

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 8-K

CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): May 24, 1999

QUALCOMM INCORPORATED  
(Exact name of registrant as specified in its charter)

DELAWARE  
(State or other jurisdiction of incorporation)

0-19528  
(Commission File No.)

95-3685934  
(IRS Employer Identification No.)

6455 LUSK BOULEVARD  
SAN DIEGO, CALIFORNIA 92121  
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: (619) 587-1121

ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS.

On May 24, 1999 (the "Closing Date"), QUALCOMM Incorporated ("QUALCOMM") sold certain of its assets related to its terrestrial CDMA wireless infrastructure business (the "Assets") to Telefonaktiebolaget LM Ericsson (publ), a Swedish company ("Ericsson") pursuant to that certain Asset Purchase Agreement dated March 24, 1999 between QUALCOMM and Ericsson (the "Asset Purchase Agreement"). QUALCOMM received \$98,097,000 in cash on the Closing Date. Total consideration will be based on a final determination of net assets as of the Closing Date.

A description of the transaction is set forth in the Press Release issued by QUALCOMM dated May 24, 1999, a copy of which is attached hereto as Exhibit 99.1.

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ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.

(a) FINANCIAL STATEMENTS OF BUSINESSES ACQUIRED.

Not applicable.

(b) PRO FORMA FINANCIAL INFORMATION.

(1) UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION OF QUALCOMM INCORPORATED.

The following unaudited pro forma condensed consolidated  
financial information is being filed herewith:

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	Unaudited Pro Forma Condensed Consolidated Balance Sheet at March 28, 1999	4
	Unaudited Pro Forma Condensed Consolidated Statement of Income for the Six Months ended March 28, 1999	5
	Unaudited Pro Forma Condensed Consolidated Statement of Income for the Year ended September 30, 1998	6

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(c) EXHIBITS.

- 2.1 Asset Purchase Agreement dated March 24, 1999 between QUALCOMM Incorporated and Telefonaktiebolaget LM Ericsson (publ) (incorporated herein by reference to QUALCOMM's Form 10-Q for the three month period ended March 28, 1999 and filed with the Securities and Exchange Commission on May 11, 1999).
- 2.2 Amendment No. 1 dated as of May 24, 1999 to the Asset Purchase Agreement dated as of March 24, 1999 between QUALCOMM Incorporated and Telefonaktiebolaget LM Ericsson (publ).(1)
- 99.1 Press Release dated May 24, 1999.

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(1) Certain portions of this exhibit have been omitted pursuant to a request for confidential treatment. Omitted portions will be filed separately with the Securities and Exchange Commission.

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QUALCOMM INCORPORATED  
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET  
(IN THOUSANDS, EXCEPT PER SHARE DATA)

<TABLE>  
<CAPTION>

	MARCH 28, 1999		
	HISTORICAL	PRO FORMA ADJUSTMENTS	PRO FORMA (a)
<S>	<C>	<C>	<C>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents .....	\$ 121,253	\$ 98,097 (b)	\$ 219,350
Investments .....	83,395	0	83,395
Accounts receivable, net .....	814,213	(2,164) (c)	812,049
Finance receivables .....	59,457	0	59,457
Inventories, net .....	254,477	(68,586) (d)	185,891
Other current assets .....	215,514	(2,905) (e)	212,609
	-----	-----	-----
Total current assets .....	1,548,309	24,442	1,572,751
Property, plant and equipment, net .....	557,899	(76,780) (f)	481,119
Finance receivables, net .....	352,525	(27,469) (g)	325,056
Other assets .....	162,663	(3,550) (h)	159,113
	-----	-----	-----
Total assets .....	\$ 2,621,396	\$ (83,357)	\$ 2,538,039
	=====	=====	=====
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Current liabilities:			
Accounts payable and accrued liabilities.....	\$ 662,781	\$ (5,064) (i)	\$ 657,717
Unearned revenue .....	62,858	(1,998) (j)	60,860
Bank lines of credit .....	64,000	0	64,000
Current portion of long-term debt .....	3,062	0	3,062
	-----	-----	-----
Total current liabilities .....	792,701	(7,062)	785,639
Long-term debt .....	2,360	0	2,360
Other liabilities .....	44,411	0	44,411
	-----	-----	-----
Total liabilities .....	839,472	(7,062)	832,410
Minority interest in consolidated subsidiaries	45,073	0	45,073
	-----	-----	-----
Company-obligated mandatorily redeemable trust convertible preferred securities of a subsidiary trust holding solely debt securities of the Company .....	660,000	0	660,000
	-----	-----	-----
<b>Stockholders' equity:</b>			
Preferred stock, \$0.0001 par value .....	--	0	--
Common stock, \$0.0001 par value (q) .....	15	0	15

Paid-in capital (q) .....	1,102,305	0	1,102,305
Retained earnings (deficit) .....	5,910	(76,295) (b)-(j)	(70,385)
Accumulated other comprehensive loss .....	(31,379)	0	(31,379)
	-----	-----	-----
Total stockholders' equity .....	1,076,851	(76,295)	1,000,556
	-----	-----	-----
Total liabilities and stockholders' equity ...	\$ 2,621,396	\$ (83,357)	\$ 2,538,039
	=====	=====	=====

</TABLE>

See accompanying notes to unaudited pro forma condensed consolidated financial information

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QUALCOMM INCORPORATED  
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME  
(IN THOUSANDS, EXCEPT PER SHARE DATA)

<TABLE>  
<CAPTION>

	SIX MONTHS ENDED MARCH 28, 1999		
	HISTORICAL	PRO FORMA ADJUSTMENTS	PRO FORMA (a)
	-----	-----	-----
<S>	<C>	<C>	<C>
Revenues:			
Communications systems .....	\$ 1,591,362	\$ (47,618) (k)	\$ 1,543,744
Contract services .....	161,266	0	161,266
License, royalty and development fees ...	120,990	0	120,990
	-----	-----	-----
Total revenues .....	1,873,618	(47,618)	1,826,000
	-----	-----	-----
Operating expenses:			
Communications systems .....	1,153,365	(57,942) (l)	1,095,423
Contract services .....	112,800	0	112,800
Research and development .....	203,075	(61,729) (m)	141,346
Selling and marketing .....	123,364	(25,124) (n)	98,240
General and administrative .....	102,053	(13,401) (o)	88,652
Other .....	95,824	0	95,824
	-----	-----	-----
Total operating expenses .....	1,790,481	(158,196)	1,632,285
	-----	-----	-----
Operating income .....	83,137	110,578	193,715
Interest income .....	14,035	0	14,035
Interest expense .....	(8,774)	0	(8,774)
Net gain on sale of investments .....	5,663	0	5,663
Loss on cancellation of warrants .....	(3,273)	0	(3,273)
Other .....	(52,531)	0	(52,531)
Distributions on trust convertible preferred securities of subsidiary trust	(19,703)	0	(19,703)
Minority interest in income of consolidated subsidiaries .....	(6,543)	0	(6,543)
Equity in losses of investees .....	(5,995)	0	(5,995)
	-----	-----	-----
Income before income taxes .....	6,016	110,578	116,594
Income tax expense .....	(106)	(44,200) (p)	(44,306)
	-----	-----	-----
Net income .....	\$ 5,910	\$ 66,378	\$ 72,288
	=====	=====	=====
Net earnings per common share (q):			
Basic .....	\$ 0.04		\$ 0.51
	=====		=====
Diluted .....	\$ 0.04		\$ 0.48
	=====		=====
Shares used in per share calculation:			
Basic .....	143,030		143,030
	=====		=====
Diluted .....	146,526		152,040
	=====		=====

</TABLE>

See accompanying notes to unaudited pro forma condensed consolidated financial information

QUALCOMM INCORPORATED  
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME  
(IN THOUSANDS, EXCEPT PER SHARE DATA)

<TABLE>  
<CAPTION>

	YEAR ENDED SEPTEMBER 30, 1998		
	HISTORICAL	PRO FORMA ADJUSTMENTS	PRO FORMA (a)
<S>	<C>	<C>	<C>
<b>Revenues:</b>			
Communications systems .....	\$ 2,863,092	\$ (218,073) (k)	\$ 2,645,019
Contract services .....	270,388	0	270,388
License, royalty and development fees ...	214,390	0	214,390
	-----	-----	-----
Total revenues .....	3,347,870	(218,073)	3,129,797
	-----	-----	-----
<b>Operating expenses:</b>			
Communications systems .....	2,136,297	(166,079) (l)	1,970,218
Contract services .....	197,102	0	197,102
Research and development .....	349,483	(143,880) (m)	205,603
Selling and marketing .....	246,975	(65,995) (n)	180,980
General and administrative .....	163,372	(24,687) (o)	138,685
Other .....	11,976	0	11,976
	-----	-----	-----
Total operating expenses .....	3,105,205	(400,641)	2,704,564
	-----	-----	-----
Operating income .....	242,665	182,568	425,233
Interest income .....	39,484	0	39,484
Interest expense .....	(8,058)	0	(8,058)
Net gain on sale of investments .....	2,950	0	2,950
Write-off of investment in other entity ...	(20,000)	0	(20,000)
Distributions on trust convertible preferred securities of subsidiary trust	(39,270)	0	(39,270)
Minority interest in income of consolidated subsidiaries .....	(48,366)	0	(48,366)
Equity in losses of investees .....	(20,731)	0	(20,731)
	-----	-----	-----
Income before income taxes .....	148,674	182,568	331,242
Income tax expense .....	(40,142)	(82,418) (p)	(122,560)
	-----	-----	-----
Net income .....	\$ 108,532	\$ 100,150	\$ 208,682
	=====	=====	=====
<b>Net earnings per common share (q):</b>			
Basic .....	\$ 0.78		\$ 1.49
	=====		=====
Diluted .....	\$ 0.73		\$ 1.40
	=====		=====
<b>Shares used in per share calculation:</b>			
Basic .....	138,406		156,574
	=====		=====
Diluted .....	147,924		166,092
	=====		=====

</TABLE>

See accompanying notes to unaudited pro forma condensed  
consolidated financial information

QUALCOMM INCORPORATED  
NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
(IN THOUSANDS)

(a) The unaudited pro forma condensed consolidated financial statements give retroactive effect to the sale of certain assets related to QUALCOMM's terrestrial CDMA wireless infrastructure business to Telefonaktiebolaget LM Ericsson ("Ericsson") as if the sale had occurred as of March 28, 1999.

(b) Reflects the cash proceeds received by QUALCOMM on the closing date. Total consideration will be based on a final determination of net assets

as of the closing date.

- (c) Reflects accounts receivable, net of reserves, to be sold to Ericsson.
- (d) Reflects inventories, net of reserves, to be sold to Ericsson.
- (e) Reflects prepaid expenses, other current assets and the current portion of deferred costs to be sold to Ericsson.
- (f) Reflects property and equipment, net of accumulated depreciation, to be sold to Ericsson.
- (g) Reflects revenue recognized in connection with customer contracts to be assumed by Ericsson under the percent of completion method in excess of amounts billed for which financing terms will be extended.
- (h) Reflects the noncurrent portion of deferred costs and other noncurrent assets to be sold to Ericsson.
- (i) Reflects accrued contract losses and accrued warranty costs related to customer contract obligations to be assumed by Ericsson.
- (j) Reflects cash collected in advance of revenues recognized on customer contracts which will be assumed by Ericsson and for which financing terms have not been extended.
- (k) Reflects revenues related to customer contracts and ancillary products sold by the terrestrial CDMA wireless infrastructure business to be assumed by Ericsson.
- (l) Reflects cost of sales related to customer contracts and ancillary products sold by the terrestrial CDMA wireless infrastructure business to be assumed by Ericsson.
- (m) Reflects research and development expenses related to the terrestrial CDMA wireless infrastructure business to be assumed by Ericsson.
- (n) Reflects selling and marketing expenses related to the terrestrial CDMA wireless infrastructure business to be assumed by Ericsson.
- (o) Reflects general and administrative expense related to the terrestrial CDMA wireless infrastructure business to be assumed by Ericsson.
- (p) Pro forma adjustments have been tax effected at a 45% incremental income tax rate for the year ended September 30, 1998 and at a 40% incremental income tax rate for the six months ended March 28, 1999.

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- (q) On April 14, 1999, QUALCOMM's Board of Directors declared a two-for-one stock split of QUALCOMM's common stock. The stock dividend was distributed on May 10, 1999 to stockholders of record on April 21, 1999. Historical and pro forma net earnings (loss) per common share, common stock and paid-in-capital are presented giving retroactive effect to the stock split. Pro forma net earnings per common share for the year ended September 30, 1998 are calculated assuming conversion of 18,168,000 shares of trust convertible preferred securities into common stock as such conversion is dilutive.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

QUALCOMM INCORPORATED

Dated: June 8, 1999

By: /S/ ANTHONY S. THORNLEY

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Anthony S. Thornley  
Executive Vice President and  
Chief Financial Officer

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INDEX TO EXHIBITS

- 2.1 Asset Purchase Agreement dated March 24, 1999 between QUALCOMM Incorporated and Telefonaktiebolaget LM Ericsson (publ) (incorporated herein by reference to QUALCOMM's Form 10-Q for the three month period ended March 28, 1999 and filed with the Securities and Exchange Commission on May 11, 1999).
- 2.2 Amendment No. 1 dated as of May 24, 1999 to the Asset Purchase Agreement dated as of March 24, 1999 between QUALCOMM Incorporated and Telefonaktiebolaget LM Ericsson (publ). (1)
- 99.1 Press Release dated May 24, 1999.

- - - - -

(1) Certain portions of this exhibit have been omitted pursuant to a request for confidential treatment. Omitted portions will be filed separately with the Securities and Exchange Commission.

AMENDMENT NO. 1, dated as of May 24, 1999 (this "Amendment"), to the Asset Purchase Agreement, dated as of March 24, 1999 (the "Purchase Agreement"), between QUALCOMM INCORPORATED, a Delaware corporation (the "Seller"), and TELEFONAKTIEBOLAGET LM ERICSSON (publ), a corporation organized under the laws of Sweden (the "Purchaser"). Capitalized terms used but not defined herein are used as defined in the Purchase Agreement.

W I T N E S S E T H

WHEREAS, the Seller and the Purchaser have entered into the Purchase Agreement; and

WHEREAS, the Seller and the Purchaser desire to amend the Purchase Agreement in certain respects;

NOW, THEREFORE, in consideration of the premises and the mutual agreements and covenants set forth herein, the Seller and the Purchaser hereby agree as follows:

SECTION 1. Amendments to Purchase Agreement Regarding Purchase Price, Purchase Price Adjustments and Exclusion of Certain Assets. (a) The Purchase Agreement is hereby amended as follows:

(i) Clause (iv) of Section 2.01(a) of the Purchase Agreement is amended by adding immediately after the phrase "ordinary course of business" the phrase [\*\*\*]

(ii) Clause (vi) of Section 2.01(a) of the Purchase Agreement is amended by adding immediately after the phrase "Excluded Contracts" the phrase [\*\*\*]

(iii) Clause (v) of Section 2.01(b) of the Purchase Agreement is amended by deleting the word "and" with inserting a comma in its place and adding immediately after the phrase "ordinary course of business" the phrase [\*\*\*]

(iv) Clause (x) of Section 2.01(b) of the Purchase Agreement is amended by deleting the word "and" from the end thereof.

(v) Section 2.01(b) of the Purchase Agreement is amended by adding a new clause (xi) thereto to read in its entirety as follows:

\*\*\* Confidential Treatment Requested

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[\*\*\*]

(vi) Clause (xi) of Section 2.01(b) of the Purchase Agreement is renumbered as clause (xii).

(vii) Section 2.03 of the Purchase Agreement is amended by deleting the amount [\*\*\*] and inserting in its place the amount "98,097,000".

(viii) The second parenthetical of the first sentence of Section 2.08(a) of the Purchase Agreement is amended by (A) adding immediately before the phrase "except that it shall include", the phrase [\*\*\*].

(ix) Section 2.08(b)(ii) of the Purchase Agreement is amended by adding at the end of the first sentence thereof the following:

"; provided further, however, that the Purchaser may not dispute amounts reflected on the Closing Statement of Net Assets on the basis that the [\*\*\*] do not comply with U.S. GAAP (it being understood that the Purchaser may dispute amounts solely on the basis that such amounts were not arrived at on a basis consistent with the preparation of the January Statement of Net Assets (except to the extent such inconsistency is mandated by Section 2.08(a)), that such amounts reflect clerical or mathematical error or that such amounts do not properly adjust to include only the book value of the Assets and the Assumed Liabilities and to eliminate the book value of the Excluded Assets and the Excluded Liabilities)".

(x) The second sentence of Section 2.08(c) of the Purchase Agreement is amended to read in its entirety as follows:

"Subject to the limitation set forth in Section 2.08(b)(iv), within three Business Days of the Closing Statement of Net Assets being deemed final, a Purchase Price Adjustment shall be made as follows:

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\*\*\* Confidential Treatment Requested.

(i) in the event that [\*\*\*] exceeds the Closing Net Book Value by at least the Adjustment Threshold, then the Purchase Price shall be adjusted downward in an amount equal to such excess over the Adjustment Threshold, and the Seller shall, within three Business Days of such determination, pay the amount of such excess, together with interest thereon, from the Closing Date through the date of payment, at the rate of interest publicly announced by Citibank, N.A. or any successor thereto in New York, New York from time to time as its reference rate from the Closing Date to the date of such payment, to the Purchaser by wire transfer in immediately available funds; and

(ii) in the event that the Closing Net Book Value exceeds [\*\*\*] by at least the Adjustment Threshold, then the Purchase Price shall be adjusted upward in an amount equal to such excess over the Adjustment Threshold, and the Purchaser shall, within three Business Days of such determination, pay the amount of such excess, together with interest thereon, from the Closing Date through the date of payment, at the rate of interest publicly announced by Citibank, N.A. or any successor thereto in New York, New York from time to time as its reference rate from the Closing Date to the date of such payment, to the Seller by wire transfer in immediately available funds."

(b) In partial consideration of the foregoing amendments, the Purchaser waives any and all disputes relating to the January Statement of Net Assets pursuant to Section 2.07 and agrees that no pre-Closing Purchase Price adjustment shall be made pursuant to Section 2.07 other than as expressly set forth above.

SECTION 2. Amendments Regarding Transferred Employees. Article VI of the Purchase Agreement is amended as set forth in the Employee Transition Services Agreement, dated as of the date hereof, between the Seller and the Purchaser.

SECTION 3. Effect of Amendment. Except as and to the extent expressly modified by this Amendment, the Purchase Agreement shall remain in full force and effect in all respects.

SECTION 4. Counterparts. This Amendment may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

SECTION 5. Governing Law. This Amendment shall be governed by the laws of the State of New York.

\*\*\* Confidential Treatment Requested

(The Remainder of This Page is Intentionally Left Blank.)

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed as of the date first written above by their respective officers thereunto duly authorized.

QUALCOMM INCORPORATED

By /s/ [SIGNATURE ILLEGIBLE]  
-----

Name:  
Title:

TELEFONAKTIEBOLAGET LM  
ERICSSON (publ)

By /s/ [SIGNATURE ILLEGIBLE]  
-----

Name:  
Title:

By /s/ [SIGNATURE ILLEGIBLE]  
-----

Name:





FOR IMMEDIATE RELEASE

QUALCOMM Contacts:

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e-mail: ctrimble@qualcomm.com

or

Julie Cunningham, Investor Relations  
1-(619) 658-4224 (ph) 1-(619) 651-9303 (fax)  
e-mail: jcunningham@qualcomm.com

QUALCOMM and Ericsson Close Agreements

- --CDMA Patent Disputes Settled, CDMA Infrastructure Business Acquired by Ericsson--

SAN DIEGO -- May 24, 1999 -- QUALCOMM Incorporated (NASDAQ: QCOM) today announced that it has closed the sale of QUALCOMM's terrestrial Code Division Multiple Access (CDMA) wireless infrastructure business, including its R&D resources, and assumed select customer commitments, related assets and personnel to Ericsson.

"We are pleased that our agreements with Ericsson are now complete and all patent disputes are behind us. Both QUALCOMM and Ericsson have worked closely to make the transition of our infrastructure employees as smooth as possible," said Dr. Irwin M. Jacobs, chairman and CEO of QUALCOMM Incorporated. "We look forward to continuing our work together in support of a single CDMA standard to connect the world."

Under the series of agreements, QUALCOMM and Ericsson both support a single CDMA world standard with three optional modes for the next generation of wireless communications, have entered into cross licenses for their respective patent portfolios and have settled the pending patent infringement litigation between the two companies. Approximately 1,200 QUALCOMM employees in San Diego, Calif. and Boulder, Colo. are being transferred to Ericsson as part of the acquisition.

QUALCOMM Incorporated (NASDAQ: QCOM) is a leader in developing and delivering innovative digital wireless communications products and services based on the Company's CDMA digital technology. The Company's major business areas include CDMA phones; integrated CDMA chipsets and system software; technology licensing; and satellite-based systems including OmniTRACS(R) and portions of the Globalstar(TM) system. Headquartered in San Diego, Calif., QUALCOMM is a FORTUNE 500(R) company with fiscal 1998 revenues in excess of U.S. \$3 billion. For more information, please visit the Company's web site at <<http://www.qualcomm.com/>><http://www.qualcomm.com>>.

Except for the historical information contained herein, this news release contains forward-looking statements that are subject to risks and uncertainties, including timely product development, the Company's ability to successfully manufacture significant quantities of CDMA or other equipment on a timely and profitable basis, and those related to performance guarantees, change in economic conditions of the various markets the Company serves, as well as the other risks detailed from time to time in the Company's SEC reports, including the report on Form 10-K for the year ended September 27, 1998, and most recent Form 10-Q. ###

QUALCOMM and OmniTRACS are registered trademarks of QUALCOMM Incorporated. Globalstar is a trademark of Loral QUALCOMM Satellite Services, Incorporated. All other trademarks are the property of their respective owners.