

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): July 19, 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.)

5775 MOREHOUSE DRIVE
SAN DIEGO, CALIFORNIA 92121-1714
(Address of principal executive offices and zip code)

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

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

ITEM 5. OTHER EVENTS.

On July 19, 1999, QUALCOMM Incorporated announced its earnings for the third fiscal quarter of 1999. The press release containing this announcement is attached as Exhibit 99.1 hereto and incorporated herein by reference.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.

(c) EXHIBITS.

99.1 Press release dated July 19, 1999.

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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: July 19, 1999

By: /s/ Anthony S. Thornley

Anthony S. Thornley
Executive Senior Vice President and

INDEX TO EXHIBITS

99.1 Press release dated July 19, 1999.

FOR IMMEDIATE RELEASE

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 Julie Cunningham
 Vice President, Investor Relations
 1-(858) 658-4224 (ph) 1-(858) 651-9303 (fax)
 e-mail:juliec@qualcomm.com

QUALCOMM REPORTS THIRD FISCAL QUARTER REVENUES OF \$1 BILLION
 - OPERATING EARNINGS PER SHARE OF \$.75, EXCLUDING NON-RECURRING CHARGES -

ALL OF THE SHARE AND PER-SHARE AMOUNTS IN THIS RELEASE HAVE BEEN ADJUSTED TO REFLECT THE 2:1 STOCK DISTRIBUTION THAT WAS PAID MAY 10, 1999 TO QUALCOMM STOCKHOLDERS OF RECORD ON APRIL 21, 1999.

SAN DIEGO - July 19, 1999 - QUALCOMM Incorporated (Nasdaq: QCOM) today reported revenues of \$1 billion and net income of \$59 million, or \$.35 per share (diluted), for the third quarter of fiscal 1999 (see Financial Data comparisons, pg. 6). Excluding non-recurring charges of \$117 million associated primarily with the sale of the Company's terrestrial Code Division Multiple Access (CDMA) wireless infrastructure business, the Company reported record net income in the third quarter of \$135 million, or \$.75 earnings per share (diluted). This represents an increase in net income, excluding non-recurring items, of 445 percent over the third quarter of fiscal 1998. Revenues in the third quarter of fiscal 1999 increased 15 percent over revenues of \$875 million for the year ago quarter. This revenue growth was due to increased communications systems revenues consisting of sales of Application Specific Integrated Circuits (ASICs), OmniTRACS units and CDMA phones, as well as a significant increase in royalties.

"We are pleased to report very strong third fiscal quarter results. Revenues reached the billion dollar mark and we had record net income," said Dr. Irwin Mark Jacobs, chairman and CEO of QUALCOMM Incorporated. "We achieved several important milestones this quarter, including closing the sale of the terrestrial CDMA wireless infrastructure business, attaining the number two position in digital phone market share in the U.S.

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(according to Dataquest), and shipping over 11 million MSM chips to CDMA phone manufacturers worldwide. We are also pleased to have been selected for inclusion in the S&P 500 index."

PRO FORMA RESULTS
 (EXCLUDING INFRASTRUCTURE BUSINESS AND NON-RECURRING CHARGES)

Pro forma financial information is provided for the purpose of evaluating what the Company's operating results would have been excluding both non-recurring charges and operating results of the terrestrial CDMA wireless infrastructure business. For the third quarter of fiscal 1999, pro forma revenues were \$966 million, pro forma gross profit was 42 percent, pro forma net income was \$154 million, and pro forma earnings per share were \$.86 (diluted).

Non-recurring pre-tax charges of \$117 million were reported in connection with the sale of the terrestrial CDMA wireless infrastructure business (primarily employee-related costs) and including the write-down of certain infrastructure business related assets not being acquired.

HIGHLIGHTS OF FINANCIAL PERFORMANCE

Communications Systems

Communications systems revenues increased 9 percent to \$824 million in the third quarter of fiscal 1999 from \$759 million in the year ago quarter, with increased sales of ASICs, OmniTRACS units and CDMA phones. Communications systems revenues in the third quarter of fiscal 1998 included significantly higher revenues from Globalstar gateways, terrestrial CDMA wireless infrastructure products and QUALCOMM Personal Electronics (QPE) sales to Sony. Excluding these items in the year ago quarter, revenue growth would have been 49 percent. Communications systems gross margin for the third quarter of fiscal 1999 was 35 percent compared to 24 percent in the third quarter of fiscal

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1998, reflecting improved margins in all product areas with the exception of infrastructure products.

Total CDMA phone shipments for the third fiscal quarter of 1999 were over 1.7 million units (cumulatively over 12 million). Component shortages limited production growth and margin improvement of the Company's phone products in the

third fiscal quarter of 1999. These shortages are expected to continue and could affect the Company's results in the fourth fiscal quarter of 1999. Total MSM phone chip shipments for the third quarter of fiscal 1999 were over 11 million units (cumulatively over 50 million). In addition to substantial growth in the shipment of MSM phone chips, the book-to-bill ratio for the ASICs business was 1.2 for the third quarter of fiscal 1999. The book-to-bill ratio means the Company has \$1.20 in ASICs orders for every \$1.00 of product shipped. Total OmniTRACS shipments were approximately 12 thousand units (cumulatively over 290,000).

License, Royalty and Development Fees

License, royalty and development fees for the third quarter of fiscal 1999 were \$93 million, including \$6 million of license fees, compared to \$77 million last quarter and \$47 million for the year ago quarter.

Contract Services

Contract services revenues were \$88 million in the third quarter of fiscal 1999 compared to \$70 million for the year ago quarter. The increase in revenues was attributable to the development agreement with Globalstar, the activities of which are expected to decline in future quarters.

Operating Income/Expenses

Operating income excluding non-recurring charges more than quadrupled, increasing 303 percent to \$215 million in the third quarter of fiscal 1999 compared to \$53 million during the year ago quarter. The increase was attributable to higher revenues and improved gross margins in all product areas with the exception of infrastructure products. Operating

income as a percent of revenues more than tripled, increasing to 21 percent for the third quarter of fiscal 1999 from 6 percent in the year ago quarter. Operating expenses (research and development, selling and marketing and general and administrative) excluding non-recurring charges for the third quarter of fiscal 1999 decreased to 20 percent of revenues compared to 23 percent of revenues during the year ago quarter.

Taxes

The Company's effective tax rate for fiscal 1999 is currently estimated to be 35 percent compared to an effective tax rate of 30 percent in fiscal 1998. The effective tax rate for fiscal 2000 may increase as a result of higher earnings relative to investment tax credits.

QUALCOMM Incorporated (www.qualcomm.com) 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 traded on the Nasdaq under the ticker symbol QCOM.

Except for the historical information contained herein, this news release contains forward-looking statements that are subject to risks and uncertainties. Actual results may differ substantially from those referred to herein due to a number of factors, including but not limited to the risk that the rate of growth in the CDMA subscriber population will decrease; risks associated with the scale-up and operations of CDMA systems; risks associated with component shortages; risks associated with the ability to sustain or improve operational efficiency and profitability; risks associated with developments in current or future litigation; risks related to customer receivables and performance guarantees; risks associated with timing and receipt of license fees and royalties; risks associated with strategic opportunities or acquisitions the Company may pursue; risks associated with international business activities; risks

associated with changes 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.

QUALCOMM, OmniTRACS and Eudora are registered trademarks of QUALCOMM Incorporated. MSM and Thin Phone are trademarks of QUALCOMM Incorporated. Globalstar is a trademark of Loral QUALCOMM Satellite Services, Incorporated. All other trademarks are the property of their respective manufacturers.

<TABLE>
<CAPTION>

| Dollars in thousands except per share data | 1999 3rd Qtr As Reported | Non-Recurring Charges | 1999 3rd Qtr As Adjusted |
|---|--------------------------------|--------------------------|--------------------------------|
| <S> | <C> | <C> | <C> |
| Revenue | \$ 1,004,066 | | \$ 1,004,066 |
| Gross Profit | 406,399 | \$ (6,180) | 412,579 |
| Gross Profit % | 40% | | 41% |
| R&D | 93,791 | | 93,791 |
| Selling & Marketing | 50,460 | 200 | 50,260 |
| G&A | 54,424 | 1,162 | 53,262 |
| Other Operating Expenses | 109,345 | 109,345 | -- |
| Total Operating Expenses | 308,020 | 110,707 | 197,313 |
| Operating Income | 98,379 | (116,887) | 215,266 |
| Operating Income % | 10% | | 21% |
| Other Non-Operating Expense | 7,690 | | 7,690 |
| Income (Loss) Before Taxes | 90,689 | \$ (116,887) | 207,576 |
| Net Income | 58,948 | | 134,924 |
| EPS (Diluted) | \$ 0.35 | | \$ 0.75 |

</TABLE>

FINANCIAL DATA - THIRD QUARTER FISCAL 1999 VS. THIRD QUARTER FISCAL 1998
EXCLUDING NON-RECURRING CHARGES/GAINS

<TABLE>
<CAPTION>

| Dollars in thousands except per share data | 1999 3rd Qtr | 1998 3rd Qtr | Change % | 1999 9 months | 1998 9 months | Change % |
|---|-----------------|-----------------|-------------|------------------|------------------|-------------|
| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
| Revenue | \$1,004,066 | \$875,497 | 15% | \$2,877,684 | \$2,421,904 | 19% |
| Gross Profit | 412,579 | 250,817 | 64% | 1,030,155 | 709,277 | 45% |
| Gross Profit % | 41% | 29% | | 36% | 29% | |
| Operating Income | 215,266 | 53,353 | 303% | 408,537 | 169,525 | 141% |
| Operating Income % | 21% | 6% | | 14% | 7% | |
| Income Before Taxes | 207,576 | 33,766 | 515% | 318,063 | 129,741 | 145% |
| Net Income | 134,924 | 24,740 | 445% | 208,741 | 96,883 | 115% |
| EPS (Diluted) | \$ 0.75 | \$ 0.17 | 341% | \$ 1.29 | \$ 0.66 | 95% |

</TABLE>

NOTE: 35% EFFECTIVE TAX RATE HAS BEEN ASSUMED FOR FISCAL YEAR 1999 NUMBER
PRESENTATIONS.

QUALCOMM INCORPORATED
CONDENSED CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

ASSETS

<TABLE>
<CAPTION>

| | JUNE 27, 1999 | SEPTEMBER 27, 1998 |
|------------------------------------|------------------|-----------------------|
| <S> | <C> | <C> |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 436,100 | \$ 175,846 |
| Investments | 12,074 | 127,478 |
| Accounts receivable, net | 747,059 | 612,209 |
| Finance receivables | 39,784 | 56,201 |
| Inventories, net | 212,941 | 386,536 |
| Other current assets | 245,238 | 178,950 |
| Total current assets | 1,693,196 | 1,537,220 |
| Property, plant and equipment, net | 541,178 | 609,682 |
| Finance receivables, net | 454,678 | 287,751 |

| | | |
|--------------|--------------|--------------|
| Other assets | 288,384 | 132,060 |
| TOTAL ASSETS | \$ 2,977,436 | \$ 2,566,713 |

LIABILITIES AND STOCKHOLDERS' EQUITY

| | | |
|---|--------------|--------------|
| CURRENT LIABILITIES: | | |
| Accounts payable and accrued liabilities | \$ 589,146 | \$ 660,428 |
| Unearned revenue | 60,697 | 67,123 |
| Bank lines of credit | 98,000 | 151,000 |
| Current portion of long-term debt | 3,054 | 3,058 |
| Total current liabilities | 750,897 | 881,609 |
| Long-term debt | 2,304 | 3,863 |
| Other liabilities | 106,602 | 25,115 |
| TOTAL LIABILITIES | 859,803 | 910,587 |
| Minority interest in consolidated subsidiaries | 48,525 | 38,530 |
| Company-obligated mandatorily redeemable trust convertible preferred securities of a subsidiary trust holding solely debt securities of the Company | 659,862 | 660,000 |
| STOCKHOLDERS' EQUITY: | | |
| Preferred stock, \$0.0001 par value | 15 | 14 |
| Common stock, \$0.0001 par value | 1,326,963 | 959,260 |
| Paid-in capital | 64,858 | |
| Retained earnings | 17,410 | (1,678) |
| Accumulated other comprehensive income (loss) | 1,409,246 | 957,596 |
| Total stockholders' equity | | |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ 2,977,436 | \$ 2,566,713 |

</TABLE>

NOTE: RESTATED SEPTEMBER 27, 1998 STOCKHOLDERS' EQUITY FOR STOCK SPLIT ON MAY 10, 1999.

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

<TABLE>
<CAPTION>

| MONTHS ENDED | THREE MONTHS ENDED | | NINE |
|---------------------------------------|--------------------|------------|-------------|
| | JUNE 27 | JUNE 28 | JUNE 27 |
| | 1999 | 1998 | 1999 |
| REVENUES: | | | |
| Communications systems | \$ 823,561 | \$ 758,627 | \$2,414,923 |
| \$ 2,061,084 | | | |
| Contract services | 87,860 | 69,947 | 249,126 |
| 198,905 | | | |
| License, royalty and development fees | 92,645 | 46,923 | 213,635 |
| 161,915 | | | |
| TOTAL REVENUES | 1,004,066 | 875,497 | 2,877,684 |
| 2,421,904 | | | |
| OPERATING EXPENSES: | | | |
| Communications systems | 539,092 | 574,053 | 1,692,457 |
| 1,566,671 | | | |
| Contract services | 58,575 | 50,627 | 171,375 |
| 145,956 | | | |

| | | | |
|---|-----------|----------|-----------|
| Research and development | 93,791 | 92,810 | 296,866 |
| 244,557 | | | |
| Selling and marketing | 50,460 | 64,693 | 173,824 |
| 180,519 | | | |
| General and administrative | 54,424 | 39,961 | 156,477 |
| 114,676 | | | |
| Other | 109,345 | | 205,169 |
| 11,976 | | | |
| ----- | ----- | ----- | ----- |
| TOTAL OPERATING EXPENSES | 905,687 | 822,144 | 2,696,168 |
| 2,264,355 | | | |
| OPERATING INCOME | 98,379 | 53,353 | 181,516 |
| 157,549 | | | |
| Interest income | 11,610 | 10,672 | 25,645 |
| 32,435 | | | |
| Interest expense | (2,704) | (1,792) | (11,478) |
| (6,166) | | | |
| Net gain on sale of investments | | | 5,663 |
| 2,950 | | | |
| Loss on cancellation of warrants | | | (3,273) |
| Other | | (20,000) | (52,531) |
| (20,000) | | | |
| Distributions on trust convertible preferred securities of subsidiary trust | (9,694) | (9,771) | (29,397) |
| (29,496) | | | |
| Minority interest in income of consolidated subsidiaries | (3,452) | (18,696) | (9,995) |
| (36,557) | | | |
| Equity in losses of investees | (3,450) | (5,537) | (9,445) |
| (9,707) | | | |
| Income before income taxes | 90,689 | 8,229 | 96,705 |
| 91,008 | | | |
| Income tax expense | (31,741) | (2,386) | (31,847) |
| (22,392) | | | |
| ----- | ----- | ----- | ----- |
| NET INCOME | \$ 58,948 | \$ 5,843 | \$ 64,858 |
| \$ 68,616 | | | |
| ===== | ===== | ===== | ===== |
| Net earnings per common share: | | | |
| Basic | \$ 0.39 | \$ 0.04 | \$ 0.45 |
| \$ 0.50 | | | |
| Diluted | \$ 0.35 | \$ 0.04 | \$ 0.42 |
| \$ 0.47 | | | |
| Shares used in per share calculation: | | | |
| Basic | 150,290 | 138,574 | 145,450 |
| 137,798 | | | |
| Diluted | 187,883 | 147,956 | 154,256 |
| 147,509 | | | |

NOTE: THE CONVERSION OF THE TRUST CONVERTIBLE PREFERRED SECURITIES WAS ASSUMED FOR CALCULATION OF DILUTED EPS FOR THE THREE MONTH PERIOD ENDED JUNE 27, 1999.