be required to record an impairment charge on a portion or all of our goodwill, other indefinite-lived intangible assets and/or long-lived assets. Furthermore, we cannot predict the occurrence of future impairment-triggering events nor the impact such events might have on our reported asset values. Future events could cause us to conclude that impairment indicators exist and that goodwill or other intangible assets associated with our acquired businesses are impaired. Any resulting impairment loss could have an adverse impact on our financial position and results of operations. During fiscal 2015, 2014 and 2013, we recorded $317 million, $642 million and $192 million, respectively, in impairment charges for goodwill, other indefinite-lived intangible assets and long-lived assets. The estimated fair values of our QCT and QTL reporting units were substantially in excess of their respective carrying values at September 27, 2015.

Legal Proceedings. We are currently involved in certain legal proceedings, and we intend to continue to vigorously defend ourselves. However, the unfavorable resolution of one or more of these proceedings could have a material adverse effect on our business, results of operations, financial condition and/or cash flows. A broad range of remedies with respect to our business practices that are deemed to violate applicable laws are potentially available. These remedies may include, among others, injunctions, monetary damages or fines or other orders to pay money and the issuance of orders to cease certain conduct and/or to modify our business practices. We disclose a loss contingency if there is at least a reasonable possibility that a material loss has been incurred. We record our best estimate of a loss related to pending legal proceedings when the loss is considered probable and the amount can be reasonably estimated. Where a range of loss can be reasonably estimated with no best estimate in the range, we record the minimum estimated liability. As additional information becomes available, we assess the potential liability, including the probability of loss related to pending legal proceedings, and revise our estimates and update our disclosures accordingly. Significant judgment is required in both the determination of probability and the determination as to whether a loss is reasonably estimable. Revisions in our estimates of the potential liability could materially impact our results of operations.

Income Taxes. We are subject to income taxes in the United States and numerous foreign jurisdictions. Significant judgments and estimates are required in determining our provision for income taxes, including those related to tax incentives, intercompany research and development cost-sharing arrangements, transfer pricing and tax credits. In addition, the calculation of our tax liabilities involves uncertainties in the application of complex tax regulations. While we believe we have appropriate support for the positions taken on our tax returns, we regularly assess the potential outcomes of examinations by taxing authorities in determining the adequacy of our provision for income taxes. We are participating in the Internal Revenue Service (IRS) Compliance Assurance Process program whereby we endeavor to agree with the IRS on the treatment of all issues prior to filing our federal return. A benefit of participation in this program is that post-filing adjustments by the IRS are less likely to occur.

Our QCT segment’s non-United States headquarters is located in Singapore. We obtained tax incentives in Singapore that commenced in March 2012, including a tax exemption for the first five years, provided that we meet specified employment and incentive criteria, and as a result of expiration of these incentives, our Singapore tax rate will increase in fiscal 2017 and again in fiscal 2027. Our failure to meet these criteria could adversely impact our provision for income taxes.

Appendix 1: Financial Information

We consider the operating earnings of certain non-United States subsidiaries to be indefinitely reinvested outside the United States based on our plans for use and/or investment outside of the United States and our belief that our sources of cash and liquidity in the United States will be sufficient to meet future domestic cash needs. On a regular basis, we consider projected cash needs for, among other things, investments in our existing businesses, future research and development, potential acquisitions and capital transactions, including repurchases of our common stock, dividends and debt repayments. We estimate the amount of cash or other liquidity that is available or needed in the jurisdictions where these investments are expected as well as our ability to generate cash in those jurisdictions and our access to capital markets. This analysis enables us to conclude whether or not we will indefinitely reinvest the current period's foreign earnings. We have not recorded a deferred tax liability of approximately $10.2 billion related to the United States federal and state income taxes and foreign withholding taxes on approximately $28.8 billion of undistributed earnings of certain non-United States subsidiaries indefinitely reinvested outside the United States. Should we decide to no longer indefinitely reinvest such earnings outside the United States, for example, if we determine that such earnings are needed to fund future domestic operations or there is not a sufficient need for such earnings outside of the United States, we would have to adjust the income tax provision in the period we make such determination.

Results of Operations

Revenues (in millions)	Year Ended September 27, 2015	September 28, 2014	September 29, 2013	2015 vs. 2014 Change	2014 vs. 2013 Change
Equipment and services	$17,079	$18,625	$16,988	$(1,546)	$1,637
Licensing	8,202	7,862	7,878	340	(16)
	$25,281	$26,487	$24,866	$(1,206)	$1,621

The decrease and increase in equipment and services revenues in fiscal 2015 and 2014, respectively, were primarily due to a decrease and an increase in QCT revenues of $1.49 billion and $1.94 billion, respectively. The increase in equipment and services revenues in fiscal 2014 was partially offset by a decrease of $305 million as a result of the sale of our Omnitracs division during fiscal 2014. The increase in our licensing revenues in fiscal 2015 was primarily due to an increase in QTL revenues of $378 million. The decrease in our licensing revenues in fiscal 2014 was primarily due to a decrease in a nonreportable segment's revenues of $32 million, partially offset by an increase in QTL revenues of $15 million.

QCT and QTL segment revenues related to the products of Samsung Electronics and Hon Hai Precision Industry Co., Ltd/Foxconn, its affiliates and other suppliers to Apple Inc. comprised 45%, 49% and 43% of total consolidated revenues in fiscal 2015, 2014 and 2013, respectively.

Revenues from customers in China, South Korea and Taiwan comprised 53%, 16% and 13%, respectively, of total consolidated revenues for fiscal 2015, compared to 50%, 23% and 11%, respectively, for fiscal 2014, and 49%, 20% and 11%, respectively, for fiscal 2013. We report revenues from external customers by country based on the location to which our products or services are delivered, which for QCT is generally the country in which our customers manufacture their products, or for licensing revenues, the invoiced addresses of our licensees. As a result, the revenues by country presented herein are not necessarily indicative of either the country in which the devices containing our products and/or intellectual property are ultimately sold to consumers or the country in which the companies that sell the devices are headquartered. For example, China revenues would include revenues related to shipments of integrated circuits to a company that is headquartered in South Korea but that manufactures devices in China, which devices are then sold to consumers in Europe and/or the United States.

Costs and Expenses (in millions)	Year Ended September 27, 2015	September 28, 2014	September 29, 2013	2015 vs. 2014 Change	2014 vs. 2013 Change
Cost of equipment and services (E&S) revenues	$10,378	$10,686	$9,820	$(308)	$866
Cost as % of E&S revenues	61%	57%	58%		

The decrease in margin percentage in fiscal 2015 was primarily attributable to a decrease in QCT gross margin percentage. The increase in margin percentage in fiscal 2014 was primarily attributable to a net decrease in gross margin losses incurred by our nonreportable segments, partially offset by a decrease in QCT's gross margin percentage. Our margin percentage may continue to fluctuate in future periods depending on the mix of products sold and services provided, competitive pricing, new product introduction costs and other factors.

Appendix 1: Financial Information

	Year Ended September 27, 2015	September 28, 2014	September 29, 2013	2015 vs. 2014 Change	2014 vs. 2013 Change
Research and development	$5,490	$5,477	$4,967	$13	$510
% of revenues	22 %	21 %	20 %		
Selling, general, and administrative	$2,344	$2,290	$2,518	$54	$(228)
% of revenues	9 %	9 %	10 %		
Other	$1,293	$484	$331	$809	$153

The dollar increases in research and development expenses in fiscal 2015 and 2014 were primarily attributable to increases of $117 million and $498 million, respectively, in costs related to the development of CDMA-based 3G, OFDMA-based 4G LTE and other technologies for integrated circuit products, including small cell and data center products, and to expand our intellectual property portfolio. The increase in fiscal 2015 was partially offset by a decrease of $72 million related to the development costs of display technologies and additional decreases related to the development costs of other new product and licensing initiatives.

The dollar increase in selling, general and administrative expenses in fiscal 2015 was primarily attributable to increases of $73 million in selling and marketing expenses and $46 million in costs related to litigation and other legal matters, partially offset by decreases of $49 million in employee-related expenses and $13 million in share-based compensation. The dollar decrease in selling, general and administrative expenses in fiscal 2014 was primarily attributable to decreases of $59 million in costs related to litigation and other legal matters, $53 million in share-based compensation, $53 million in selling and marketing expenses and $22 million in employee-related expenses. The decrease in employee-related expenses and a portion of the decrease in share-based compensation in fiscal 2014 were due to the sale of our Omnitracs division during fiscal 2014.

Other expenses in fiscal 2015 were attributable to a $975 million charge resulting from the resolution reached with the NDRC, charges of $255 million and $11 million for impairment of goodwill and intangible assets, respectively, related to our content and push-to-talk services and display businesses and $190 million in restructuring and restructuring-related charges related to our Strategic Realignment Plan, partially offset by $138 million in gains on sales of certain property plant and equipment. Other expenses in fiscal 2014 were comprised of $607 million in certain property, plant and equipment and goodwill impairment charges and $19 million in restructuring-related costs incurred by one of our display businesses, a $16 million goodwill impairment charge related to our former QRS (Qualcomm Retail Solutions) division and a $15 million legal settlement, partially offset by the reversal of a $173 million expense accrual recorded in fiscal 2013 related to the ParkerVision verdict against us, which was overturned. Other expenses in fiscal 2013 were comprised of the $173 million ParkerVision charge and a $158 million impairment charge related to certain long-lived assets of one our display businesses.

Interest Expense and Net Investment Income (in millions)

	Year Ended September 27, 2015	September 28, 2014	September 29, 2013	2015 vs. 2014 Change	2014 vs. 2013 Change
Interest expense	$104	$5	$23	$99	$(18)
Investment income, net					
Interest and dividend income	$527	$586	$697	$(59)	$(111)
Net realized gains on marketable securities	451	770	317	(319)	453
Net realized gains on other investments	49	56	52	(7)	4
Impairment losses on marketable securities and other investments	(200)	(180)	(85)	(20)	(95)
Other	(12)	1	6	(13)	(5)
	$815	$1,233	$987	$(418)	$246

The increase in interest expense in fiscal 2015 was primarily due to the issuance of an aggregate principal amount of $10.0 billion in floating- and fixed-rate notes in May 2015. Due to portfolio rebalancing in fiscal 2014 and 2015, we earned lower interest and dividend income on cash and cash equivalents and recorded lower realized gains on marketable securities balances in fiscal 2015. We expect to earn lower interest and dividend income and record lower realized gains in fiscal 2016 as a result of our rebalancing, among other factors.

In fiscal 2014, we rebalanced our marketable securities portfolio, which resulted in lower interest and dividend income, due to lower interest rates, and higher net realized gains on marketable securities, compared to fiscal 2013. The increase in impairment losses on marketable securities and other investments in fiscal 2014 was primarily due to an increase in our recognition of unrealized losses on marketable debt securities that we intended to sell or that we more likely than not would sell before recovery, which was also impacted by our portfolio rebalancing.

Income Tax Expense (in millions)	Year Ended September 27, 2015	September 28, 2014	September 29, 2013	2015 vs. 2014 Change	2014 vs. 2013 Change
Income tax expense	$1,219	$1,244	$1,349	$(25)	$(105)
Effective tax rate	19%	14%	16%	5%	(2%)

The following table summarizes the primary factors that caused our annual effective tax rates to be less than the United States federal statutory rate:

	Year Ended September 27, 2015	September 28, 2014	September 29, 2013
Expected income tax provision at federal statutory tax rate	35%	35%	35%
Benefits from foreign income taxed at other than U.S. rates	(14%)	(20%)	(17%)
Benefits related to the research and development tax credits	(2%)	(1%)	(2%)
Effective tax rate	19%	14%	16%

During fiscal 2015, the NDRC imposed a fine of $975 million, which was not deductible for tax purposes and was substantially attributable to a foreign jurisdiction. Additionally, during fiscal 2015, we recorded a tax benefit of $101 million related to fiscal 2014 resulting from the United States government reinstating the federal research and development tax credit retroactively to January 1, 2014 through December 31, 2014. The effective tax rate for fiscal 2015 also reflected the United States federal research and development tax credit generated through December 31, 2014, the date on which the credit expired, and a $61 million tax benefit as a result of a favorable tax audit settlement with the Internal Revenue Service related to Qualcomm Atheros, Inc.'s pre-acquisition 2010 and 2011 tax returns. The effective tax rate for our state income tax provision, net of federal benefit, was negligible for all years presented.

The annual effective tax rate for fiscal 2014 reflected the tax benefit from the United States federal research and development tax credit generated through December 31, 2013, the date on which the credit previously expired. The effective tax rate for fiscal 2014 also reflected a tax benefit of $66 million related to fiscal 2013 resulting from an agreement reached with the Internal Revenue Service on components of our fiscal 2013 tax return. Additionally, the effective tax rate for fiscal 2014 as compared to fiscal 2013 reflected increased foreign earnings taxed at less than the United States federal rate. The effective tax rate for fiscal 2013 reflected a tax benefit of $64 million related to fiscal 2012 resulting from the retroactive extension of the United States federal research and development tax credit.

Our Segment Results

The following should be read in conjunction with the fiscal 2015, 2014 and 2013 financial results for each reportable segment included in "Notes to Consolidated Financial Statements, Note 8. Segment Information."

Appendix 1: Financial Information

(in millions)	QCT	QTL	QSI
2015			
Revenues	$17,154	$7,947	$4
EBT [(1)]	2,465	6,882	(74)
EBT as a % of revenues	14 %	87 %	
2014			
Revenues	$18,665	$7,569	$—
EBT [(1)]	3,807	6,590	(7)
EBT as a % of revenues	20 %	87 %	
2013			
Revenues	$16,715	$7,554	$—
EBT [(1)]	3,189	6,590	56
EBT as a % of revenues	19 %	87 %	

(1) Earnings (loss) before taxes.

QCT Segment. QCT results of operations in fiscal 2015 were negatively impacted by the effects of a shift in share among our customers within the premium tier, which reduced our sales of integrated Snapdragon processors and skewed our product mix towards lower-margin modem chipsets in this tier, a decline in share at a large customer and the competitive environment in China. The decrease and increase in QCT revenues in fiscal 2015 and 2014 of $1.51 billion and $1.95 billion, respectively, were primarily due to changes in equipment and services revenues. Equipment and services revenues, mostly related to sales of MSM and accompanying RF and PM integrated circuits, were $16.95 billion, $18.43 billion and $16.49 billion in fiscal 2015, 2014 and 2013, respectively. The decrease in equipment and services revenues in fiscal 2015 resulted primarily from a decrease of $2.89 billion from lower-priced product mix and lower average selling prices, partially offset by an increase of $1.26 billion related to higher MSM and accompanying RF and PM unit shipments. The increase in equipment and services revenues in 2014 resulted primarily from increases of $2.66 billion related to higher MSM and accompanying RF and PM unit shipments and $203 million related to sales of connectivity products, partially offset by a net decrease of $1.08 billion resulting from lower average selling prices offset by higher-priced product mix. Approximately 932 million, 861 million and 716 million MSM integrated circuits were sold during fiscal 2015, 2014 and 2013, respectively.

QCT EBT as a percentage of revenues decreased in fiscal 2015 as compared to fiscal 2014 primarily due to decreases in gross margin percentage and the related impact of lower revenues relative to operating expenses. The decrease in QCT gross margin percentage in fiscal 2015 primarily resulted from lower average selling prices and lower-margin product mix, partially offset by lower average unit costs. QCT gross margin percentage in fiscal 2015 was also impacted by an increase of $179 million in excess inventory charges. QCT EBT as a percentage of revenues increased in fiscal 2014 as compared to fiscal 2013. During fiscal 2014, QCT revenues increased 12% relative to a combined increase of 5% in research and development expenses and selling, general and administrative expenses, whereas gross margin percentage decreased as a result of lower average selling prices and lower-margin product mix, partially offset by lower average unit costs.

QTL Segment. The increases in QTL revenues in fiscal 2015 and 2014 of $378 million and $15 million, respectively, were primarily due to increases in sales of CDMA-based products, including multimode products that also implement OFDMA, reported by licensees, partially offset by decreases in revenues per reported unit. QTL revenues and EBT in fiscal 2015 continued to be impacted negatively by units that we believe are not being reported by certain licensees and sales of certain unlicensed products in China. We expect it will take some time for those certain licensees to fully comply with the reporting requirements of their license agreements and for unlicensed companies that had delayed execution of new licenses pending resolution of the NDRC investigation to execute new licenses. Also in fiscal 2015, QTL experienced negative fluctuations in foreign currency exchange rates. QTL revenues and EBT for fiscal 2014 were impacted by units that we believe were being underreported by certain licensees, a dispute with a licensee and sales of certain unlicensed products in China.

QSI Segment. The decrease in QSI EBT in fiscal 2015 of $67 million was primarily due to increases of $32 million in impairment losses on investments and $29 million in equity losses and other costs related to our equity method investments. The decrease in QSI EBT in fiscal 2014 of $63 million was primarily due to a $39 million decrease in net realized gains on investments and a $35 million increase in impairment losses on investments, partially offset by a $16 million decrease in interest expense related to our former subsidiaries that held Broadband Wireless Access spectrum in India.

Appendix 1: Financial Information

Liquidity and Capital Resources

Our principal sources of liquidity are our existing cash, cash equivalents and marketable securities, cash generated from operations, cash provided by our debt programs and proceeds from the issuance of common stock under our stock option and employee stock purchase plans. The following table presents selected financial information related to our liquidity as of and for the years ended September 27, 2015 and September 28, 2014 (in millions):

	2015	2014	$ Change	% Change
Cash, cash equivalents and marketable securities	$30,947	$32,022	$(1,075)	(3%)
Accounts receivable, net	1,964	2,412	(448)	(19%)
Inventories	1,492	1,458	34	2%
Short-term debt	1,000	—	1,000	
Long-term debt	9,969	—	9,969	
Net cash provided by operating activities	5,506	8,887	(3,381)	(38%)
Net cash used by investing activities	(3,572)	(1,639)	(1,933)	
Net cash used by financing activities	(2,261)	(5,480)	3,219	

The net decrease in cash, cash equivalents and marketable securities was primarily the result of $11.2 billion in payments to repurchase shares of our common stock, including the $5.0 billion accelerated share repurchase agreements, partially offset by $9.9 billion in proceeds from the issuance of notes and net cash provided by operating activities. Total cash provided by operating activities decreased primarily due to a reduction in net income of $2.7 billion and prepayment of $950 million to secure long-term capacity commitments at a supplier of our integrated circuit products. The decrease in accounts receivable was primarily due to lower revenues related to sales of integrated circuits, partially offset by the timing of payments from certain of our licensees. Our day sales outstanding, on a consolidated basis, increased to 33 days at September 27, 2015 compared to 32 days at September 28, 2014, primarily due to the timing of cash payments from certain of our licensees, partially offset by the timing of customer payments for receivables related to integrated circuits. The increase in inventories was primarily due to increases in work-in-process and finished goods inventories in connection with the CSR acquisition, including a step-up in the fair value of the acquired inventories, partially offset by a decrease in other QCT inventories resulting primarily from lower-cost product mix and lower average unit costs.

We classify certain of our marketable securities as short-term based on their nature and our plan to make them available, if needed, for use in our current operations. While we do not anticipate using our non-current marketable securities in operations in the foreseeable future, the securities could be liquidated within a short period of time if required. Our cash, cash equivalents and marketable securities at September 27, 2015 consisted of $5.3 billion held by United States-based entities and $25.6 billion held by foreign entities. Most of our cash, cash equivalents and marketable securities held by foreign entities are indefinitely reinvested and would be subject to material tax effects if repatriated. However, we believe that our United States sources of cash and liquidity are sufficient to meet our business needs in the United States and do not expect that we will need to repatriate the funds.

We believe our current cash, cash equivalents and marketable securities, our expected cash flow generated from operations and our expected financing activities will satisfy our working and other capital requirements for at least the next 12 months based on our current business plans. Recent and expected working and other capital requirements also include the items described below.

- In connection with our Strategic Realignment Plan, we expect to incur a total of approximately $350 million to $450 million in restructuring and restructuring-related charges, the majority of which will result in future cash payments.
- Our purchase obligations at September 27, 2015, some of which relate to research and development activities and capital expenditures, totaled $3.0 billion and $953 million for fiscal 2016 and 2017, respectively, and $1.6 billion thereafter.
- Our research and development expenditures were $5.5 billion during fiscal 2015 and 2014, and we expect to continue to invest heavily in research and development for new technologies, applications and services for voice and data communications, primarily in the wireless industry.
- Cash outflows for capital expenditures were $994 million and $1.2 billion during fiscal 2015 and 2014, respectively. We expect to continue to incur capital expenditures in the future to support our business, including research and

development activities. Future capital expenditures may be impacted by transactions that are currently not forecasted.

- We expect to continue making strategic investments and acquisitions, the amounts of which could vary significantly, to open new opportunities for our technologies, obtain development resources, grow our patent portfolio or pursue new businesses.

Debt. In February 2015, we entered into a Revolving Credit Facility that provides for unsecured revolving facility loans, swing line loans and letters of credit in an aggregate amount of up to $4.0 billion, expiring in February 2020. At September 27, 2015, no amounts were outstanding under the Revolving Credit Facility.

In March 2015, we began an unsecured commercial paper program, which provides for the issuance of up to $4.0 billion of commercial paper. Net proceeds from this program are used for general corporate purposes. At September 27, 2015, we had $1.0 billion of commercial paper outstanding with weighted-average net interest rates of 0.19% and weighted-average remaining days to maturity of 38 days.

In May 2015, we issued an aggregate principal amount of $10.0 billion in eight tranches of unsecured floating- and fixed-rate notes, with maturity dates in 2018 through 2045 and effective interest rates between 0.43% and 4.74%. Interest is payable in arrears quarterly for the floating-rate notes and semi-annually for the fixed-rate notes. Net proceeds from the issuance of the notes of $9.9 billion were used to fund two accelerated share repurchase agreements and are being used for other general corporate purposes. We may issue additional debt in the future. The amount and timing of additional borrowings will be subject to a number of factors, including the cash flow generated by United States-based entities, acquisitions and strategic investments, acceptable interest rates and changes in corporate income tax law, among other factors.

Additional information regarding our outstanding debt at September 27, 2015 is provided in "Notes to Consolidated Financial Statements, Note 6. Debt."

Capital Return Program. The following table summarizes stock repurchases and dividends paid during fiscal 2015, 2014 and 2013 (in millions, except per-share amounts):

	Stock Repurchase Program			Dividends		Total
	Shares	Average Price Paid Per Share	Amount	Per Share	Amount	Amount
2015	172.4	$65.21	$11,245	$1.80	$2,880	$14,125
2014	60.3	75.48	4,548	1.54	2,586	7,134
2013	71.7	64.28	4,609	1.20	2,055	6,664

We intend to return a minimum of 75% of our free cash flow to stockholders through stock repurchases and dividends over the foreseeable future, where free cash flow is defined as net cash provided by operating activities less capital expenditures. On March 9, 2015, we announced that we had been authorized to repurchase up to $15 billion of our common stock. Additionally, we announced our intention to repurchase $10 billion of stock from March 2015 through March 2016. In May 2015, we entered into two accelerated share repurchase agreements (ASR Agreements) to repurchase an aggregate of $5.0 billion of our common stock. During the fourth quarter of fiscal 2015, the ASR Agreements were completed, and a total of 78.3 million shares were delivered to us under the ASR Agreements based on the combined volume-weighted average stock price over the terms of the ASR agreements. At September 27, 2015, $6.9 billion remained authorized for repurchase under our stock repurchase program. To meet our remaining goal, we expect to use existing cash and marketable securities (which include the proceeds from the May 2015 debt offering) held by, and cash flow generated from, United States-based entities. Since September 27, 2015, we repurchased and retired 24.6 million shares of common stock for $1.4 billion. We periodically evaluate repurchases as a means of returning capital to stockholders to determine when and if repurchases are in the best interests of our stockholders.

On October 9, 2015, we announced a cash dividend of $0.48 per share on our common stock, payable on December 18, 2015 to stockholders of record as of the close of business on December 1, 2015. We intend to continue to use cash dividends as a means of returning capital to stockholders, subject to capital availability and our view that cash dividends are in the best interests of our stockholders.

Appendix 1: Financial Information

Contractual Obligations/Off-Balance Sheet Arrangements

We have no significant contractual obligations not fully recorded on our consolidated balance sheets or fully disclosed in the notes to our consolidated financial statements. We have no material off-balance sheet arrangements as defined in Regulation S-K 303(a)(4)(ii).

The following table summarizes the payments due by fiscal period for our outstanding contractual obligations at September 27, 2015 (in millions):

	Total	2016	2017-2018	2019-2020	Beyond 2020	No Expiration Date
Purchase obligations (1)	$5,601	$3,017	$1,695	$880	$9	$—
Operating lease obligations	281	99	114	44	24	—
Equity funding and financing commitments (2)	132	82	32	—	15	3
Long-term debt	10,000	—	1,500	2,000	6,500	—
Other long-term liabilities (3)(4)	246	2	124	110	5	5
Total contractual obligations	$16,260	$3,200	$3,465	$3,034	$6,553	$8

(1) Total purchase obligations include commitments to purchase integrated circuit product inventories of $2.5 billion, $787 million, $706 million, $680 million and $166 million for each of the subsequent five years from fiscal 2016 through 2020, respectively; there were no such purchase commitments thereafter. Integrated circuit product inventory obligations represent purchase commitments for semiconductor die, finished goods and manufacturing services, such as wafer bump, probe, assembly and final test. Under our manufacturing relationships with our foundry suppliers and assembly and test service providers, cancelation of outstanding purchase orders is generally allowed but requires payment of all costs incurred through the date of cancelation, and in some cases, incremental fees related to capacity underutilization.

(2) Certain of these commitments do not have fixed funding dates and are subject to certain conditions. Commitments represent the maximum amounts to be funded under these arrangements; actual funding may be in lesser amounts or not at all.

(3) Certain long-term liabilities reflected on our balance sheet, such as unearned revenues, are not presented in this table because they do not require cash settlement in the future. Other long-term liabilities as presented in this table include the related current portions.

(4) Our consolidated balance sheet at September 27, 2015 included $23 million in noncurrent liabilities for uncertain tax positions, some of which may result in cash payment. The future payments related to uncertain tax positions have not been presented in the table above due to the uncertainty of the amounts and timing of cash settlement with the taxing authorities.

Additional information regarding our financial commitments at September 27, 2015 is provided in “Notes to Consolidated Financial Statements, Note 3. Income Taxes,” “Note 6. Debt” and “Note 7. Commitments and Contingencies.”

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, “Revenue from Contracts with Customers,” which outlines a comprehensive revenue recognition model and supersedes most current revenue recognition guidance. The new standard requires a company to recognize revenue upon transfer of goods or services to a customer at an amount that reflects the expected consideration to be received in exchange for those goods or services. ASU 2014-09 defines a five-step approach for recognizing revenue, which may require a company to use more judgment and make more estimates than under the current guidance. This ASU, as amended, will be effective for us starting in the first quarter of fiscal 2019. The FASB will also permit entities to adopt one year earlier if they choose. The new standard allows for two methods of adoption: (a) full retrospective adoption, meaning the standard is applied to all periods presented or (b) modified retrospective adoption, meaning the cumulative effect of applying the new standard is recognized as an adjustment to the opening retained earnings balance. We do not intend to adopt the standard early and are in the process of determining the adoption method as well as the effects the adoption will have on our consolidated financial statements.

Appendix 1: Financial Information

Non-GAAP Financial Information

This Management's Discussion and Analysis of Financial Condition and Results of Operations includes references to free cash flow and return of capital to stockholders as a percentage of free cash flow. These are financial measures that were not prepared in accordance with GAAP. We define "free cash flow" as net cash provided by operating activities less capital expenditures and "return of capital to stockholders" as cash paid to repurchase shares of our common stock and cash dividends paid.

The non-GAAP financial information presented 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, our measure of non-GAAP results might be different than similarly titled measures used by other companies.

We use free cash flow to facilitate an understanding of the amount of cash flow generated that is available to grow our business and to create long-term stockholder value. We believe return of capital to stockholders as a percentage of free cash flow provides insight into our cash-generating activities relative to the amount of capital returned to stockholders. These non-GAAP measures are supplemental to the comparable GAAP measures. The following is a reconciliation between GAAP and non-GAAP results for fiscal 2015 (dollars in millions):

Net cash provided by operating activities (GAAP)	$5,506	
Capital expenditures	(994	)
Free cash flow (non-GAAP)	$4,512	
Cash paid to repurchase shares of our common stock (before commissions)	$11,245	
Cash dividends paid	2,880	
Total return of capital to stockholders	14,125	
Less: common stock repurchases related to $10 billion stock repurchase commitment	8,100	
Adjusted return of capital, excluding repurchases related to $10 billion stock repurchase commitment	$6,025	
Total return of capital to stockholders as a percentage of net cash provided by operating activities (GAAP)	257	%
Total return of capital to stockholders as a percentage of free cash flow (non-GAAP)	313	%
Adjusted return of capital to stockholders as a percentage of free cash flow (non-GAAP)	134	%

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk - Debt and Interest Rate Swap Agreements. In fiscal 2015, we issued an aggregate principal amount of $10.0 billion of unsecured floating- and fixed-rate notes with varying maturity dates. We also entered into interest rate swaps with an aggregate notional amount of $3.0 billion to effectively convert certain fixed-rate interest payments into floating-rate payments. The interest rates on our floating-rate notes and interest rate swaps are based on LIBOR. By issuing the floating-rate notes and entering into the interest rate swap agreements, we have assumed risks associated with variable interest rates based upon LIBOR. At September 27, 2015, a hypothetical increase in LIBOR-based interest rates of 100 basis points would cause our interest expense to increase by $30 million on an annualized basis as it relates to our floating-rate notes and the interest rate swap agreements.

Additionally, in fiscal 2015, we began a commercial paper program that provides for the issuance of up to $4.0 billion of commercial paper. At September 27, 2015, we had $1.0 billion of commercial paper outstanding, with original maturities of less than 4 months. Changes in interest rates could affect the amounts of interest that we pay if we refinance the current outstanding commercial paper with new debt.

Additional information regarding our notes and related interest rate swap agreements and commercial paper program is provided in "Notes to Consolidated Financial Statements, Note 1. The Company and Its Significant Accounting Policies" and "Notes to Consolidated Financial Statements, Note 6. Debt."

Interest Rate Risk - Investment Portfolio. We invest a portion of our cash in a number of diversified fixed and floating rate securities, consisting of cash equivalents, marketable debt securities, debt funds and derivative instruments related to our investment portfolio (including interest rate swaps) that are subject to interest rate risk. Changes in the general level of interest rates can affect the fair value of our investment portfolio. If interest rates in the general economy were to rise, our holdings could lose value. At September 27, 2015, a hypothetical increase in interest rates of 100 basis points across the

Appendix 1: Financial Information

entire yield curve on our holdings would have resulted in decreases of $11 million and $323 million in the fair values of our holdings classified as trading (including derivative instruments) and our remaining holdings, respectively.
Equity Price Risk. We hold a diversified marketable securities portfolio that includes equity securities and fund shares that are subject to equity price risk. We have made investments in marketable equity securities of companies of varying size, style, industry and geography, and changes in investment allocations may affect the price volatility of our investments. A 10% decrease in the market price of our marketable equity securities and fund shares at September 27, 2015 would have caused a decrease in the carrying amounts of these securities of $163 million. At September 27, 2015, gross unrealized losses of our marketable equity securities and fund shares were $28 million. Although we consider the unrealized losses to be temporary, there is a risk that we may incur other-than-temporary impairment charges or realized losses on the values of these securities if they do not recover in value within a reasonable period.
Foreign Exchange Risk. We manage our exposure to foreign exchange market risks, when deemed appropriate, through the use of derivative financial instruments, including foreign currency forward and option contracts with financial counterparties. We utilize such derivative financial instruments for hedging or risk management purposes rather than for speculation purposes. Counterparties to our derivative contracts are all major banking institutions. In the event of the financial insolvency or distress of a counterparty to our derivative financial instruments, we may be unable to settle transactions if the counterparty does not provide us with sufficient collateral to secure its net settlement obligations to us, which could have a negative impact on our results. A description of our foreign currency accounting policies is provided in “Notes to Consolidated Financial Statements, Note 1. The Company and Its Significant Accounting Policies.”
At September 27, 2015, our net asset related to foreign currency option and forward contracts designated as hedges of foreign currency risk (on royalties earned from certain licensees on their sales of CDMA-based devices) was negligible. If our forecasted royalty revenues for currencies in which we hedge were to decline by 20% and foreign exchange rates were to change unfavorably by 20% in our hedged foreign currency, we would not incur a loss as our hedge positions would continue to be fully effective.
At September 27, 2015, our net liability related to foreign currency option and forward contracts designated as hedges of foreign currency risk (on certain operating expenditure transactions) was negligible. If our forecasted operating expenditures for currencies in which we hedge were to decline by 20% and foreign exchange rates were to change unfavorably by 20% in our hedged foreign currency, we would incur a negligible loss.
At September 27, 2015, our net asset related to foreign currency forwards, futures, options and swaps in our marketable securities portfolios that were not designated as hedging instruments was negligible. If the foreign exchange rates relevant to these contracts were to change unfavorably by 10% and we do not have an offset foreign currency exposure relating to debt instruments held in our marketable securities portfolios classified as trading, we would incur a negligible loss.
Financial assets and liabilities held by consolidated subsidiaries that are not denominated in the functional currency of those entities are subject to the effects of currency fluctuations and may affect reported earnings. As a global company, we face exposure to adverse movements in foreign currency exchange rates. We may hedge currency exposures associated with certain assets and liabilities denominated in nonfunctional currencies and certain anticipated nonfunctional currency transactions. As a result, we could experience unanticipated gains or losses on anticipated foreign currency cash flows, as well as economic loss with respect to the recoverability of investments. While we may hedge certain transactions with non-United States customers, declines in currency values in certain regions may, if not reversed, adversely affect future product sales because our products may become more expensive to purchase in the countries of the affected currencies.
Our analysis methods used to assess and mitigate the risks discussed above should not be considered projections of future risks.

Item 9A. Controls and Procedures

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such terms are defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the Exchange Act). Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by our Annual Report on Form 10-K for the fiscal year ended September 27, 2015.

Appendix 1: Financial Information

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under this framework, our management concluded that our internal control over financial reporting was effective as of September 27, 2015.

PricewaterhouseCoopers LLP, the independent registered public accounting firm that audited the consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended September 27, 2015, has also audited the effectiveness of our internal control over financial reporting as of September 27, 2015, as stated in its report which appears on page A-25.

Inherent Limitations over Internal Controls

Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that:

i. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;

ii. provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and

iii. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the consolidated financial statements.

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations, including the possibility of human error and circumvention by collusion or overriding of controls. Accordingly, even an effective internal control system may not prevent or detect material misstatements on a timely basis. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the fourth quarter of fiscal 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Appendix 1: Financial Information

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of QUALCOMM Incorporated:

In our opinion, the accompanying consolidated financial statements listed in the index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of QUALCOMM Incorporated and its subsidiaries at September 27, 2015 and September 28, 2014 and the results of their operations and their cash flows for each of the three years in the period ended September 27, 2015 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of September 27, 2015, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedule and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

San Diego, California

November 4, 2015

Appendix 1: Financial Information

QUALCOMM Incorporated
CONSOLIDATED BALANCE SHEETS
(In millions, except per share data)

	September 27, 2015	September 28, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	$7,560	$7,907
Marketable securities	9,761	9,658
Accounts receivable, net	1,964	2,412
Inventories	1,492	1,458
Deferred tax assets	635	577
Other current assets	687	401
Total current assets	22,099	22,413
Marketable securities	13,626	14,457
Deferred tax assets	1,453	1,174
Property, plant and equipment, net	2,534	2,487
Goodwill	5,479	4,488
Other intangible assets, net	3,742	2,580
Other assets	1,863	975
Total assets	$50,796	$48,574
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Trade accounts payable	$1,300	$2,183
Payroll and other benefits related liabilities	861	802
Unearned revenues	583	785
Short-term debt	1,000	—
Other current liabilities	2,356	2,243
Total current liabilities	6,100	6,013
Unearned revenues	2,496	2,967
Long-term debt	9,969	—
Other liabilities	817	428
Total liabilities	19,382	9,408
Commitments and contingencies (Note 7)		
Stockholders' equity:		
Qualcomm stockholders' equity:		
Preferred stock, $0.0001 par value; 8 shares authorized; none outstanding	—	—
Common stock and paid-in capital, $0.0001 par value; 6,000 shares authorized; 1,524 and 1,669 shares issued and outstanding, respectively	—	7,736
Retained earnings	31,226	30,799
Accumulated other comprehensive income	195	634
Total Qualcomm stockholders' equity	31,421	39,169
Noncontrolling interests	(7)	(3)
Total stockholders' equity	31,414	39,166
Total liabilities and stockholders' equity	$50,796	$48,574

See accompanying notes.

Appendix 1: Financial Information

QUALCOMM Incorporated
CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share data)

	Year Ended September 27, 2015	September 28, 2014	September 29, 2013
Revenues:			
Equipment and services	$17,079	$18,625	$16,988
Licensing	8,202	7,862	7,878
Total revenues	25,281	26,487	24,866
Costs and expenses:			
Cost of equipment and services revenues	10,378	10,686	9,820
Research and development	5,490	5,477	4,967
Selling, general and administrative	2,344	2,290	2,518
Other	1,293	484	331
Total costs and expenses	19,505	18,937	17,636
Operating income	5,776	7,550	7,230
Interest expense	(104)	(5)	(23)
Investment income, net (Note 2)	815	1,233	987
Income from continuing operations before income taxes	6,487	8,778	8,194
Income tax expense	(1,219)	(1,244)	(1,349)
Income from continuing operations	5,268	7,534	6,845
Discontinued operations, net of income taxes (Note 11)	—	430	—
Net income	5,268	7,964	6,845
Net loss attributable to noncontrolling interests	3	3	8
Net income attributable to Qualcomm	$5,271	$7,967	$6,853
Basic earnings per share attributable to Qualcomm:			
Continuing operations	$3.26	$4.48	$3.99
Discontinued operations	—	0.25	—
Net income	$3.26	$4.73	$3.99
Diluted earnings per share attributable to Qualcomm:			
Continuing operations	$3.22	$4.40	$3.91
Discontinued operations	—	0.25	—
Net income	$3.22	$4.65	$3.91
Shares used in per share calculations:			
Basic	1,618	1,683	1,715
Diluted	1,639	1,714	1,754
Dividends per share announced	$1.80	$1.54	$1.20

See accompanying notes.

Appendix 1: Financial Information

QUALCOMM Incorporated
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions)

	Year Ended		
	September 27, 2015	September 28, 2014	September 29, 2013
Net income	$5,268	$7,964	$6,845
Other comprehensive income (loss), net of income taxes:			
Foreign currency translation (losses) gains	(47)	1	(20)
Reclassification of foreign currency translation losses included in net income	—	1	11
Noncredit other-than-temporary impairment losses and subsequent changes in fair value related to certain available-for-sale debt securities, net of tax benefit of $19, $1 and $0, respectively	(35)	(1)	(1)
Reclassification of net other-than-temporary losses on available-for-sale securities included in net income, net of tax benefit of $66, $55 and $26, respectively	121	101	47
Net unrealized (losses) gains on other available-for-sale securities, net of tax benefit (expense) of $114, ($140) and ($11), respectively	(215)	259	20
Reclassification of net realized gains on available-for-sale securities included in net income, net of tax expense of $173, $252 and $102, respectively	(317)	(462)	(186)
Net unrealized gains on derivative instruments, net of tax expense of $0, $4 and $13, respectively	54	8	24
Reclassification of net realized gains on derivative instruments, net of tax expense of $0, $14 and $5, respectively	—	(26)	(9)
Total other comprehensive loss	(439)	(119)	(114)
Total comprehensive income	4,829	7,845	6,731
Comprehensive loss attributable to noncontrolling interests	3	3	9
Comprehensive income attributable to Qualcomm	$4,832	$7,848	$6,740

See accompanying notes.

Appendix 1: Financial Information

QUALCOMM Incorporated
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Year Ended September 27, 2015	September 28, 2014	September 29, 2013
Operating Activities:			
Net income	$5,268	$7,964	$6,845
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	1,214	1,150	1,017
Gain on sale of discontinued operations	—	(665)	—
Indefinite and long-lived asset impairment charges	317	642	192
Income tax provision in excess of income tax payments	47	298	268
Non-cash portion of share-based compensation expense	1,026	1,059	1,105
Incremental tax benefits from share-based compensation	(103)	(280)	(231)
Net realized gains on marketable securities and other investments	(500)	(826)	(369)
Impairment losses on marketable securities and other investments	200	180	85
Other items, net	(16)	(17)	(19)
Changes in assets and liabilities:			
Accounts receivable, net	550	(281)	(680)
Inventories	93	(155)	(300)
Other assets	(793)	108	(209)
Trade accounts payable	(908)	619	307
Payroll, benefits and other liabilities	(328)	(617)	752
Unearned revenues	(561)	(292)	15
Net cash provided by operating activities	5,506	8,887	8,778
Investing Activities:			
Capital expenditures	(994)	(1,185)	(1,048)
Purchases of available-for-sale securities	(15,400)	(13,581)	(13,951)
Proceeds from sales and maturities of available-for-sale securities	15,080	13,587	13,494
Purchases of trading securities	(1,160)	(3,075)	(3,312)
Proceeds from sales and maturities of trading securities	1,658	2,824	3,367
Purchases of other marketable securities	—	(220)	—
Proceeds from sale of discontinued operations, net of cash sold	—	788	—
Proceeds from sales of property, plant and equipment	266	37	4
Acquisitions and other investments, net of cash acquired	(2,997)	(883)	(192)
Other items, net	(25)	69	60
Net cash used by investing activities	(3,572)	(1,639)	(1,578)
Financing Activities:			
Proceeds from short-term debt	4,083	—	—
Proceeds from long-term debt	9,937	—	534
Repayment of short-term debt	(3,083)	—	—
Repayment of long-term debt	—	—	(439)
Proceeds from issuance of common stock	787	1,439	1,525
Repurchases and retirements of common stock	(11,246)	(4,549)	(4,610)
Dividends paid	(2,880)	(2,586)	(2,055)
Incremental tax benefits from share-based compensation	103	280	231
Other items, net	38	(64)	(31)

Net cash used by financing activities	(2,261)	(5,480)	(4,845)
Changes in cash and cash equivalents held for sale	—	—	(15)
Effect of exchange rate changes on cash and cash equivalents	(20)	(3)	(5)
Net (decrease) increase in cash and cash equivalents	(347)	1,765	2,335
Cash and cash equivalents at beginning of period	7,907	6,142	3,807
Cash and cash equivalents at end of period	$7,560	$7,907	$6,142

See accompanying notes.

Appendix 1: Financial Information

QUALCOMM Incorporated
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In millions)

	Common Stock Shares	Common Stock and Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Qualcomm Stockholders' Equity	Noncontrolling Interests	Total Stockholders' Equity
Balance at September 30, 2012	1,706	$11,956	$20,701	$ 866	$33,523	$ 22	$33,545
Total comprehensive income	—	—	6,853	(113)	6,740	(9)	6,731
Common stock issued under employee benefit plans and the related tax benefits	57	1,759	—	—	1,759	—	1,759
Repurchases and retirements of common stock	(72)	(4,610)	—	—	(4,610)	—	(4,610)
Share-based compensation	—	1,142	—	—	1,142	—	1,142
Tax withholdings related to vesting of share-based payments	(6)	(374)	—	—	(374)	—	(374)
Dividends	—	—	(2,093)	—	(2,093)	—	(2,093)
Issuance of subsidiary shares to noncontrolling interests	—	2	—	—	2	9	11
Deconsolidation of subsidiaries	—	—	—	—	—	(23)	(23)
Other	—	(1)	—	—	(1)	—	(1)
Balance at September 29, 2013	1,685	9,874	25,461	753	36,088	(1)	36,087
Total comprehensive income (1)	—	—	7,967	(119)	7,848	(3)	7,845
Common stock issued under employee benefit plans and the related tax benefits	50	1,726	—	—	1,726	—	1,726
Repurchases and retirements of common stock	(60)	(4,549)	—	—	(4,549)	—	(4,549)
Share-based compensation	—	1,101	—	—	1,101	—	1,101
Tax withholdings related to vesting of share-based payments	(6)	(417)	—	—	(417)	—	(417)
Dividends	—	—	(2,629)	—	(2,629)	—	(2,629)
Other	—	1	—	—	1	1	2
Balance at September 28, 2014	1,669	7,736	30,799	634	39,169	(3)	39,166

Total comprehensive income	—	—	5,271	(439)	4,832	(3)	4,829
Common stock issued under employee benefit plans and the related tax benefits	32	871	—	—	871	—	871
Repurchases and retirements of common stock	(172)	(9,334)	(1,912)	—	(11,246)	—	(11,246)
Share-based compensation	—	1,078	—	—	1,078	—	1,078
Tax withholdings related to vesting of share-based payments	(5)	(351)	—	—	(351)	—	(351)
Dividends	—	—	(2,932)	—	(2,932)	—	(2,932)
Other	—	—	—	—	—	(1)	(1)
Balance at September 27, 2015	1,524	$—	$31,226	$ 195	$31,421	$(7)	$31,414

(1) Income (loss) from discontinued operations, net of income taxes, (Note 11) was attributable to Qualcomm.
See accompanying notes.

QUALCOMM Incorporated
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. The Company and Its Significant Accounting Policies

The Company. QUALCOMM Incorporated, a Delaware corporation, and its subsidiaries (collectively the Company or Qualcomm) develop, design, manufacture, have manufactured on its behalf and market digital communications products and services. The Company is a leading developer and supplier of integrated circuits and system software based on CDMA (Code Division Multiple Access), OFDMA (Orthogonal Frequency Division Multiple Access) and other technologies for use in voice and data communications, networking, application processing, multimedia and global positioning system products to device and infrastructure manufacturers. The Company grants licenses to use portions of its intellectual property portfolio, which includes certain patent rights essential to and/or useful in the manufacture and sale of certain wireless products and receives fixed license fees (payable in one or more installments) as well as ongoing royalties based on sales by licensees of wireless telecommunications equipment products incorporating its patented technologies. The Company provides software products and content and push-to-talk enablement services across a wide variety of platforms and devices for the wireless industry and sells products designed for the implementation of small cells. The Company also makes strategic investments to support the global adoption of its technologies and services.

Principles of Consolidation. The Company’s consolidated financial statements include the assets, liabilities and operating results of majority-owned subsidiaries. In addition, the Company consolidates its investment in an immaterial less than majority-owned variable interest entity as the Company is the primary beneficiary. The ownership of the other interest holders of consolidated subsidiaries and the variable interest entity is presented separately in the consolidated balance sheets and statements of operations. All significant intercompany accounts and transactions have been eliminated.

Financial Statement Preparation. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts and the disclosure of contingent amounts in the Company’s consolidated financial statements and the accompanying notes. Examples of the Company’s significant accounting estimates that may involve a higher degree of judgment and complexity than others include: the determination of other-than-temporary impairments of marketable securities; the valuation of inventories; the valuation and assessment of the recoverability of goodwill and other indefinite-lived and long-lived assets; the recognition, measurement and disclosure of loss contingencies related to legal proceedings; and the calculation of tax liabilities, including the recognition and measurement of uncertain tax positions and the determination that the operating earnings of certain non-United States subsidiaries are indefinitely reinvested outside the United States. Actual results could differ from those estimates. Certain prior year amounts have been reclassified to conform to the current year presentation.

Fiscal Year. The Company operates and reports using a 52-53 week fiscal year ending on the last Sunday in September. The fiscal years ended September 27, 2015, September 28, 2014 and September 29, 2013 included 52 weeks.

Cash Equivalents. The Company considers all highly liquid investments with original maturities of 90 days or less to be cash equivalents. Cash equivalents are comprised of money market funds, certificates of deposit, commercial paper, government agencies’ securities, certain bank time deposits and repurchase agreements fully collateralized by government agencies’ securities. The carrying amounts approximate fair value due to the short maturities of these instruments.

Marketable Securities. Marketable securities include trading securities, available-for-sale securities and securities for which the Company has elected the fair value option. The classification of marketable securities within these categories is determined at the time of purchase and reevaluated at each balance sheet date. The Company classifies portfolios of debt securities that utilize derivative instruments to acquire or reduce foreign exchange and/or equity, prepayment and credit risk as trading. The Company classifies marketable securities as current or noncurrent based on the nature of the securities and their availability for use in current operations. Marketable securities are stated at fair value. The net unrealized gains or losses on available-for-sale securities are recorded as a component of accumulated other comprehensive income, net of income taxes. The unrealized gains or losses on trading securities and securities for which the Company has elected the fair value option are recognized in net investment income. The realized gains and losses on marketable securities are determined using the specific identification method.

At each balance sheet date, the Company assesses available-for-sale securities in an unrealized loss position to determine whether the unrealized loss is other than temporary. The Company considers factors including: the significance of the decline in value as compared to the cost basis; underlying factors contributing to a decline in the prices of securities in a single asset class; how long the market value of the security has been less than its cost basis; the security’s relative performance versus its peers, sector or asset class; expected market volatility; the market and economy in general; analyst

QUALCOMM Incorporated
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

recommendations and price targets; views of external investment managers; news or financial information that has been released specific to the investee; and the outlook for the overall industry in which the investee operates.

If a debt security's market value is below amortized cost and the Company either intends to sell the security or it is more likely than not that the Company will be required to sell the security before its anticipated recovery, the Company records an other-than-temporary impairment charge to net investment income for the entire amount of the impairment. For the remaining debt securities, if an other-than-temporary impairment exists, the Company separates the other-than-temporary impairment into the portion of the loss related to credit factors, or the credit loss portion, which is recorded as a charge to net investment income, and the portion of the loss that is not related to credit factors, or the noncredit loss portion, which is recorded as a component of other accumulated comprehensive income, net of income taxes.

For equity securities, the Company considers the loss relative to the expected volatility and the likelihood of recovery over a reasonable period of time. If events and circumstances indicate that a decline in the value of an equity security has occurred and is other than temporary, the Company records a charge to net investment income for the difference between fair value and cost at the balance sheet date. Additionally, if the Company has either the intent to sell the equity security or does not have both the intent and the ability to hold the equity security until its anticipated recovery, the Company records a charge to net investment income for the difference between fair value and cost at the balance sheet date.

Derivatives. The Company's primary objectives for holding derivative instruments are to manage interest rate risk on its long-term debt and to manage foreign exchange risk for certain foreign currency revenue and operating expenditure transactions. To a lesser extent, the Company also holds derivative instruments in its investment portfolios to manage risk by acquiring or reducing foreign exchange risk, interest rate risk and/or equity, prepayment and credit risk. Additionally, the Company may use derivative instruments as part of its stock repurchase program. Derivative instruments are recorded at fair value and included in other current assets, noncurrent assets, other accrued liabilities or other noncurrent liabilities based on their maturity dates. Counterparties to the Company's derivative instruments are all major banking institutions.

Interest Rate Swaps: The Company manages its exposure to certain interest rate risks related to its long-term debt through the use of interest rate swaps. Such swaps allow the Company to effectively convert fixed-rate payments into floating-rate payments based on LIBOR. These transactions are designated as fair value hedges, and the gains and losses related to changes in the fair value of the interest rate swaps substantially offset changes in the fair value of the hedged portion of the underlying debt that are attributable to changes in the market interest rates. The net gains and losses on the interest rate swaps, as well as the offsetting gains or losses on the related fixed-rate debt attributable to the hedged risks, are recognized in earnings as interest expense in the current period. The interest settlement payments associated with the interest rate swap agreements are classified as cash flows from operating activities in the consolidated statements of cash flows.

At September 27, 2015, the aggregate fair value of the Company's interest rate swaps related to its long-term debt of $32 million was recorded in total assets. The swaps had an aggregate notional amount of $3.0 billion, which effectively converted all of the fixed-rate debt due in 2018 and approximately 43% and 50% of the fixed-rate debt due in 2020 and 2022, respectively, into floating-rate debt. The maturities of the swaps match the Company's fixed-rate debt due in 2018, 2020 and 2022. There were no such interest rate swaps outstanding at September 28, 2014.

Foreign Currency Hedges: The Company manages its exposure to foreign exchange market risks, when deemed appropriate, through the use of derivative instruments, including foreign currency forward and option contracts with financial counterparties. These derivative instruments mature between one and nine months. Gains and losses arising from the effective portion of such contracts that are designated as cash flow hedging instruments are recorded as a component of accumulated other comprehensive income as gains and losses on derivative instruments, net of income taxes. The hedging gains and losses in accumulated other comprehensive income are subsequently reclassified to revenues or costs and expenses, as applicable, in the consolidated statements of operations in the same period in which the underlying transactions affect the Company's earnings. Gains and losses arising from the ineffective portion of such contracts are recorded in net investment income as gains and losses on derivative instruments. The cash flows associated with derivative instruments designated as cash flow or net investment hedging instruments are classified as cash flows from operating activities in the consolidated statements of cash flows, which is the same category as the hedged transaction. The cash flows associated with the ineffective portion of such derivative instruments are classified as cash flows from investing activities in the consolidated statements of cash flows.

The aggregate fair value of the Company’s foreign currency option and forward contracts used to hedge foreign currency risk recorded in total assets and in total liabilities was negligible at September 27, 2015 and September 28, 2014. All such instruments were designated as cash flow hedges.

QUALCOMM Incorporated
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Investment Portfolio Derivatives: The Company also utilizes currency forwards, futures, options and swaps that are not designated as hedging instruments to acquire or reduce foreign exchange, interest rate and/or equity, prepayment and credit risks in its marketable securities investment portfolios. The Company primarily uses such derivative instruments for risk management and not speculative purposes. These derivative instruments mature over various periods up to one year. Gains and losses arising from changes in the fair values of such derivative instruments are recorded in net investment income as gains and losses on derivative instruments. The cash flows associated with such derivative instruments are classified as cash flows from investing activities in the consolidated statements of cash flows. At September 27, 2015 and September 28, 2014, the fair values of these derivative instruments recorded in total assets and in total liabilities were negligible.

Gross Notional Amounts: The gross notional amounts of the Company's interest rate, foreign currency and investment portfolio derivatives by instrument type were as follows (in millions):

	September 27, 2015	September 28, 2014
Forwards	$269	$210
Futures	133	$260
Options	620	122
Swaps	3,004	5
	$4,026	$597

The gross notional amounts by currency were as follows (in millions):

	September 27, 2015	September 28, 2014
British pound sterling	$83	$97
Chinese renminbi	111	—
Euro	36	43
Indian rupee	409	3
Japanese yen	174	19
Korean won	81	121
United States dollar	3,089	266
Other	43	48
	$4,026	$597

Stock Repurchase Program: In connection with the Company's stock repurchase program, the Company may sell put options that require it to repurchase shares of its common stock at fixed prices. These put options subject the Company to equity price risk. Changes in the fair value of these put options are recorded in net investment income as gains and losses on derivative instruments. The cash flows associated with the put options are classified as cash flows from investing activities in the consolidated statements of cash flows. There were no put options outstanding during fiscal 2015 and 2014.

Fair Value Measurements. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants as of the measurement date. Applicable accounting guidance provides an established hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in valuing the asset or liability and are developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the factors that market participants would use in valuing the asset or liability. There are three levels of inputs that may be used to measure fair value:

- Level 1 includes financial instruments for which quoted market prices for identical instruments are available in active markets.

- Level 2 includes financial instruments for which there are inputs other than quoted prices included within Level 1 that are observable for the instrument.

QUALCOMM Incorporated
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- Level 3 includes financial instruments for which fair value is derived from valuation techniques in which one or more significant inputs are unobservable, including the Company's own assumptions.

Assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurements. The Company reviews the fair value hierarchy classification on a quarterly basis. Changes in the observability of valuation inputs may result in a reclassification of levels for certain securities within the fair value hierarchy.

Cash Equivalents and Marketable Securities: With the exception of auction rate securities, the Company obtains pricing information from quoted market prices, pricing vendors or quotes from brokers/dealers. The Company conducts reviews of its primary pricing vendors to determine whether the inputs used in the vendor's pricing processes are deemed to be observable. The fair value for interest-bearing securities includes accrued interest.

The fair value of U.S. Treasury securities and government-related securities, corporate bonds and notes and common and preferred stock is generally determined using standard observable inputs, including reported trades, quoted market prices, matrix pricing, benchmark yields, broker/dealer quotes, issuer spreads, two-sided markets and/or benchmark securities.

The fair value of debt and equity funds is reported at published net asset values. The Company assesses the daily frequency and size of transactions at published net asset values and/or the funds' underlying holdings to determine whether fair value is based on observable or unobservable inputs.

The fair value of highly rated mortgage- and asset-backed securities is derived from the use of matrix pricing (prices for similar securities) or, in some cases, cash flow pricing models with observable inputs, such as contractual terms, maturity, credit rating and/or securitization structure to determine the timing and amount of future cash flows. Certain mortgage- and asset-backed securities, principally those rated below AAA, may require the use of significant unobservable inputs to estimate fair value, such as default likelihood, recovery rates and prepayment speed.

The fair value of auction rate securities is estimated by the Company using a discounted cash flow model that incorporates transaction details, such as contractual terms, maturity and timing and amount of future cash flows, as well as assumptions related to liquidity, default likelihood and recovery, the future state of the auction rate market and credit valuation adjustments of market participants. Though most of the securities held by the Company are pools of student loans guaranteed by the U.S. government, prepayment speeds and illiquidity discounts are considered significant unobservable inputs. These additional inputs are generally unobservable, and therefore, auction rate securities are included in Level 3.

Derivative Instruments: Derivative instruments that are traded on an exchange are valued using quoted market prices and are included in Level 1. Derivative instruments that are not traded on an exchange are valued using conventional calculations/models that are primarily based on observable inputs, such as foreign currency exchange rates, the Company's stock price, volatilities and interest rates, and therefore, such derivative instruments are included in Level 2.

Other Investments and Other Liabilities: Other investments and other liabilities included in Level 1 are comprised of the Company's deferred compensation plan liability and related assets, which consist of mutual funds classified as trading securities, and are included in other assets.

Allowances for Doubtful Accounts. The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of the Company's customers to make required payments. The Company considers the following factors when determining if collection of required payments is reasonably assured: customer credit-worthiness; past transaction history with the customer; current economic industry trends; changes in customer payment terms; and bank credit-worthiness for letters of credit. If the Company has no previous experience with the customer, the Company may request financial information, including financial statements or other documents, to determine that the customer has the means of making payment. The Company may also obtain reports from various credit organizations to determine that the customer has a history of paying its creditors. If these factors do not indicate collection is reasonably assured, revenue is deferred as a reduction to accounts receivable until collection becomes reasonably assured, which is generally upon receipt of cash. If the financial condition of the Company's customers was to deteriorate, adversely affecting their ability to make payments, additional allowances would be required.

Inventories. Inventories are valued at the lower of cost or market (replacement cost, not to exceed net realizable value) using the first-in, first-out method. Recoverability of inventories is assessed based on review of future customer demand that considers multiple factors, including committed purchase orders from customers as well as purchase commitment projections provided by customers, among other things.

QUALCOMM Incorporated
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Property, Plant and Equipment. Property, plant and equipment are recorded at cost and depreciated or amortized using the straight-line method over their estimated useful lives. Upon the retirement or disposition of property, plant and equipment, the related cost and accumulated depreciation or amortization are removed, and a gain or loss is recorded. Buildings and building improvements on owned land are depreciated over 30 years and 15 years, respectively. Leasehold improvements are amortized over the shorter of their estimated useful lives, not to exceed 15 years, or the remaining term of the related lease. Other property, plant and equipment have useful lives ranging from 2 to 25 years. Leased property meeting certain capital lease criteria is capitalized, and the net present value of the related lease payments is recorded as a liability. Amortization of assets under capital leases is recorded using the straight-line method over the shorter of the estimated useful lives or the lease terms. Maintenance, repairs and minor renewals or betterments are charged to expense as incurred. Interest expense related to the broadband wireless access (BWA) spectrum and related construction of the network infrastructure assets in India by the Company’s former BWA subsidiaries was capitalized beginning in May 2012 through the third quarter of fiscal 2013 when the BWA subsidiaries were deconsolidated. Interest capitalized by the former BWA subsidiaries totaled $65 million in fiscal 2013.

Goodwill and Other Intangible Assets. Goodwill represents the excess of purchase price over the value assigned to the net tangible and identifiable intangible assets of businesses acquired. Acquired intangible assets other than goodwill are amortized over their useful lives unless the lives are determined to be indefinite. For intangible assets purchased in a business combination, the estimated fair values of the assets received are used to establish their recorded values. For intangible assets acquired in a non-monetary exchange, the estimated fair values of the assets transferred (or the estimated fair values of the assets received, if more clearly evident) are used to establish their recorded values, unless the values of neither the assets received nor the assets transferred are determinable within reasonable limits, in which case the assets received are measured based on the carrying values of the assets transferred. Valuation techniques consistent with the market approach, income approach and/or cost approach are used to measure fair value.

Impairment of Goodwill, Other Indefinite-Lived Assets and Long-Lived Assets. Goodwill and other indefinite-lived intangible assets are tested annually for impairment in the fourth fiscal quarter and in interim periods if certain events occur indicating that the carrying amounts may be impaired. If a qualitative assessment is used and the Company determines that the fair value of a reporting unit or indefinite-lived intangible asset is more likely than not (i.e., a likelihood of more than 50%) less than its carrying amount, a quantitative impairment test will be performed. If goodwill is quantitatively assessed for impairment, a two-step approach is applied. First, the Company compares the estimated fair value of the reporting unit in which the goodwill resides to its carrying value. The second step, if necessary, measures the amount of impairment, if any, by comparing the implied fair value of goodwill to its carrying value. Other indefinite-lived intangible assets are quantitatively assessed for impairment, if necessary, by comparing their estimated fair values to their carrying values. If the carrying value exceeds the fair value, the difference is recorded as an impairment.

Long-lived assets, such as property, plant and equipment and intangible assets subject to amortization, are reviewed for impairment when there is evidence that events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. Recoverability of assets to be held and used is measured by comparing the carrying amount of an asset or asset group to estimated undiscounted future cash flows expected to be generated by the asset or asset group. If the carrying amount of an asset or asset group exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset or asset group exceeds the estimated fair value of the asset or asset group. Long-lived assets to be disposed of by sale are reported at the lower of their carrying amounts or their estimated fair values less costs to sell and are not depreciated.

Revenue Recognition. The Company derives revenues principally from sales of integrated circuit products, licensing of its intellectual property and sales of software hosting, software development and other services. The timing of revenue recognition and the amount of revenue actually recognized in each case depends upon a variety of factors, including the specific terms of each arrangement and the nature of the Company’s deliverables and obligations. Unearned revenues consist primarily of license fees for intellectual property with continuing performance obligations.

Revenues from sales of the Company’s products are recognized at the time of shipment, or when title and risk of loss pass to the customer and other criteria for revenue recognition are met, if later. Revenues from providing services are recognized when earned. Revenues from providing services were less than 10% of total revenues for all periods presented.

The Company licenses or otherwise provides rights to use portions of its intellectual property portfolio, which includes certain patent rights essential to and/or useful in the manufacture and sale of certain wireless products. Licensees typically pay a fixed license fee in one or more installments and royalties based on their sales of products incorporating or using the Company’s licensed intellectual property. License fees are recognized over the estimated period of benefit of the license to the licensee, typically 5 to 15 years. The Company earns royalties on such licensed products sold worldwide by its licensees

QUALCOMM Incorporated
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

at the time that the licensees' sales occur. The Company's licensees, however, do not report and pay royalties owed for sales in any given quarter until after the conclusion of that quarter. The Company recognizes royalty revenues based on royalties reported by licensees during the quarter and when other revenue recognition criteria are met.

The Company records reductions to revenues for customer incentive arrangements, including volume-related and other pricing rebates and cost reimbursements for marketing and other activities involving certain of the Company's products and technologies. The Company recognizes the maximum potential liability at the later of the date at which the Company records the related revenues or the date at which the Company offers the incentive or, if payment is contingent, when the contingency is resolved. In certain arrangements, the liabilities are based on customer forecasts. The Company reverses accruals for unclaimed incentive amounts to revenues when the unclaimed amounts are no longer subject to payment.

Concentrations. A significant portion of the Company's revenues is concentrated with a small number of customers/licensees of the Company's QCT and QTL segments. Revenues related to the products of two companies comprised 20% and 25% of total consolidated revenues in fiscal 2015, compared to 28% and 21% in fiscal 2014 and 24% and 19% in fiscal 2013, respectively. Aggregate accounts receivable from three customers/licensees comprised 36% and 53% of gross accounts receivable at September 27, 2015 and September 28, 2014, respectively.

The Company relies on sole- or limited-source suppliers for some products, particularly products in the QCT segment, subjecting the Company to possible shortages of raw materials or manufacturing capacity. While the Company has established alternate suppliers for certain technologies that the Company considers critical, the loss of a supplier or the inability of a supplier to meet performance or quality specifications or delivery schedules could harm the Company's ability to meet its delivery obligations and/or negatively impact the Company's revenues, business operations and ability to compete for future business.

Shipping and Handling Costs. Costs incurred for shipping and handling are included in cost of equipment and services revenues. Amounts billed to a customer for shipping and handling are reported as revenues.

Share-Based Compensation. Share-based compensation expense for equity-classified awards, principally related to restricted stock units (RSUs), is measured at the grant date, or at the acquisition date for awards assumed in business combinations, based on the estimated fair value of the award and is recognized over the employee's requisite service period. Share-based compensation expense is adjusted to exclude amounts related to share-based awards that are expected to be forfeited.

The fair values of RSUs are estimated based on the fair market values of the underlying stock on the dates of grant or dates the RSUs are assumed. If RSUs do not have the right to participate in dividends, the fair values are discounted by the dividend yield. The weighted-average estimated fair values of employee RSUs granted during fiscal 2015, 2014 and 2013 were $68.77, $72.81 and $64.21 per share, respectively. For the majority of RSUs, shares are issued on the vesting dates net of the amount of shares needed to satisfy statutory tax withholding requirements to be paid by the Company on behalf of the employees. As a result, the actual number of shares issued will be fewer than the number of RSUs outstanding. The annual pre-vest forfeiture rate for RSUs granted in fiscal 2015, 2014 and 2013 was estimated to be approximately 3% based on historical experience.

Total share-based compensation expense, related to all of the Company's share-based awards, was comprised as follows (in millions):

	2015	2014	2013
Cost of equipment and services revenues	$42	$49	$71
Research and development	659	672	643
Selling, general and administrative	325	338	391
Share-based compensation expense before income taxes	1,026	1,059	1,105
Related income tax benefit	(190)	(203)	(217)
	$836	$856	$888

The Company recorded $267 million, $249 million and $242 million in share-based compensation expense during fiscal 2015, 2014 and 2013, respectively, related to share-based awards granted during those periods. The remaining share-based compensation expense was primarily related to share-based awards granted in earlier periods and share-based awards assumed. In addition, for fiscal 2015, 2014 and 2013, $103 million, $280 million and $231 million, respectively, were reclassified to reduce net cash provided by operating activities with an offset to net cash used by financing activities in the

QUALCOMM Incorporated