QUALCOMM INC/DE
Form DEF 14A
January 19, 2017
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 19, 2017

Dear Fellow Stockholder:

You are cordially invited to attend Qualcomm's 2017 Annual Meeting of Stockholders (the Annual Meeting) on Tuesday, March 7, 2017. 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 2016 performance.

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 7, 2017.

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 7, 2017

To the Stockholders of QUALCOMM Incorporated:

NOTICE IS HEREBY GIVEN that the 2017 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 7, 2017 at 9:30 a.m. Pacific Time for the following purposes:

1. To elect 11 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 24, 2017.
3. To approve, on an advisory basis, our executive compensation.
4. To vote on a stockholder proposal to amend the proxy access provision of our Amended and Restated Bylaws, if properly presented at the Annual Meeting.
5. 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 9, 2017 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 19, 2017

TABLE OF CONTENTS

PROXY OVERVIEW

2017 ANNUAL MEETING OF STOCKHOLDERS (ANNUAL MEETING)

Date and Time	March 7, 2017 9:30 a.m. Pacific Time
Location	Irwin M. Jacobs Qualcomm Hall 5775 Morehouse Drive, San Diego, California 92121
Record Date	January 9, 2017
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 19, 2017

VOTING MATTERS AND BOARD RECOMMENDATIONS

Proposal		Board Recommendation	Page Reference
PROPOSAL 1	Election of Directors	FOR each Nominee	13
PROPOSAL 2	Ratification of the selection of PricewaterhouseCoopers LLP as our independent public accountants for our fiscal year ending September 24, 2017	FOR	19
PROPOSAL 3	Approval, on an advisory basis, of our executive compensation	FOR	21
PROPOSAL 4	Stockholder proposal to amend the proxy access provision of our Amended and Restated Bylaws	AGAINST	23

DIRECTOR NOMINEES (SEE PAGE 13)

Name	Age	Director Since	Occupation / Experience	Independent
Barbara T. Alexander	68	2006	Current: Independent Consultant. Prior experience includes serving as a senior advisor for UBS and managing director of Dillon Read & Co., Inc.	X
Jeffrey W. Henderson	52	2016	Current: Advisory Director to Berkshire Partners LLC. Prior experience includes serving as CFO of Cardinal Health Inc.	X
Thomas W. Horton *	55	2008	Current: Senior Advisor to Warburg Pincus LLC. Prior experience includes serving as Chairman and CEO of American Airlines and Vice Chairman and CFO of AT&T Corporation.	X
Paul E. Jacobs	54	2005	Current: Executive Chairman and Chairman of the Board, QUALCOMM Incorporated. Prior experience includes serving as CEO of QUALCOMM Incorporated.	
Ann M. Livermore	58	2016	Prior experience includes serving as former Executive Vice President of the Enterprise Business at Hewlett-Packard Company	X
Harish Manwani	63	2014	Current: Global Executive Advisor to Blackstone Private Equity group. Prior experience includes serving as COO of Unilever PLC.	X
Mark D. McLaughlin	51	2015	Current: Chairman and CEO, Palo Alto Networks, Inc. Prior experience includes serving as President and CEO of VeriSign, Inc.	X
Steve Mollenkopf	48	2013	Current: CEO, QUALCOMM Incorporated	
Clark T. Randt, Jr.	71	2013	Current: President, Randt & Co. LLC. Prior experience includes serving as U.S. Ambassador to the People's Republic of China and as a partner at Shearman & Sterling, an international law firm.	X
Francisco Ros	66	2010	Current: Founder and President, First International Partners, S.L. Prior experience includes serving as the Secretary of State of the Government of Spain and executive management and board positions in telecommunications companies.	X
Anthony J. Vinciquerra	62	2015	Current: Senior Advisor to Texas Pacific Group. Prior experience includes serving as the Chairman, President and CEO of Fox Networks Group.	X

* Presiding Director

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 2017 Annual Meeting of Stockholders (Annual Meeting) to be held on Tuesday, March 7, 2017, 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 9, 2017 (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 1,477,702,352 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 19, 2017, 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 2016 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 or the Notice of Internet Availability of Proxy Materials 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	13
PROPOSAL 2	Ratification of the selection of PricewaterhouseCoopers LLP as our independent public accountants for our fiscal year ending September 24, 2017	FOR	19
PROPOSAL 3	Approval, on an advisory basis, of our executive compensation	FOR	21
PROPOSAL 4	Stockholder proposal to amend the proxy access provision of our Amended and Restated Bylaws	AGAINST	23

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. Broker non-votes (like abstentions) will be counted as present for purposes of determining the presence of a quorum, but will 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, 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 Sodali to act as a proxy solicitor in conjunction with the Annual Meeting. We have agreed to pay that firm $10,000, 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 2018 Annual Meeting of Stockholders is September 21, 2017. Stockholder nominations for director that are to be included in our proxy materials under the proxy access provision of our Amended and Restated Bylaws (Bylaws) must be received no earlier than August 22, 2017 and no later than the close of business on September 21, 2017. Stockholder nominations for director and other proposals that are not to be included in such materials must be received no earlier than November 8, 2017 and no later than the close of business on December 8, 2017. 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 Bylaws, which contain additional requirements for submitting stockholder proposals and director nominations. See page 9 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 will receive a single copy of our proxy materials, including the Notice of Internet Availability of Proxy Materials, unless one of the stockholders 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 A is certain financial information from our Annual Report on Form 10-K for fiscal 2016 that we filed with the SEC on November 2, 2016. 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 A 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 B is a graph that compares total stockholder return on our common stock since September 25, 2011 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 C 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, within four business days of such amendment or waiver, 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. In general, the Board expects that a Presiding Director will serve two consecutive terms, but the independent members of the Board may extend a Presiding Director’s length of service (on a year by year basis) up to four consecutive terms. No Presiding Director shall serve more than four consecutive terms. Mr. Thomas Horton, a member of the Governance 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;
- Acting as the principal liaison between the independent directors and the Chairman and the Chief Executive Officer;
- Collaborating with the Chairman and the Chief Executive Officer in developing agendas for Board meetings;
- 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 2016, the Board held nine 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 three standing Board committees: the Audit, Compensation and Governance 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

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

	Committees		
Name	Audit	Compensation	Governance
Barbara T. Alexander		Chair	
Raymond V. Dittamore	Chair		
Jeffrey W. Henderson	X		
Thomas W. Horton *			X
Paul E. Jacobs			
Ann M. Livermore			
Harish Manwani		X	
Mark D. McLaughlin		X	
Steve Mollenkopf			
Clark T. Randt, Jr.			Chair
Francisco Ros			X
Anthony J. Vinciquerra	X		
Number of Committee Meetings Held in Fiscal 2016	10	6	21

* 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. 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.

Corporate Governance

The Compensation Committee. The Compensation Committee determines compensation levels for the Chief Executive Officer, the named executive officers (as listed in the Fiscal 2016 Summary Compensation Table), the Chief Accounting Officer, the other executive officers and directors, 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. 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 Governance 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. All of the members of the Governance Committee are independent directors within the meaning of NASDAQ Rule 5605.

During fiscal 2016, each director attended at least 75% of the aggregate of the meetings of the Board and 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.

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 the Company’s Enterprise Risk Management program, as well as 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). 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 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 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 Bylaws, and each nominee must meet the qualifications required by our 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 22, 2017 and no later than the close of business on September 21, 2017. Stockholders are advised to review our 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 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 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, experience and diversity 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;
- 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.

There are no stated minimum criteria for director nominees, although the Governance Committee considers the foregoing and 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

Corporate Governance

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 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 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 annual meeting of stockholders. 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 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 Harish Manwani.

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 (Certificate of Incorporation) and our Bylaws provide that directors are to be elected at our annual meeting of stockholders to hold office until the next annual meeting of stockholders 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 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. Mr. Raymond Dittamore will conclude his service as a director at the Annual Meeting. The Board, upon recommendation of its Governance Committee, has decided to set the number of directors at 11 effective as of the time the stockholders vote on the election of directors at the Annual Meeting. Therefore, 11 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 will each be counted as present for purposes of determining the presence of a quorum but will 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 11 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: 68 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. 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 has been a director of Allied World Assurance Company Holdings, Ltd. since August 2009 and Choice Hotels since February 2012. She previously served as a director of KB Home from October 2010 to April 2014, and has served as a director of a number of other public companies throughout her career. Ms. Alexander holds B.S. and M.S. degrees in theoretical mathematics from the University of Arkansas.

We believe 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.

Proposal 1: Election of Directors

JEFFREY W. HENDERSON Age: 52 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 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. He has been designated as an audit committee financial expert.

THOMAS W. HORTON Age: 55 Director Since: 2008

Mr. Horton has been a Senior Advisor in the Industrials and Business Services Group of Warburg Pincus LLC, a private equity firm focused on growth investing, since October 2015. 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 commencing in 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 Mr. Horton's qualifications to serve on our Board include his management, financial and accounting experience, including his former service as Chairman and CEO of American, as Vice Chairman and Chief Financial Officer of AT&T and as Executive Vice President and Chief Financial Officer of American. In particular, Mr. Horton's roles in operational and financial management at American and AT&T bring valuable insights to our Board, as well as providing a useful resource to our senior management.

PAUL E. JACOBS

Age: 54 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 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.

ANN M. LIVERMORE

Age: 58 Director Since: 2016

Ms. Livermore served as Executive Vice President of the Enterprise Business at Hewlett-Packard Company (HP) from May 2004 to June 2011 and as Executive Vice President of HP Services from 2002 to May 2004. She joined HP in 1982 and served in a number of management and leadership positions across the company. Ms. Livermore has been a director of United Parcel Services, Inc. since November 1997 and Hewlett Packard Enterprise since November 2015. Ms. Livermore was a director of HP from June 2011 to November 2015. Ms. Livermore holds a B.A. degree in economics from the University of North Carolina, Chapel Hill and an M.B.A. degree from Stanford University.

We believe Ms. Livermore's qualifications to serve on our Board include her extensive operational experience in senior positions, including leading complex global business organizations with large workforces. Her significant experience in the areas of technology, marketing, sales, research and development and business management provide valuable insights to our Board and also provide useful resources to our senior management. Our Board and senior management also benefit from Ms. Livermore's experience from serving on other public company boards.

Proposal 1: Election of Directors

HARISH MANWANI Age: 63 Director Since: 2014

Mr. Manwani has been a Global Executive Advisor to Blackstone Private Equity group since February 2015. 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 joined Hindustan Unilever Limited as a management trainee in 1976 and subsequently held various general management positions of increasing responsibilities within Unilever globally. Mr. Manwani has been the Non-Executive Chairman of Hindustan Unilever Limited since July 2005 and a director of Whirlpool Corporation since August 2011, Pearson plc since October 2013 and Nielsen Holdings plc since January 2015. 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.

MARK D. McLAUGHLIN Age: 51 Director Since: 2015

Mr. McLaughlin has been the Chairman of the Board and Chief Executive Officer of Palo Alto Networks, Inc., a network security company, since August 2016. He served as Chairman of the Board, President and Chief Executive Officer from April 2012 to August 2016. 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 to August 2011 and as President and Chief Operating Officer from January 2009 to August 2009. Mr. McLaughlin served in various other management and leadership roles at VeriSign from February 2000 through November 2007 and provided consulting services to VeriSign from November 2008 to January 2009. 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 November 2014. Mr. McLaughlin served as a director of Opower, Inc. from October 2013 to June 2016. 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 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 NSTAC, 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.

Proposal 1: Election of Directors

STEVE MOLLENKOPF Age: 48 Director Since: 2013

Mr. Mollenkopf has served as our Chief Executive Officer since March 2014 and as a director since December 2013. 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 has been a director of General Electric Company since November 2016. 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.

We believe 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: 71 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 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. He is fluent in Mandarin Chinese. Ambassador Randt holds a B.A. degree in English literature from Yale University and 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 Ambassador Randt's qualifications to serve on our Board include his deep understanding of Asia and experience in facilitating business in China and more generally throughout Asia, which is one of the most important regions to our business. He brings to our Board substantial experience in diplomacy, international trade and cross-border commercial transactions, 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.

Proposal 1: Election of Directors

FRANCISCO ROS

Age: 66 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 was a director of Elephant Talk Communications Corp. from September 2014 to February 2016. 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 Dr. Ros’s qualifications to serve on our Board include his extensive executive management and board experience in telecommunications companies and operators in Europe and Latin America, his significant experience related to the overall telecommunications and IT regulatory environment in Europe (including his service in the Government of Spain at a time when Spain held the Presidency of the European Union), 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.

ANTHONY J. VINCIQUERRA

Age: 62 Director Since: 2015

Mr. Vinciquerra has been a Senior Advisor to Texas Pacific Group (TPG) in the Technology, Media and Telecom sectors, where he advises TPG on acquisitions and operations, since September 2011. Mr. Vinciquerra was Chairman of Fox Networks Group, the largest 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 been a director of Pandora Media, Inc. since March 2016. He previously served as a director of Motorola Mobility Holdings, Inc. from January 2011 to May 2012 and a director of DirecTV from September 2013 to July 2015. Mr. Vinciquerra holds a B.A. degree in marketing from the State University of New York.

We believe 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.

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 elect each of the 11 nominees for director, meaning that the number of shares cast “for” a nominee’s election exceeds the number of “withhold” votes cast against that nominee. 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 11 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

The Audit Committee has selected PricewaterhouseCoopers LLP as our independent public accountants for the fiscal year ending September 24, 2017, 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 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 25, 2016 and September 27, 2015 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 2016	Fiscal 2015
Audit fees (1)	$8,516,000	$6,725,000
Audit-related fees (2)	2,928,000	4,597,700
Tax fees (3)	543,000	115,200
All other fees (4)	253,000	82,400
Total	$12,240,000	$11,520,300

(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 for statutory and regulatory 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.

(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 its Chair and certain members of management when expedition of approval is necessary, subject to review by the Audit Committee at its next meeting.

Proposal 2: Ratification of Selection of Independent Public Accountants

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 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 24, 2017.

PROPOSAL 3: ADVISORY VOTE FOR APPROVAL OF OUR EXECUTIVE COMPENSATION

This stockholder advisory vote, commonly known as "Say-on-Pay," is required pursuant to Section 14A of 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 hereby 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 our many ongoing executive compensation 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 are performance-based.
- A significant portion of our executive officers' 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 minimum 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 and directors and aggregate equity compensation spending.

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 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, we 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 4: STOCKHOLDER PROPOSAL TO AMEND THE PROXY ACCESS PROVISION OF OUR AMENDED AND RESTATED BYLAWS

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.

The text of the stockholder proposal and supporting statement appear exactly as received by the Company unless otherwise noted. All statements contained in the stockholder proposal and supporting statement are the sole responsibility of the stockholder. The stockholder proposal may contain assertions about the Company or other matters that we believe are incorrect or misleading, but we have not attempted to refute all of those assertions.RESOLVED: Shareholders of QUALCOMM, Inc. (the "Company") ask the board of directors (the "Board") to amend its "Proxy Access" bylaw, and any other associated documents, to include essential elements for substantial implementation to better facilitate meaningful proxy access by more shareholders as follows:

1. The number of "Stockholder Nominees" eligible to appear in proxy materials shall be 25% of the directors then serving or 2, whichever is greater. Current bylaws restrict Stockholder Nominees to 20% of directors or 2, whichever is greater. Under the current 11-member board, this change would have no immediate impact but could ensure shareholders a continued meaningful proportion of representation if the number of directors is changed.
2. No limitation shall be placed on the number of stockholders that can aggregate their shares to achieve the 3% "Required Ownership Percentage" for an "Eligible Shareholder." Under current provisions, even if the 20 largest public pension funds were able to aggregate their shares, they would not meet the 3% criteria at most of companies examined by the Council of Institutional Investors. Allowing an unlimited number of shareholders to aggregate shares will facilitate greater participation by individuals and institutional investors in meeting the "Required Ownership Percentage" of 3%.

Supporting Statement:

The SEC's universal proxy access Rule 14a-11 (https://www.sec.gov/rules/final/2010/33-9136.pdf) was vacated after a court decision regarding the SEC's cost-benefit analysis. Therefore, proxy access rights must be established on a company-by-company basis. Subsequently, Proxy Access in the United States: Revisiting the Proposed SEC Rule (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: The Case of Proxy Access (http://ssrn.com/abstract=2635695) found a 0.5 percent average increase in shareholder value for proxy access targeted firms.

Proxy Access: Best Practices (http://www.cii.org/files/publications/misc/08_05_15_Best%20Practices%20-%20Proxy%20Access.pdf) by the Council of Institutional Investors, "highlights the most troublesome provisions" in recently implemented proxy access bylaws.

Although the Company's board adopted a proxy access bylaw in 2016, it contains troublesome provisions, as addressed above, that significantly impair the ability of shareholders to participate as Eligible Stockholders and the ability of Stockholder Nominees to effectively serve if elected. Adoption of the requested amendments would largely remedy these issues and would better ensure meaningful proxy assess [sic] is eligible to more shareholders.

Increase Shareholder Value

Vote for Shareholder Proxy Access Amendment - Proposal 4

THE COMPANY'S STATEMENT IN OPPOSITION TO PROPOSAL 4

The Board has carefully considered this stockholder proposal and believes that it is unnecessary and potentially detrimental to the Company and its stockholders. Accordingly, the Board recommends a vote AGAINST Proposal 4.

Proposal 4: Stockholder Proposal

We adopted in 2015, and enhanced in 2016, a carefully considered proxy access framework that reflects the input of extensive discussions with our stockholders, that we believe is consistent with best practices and the vast majority of proxy access bylaws adopted by U.S. public companies, and that strikes the appropriate balance between promoting meaningful stockholder nomination rights and protecting the best interests of all of our stockholders.

Our proxy access bylaw permits a group of up to 20 stockholders, owning at least 3% of our common stock continuously for at least 3 years, to include in our annual meeting proxy materials director nominees constituting up to 20% of the Board (but no fewer than two nominees). Our proxy access bylaw reflects input from many of our significant stockholders, as well as the published positions of other significant stockholders. In addition, we believe it is consistent with best practices and the vast majority of proxy access bylaws adopted by U.S. public companies. Finally, we believe that our proxy access bylaw appropriately balances the interests of providing meaningful proxy access rights to our stockholders while mitigating the possibility of proxy access being used by stockholders to pursue objectives that are not broadly supported by other stockholders.

Following adoption of our proxy access bylaw in late 2015, we continued to monitor the development of proxy access, and in 2016, we conducted significant stockholder outreach regarding proxy access. We received valuable feedback from our stockholders on this topic, including regarding what they believed to be appropriate proxy access parameters. In July 2016, reflecting this input from our stockholders as well as ongoing developments in how proxy access had been implemented at other companies, the Board refined our proxy access bylaw to provide even broader rights to our stockholders. The key revisions:

- Changed the maximum number of stockholder nominees from 20% of the Board to the greater of two or 20% of the Board;
- Removed the clause which provided that a stockholder nominee whom the Board decides to nominate as one of its own nominees counts against the maximum number of stockholder nominees;
- Removed the requirement that each nominating stockholder provide a representation that it intends to hold its shares for at least one year following the annual meeting;
- Removed the clause which provided that a stockholder nominee who does not receive at least 25% support will be prohibited from being a stockholder nominee for the next two annual meetings; and
- Removed the clause which provided that each nominating stockholder who has one of its stockholder nominees elected to the Board may not nominate other candidates for the next two annual meetings.

The Board believes that the revised provisions strike the appropriate balance between providing a manageable proxy access process while mitigating the possibility of proxy access being used by stockholders pursuing objectives that are not broadly supported by our other stockholders. These revised terms were in several cases more favorable than prevailing practices among other large U.S. companies that had adopted proxy access, for example, by removing restrictions on proxy access rights being exercised by stockholders which had included nominees in prior proxy statements.

Accordingly, we do not believe that the proposed changes to our existing proxy access bylaw are in the best interests of our stockholders, and the Board recommends a vote AGAINST the stockholder proposal.

Initial Adoption of Proxy Access

In December 2015, the Board carefully considered viewpoints of investors, governance experts and other advisors on proxy access rights and the developing proxy access trends among other U.S. public companies and adopted a robust proxy access bylaw. The Board noted the beliefs of many investors that proxy access rights would increase accountability of directors to stockholders and would give stockholders a more meaningful voice in electing directors, while at the same time recognizing the views of other investors 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 at that time and the Board's own thoughtful 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 parameters comparable to those adopted by other large U.S. public companies seeking to implement meaningful proxy access rights for their stockholders, while also tailored to the Company's particular circumstances. As reflected in the proxy access bylaw adopted in 2015, the Board determined, and continues to believe, that a 3% ownership threshold for at least a 3-year holding period and a nominating group of no more than 20 stockholders with the ability to nominate candidates for up to 20% of the Board is most appropriate for the Company.

Proposal 4: Stockholder Proposal

We have an effective and manageable proxy access framework, and we believe that the requested changes are unnecessary and potentially disruptive.

The Board believes that this stockholder proposal, which contemplates proxy access for up to 25% 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 our stockholder base and feedback from our stockholders, the Board concluded that limiting the size of the nominating group to no more than 20 stockholders provides stockholders with a meaningful and appropriate opportunity to include nominees in our proxy statement. The Board also considered the complexities of receiving nominations from a large number of stockholders (each potentially holding small numbers of shares) and the time and other costs that would be associated with managing such an unwieldy process. The Board concluded that making available 20% of the Board seats (with a minimum of two) for proxy access with a reasonable limitation on the number of stockholders that could constitute a group provides an appropriately balanced approach.

- The stockholder proposal would allow stockholders (holding 3% of our common stock) to nominate up to 25% of the Board each year, which could result in unnecessary disruption to the Board and reduce the Board's effectiveness.

Consistent with the vast majority of other U.S. public companies who have adopted proxy access, our proxy access bylaw permits eligible stockholders to nominate the greater of two nominees or 20% of the Board. This fully accomplishes the main objective of proxy access -- providing meaningful representation on a board for qualified individuals endorsed by a majority of stockholders. We believe that raising the potential level of representation to 25% of the Board could have unintended effects that could be destructive of stockholder value, including promoting the use of proxy access to lay the groundwork for effecting a change in control, encouraging the pursuit of special interests at the expense of a long-term strategic view or otherwise disrupting the effective functioning of the Board (including the staffing of committees). Further, our Governance Committee has an important role in considering the effectiveness of the Board and in identifying nominees who have the appropriate mix of experiences, areas of expertise and educational backgrounds in order to establish and maintain a Board that is strong in its collective knowledge, experiences and skills, and that can fulfill its responsibilities, facilitate our long-term success and represent the interests of our stockholders broadly. With respect to nominations through proxy access, however, the Governance Committee is unable to consider those factors. Accordingly, the Board believes that limiting candidates nominated through our existing proxy access bylaw to 20% of the Board will help to ensure that director turnover does not disrupt the Board's effectiveness.

- The stockholder proposal places no limit on the number of stockholders who can assemble as a group to establish the ownership threshold required to make a proxy access nomination, which may result in excessive administrative burden and expense for the Company and its stockholders.

Consistent with the vast majority of other U.S. public companies who have adopted proxy access, our proxy access bylaw permits groups of up to 20 stockholders to aggregate their shares to reach the required 3% ownership threshold (with a group of investment funds under common management and investment control counting as a single stockholder). We do not believe that allowing an unlimited number of stockholders to aggregate their shares is workable for the nominating stockholder group, given the broad solicitation that would be required and the practical difficulties of coordinating a larger number of stockholders. We believe that a reasonable limitation should be established to reduce the Company's administrative burden and costs and help reduce the risk of abuse of proxy access rights by stockholders with special interests, including interests unrelated to long-term stockholder value. In the absence of a reasonable limitation on the number of stockholders in a group, the Company could be required to make burdensome and time-consuming inquiries into the nature and duration of the share ownership of a large number of stockholders participating in a proxy access nomination in order to verify their required share ownership.

With our current ownership structure, any group of 20 of our largest 100 stockholders (which includes several public pension funds) would own at least 3% of our shares. In many cases, the 3% threshold could be achieved with far fewer than 20 stockholders.

Furthermore, a 20-stockholder limit is widely embraced by companies adopting proxy access and widely endorsed among institutional stockholders' voting policies. As a result, we do not believe that it would be appropriate, and in fact would be detrimental to the Company and our stockholders, to remove the limit on the number of stockholders that could constitute a proxy access group.

Proposal 4: Stockholder Proposal

We have a strong corporate governance structure and record of accountability.
Our current corporate governance structure reflects our significant and ongoing commitment to strong and effective governance practices and our desire to be responsive and accountable to stockholders. We are committed to providing our stockholders with a meaningful voice in the nomination and election of directors and the ability for our stockholders to engage with the Board to promote their views. 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 (and subsequently revising) our proxy access bylaw, over the last several years we have implemented numerous other corporate governance enhancements, including:

- All of our directors are elected annually.
- All of our directors must be elected by a majority vote in an uncontested election, and any director who fails to receive the required number of votes must tender his or her resignation for consideration by the Board.
- The Board consists entirely of independent directors, other than the Executive Chairman and the CEO.
- All standing committees of the Board are comprised solely of independent directors.
- The roles of the Chairman of the Board and the Chief Executive Officer have been separated.
- 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 the 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.

The Board also has shown an ongoing commitment to Board refreshment and to having highly qualified, independent voices in the boardroom. In the last two years, we reduced the size of the Board (from a high of 16 directors to 11 directors nominated for election at the Annual Meeting) as well as the average tenure of the Board. Through our robust director nomination and evaluation process, six of the Company’s nine independent directors nominated for election at the Annual Meeting have been added to the Board since 2013. Importantly, several of these new directors were based on suggestions from stockholders, demonstrating that stockholders already have an effective mechanism for recommending director candidates and that the Board thoughtfully considers qualified stockholder candidates.
Given the Board’s continuing commitment to ensuring effective corporate governance, as evidenced by our extensive interactions with our stockholders, and our adoption (and subsequent revision) of a robust proxy access bylaw that we believe reflects appropriate proxy access parameters consistent with stockholder input, best practices and the vast majority of U.S. public companies that have adopted proxy access, and by the other actions described above and elsewhere in this proxy statement, the Board believes that the changes to our proxy access framework contemplated by the stockholder proposal are not necessary and could be detrimental to our stockholders and stockholder value.
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

262017 Proxy Statement

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.

EFFECT OF THIS RESOLUTION

Because your vote is advisory, it will not be binding upon the Company or the Board. However, we value the opinions of our stockholders, and the Board will take into account the outcome of this vote when considering potential amendments to the proxy access provision of our Bylaws.

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” PROPOSAL 4.

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 12, 2016 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 and Forms 13F filed with the SEC); (ii) each of our executive officers named in the Fiscal 2016 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)	107,319,296	7.10%
Vanguard Group Inc. P.O. Box 2600, V26 Valley Forge, PA 19482-2600 (3)	101,454,047	6.74%
Steve Mollenkopf (4)	254,526	*
George S. Davis (5)	99,227	*
Derek K. Aberle (6)	118,325	*
Paul E. Jacobs (7)	1,430,842	*
Brian Modoff (8)	7,881	*
Barbara T. Alexander (9)	28,150	*
Raymond V. Dittamore (10)	41,726	*
Jeffrey W. Henderson (11)	74	*
Thomas W. Horton (12)	17,786	*
Ann M. Livermore (13)	3,077	*
Harish Manwani (14)	—	*
Mark D. McLaughlin (15)	5,650	*
Clark T. Randt, Jr. (16)	748	*
Francisco Ros (17)	6,125	*
Anthony J. Vinciquerra (18)	1,567	*
All Executive Officers and Directors as a Group (21 persons) (19)	2,504,281	*

*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 1,478,597,180 shares outstanding on December 12, 2016, adjusted as required by rules promulgated by the SEC.

(2) This information is as of December 31, 2015 and based on the Schedule 13G/A filed with the SEC by BlackRock, Inc. on February 10, 2016.

(3) This information is as of December 31, 2015 and based on the Schedule 13G/A filed with the SEC by Vanguard Group Inc. on February 10, 2016.

(4) Includes 254,526 shares held in family trusts.

(5) Includes 99,227 shares held in family trusts.

(6) Includes 101,051 shares issuable upon exercise of stock options exercisable within 60 days.

Stock Ownership of Certain Beneficial Owners and Management

(7) Includes 1,005,451 shares held in personal trusts, 950 shares held by his spouse, and 219,703 shares held in trusts for the benefit of his children. Also includes 204,738 shares issuable upon exercise of stock 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 trusts for the benefit of his children.

(8) Includes 7,881 shares held in family trusts.

(9) Includes 27,968 shares held in family trusts and 182 fully vested deferred stock units and related dividend equivalents to be released within 60 days. Excludes 12,632 fully vested deferred stock units and dividend equivalents that settle three years after the date of grant.

(10) Includes 7,400 shares held in family trusts and 6,326 held jointly with his spouse. Also includes 28,000 shares issuable upon exercise of stock options exercisable within 60 days. Excludes 16,838 fully vested deferred stock units and dividend equivalents that settle on March 7, 2017 and 4,622 fully vested deferred stock units and dividend equivalents shares that settle three years after the date of grant.

(11) Excludes 4,622 fully vested deferred stock units and dividend equivalents that settle three years after the date of grant and 751 fully vested deferred stock units and dividend equivalents that settle on March 9, 2018.

(12) Includes 15,286 shares held jointly with his spouse and 2,500 shares issuable upon exercise of stock options exercisable within 60 days. Excludes 10,374 fully vested deferred stock units and dividend equivalents that settle three years after the date of grant.

(13) Includes 3,077 shares held in family trusts. Excludes 1,892 fully vested deferred stock units and dividend equivalents that settle on March 8, 2019.

(14) Excludes 9,575 fully vested deferred stock units and dividend equivalents that settle three years after the date of grant.

(15) Includes 5,650 shares held in family trusts. Excludes 5,953 fully vested deferred stock units and dividend equivalents that settle three years after the date of grant and 1,882 fully vested deferred stock units and dividend equivalents that settle on March 9, 2018.

(16) Includes 748 shares held jointly with his spouse. Excludes 5,752 fully vested deferred stock units and dividend equivalents that settle on March 4, 2020 and 4,622 fully vested deferred stock units and dividend equivalent shares that settle three years after the date of grant.

(17) Excludes 10,374 fully vested deferred stock units and dividend equivalents that settle three years after the date of grant.

(18) Includes 1,567 shares held in family trusts. Excludes 1,882 fully vested deferred stock units and dividend equivalents that settle on March 9, 2018, 844 fully vested deferred stock units and dividend equivalents that settle on January 1, 2019 and 4,954 fully vested deferred stock units and dividend equivalent shares that settle upon retirement from the Board.

(19) Includes 669,914 shares issuable upon exercise of stock options exercisable within 60 days. Also includes 182 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 97,569 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 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 2016, except for the following: Dr. Jacobs filed a single Form 4 in 2016 which combined information for seven late reports covering a total of 15 transactions that were not reported on a timely basis in prior years, all of which were the result of late reporting by Dr. Jacobs's broker of exempt gifts and Grantor Retained Annuity Trust (GRAT) dispositions.

Stock Ownership of Certain Beneficial Owners and Management

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

None of the members of our Compensation Committee are, or have been, employees or officers of the Company. During fiscal 2016, no member of the Compensation Committee had any relationship with us requiring disclosure under Item 404 of Regulation S-K. During fiscal 2016, none of our executive officers served on the compensation committee (or equivalent) or board of another entity that has or has had one or more executive officers who served on our Compensation Committee or Board.

EQUITY COMPENSATON 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 25, 2016 (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)	48,847	(4)	$41.34	134,435	(5)
Equity compensation plans not approved by stockholders (3)	511		$26.75	—	
Total	49,358		$40.96	134,435	

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

(2) Consists of three Company plans: the 2006 Long-Term Incentive Plan, the 2016 Long-Term Incentive Plan and the Amended and Restated 2001 Employee Stock Purchase Plan.

(3) Consists of equity compensation plans assumed in connection with mergers and acquisitions.

(4) Includes approximately 31,331,000 shares that may be issued pursuant to performance stock units, time-based restricted stock units and performance-based restricted stock units granted under the 2006 Long-Term Incentive Plan and the 2016 Long-Term Incentive Plan. The performance stock units include the maximum number of shares that may be issued.

(5) Includes approximately 20,395,000 shares reserved for issuance under the Amended and Restated 2001 Employee Stock Purchase Plan.

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 (other than employment and compensation related transactions, which are subject to review by the Compensation Committee), which would be reportable as a related-person transaction under SEC rules. 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 2016, we employed the family members of certain of our executive officers. The Compensation Committee reviewed and 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 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.

Cristiano Amon's brother, Rogerio Amon, serves as a Senior Director, Program Management, Qualcomm Technologies, Inc. During fiscal 2016, Rogerio Amon earned $195,395 in base salary and $4,945 in cash incentives and received restricted stock unit grants totaling 2,060 shares with an aggregate grant date fair value of $110,045.

Steve Mollenkopf's brother, James D. Mollenkopf, serves as a Senior Director, Strategic Development, Qualcomm Technologies, Inc. During fiscal 2016, James D. Mollenkopf earned $236,454 in base salary and $7,295 in cash incentives and received restricted stock unit grants totaling 3,745 shares with an aggregate grant date fair value of $200,058.

Donald J. Rosenberg's son-in-law, Dr. Lucian Iancovici, serves as a Manager, Ventures, Qualcomm Technologies, Inc. During fiscal 2016, Dr. Lucian Iancovici earned $177,431 in base salary and $2,580 in cash incentives and received restricted stock unit grants totaling 539 shares with an aggregate grant date fair value of $28,793.

Michelle M. Sterling shares her household with Mark E. Palamar, who serves as a Senior Director, IPR Enforcement. During fiscal 2016, Mark E. Palamar earned $222,695 in base salary and $6,400 in cash incentives and received restricted stock unit grants totaling 2,022 shares with an aggregate grant date fair value of $108,015.

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 2017 Proxy Statement.

COMPENSATION COMMITTEE

Barbara T. Alexander, Chair
Harish Manwani
Mark D. McLaughlin

EXECUTIVE COMPENSATION AND RELATED INFORMATION

COMPENSATION DISCUSSION & ANALYSIS

The Compensation Committee oversees our executive compensation program. This Compensation Discussion and Analysis section discusses this program and the compensation earned by or paid to our Named Executive Officers (NEOs) for fiscal 2016.

Summary

Fiscal 2016 Business Highlights

Fiscal 2016 was a year of transition as we executed on our Strategic Realignment Plan announced in fiscal 2015 and continued to invest in technology leadership and new growth areas. Our Qualcomm CDMA Technologies (QCT) and Qualcomm Technology Licensing (QTL) segments made progress in fiscal 2016 as QCT delivered on its improved operating margin target and QTL continued to execute new license agreements in China.

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. As part of this plan, we implemented a cost reduction plan, which included a series of targeted reductions across our businesses, particularly in QCT, and a reduction to annual share-based compensation grants. These cost reduction initiatives were achieved by the end of fiscal 2016.

Expanding Opportunities for Growth. We took steps to accelerate our technology positions in our priority growth segments of Internet of Things (IoT), automotive and networking. In January 2016, we announced our planned joint venture with TDK Corporation to enable delivery of radio frequency (RF) front-end modules and RF filters into fully integrated products for mobile devices and IoT applications, among others. Shortly after the end of fiscal 2016, we announced a definitive agreement to acquire NXP Semiconductors N.V. NXP is a leader in high-performance, mixed-signal semiconductor electronics in automotive, broad-based microcontrollers, secure identification, network processing and RF power products.

Executive Compensation Highlights

Responsive to Stockholders. In fiscal 2016, we continued the executive compensation program that received 94% support from our stockholders at the March 2016 annual meeting. The changes we described in last year’s proxy statement were made in response to stockholder feedback and further focused the Company on growing per share net income, reducing our share count, managing our share-based compensation expense and value-creating capital allocation. We continue to engage with our stockholders and to implement “best in class” compensation practices that align pay delivery with performance, set rigorous goals for delivering performance-based incentives and carve-out the value of special front-loaded equity awards granted for retention purposes in fiscal 2014 to maintain reasonable annualized total compensation opportunities.

Heavy Emphasis on Performance-Based Incentive Compensation. Approximately 94% of the target total direct compensation (TDC) for fiscal 2016 for our CEO and other NEOs was allocated to variable compensation that is at risk based on performance, including short- and long-term incentive compensation (as highlighted by the blue-shaded sections in the chart below).

Compensation Discussion & Analysis

- Annual Cash Incentive Plan (ACIP). Our ACIP for fiscal 2016 was based 40% on Adjusted Revenues and 60% on Adjusted Earnings Per Share (EPS). We placed greater weight on EPS to emphasize its relative importance to stockholder value creation. Performance during fiscal 2016 was strong relative to the goals that we set based on our internal budgets and forecasts. We achieved 99% of our Adjusted Revenues goal and exceeded our Adjusted EPS goal by 7%. Although we exceeded our combined budget-based financial goals, the ACIP payout rate for our NEOs was 78% of the target amount because the Compensation Committee increased the level of financial performance necessary for our executive officers to earn the ACIP target amounts as compared to prior years to recognize that the fiscal 2016 ACIP Adjusted Revenues objective was below the corresponding level of performance for fiscal 2015.
- Long-Term Equity Awards. For fiscal 2016, as part of our regular, annual on-going program, we granted our NEOs performance-based stock unit awards (PSUs) based on return on invested capital (ROIC) and relative total shareholder return (TSR) to focus on strategic financial results, and time-vested restricted stock units (RSUs) for ownership and retention. The grant-date fair values of these awards were based on a number of factors, including the competitive labor markets, the NEO's roles and responsibilities and the NEO's performance and contributions to financial and strategic objectives, and. except for Mr. Modoff, were reduced by the annualized value of front-loaded amounts from fiscal 2014 that were attributable to fiscal 2016. Actual earned or realized value from these grants will reflect our performance for fiscal 2017 through fiscal 2019 that will be heavily dependent on our relative TSR, capital-allocation decisions, Strategic Realignment Plan accomplishments, initiatives to expand growth and continued progress with our licensing program.
- Real Pay Delivery Aligned with Performance. Figure 10 on page 45 summarizes the relationship between our NEOs' actual delivered compensation and Company performance. In the aggregate, our CEO's pay delivery from the fiscal 2016 ACIP, relative TSR PSUs granted in fiscal 2014 with performance measures tied to fiscal 2016 and stock price performance for RSUs granted in fiscal 2014 was 57% of the aggregate target award amount. Our other NEOs' (excluding Mr. Modoff) aggregate pay delivery was 55% of the aggregate target award amount. Actual earn outs of PSUs granted in fiscal 2014 that were based on performance for fiscal 2015 through 2016 were zero (as were PSUs granted in fiscal 2013 that were based on performance for fiscal 2014 through 2015), and the CEO's realized value of RSUs granted in fiscal 2014 was 14% lower than the grant date values that were previously reported at the fiscal year-end stock price.

Compensation Discussion & Analysis

This Compensation Discussion and Analysis is composed of the following sections:

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

Compensation Discussion & Analysis

OUR NAMED EXECUTIVE OFFICERS (NEOs) FOR FISCAL 2016

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

22 years of service with Qualcomm

George S. Davis

Current position:
Executive Vice President and Chief Financial Officer (CFO), since March 2013

4 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

16 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

26 years of service with Qualcomm

Brian Modoff

Current position:
Executive Vice President, Strategy and Mergers & Acquisitions, since October 2015

1 year of service with Qualcomm

Compensation Discussion & Analysis

PROGRAM OVERVIEW

Primary Compensation Components

The Compensation Committee designed our fiscal 2016 executive compensation program to include salaries, bonuses (pursuant to our Annual Cash Incentive Plan (ACIP)) and long-term equity incentive awards. Figure 1 is an overview of the primary components of our fiscal 2016 executive compensation program, including the form, type and objective of each component. Collectively, these components comprise an executive's total direct compensation (TDC). In structuring our cash and long-term equity incentive award programs, the Compensation Committee continued to use variations of non-GAAP performance measures as financial objectives. (See Appendix D for definitions of the various performance measures used in determining our cash and long-term equity incentive awards.)

Figure 1: Fiscal 2016 Executive Compensation Program Overview

	Salary	Annual Cash Incentive Plan	Performance Stock Units	Restricted Stock Units
Form	Cash	Cash	Equity	Equity
Type	Fixed Compensation	Variable Compensation		
Objective - Attract and Retain Talent	Competitive amounts that attract and retain executives who develop and execute business strategy	Provides an annual incentive by aligning a portion of our executive officers' TDC to achieving the Company's annual financial objectives	Provides a longer-term incentive by aligning a portion of our executive officers' TDC to long-term absolute and relative Total Shareholder Return (TSR) and efficient use of capital	Provides a longer-term incentive by aligning a portion of our executive officers' TDC to long-term absolute TSR
Objective - Pay Delivery Aligned with Stockholders Interests		Payouts may vary from 0 to 2x target amount based on performance targets aligned with financial metrics	Payouts may vary from 0 to 2x target amount based on performance targets aligned with stock price performance or financial metrics	Realized value of award amount varies with stock price performance and dividends
Objective - Performance Measures that Support or Result from the Execution of Strategy		Adjusted Revenues performance (weighted 40%) Adjusted Earnings Per Share (EPS) performance (weighted 60%)	Relative 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)	Vests based on continued service or satisfying Normal Retirement requirements and achievement of an adjusted GAAP operating income objective
Objective - Performance Periods that in total Balance Short- and Long-Term		Fiscal 2016	3 year performance period with 3 year cliff vest	6-month performance objective with annual vesting over 3 years

Compensation Discussion & Analysis

Other objectives of our executive compensation program include:

- Tax efficiency for the Company. Salaries are deductible, except for the portion of the CEO's salary in excess of $1 million. The Compensation Committee designs the ACIP and executive equity awards to comply with the requirements for tax deductibility under Internal Revenue Code Section 162(m) (Section 162(m)).
- Internally fair and equitable. The Compensation Committee considers business and individual factors to evaluate internal fairness and equitability of compensation and monitors the internal compensation relationships among our executive officers. However, the Compensation Committee does not use predetermined formulas as part of this evaluation and monitoring (e.g., formulas that set other executive officers' pay as a percentage of our CEO's pay or the CEO's pay as a multiple of our other executive officers' pay).
- Competitive for the business. The Compensation Committee attempts to set our executive compensation at 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 designs our executive compensation to achieve high standards of governance and risk management. It reviews annually the amounts of all components of compensation and conducts a risk mitigation review. In addition, the ACIP includes a cash incentive compensation repayment ("clawback") policy. Further, the Executive Chairman must hold net after-tax shares from the fiscal 2014 front-loaded RSUs past the one-year anniversary of the date he reaches normal retirement age, defined in the 2006 Long-Term Incentive Plan as age 60 and completion of ten consecutive years of service. See the discussion titled "Fiscal 2014 Front-loaded Restricted Stock Units to Maintain Leadership Continuity/Impact on Equity Compensation in Subsequent Years" under the section "Process and Rationale for Executive Compensation Decisions" on page 50 for a description of the fiscal 2014 front-loaded RSUs.

In addition to TDC, we have competitive health and welfare benefits that are generally structured in the same manner for all U.S. executives and/or employees, plus several other benefits. A summary of these benefits begins on page 53 with Figures 15 and 16.

Additional Detail Regarding Certain Compensation Components

Annual Cash Incentive Plan (ACIP)

The ACIP provides for a cash bonus based on the Company's achievement of specified financial objectives, namely Adjusted Revenues and Adjusted EPS. Consistent with prior years, the Compensation Committee used the Adjusted Revenues measure because top-line growth is an important factor in stockholder value creation. In fiscal 2016, the Compensation Committee used the Adjusted EPS measure, which includes share-based compensation expense, rather than the adjusted operating income measure used in prior years, because it believes that an Adjusted EPS metric encourages our executive officers to focus on (1) growing per share net income (a perspective not captured by operating income alone); (2) reducing our outstanding share count; and (3) managing our share-based compensation expense. In addition, as a stockholder safeguard, the Adjusted EPS calculation excludes any share repurchases that were not anticipated in establishing the ACIP target. The Adjusted Revenues measure is weighted 40%, and the Adjusted EPS measure is weighted 60% to emphasize the relative importance of EPS to stockholder value creation. The Compensation Committee increased the level of financial performance necessary for our executive officers to earn the ACIP target amounts as compared to prior years because the fiscal 2016 ACIP Adjusted Revenues objective, while in line with the budget approved by the Board, was below the corresponding level of financial performance for fiscal 2015. The fiscal 2016 ACIP financial objectives were set based on the anticipation that the QCT business would continue to be negatively impacted by a shift in share among our customers within the premium tier, a decline in share at a large customer and increased competition in China. In addition, despite the resolution with the China National Development and Reform Commission in fiscal 2015, we expected our QTL business would continue to be impacted by certain licensees in China not fully complying with their contractual obligations to report their sales of licensed products to us, and certain companies, including unlicensed companies, delaying execution of new license agreements. We believed that the conclusion of new agreements with these licensees would result in improved reporting by these licensees, however, litigation and/or other actions may be necessary.

As a result, the Company needed to achieve 110.5% of these financial objectives in order for our executive officers to earn the fiscal 2016 ACIP target amounts, compared to fiscal 2015 when the Company needed to achieve 100% of the relevant financial objectives to earn the ACIP target amounts. Achieving 100% of the financial objectives in fiscal 2016 would have resulted in our executive officers earning 65% of the ACIP target amounts. Specifically, our fiscal 2016 ACIP Adjusted Revenues objective was $23.7 billion, which was below the $25.3 billion in Adjusted Revenues achieved in fiscal 2015. Accordingly, the Compensation Committee adjusted the payout structure so that the target revenue payout would be achieved if Adjusted Revenues for fiscal 2016 were $26.2 billion, which is 3.8% above the $25.3 billion revenue result for fiscal 2015 (110.5% of the revenue objective). We cannot compare the fiscal 2016 ACIP Adjusted EPS objective to fiscal 2015 performance because it was not a measure in fiscal 2015.

The funding rate is based on the weighted financial performance, such that for each one percent that the weighted financial performance exceeds 100% of the objective, the funding rate increases by 0.0333 from the funding rate of 0.65 up to a maximum of 2.00 if weighted financial performance is 140.5% of the objective. For each one percent that the weighted financial performance falls short of the 100% objective, the funding rate decreases by 0.05 from the funding rate of 0.65, which would reach zero for weighted financial performance at or below 87% of the objective.

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, our executive officers may receive up to 2x their target amounts, subject to the Compensation Committee's negative discretion to pay any amount less than that maximum.

The Compensation Committee was authorized under the fiscal 2016 ACIP to modify Adjusted Revenues and Adjusted EPS in calculating the financial performance on which fiscal 2016 ACIP awards were determined. Modifications are intended to eliminate the distorting effects of certain unusual income or expense items if the Compensation Committee determined, in its discretion, that the items did not reflect a fair measurement of our operating performance. The Compensation Committee did not make any such modifications for fiscal 2016.

Long-Term Equity Incentives

In fiscal 2016, the Compensation Committee granted equity to our executive officers in the form of Relative Total Shareholder Return (RTSR) Performance Stock Units (PSUs), Return On Invested Capital (ROIC) PSUs and Restricted Stock Units (RSUs), as described below. Both the RTSR and ROIC PSUs include dividend equivalent rights that accrue in the form of additional shares with vesting and distribution at the same time as the underlying PSUs.

Performance Stock Units

The RTSR PSUs allow the recipients to earn a variable number of shares of our common stock based on the relative performance of our TSR compared to that of the companies comprising the NASDAQ-100 over a three-year period according to the payout schedule set forth in Figure 2. The RTSR PSUs have a robust performance schedule that requires achievement of performance in the 60th percentile in order to earn the target number of shares, and no shares would be earned if performance is below the 33rd percentile. 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 stockholders' interests by limiting the number of shares that may be earned in the event relative TSR performance is strong despite a declining stock price.

Figure 2: 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	90th percentile and above	2x
Target Award Level	60th percentile	1x
Threshold Award Level	33rd percentile	0.33x
Below Threshold	Below 33rd percentile	No shares earned

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

The ROIC PSUs allow the recipients to earn a variable number of shares of our common stock based on the achievement of a three-year Adjusted ROIC objective established by the Compensation Committee at the time of grant. While ROIC is a common financial term, there are numerous methods for calculating ROIC-based measures. 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 Appendix D for the definitions of performance measures to be used in determining the number of PSUs for the relevant performance period.) The payout schedule is set forth in Figure 3. The Compensation Committee intended that the target chosen for measuring performance under the ROIC PSUs would generally present a similar degree of difficulty for achievement in comparison to the target chosen in recent years. The process for determining the target included consideration of our strategic plans, historical performance and peer company benchmarking.

Figure 3: ROIC PSU Payout Schedule

Award Level	Average Annual Adjusted ROIC for the 3-year Performance Period	Multiple of Target ROIC PSUs Earned (1)
Maximum Award Level	Adjusted ROIC is at or above 120% of Target	2x
Target Award Level	Adjusted ROIC is at Target	1x
Threshold Award Level	Adjusted ROIC is 80% of Target	0.33x
Below Threshold	Adjusted ROIC is less than 80% of Target	No shares earned

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

Restricted Stock Units

RSUs generally vest in equal annual installments over three years and include reinvested dividend equivalent rights. The RSUs also include a requirement that the Company must meet an adjusted GAAP operating income objective in order for them to vest, which is intended to qualify the RSUs for tax deductibility under Section 162(m). The Compensation Committee intended that the targets chosen for measuring performance under the RSUs would generally present a similar degree of difficulty for achievement in comparison to the targets chosen in recent years.

Compensation Related Changes

Retirement Provisions

Effective for equity awards granted beginning in the fourth quarter of fiscal 2016, the Compensation Committee adopted the following retirement-related provisions for our executive officers:

“Normal Retirement” is defined to be age 55 with a minimum of 10 years continuous service. Upon termination of employment under Normal Retirement, for grants that have been outstanding for at least six months:

- RSUs will become fully vested and distributed according to the original vesting schedule.
- PSUs will become fully vested and paid out at the end of the performance period, based upon and subject to achievement of the relevant performance objectives.

These provisions encourage continuous employment (a) until achieving Normal Retirement so as to benefit from the favorable vesting and (b) after achieving Normal Retirement so as to benefit from additional equity awards that may be granted with the more favorable vesting provisions.

Compensation Discussion & Analysis

FISCAL 2016 TARGET AMOUNTS AND COMPENSATION MIX

Target Compensation Amounts

Steve Mollenkopf (CEO), George Davis (CFO) and Paul Jacobs (Executive Chairman)

The Compensation Committee maintained Messrs. Mollenkopf's and Davis's and Dr. Jacobs's fiscal 2016 target TDC amounts at fiscal 2015 levels (see Figure 4). In doing so, the Compensation Committee considered the Company's 2016 outlook and fiscal 2015 performance, retention actions the Compensation Committee took in fiscal 2014 and our peer company practices.

Figure 4: Target Total Direct Compensation for CEO, CFO and Executive Chairman

	Fiscal 2016 Compensation			Fiscal 2014 Front-Loaded RSUs (1)	
Name	Base Salary ($)	ACIP Target ($)	Aggregate Value of Equity Granted ($)	Annualized Grant Date Fair Value Attributed to Fiscal 2016 ($)	Total Target Direct Compensation ($)
Steve Mollenkopf	1,130,000	2,260,000	8,000,000	6,000,000	17,390,000
George S. Davis	760,000	988,000	2,700,000	2,300,000	6,748,000
Paul E. Jacobs	1	N/A	9,000,000	9,000,000	18,000,001

(1) See the discussion titled "Fiscal 2014 Front-loaded Restricted Stock Units to Maintain Leadership Continuity/Impact on Equity Compensation in Subsequent Years" under the section "Process and Rationale for Executive Compensation Decisions" on page 50 for a description of the fiscal 2014 front-loaded RSUs.

Dr. Paul Jacobs's Role as Executive Chairman

As previously disclosed, in 2014, the Compensation Committee revised compensation packages for our senior leaders to protect the Company from the increasingly competitive environment for executive talent in our industry. As part of these retention efforts, the Board also accelerated our executive management succession plan, which resulted in new roles for Paul Jacobs, who became Executive Chairman, and Steve Mollenkopf, who was promoted to CEO. In the Board's view, it was imperative to find a way to continue the long-term partnership between Dr. Jacobs, Mr. Mollenkopf and Derek Aberle, and to keep Dr. Jacobs engaged and involved in the leadership of the business.

A key element of retaining Mr. Mollenkopf was Dr. Jacobs's agreeing to relinquish the CEO title and adopt the role of Executive Chairman. 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 as Chairman of 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. Dr. Jacobs was regularly recognized by Institutional Investor as a top CEO in our sector throughout his tenure. The Compensation Committee believes that investors have embraced the value of our executive team structure and appreciate that we are able to keep Dr. Jacobs focused on these long-term opportunities, while Mr. Mollenkopf sets corporate strategy, leads the operations of the Company, oversees product development and manages global relationships.

As an example of the value our stockholders derived from this executive partnership during fiscal 2016, Dr. Jacobs served in a key role on the Board's special committee that conducted a comprehensive review of the Company's corporate and financial structure, the Board's special committee on mergers and acquisitions that recommended the proposed acquisition of NXP, and focused and facilitated initiatives on compliance.

Dr. Jacobs's compensation package was specifically designed, in consultation with the Compensation Committee's independent compensation consultant, to be entirely performance-based and at a reasonable cost to stockholders in actual pay delivery for their continued benefit from his contributions. Dr. Jacobs's annual salary is $1, and he has no annual cash incentive opportunity. The Compensation Committee does not presently anticipate providing Dr. Jacobs with additional cash compensation or RSUs until he is again eligible to receive RSUs in fiscal 2019.

Compensation Discussion & Analysis

Derek Aberle (President)
During fiscal 2016, the Compensation Committee reviewed Mr. Aberle's compensation relative to peer companies and other executive officers in light of his evolving role that requires increased focus on licensing agreements with device manufacturers, particularly in China, and strategy development for our emerging businesses. As a result, the Compensation Committee increased his base salary effective February 16, 2016 and increased his ACIP target effective for the full fiscal year. The Compensation Committee also increased his target equity, which included RTSR and ROIC PSUs granted in February 2016 with an aggregate grant date fair value of $1,025,000, as well as RTSR and ROIC PSUs with an aggregate grant date fair value of $3,780,000 granted at the end of September 2016 consistent with our normal equity grant cycle for executive officers.
Further, in July 2016, the Compensation Committee granted Mr. Aberle a Performance Unit Award (PUA) pursuant to which he is eligible to earn aggregate cash payments of up to $10 million if the Company executes certain agreements with certain licensees or unlicensed companies, and if Mr. Aberle continues to provide services to the Company through October 1, 2017. The Compensation Committee granted the PUA to reflect, among other things, the significant financial and business benefits to the Company of executing new license agreements with some of the largest device manufacturers in Asia, particularly China; that licensing compliance is a strategic focus, and critical to the success, of the Company; and Mr. Aberle's anticipated important contributions toward achieving these goals. In general, 50% of the amount attributable to the achievement of a performance goal is payable when the performance goal is satisfied, and the remaining 50% is payable on October 1, 2017, subject to Mr. Aberle's continued employment with the Company through such date. Earned but unpaid amounts would also be paid upon a termination without cause or for good reason, or upon death or disability.
Figure 5 summarizes the increases to Mr. Aberle's target compensation, excluding potential amounts under his PUA because it is a one-time arrangement that is not part of his ongoing, target direct compensation.
Figure 5: Target Total Direct Compensation for President

	Fiscal 2016 Compensation			Fiscal 2014 Front-Loaded RSUs (2)	
Fiscal Year	Base Salary ($) (1)	ACIP Target ($)	Aggregate Value of Equity Granted ($)	Annualized Grant Date Fair Value Attributed to Fiscal 2016 ($)	Total Target Direct Compensation ($)
2015	800,000	1,080,000	3,780,000	3,220,000	8,880,000
2016	925,000	1,618,750	4,805,000	3,220,000	10,568,750

(1) Represents the annualized base salary rate in place at the end of the fiscal year.
(2) See the discussion titled "Fiscal 2014 Front-loaded Restricted Stock Units to Maintain Leadership Continuity/Impact on Equity Compensation in Subsequent Years" under the section "Process and Rationale for Executive Compensation Decisions" on page 50 for a description of the fiscal 2014 front-loaded RSUs.

Brian Modoff (EVP, Strategy and M&A)
Mr. Modoff joined Qualcomm in October 2015 with (a) a base salary of $600,000, (b) a fiscal 2016 ACIP target of 100% of his base salary, (c) a new hire equity package with an aggregate grant date fair value of $2,750,018, which provided an inducement to join Qualcomm and (d) a sign-on retention bonus of $1,000,000, which was paid to him shortly after his employment commenced and has payback provisions should he voluntarily terminate employment prior to the second anniversary of his employment start date. The new hire equity package included RSUs that vest in three equal annual installments and RTSR and ROIC PSUs that cliff-vest in October 2018. In order to qualify as "performance-based compensation," the RSUs were subject to an additional performance objective adopted by the Compensation Committee on September 25, 2015, which has since been achieved. Mr. Modoff also received ongoing equity grants in the form of RTSR and ROIC PSUs and RSUs with an aggregate grant date fair value of $2,750,089 at

the end of September 2016 consistent with our normal equity grant cycle for executive officers.

Target Compensation Mix

Figure 6 illustrates the relative contribution of each compensation component to our CEO's target TDC. The target TDC includes base salary, the ACIP target amount, the grant date fair value of RTSR and ROIC PSUs awarded in fiscal 2016 and the annualized value of the fiscal 2014 front-loaded RSUs. A substantial portion (94%) of Mr. Mollenkopf's target TDC was attributable to incentive compensation that varies with financial performance and stock price.

Figure 6: CEO Target Total Direct Compensation Mix

Figure 7 illustrates the relative contribution of each compensation component to our other NEOs' aggregate target TDC. This figure excludes amounts that may be earned by Mr. Aberle under the PUA as well as Mr. Modoff's sign-on retention bonus and equity awards included in his new hire package because these are one-time arrangements that are not part of ongoing, target direct compensation.

Figure 7: Other NEOs' Aggregate Target Total Direct Compensation Mix

Compensation Discussion & Analysis

FISCAL 2016 ACTUAL AMOUNTS AND PAY FOR PERFORMANCE ANALYSIS

Compensation Awarded or Paid in Fiscal 2016

Figure 8 is a summary of TDC earned by or granted to our NEOs in fiscal 2016. These amounts include annualized amounts of the fiscal 2014 front-loaded RSUs that we attribute to fiscal 2016 compensation, and thus the amounts below differ from the amounts shown in the Summary Compensation Table. The Compensation Committee, at its discretion, increased Mr. Davis's ACIP earnings by $100,000 to recognize his contributions to our Strategic Realignment Plan and the efforts that led to the definitive agreement to acquire NXP Semiconductors N.V. The other NEOs' ACIP earnings reflect the 78% of target payout rate noted in the Summary on page 34 and in Figure 11.

Figure 8: Fiscal 2016 Compensation

	Fiscal 2016 Compensation				Fiscal 2014 Front-Loaded RSUs (3)	
Name	Salary Earnings ($) (1)	ACIP Earnings ($)	Aggregate Value of Equity Granted ($)	Other Awards ($) (2)	Annualized Grant Date Fair Value Attributed to Fiscal 2016 ($)	Total Direct Compensation ($)
Steve Mollenkopf	1,138,694	1,762,000	8,000,114	—	6,000,000	16,900,808
George S. Davis	760,011	870,640	2,700,080	—	2,300,000	6,630,731
Derek Aberle	889,438	1,262,625	4,805,111	3,375,000	3,220,000	13,552,174
Paul E. Jacobs	1	N/A	9,000,028	—	9,000,000	18,000,029
Brian Modoff	542,324	468,000	5,500,197	1,000,000	N/A	7,510,521

(1) The amount for Mr. Aberle reflects his salary increase from $800,000 to $925,000 effective February 16, 2016.

(2) The amount shown for Mr. Aberle reflects the portion of his Performance Unit Award (PUA) that was earned or paid in fiscal 2016. Specifically, during fiscal 2016, the Company achieved certain of the performance goals under the PUA by executing license agreements with four large device manufacturers identified in the PUA, which resulted in an aggregate of $6,750,000 of potential payments to Mr. Aberle, of which 50% ($3,375,000) has been paid. Of the amount paid, $1,375,000 was designated as a discretionary bonus because the performance goals relative to two of the device manufacturers were achieved prior to the actual execution of the PUA, and $2,000,000 was designated as Non-Equity Incentive Plan compensation. The other 50% ($3,375,000) will be paid to Mr. Aberle on October 1, 2017, subject to his continued employment with the Company through that date. As of the end of fiscal 2016, Mr. Aberle is eligible to earn up to the remaining $3,250,000 pursuant to the PUA upon achievement of the remaining performance goals and satisfaction of the service condition. The amount shown for Mr. Modoff reflects the sign-on bonus he received upon joining the Company in October 2015.

(3) See the discussion titled "Fiscal 2014 Front-loaded Restricted Stock Units to Maintain Leadership Continuity/Impact on Equity Compensation in Subsequent Years" under the section "Process and Rationale for Executive Compensation Decisions" on page 50 for a description of the fiscal 2014 front-loaded RSUs.

Summary of Grant Date Fair Values of Fiscal 2016 Equity Awards

Figure 9 shows the grant date fair values of the equity awards approved by the Compensation Committee during fiscal 2016. As described on page 50, the equity compensation amounts for our NEOs, except Mr. Modoff, who was hired in October 2015, were lower in fiscal 2015 and 2016 as a result of front-loaded RSUs that were granted in fiscal 2014.

Compensation Discussion & Analysis

Figure 9: Grant Date Fair Values of Equity Awarded to NEOs in Fiscal 2016

Name	RTSR PSUs ($)	ROIC PSUs ($)	RSUs ($)	Total ($)
Steve Mollenkopf	4,000,069	4,000,045	—	8,000,114
George S. Davis	1,350,026	1,350,054	—	2,700,080
Derek K. Aberle	2,402,538	2,402,573	—	4,805,111
Paul E. Jacobs	4,500,017	4,500,011	—	9,000,028
Brian Modoff	1,485,079	1,485,081	2,530,037	5,500,197

Pay for Performance

Figure 10 illustrates the impact of fiscal 2016 Company performance on the cash and equity compensation awarded to our NEOs by comparing the target amounts to (a) the ACIP actual earnings, (b) the value of shares earned from fiscal 2014 RTSR PSUs with measurement periods completed in fiscal 2016 and (c) the annualized grant date fair value of front-loaded RSUs awarded in fiscal 2014. We excluded Mr. Modoff from the illustration because he did not receive fiscal 2014 RTSR PSUs or fiscal 2014 front-loaded RSUs, and we excluded Mr. Aberle's PUA because it is a one-time arrangement that is not part of his ongoing, direct compensation.

Figure 10: Impact of Company Financial and Stock Performance on ACIP Earnings and Equity Compensation

Name	Pay Component	Effective Date / Grant Date	Target Amount / Annualized RSU Amount ($) (1)	Cash Earned / Value of Equity Awards at Fiscal 2016 Year End ($) (2)	Percent of Target / Annualized RSU Amount	
Steve Mollenkopf	Fiscal 2016 ACIP	Fiscal 2016	2,260,000	1,762,000	78	%
	Fiscal 2014 Front-Loaded RSUs	12/12/2013	6,000,000	5,176,687	86	%
	Fiscal 2014 RTSR PSUs	9/16/2014	4,000,000	—	—	
	Total		12,260,000	6,938,687	57	%
George S. Davis	Fiscal 2016 ACIP	Fiscal 2016	988,000	870,640	88	%
	Fiscal 2014 Front-Loaded RSUs	5/5/2014	2,300,000	1,814,040	79	%
	Fiscal 2014 RTSR PSUs	9/16/2014	1,350,000	—	—	
	Total		4,638,000	2,684,680	58	%
Derek K. Aberle	Fiscal 2016 ACIP	Fiscal 2016	1,618,750	1,262,625	78	%
	Fiscal 2014 Front-Loaded RSUs	5/5/2014	3,220,000	2,539,656	79	%
	Fiscal 2014 RTSR PSUs	9/16/2014	1,890,000	—	—	
	Total		6,728,750	3,802,281	57	%
Paul E. Jacobs	Fiscal 2016 ACIP	Fiscal 2016	N/A	N/A	N/A	
	Fiscal 2014 Front-Loaded RSUs	5/5/2014	9,000,000	7,098,418	79	%
	Fiscal 2014 RTSR PSUs	9/16/2014	4,500,000	—	—	
	Total		13,500,000	7,098,418	53	%
Aggregate excluding CEO			24,866,750	13,585,379	55	%

(1) Fiscal 2016 ACIP: Target amounts the NEOs would receive for achieving 110.5% of the relevant financial objectives.

Fiscal 2014 Front-Loaded RSUs: One-fifth of the grant date fair values for Messrs. Mollenkopf and Aberle and Dr. Jacobs, and one-third of the grant date fair value for Mr. Davis.

Fiscal 2014 RTSR PSUs: 50% of the target grant date fair values to reflect that two of the four interim measurement periods have been completed and each interim measurement period is allocated 25% of the grant date fair value.

Compensation Discussion & Analysis

(2) Fiscal 2016 ACIP: Amounts awarded by the Compensation Committee following completion of fiscal 2016.
Fiscal 2014 Front-Loaded RSUs: Fiscal year-end values for (i) one-fifth of the number of front-loaded RSUs granted to Messrs. Mollenkopf and Aberle and Dr. Jacobs and (ii) one-third of the number of front-loaded RSUs granted to Mr. Davis, excluding dividend equivalents.
Fiscal 2014 RTSR PSUs: The fiscal year-end values for one-half of the number of RTSR PSUs granted, excluding dividend equivalents.

Note: Impact of Fiscal 2014 Equity Awards

The fiscal 2014 RTSR PSUs have a three-year performance period covering fiscal 2015 through 2017 that includes four interim measurement periods of 18, 24, 30 and 36 months. We allocated 25% of the target PSU award to each measurement period. The 18- and 24-month measurement periods were completed on March 27, 2016 and September 25, 2016, respectively. The NEOs who received a fiscal 2014 RTSR PSU award did not earn any shares of our common stock for the 18-month and 24-month performance periods.

Fiscal 2016 ACIP Earnings

As previously noted, the Compensation Committee increased the level of financial performance necessary for our executive officers to earn the fiscal 2016 ACIP target amounts as compared to prior years because the fiscal 2016 ACIP financial objectives were below the corresponding level of financial performance for fiscal 2015. As a result, the Company needed to achieve 110.5% of the fiscal 2016 ACIP financial objectives in order for our executive officers to earn the fiscal 2016 ACIP target amounts, compared to fiscal 2015 when the Company needed to achieve 100% of the relevant financial objectives to earn the ACIP target amounts. Specifically, the fiscal 2016 Adjusted Revenues objective of $23.7 billion was below fiscal 2015 Adjusted Revenues performance of $25.3 billion. The Company needed to achieve 110.5% of the fiscal 2016 Adjusted Revenues objective, or $26.2 billion (which is 3.8% above fiscal 2015 Adjusted Revenues performance) for our executive officers to earn the target payout rate of 1.00.

Figure 11: Fiscal 2016 ACIP Target, Performance-Adjusted and Earned Amounts

Name	ACIP Target ($)	Payout Rate	Performance-Adjusted Amount ($)	Earned Amount Approved by Compensation Committee ($)
Steve Mollenkopf	2,260,000	0.78	1,762,800	1,762,000
George S. Davis	988,000	0.78	770,640	870,640
Derek K. Aberle	1,618,750	0.78	1,262,625	1,262,625
Paul E. Jacobs	N/A	N/A	N/A	N/A
Brian Modoff	600,000	0.78	468,000	468,000

How the Fiscal 2016 ACIP Earnings were Determined

Figure 12 shows the objectives and performance levels for Adjusted Revenues and Adjusted EPS and illustrates the following:

- The Compensation Committee applied a relative weighting of 40% to Adjusted Revenues and 60% to Adjusted EPS to emphasize the relative importance of EPS to stockholder value creation.
- The NEOs needed to achieve 110.5% of the weighted objectives to earn their ACIP target amounts; they would earn only 65% of their ACIP target amounts for achieving 100% of the weighted objectives.
- Adjusted Revenues performance was 99% of the objective and Adjusted EPS performance was 107% of the objective.
- Accordingly, our weighted performance was 104% [(99% x 40%) + (107% x 60%)], and the payout rate was 78%.

- The NEOs received ACIP amounts based on the 78% payout rate, except Dr. Jacobs, who was not eligible to participate. In addition, Mr. Davis received a discretionary award of $100,000 to recognize his contributions to our Strategic Realignment Plan and the efforts that led to the definitive agreement to acquire NXP Semiconductors N.V.

Figure 12: Fiscal 2016 ACIP Financial Objectives and Performance

	Threshold		Target			Maximum	Performance	Weight		Wtg. Perf.
Adjusted Revenues										
Performance Range	$20.65B		$23.73B			$33.34B	99%	40%		39.6%
Actual Performance		$23.51B								
Adjusted EPS										
Performance Range	$3.19		$3.67			$5.16	107%	60%	+	64.4%
Actual Performance				$3.94						
Weighted Performance										
Performance Range	87%		100%		110.5%	140.5%			=	104%
Actual Performance				104%						
Payout Rate								Below Target Range		
Payout Range % of Target	—%		65%		100%	200%		At Target		
Payout Rate				78%				Above Target Range		

Compensation Discussion & Analysis

PROCESS AND RATIONALE FOR EXECUTIVE COMPENSATION DECISIONS

The Compensation Committee considers several factors in determining the compensation of our executive officers. 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 our executive officers. Ultimately, it is the Compensation Committee's judgment about these factors that forms the basis for determining our executive officers' compensation.

Late in the fourth quarter of each fiscal year, the Compensation Committee sets salaries and ACIP targets for the next fiscal year and makes annual equity awards with respect to performance for the nearly completed fiscal year. This allows the Compensation Committee to consider anticipated absolute and relative financial performance and total shareholder returns for that year. Since equity compensation is the largest component of compensation for our executive officers, granting awards after the annual meeting of stockholders (which takes place during the second quarter of the fiscal year) allows the Compensation Committee to consider feedback from stockholders (through the annual "Say-on-Pay" advisory vote) and to align annual equity awards more closely with the performance for the fiscal year in which the awards are granted.

Based on the following factors, the Compensation Committee, in executive session without the CEO present, decided and approved the CEO's and other executive officers' fiscal 2016 equity award amounts, any application of negative discretion for the fiscal 2016 ACIP earned amounts and any adjustments to base salaries and ACIP targets for fiscal 2017.

The Compensation Committee reviews the Executive Officers' performance using a multi-faceted process.

The Compensation Committee reviews the performance and compensation amounts for the CEO and other executive officers, as follows:

- Members of the Compensation Committee regularly engage with our executive officers, providing opportunities for the Compensation Committee to consider the leadership contributions of the CEO and other executive officers to the Company's annual and longer-term performance;
- 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 executive officers (excluding Dr. Jacobs); and
- The CEO 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 assessment of his and the other executive officers' (excluding Dr. Jacobs) accomplishments and opportunities for improvement, including an assessment of overall performance and potential for future roles.

The Compensation Committee considers internal pay equitability in light of business and individual performance.

Our executive officers' 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 considers the following factors in determining our executive officers' compensation:

- The Committee's evaluation of the executive officer's individual performance and contributions to financial and strategic objectives;
- Labor market conditions, the need to retain and motivate the executive officer and the executive officer'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 partnership and teamwork among our executive officers (for example, using the same ACIP financial metrics and objectives for all executive officers promotes teamwork and collaboration and our executive officer'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 meetings our executive officers 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).

The Compensation Committee reviews 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 Frederic W. Cook & Co., Inc. (FW Cook), the Compensation Committee's independent compensation consultant. 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 market capitalization and revenues;

The Compensation Committee uses market capitalization 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.

The Compensation Committee also includes 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. Net income, EBITDA and EBITDA margin are also reviewed by the Compensation Committee as reference points for comparison.

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

Figure 13 identifies the peer companies that the Compensation Committee selected in May 2016. 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 replaced Honeywell, Lockheed Martin and United Technologies with HP Enterprise, Netflix and VMware because the latter set of companies are technology companies that fit the selection criteria and have greater business and labor market overlap with Qualcomm than the former set of companies. In addition, DirecTV was removed due its completed acquisition in 2015.

Qualcomm's percentile rankings among the peer companies illustrate that, relative to our peer companies, we approximated the median for revenues and market capitalization and were between the median and 60th percentile for the other metrics.

Compensation Discussion & Analysis

Figure 13: Qualcomm's Relative Rankings Among Peer Companies as of March 31, 2016 (1)

Revenue			Net Income		EBITDA		EBITDA Margin		Market Cap	
Company	Ticker	$ Millions	Ticker	$ Millions	Ticker	$ Millions	Ticker		Ticker	$ Millions
Amazon.com	AMZN	107,006	GOOG	16,348	MSFT	30,463	V	67%	GOOG	518,917
Microsoft	MSFT	88,084	IBM	13,190	CMCSA	24,876	FB	46%	MSFT	436,831
IBM	IBM	81,741	INTC	11,420	GOOG	24,423	AVGO	42%	FB	334,694
Alphabet	GOOG	74,989	MSFT	11,408	INTC	23,067	INTC	42%	AMZN	279,511
Comcast	CMCSA	74,510	CSCO	10,333	IBM	20,082	TXN	41%	V	183,663
Intel	INTC	55,355	ORCL	8,844	ORCL	14,908	ORCL	40%	ORCL	169,771
HP Enterprise	HPE	51,778	CMCSA	8,163	CSCO	14,283	MSFT	35%	INTC	152,821
Cisco	CSCO	49,589	V	6,700	V	9,479	EBAY	34%	CMCSA	149,182
Oracle	ORCL	37,159	QCOM	4,797	FB	8,239	QCOM	34%	IBM	145,525
EMC	EMC	24,704	FB	3,688	QCOM	8,029	CMCSA	33%	CSCO	143,264
Qualcomm	QCOM	23,957	TXN	2,986	AMZN	7,879	TWC	33%	QCOM	76,449
Time Warner Cable	TWC	23,697	HPE	2,181	TWC	7,777	GOOG	33%	AVGO	60,324
Facebook	FB	17,928	EMC	1,990	HPE	7,562	MU	31%	TWC	57,963
Visa	V	14,063	TWC	1,844	TXN	5,300	CSCO	29%	TXN	57,722
Micron Technology	MU	13,737	EBAY	1,725	EMC	4,855	VMW	27%	EMC	51,889
Texas Instruments	TXN	13,000	ADP	1,504	MU	4,194	IBM	25%	NFLX	43,763
ADP	ADP	11,240	AVGO	1,390	AVGO	2,950	ADP	21%	ADP	41,038
eBay	EBAY	8,592	MU	1,071	EBAY	2,946	EMC	20%	HPE	30,435
Broadcom, Ltd.	AVGO	6,960	VMW	997	ADP	2,332	HPE	15%	EBAY	27,263
Netflix	NFLX	6,780	AMZN	596	VMW	1,776	AMZN	7%	VMW	22,158
VMware	VMW	6,647	NFLX	123	NFLX	368	NFLX	5%	MU	10,862
75th percentile		69,721		9,961		18,789		41%		180,190
50th percentile		24,201		2,584		7,828		33%		101,794
25th percentile		11,680		1,418		3,261		22%		41,719
QCOM percentile rank		49 %		60 %		55 %		59%		48 %

(1) Data reflected in Figure 13 represents the latest four quarters of data available on March 31, 2016 reported in Standard & Poor's Compustat reports as of March 31, 2016, the time at which FW Cook prepared the peer company selection analysis.

FW Cook 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 our CEO and other executive officers. The Compensation Committee considers the impact of compensation decisions made in prior years.

Fiscal 2014 Front-loaded Restricted Stock Units to Maintain Leadership Continuity/Impact on Equity Compensation in Subsequent Years

In fiscal 2014, the Board determined that strong defensive actions were necessary to retain our senior executive team in the intensely competitive mobile communications industry. Accordingly, 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 2016, the Compensation Committee considered the annualized value of the fiscal 2014 RSU grants in determining fiscal 2016 total equity grant values (i.e., the Compensation Committee reduced the total equity value that it would have otherwise granted to the NEOs in fiscal 2016 by the amount of the RSUs granted in fiscal 2014 that was attributable to fiscal

502017 Proxy Statement

2016). 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 Mr. Davis were front-loaded for three years, and consequently, he had annual offsets through 2016. Mr. Modoff, who was hired in fiscal 2016, did not receive a front-loaded RSU. Figure 14 summarizes the grant date fair values and annualized values for these front-loaded RSUs.

Only performance-based equity during period covered by front-loaded RSUs

The Compensation Committee also committed that it would grant only performance-based equity to our executive officers during the period covered by the fiscal 2014 front-loaded RSUs. Mr. Modoff is excluded from this commitment because he did not receive front-loaded RSUs.

Figure 14: Fiscal 2014 Front-Loaded RSU Awards

Name	Grant Date Fair Value ($ millions)	Covered Periods	Annualized Grant Date Fair Value	Vesting
Steve Mollenkopf	30.0	Fiscal 2014 - 2018	$6.0 million annually for five years	Five equal annual installments
George S. Davis	6.9	Fiscal 2014 - 2016	$2.3 million annually for three years	Five equal annual installments
Derek K. Aberle	16.1	Fiscal 2014 - 2018	$3.2 million annually for five years	Five equal annual installments
Paul E. Jacobs	45.0	Fiscal 2014 - 2018	$9.0 million annually for five years	Three equal installments on the 3rd, 4th and 5th anniversaries of the grant date

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 FW Cook, an independent executive compensation consulting firm, to advise it on compensation matters during fiscal 2016. FW Cook reports directly to the Compensation Committee. The Company did not engage FW Cook for any additional services during fiscal 2016 beyond its support of the Compensation Committee, and the engagement did not raise any conflicts of interest. Pursuant to the engagement, FW Cook:

- 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 amounts;
- 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 FW Cook and DLA Piper, conducted additional analyses and managed our compensation and benefit programs.

Compensation Discussion & Analysis

COMPENSATION PROGRAM BEST PRACTICES

Our compensation program is market-based and supports our business strategy. 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 2016, approximately 94% of our NEOs' aggregate TDC was attributable to the grant date fair values of the performance-based stock awards, the portion of the grant date fair value of RSUs awarded in fiscal 2014 that we attribute to fiscal 2016, and target ACIP amounts (Figures 6 and 7 in the CD&A).

þ We have a balanced approach to incentive programs with differentiated measures. Our ACIP is based on annual adjusted GAAP revenues and EPS performance, and PSUs are based on three-year relative TSR and ROIC performance periods.

þ We have limits on the amounts of variable compensation that may be earned. Earned amounts under our ACIP are limited to 2x target amounts, and earned PSUs are limited to 2x the target shares. We further limit earned RTSR 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.

þ We have a cash incentive compensation repayment ("clawback") policy. We require executive officers to repay to us earned amounts under our ACIP if required by our clawback 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 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. Dr. Jacobs has met his stock ownership guideline. Messrs. Mollenkopf and Aberle are required to meet their stock ownership guidelines by March 2019, Mr. Davis is required to meet his stock ownership guideline by March 2018, and Mr. Modoff is required to meet his stock ownership guideline by October 2020. Additional information regarding stock ownership of management is contained in the "Stock Ownership of Certain Beneficial Owners and Management" section on page 28.

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 FW Cook, the Compensation Committee's independent consultant.

þ Our 2006 Long-Term Incentive Plan (LTIP) and our 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 executive officer's awards would accelerate only if the executive officer was involuntarily terminated other than "for cause" or the executive officer voluntarily resigned for "good reason" during a specified period after the change in control.

þ We engage independent advisors. We obtain advice and assistance from external legal, accounting and other advisors. Our independent compensation consultant, FW Cook, provides information, insights and advice regarding compensation philosophy, objectives and strategy, including trends and regulatory and governance considerations related to executive compensation.

What We Don't Do

ý Our executive officers are restricted in certain stock trading activities. Our insider trading policy, as applicable to executive officers, including NEOs and non-employee 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 executive officers do not have severance agreements or employment contracts. Generally, all U.S. employees, including all of our executive officers, 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	Our executive officers do not receive unique tax gross-ups. 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	Our executive officers are not covered by change in control provisions. 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.

OTHER COMPENSATION COMPONENTS

In addition to the primary compensation components summarized in Figure 1 on page 37, we have competitive health and welfare benefits that are generally structured the same for all U.S.-based executives and/or employees, plus several other benefits. Figure 15 describes the other benefits that are generally available to U.S.-based executives, and Figure 16 describes the other benefits that are generally available to all U.S.-based employees, including executives.

Figure 15: U.S. Executive Benefits

Component	Form and Purpose	Comment
Executive physicals	• A comprehensive exam designed to focus on wellness, prevention and early detection of potential health risks. • The exam, medical results and any recommendations provided are strictly between the executive and the provider. • Medical information is not shared with Qualcomm.	Charges are submitted by the provider directly to Qualcomm and paid by Qualcomm. To comply with IRS non-discrimination rules, this benefit is subject to imputed income that results in taxation on the value of the benefit.
Nonqualified Deferred Compensation Plan (NQDC Plan) Company match	• Company match on employees' deferred contributions up to a maximum amount based on a predefined formula. • 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 discussion titled "Fiscal 2016 Nonqualified Deferred Compensation" under the section "Comparative Tables and Narrative Disclosures" 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 executives 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 executive officers.
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 executive officers.
Use of corporate aircraft for personal travel (certain executives only)	• Facilitate flexible travel arrangements and provide security.	We have a program that limits personal travel on our corporate aircraft such that compensation reportable in the Summary Compensation Table does not exceed $250,000 for the CEO and $650,000 for all executive officers in the aggregate.

Compensation Discussion & Analysis

Figure 16: 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 for the other executive officers.

COMPENSATION RISK MANAGEMENT

The Compensation Committee engaged FW Cook 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 2016.

SUMMARY COMPENSATION TABLE

The following table shows information regarding compensation of each NEO for fiscal 2016, 2015 and 2014, except in the case of Mr. Modoff, who was not an NEO in fiscal 2014 and 2015.

Fiscal 2016 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)	2016	1,138,694	—	8,000,114	1,762,000	165,204	11,066,012
	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
George S. Davis	2016	760,011	—	2,700,080	870,640	163,419	4,494,150
Executive Vice President and Chief	2015	758,665	—	2,700,046	400,000	159,606	4,018,317
Financial Officer	2014	724,043	—	9,600,019	665,000	167,555	11,156,617
Derek K. Aberle President (9)	2016	889,438	1,375,000	4,805,111	3,262,625	212,652	10,544,826
	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
Paul E. Jacobs	2016	1	—	9,000,028	—	173,311	9,173,340
Executive Chairman and Chairman of the	2015	1	5,375	9,000,045	—	309,392	9,314,813
Board (10)	2014	969,984	21,375	54,000,175	1,300,000	650,458	56,941,992
Brian Modoff	2016	542,324	1,000,000	5,500,197	468,000	143,800	7,654,321
Executive Vice President, Strategy and M&A	2015	—	—	—	—	—	—
	2014	—	—	—	—	—	—

(1) We did not grant any stock option awards to our NEOs during fiscal 2016. Accordingly, the “Option Awards” column has been omitted from the Fiscal 2016 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. Accordingly, the “Change in Pension Value and Nonqualified Deferred Compensation Earnings” column has been omitted from the Fiscal 2016 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 2016 Nonqualified Deferred Compensation” table.

(4) The amounts in this column for fiscal 2016 represent: Mr. Aberle - amounts paid for fiscal 2016 for performance goals achieved as of the date of grant under his Performance Unit Award and designated as a discretionary bonus; and Mr. Modoff - a new-hire bonus. We disclose annual cash incentives in the “Non-Equity Incentive Plan Compensation” column. See the “Compensation Discussion and Analysis” section for further details on these awards.

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 applicable fiscal year. The grant date fair values of RSUs and ROIC PSUs were determined based on the fair value of our common stock on the date of grant. The RTSR 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 "Compensation Discussion and Analysis" section and the "Fiscal 2016 Grants of Plan-Based Awards" table for details on the stock awards granted to the NEOs during fiscal 2016. 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 2016 stock awards would be as follows: $16,000,228 for Mr. Mollenkopf; $5,400,160 for Mr. Davis; $9,610,222 for Mr. Aberle; $18,000,055 for Dr. Jacobs; and $5,940,319 for Mr. Modoff.

(6) The amounts in this column represent cash awards earned under our annual cash incentive plan (ACIP) for performance during the applicable fiscal year, as well as amounts paid to Mr. Aberle for fiscal 2016 for performance goals achieved under his Performance Unit Award and designated as Non-Equity Incentive Plan compensation. The Compensation Committee approved the fiscal 2016 ACIP amounts on December 4, 2016, and the NEOs received payment in December 2016. See the "Compensation Discussion and Analysis" section and the "Fiscal 2016 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 2016 Nonqualified Deferred Compensation" table.

(7) See the "Fiscal 2016 All Other Compensation" table for an itemized account of all other compensation reported in this column for fiscal 2016.

(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 4, 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 2016 Summary Compensation Table and are itemized in the Fiscal 2016 All Other Compensation table below.

Fiscal 2016 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	35,049	51,250	68,120	5,475	5,310	165,204
George S. Davis	—	92,801	49,300	7,386	13,932	163,419
Derek K. Aberle	43,166	106,093	53,170	5,475	4,748	212,652

Paul E. Jacobs	48,265	—	120,000	—	5,046	173,311
Brian Modoff	14,236	8,308	100,000	9,050	12,206	143,800

(1) Perquisites and other personal benefits for an NEO 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 an NEO 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 NEO is identified by type and quantified.
The amounts in this column include: Mr. Mollenkopf - $27,901 for the personal use of our corporate aircraft and the remainder for other insurance premiums; Mr. Aberle - $28,018 for the personal use of our corporate aircraft and the remainder for other insurance premiums and financial planning; Dr. Jacobs - $43,829 for the personal use of our corporate aircraft and the remainder for other insurance premiums and home office costs; and Mr. Modoff - for the personal use of our corporate aircraft, other insurance premiums and financial planning. 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) Our 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 match 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 (executive life insurance). 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 such executive life insurance, as well as group term life insurance greater than $50,000.

GRANTS OF PLAN-BASED AWARDS

The following table shows information regarding the incentive awards granted to our NEOs in 2016. 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 2016 Grants of Plan-Based Awards (1)(2)(3)

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 ($) (4)
			Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)		
Steve Mollenkopf	ACIP		22,600	2,260,000	4,520,000					
	RTSR PSUs	9/22/2016				18,952	57,431	114,862		4,000,069
	ROIC PSUs	9/22/2016				20,781	62,973	125,946		4,000,045
George S. Davis	ACIP		9,880	988,000	1,976,000					
	RTSR PSUs	9/22/2016				6,396	19,383	38,766		1,350,026
	ROIC PSUs	9/22/2016				7,014	21,254	42,508		1,350,054
Derek K. Aberle	ACIP		16,188	1,618,750	2,160,000					
	PUA (5)	7/10/2016	—	—	7,250,000					
	RTSR PSUs	2/16/2016				3,125	9,470	18,940		512,516
	ROIC PSUs	2/16/2016				3,619	10,968	21,936		512,535
	RTSR PSUs	9/22/2016				8,955	27,136	54,272		1,890,022
	ROIC PSUs	9/22/2016				9,819	29,755	59,510		1,890,038
Paul E. Jacobs	ACIP		—	—	—					
	RTSR PSUs	9/22/2016				21,321	64,609	129,218		4,500,017
	ROIC PSUs	9/22/2016				23,379	70,844	141,688		4,500,011
Brian Modoff	ACIP		6,000	600,000	1,200,000					
	RTSR PSUs	10/19/2015				3,640	11,030	22,060		742,540
	ROIC PSUs	10/19/2015				4,146	12,564	25,128		742,532
	RSUs	10/19/2015							21,405	1,265,036
	RTSR PSUs	9/22/2016				3,518	10,661	21,322		742,539
	ROIC PSUs	9/22/2016				3,858	11,690	23,380		742,549
	RSUs	9/22/2016							19,915	1,265,001

(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 2016. Accordingly, we did not include the "All Other Option Awards" or "Exercise or Base Price of Option Awards" columns in this table.

(3) See the "Compensation Discussion and Analysis" (CD&A) section for a discussion of the Non-Equity Incentive Plan Awards and the Equity Incentive Plan Awards set forth in this table.

(4) 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).

(5) The amounts shown represent the Non-Equity Incentive Plan portion of Mr. Aberle's Performance Unit Award.

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 equity awards reported is based on the closing price of the Company's common

Compensation Tables and Narrative Disclosures

stock at the end of the applicable 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.

Outstanding Equity Awards at Fiscal Year End (1)

Name	Grant Date	Option Awards: Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Option Exercise Price ($)	Option Expiration Date	Stock Awards: Number of Shares or Units of Stock That Have Not Vested (#) (2)	Market Value of Shares or Units of Stock That Have Not Vested ($)	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					15,601 (5)	978,971		
	11/09/11					15,726 (6)	986,824		
	09/29/13					7,439 (7)	466,783		
	12/12/13					298,191 (8)	18,711,496		
	12/12/13					268,372 (9)	16,840,346		
	09/16/14							18,567 (14)	1,165,102
	09/25/15							152,092 (15)	9,543,775
	09/25/15							78,032 (16)	4,896,516
	09/22/16							18,952 (17)	1,189,252
	09/22/16							20,781 (17)	1,304,013
Total		—	—			605,329	37,984,420	288,424	18,098,658
George S. Davis	09/29/13					12,399 (10)	778,017		
	05/05/14					56,175 (11)	3,524,997		
	09/16/14							6,266 (14)	393,217
	09/25/15							51,331 (15)	3,221,042
	09/25/15							26,336 (16)	1,652,607
	09/22/16							6,396 (17)	401,373
	09/22/16							7,014 (17)	440,117
Total		—	—			68,574	4,303,014	97,343	6,108,356
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					12,480 (5)	783,134		
	11/09/11					12,583 (6)	789,572		
	09/29/13					4,960 (7)	311,234		
	05/05/14					131,076 (11)	8,225,039		
	05/05/14					142,474 (12)	8,940,254		
	09/16/14							8,773 (14)	550,531
	09/25/15							71,865 (15)	4,509,537
	09/25/15							36,870 (16)	2,313,597

	02/16/16							19,467 (18)	1,221,539
	02/16/16							11,273 (19)	707,383
	09/22/16							8,955 (17)	561,919
	09/22/16							9,819 (17)	616,152
Total		101,051	—			303,573	19,049,233	167,022	10,480,658

Compensation Tables and Narrative Disclosures

		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 ($)
Paul E. Jacobs	11/12/07	195,168 (4)	—	37.29	11/11/17				
	11/09/09	9,570 (4)	—	44.75	11/08/19				
	05/05/14					610,603 (12)	38,315,345		
	09/16/14							20,888 (14)	1,310,740
	09/25/15							171,104 (15)	10,736,763
	09/25/15							87,786 (16)	5,508,580
	09/22/16							21,321 (17)	1,337,891
	09/22/16							23,379 (17)	1,467,002
Total		204,738 (4)	—			610,603	38,315,345	324,478	20,360,976
Brian Modoff	10/19/15					22,223 (13)	1,394,491		
	10/19/15							22,903 (20)	1,437,162
	10/19/15							13,044 (21)	818,518
	09/22/16							19,915 (22)	1,249,666
	09/22/16							3,518 (17)	220,763
	09/22/16							3,858 (17)	242,071
Total		—	—			22,223	1,394,491	63,238	3,968,180

(1) There were no unexercised, unearned stock options at September 25, 2016. Accordingly, we did not include the "Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options" column in this table.

(2) Amounts include dividend equivalent shares that had not vested at fiscal year end as follows: 46,755 shares for Mr. Mollenkopf; 5,159 shares for Mr. Davis; 22,213 shares for Mr. Aberle; 44,992 shares for Dr. Jacobs; and 818 shares for Mr. Modoff.

(3) Amounts include dividend equivalent shares that had not vested at fiscal year end as follows: 9,651 shares for Mr. Mollenkopf; 3,257 shares for Mr. Davis; 5,392 shares for Mr. Aberle; 10,857 shares for Dr. Jacobs; and 1,323 shares for Mr. Modoff.

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

	Type of Grant	Grant Date	Vesting Rate	Vesting Dates	Conditions
(5)	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 of satisfactory attainment of performance goals for fiscal 2012. Continued employment through vesting date

					required.
(6)	Performance Stock Units	11/9/2011	33-1/3% per year	11/9/2014 11/9/2015 11/9/2016	As of 9/25/16, all measurement periods were complete. Number of shares is the total number of earned but unvested shares. Continued employment through vesting date required.
(7)	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 of satisfactory attainment of performance goals for the first nine months of fiscal 2014. Continued employment through vesting date required.

	Type of Grant	Grant Date	Vesting Rate	Vesting Dates	Conditions
(8)	Restricted Stock Units	12/12/2013	33-1/3% per year	12/12/2016 12/12/2017 12/12/2018	Continued employment through vesting date required.
(9)	Restricted Stock Units	12/12/2013	20% per year	12/12/2014 12/12/2015 12/12/2016 12/12/2017 12/12/2018	Continued employment through vesting date required.
(10)	Restricted Stock Units	9/29/2013	33-1/3% per year	9/29/2014 9/29/2015 9/29/2016	Continued employment through vesting date required.
(11)	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 of satisfactory attainment of performance goals for the first six months of fiscal 2015. Continued employment through vesting date required.
(12)	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 of satisfactory attainment of performance goals for the first six months of fiscal 2015. Continued employment through vesting date required.
(13)	Restricted Stock Units	10/19/2015	33-1/3% per year	10/19/2016 10/19/2017 10/19/2018	Vesting was conditioned on the Compensation Committee's determination of satisfactory attainment of performance goals for first two quarters of fiscal 2016. Continued employment through vesting date required.
(14)	Performance Stock Units	9/16/2014	100% cliff vesting	10/4/2017	As of 9/25/16, two of the four measurement periods were complete. Based on performance as of that date, the number of shares shown is the actual number of shares earned for the completed periods (0 shares) and the threshold number of shares that may be earned for the remaining periods. Continued employment through vesting date required.
(15)	Performance Stock Units	9/25/2015	100% cliff vesting	10/10/2018	As of 9/25/16, the measurement period was incomplete. Based on performance as of that date, the number of shares shown is the maximum number of shares that may be earned under this award. Continued employment through vesting date required.
(16)	Performance Stock Units	9/25/2015	100% cliff vesting	10/10/2018	As of 9/25/16, the measurement period was incomplete. Based on performance as of that date, the number of shares shown is the target number of shares that may be earned under this award. Continued employment through vesting date required.
(17)	Performance Stock Units	9/22/2016	100% cliff vesting	10/10/2019	As of 9/25/16, the measurement period was incomplete. Based on performance as of that date, the number of shares shown is the threshold number of shares that may be earned under this award. Continued employment through vesting date required.
(18)	Performance Stock Units	2/16/2016	100% cliff vesting	4/7/2019	As of 9/25/16, the measurement period was incomplete. Based on performance as of that date, the number of shares shown is the maximum number of shares that may be earned under this award. Continued employment through vesting date required.

Compensation Tables and Narrative Disclosures

	Type of Grant	Grant Date	Vesting Rate	Vesting Dates	Conditions
(19)	Performance Stock Units	2/16/2016	100% cliff vesting	4/7/2019	As of 9/25/16, the measurement period was incomplete. Based on performance as of that date, the number of shares shown is the target number of shares that may be earned under this award. Continued employment through vesting date required.
(20)	Performance Stock Units	10/19/2015	100% cliff vesting	10/10/2018	As of 9/25/16, the measurement period was incomplete. Based on performance as of that date, the number of shares shown is the maximum number of shares that may be earned under this award. Continued employment through vesting date required.
(21)	Performance Stock Units	10/19/2015	100% cliff vesting	10/10/2018	As of 9/25/16, the measurement period was incomplete. Based on performance as of that date, the number of shares shown is the target number of shares that may be earned under this award. Continued employment through vesting date required.
(22)	Restricted Stock Units	9/22/2016	33-1/3% per year	11/20/2017 11/20/2018 11/20/2019	Vesting is conditioned on the Compensation Committee's determination of satisfactory attainment of performance goals for first two quarters of fiscal 2017. Continued employment through vesting date required.

OPTION EXERCISES AND STOCK AWARDS VESTED DURING FISCAL 2016

The "Option Exercises and Stock Awards Vested During Fiscal 2016" table below provides information on stock options exercised by the NEOs and NEO stock awards that vested during fiscal 2016.

Option Exercises and Stock Awards Vested During Fiscal 2016

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized On Exercise ($)	Number of Shares Acquired on Vesting (#) (1)	Value Realized on Vesting ($) (2)
Steve Mollenkopf	—	—	144,052	7,167,144
George S. Davis	—	—	65,469	3,353,452
Derek K. Aberle	—	—	84,701	4,342,966
Paul E. Jacobs	497,804(3)	8,021,575	35,825	1,777,630
Brian Modoff	—	—	—	—

(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) All shares acquired on exercise by trusts for Dr. Jacobs's children for which he disclaims beneficial ownership.

NONQUALIFIED DEFERRED COMPENSATION

The "Fiscal 2016 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. For the calendar 2015 Plan Year, we effectively matched up to 8% of the aggregate of a participant's base salary plus ACIP amounts. We match a participant's contributions for a calendar year annually only if the participant 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

Compensation Tables and Narrative Disclosures

Shares). All matching amounts vest in full upon the participant'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 participant's date of hire. Effective for the calendar 2016 Plan Year, the Company match, which will be made in January 2017, has been reduced from 8% to 4% of the aggregate of the participant's base salary plus ACIP amounts. Participants my defer up to 60% of their annual salary and 85% of their ACIP earnings during a plan year.

Fiscal 2016 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	102,500	51,250	171,128	—	2,072,754
George S. Davis	350,003	92,801	170,364	—	2,318,602
Derek K. Aberle	281,888	106,093	585,063	—	5,736,862
Paul E. Jacobs	—	—	4,135,527	—	31,959,256
Brian Modoff	162,466	8,308	9,184	—	179,958

(1) All amounts disclosed in this column are also reported in the Fiscal 2016 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) The amounts reported in this column reflect the cash match in fiscal 2016 for the NEOs' contributions in the 2015 calendar year. All amounts disclosed in this column are also reported in the Fiscal 2016 Summary Compensation Table under "All Other Compensation."

(3) The amounts in this column are not included in the Fiscal 2016 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: Mr. Mollenkopf - $1,338,888; Mr. Davis - $1,680,711; Mr. Aberle - $2,204,847 and Dr. Jacobs - $13,384,147.

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 17 summarizes the general terms of our equity award plans and agreements and nonqualified deferred compensation plan regarding how unvested stock 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 retirement. Any variations from the below are set forth in the CD&A.

Compensation Tables and Narrative Disclosures

Figure 17: 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 become fully vested. Stock options remain exercisable up to one year from the date of death or the expiration date of the grant, whichever is earlier.	All unvested PSUs become fully vested, but the number of shares issued is prorated based on a pre-established formula described in the applicable award agreement.
Long-Term Disability (LTD)	Stock options continue to vest per their original vesting schedule. Stock options remain exercisable until the expiration date of the grant. All unvested RSUs become fully vested.	All unvested PSUs become fully vested, but the number of shares issued is 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 be exercised up to six months after termination, but in no event later than the expiration date of such stock 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:" 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.	All unvested PSUs become fully vested, but the number of shares issued is prorated based on a pre-established formula described in the applicable award agreement.
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, but in no event later than the expiration date of such stock options. All unvested stock options are forfeited. RSUs: All unvested RSUs are forfeited. Note: Retirement provision applies if retirement eligible at termination.	All unvested PSUs are forfeited. Note: Retirement provision applies if retirement eligible at termination.
Retirement (1)	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 stock options. All unvested stock options are forfeited.	PSUs become fully vested and paid out at the end of the performance period based upon and subject to achievement of the relevant performance objectives.

RSUs: RSUs will become fully vested and distributed according to the original vesting schedule.

(1) For stock options, RSUs and PSUs granted prior to September 2016, Retirement 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. For stock options, RSUs and PSUs granted beginning in September 2016, Retirement is the date on which a participant has attained the age of 55 years and has completed 10 years of continuous service with the Company.

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 2016 and the price per share of our common stock is the closing market price as of that date.

Compensation Tables and Narrative Disclosures

Potential Payments Upon Termination or Change In Control (1)

Name	Termination Scenario	Accrued Vacation ($) (2)	Performance Unit Award/Performance Stock Units/Restricted Stock Units ($) (3)(4)(5)	Total ($)
Steve Mollenkopf	Death	217,308	41,205,626	41,422,934
	Long-Term Disability	—	41,205,626	41,205,626
	Change In Control	—	41,205,626	41,205,626
	Involuntary Termination	217,308	—	217,308
	Voluntary Termination	217,308	—	217,308
George S. Davis	Death	80,612	5,390,229	5,470,841
	Long-Term Disability	—	5,390,229	5,390,229
	Change In Control	—	5,390,229	5,390,229
	Involuntary Termination	80,612	—	80,612
	Voluntary Termination	80,612	—	80,612
Derek K. Aberle	Death	155,990	24,385,578	24,541,568
	Long-Term Disability	—	24,385,578	24,385,578
	Change In Control	—	21,010,578	21,010,578
	Involuntary Termination	155,990	3,375,000	3,530,990
	Voluntary Termination	155,990	3,375,000	3,530,990
Paul E. Jacobs	Death	—	41,939,153	41,939,153
	Long-Term Disability	—	41,939,153	41,939,153
	Change In Control	—	41,939,153	41,939,153
	Involuntary Termination	—	15,326,138	15,326,138
	Voluntary Termination	—	—	—
Brian Modoff	Death	21,779	3,156,281	3,178,060
	Long-Term Disability	—	3,156,281	3,156,281
	Change In Control	—	3,156,281	3,156,281
	Involuntary Termination	21,779	—	21,779
	Voluntary Termination	21,779	—	21,779

(1) Company match under the NQDC Plan is 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 25, 2016, except for Mr. Modoff who has an unvested Company match in the amount of $8,807 as of September 25, 2016 which would be paid out upon death, Long-Term Disability or a change in control. We have included all of the vested amounts for the other NEOs in the Aggregate Balance column in the “Fiscal 2016 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.

(3) Includes amounts payable under Mr. Aberle’s Performance Unit Award (PUA). Earned amounts vest upon death, disability, termination of service by the Company without Cause or voluntary termination of service for Good Reason. See the discussion titled “Fiscal 2016 Target Amounts and Compensation Mix” for more details.

(4) For the Performance Stock Units and Restricted Stock Units change-in-control termination scenario, we have assumed 100% acceleration of unvested shares.

(5) None of the NEOs were retirement eligible under the applicable plan and award agreements as of September 25, 2016.

Director Compensation

DIRECTOR COMPENSATION

The Compensation Committee reviews our nonemployee director compensation program annually, including an analysis of reported nonemployee director compensation practices at the same peer companies used for the Compensation Committee's evaluation of executive compensation. The analysis, prepared by FW Cook, includes prevalent practices for retainers, fees, equity-based compensation and stock ownership guidelines. FW Cook also provides recommendations regarding potential changes to our director compensation program. The analysis conducted for fiscal 2016 affirmed that our director compensation program continues to be aligned with best practices as follows:

- No fees are provided for Board meeting attendance.
- Directors received an annual award of deferred stock units (DSUs) that are defined under a fixed-value formula, are fully vested on the grant date, include a mandatory three-year holding period from the grant date, and settle three years from 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. The Compensation Committee approved the aforementioned vesting (fully vested on the grant date) effective January 1, 2016.
- Directors are subject to meaningful stock ownership guidelines. As discussed under "Stock Ownership Guidelines," nonemployee directors are required to hold shares of our common stock with a value equal to five times the annual retainer for Board service applicable 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. Messrs. Henderson, Manwani, McLaughlin, Randt and Vinciquerra and Ms. Livermore 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 2016.

Annual retainer. Directors who are U.S. residents receive an annual retainer of $100,000 paid in equal one-fourth installments following 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 following 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. The number of DSUs received is based on the fair market value of our common stock (as defined by the applicable equity plan) 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. The Chair of the Governance Committee receives an annual retainer 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. Effective January 1, 2017, the Compensation Committee increased the annual retainer from $25,000 to $35,000.

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.

Equity compensation. The Compensation Committee grants annual DSUs to directors with a grant date of the date of the annual meeting of stockholders, and the number of DSUs awarded is determined by dividing $200,000 by the fair value of a share of our common stock on the grant date. Directors who join the Board between annual meetings of stockholders receive DSUs on a pro rata basis to reflect the partial year of service until the next annual meeting of stockholders. The DSUs are fully vested on the grant date, include a mandatory three-year holding period from the grant date, and settle three years from 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 three-year mandatory period. The DSUs include dividend

Director Compensation

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.
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' 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.
Fiscal 2016 Director Compensation (1)(2)

Name	Fees Earned or Paid in Cash ($) (3)	Stock Awards ($) (4)	All Other Compensation ($) (5)	Total ($)
Barbara T. Alexander	175,659	200,034	50,000	425,693
Donald G. Cruickshank (6)	73,088	—	50,000	123,088
Raymond V. Dittamore	140,000	200,034	10,000	350,034
Jeffrey W. Henderson	97,478	234,040	12,522	344,040
Susan Hockfield (6)	58,407	—	10,950	69,357
Thomas W. Horton	191,000	200,034	50,000	441,034
Sherry Lansing (6)	57,907	—	—	57,907
Ann M. Livermore (7)	—	—	—	—
Harish Manwani	129,000	200,034	—	329,034
Mark D. McLaughlin	130,000	200,034	60,000	390,034
Clark T. Randt, Jr.	157,000	200,034	11,400	368,434
Francisco Ros	154,500	200,034	—	354,534
Jonathan J. Rubinstein (8)	93,291	200,034	50,000	343,325
Marc I. Stern (6)	58,758	—	—	58,758
Anthony J. Vinciquerra	128,500	200,034	29,500	358,034

(1) We did not award any stock options or provide any non-equity incentive plan compensation to any directors in fiscal 2016. 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 this table.

(3) These amounts include cash retainers and meeting fees. For Ms. Alexander and Messrs. McLaughlin and Vinciquerra, these amounts also include the value of DSUs issued in lieu of payment of cash retainer fees. DSUs awarded to Ms. Alexander and Mr. McLaughlin are fully vested and will be settled three years from the grant date. DSUs awarded to Mr. Vinciquerra are fully vested and will be settled upon termination of his Board service.

Director Compensation

(4) These amounts represent the fair value of the awards on the grant date. DSUs issued in lieu of payment of cash retainer fees are not included in this column. The amount for Mr. Henderson also includes an initial DSU awarded on January 12, 2016 when he joined the Board.

(5) These amounts represent the Company's match of directors' contributions to qualified, eligible IRS recognized non-profit organizations. The amount for Mr. McLaughlin includes $10,000 in matching contributions we made in fiscal 2016 for contributions made in fiscal 2015. Perquisites and personal benefits have been excluded as the total value for each director was less than $10,000.

(6) Sir Donald Cruickshank, Dr. Hockfield, Ms. Lansing and Mr. Stern concluded their service as directors at the 2016 annual meeting of stockholders.

(7) Ms. Livermore joined the Board on October 9, 2016 (which was after the end of fiscal 2016).

(8) Mr. Rubinstein resigned from the Board on May 4, 2016.

The following table shows the number of outstanding stock options and the aggregate number of outstanding RSUs and DSUs held by each individual who served as a nonemployee director of the Company at any time during fiscal 2016, as of September 25, 2016.

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	12,834
Donald G. Cruickshank (3)	42,000	—
Raymond V. Dittamore	28,000	21,460
Jeffrey W. Henderson	—	5,373
Susan Hockfield (3)	—	—
Thomas W. Horton	2,500	10,374
Sherry Lansing (3)	26,755	—
Ann M. Livermore (4)	—	—
Harish Manwani	—	9,575
Mark D. McLaughlin	—	7,471
Clark T. Randt, Jr.	—	10,374
Francisco Ros	—	10,374
Jonathan J. Rubinstein (5)	—	4,539
Marc I. Stern (3)	42,000	—
Anthony J. Vinciquerra	—	7,589

(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) Sir Donald Cruickshank, Dr. Hockfield, Ms. Lansing and Mr. Stern concluded their service as directors at the 2016 annual meeting of stockholders.

(4) Ms. Livermore joined the Board on October 9, 2016 (which was after the end of fiscal 2016).

(5) Mr. Rubinstein resigned from the Board on May 4, 2016.

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 2016 for filing with the SEC.

AUDIT COMMITTEE
Raymond V. Dittamore, Chair
Jeffrey W. Henderson
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 2016 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 19, 2017

APPENDIX A: FINANCIAL INFORMATION

The following is certain information that was originally filed with the Securities and Exchange Commission (SEC) on November 2, 2016 as part of our Annual Report on Form 10-K for the fiscal year ended September 25, 2016. 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 i 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, investments, financial condition, results of operations and prospects. Words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates” and similar 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, industry and market trends, sales levels, expense levels and other statements regarding matters that are not historical are forward-looking statements.

Although 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 our proposed acquisition of NXP Semiconductors N.V., commercial network deployments, expansions and upgrades of CDMA, OFDMA and other communications technologies, our customers’ and licensees’ sales of products and services based on these technologies and our customers’ demand for our products and services; competition in an environment of rapid technological change; our dependence on a small number of customers and licensees; our dependence on the premium-tier device segment; attacks on our licensing business model, including current and future legal proceedings or actions of governmental or quasi-governmental bodies or standards or industry organizations; the enforcement and protection of our intellectual property rights; the continued and future success of our licensing programs and the need to extend license agreements that are expiring; government regulations and policies, or adverse rulings in enforcement or other proceedings; the commercial success of our new technologies, products and services, including our ability to extend our products into new and expanded product areas and adjacent industry segments; our dependence on a limited number of third-party suppliers; claims by third parties that we infringe their intellectual property; strategic acquisitions, transactions and investments; our use of open source software; our stock price and earnings volatility; our indebtedness; our ability to attract and retain qualified employees; foreign currency fluctuations; global regional or local economic that impact the industries in which we operate; 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; security breaches of our information technology systems; and potential tax liabilities; 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 25, 2016.

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 25, 2016, September 27, 2015 and September 28, 2014 included 52 weeks.

Appendix A: 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 ($)
2016			
First quarter	61.19	45.93	0.48
Second quarter	53.52	42.24	0.48
Third quarter	56.27	49.67	0.53
Fourth quarter	64.00	50.84	0.53
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 October 31, 2016, there were 7,484 holders of record of our common stock. On October 31, 2016, the last sale price reported on the NASDAQ Global Select Market for our common stock was $68.72 per share. On October 6, 2016, we announced a cash dividend of $0.53 per share on our common stock, payable on December 16, 2016 to stockholders of record as of the close of business on November 30, 2016. 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 2016 Long-Term Incentive Plan (2016 Plan) provides for the grant of both incentive and nonstatutory stock options, stock appreciation rights, restricted stock, unrestricted stock, restricted stock units, performance units, performance shares, deferred compensation awards 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 amend or terminate the 2016 Plan at any time.
Additional information regarding our share-based compensation plans and plan activity for fiscal 2016, 2015 and 2014 is provided in "Notes to Consolidated Financial Statements, Note 5. Employee Benefit Plans" and additional information regarding our share-based compensation plans for fiscal 2016 is provided in our 2017 Proxy Statement under the heading "Equity Compensation Plan Information."
Issuer Purchases of Equity Securities
Issuer purchases of equity securities during the fourth quarter of fiscal 2016 were:

Appendix A: Financial Information

	Total Number of Shares Purchased	Average Price Paid Per Share (1)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (2)
	(In thousands)		(In thousands)	(In millions)
June 27, 2016 to July 24, 2016	—	$ ——		$ 3,211
July 25, 2016 to August 21, 2016	2,414	62.14	2,414	3,061
August 22, 2016 to September 25, 2016	1,201	62.43	1,201	2,986
Total	3,615		3,615	

(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 25, 2016, $3.0 billion remained authorized for repurchase. The stock repurchase program has no expiration date. Since September 25, 2016, we repurchased and retired 1,865,000 shares of common stock for $124 million.

Appendix A: 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 25, 2016	September 27, 2015	September 28, 2014	September 29, 2013	September 30, 2012
	(In millions, except per share data)				
Statement of Operations Data:					
Revenues	$23,554	$ 25,281	$ 26,487	$ 24,866	$ 19,121
Operating income	6,495	5,776	7,550	7,230	5,682
Income from continuing operations	5,702	5,268	7,534	6,845	5,283
Discontinued operations, net of income taxes	—	—	430	—	776
Net income attributable to Qualcomm	5,705	5,271	7,967	6,853	6,109
Per Share Data:					
Basic earnings per share attributable to Qualcomm:					
Continuing operations	$3.84	$ 3.26	$ 4.48	$ 3.99	$ 3.14
Discontinued operations	—	—	0.25	—	0.45
Net income	3.84	3.26	4.73	3.99	3.59
Diluted earnings per share attributable to Qualcomm:					
Continuing operations	3.81	3.22	4.40	3.91	3.06
Discontinued operations	—	—	0.25	—	0.45
Net income	3.81	3.22	4.65	3.91	3.51
Dividends per share announced	2.02	1.80	1.54	1.20	0.93
Balance Sheet Data:					
Cash, cash equivalents and marketable securities	$32,350	$ 30,947	$ 32,022	$ 29,406	$ 26,837
Total assets	52,359	50,796	48,574	45,516	43,012
Loans and debentures (2)	—	—	—	—	1,064
Short-term debt (3)	1,749	1,000	—	—	—
Long-term debt (4)	10,008	9,969	—	—	—
Other long-term liabilities (5)	895	817	428	550	426
Total stockholders' equity	31,768	31,414	39,166	36,087	33,545

(1) Our fiscal year ends on the last Sunday in September. The fiscal years ended September 25, 2016, September 27, 2015, September 28, 2014 and September 29, 2013 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 A: Financial Information

Overview

We led the development and continue to be a leader in the commercialization of a digital communication technology called CDMA (Code Division Multiple Access), and we also continue as a leader in the development and commercialization of the OFDMA (Orthogonal Frequency Division Multiple Access) family of technologies, including LTE (Long Term Evolution), 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, 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-based 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 numerous 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 video codec, audio codec, wireless LAN (local area network), memory interfaces, wireless power, GPS (global positioning system) and positioning, broadcast and streaming protocols, and short range communication functionalities, including NFC (near field communication) and Bluetooth. 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, RF (radio frequency) and antenna design, sensors and sensor fusion algorithms, power and thermal management techniques and application processor architectures. Our patents cover a wide range of technologies across the entire wireless system, including the device (such as handsets and tablets) and not just what is embodied in the chipsets.

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, wireless networks, broadband gateway equipment and consumer electronic devices. We also sell other products and services, which include, among others: wireless medical devices and software products and services designed for health care companies; engineering services; and products designed for the implementation of small cells. In addition, we continue to invest in new and expanded product areas, such as radio frequency front-end (RFFE), and in adjacent industry segments, such as automotive, Internet of Things (IoT), data center, networking, mobile computing, the connected home, smart cities, mobile health, machine learning, including robotics and wearables, among others.

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+, October 2016) to approximately 7.4 billion global connections in September 2016 (GSMA Intelligence, October 2016). 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 2016, there were approximately 4.0 billion 3G/4G connections globally (CDMA-based, OFDMA-based and CDMA/OFDMA multimode) representing nearly 54% of total mobile connections. By 2020, global 3G/4G connections are projected to reach 6.4 billion, with more than 80% of these connections coming from emerging regions (GSMA Intelligence, October 2016).

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 six times the number of fixed Internet connections (GSMA Intelligence and WBIS, October 2016). In China, 3G/4G LTE multimode services have experienced strong adoption since being launched in the fourth quarter of calendar 2013, with more than 655 million connections reported as of September 2016 (GSMA Intelligence, October 2016). In India, mobile operators are rolling out 3G/4G LTE multimode services, providing consumers with the benefits of advanced mobile broadband connectivity while

Appendix A: Financial Information

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, the wireless industry is actively developing and standardizing 5G (fifth generation) technology, which is the next generation of wireless technology expected to be commercially deployed starting in 2019. While the 5G standard is still being defined, it is expected to provide a unified connectivity network for all spectrum and service types based on OFDM technology. 5G is expected to support faster data rates and wider bandwidths of spectrum. Incorporating many of the innovations developed for 4G, 5G is also expected to be scalable and adaptable across a variety of use cases, which include, among others: enabling new industries and services, such as autonomous vehicles and remote medical procedures, through ultra-reliable, ultra-low latency communication links; and connecting a significant number of “things” (also known as the Internet of Things or IoT), such as consumer electronics, including wearables, appliances, sensors and medical devices, with connectivity designed to meet ultra-low power, complexity and cost requirements. 5G is also expected to enhance mobile broadband services, including ultra-high definition (4K) video streaming and virtual reality, with multi-gigabit speeds.

Most 5G devices are expected to include multimode support for 3G, 4G and Wi-Fi, enabling service continuity where 5G has yet to be deployed and simultaneous connectivity across 4G and Wi-Fi technologies, while also allowing mobile operators to utilize current network deployments. At the same time, 4G will continue to evolve in parallel with the development of 5G and is expected to pioneer many of the key 5G technologies, such as support for unlicensed spectrum and gigabit LTE user data rates. The first phase of 5G networks are expected to support mobile broadband services both in lower spectrum bands below 6 Ghz as well as higher bands above 6 GHz, including millimeter wave (mmWave).

Growth in smartphones. Smartphone adoption continues to expand globally, fueled by 3G/4G LTE multimode connectivity, powerful application processors and advanced multimedia and location awareness capabilities, among others. In 2015, more than 1.4 billion smartphones shipped globally, representing a year-over-year increase of approximately 14%, and cumulative shipments of smartphones between 2016 and 2020 are projected to reach approximately 8.3 billion (Gartner, September 2016). Most of this growth is happening in emerging regions, where smartphones accounted for approximately 70% of handset shipments in 2015 and are expected to reach approximately 92% in 2020 (Gartner, September 2016). 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 and the variety of flexible and affordable data plans being offered by mobile operators.

Consumer demand for new types of experiences enabled by 3G/4G LTE connectivity, combined with the needs 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, computing, camera, audio, video, display, location, sensors and security. As a result, the smartphone has, in many ways, become the go-to device for social networking, music, gaming, email and web browsing, among others. It is also replacing many traditional consumer electronics devices due to advanced capabilities, including digital cameras, video cameras, Global Positioning System (GPS) units and music players, combined with an always on and connected mobile platform.

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 to 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 IoT, and enabling companies to create new products and services.

The proliferation of intelligently connected things is also 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, 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 cellular wireless communication technologies, including CDMA and OFDMA. As a result, we have developed and acquired (and continue to develop and acquire) significant

Appendix A: Financial Information

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 330 licensees, including leading wireless device and infrastructure manufacturers. Relevant cellular wireless technologies can be grouped into the following 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).

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, 2016, there were approximately 3.4 billion GSM connections worldwide, representing approximately 46% of total cellular connections. The transition of wireless devices from 2G to 3G/4G continued around the world with 3G/4G connections up 18% year-over-year (GSMA Intelligence, October 2016).

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 13
- 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 2016, there were approximately 2.5 billion CDMA-based connections worldwide, representing approximately 33% 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 to be deployed through 2016 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, and their evolution to LTE Advanced Pro.

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 LTE 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 in the uplink as well as the downlink. 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 under the umbrella of LTE Advanced Pro, such as LTE Direct for proximity-based device-to-device discovery, improved LTE broadcast, optimizations of narrowband communications designed for IoT (known as NB-IoT) and the ability to use LTE Advanced in unlicensed spectrum (LTE Unlicensed). There will be multiple options for deploying LTE Unlicensed for different deployment scenarios.

Appendix A: Financial Information

- LTE-U, which relies on an LTE control carrier based on 3GPP Release 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), introduced as part of 3GPP Release 13, also aggregates unlicensed and licensed spectrum.
- MulteFire operates solely in unlicensed spectrum without a licensed anchor control 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 will utilize existing and new carrier Wi-Fi deployments.

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, 2016, there were approximately 1.5 billion global 3G/4G multimode connections worldwide, representing approximately 21% of total cellular connections.

According to the Global mobile Suppliers Association (GSA), as of October 2016, more than 770 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 2016, 212 operators were investing in LTE Advanced carrier aggregation across 88 countries, and 166 operators have launched commercially in 76 countries (GSA, October 2016).

As we look forward, the wireless industry is actively building the next generation of cellular technologies under the name 5G in 3GPP. While 5G is still being defined, it is expected that 5G will transform the role of wireless technologies and incorporate advancements on 3G/4G features available today, including further enhanced mobile broadband services, device-to-device capabilities and use of both licensed and unlicensed spectrum and connectivity of a significant number of things. 5G is also expected to include operation in emerging higher frequency bands such as those in the millimeter wave range to significantly increase the data rate offered to users. Furthermore, 5G is expected to offer techniques that will enable the expansion of cellular networks into new vertical product segments and define a radio link with much higher levels of reliability for control of vehicles and machines. This development, which builds on the various 3G and 4G features addressing IoT, will further sustain the trend of enabling cellular connectivity to non-handset categories of devices. We continue to play a significant role in driving 5G from standardization to commercialization, including contributing to 3GPP standardization activities to define the 5G standard and collaborating with industry participants on 5G demonstrations and trials to prepare for commercial network launches.

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-1 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). In August 2015, we acquired

CSR plc, a leading contributor to Bluetooth evolution in the areas of mobile devices, HID (human interface device), A/V (audio/video) and Smart Mesh technologies.

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

Appendix A: Financial Information

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 HEVC (High Efficiency Video Codec) standard, which will be deployed to support 4K video content;
- audio coding, including EVS (Enhanced Voice Services);
- the latest version of 3GPP's codec for multimedia use and for voice/speech use, which is being deployed commercially;
- 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.

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 wireless 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 mobile phones, tablets, laptops, data modules, handheld wireless computers and gaming devices, access points and routers, data cards and infrastructure equipment, broadband gateway equipment and other consumer electronic devices. Our MSM integrated circuits, which include the Mobile Data Modem, Qualcomm Single Chip and 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 helps enable 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 65%, 68% and 70% of our total consolidated revenues in fiscal 2016, 2015 and 2014, respectively.

Appendix A: Financial Information

QCT currently 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 33%, 31% and 29% of our total consolidated revenues in fiscal 2016, 2015 and 2014, 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 held wireless spectrum, which was sold in the first quarter of fiscal 2016 for a 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 mobile heath, data center, small cell 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 2016.

Fiscal 2016 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 4.0 billion, up 18% year-over-year, and represent approximately 54% of total mobile connections, up from 47% at the end of fiscal 2015.[(1)]

Appendix A: Financial Information

Revenues were $23.6 billion, a decrease of 7% compared to fiscal 2015, with net income attributable to Qualcomm of $5.7 billion, an increase of 8% compared to fiscal 2015.
QCT Segment. We shipped approximately 842 million Mobile Station Modem (MSM) integrated circuits for CDMA- and OFDMA-based wireless devices, a decrease of 10%, compared to approximately 932 million MSM integrated circuits in fiscal 2015. QCT's revenues decreased by 10%, and its earnings before taxes as a percentage of revenues decreased to 12% from 14% in fiscal 2015, 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 our large customers and the competitive environment in China, partially offset by lower product costs, including lower excess inventory charges, and the impact of the acquisition of CSR in the fourth quarter of fiscal 2015.
QTL Segment. Total reported device sales[(2)] by licensees were approximately $267.4 billion in fiscal 2016, an increase of approximately 7%, compared to approximately $250.9 billion in fiscal 2015. However, despite the increase in total reported device sales, QTL's revenues decreased by 4% compared to fiscal 2015 primarily due to decreases in revenues per reported unit and recognition of unearned license fees, partially offset by an increase in reported sales of CDMA-based products (including multimode products that also implement OFDMA) and $266 million in licensing revenues recorded in the second quarter of fiscal 2016 due to the termination of an infrastructure license agreement resulting from the merger of two licensees. QTL revenues and EBT in fiscal 2016 continued to be impacted negatively by units that we believe are not being reported by certain licensees and sales of certain unlicensed products.
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. As part of this Strategic Realignment Plan, among other actions, we implemented a cost reduction plan, which included a series of targeted reductions across our businesses, particularly in QCT, and a reduction to annual share-based compensation grants. These cost reduction initiatives were achieved by the end of fiscal 2016.[(3)] During fiscal 2016, we recorded restructuring and restructuring-related charges of $202 million related to the plan.
Capital Return Program. We previously announced our intention to repurchase $10 billion of stock from March 2015 through March 2016. In the first quarter of fiscal 2016, we completed the remaining $1.9 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 $5.0 billion to stockholders, including $2.0 billion through repurchases of common stock and $3.0 billion of cash dividends. Shares outstanding decreased by 3% to 1.48 billion at September 25, 2016 from 1.52 billion at September 27, 2015 due to share repurchases, partially offset by net shares issued under our employee benefit plans.

(1) According to GSMA Intelligence estimates as of October 31, 2016 for the quarter ended September 30, 2016 (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) The cost reduction initiative related to certain research and development and selling, general and marketing expenses and certain non-product-related cost of revenues. It excludes the impact of the CSR and Capsule Technologie acquisitions as well as costs of a nonreportable segment up to the amount of related revenues

recognized in fiscal 2016.

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:

- On October 27, 2016, we announced a definitive agreement under which Qualcomm River Holdings, B.V., an indirect, wholly owned subsidiary of Qualcomm Incorporated, will acquire NXP Semiconductors N.V. Pursuant to

Appendix A: Financial Information

the definitive agreement, Qualcomm River Holdings will commence a tender offer to acquire all of the issued and outstanding common shares of NXP for $110 per share in cash, for estimated total cash consideration of $38 billion. NXP is a leader in high-performance, mixed-signal semiconductor electronics in automotive, broad-based microcontrollers, secure identification, network processing and RF power products. The transaction is expected to close by the end of calendar 2017 and is subject to receipt of regulatory approvals in various jurisdictions and other closing conditions, including the tender of specified percentages (which vary from 70% to 95% based on certain circumstances as provided in the definitive agreement) of the issued and outstanding common shares of NXP in the offer. The tender offer is not subject to any financing condition; however, we intend to fund the transaction with cash held by foreign entities and new debt. We expect that this will require us to: devote significant resources and management time and attention prior to close; take on significant debt; and utilize a substantial portion of our cash, cash equivalents and marketable securities.

- Consumer demand for 3G/4G smartphone products is increasing in emerging regions, particularly in China, driven by availability of lower-tier-3G/4G devices. We expect the ongoing rollout of 4G services in emerging regions will encourage competition and growth, bringing the benefits of 3G/4G LTE multimode to consumers.
- Our business, particularly QCT, expects to continue to be impacted by industry dynamics, including:
  - Concentration of device share among a few companies within the premium tier, resulting in significant supply chain leverage for those companies;
  - Decisions by companies to utilize their own internally-developed integrated circuit products or our competitors' integrated circuit products in a portion of their devices;
  - Intense competition, particularly in China, as our competitors expand their product offerings and/or reduce the prices of their products as part of a strategy to attract new and/or retain customers; and
  - Lengthening replacement cycles in developed regions, where the smartphone industry is mature, premium-tier smartphones are common and consumer demand is increasingly driven by new product launches and/or innovation cycles, and from increasing consumer demand in emerging regions where premium-tier smartphones are less common and replacement cycles are on average longer than in developed regions.
- We continue to believe that certain licensees, particularly in China, are not fully complying with their contractual obligations to report their sales of licensed products to us, and certain companies, including unlicensed companies, are delaying execution of new license agreements. While we have made substantial progress in reaching agreements with many companies, negotiations with certain licensees and unlicensed companies are ongoing. We believe that the conclusion of new agreements with these companies 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. Additionally, we believe our increased efforts in the areas of compliance will also improve reporting, but will also result in increased costs to the business. Litigation and/or other actions (such as the litigation against Meizu Technology Co., Ltd. described in "Notes to Consolidated Financial Statements, Note 7. Commitments and Contingencies") may be necessary to compel licensees to report and pay the required royalties for sales they have not previously reported and/or to compel unlicensed companies to execute licenses.
- Regulatory authorities in other jurisdictions continue to investigate our business practices. An unfavorable resolution of one or more of these matters could have a material adverse effect on our business with remedies that 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 modify our business practices. See "Notes to Consolidated Financial Statements, Note 7. Commitments and Contingencies."
- We continue to invest significant resources toward advancements in 4G LTE and 5G technologies, OFDM-based WLAN technologies, wireless baseband chips, our converged computing/communications (Snapdragon) chips, radio frequency front-end (RFFE), connectivity, graphics, audio and video codecs, multimedia products, software and services, which contribute to the expansion of our intellectual property portfolio. We are also investing in targeted opportunities that leverage our existing technical and business expertise to deploy new business models and enter into new industry segments, such as products for automotive, the Internet of Things (IoT), including the connected home, smart cities and wearables, data center, networking, mobile computing, mobile health and machine learning, including

robotics, among others.

- In January 2016, we announced that we had reached an agreement with TDK Corporation to form a joint venture, under the name RF360 Holdings Singapore Pte. Ltd., to enable delivery of RFFE modules and RF filters into fully integrated products for mobile devices and IoT applications, among others. The joint venture will initially be owned 51% by us and 49% by TDK. Certain intellectual property, patents and filter and module design and manufacturing assets will be carved out of existing TDK businesses and be acquired by the joint venture, with certain assets acquired by us. The purchase price of our interest in the joint venture and the assets to be transferred to us is $1.2 billion, to be adjusted for working capital, outstanding indebtedness and certain capital expenditures, among other things. Additionally, we have the option to acquire (and TDK has an option to sell) TDK's interest in the joint venture for $1.15 billion 30 months after the closing date. TDK will be entitled to up to a total of $200 million in payments based on sales of RF filter functions over the three-year period after the closing date, which is a substitute for and in lieu of any right of TDK to receive any profit sharing, distributions, dividends or other payments of any kind or nature. The transaction is subject to receipt of regulatory approvals and other closing conditions and is expected to close in early calendar 2017.

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 elsewhere in our Annual Report on Form 10-K for fiscal 2016.

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 and Other Investments. 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 losses in earnings 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. During fiscal 2016, 2015 and 2014, we recorded $112 million, $163 million and $156 million, respectively, in impairment losses on our investments in marketable securities. As of September 25, 2016, we had gross unrealized losses of $105 million. Prior to closing the NXP transaction, we expect to divest a substantial portion of our marketable securities portfolio in order to finance our proposed acquisition, which may result in losses in our results of operations.

We also hold investments in non-marketable equity instruments in privately held companies that are accounted for using either the cost or the equity method. Many of these investments are in early-stage companies, which are inherently risky because the markets for the technologies or products of these companies are uncertain and may never develop. We monitor our investments for events or circumstances that could indicate the investments are impaired, such as a deterioration in the investee's financial condition and business forecasts and lower valuations in recently completed or proposed financings, and we record impairment losses in earnings when we believe an investment has experienced a decline in value that is other than temporary.

Appendix A: Financial Information

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 2016, 2015 and 2014, we recorded $107 million, $317 million and $642 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 25, 2016.
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, and the assessment of our income tax positions involves dealing with uncertainties in the application of complex tax laws and

Appendix A: Financial Information

regulations in various taxing jurisdictions. In addition, the application of tax laws and regulations is subject to legal and factual interpretation, judgment and uncertainty. Tax laws and regulations themselves are subject to change as a result of changes in fiscal policy, changes in legislation, the evolution of regulations and court rulings. 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. 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. Therefore, the actual liability for United States or foreign taxes may be materially different from our estimates, which could result in the need to record additional tax liabilities or potentially reverse previously recorded tax liabilities. 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 the expiration of these incentives, our Singapore tax rate is expected to increase in fiscal 2017 and again in fiscal 2027. Our failure to meet these criteria could adversely impact our provision for income taxes.

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, potential acquisitions, such as our proposed acquisition of NXP, investments in our existing businesses, future research and development 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 $11.5 billion related to the United States federal and state income taxes and foreign withholding taxes on approximately $32.5 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)

	2016	2015	2014	2016 vs. 2015 Change	2015 vs. 2014 Change
Equipment and services	$15,467	$17,079	$18,625	$(1,612)	$(1,546)
Licensing	8,087	8,202	7,862	(115)	340
	$23,554	$25,281	$26,487	$(1,727)	$(1,206)

The decreases in equipment and services revenues in fiscal 2016 and 2015 were primarily due to decreases in QCT revenues of $1.76 billion and $1.49 billion, respectively. The decrease in equipment and services revenues in fiscal 2016 was partially offset by increases in a nonreportable segment's revenues and QSI revenues of $56 million and $43 million, respectively. The decrease in licensing revenues in fiscal 2016 was primarily due to the decrease in QTL revenues, partially offset by an increase in a nonreportable segment's revenues of $143 million. The increase in our licensing revenues in fiscal 2015 was primarily due to an increase in QTL revenues of $378 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 40%, 45% and 49% of total consolidated revenues in fiscal 2016, 2015 and 2014, respectively.

Revenues from customers in China, South Korea and Taiwan comprised 57%, 17% and 12%, respectively, of total consolidated revenues for fiscal 2016, compared to 53%, 16% and 13%, respectively, for fiscal 2015, and 50%, 23% and 11%, respectively, for fiscal 2014. 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

Appendix A: Financial Information

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)

	2016	2015	2014	2016 vs. 2015 Change	2015 vs. 2014 Change
Cost of revenues	$9,749	$10,378	$10,686	$(629)	$(308)
Gross margin	59 %	59 %	60 %		

The margin percentage in fiscal 2016 remained flat primarily due to the effect of $163 million in additional charges related to the amortization of intangible assets and the recognition of the step-up of inventories to fair value primarily related to the acquisition of CSR plc in the fourth quarter of fiscal 2015, offset by the impact of higher-margin segment mix primarily related to QTL. The decrease in margin percentage in fiscal 2015 was primarily attributable to a decrease in QCT 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.

	2016	2015	2014	2016 vs. 2015 Change	2015 vs. 2014 Change
Research and development	$5,151	$5,490	$5,477	$(339)	$ 13
% of revenues	22 %	22 %	21 %		
Selling, general, and administrative	$2,385	$2,344	$2,290	$41	$ 54
% of revenues	10 %	9 %	9 %		
Other	$(226)	$1,293	$484	$(1,519)	$ 809

The dollar decrease in research and development expenses in fiscal 2016 was primarily attributable to a decrease of $228 million in costs related to the development of integrated circuit technologies and related software products. Such decrease was primarily driven by actions initiated under the Strategic Realignment Plan, partially offset by increased research and development costs resulting from acquisitions. The decrease in research and development expenses in fiscal 2016 also included decreases of $67 million in development costs of display technologies and $45 million in share-based compensation expense. The dollar increase in research and development expenses in fiscal 2015 was primarily attributable to an increase of $117 million in costs related to the development of integrated circuit technologies and related software products, 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 2016 was primarily attributable to increases of $65 million in costs related to litigation and other legal matters, $39 million in employee-related expenses and $27 million in depreciation and amortization expense, partially offset by decreases of $36 million in share-based compensation expense, $21 million in selling and marketing expenses, $19 million in professional services and $17 million in patent-related costs. 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.

Other income in fiscal 2016 was primarily attributable to a $380 million gain on the sale of wireless spectrum, partially offset by be net charges related to our Strategic Realignment Plan, which included $202 million in restructuring and restructuring-related charges, partially offset by a $48 million gain on the sale of our business that provided augmented reality applications. 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 acc