

**UNITED STATES
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**

July 20, 2011

Date of Report (Date of earliest event reported)

QUALCOMM Incorporated

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

000-19528
(Commission
File Number)

95-3685934
(IRS Employer
Identification No.)

**5775 Morehouse Drive,
San Diego, CA**
(address of principal executive offices)

92121
(Zip Code)

858-587-1121

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition

On July 20, 2011, QUALCOMM Incorporated (“Qualcomm” or the “Company”) issued a press release regarding the Company’s financial results for its third fiscal quarter ended June 26, 2011. The full text of the Company’s press release is attached hereto as Exhibit 99.1.

The attached press release presents certain financial information that is not in accordance with generally accepted accounting principles (GAAP); such information is referred to as “Non-GAAP.” The Non-GAAP financial information presented in the attached press release should be considered in addition to, not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. In addition, “Non-GAAP” is not a term defined by GAAP, and, as a result, the Company’s measure of Non-GAAP results might be different than similarly titled measures used by other companies. Reconciliations between GAAP results and Non-GAAP results are presented in the attached press release.

Non-GAAP financial information is used by management (i) to evaluate, assess and benchmark the Company’s operating results on a consistent and comparable basis; (ii) to measure the performance and efficiency of the Company’s ongoing core operating businesses, including the Qualcomm CDMA Technologies, Qualcomm Technology Licensing and Qualcomm Wireless & Internet segments; and (iii) to compare the performance and efficiency of these segments against each other and against competitors outside the Company. Non-GAAP measurements of the following financial data are used by the Company’s management: revenues, research and development (R&D) expenses, selling, general and administrative (SG&A) expenses, total operating expenses, operating income (loss), net investment income (loss), income (loss) before income taxes, effective tax rate, net income (loss), diluted earnings (loss) per share, operating cash flow and free cash flow. Management is able to assess what it believes is a more meaningful and comparable set of financial performance measures for the Company and its business segments by using Non-GAAP information. As a result, management compensation decisions and the review of executive compensation by the Compensation Committee of the Board of Directors focus primarily on Non-GAAP financial measures applicable to the Company and its business segments.

Non-GAAP information used by management, as presented in the attached press release, excludes the Qualcomm Strategic Initiatives (QSI) segment, certain share-based compensation, certain tax items and certain acquisition-related items. The QSI segment is excluded because the Company expects to exit its strategic investments at various times, and the effects of fluctuations in the value of such investments are viewed by management as unrelated to the Company’s operational performance. Share-based compensation, other than amounts related to share-based awards granted under a bonus program that may result in the issuance of unrestricted shares of the Company’s common stock, is excluded because management views such share-based compensation as unrelated to the Company’s operational performance. Further, share-based compensation related to stock options is affected by factors that are subject to change, including the Company’s stock price, stock market volatility, expected option life, risk-free interest rates and expected dividend payouts in future years. Certain tax items that were recorded in reported earnings in each fiscal year presented, but were unrelated to the fiscal year in which they were recorded, are excluded in order to provide a clearer understanding of the Company’s ongoing Non-GAAP tax rate and after tax earnings. In fiscal 2011, the Company began excluding the benefit of retroactive extensions of the federal R&D tax credit from Non-GAAP results because the Company does not include the potential extension of the credit in its business outlook due to uncertainty as to whether and when the federal R&D tax credit will be retroactively extended. In addition to its historical practice of excluding acquired in-process research and development expenses from Non-GAAP results, the Company began excluding recognition of the step-up of inventories to fair value and amortization of certain intangible assets starting with acquisitions completed in the third quarter of fiscal 2011. These certain acquisition-related items are excluded and no longer allocated to the Company’s segments because management has concluded that such expenses should not be considered when assessing segment performance as they are unrelated to the operating activities of the Company’s ongoing core businesses. In addition, these charges are significantly impacted by the size and timing of acquisitions, potentially obscuring period to period

EXHIBIT INDEX

Exhibit No.

Description

99.1 July 20, 2011 Press Release by QUALCOMM Incorporated

FOR IMMEDIATE RELEASE

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Qualcomm Announces Third Quarter Fiscal 2011 Results
Revenues \$3.6 Billion
GAAP EPS \$0.61, Non-GAAP EPS \$0.73

— Raises Fiscal 2011 Revenue and Non-GAAP Earnings Guidance —

SAN DIEGO — July 20, 2011 — Qualcomm Incorporated (Nasdaq: QCOM), a leading developer and innovator of advanced wireless technologies, products and services, today announced results for the third quarter of fiscal 2011 ended June 26, 2011.

“Qualcomm delivered strong year-over-year results again this quarter as our business performed well across all key guidance metrics. In addition, we successfully completed the acquisition of Atheros, positioning us to further expand our opportunities going forward,” said Dr. Paul E. Jacobs, chairman and CEO of Qualcomm. “Looking forward, we continue to see healthy growth in CDMA-based device shipments of approximately 18 percent in calendar year 2011, and we are pleased to be raising our revenue and Non-GAAP earnings guidance for the fiscal year, driven primarily by strong global smartphone adoption and the addition of Atheros.”

Third Quarter Results (GAAP)

- Revenues: ¹ \$3.62 billion, up 34 percent year-over-year (y-o-y) and down 6 percent sequentially.
- Operating income: ¹ \$1.11 billion, up 25 percent y-o-y and down 22 percent sequentially.
- Net income: ² \$1.04 billion, up 35 percent y-o-y and 4 percent sequentially.
- Diluted earnings per share: ² \$0.61, up 30 percent y-o-y and 3 percent sequentially.
- Effective tax rate: ¹ 23 percent for the quarter.
- Operating cash flow: \$1.26 billion, up 33 percent y-o-y; 35 percent of revenues.

¹ The results of FLO TV™ are presented as discontinued operations, and prior period amounts have been adjusted accordingly. Revenues, operating expenses, operating income, earnings before tax (EBT) and effective tax rate throughout this news release are from continuing operations (i.e., before discontinued operations and the adjustment for noncontrolling interests), unless otherwise stated.

² Net income and diluted earnings per share throughout this news release are attributable to Qualcomm (i.e., after discontinued operations and adjustment for noncontrolling interests), unless otherwise stated.

- Return of capital to stockholders: \$360 million, or \$0.215 per share, of cash dividends paid.

Non-GAAP Third Quarter Results

Non-GAAP results exclude the Qualcomm Strategic Initiatives (QSI) segment, certain share-based compensation, certain tax items that are not related to the current year and certain acquisition-related items. Starting with acquisitions completed in the third quarter of fiscal 2011, we changed our methodology for reporting Non-GAAP results to exclude the recognition of the step-up of inventories to fair value and amortization of certain intangible assets, in addition to our historical practice of excluding acquired in-process research and development (R&D) expense. Third quarter of fiscal 2011 Non-GAAP results excluded \$45 million related to the step-up of inventories to fair value and \$32 million in amortization of intangible assets that resulted from the acquisition of Atheros Communications, Inc. (Atheros).

- Revenues: \$3.62 billion, up 34 percent y-o-y and down 6 percent sequentially.
- Operating income: \$1.39 billion, up 41 percent y-o-y and down 16 percent sequentially.
- Net income: \$1.24 billion, up 32 percent y-o-y and down 14 percent sequentially.
- Diluted earnings per share: \$0.73, up 28 percent y-o-y and down 15 percent sequentially. The current quarter excludes \$0.01 earnings per share attributable to the QSI segment, \$0.09 loss per share attributable to certain share-based compensation and \$0.04 loss per share attributable to acquisition-related items.
- Effective tax rate: 21 percent for the quarter.
- Free cash flow: \$1.16 billion, up 22 percent y-o-y; 32 percent of revenues (defined as net cash from operating activities less capital expenditures).

Detailed reconciliations between results reported in accordance with generally accepted accounting principles (GAAP) and Non-GAAP results are included at the end of this news release.

In the comparisons summarized above for the third quarter of fiscal 2011, the following should be noted: results for the second quarter of fiscal 2011 included \$401 million in revenues related to prior quarters as a result of agreements entered into with two licensees to settle

disputes and \$120 million in impairment charges related to our Firethorn division, including \$114 million in goodwill impairment.

Third Quarter Key Business Metrics

- CDMA-based Mobile Station Modem™ (MSM™) shipments: 120 million units, up 17 percent y-o-y and 2 percent sequentially.
- March quarter total reported device sales: approximately \$36.4 billion, up 44 percent y-o-y and down 9 percent sequentially.
 - March quarter estimated CDMA-based device shipments: approximately 170 to 174 million units, at an estimated average selling price of approximately \$209 to \$215 per unit.

Cash and Marketable Securities

Our cash, cash equivalents and marketable securities totaled \$20.2 billion at the end of the third quarter of fiscal 2011, compared to \$22.1 billion at the end of the second quarter of fiscal 2011 and \$17.6 billion a year ago. Upon the close of the Atheros acquisition on May 24, 2011, we paid \$3.1 billion in cash, net of the cash acquired. On July 13, 2011, we announced a cash dividend of \$0.215 per share payable on September 23, 2011 to stockholders of record as of August 26, 2011.

Research and Development

| (\$ in millions) | Non-GAAP | Share-Based Compensation | QSI | GAAP |
|----------------------------|----------|-----------------------------|-----|-------|
| Third quarter fiscal 2011 | \$661 | \$95 | \$1 | \$757 |
| As a % of revenues | 18% | | | 21% |
| Third quarter fiscal 2010* | \$546 | \$72 | \$5 | \$623 |
| As a % of revenues | 20% | | | 23% |
| Year-over-year change (\$) | 21% | 32% | N/M | 22% |

* As adjusted for discontinued operations

N/M - Not Meaningful

Non-GAAP R&D expenses increased 21 percent y-o-y primarily due to an increase in costs related to the development of integrated circuit products, next generation technologies and other initiatives to support the acceleration of advanced wireless products and services.

Selling, General and Administrative

| (\$ in millions) | Non-GAAP | Share-Based Compensation | Acquisition- Related Items | QSI | GAAP |
|----------------------------|----------|-----------------------------|----------------------------------|--------|-------|
| Third quarter fiscal 2011 | \$365 | \$84 | \$18 | \$8 | \$475 |
| As a % of revenues | 10% | | | | 13% |
| Third quarter fiscal 2010* | \$321 | \$63 | \$— | \$(52) | \$332 |
| As a % of revenues | 12% | | | | 12% |
| Year-over-year change (\$) | 14% | 33% | N/M | N/M | 43% |

* As adjusted for discontinued operations

Non-GAAP selling, general and administrative (SG&A) expenses increased 14 percent y-o-y primarily due to an increase in employee-related costs. QSI SG&A expenses for the third quarter of fiscal 2010 included a \$62 million gain on the sale of our Australia spectrum license.

Effective Income Tax Rate

Our fiscal 2011 effective income tax rates are estimated to be 20 percent for GAAP and 21 percent for Non-GAAP. Our fiscal 2011 estimated GAAP tax rate increased from our prior estimate of 17 percent primarily as a result of the reclassification of tax benefits to discontinued operations and lower foreign earnings related to the step-up of acquired Atheros assets to fair value. The third quarter GAAP tax rate of 23 percent was a result of this increase in the estimated annual effective tax rate.

During the fourth quarter of fiscal 2011, we reached agreement with the California Franchise Tax Board on a component of our fiscal 2006 through 2010 tax returns. As a result of this agreement, we expect to record a \$44 million tax benefit that will be excluded from our fourth quarter fiscal 2011 Non-GAAP results. This estimated benefit, which is included in our guidance, will reduce our fiscal 2011 estimated GAAP tax rate from 20 percent to 19 percent.

Qualcomm Strategic Initiatives

The QSI segment makes strategic investments in early-stage and other companies and in wireless spectrum, such as the Broadband Wireless Access spectrum won in the India auction. QSI also includes the discontinued operations of our FLO TV subsidiary. GAAP results for the third quarter of fiscal 2011 included \$0.01 earnings per share for the QSI segment. During the third quarter of fiscal 2011, in connection with the presentation of the FLO TV business as discontinued operations and the requirement to compute the tax effect of discontinued

operations on a discrete basis, we recorded a tax benefit of \$43 million for tax benefits related to losses incurred in the first and second quarter of fiscal 2011 that were previously included in the calculation of the estimated annual effective tax rate.

Business Outlook

The following statements are forward looking and actual results may differ materially. The “Note Regarding Forward-Looking Statements” at the end of this news release provides a description of certain risks that we face, and our annual and quarterly reports on file with the Securities and Exchange Commission (SEC) provide a more complete description of risks.

Our outlook does not include provisions for future asset impairments or for pending legal matters, other than future legal amounts that are probable and estimable. Further, due to their nature, certain income and expense items, such as realized investment gains or losses, or gains and losses on certain derivative instruments, cannot be accurately forecast. Accordingly, we only include such items in our business outlook to the extent they are reasonably certain; however, actual results may vary materially from the business outlook.

The following table summarizes GAAP and Non-GAAP guidance based on the current business outlook. The Non-GAAP business outlook presented below is consistent with the presentation of Non-GAAP results included elsewhere herein.

Qualcomm's Business Outlook Summary

FOURTH FISCAL QUARTER

| | Q4 FY10 Results | Current Guidance Q4 FY11 Estimates |
|---|--------------------|---------------------------------------|
| Revenues | \$ 2.95B | \$3.86B - \$4.16B |
| <i>Year-over-year change</i> | | <i>increase 31% - 41%</i> |
| Non-GAAP Diluted earnings per share (EPS) | \$ 0.68 | \$0.75 - \$ 0.80 |
| <i>Year-over-year change</i> | | <i>increase 10% - 18%</i> |
| Diluted EPS attributable to QSI | (\$0.05) | \$ 0.00 |
| Diluted EPS attributable to share-based compensation | (\$0.07) | (\$ 0.10) |
| Diluted EPS attributable to acquisition-related items | \$0.00 | (\$ 0.07) |
| Diluted EPS attributable to certain tax items (1) | (\$0.02) | \$ 0.02 |
| GAAP Diluted EPS | \$0.53 | \$0.60 - \$ 0.65 |
| <i>Year-over-year change</i> | | <i>increase 13% - 23%</i> |
| Metrics | | |
| MSM shipments | | approx. 120M - 125M |
| | approx. 111M | |
| <i>Year-over-year change</i> | | <i>increase 8% - 13%</i> |
| Total reported device sales (2) | \$28.3B* | \$38.0B - \$ 41.0B* |
| <i>Year-over-year change</i> | | <i>increase 34% - 45%</i> |

* Est. sales in June quarter, reported in September quarter

FISCAL YEAR

| | FY 2010 Results (3) | Prior Guidance FY 2011 Estimates | Current Guidance FY 2011 Estimates |
|---|------------------------|-------------------------------------|---------------------------------------|
| Revenues | \$10.98B | \$14.1B - \$14.7B | \$14.7B - \$15.0B |
| <i>Year-over-year change</i> | | <i>increase 28% - 34%</i> | <i>increase 34% - 37%</i> |
| Non-GAAP Diluted EPS | \$2.46 | \$3.05 - \$ 3.13 | \$3.15 - \$ 3.20 |
| <i>Year-over-year change</i> | | <i>increase 24% - 27%</i> | <i>increase 28% - 30%</i> |
| Diluted EPS attributable to QSI | (\$0.13) | (\$0.22) | (\$0.22) |
| Diluted EPS attributable to share-based compensation | (\$0.27) | (\$0.33) | (\$0.35) |
| Diluted EPS attributable to acquisition-related items | \$0.00 | \$0.00 | (\$0.12) |
| Diluted EPS attributable to certain tax items (1) | (\$0.10) | \$0.01 | \$ 0.04 |
| GAAP Diluted EPS | \$1.96 | \$2.51 - \$2.59 | \$2.50 - \$ 2.55 |
| <i>Year-over-year change</i> | | <i>increase 28% - 32%</i> | <i>increase 28% - 30%</i> |
| Metrics | | | |
| Est. fiscal year* CDMA-based device average selling price range (2) | approx \$183 - \$ 189 | approx \$199 - \$209 | approx \$204 - \$ 210 |

* Shipments in Sept. to June quarters, reported in Dec. to Sept. quarters

CALENDAR YEAR Device Estimates (2)

| | Calendar 2010 Estimates | Prior Guidance Calendar 2011 Estimates | Current Guidance Calendar 2011 Estimates |
|---|----------------------------|--|--|
| Est. CDMA-based device shipments | | | |
| March quarter | approx. 134M - 138M | not provided | approx. 170M - 174M |
| June quarter | approx. 153M - 157M | not provided | not provided |
| September quarter | approx. 165M - 169M | not provided | not provided |
| December quarter | approx. 195M - 200M | not provided | not provided |
| Est. Calendar year range (approx.) | 646M - 663M | 750M - 800M | 750M - 800M |
| | Midpoint | Midpoint | Midpoint |
| Est. total CDMA-based units | approx. 655M | approx. 775M | approx. 775M |
| Est. CDMA units | approx. 238M | approx. 250M | approx. 245M |
| Est. WCDMA units | approx. 417M | approx. 525M | approx. 530M |

- (1) During the fourth quarter of fiscal 2011, we reached agreement with the California Franchise Tax Board on a component of our fiscal 2006 through 2010 tax returns. As a result of this agreement, we expect to record a \$44 million tax benefit that will be excluded from our fourth quarter fiscal 2011 Non-GAAP results.
- (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 subscriber devices (including handsets, modules, modem cards and other subscriber devices) by our licensees during a particular period. The reported quarterly estimated ranges of ASPs and unit shipments are determined based on the information as reported to us by our licensees during the relevant period and our own estimates of the selling prices and unit shipments for licensees that do not provide such information. Not all licensees report sales, selling prices and/or unit shipments the same way (e.g., some licensees report selling prices net of permitted deductions, such as transportation, insurance and packing costs, while other licensees report selling prices 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. Total reported device sales, estimated unit shipments and estimated ASPs for a particular period may include prior period activity that is reported with the activity for the particular period.
- (3) As adjusted to reflect the reclassification of revenues related to FLO TV to discontinued operations.

Sums may not equal totals due to rounding.

| SEGMENTS | QCT | QTL | QWI | Non-GAAP Reconciling Items (1) | Non-GAAP | Share-Based Compensation* | Tax Items (2) | Acquisition- Related Items (3) | QSI (4)* | GAAP |
|---|---------|---------|---------|--------------------------------------|----------|------------------------------|------------------|---|----------|----------|
| Q2 - FISCAL 2010 | | | | | | | | | | |
| Revenues | \$1,537 | \$974 | \$152 | (\$2) | \$2,661 | \$— | \$— | \$— | \$— | \$2,661 |
| Operating income (loss) | | | | | 1,065 | (150) | — | (3) | (16) | 896 |
| EBT | 344 | 821 | (1) | 94 | 1,258 | (150) | — | (3) | (16) | 1,089 |
| Discontinued operations, net of tax (5) | | | | | — | (3) | — | — | (75) | (78) |
| Net income (loss) | | | | | 989 | (98) | (33) | (3) | (81) | 774 |
| Diluted EPS | | | | | \$0.59 | (\$0.06) | (\$0.02) | \$— | (\$0.05) | \$0.46 |
| Diluted shares used | | | | | 1,678 | 1,678 | 1,678 | 1,678 | 1,678 | 1,678 |
| Q1 - FISCAL 2010 | | | | | | | | | | |
| Revenues | \$1,608 | \$917 | \$142 | \$1 | \$2,668 | \$— | \$— | \$— | \$— | \$2,668 |
| Operating income (loss) | | | | | 1,134 | (147) | — | — | (7) | 980 |
| EBT | 425 | 772 | 9 | 104 | 1,310 | (147) | — | — | (7) | 1,156 |
| Discontinued operations, net of tax (5) | | | | | — | (3) | — | — | (54) | (57) |
| Net income (loss) | | | | | 1,041 | (114) | (32) | — | (54) | 841 |
| Diluted EPS | | | | | \$0.62 | (\$0.07) | (\$0.02) | \$— | (\$0.03) | \$0.50 |
| Diluted shares used | | | | | 1,691 | 1,691 | 1,691 | 1,691 | 1,691 | 1,691 |
| 9 MONTHS - FISCAL 2011 | | | | | | | | | | |
| Revenues | \$6,272 | \$4,061 | \$493 | \$14 | \$10,840 | \$— | \$— | \$— | \$— | \$10,840 |
| Change from prior year | 30% | 48% | 8% | N/M | 35% | | | | | 35% |
| Operating income (loss) | | | | | \$4,461 | (\$561) | — | (\$83) | (\$28) | \$3,789 |
| Change from prior year | | | | | 40% | (27%) | | N/M | N/M | 37% |
| EBT | \$1,487 | \$3,559 | (\$147) | \$205 | \$5,104 | (\$561) | — | (\$83) | (\$97) | \$4,363 |
| Change from prior year | 27% | 57% | N/M | N/M | 37% | (27%) | | N/M | N/M | 31% |
| Discontinued operations, net of tax (5) | | | | | \$— | (\$4) | — | — | (\$303) | (\$307) |
| Net income (loss) | | | | | 4,036 | (410) | 21 | (79) | (364) | 3,204 |
| Change from prior year | | | | | 36% | (27%) | N/M | N/M | N/M | 35% |
| Diluted EPS | | | | | \$2.40 | (\$0.24) | \$0.01 | (\$0.05) | (\$0.22) | \$1.90 |
| Change from prior year | | | | | 35% | (26%) | N/M | N/M | N/M | 33% |
| Diluted shares used | | | | | 1,682 | 1,682 | 1,682 | 1,682 | 1,682 | 1,682 |
| 9 MONTHS - FISCAL 2010 | | | | | | | | | | |
| Revenues | \$4,835 | \$2,738 | \$456 | \$1 | \$8,030 | \$— | \$— | \$— | \$— | \$8,030 |
| Operating income (loss) | | | | | 3,189 | (441) | — | (3) | 25 | 2,770 |
| EBT | 1,173 | 2,266 | 14 | 274 | 3,727 | (441) | — | (3) | 39 | 3,322 |
| Discontinued operations, net of tax (5) | | | | | — | (8) | — | — | (192) | (200) |
| Net income (loss) | | | | | 2,967 | (322) | (119) | (3) | (141) | 2,382 |
| Diluted EPS | | | | | \$ 1.78 | (\$0.19) | (\$0.07) | \$— | (\$0.08) | \$ 1.43 |
| Diluted shares used | | | | | 1,670 | 1,670 | 1,670 | 1,670 | 1,670 | 1,670 |
| 12 MONTHS - FISCAL 2010 | | | | | | | | | | |
| Revenues | \$6,695 | \$3,659 | \$628 | \$— | \$10,982 | \$— | \$— | \$— | \$— | \$10,982 |
| Operating income (loss) | | | | | 4,316 | (597) | — | (3) | 11 | 3,727 |
| EBT | 1,693 | 3,020 | 12 | 361 | 5,086 | (597) | — | (3) | 7 | 4,493 |
| Discontinued operations, net of tax (5) | | | | | — | (11) | — | — | (262) | (273) |
| Net income (loss) | | | | | 4,071 | (442) | (159) | (3) | (220) | 3,247 |
| Diluted EPS | | | | | \$ 2.46 | (\$0.27) | (\$0.10) | \$— | (\$0.13) | \$ 1.96 |
| Diluted shares used | | | | | 1,658 | 1,658 | 1,658 | 1,658 | 1,658 | 1,658 |

- (1) Non-GAAP reconciling items related to revenues consist primarily of other nonreportable segment revenues less intersegment eliminations. Non-GAAP reconciling items related to earnings before taxes consist primarily of certain investment income or losses, interest expense, research and development expenses, sales and marketing expenses and other operating expenses that are not allocated to the segments for management reporting purposes, nonreportable segment results and the elimination of intersegment profit.
- (2) During the first quarter of fiscal 2011, we recorded a tax benefit of \$32 million related to fiscal 2010 due to the retroactive reenactment of the federal R&D tax credit. Also, during the first, second and third quarter of fiscal 2011, we recorded \$3 million, \$3 million and \$4 million, respectively, in state tax expense because deferred revenue related to the license agreement signed in the first quarter of fiscal 2010 with Samsung is taxable in fiscal 2011 but the resulting deferred tax asset will reverse in future years when our state tax rate will be lower. Our first, second and third quarter fiscal 2011 Non-GAAP results exclude these items.
- (3) Beginning in the third quarter of fiscal 2011, Non-GAAP results exclude certain items related to acquisitions. During the third quarter of fiscal 2011, Non-GAAP results excluded \$45 million related to the step-up of inventories to fair value and \$32 million in amortization of intangible assets that resulted from the acquisition of Atheros.
- (4) At fiscal year-end, the sum of the quarterly tax provisions for each column, including QSI, equals the annual tax provisions for each column computed in accordance with GAAP. In interim quarters, the tax provision for the QSI operating segment is computed by subtracting the Non-GAAP tax provision, the tax items column and the tax provision related to share-based compensation from the GAAP tax provision.
- (5) During fiscal 2011, we shut down the FLO TV business and network. The results of FLO TV are presented as discontinued operations, and prior period amounts have been adjusted accordingly.

* As adjusted for discontinued operations (Note 5)

N/M – Not Meaningful

N/A – Not Applicable

Sums may not equal totals due to rounding.

Conference Call

Qualcomm's third quarter fiscal 2011 earnings conference call will be broadcast live on July 20, 2011, beginning at 1:45 p.m. Pacific Time (PT) on the Company's web site at www.qualcomm.com. This conference call may contain forward-looking financial information and will include a discussion of "Non-GAAP financial measures" as that term is defined in Regulation G. The most directly comparable GAAP financial measures and information reconciling these Non-GAAP financial measures to the Company's financial results prepared in accordance with GAAP, as well as the other material financial and statistical information to be discussed in the conference call, will be posted on the Company's Investor Relations web site at www.qualcomm.com immediately prior to commencement of the call. A taped audio replay will be available via telephone on July 20, 2011, beginning at approximately 5:00 p.m. PT through August 20, 2011 at 9:00 p.m. PT. To listen to the replay, U.S. callers may dial (800) 642-1687 and international callers may dial (706) 645-9291. U.S. and international callers should use reservation number 78821001. An audio replay of the conference call will be available on the Company's web site at www.qualcomm.com following the live call.

Editor's Note: To view the web slides that accompany this earnings release and conference call, please go to the Qualcomm Investor Relations website at: <http://investor.qualcomm.com/results.cfm>

Qualcomm Incorporated (Nasdaq: QCOM) is a world leader in 3G and next-generation mobile technologies. For more than 25 years, Qualcomm ideas and inventions have driven the evolution of wireless communications, connecting people more closely to information, entertainment and each other. Today, Qualcomm technologies are powering the convergence of mobile communications and consumer electronics, making wireless devices and services more personal, affordable and accessible to people everywhere. For more information, please visit www.qualcomm.com

Note Regarding Use of Non-GAAP Financial Measures

The Non-GAAP financial information presented herein should be considered in addition to, not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. In addition, "Non-GAAP" is not a term defined by GAAP, and, as a result, the Company's measure of Non-GAAP results might be different than similarly titled measures used by other

companies. Reconciliations between GAAP results and Non-GAAP results are presented herein.

The Company presents Non-GAAP financial information that is used by management (i) to evaluate, assess and benchmark the Company's operating results on a consistent and comparable basis; (ii) to measure the performance and efficiency of the Company's ongoing core operating businesses, including the Qualcomm CDMA Technologies, Qualcomm Technology Licensing and Qualcomm Wireless & Internet segments; and (iii) to compare the performance and efficiency of these segments against each other and against competitors outside the Company. Non-GAAP measurements of the following financial data are used by the Company's management: revenues, R&D expenses, SG&A expenses, total operating expenses, operating income (loss), net investment income (loss), income (loss) before income taxes, effective tax rate, net income (loss), diluted earnings (loss) per share, operating cash flow and free cash flow. Management is able to assess what it believes is a more meaningful and comparable set of financial performance measures for the Company and its business segments by using Non-GAAP information. As a result, management compensation decisions and the review of executive compensation by the Compensation Committee of the Board of Directors focus primarily on Non-GAAP financial measures applicable to the Company and its business segments.

Non-GAAP information used by management excludes the QSI segment, certain share-based compensation, certain tax items and certain acquisition-related items. The QSI segment is excluded because the Company expects to exit its strategic investments at various times, and the effects of fluctuations in the value of such investments are viewed by management as unrelated to the Company's operational performance. Share-based compensation, other than amounts related to share-based awards granted under a bonus program that may result in the issuance of unrestricted shares of the Company's common stock, is excluded because management views such share-based compensation as unrelated to the Company's operational performance. Further, share-based compensation related to stock options is affected by factors that are subject to change, including the Company's stock price, stock market volatility, expected option life, risk-free interest rates and expected dividend payouts in future years. Certain tax items that were recorded in reported earnings in each fiscal year presented, but were unrelated to the fiscal year in which they were recorded, are excluded in

order to provide a clearer understanding of the Company's ongoing Non-GAAP tax rate and after tax earnings. In fiscal 2011, the Company began excluding the benefit of retroactive extensions of the federal R&D tax credit from Non-GAAP results because the Company does not include the potential extension of the credit in its business outlook due to uncertainty as to whether and when the federal R&D tax credit will be retroactively extended. In addition to its historical practice of excluding acquired in-process research and development expenses from Non-GAAP results, the Company began excluding recognition of the step-up of inventories to fair value and amortization of certain intangible assets starting with acquisitions completed in the third quarter of fiscal 2011. These certain acquisition-related items are excluded and no longer allocated to the Company's segments because management has concluded that such expenses should not be considered when assessing segment performance as they are unrelated to the operating activities of the Company's ongoing core businesses. In addition, these charges are significantly impacted by the size and timing of acquisitions, potentially obscuring period to period comparisons of the Company's operating businesses. We believe this practice also conforms to the approach taken by many other leading technology companies.

The Company presents free cash flow, defined as net cash provided by operating activities less capital expenditures, to facilitate an understanding of the amount of cash flow generated that is available to grow its business and to create long-term stockholder value. The Company believes that this presentation is useful in evaluating its operating performance and financial strength. In addition, management uses this measure to evaluate the Company's performance, to value the Company and to compare its operating performance with other companies in the industry.

Note Regarding Forward-Looking Statements

In addition to 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 risks associated with: the rate of deployment and adoption of, and demand for, our technologies in communications, products and services; the uncertainty of global economic conditions and its potential impact on demand for our products, services or applications and the value of our marketable securities; competition; our dependence on major customers and

licensees; attacks on our licensing business model, including results of current and future litigation and arbitration proceedings, as well as actions of governmental or quasi-governmental bodies, and the costs we incur in connection therewith, including potentially damaged relationships with customers and operators who may be impacted by the results of these proceedings; our dependence on third-party manufacturers and suppliers; foreign currency fluctuations; strategic investments and transactions we have or may pursue; defects or errors in our products and services; the development and commercial success of our QMT division's mirasol® display technology; as well as the other risks detailed from time-to-time in our SEC reports, including the report on Form 10-K for the year ended September 26, 2010 and the most recent Form 10-Q. We undertake no obligation to update, or continue to provide information with respect to, any forward-looking statement or risk factor, whether as a result of new information, future events or otherwise.

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Qualcomm is a registered trademark of Qualcomm Incorporated. Mobile Station Modem, MSM, and FLO TV are trademarks of Qualcomm Incorporated. mirasol is a registered trademark of Qualcomm MEMS Technologies, Inc. CDMA2000 is a registered trademark of the Telecommunications Industry Association (TIA USA). All other trademarks are the property of their respective owners.

Qualcomm Incorporated
Supplemental Information for the Three Months Ended June 26, 2011
(Unaudited)

| <i>(\$ in millions except per share data)</i> | Non-GAAP Results | Share-Based Compensation | Tax Items | Acquisition- Related Items (a) | QSI | GAAP Results |
|---|---------------------|-----------------------------|----------------------|--------------------------------------|---------------------|-----------------|
| Cost of Sales | \$1,204 | \$14 | \$— | \$59 | \$1 | \$1,278 |
| R&D | 661 | 95 | — | — | 1 | 757 |
| SG&A | 365 | 84 | — | 18 | 8 | 475 |
| Operating income (loss) | 1,393 | (193) | — | (77) | (10) | 1,113 |
| Investment income (loss), net | 181 ^(b) | — | — | — | (20) ^(c) | 161 |
| Tax rate | 21% | 24% | N/A | N/M | N/M | 23% |
| Net income (loss) | \$1,240 | \$(147) | \$(4) ^(d) | \$(73) | \$19 | \$1,035 |
| Diluted earnings (loss) per share (EPS) | \$0.73 | \$(0.09) | \$— | \$(0.04) | \$0.01 | \$0.61 |
| Operating cash flow | \$1,379 | \$(35) | \$— | \$— | \$(80) | \$1,264 |
| Operating cash flow as % of revenues | 38% | N/A | N/A | N/A | N/A | 35% |
| Free cash flow ^(e) | \$1,160 | \$(35) | \$— | \$— | \$(80) | \$1,045 |
| Free cash flow as a % of revenues | 32% | N/A | N/A | N/A | N/A | 29% |

- (a) Beginning in the third quarter of fiscal 2011, Non-GAAP results exclude certain items related to acquisitions. During the third quarter of fiscal 2011, Non-GAAP results excluded \$45 million related to the step-up of inventories to fair value and \$32 million in amortization of intangible assets that resulted from the acquisition of Atheros.
- (b) Included \$117 million in interest and dividend income related to cash, cash equivalents and marketable securities, which were not part of the Company's strategic investments, and \$72 million in net realized gains on investments, partially offset by \$5 million in other-than-temporary losses on investments and \$3 million in interest expense.
- (c) Included \$25 million in interest expense and \$5 million in other-than-temporary losses on investments, partially offset by \$10 million in interest and dividend income related to cash, cash equivalents and marketable securities.
- (d) Included \$4 million in state tax expense because deferred revenue related to the license agreement signed in the first quarter of fiscal 2010 with Samsung is taxable in fiscal 2011 but the resulting deferred tax asset will reverse in future years when our state tax rate will be lower.
- (e) Free cash flow is calculated as net cash provided by operating activities less capital expenditures. Reconciliation of these amounts is included in the "Reconciliation of Non-GAAP Free Cash Flows to Net Cash Provided by Operating Activities (GAAP) and Other Supplemental Disclosures" for the three months ended June 26, 2011, included herein.

N/M – Not Meaningful

N/A – Not Applicable

Sums may not equal totals due to rounding.

Qualcomm Incorporated
Supplemental Information for the Nine Months Ended June 26, 2011
(Unaudited)

| <i>(\$ in millions except per share data)</i> | Non-GAAP Results | Share-Based Compensation (a) | Tax Items | Acquisition- Related Items (b) | QSI (a) | GAAP Results |
|---|----------------------|------------------------------------|---------------------|--------------------------------------|---------------------|-----------------|
| Cost of Sales | \$3,272 | \$44 | \$— | \$59 | \$5 | \$3,380 |
| R&D | 1,855 | 277 | — | 6 | 6 | 2,144 |
| SG&A | 1,138 | 240 | — | 18 | 17 | 1,413 |
| Operating income (loss) | 4,461 ^(e) | (561) | — | (83) | (28) | 3,789 |
| Investment income (loss), net | 643 ^(d) | — | — | — | (69) ^(e) | 574 |
| Tax rate | 21% | 28% | N/A | N/M | N/M | 20% |
| Net income (loss) | \$4,036 | \$(410) | \$21 ^(f) | \$(79) | \$(364) | \$3,204 |
| Diluted earnings (loss) per share (EPS) | \$2.40 | \$(0.24) | \$0.01 | \$(0.05) | \$(0.22) | \$1.90 |
| Operating cash flow | \$3,532 | \$(167) | \$— | \$— | \$(285) | \$3,080 |
| Operating cash flow as % of revenues | 33% | N/A | N/A | N/A | N/A | 28% |
| Free cash flow ^(g) | \$3,138 | \$(167) | \$— | \$— | \$(291) | \$2,680 |
| Free cash flow as a % of revenues | 29% | N/A | N/A | N/A | N/A | 25% |

- (a) During fiscal 2011, the Company shut down the FLO TV business and network. The results of FLO TV are presented as discontinued operations, and prior period amounts have been adjusted accordingly.
- (b) Beginning in the third quarter of fiscal 2011, Non-GAAP results exclude certain items related to acquisitions. During the third quarter of fiscal 2011, Non-GAAP results excluded \$45 million related to the step-up of inventories to fair value and \$32 million in amortization of intangible assets that resulted from the acquisition of Atheros. In addition, during the first nine months of fiscal 2011, Non-GAAP results excluded \$6 million in acquired in-process research and development expense.
- (c) During the first nine months of fiscal 2011, we recorded impairment charges of \$120 million related to our Firethorn division, including \$114 million in goodwill impairment.
- (d) Included \$369 million in interest and dividend income related to cash, cash equivalents and marketable securities, which were not part of our strategic investments, and \$302 million in net realized gains on investments, partially offset by \$16 million in other-than-temporary losses on investments and \$11 million in interest expense.
- (e) Included \$72 million in interest expense, \$10 million in other-than-temporary losses on investments and \$5 million in equity in losses of investees, partially offset by \$15 million in interest and dividend income related to cash, cash equivalents and marketable securities and \$1 million in net realized gains on investments.
- (f) Included a tax benefit of \$32 million related to fiscal 2010 due to the retroactive reenactment of the federal R&D tax credit and \$10 million in state tax expense because deferred revenue related to the license agreement signed in the first quarter of fiscal 2010 with Samsung is taxable in fiscal 2011 but the resulting deferred tax asset will reverse in future years when our state tax rate will be lower.
- (g) Free cash flow is calculated as net cash provided by operating activities less capital expenditures. Reconciliation of these amounts is included in the "Reconciliation of Non-GAAP Free Cash Flows to Net Cash Provided by Operating Activities (GAAP) and Other Supplemental Disclosures" for the nine months ended June 26, 2011, included herein.

N/M – Not Meaningful

N/A – Not Applicable

Sums may not equal totals due to rounding.

Qualcomm Incorporated
Reconciliation of Non-GAAP Free Cash Flows to
Net Cash Provided by Operating Activities (GAAP)
and Other Supplemental Disclosures
(In millions)
(Unaudited)

| | Three Months Ended June 26, 2011 | | | |
|---|----------------------------------|-----------------------------|---------------|----------------|
| | Non-GAAP | Share-Based Compensation | QSI | GAAP |
| Net cash provided (used) by operating activities | \$1,379 | \$(35)(a) | \$(80) | \$1,264 |
| Less: capital expenditures | (219) | — | — | (219) |
| Free cash flow | <u>\$1,160</u> | <u>\$(35)</u> | <u>\$(80)</u> | <u>\$1,045</u> |
| Revenues | \$3,623 | \$— | \$— | \$3,623 |
| Free cash flow as a % of revenues | 32% | N/A | N/M | 29% |
| Other supplemental cash disclosures: | | | | |
| Cash transfers from QSI | \$(4) | \$— | \$4 | \$— |
| Cash transfers to QSI (b) | (89) | — | 89 | — |
| Net cash transfers | <u>\$(93)</u> | <u>\$—</u> | <u>\$93</u> | <u>\$—</u> |

| | Nine Months Ended June 26, 2011 | | | |
|---|---------------------------------|-----------------------------|----------------|----------------|
| | Non-GAAP | Share-Based Compensation | QSI | GAAP |
| Net cash provided (used) by operating activities | \$3,532 | \$(167)(a) | \$(285) | \$3,080 |
| Less: capital expenditures | (394) | — | (6) | (400) |
| Free cash flow | <u>\$3,138</u> | <u>\$(167)</u> | <u>\$(291)</u> | <u>\$2,680</u> |
| Revenues | \$10,840 | \$— | \$— | \$10,840 |
| Free cash flow as a % of revenues | 29% | N/A | N/M | 25% |
| Other supplemental cash disclosures: | | | | |
| Cash transfers from QSI (c) | \$67 | \$— | \$(67) | \$— |
| Cash transfers to QSI (b) | (330) | — | 330 | — |
| Net cash transfers | <u>\$(263)</u> | <u>\$—</u> | <u>\$263</u> | <u>\$—</u> |

| | Three Months Ended June 27, 2010 | | | |
|---|----------------------------------|-----------------------------|----------------|--------------|
| | Non-GAAP | Share-Based Compensation | QSI | GAAP |
| Net cash provided (used) by operating activities | \$1,051 | \$(3)(a) | \$(97) | \$951 |
| Less: capital expenditures | (97) | — | (20) | (117) |
| Free cash flow | <u>\$954</u> | <u>\$(3)</u> | <u>\$(117)</u> | <u>\$834</u> |

| | Nine Months Ended June 27, 2010 | | | |
|---|---------------------------------|-----------------------------|----------------|----------------|
| | Non-GAAP | Share-Based Compensation | QSI | GAAP |
| Net cash provided (used) by operating activities | \$3,297 | \$(34)(a) | \$(280) | \$2,983 |
| Less: capital expenditures | (249) | — | (64) | (313) |
| Free cash flow | <u>\$3,048</u> | <u>\$(34)</u> | <u>\$(344)</u> | <u>\$2,670</u> |

- (a) Incremental tax benefits from stock options exercised during the period.
(b) Primarily funding for strategic debt and equity investments and QSI operating expenses.
(c) Cash primarily from the issuance of subsidiary shares to noncontrolling interests.

N/M - Not Meaningful

N/A - Not Applicable

Qualcomm Incorporated
Reconciliation of Non-GAAP Tax Rate to GAAP Tax Rate
(in millions)
(Unaudited)

| | Three Months Ended June 26, 2011 | | | | | |
|--|----------------------------------|-----------------------------|------------------|----------------------------------|---------------|-----------------|
| | Non-GAAP Results | Share-Based Compensation | Tax Items (a) | Acquisition- Related Items | QSI (b) | GAAP Results |
| Income (loss) from continuing operations before income taxes | \$1,574 | \$(193) | \$— | \$(77) | \$(30) | \$1,274 |
| Income tax (expense) benefit | (334) | 46 | (4) | 4 | (1) | (289) |
| Income from continuing operations | <u>\$1,240</u> | <u>\$(147)</u> | <u>\$(4)</u> | <u>\$(73)</u> | <u>\$(31)</u> | <u>\$985</u> |
| <i>Tax rate</i> | 21% | 24% | N/A | N/M | N/M | 23% |

| | Nine Months Ended June 26, 2011 | | | | | |
|--|---------------------------------|-----------------------------|------------------|----------------------------------|---------------|-----------------|
| | Non-GAAP Results | Share-Based Compensation | Tax Items (a) | Acquisition- Related Items | QSI (b) | GAAP Results |
| Income (loss) from continuing operations before income taxes | \$5,104 | \$(561) | \$— | \$(83) | \$(97) | \$4,363 |
| Income tax (expense) benefit | (1,068) | 155 | 21 | 4 | 26 | (862) |
| Income from continuing operations | <u>\$4,036</u> | <u>\$(406)</u> | <u>\$21</u> | <u>\$(79)</u> | <u>\$(71)</u> | <u>\$3,501</u> |
| <i>Tax rate</i> | 21% | 28% | N/A | N/M | N/M | 20% |

- (a) During the first quarter of fiscal 2011, we recorded a tax benefit of \$32 million related to fiscal 2010 due to the retroactive reenactment of the federal R&D tax credit. Also, during the first, second and third quarter of fiscal 2011, we recorded \$3 million, \$3 million and \$4 million, respectively, in state tax expense because deferred revenue related to the license agreement signed in the first quarter of fiscal 2010 with Samsung is taxable in fiscal 2011 but the resulting deferred tax asset will reverse in future years when our state tax rate will be lower.
- (b) At fiscal year-end, the sum of the quarterly tax provisions for each column, including QSI, equals the annual tax provisions for each column computed in accordance with GAAP. In interim quarters, the tax provision for the QSI operating segment is computed by subtracting the Non-GAAP tax provision, the tax items column and the tax provision related to share-based compensation from the GAAP tax provision.

N/M – Not Meaningful

Sums may not equal totals due to rounding

Qualcomm Incorporated
CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions, except per share data)
(Unaudited)

| | June 26, 2011 | September 26, 2010 |
|--|------------------|-----------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$5,746 | \$3,547 |
| Marketable securities | 4,982 | 6,732 |
| Accounts receivable, net | 832 | 730 |
| Inventories | 753 | 528 |
| Deferred tax assets | 310 | 321 |
| Other current assets | 210 | 275 |
| Total current assets | 12,833 | 12,133 |
| Marketable securities | 9,493 | 8,123 |
| Deferred tax assets | 1,884 | 1,922 |
| Assets held for sale | 746 | — |
| Property, plant and equipment, net | 2,267 | 2,373 |
| Goodwill | 3,195 | 1,488 |
| Other intangible assets, net | 3,098 | 3,022 |
| Other assets | 1,584 | 1,511 |
| Total assets | <u>\$35,100</u> | <u>\$30,572</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Trade accounts payable | \$761 | \$764 |
| Payroll and other benefits related liabilities | 568 | 467 |
| Unearned revenues | 541 | 623 |
| Loans payable | 1,092 | 1,086 |
| Income taxes payable | 84 | 1,443 |
| Other current liabilities | 1,418 | 1,085 |
| Total current liabilities | 4,464 | 5,468 |
| Unearned revenues | 3,630 | 3,485 |
| Other liabilities | 705 | 761 |
| Total liabilities | <u>8,799</u> | <u>9,714</u> |
| Stockholders' equity: | | |
| Qualcomm Incorporated (Qualcomm) Stockholders' equity: | | |
| Preferred stock, \$0.0001 par value; issuable in series; 8 shares authorized; none outstanding at June 26, 2011 and September 26, 2010 | — | — |
| Common stock, \$0.0001 par value; 6,000 shares authorized; 1,677 and 1,612 shares issued and outstanding at June 26, 2011 and September 26, 2010, respectively | — | — |
| Paid-in capital | 10,011 | 6,856 |
| Retained earnings | 15,516 | 13,305 |
| Accumulated other comprehensive income | 744 | 697 |
| Total Qualcomm stockholders' equity | 26,271 | 20,858 |
| Noncontrolling interests | 30 | — |
| Total stockholders' equity | <u>26,301</u> | <u>20,858</u> |
| Total liabilities and stockholders equity | <u>\$35,100</u> | <u>\$30,572</u> |

Qualcomm Incorporated
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share data)
(Unaudited)

| | <u>Three Months Ended</u> | | <u>Nine Months Ended</u> | |
|--|--------------------------------|---------------------------------|--------------------------------|---------------------------------|
| | <u>June 26,</u> <u>2011</u> | <u>June 27,</u> <u>2010*</u> | <u>June 26,</u> <u>2011</u> | <u>June 27,</u> <u>2010*</u> |
| Revenues: | | | | |
| Equipment and services | \$2,297 | \$1,766 | \$6,550 | \$5,021 |
| Licensing and royalty fees | 1,326 | 934 | 4,290 | 3,009 |
| Total revenues | <u>3,623</u> | <u>2,700</u> | <u>10,840</u> | <u>8,030</u> |
| Operating expenses: | | | | |
| Cost of equipment and services revenues | 1,278 | 852 | 3,380 | 2,375 |
| Research and development | 757 | 623 | 2,144 | 1,822 |
| Selling, general and administrative | 475 | 332 | 1,413 | 1,063 |
| Goodwill impairment | — | — | 114 | — |
| Total operating expenses | <u>2,510</u> | <u>1,807</u> | <u>7,051</u> | <u>5,260</u> |
| Operating income | 1,113 | 893 | 3,789 | 2,770 |
| Investment income, net | 161 | 183 | 574 | 552 |
| Income from continuing operations before income taxes | 1,274 | 1,076 | 4,363 | 3,322 |
| Income tax expense | (289) | (244) | (862) | (740) |
| Income from continuing operations | 985 | 832 | 3,501 | 2,582 |
| Discontinued operations, net of income taxes | 44 | (65) | (307) | (200) |
| Net Income | 1,029 | 767 | 3,194 | 2,382 |
| Net loss attributable to noncontrolling interests | 6 | — | 10 | — |
| Net income attributable to Qualcomm | <u>\$1,035</u> | <u>\$767</u> | <u>\$3,204</u> | <u>\$2,382</u> |
| Basic earnings (loss) per share attributable to Qualcomm: | | | | |
| Continuing operations | \$0.59 | \$0.51 | \$2.13 | \$1.56 |
| Discontinued operations | 0.03 | (0.04) | (0.19) | (0.12) |
| Net income | <u>\$0.62</u> | <u>\$0.47</u> | <u>\$1.94</u> | <u>\$1.44</u> |
| Diluted earnings (loss) per share attributable to Qualcomm: | | | | |
| Continuing operations | \$0.58 | \$0.51 | \$2.09 | \$1.55 |
| Discontinued operations | 0.03 | (0.04) | (0.19) | (0.12) |
| Net income | <u>\$0.61</u> | <u>\$0.47</u> | <u>\$1.90</u> | <u>\$1.43</u> |
| Shares used in per share calculations: | | | | |
| Basic | <u>1,673</u> | <u>1,629</u> | <u>1,650</u> | <u>1,654</u> |
| Diluted | <u>1,709</u> | <u>1,642</u> | <u>1,682</u> | <u>1,670</u> |
| Dividends per share announced | <u>\$0.215</u> | <u>\$0.190</u> | <u>\$0.595</u> | <u>\$0.530</u> |

* As adjusted for discontinued operations

Qualcomm Incorporated
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)
(Unaudited)

| | <u>Three Months Ended</u> | | <u>Nine Months Ended</u> | |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | <u>June 26,</u> <u>2011</u> | <u>June 27,</u> <u>2010</u> | <u>June 26,</u> <u>2011</u> | <u>June 27,</u> <u>2010</u> |
| Operating Activities: | | | | |
| Net income | \$1,029 | \$767 | \$3,194 | \$2,382 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | |
| Depreciation and amortization | 185 | 166 | 820 | 495 |
| Goodwill impairment | — | — | 114 | — |
| Revenues related to non-monetary exchanges | (31) | (31) | (93) | (99) |
| Income tax provision in excess of (less than) income tax payments | 116 | 86 | (1,218) | 80 |
| Non-cash portion of share-based compensation expense | 193 | 149 | 568 | 453 |
| Incremental tax benefit from stock options exercised | (35) | (3) | (167) | (34) |
| Net realized gains on marketable securities and other investments | (73) | (92) | (304) | (274) |
| Net impairment losses on marketable securities and other investments | 10 | 29 | 26 | 102 |
| Other items, net | 5 | (66) | 23 | (70) |
| Changes in assets and liabilities, net of effects of acquisitions: | | | | |
| Accounts receivable, net | (2) | (126) | 21 | (91) |
| Inventories | 38 | (45) | (43) | 7 |
| Other assets | (17) | (1) | (36) | (71) |
| Trade accounts payable | (46) | 104 | (191) | 23 |
| Payroll, benefits and other liabilities | (59) | 78 | 210 | (161) |
| Unearned revenues | (49) | (64) | 156 | 241 |
| Net cash provided by operating activities | <u>1,264</u> | <u>951</u> | <u>3,080</u> | <u>2,983</u> |
| Investing Activities: | | | | |
| Capital expenditures | (219) | (117) | (400) | (313) |
| Advanced payment on spectrum | — | (1,064) | — | (1,064) |
| Purchases of available-for-sale securities | (2,426) | (2,569) | (8,271) | (7,049) |
| Proceeds from sale of available-for-sale securities | 3,888 | 3,113 | 9,355 | 7,354 |
| Atheros acquisition, net of cash acquired | (3,130) | — | (3,130) | — |
| Other acquisitions and investments, net of cash acquired | (6) | (17) | (95) | (45) |
| Other items, net | (45) | 85 | (22) | 121 |
| Net cash used by investing activities | <u>(1,938)</u> | <u>(569)</u> | <u>(2,563)</u> | <u>(996)</u> |
| Financing Activities: | | | | |
| Borrowing under loans payable | — | 1,064 | 1,260 | 1,064 |
| Repayment of loans payable | — | — | (1,260) | — |
| Proceeds from issuance of common stock | 368 | 35 | 2,392 | 519 |
| Proceeds from issuance of subsidiary shares to noncontrolling interests | — | — | 62 | — |
| Incremental tax benefit from stock options exercised | 35 | 3 | 167 | 34 |
| Repurchase and retirement of common stock | — | (1,178) | — | (2,893) |
| Dividends paid | (360) | (309) | (985) | (872) |
| Other items, net | 10 | (1) | 36 | (2) |
| Net cash provided (used) by financing activities | <u>53</u> | <u>(386)</u> | <u>1,672</u> | <u>(2,150)</u> |
| Effect of exchange rate changes on cash | — | (8) | 10 | (13) |
| Net (decrease) increase in cash and cash equivalents | <u>(621)</u> | <u>(12)</u> | <u>2,199</u> | <u>(176)</u> |
| Cash and cash equivalents at beginning of period | <u>6,367</u> | <u>2,553</u> | <u>3,547</u> | <u>2,717</u> |
| Cash and cash equivalents at end of period | <u>\$5,746</u> | <u>\$2,541</u> | <u>\$5,746</u> | <u>\$2,541</u> |