

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 8-K**

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**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of  
The Securities Exchange Act of 1934**

**April 23, 2014  
Date of Report (Date of earliest event reported)**

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**QUALCOMM Incorporated**

(Exact name of registrant as specified in its charter)

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**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)

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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))
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**Item 2.02. Results of Operations and Financial Condition.**

On April 23, 2014, QUALCOMM Incorporated (the Company) issued a press release regarding the Company's financial results for its second quarter of fiscal 2014 ended March 30, 2014. A copy of that press release is furnished as Exhibit 99.1 hereto and incorporated herein by reference.

The press release includes non-GAAP financial measures as that term is defined in Regulation G. The press release also includes the most directly comparable financial measures calculated and presented in accordance with accounting principles generally accepted in the United States (GAAP), information reconciling the non-GAAP financial measures to the GAAP financial measures, and a discussion of the reasons why the Company's management believes that presentation of the non-GAAP financial measures provides useful information to investors regarding the Company's financial condition and results of operations. The non-GAAP financial information presented therein should be considered in addition to, not as a substitute for, or superior to, financial measures calculated and presented in accordance with GAAP.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	April 23, 2014 Press Release by QUALCOMM Incorporated

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**SIGNATURES**

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 hereunto duly authorized.

**QUALCOMM Incorporated**

Date: April 23, 2014

By: /s/ George S. Davis

George S. Davis,  
Executive Vice President and Chief Financial Officer

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**EXHIBIT INDEX**

Exhibit No.

Description

99.1

April 23, 2014 Press Release by QUALCOMM Incorporated

Qualcomm Contact:  
Warren Kneeshaw  
Vice President, Investor Relations  
Phone: 1-858-658-4813  
e-mail: ir@qualcomm.com

**Qualcomm Announces Second Quarter Fiscal 2014 Results**  
**Revenues \$6.4 billion**  
**GAAP EPS \$1.14, Non-GAAP EPS \$1.31**

*- Record Quarterly Non-GAAP EPS; Raising Fiscal 2014 EPS Guidance -*

SAN DIEGO - April 23, 2014 - Qualcomm Incorporated (Nasdaq: QCOM), a leading developer and innovator of advanced wireless technologies, products and services, today announced results for the second quarter of fiscal 2014 ended March 30, 2014.

“We delivered another solid quarter, driven by demand for our leading multimode 3G/LTE chipset solutions and record licensing revenues,” said Steve Mollenkopf, CEO of Qualcomm Incorporated. “Looking forward, we are pleased to be raising our earnings per share guidance for the fiscal year. We continue to see increasing demand for our industry-leading chipsets and strong growth in calendar year 2014 of 3G/4G smartphones around the world.”

**Second Quarter Results (GAAP)\***

- Revenues: <sup>1</sup>\$6.37 billion, up 4 percent year-over-year (y-o-y) and down 4 percent sequentially.
- Operating income: <sup>1</sup>\$1.99 billion, up 6 percent y-o-y and 33 percent sequentially.
- Net income: <sup>2</sup>\$1.96 billion, up 5 percent y-o-y and 4 percent sequentially.
- Diluted earnings per share: <sup>2</sup>\$1.14, up 8 percent y-o-y and 5 percent sequentially.
- Effective tax rate: <sup>1</sup> 14 percent.
- Operating cash flow: \$1.81 billion, down 18 percent y-o-y; 28 percent of revenues.
- Return of capital to stockholders: \$1.59 billion, including \$1.00 billion through repurchases of 13.4 million shares of common stock and \$589 million, or \$0.35 per share, of cash dividends paid.

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<sup>1</sup> Throughout this news release, revenues, operating expenses, operating income, earnings before tax (EBT) and effective tax rates are from continuing operations (i.e., before adjustments for noncontrolling interests and discontinued operations), unless otherwise stated.

<sup>2</sup> Throughout this news release, net income and diluted earnings per share are attributable to Qualcomm (i.e., after adjustments for noncontrolling interests and discontinued operations), unless otherwise stated.

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**Non-GAAP Second Quarter Results\***

Non-GAAP results exclude the QSI (Qualcomm Strategic Initiatives) segment and certain share-based compensation, acquisition-related items and tax items.

- Revenues: \$6.37 billion, up 4 percent y-o-y and down 4 percent sequentially.
- Operating income: \$2.34 billion, up 5 percent y-o-y and 26 percent sequentially.
- Net income: \$2.26 billion, up 9 percent y-o-y and 4 percent sequentially.
- Diluted earnings per share: \$1.31, up 12 percent y-o-y and 4 percent sequentially.
- Effective tax rate: 15 percent.

Detailed reconciliations between results reported in accordance with GAAP and Non-GAAP results are included within this news release.

\* The following should be considered in regards to the sequential comparisons:

- The first quarter of fiscal 2014 results included:
  - \$665 million gain (\$430 million after tax), or \$0.25 per share, in discontinued operations associated with the sale of substantially all of the operations of our Omnitracs division; and
  - \$444 million charge (\$346 million after tax), or \$0.20 per share, that resulted from an impairment charge on certain property, plant and equipment related to our QMT division.

**Second Quarter Key Business Metrics**

- MSM™ chip shipments: 188 million units, up 9 percent y-o-y and down 12 percent sequentially.
- December quarter total reported device sales: approximately \$66.5 billion, up 9 percent y-o-y and 8 percent sequentially.
  - December quarter estimated 3G/4G device shipments: approximately 295 to 299 million units, at an estimated average selling price of approximately \$221 to \$227 per unit.

**Cash and Marketable Securities**

Our cash, cash equivalents and marketable securities totaled \$32.1 billion at the end of the second quarter of fiscal 2014, compared to \$30.5 billion a year ago and \$31.6 billion at the end of the first quarter of fiscal 2014. On April 8, 2014, we announced a cash dividend of \$0.42 per share payable on June 25, 2014 to stockholders of record as of the close of business on June 4, 2014, which represents a 20 percent increase over our prior quarterly dividend.

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**Research and Development**

(\$ in millions)	Non-GAAP	QSI	Share-Based Compensation	Acquisition-Related Items	GAAP
Second quarter fiscal 2014	\$ 1,170	\$ 1	\$ 163	\$ 22	\$ 1,356
<i>As % of revenues</i>	18%				21%
Second quarter fiscal 2013	\$ 1,056	\$ 1	\$ 156	\$ 1	\$ 1,214
<i>As % of revenues</i>	17%				20%
Year-over-year change (\$)	11%	N/M	4%	N/M	12%

N/M - Not Meaningful

Non-GAAP research and development (R&D) expenses increased 11 percent y-o-y primarily due to an increase in costs to develop CDMA-based 3G, OFDMA-based 4G LTE and other technologies for integrated circuit and related software products and to expand our intellectual property portfolio.

**Selling, General and Administrative**

(\$ in millions)	Non-GAAP	QSI	Share-Based Compensation	Acquisition-Related Items	GAAP
Second quarter fiscal 2014	\$ 453	\$ 5	\$ 75	\$ 6	\$ 539
<i>As % of revenues</i>	7%				8%
Second quarter fiscal 2013	\$ 556	\$ 4	\$ 95	\$ 6	\$ 661
<i>As % of revenues</i>	9%				11%
Year-over-year change (\$)	(19%)	25%	(21%)	N/M	(18%)

N/M - Not Meaningful

Non-GAAP selling, general and administrative (SG&A) expenses decreased 19 percent y-o-y primarily due to decreases in costs related to litigation and other legal matters, employee-related expenses and patent-related expenses.

**Effective Income Tax Rates**

Our fiscal 2014 annual effective income tax rates are estimated to be 16 percent for GAAP and Non-GAAP, both of which include an estimate of the United States federal R&D tax credit generated through December 31, 2013, the date on which the credit expired. Our estimated annual tax rates decreased from our prior estimate primarily as a result of an increase in our estimate of foreign income taxed at rates lower than rates in the United States, which was partially the result of an agreement recently reached with the Internal Revenue Service related to transfer pricing. Also as a result of this agreement, we expect to record a tax benefit of approximately \$65 million during the third quarter of fiscal 2014 related to our fiscal 2013 tax return, which will be excluded from Non-GAAP results and is excluded from our guidance.

**Business Outlook**

The following statements are forward looking, and actual results may differ materially. The “Note Regarding Forward-Looking Statements” in 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 and certain derivative gains or losses, cannot be accurately forecast. Accordingly, we only include such items in our outlook to the extent they are reasonably certain; however, actual results may differ materially from the outlook.

Our outlook for fiscal 2014 diluted earnings per share includes an estimate of the benefit related to approximately \$2 billion in stock repurchases that we plan to complete over the remainder of fiscal 2014 under our current stock repurchase program.

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

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## Qualcomm's Business Outlook Summary

<b>THIRD FISCAL QUARTER</b>		
	<b>Q3 FY13 Results</b>	<b>Current Guidance Q3 FY14 Estimates (1)</b>
<b>Revenues</b>	<b>\$6.24 B</b>	<b>\$6.2B - \$6.8B</b>
<i>Year-over-year change</i>		<i>decrease 1% - increase 9%</i>
<b>Non-GAAP diluted earnings per share (EPS)</b>	<b>\$1.03</b>	<b>\$1.15 - \$1.25</b>
<i>Year-over-year change</i>		<i>increase 12% - 21%</i>
Diluted EPS attributable to QSI	\$0.02	\$0.00
Diluted EPS attributable to share-based compensation	(\$0.13)	(\$0.13)
Diluted EPS attributable to acquisition-related items	(\$0.04)	(\$0.04)
Diluted EPS attributable to tax items	N/A	N/A
<b>GAAP diluted EPS</b>	<b>\$0.90</b>	<b>\$0.98 - \$1.08</b>
<i>Year-over-year change</i>		<i>increase 9% - 20%</i>
<b>Metrics</b>		
MSM chip shipments	172M	198M - 213M
<i>Year-over-year change</i>		<i>increase 15% - 24%</i>
Total reported device sales (2)	approx. \$56.5B*	approx. \$56.0B - \$62.0B*
<i>Year-over-year change</i>		<i>decrease 1% - increase 10%</i>
*Est. sales in March quarter, reported in June quarter		

<b>FISCAL YEAR</b>			
	<b>FY 2013 Results</b>	<b>Prior Guidance FY 2014 Estimates (3)</b>	<b>Current Guidance FY 2014 Estimates (1) (3)</b>
<b>Revenues</b>	<b>\$24.87 B</b>	<b>\$26.0B - \$27.5B</b>	<b>\$26.0B - \$27.5B</b>
<i>Year-over-year change</i>		<i>increase 5% - 11%</i>	<i>increase 5% - 11%</i>
<b>Non-GAAP diluted EPS</b>	<b>\$4.51</b>	<b>\$5.00 - \$5.20</b>	<b>\$5.05 - \$5.25</b>
<i>Year-over-year change</i>		<i>increase 11% - 15%</i>	<i>increase 12% - 16%</i>
Diluted EPS attributable to QSI	\$0.02	\$0.00	(\$0.01)
Diluted EPS attributable to share-based compensation	(\$0.51)	(\$0.51)	(\$0.51)
Diluted EPS attributable to acquisition-related items	(\$0.16)	(\$0.16)	(\$0.16)
Diluted EPS attributable to tax items	\$0.04	N/A	N/A
<b>GAAP diluted EPS</b>	<b>\$3.91</b>	<b>\$4.33 - \$4.53</b>	<b>\$4.37 - \$4.57</b>
<i>Year-over-year change</i>		<i>increase 11% - 16%</i>	<i>increase 12% - 17%</i>
<b>Metrics</b>			
Est. fiscal year* 3G/4G device average selling price range (2)	approx. \$223 - \$229	approx. \$216 - \$230	approx. \$218 - \$228
*Shipments in Sept. to June quarters, reported in Dec. to Sept. quarters			

<b>CALENDAR YEAR Device Estimates (2)</b>				
	<b>Prior Guidance Calendar 2013 Estimates</b>	<b>Current Guidance Calendar 2013 Estimates</b>	<b>Prior Guidance Calendar 2014 Estimates</b>	<b>Current Guidance Calendar 2014 Estimates</b>
<b>Est. 3G/4G device shipments</b>				
March quarter	approx. 244M - 248M	approx. 244M - 248M	not provided	not provided
June quarter	approx. 260M - 264M	approx. 260M - 264M	not provided	not provided
September quarter	approx. 276M - 280M	approx. 276M - 280M	not provided	not provided
December quarter	not provided	approx. 295M - 299M	not provided	not provided
<b>Est. calendar year range (approx.)</b>	<b>1,080M - 1,120M</b>	<b>1,075M - 1,091M</b>	<b>1,220M - 1,300M</b>	<b>1,220M - 1,300M</b>
<b>Est. calendar year midpoint (approx.) (4)</b>	<b>1,100M</b>	<b>1,083M</b>	<b>1,260M</b>	<b>1,260M</b>

- Our current outlook for the third quarter of fiscal 2014 and fiscal 2014 GAAP diluted EPS excludes a tax benefit of approximately \$65 million that we expect to record in the third quarter of fiscal 2014 as a result of an agreement reached with the Internal Revenue Service, which will be excluded from our Non-GAAP results.
- Total reported device sales is the sum of all reported sales in U.S. dollars (as reported to us by our licensees) of all licensed CDMA-based, OFDMA-based and CDMA/OFDMA multimode subscriber devices (including handsets, modules, modem cards and other subscriber devices) by our licensees during a particular period (collectively, 3G/4G devices). The reported quarterly estimated ranges of average selling prices (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 sales net of permitted deductions, including transportation, insurance, packing costs and other items, while other licensees report sales and then identify the amount of permitted deductions in their reports), and the way in which licensees report such information may change from time to time. Total reported device sales, estimated unit shipments and estimated ASPs for a particular period may include prior period activity that was not reported by the licensee until such particular period.
- Our prior and current outlook for fiscal 2014 diluted EPS includes an estimate of the benefit related to stock repurchases that we plan to complete during the fiscal year and reflects an annual effective tax rate that includes an estimate of the United States federal R&D tax credit generated through December 31, 2013, the date on which the credit expired.
- The midpoints of the estimated calendar year ranges are identified for comparison purposes only and do not indicate a higher degree of confidence in the midpoints.

N/A - Not Applicable

Sums may not equal totals due to rounding.



SEGMENTS	QCT	QTL	Non-GAAP Reconciling Items (1) (2)	Non-GAAP (3)	QSI (3)	Share-Based Compensation (3)	Acquisition- Related Items (3)	Tax Items	GAAP
<b>6 MONTHS - FISCAL 2014</b>									
Revenues	\$8,859	\$3,971	\$159	\$12,989	\$—	\$—	\$—	\$—	\$12,989
<i>Change from prior year</i>	10%	4%	(46%)	7%					7%
Operating income (loss)				\$4,185	(\$10)	(\$532)	(\$160)	\$—	\$3,483
<i>Change from prior year</i>				(11%)	17%	3%	(4%)		(12%)
EBT	\$1,646	\$3,504	(\$394)	\$4,756	(\$35)	(\$532)	(\$160)	\$—	\$4,029
<i>Change from prior year</i>	(6%)	5%	N/M	(8%)	N/M	3%	(4%)		(10%)
EBT as % of revenues	19 %	88 %	N/M	37 %					31 %
Discontinued operations, net of tax (4)				\$430	\$—	\$—	\$—	\$—	\$430
Net income (loss)				\$4,418	(\$13)	(\$423)	(\$147)	\$—	\$3,835
<i>Change from prior year</i>				3%	N/M	4%	—%	N/M	2%
Diluted EPS				\$2.57	(\$0.01)	(\$0.25)	(\$0.09)	\$—	\$2.23
<i>Change from prior year</i>				6%	N/M	—%	(13%)	N/M	4%
Diluted shares used				1,721	1,721	1,721	1,721	1,721	1,721
<b>6 MONTHS - FISCAL 2013</b>									
Revenues	\$8,036	\$3,813	\$294	\$12,143	\$—	\$—	\$—	\$—	\$12,143
Operating income (loss)				4,681	(12)	(549)	(154)	—	3,966
EBT	\$1,749	\$3,335	\$66	5,150	16	(549)	(154)	—	4,463
Net income (loss)				4,270	24	(439)	(147)	64	3,772
Diluted EPS				\$2.43	\$0.01	(\$0.25)	(\$0.08)	\$0.04	\$2.15
Diluted shares used				1,757	1,757	1,757	1,757	1,757	1,757
<b>12 MONTHS - FISCAL 2013</b>									
Revenues	\$16,715	\$7,554	\$597	\$24,866	\$—	\$—	\$—	\$—	\$24,866
Operating income (loss)				8,657	(31)	(1,103)	(293)	—	7,230
EBT	\$3,189	\$6,590	(\$245)	9,534	56	(1,103)	(293)	—	8,194
Net income (loss)				7,911	43	(886)	(279)	64	6,853
Diluted EPS				\$4.51	\$0.02	(\$0.51)	(\$0.16)	\$0.04	\$3.91
Diluted shares used				1,754	1,754	1,754	1,754	1,754	1,754

- (1) Non-GAAP reconciling items related to revenues consisted primarily of nonreportable segment revenues less intersegment eliminations. Non-GAAP reconciling items related to earnings before taxes consisted primarily of certain costs of equipment and services revenues, research and development expenses, sales and marketing expenses, other operating expenses and certain investment income or losses and interest expense 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 2014, as a result of the reassessment of management reporting, the Qualcomm Wireless & Internet (QWI) segment was eliminated. Revenues and operating results for the divisions that comprised the QWI segment are included in Non-GAAP reconciling items. Prior period information has been adjusted to conform to the current presentation.
- (3) At fiscal year end, the sum of the quarterly tax provision (benefit) for each column equals the annual tax provision (benefit) for each column computed in accordance with GAAP. In interim quarters, the sum of these provisions (benefits) may not equal the total GAAP tax provision, and this difference is allocated to tax provisions (benefits) among the columns.
- (4) During the first quarter of fiscal 2014, a gain of \$665 million was recorded associated with the sale of substantially all of the operations of our Omnitrac division.

N/M - Not Meaningful

N/A - Not Applicable

Sums may not equal totals due to rounding.

**Conference Call**

Qualcomm's second quarter fiscal 2014 earnings conference call will be broadcast live on April 23, 2014, beginning at 1:45 p.m. Pacific Time (PT) at <http://investor.qualcomm.com/events.cfm>. This conference call will include a discussion of "Non-GAAP financial measures" as 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 other financial and statistical information to be discussed on the conference call, will be posted at [www.qualcomm.com/investor](http://www.qualcomm.com/investor) immediately prior to commencement of the call. An audio replay will be available at <http://investor.qualcomm.com/events.cfm> and via telephone following the live call for 30 days thereafter. To listen to the replay via telephone, U.S. callers may dial (855) 859-2056 and international callers may dial (404) 537-3406. Callers should use reservation number 25607511.

**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 and Non-GAAP results are presented herein.

The Company uses Non-GAAP financial information (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 QCT (Qualcomm CDMA Technologies) and QTL (Qualcomm Technology Licensing) segments; and (iii) to compare the performance and efficiency of these segments against each other and against competitors. Non-GAAP measurements of the following financial data are used by the Company: revenues, cost of equipment and services revenues, R&D expenses, SG&A expenses, operating income, net investment income, income or earnings before income taxes, effective tax rate, net income, diluted earnings per share, operating cash flow and free cash flow. The Company 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. The Company presents Non-GAAP financial information to provide greater transparency to investors with respect to its use of such information in financial and operational decision-making.

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Non-GAAP information used by management excludes QSI and certain share-based compensation, acquisition-related items and tax items.

- QSI 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 and realized gains or losses are viewed by management as unrelated to the Company's operational performance.
- Share-based compensation expense primarily relates to restricted stock units. Non-cash share-based compensation is excluded because management views such expenses as unrelated to the operating activities of the Company's ongoing core businesses.
- Acquisition-related items include amortization and impairment of certain intangible assets, recognition of the step-up of inventories to fair value and the related tax effects of these items starting with acquisitions completed in the third quarter of fiscal 2011, as well as any tax effects from restructuring the ownership of such acquired assets. Additionally, the Company excludes expenses related to the termination of contracts that limit the use of the acquired intellectual property. These acquisition-related items are excluded and are not allocated to the Company's segments because management views such expenses as unrelated to the operating activities of the Company's ongoing core businesses. In addition, these charges are impacted by the size and timing of acquisitions, potentially obscuring period-to-period comparisons of the Company's operating businesses.
- Certain tax items that are 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.

#### **About Qualcomm**

Qualcomm Incorporated (Nasdaq: QCOM) is a world leader in 3G, 4G and next-generation wireless technologies. Qualcomm Incorporated includes Qualcomm's licensing business, QTL, and the vast majority of its patent portfolio. Qualcomm Technologies, Inc., a wholly-owned subsidiary of Qualcomm Incorporated, operates, along with its subsidiaries, substantially all of Qualcomm's engineering, research and development functions, and substantially all of its products and services businesses, including its semiconductor business, QCT. For more than 25 years, Qualcomm ideas and inventions have driven the evolution of digital communications, linking people everywhere more closely to information, entertainment and each other. For more information, visit [www.qualcomm.com](http://www.qualcomm.com).

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**Note Regarding Forward-Looking Statements**

In addition to the historical information contained herein, this news release contains forward-looking statements that are inherently subject to risks and uncertainties, including but not limited to: statements regarding increasing demand for our industry-leading chipsets and strong growth in calendar year 2014 of 3G/4G smartphones around the world; stock repurchases that we plan to complete over the remainder of fiscal 2014 under our current stock repurchase program; the tax benefit of approximately \$65 million that we expect to record in the third quarter of fiscal 2014 as a result of an agreement we reached with the Internal Revenue Service; our business outlook; and our estimates and guidance related to revenues, GAAP and Non-GAAP diluted earnings per share, MSM chip shipments, total reported device sales, 3G/4G device average selling price ranges and 3G/4G device shipments, ranges and midpoints. Forward-looking statements are generally identified by words such as “estimates,” “guidance,” “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks” and similar expressions. Actual results may differ materially from those referred to in the forward-looking statements due to a number of important factors, including but not limited to: risks associated with the commercial deployment of CDMA, OFDMA and other communications technologies; continuing growth in our customers’ and licensees’ sales of products and services based on these technologies and our ability to continue to drive customer demand for our products and services based on these technologies; competition; our dependence on a small number of customers and licensees; the continued and future success of our licensing programs; attacks on our licensing business model, including current and future legal proceedings or actions of governmental or quasi-governmental bodies or standards or industry organizations; the enforcement and protection of our intellectual property rights; the commercial success of our new technologies, products and services; claims by third parties that we infringe their intellectual property; our dependence on a limited number of third-party suppliers; our stock price and earnings volatility; government regulations and policies; acquisitions, strategic transactions and investments; global economic conditions that impact the mobile communications industry; foreign currency fluctuations; and failures in our products or services or in the products of our customers, including those resulting from security vulnerabilities, defects or errors. These and other risks are set forth in the Company’s Annual Report on Form 10-K for the fiscal year ended September 29, 2013 and Quarterly Report on Form 10-Q for the second quarter ended March 30, 2014 filed with the SEC. Our reports filed with the SEC are available on our website at [www.qualcomm.com](http://www.qualcomm.com). 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 and MSM are trademarks of Qualcomm Incorporated, registered in the United States and other countries. All other trademarks are the property of their respective owners.

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**Supplemental Information  
(Unaudited)**

Three Months Ended March 30, 2014					
	Non-GAAP Results	QSI	Share-Based Compensation	Acquisition-Related Items	GAAP Results
<i>(\$ in millions, except per share data)</i>					
Cost of equipment and services revenues	\$ 2,407	\$ —	\$ 13	\$ 62	\$ 2,482
R&D	1,170	1	163	22	1,356
SG&A	453	5	75	6	539
Operating income (loss)	2,337	(6)	(251)	(90)	1,990
Investment income, net	\$ 315 (a)	\$ (33) (b)	\$ —	\$ —	\$ 282
Tax rate	15%	54%	21%	10%	14%
Net income (loss)	\$ 2,255	\$ (17)	\$ (198)	\$ (81)	\$ 1,959
Diluted EPS	\$ 1.31	\$ (0.01)	\$ (0.11)	\$ (0.05)	\$ 1.14

- (a) Included \$237 million in net realized gains on investments, \$167 million in interest and dividend income and \$2 million in gains on deconsolidation of subsidiaries, partially offset by \$88 million in other-than-temporary losses on investments and \$3 million in interest expense.
- (b) Included \$35 million in other-than-temporary losses on investments and \$4 million in equity in losses of investees, partially offset by \$6 million in net realized gains on investments.

Six Months Ended March 30, 2014					
	Non-GAAP Results	QSI	Share-Based Compensation	Acquisition-Related Items	GAAP Results
<i>(\$ in millions, except per share data)</i>					
Cost of equipment and services revenues	\$ 5,040	\$ —	\$ 25	\$ 124	\$ 5,189
R&D	2,321	3	336	23	2,683
SG&A	971	7	171	13	1,162
Other expenses	472 (c)	—	—	—	472
Operating income (loss)	4,185	(10)	(532)	(160)	3,483
Investment income, net	\$ 571 (d)	\$ (25) (e)	\$ —	\$ —	\$ 546
Tax rate	16%	57%	20%	8%	16%
Net income (loss)	\$ 4,418	\$ (13)	\$ (423)	\$ (147)	\$ 3,835
Diluted EPS	\$ 2.57	\$ (0.01)	\$ (0.25)	\$ (0.09)	\$ 2.23

- (c) Included a \$444 million loss that resulted from an impairment charge on certain property, plant and equipment related to our QMT division, a \$16 million goodwill impairment charge related to our QRS division and a \$12 million charge related to the ParkerVision verdict.
- (d) Included \$364 million in net realized gains on investments, \$322 million in interest and dividend income, \$5 million in net gains on derivatives and \$1 million in gains on deconsolidation of subsidiaries, partially offset by \$116 million in other-than-temporary losses on investments and \$5 million in interest expense.
- (e) Included \$43 million in other-than-temporary losses on investments, \$5 million in equity in losses of investees and \$1 million in net losses on derivatives, partially offset by \$24 million in net realized gains on investments.

Sums may not equal totals due to rounding.



**Reconciliation of Non-GAAP Tax Rates to GAAP Tax Rates (a)**  
(Unaudited)

Three Months Ended March 30, 2014					
(\$ in millions)	Non-GAAP Results	QSI	Share-Based Compensation	Acquisition-Related Items	GAAP Results
Income (loss) from continuing operations before income taxes	\$ 2,652	\$ (39)	\$ (251)	\$ (90)	\$ 2,272
Income tax (expense) benefit	(397)	21	53	9	(314)
Income (loss) from continuing operations	\$ 2,255	\$ (18)	\$ (198)	\$ (81)	\$ 1,958
<i>Tax rate</i>	15%	54%	21%	10%	14%

Six Months Ended March 30, 2014					
(\$ in millions)	Non-GAAP Results	QSI	Share-Based Compensation	Acquisition-Related Items	GAAP Results
Income (loss) from continuing operations before income taxes	\$ 4,756	\$ (35)	\$ (532)	\$ (160)	\$ 4,029
Income tax (expense) benefit	(768)	20	109	13	(626)
Income (loss) from continuing operations	\$ 3,988	\$ (15)	\$ (423)	\$ (147)	\$ 3,403
<i>Tax rate</i>	16%	57%	20%	8%	16%

(a) At fiscal year end, the sum of the quarterly tax provision (benefit) for each column equals the annual tax provision (benefit) for each column computed in accordance with GAAP. In interim quarters, the sum of these provisions (benefits) may not equal the total GAAP tax provision, and this difference is allocated to tax provisions (benefits) among the columns.

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

	<u>March 30, 2014</u>	<u>September 29, 2013</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 6,337	\$ 6,142
Marketable securities	10,291	8,824
Accounts receivable, net	2,217	2,142
Inventories	1,147	1,302
Deferred tax assets	495	573
Other current assets	521	572
<b>Total current assets</b>	<b>21,008</b>	<b>19,555</b>
Marketable securities	15,425	14,440
Deferred tax assets	1,161	1,059
Property, plant and equipment, net	2,573	2,995
Goodwill	4,226	3,976
Other intangible assets, net	2,699	2,553
Other assets	783	938
<b>Total assets</b>	<b>\$ 47,875</b>	<b>\$ 45,516</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Trade accounts payable	\$ 1,551	\$ 1,554
Payroll and other benefits related liabilities	739	839
Unearned revenues	625	501
Other current liabilities	2,986	2,319
<b>Total current liabilities</b>	<b>5,901</b>	<b>5,213</b>
Unearned revenues	3,367	3,666
Other liabilities	354	550
<b>Total liabilities</b>	<b>9,622</b>	<b>9,429</b>
Stockholders' equity:		
Qualcomm stockholders' equity:		
Preferred stock, \$0.0001 par value; 8 shares authorized; none outstanding	—	—
Common stock and paid-in capital, \$0.0001 par value; 6,000 shares authorized; 1,686 and 1,685 shares issued and outstanding, respectively	9,347	9,874
Retained earnings	28,097	25,461
Accumulated other comprehensive income	810	753
<b>Total Qualcomm stockholders' equity</b>	<b>38,254</b>	<b>36,088</b>
Noncontrolling interests	(1)	(1)
<b>Total stockholders' equity</b>	<b>38,253</b>	<b>36,087</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 47,875</b>	<b>\$ 45,516</b>

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

	Three Months Ended		Six Months Ended	
	March 30, 2014	March 31, 2013	March 30, 2014	March 31, 2013
Revenues:				
Equipment and services	\$ 4,229	\$ 3,990	\$ 8,881	\$ 8,189
Licensing	2,138	2,134	4,108	3,954
Total revenues	<u>6,367</u>	<u>6,124</u>	<u>12,989</u>	<u>12,143</u>
Costs and expenses:				
Cost of equipment and services revenues	2,482	2,372	5,189	4,609
Research and development	1,356	1,214	2,683	2,320
Selling, general and administrative	539	661	1,162	1,248
Other	—	—	472	—
Total costs and expenses	<u>4,377</u>	<u>4,247</u>	<u>9,506</u>	<u>8,177</u>
Operating income	1,990	1,877	3,483	3,966
Investment income, net	282	259	546	497
Income from continuing operations before income taxes	2,272	2,136	4,029	4,463
Income tax expense	(314)	(273)	(626)	(697)
Income from continuing operations	1,958	1,863	3,403	3,766
Discontinued operations, net of income taxes	—	—	430	—
Net income	1,958	1,863	3,833	3,766
Net loss attributable to noncontrolling interests	1	3	2	6
Net income attributable to Qualcomm	<u>\$ 1,959</u>	<u>\$ 1,866</u>	<u>\$ 3,835</u>	<u>\$ 3,772</u>
Basic earnings per share attributable to Qualcomm:				
Continuing operations	\$ 1.16	\$ 1.08	\$ 2.02	\$ 2.20
Discontinued operations	—	—	0.25	—
Net income	<u>\$ 1.16</u>	<u>\$ 1.08</u>	<u>\$ 2.27</u>	<u>\$ 2.20</u>
Diluted earnings per share attributable to Qualcomm:				
Continuing operations	\$ 1.14	\$ 1.06	\$ 1.98	\$ 2.15
Discontinued operations	—	—	0.25	—
Net income	<u>\$ 1.14</u>	<u>\$ 1.06</u>	<u>\$ 2.23</u>	<u>\$ 2.15</u>
Shares used in per share calculations:				
Basic	<u>1,688</u>	<u>1,722</u>	<u>1,688</u>	<u>1,716</u>
Diluted	<u>1,719</u>	<u>1,763</u>	<u>1,721</u>	<u>1,757</u>
Dividends per share announced	<u>\$ 0.35</u>	<u>\$ 0.25</u>	<u>\$ 0.70</u>	<u>\$ 0.50</u>

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

	Three Months Ended		Six Months Ended	
	March 30, 2014	March 31, 2013	March 30, 2014	March 31, 2013
<b>Operating Activities:</b>				
Net income	\$ 1,958	\$ 1,863	\$ 3,833	\$ 3,766
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization expense	289	248	561	489
Gain on sale of discontinued operations	—	—	(665)	—
Goodwill and long-lived asset impairment charges	19	23	479	28
Income tax provision in excess of (less than) income tax payments	10	(34)	268	161
Non-cash portion of share-based compensation expense	251	267	532	550
Incremental tax benefits from share-based compensation	(70)	(42)	(169)	(103)
Net realized gains on marketable securities and other investments	(243)	(84)	(388)	(179)
Net impairment losses on marketable securities and other investments	123	12	159	22
Other items, net	(23)	(25)	(20)	(33)
Changes in assets and liabilities:				
Accounts receivable, net	(884)	(239)	(96)	(424)
Inventories	(84)	(207)	153	(454)
Other assets	58	(150)	127	(201)
Trade accounts payable	183	1	35	377
Payroll, benefits and other liabilities	240	590	(102)	203
Unearned revenues	(13)	(7)	(112)	(11)
Net cash provided by operating activities	1,814	2,216	4,595	4,191
<b>Investing Activities:</b>				
Capital expenditures	(587)	(289)	(797)	(494)
Purchases of available-for-sale securities	(5,772)	(4,160)	(7,827)	(7,449)
Proceeds from sales and maturities of available-for-sale securities	3,516	2,306	5,684	4,532
Purchases of trading securities	(1,029)	(826)	(1,814)	(1,796)
Proceeds from sales and maturities of trading securities	1,020	574	1,793	1,598
Proceeds from sale of discontinued operations, net of cash sold	—	—	788	—
Acquisitions and other investments, net of cash acquired	(32)	(93)	(347)	(132)
Other items, net	(19)	44	62	70
Net cash used by investing activities	(2,903)	(2,444)	(2,458)	(3,671)
<b>Financing Activities:</b>				
Proceeds from issuance of common stock	512	407	953	747
Incremental tax benefits from share-based compensation	70	42	169	103
Repurchases and retirements of common stock	(1,002)	—	(2,004)	(250)
Dividends paid	(589)	(431)	(1,179)	(859)
Change in obligations under securities lending	142	(3)	123	—
Other items, net	(1)	(1)	(3)	(2)
Net cash (used) provided by financing activities	(868)	14	(1,941)	(261)
Changes in cash and cash equivalents held for sale	4	18	—	31
Effect of exchange rate changes on cash and cash equivalents	(2)	(4)	(1)	(4)
Net (decrease) increase in cash and cash equivalents	(1,955)	(200)	195	286
Cash and cash equivalents at beginning of period	8,292	4,293	6,142	3,807
Cash and cash equivalents at end of period	\$ 6,337	\$ 4,093	\$ 6,337	\$ 4,093