
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark one)

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

For the quarterly period ended March 25, 2012

OR

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

For the transition period from _____ to _____

Commission File Number 0-19528

QUALCOMM Incorporated

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

95-3685934
(I.R.S. Employer
Identification No.)

5775 Morehouse Dr., San Diego, California
(Address of principal executive offices)

92121-1714
(Zip Code)

(858) 587-1121
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

The number of shares outstanding of each of the issuer's classes of common stock, as of the close of business on April 16, 2012, was as follows:

<u>Class</u>	<u>Number of Shares</u>
Common Stock, \$0.0001 per share par value	1,714,274,812

INDEX

	<u>Page</u>	
<u>PART I. FINANCIAL INFORMATION</u>		
<u>Item 1.</u>	<u>Condensed Consolidated Financial Statements (Unaudited)</u>	
	<u>Condensed Consolidated Balance Sheets</u>	<u>3</u>
	<u>Condensed Consolidated Statements of Operations</u>	<u>4</u>
	<u>Condensed Consolidated Statements of Cash Flows</u>	<u>5</u>
	<u>Notes to Condensed Consolidated Financial Statements</u>	<u>6</u>
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>23</u>
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>41</u>
<u>Item 4.</u>	<u>Controls and Procedures</u>	<u>42</u>
<u>PART II. OTHER INFORMATION</u>		
<u>Item 1.</u>	<u>Legal Proceedings</u>	<u>43</u>
<u>Item 1A.</u>	<u>Risk Factors</u>	<u>43</u>
<u>Item 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>43</u>
<u>Item 3.</u>	<u>Defaults Upon Senior Securities</u>	<u>43</u>
<u>Item 4.</u>	<u>Mine Safety Disclosures</u>	<u>43</u>
<u>Item 5.</u>	<u>Other Information</u>	<u>43</u>
<u>Item 6.</u>	<u>Exhibits</u>	<u>43</u>
<u>SIGNATURES</u>		<u>45</u>

PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

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

	March 25, 2012	September 25, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 5,998	\$ 5,462
Marketable securities	9,081	6,190
Accounts receivable, net	1,189	993
Inventories	781	765
Deferred tax assets	485	537
Other current assets	327	346
Total current assets	17,861	14,293
Marketable securities	11,489	9,261
Deferred tax assets	1,318	1,703
Assets held for sale	—	746
Property, plant and equipment, net	2,760	2,414
Goodwill	3,607	3,432
Other intangible assets, net	3,002	3,099
Other assets	1,494	1,474
Total assets	\$ 41,531	\$ 36,422
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Trade accounts payable	\$ 1,250	\$ 969
Payroll and other benefits related liabilities	572	644
Unearned revenues	558	610
Loans payable	1,039	994
Income taxes payable	179	18
Other current liabilities	1,580	2,054
Total current liabilities	5,178	5,289
Unearned revenues	3,894	3,541
Other liabilities	589	620
Total liabilities	9,661	9,450
Commitments and contingencies (Note 6)		
Stockholders' equity:		
Qualcomm stockholders' equity:		
Preferred stock, \$0.0001 par value; 8 shares authorized; none outstanding	—	—
Common stock, \$0.0001 par value; 6,000 shares authorized; 1,711 and 1,681 shares issued and outstanding, respectively	—	—
Paid-in capital	11,983	10,394
Retained earnings	19,090	16,204
Accumulated other comprehensive income	809	353
Total Qualcomm stockholders' equity	31,882	26,951
Noncontrolling interests	(12)	21
Total stockholders' equity	31,870	26,972
Total liabilities and stockholders' equity	\$ 41,531	\$ 36,422

See Accompanying Notes to Condensed Consolidated Financial Statements.

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

	Three Months Ended		Six Months Ended	
	March 25, 2012	March 27, 2011*	March 25, 2012	March 27, 2011*
Revenues:				
Equipment and services	\$ 3,137	\$ 2,039	\$ 6,305	\$ 4,252
Licensing	1,806	1,831	3,320	2,965
Total revenues	<u>4,943</u>	<u>3,870</u>	<u>9,625</u>	<u>7,217</u>
Operating expenses:				
Cost of equipment and services revenues	1,783	1,059	3,537	2,103
Research and development	954	738	1,827	1,386
Selling, general and administrative	595	529	1,098	938
Other	97	114	97	114
Total operating expenses	<u>3,429</u>	<u>2,440</u>	<u>6,559</u>	<u>4,541</u>
Operating income	1,514	1,430	3,066	2,676
Investment income, net (Note 3)	220	189	389	412
Income from continuing operations before income taxes	1,734	1,619	3,455	3,088
Income tax expense	(296)	(355)	(617)	(573)
Income from continuing operations	1,438	1,264	2,838	2,515
Discontinued operations, net of income taxes (Note 8)	761	(269)	756	(351)
Net income	2,199	995	3,594	2,164
Net loss attributable to noncontrolling interests	31	4	37	4
Net income attributable to Qualcomm	<u>\$ 2,230</u>	<u>\$ 999</u>	<u>\$ 3,631</u>	<u>\$ 2,168</u>
Basic earnings (loss) per share attributable to Qualcomm:				
Continuing operations	\$ 0.86	\$ 0.76	\$ 1.70	\$ 1.53
Discontinued operations	0.45	(0.16)	0.45	(0.21)
Net income	<u>\$ 1.31</u>	<u>\$ 0.60</u>	<u>\$ 2.15</u>	<u>\$ 1.32</u>
Diluted earnings (loss) per share attributable to Qualcomm:				
Continuing operations	\$ 0.84	\$ 0.75	\$ 1.66	\$ 1.51
Discontinued operations	0.44	(0.16)	0.44	(0.21)
Net income	<u>\$ 1.28</u>	<u>\$ 0.59</u>	<u>\$ 2.10</u>	<u>\$ 1.30</u>
Shares used in per share calculations:				
Basic	<u>1,698</u>	<u>1,654</u>	<u>1,691</u>	<u>1,639</u>
Diluted	<u>1,743</u>	<u>1,689</u>	<u>1,732</u>	<u>1,669</u>
Dividends per share announced	<u>\$ 0.215</u>	<u>\$ 0.190</u>	<u>\$ 0.430</u>	<u>\$ 0.380</u>

*As adjusted for discontinued operations (Note 8)

See Accompanying Notes to Condensed Consolidated Financial Statements.

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

	Six Months Ended	
	March 25, 2012	March 27, 2011
Operating Activities:		
Net income	\$ 3,594	\$ 2,164
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	419	635
Gain on sale of spectrum	(1,179)	—
Goodwill impairment	16	114
Revenues related to non-monetary exchanges	(61)	(62)
Income tax provision in excess of (less than) income tax payments	500	(1,334)
Non-cash portion of share-based compensation expense	488	375
Incremental tax benefit from stock options exercised	(98)	(132)
Net realized gains on marketable securities and other investments	(144)	(231)
Gains on derivative instruments	(74)	—
Other items, net	46	35
Changes in assets and liabilities, net of effects of acquisitions:		
Accounts receivable, net	(195)	23
Inventories	(21)	(81)
Other assets	(10)	(19)
Trade accounts payable	287	(145)
Payroll, benefits and other liabilities	(261)	269
Unearned revenues	360	205
Net cash provided by operating activities	<u>3,667</u>	<u>1,816</u>
Investing Activities:		
Capital expenditures	(635)	(181)
Purchases of available-for-sale securities	(7,036)	(5,845)
Proceeds from sale of available-for-sale securities	3,543	5,467
Purchases of trading securities	(1,639)	—
Proceeds from sale of trading securities	651	—
Proceeds from sale of spectrum	1,925	—
Acquisitions and other investments, net of cash acquired	(329)	(89)
Other items, net	(53)	23
Net cash used by investing activities	<u>(3,573)</u>	<u>(625)</u>
Financing Activities:		
Borrowing under loans payable	232	1,260
Repayment of loans payable	(151)	(1,260)
Proceeds from issuance of common stock	1,135	2,024
Incremental tax benefit from stock options exercised	98	132
Repurchase and retirement of common stock	(99)	—
Dividends paid	(729)	(625)
Other items, net	(39)	88
Net cash provided by financing activities	<u>447</u>	<u>1,619</u>
Effect of exchange rate changes on cash	(5)	10
Net increase in cash and cash equivalents	536	2,820
Cash and cash equivalents at beginning of period	5,462	3,547
Cash and cash equivalents at end of period	<u>\$ 5,998</u>	<u>\$ 6,367</u>

See Accompanying Notes to Condensed Consolidated Financial Statements.

QUALCOMM Incorporated
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1 - Basis of Presentation

Financial Statement Preparation. These condensed consolidated financial statements have been prepared by QUALCOMM Incorporated (collectively with its subsidiaries, the Company or Qualcomm) in accordance with accounting principles generally accepted in the United States of America (GAAP) for interim financial information and the instructions to Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, the interim data includes all normal recurring adjustments necessary for a fair statement of the results for the interim periods. These condensed consolidated financial statements are unaudited and should be read in conjunction with the Company's Annual Report on Form 10-K for the fiscal year ended September 25, 2011. Operating results for interim periods are not necessarily indicative of operating results for an entire fiscal year. The Company operates and reports using a 52-53 week fiscal year ending on the last Sunday in September. The three-month and six-month periods ended both March 25, 2012 and March 27, 2011 included 13 weeks and 26 weeks, respectively.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and the disclosure of contingent amounts in the Company's condensed consolidated financial statements and the accompanying notes. Actual results could differ from those estimates. Certain prior period amounts have been adjusted to reflect the presentation of the FLO TV business as discontinued operations (Note 8).

Earnings Per Common Share. Basic earnings per common share is computed by dividing net income attributable to Qualcomm by the weighted-average number of common shares outstanding during the reporting period. Diluted earnings per common share is computed by dividing net income attributable to Qualcomm by the combination of dilutive common share equivalents, comprised of shares issuable under the Company's share-based compensation plans and shares subject to written put options, and the weighted-average number of common shares outstanding during the reporting period. Dilutive common share equivalents include the dilutive effect of in-the-money share equivalents, which are calculated based on the average share price for each period using the treasury stock method. Under the treasury stock method, the exercise price of an award, if any, the amount of compensation cost, if any, for future service that the Company has not yet recognized, and the estimated tax benefits that would be recorded in paid-in capital, if any, when an award is settled are assumed to be used to repurchase shares in the current period. The incremental dilutive common share equivalents, calculated using the treasury stock method, for the three months and six months ended March 25, 2012 were 44,100,000 and 40,576,000, respectively. The incremental dilutive common share equivalents, calculated using the treasury stock method, for the three months and six months ended March 27, 2011 were 34,955,000 and 30,231,000, respectively.

Employee stock options to purchase approximately 504,000 and 2,488,000 shares of common stock during the three months and six months ended March 25, 2012, respectively, and employee stock options to purchase approximately 5,881,000 and 33,336,000 shares of common stock during the three months and six months ended March 27, 2011, respectively, were outstanding but not included in the calculation of diluted earnings per common share because the effect would be anti-dilutive. Put options outstanding during the three months and six months ended March 25, 2012 to purchase 11,800,000 shares of common stock, respectively, were not included in the earnings per common share computation because the put options' exercise prices were less than the average market price of the common stock while they were outstanding, and therefore, the effect on diluted earnings per common share would be anti-dilutive (Note 5). In addition, 733,000 and 704,000 shares of other common stock equivalents outstanding during the three months and six months ended March 25, 2012, respectively, and 78,000 and 60,000 shares of other common stock equivalents outstanding during the three months and six months ended March 27, 2011, respectively, were not included in the computation of diluted earnings per common share because either the effect would be anti-dilutive or certain performance conditions were not satisfied at the end of the period.

Comprehensive Income. Total comprehensive income attributable to Qualcomm consisted of the following (in millions):

QUALCOMM Incorporated
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

	Three Months Ended		Six Months Ended	
	March 25, 2012	March 27, 2011	March 25, 2012	March 27, 2011
Net income	\$ 2,199	\$ 995	\$ 3,594	\$ 2,164
Other comprehensive income:				
Foreign currency translation	16	8	(12)	13
Noncredit other-than-temporary impairment losses and subsequent changes in fair value related to certain available-for-sale debt securities, net of income taxes	3	(6)	4	(10)
Net unrealized gains on other available-for-sale securities and derivative instruments, net of income taxes	320	90	495	221
Reclassification of net realized gains on available-for-sale securities and derivative instruments included in net income, net of income taxes	(40)	(49)	(57)	(125)
Reclassification of other-than-temporary losses on available-for-sale securities included in net income, net of income taxes	16	2	25	6
Total other comprehensive income	315	45	455	105
Total comprehensive income	2,514	1,040	4,049	2,269
Comprehensive loss attributable to noncontrolling interests	30	4	38	4
Comprehensive income attributable to Qualcomm	\$ 2,544	\$ 1,044	\$ 4,087	\$ 2,273

Components of accumulated other comprehensive income in Qualcomm stockholders' equity consisted of the following (in millions):

	March 25, 2012	September 25, 2011
Noncredit other-than-temporary impairment losses and subsequent changes in fair value related to certain available-for-sale debt securities, net of income taxes	\$ 29	\$ 27
Net unrealized gains on other available-for-sale securities, net of income taxes	866	427
Net unrealized gains (losses) on derivative instruments, net of income taxes	11	(15)
Foreign currency translation	(97)	(86)
	\$ 809	\$ 353

At March 25, 2012 and September 25, 2011, accumulated other comprehensive income included \$10 million and \$13 million, respectively, of other-than-temporary losses on certain available-for-sale debt securities related to factors other than credit, net of income taxes.

Share-Based Compensation. Total estimated share-based compensation expense, related to all of the Company's share-based awards, was comprised as follows (in millions):

QUALCOMM Incorporated
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

	Three Months Ended		Six Months Ended	
	March 25, 2012	March 27, 2011*	March 25, 2012	March 27, 2011*
Cost of equipment and services revenues	\$ 17	\$ 17	\$ 36	\$ 30
Research and development	126	97	253	182
Selling, general and administrative	97	85	198	155
Continuing operations	240	199	487	367
Related income tax benefit	(56)	(55)	(109)	(109)
Continuing operations, net of income taxes	184	144	378	258
Discontinued operations	—	3	—	6
Related income tax benefit	—	(1)	—	(2)
Discontinued operations, net of income taxes	—	2	—	4
	\$ 184	\$ 146	\$ 378	\$ 262

*As adjusted for discontinued operations (Note 8)

The Company recorded \$82 million and \$38 million in share-based compensation expense during the six months ended March 25, 2012 and March 27, 2011, respectively, related to share-based awards granted during those periods. In addition, for the six months ended March 25, 2012 and March 27, 2011, \$98 million and \$132 million, respectively, were reclassified to reduce net cash provided by operating activities with an offsetting increase in net cash provided by financing activities to reflect the incremental tax benefit from stock options exercised in those periods.

At March 25, 2012, total unrecognized compensation costs related to non-vested stock options and restricted stock units granted prior to that date were \$441 million and \$1.0 billion, respectively, which are expected to be recognized over weighted-average periods of 1.6 years and 2.1 years, respectively. Net share-based awards, after forfeitures and cancellations, granted during the six months ended March 25, 2012 and March 27, 2011 represented 0.5% and 0.3%, respectively, of outstanding shares as of the beginning of each fiscal period. Total share-based awards granted during the six months ended March 25, 2012 and March 27, 2011 represented 0.6% and 0.5%, respectively, of outstanding shares as of the end of each fiscal period.

Note 2 — Composition of Certain Financial Statement Items

Accounts Receivable, Net.

	March 25, 2012	September 25, 2011
	(In millions)	
Trade, net of allowances for doubtful accounts of \$2 and \$2, respectively	\$ 1,153	\$ 951
Long-term contracts	30	32
Other	6	10
	\$ 1,189	\$ 993

Inventories.

	March 25, 2012	September 25, 2011
	(In millions)	
Raw materials	\$ 19	\$ 15
Work-in-process	365	384
Finished goods	397	366
	\$ 781	\$ 765

QUALCOMM Incorporated
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Other Current Liabilities.

	March 25, 2012	September 25, 2011
(In millions)		
Customer incentives and other customer-related liabilities	\$ 1,111	\$ 1,180
Current portion of payable to Broadcom (Note 6)	170	170
Payable for unsettled securities trades	39	298
Other	260	406
	<u>\$ 1,580</u>	<u>\$ 2,054</u>

Note 3 — Investment Income, Net

	Three Months Ended		Six Months Ended	
	March 25, 2012	March 27, 2011*	March 25, 2012	March 27, 2011*
(In millions)				
Interest and dividend income	\$ 146	\$ 126	\$ 275	\$ 256
Interest expense	(29)	(30)	(57)	(54)
Net realized gains on marketable securities	90	102	127	230
Net realized gains on other investments	11	—	17	1
Impairment losses on marketable securities	(23)	(4)	(37)	(11)
Impairment losses on other investments	(1)	(1)	(6)	(5)
Gains on derivative instruments	28	—	74	—
Equity in losses of investees	(2)	(4)	(4)	(5)
	<u>\$ 220</u>	<u>\$ 189</u>	<u>\$ 389</u>	<u>\$ 412</u>

*As adjusted for discontinued operations (Note 8)

Note 4 — Income Taxes

The Company estimates its annual effective income tax rate for continuing operations to be approximately 18% for fiscal 2012, compared to the 20% effective income tax rate for fiscal 2011. The United States federal research and development tax credit expired on December 31, 2011. Therefore, the annual effective rate for fiscal 2012 only reflects the federal research and development credit generated through December 31, 2011. The annual effective rate for fiscal 2012 also reflects a lower state tax rate as a result of California tax legislation previously enacted.

The estimated annual effective tax rate for continuing operations for fiscal 2012 of 18% is less than the United States federal statutory rate primarily due to benefits of approximately 17% related to foreign earnings taxed at less than the United States federal rate. The prior fiscal year rate was lower than the United States federal statutory rate primarily due to benefits related to foreign earnings taxed at less than the United States federal rate, partially offset by state taxes and tax expense related to the valuation of deferred tax assets to reflect changes in California law.

During the third quarter of fiscal 2012, the Company established Qualcomm CDMA Technologies' (QCT) non-United States headquarters in Singapore. The Company has obtained tax incentives in Singapore that result in a tax exemption for the first five years provided that the Company meets specified employment and investment criteria in Singapore. The location of QCT's headquarters in Singapore will not result in any change in foreign tax during this period, as compared to the tax that would be owed under the previous structure of QCT's non-United States operations. The Company's Singapore tax rate will increase in fiscal 2017 and again in fiscal 2027 as a result of expiration of these incentives. Had the Company located QCT's non-United States headquarters in Singapore without the tax incentive, the Company's expected Singapore tax in fiscal 2012 would be higher by approximately \$265 million.

Note 5 — Stockholders' Equity

Changes in stockholders' equity for the six months ended March 25, 2012 were as follows (in millions):

QUALCOMM Incorporated
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

	Qualcomm Stockholders' Equity	Noncontrolling Interests	Total Stockholders' Equity
Balance at September 25, 2011	\$ 26,951	\$ 21	\$ 26,972
Net income (loss) ⁽¹⁾	3,631	(37)	3,594
Other comprehensive income (loss)	456	(1)	455
Common stock issued under employee benefit plans and the related tax benefits, net of shares withheld for tax	1,189	—	1,189
Share-based compensation	499	—	499
Dividends	(745)	—	(745)
Stock repurchases	(99)	—	(99)
Other	—	5	5
Balance at March 25, 2012	<u>\$ 31,882</u>	<u>\$ (12)</u>	<u>\$ 31,870</u>

⁽¹⁾ Discontinued operations, net of income taxes, (Note 8) was attributable to Qualcomm.

Stock Repurchase Program. During the six months ended March 25, 2012, the Company repurchased and retired 2,046,000 shares of the Company's common stock for \$99 million, before commissions. The Company did not repurchase any shares during the six months ended March 27, 2011. On March 6, 2012, the Company announced that it had been authorized to repurchase up to \$4.0 billion of the Company's common stock. The stock repurchase program has no expiration date. The \$4.0 billion stock repurchase program replaced a \$3.0 billion stock repurchase program, of which \$948 million remained authorized for repurchase, net of put options outstanding. At March 25, 2012, approximately \$3.5 billion remained available for repurchase under the Company's stock repurchase program, net of put options outstanding.

In connection with the Company's stock repurchase program, the Company had three outstanding put options at March 25, 2012, which gave holders the right to sell 11,800,000 shares of the Company's common stock to the Company for approximately \$511 million (net of the \$75 million in put option premiums received). The fair values of the put options of \$3 million at March 25, 2012 were recorded in other current liabilities. During the three months and six months ended March 25, 2012, the Company recognized gains of \$32 million and \$77 million, respectively, in net investment income due to a decrease in the fair value of the put options. No put options were outstanding during the three months and six months ended March 27, 2011.

Dividends. On March 6, 2012, the Company announced an increase in its quarterly cash dividend per share of common stock from \$0.215 to \$0.25, which is effective for dividends payable after March 23, 2012. On April 3, 2012, the Company announced a cash dividend of \$0.25 per share on the Company's common stock, payable on June 20, 2012 to stockholders of record as of June 1, 2012. During the six months ended March 25, 2012 and March 27, 2011, dividends charged to retained earnings were as follows (in millions, except per share data):

	2012		2011	
	Per Share	Total	Per Share	Total
First Quarter	\$ 0.215	\$ 368	\$ 0.190	\$ 314
Second Quarter	0.215	377	0.190	319
	<u>\$ 0.430</u>	<u>\$ 745</u>	<u>\$ 0.380</u>	<u>\$ 633</u>

Note 6 — Commitments and Contingencies

Legal Proceedings. *Tessera, Inc. v. QUALCOMM Incorporated.* On April 17, 2007, Tessera filed a patent infringement lawsuit in the United States District Court for the Eastern District of Texas and a complaint with the United States International Trade Commission (ITC) pursuant to Section 337 of the Tariff Act of 1930 against the Company and other companies, alleging infringement of two patents. The district court action was stayed pending resolution of the ITC proceeding, including all appeals. On May 20, 2009, the ITC issued a limited exclusion order and a cease and desist order, both of which were terminated when the patents expired on September 24, 2010. During the period of the exclusion order, the Company shifted supply of accused chips for customers who manufacture products that may be

QUALCOMM Incorporated
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

imported to the United States to a licensed supplier of Tessera, and the Company continued to supply those customers without interruption. The appeals court affirmed the ITC's orders, and on November 28, 2011, the U.S. Supreme Court denied the Company's petition for review. On January 18, 2012, pursuant to the parties' stipulation, the district court in the Eastern District of Texas lifted the stay and ordered that the case be moved to the United States District Court for the Northern District of California. On March 1, 2012, that court consolidated the case with an earlier-filed lawsuit filed by Tessera against multiple parties, including some of the Company's semiconductor chip package suppliers. Trial is scheduled for April 7, 2014. Tessera may continue to seek alleged past damages in the district court, but it cannot obtain injunctive relief due to the expiration of the patents.

MicroUnity Systems Engineering, Inc. v. QUALCOMM Incorporated, et al: MicroUnity filed a total of three patent infringement complaints, on March 16, 2010, June 3, 2010 and January 27, 2011, against the Company and a number of other technology companies, including Texas Instruments, Samsung, Apple, Nokia, Google and HTC, in the United States District Court for the Eastern District of Texas. MicroUnity currently asserts infringement of a total of 13 patents against the Company's Snapdragon products, and it seeks unspecified damages and other relief. The court consolidated the actions in May 2011. Trial is scheduled for June 3, 2013.

Broadcom Corporation et al. v. Commonwealth Scientific and Industrial Research Organisation (CSIRO) On November 10, 2009, Broadcom and Atheros Communications, Inc. (Atheros), which was acquired by the Company in May 2011 and renamed Qualcomm Atheros, Inc. (Qualcomm Atheros), filed a complaint for declaratory judgment against CSIRO in the United States District Court for the Eastern District of Texas, requesting the court to declare, among other things, that United States patent number 5,487,069 (the '069 Patent) assigned to CSIRO is invalid and unenforceable and that Atheros does not infringe any valid claims of the '069 Patent. On October 14, 2010, CSIRO filed a complaint against Atheros and Broadcom (amended and consolidated with complaints against other third parties on April 6, 2011) alleging infringement of the '069 Patent by Atheros' 802.11/a/g/n products. A claim construction hearing was held on October 4, 2011, and trial was scheduled for April 2, 2012. On March 24, 2012, Qualcomm Atheros and CSIRO entered into a binding Memorandum of Understanding (MOU) pursuant to which Qualcomm Atheros and CSIRO will dismiss without prejudice all claims against each other, and Qualcomm Atheros and CSIRO will enter into a license agreement for the '069 Patent and corresponding patents. The MOU also provides that Qualcomm Atheros pay an amount to CSIRO that was not material to the Company's financial statements. Upon the execution of the license agreement, the parties will dismiss with prejudice all claims against each other.

MOSAID Technologies Incorporated v. Dell, Inc. et al: On March 16, 2011, MOSAID filed a complaint against Atheros and 32 other entities in the United States District Court for the Eastern District of Texas alleging that certain of Atheros' WiFi products infringe United States patent numbers 5,131,006, 5,151,920, 5,422,887, 5,706,428, 6,563,786 and 6,992,972. MOSAID seeks unspecified damages and other relief. The case is early in the discovery phase. Trial is scheduled for August 4, 2014.

India BWA Spectrum: In connection with the BWA spectrum won in India in June 2010, the Company recorded a payment in noncurrent other assets, which was \$959 million and \$994 million at March 25, 2012 and September 25, 2011, respectively. In addition, the Company created four wholly-owned subsidiaries in India. On August 9, 2010, each subsidiary filed an application to obtain a license to operate a wireless network on this spectrum in its respective region. Thereafter, two Indian companies each acquired 13% of each subsidiary. On September 21, 2011, the Company received a letter from the Government of India's Department of Telecommunications (DoT) notifying the Company that its applications had been rejected based on the DoT's conclusion that the applications were filed after the deadline and that the Company was restricted to filing one application rather than four. On September 27, 2011, the Company filed a petition with the Telecom Disputes Settlement and Appellate Tribunal (TDSAT) seeking to overturn the DoT's rejection. Thereafter, various actions related to the petition ensued before the TDSAT. On October 10, 2011, the DoT offered to issue a license that includes the four regions for which the Company won spectrum to one of the Company's subsidiaries. On October 18, 2011, the Company agreed to the DoT's offer and stated that, upon issuance of the license, the Company's three other subsidiaries would merge into the subsidiary that had been granted the license. However, at a December 2, 2011 hearing before the TDSAT, the DoT stated that it had served a provisional assessment on one of the subsidiaries' Indian shareholders, Tulip Telecom Ltd. (Tulip), for unpaid dues, including interest and penalties, and that the DoT could not issue a license to the Company's subsidiary until the claimed dues were paid. On January 22, 2012, the Company filed an application requesting that the TDSAT order the DoT to issue the license. In the application, the Company argued that the provisional assessment was not a legal basis for the DoT to delay issuing the license. On February 10, 2012, the DoT filed its reply to the Company's application reiterating that the DoT could not issue a license to the Company's subsidiary until all outstanding dues were paid, together with an additional provisional assessment for

QUALCOMM Incorporated
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

prior years, increasing the DoT's total claim for dues owed by Tulip to approximately \$81 million. On February 22, 2012, the Company offered to have the Company's subsidiary pay the dues allegedly owed by Tulip, without prejudice to the right of Tulip to contest the claim, and provided that any amount ultimately found not to be due would be refunded by the DoT. On February 24, 2012, the TDSAT ordered that (i) the Company's subsidiary pay the dues allegedly owed by Tulip to the DoT without prejudice to the right of Tulip to contest the claim and provided that any sum ultimately found not to be due would be refunded by the DoT, without interest, within four weeks of the date of completion of the assessment; (ii) the DoT issue a license to the subsidiary within one week after payment was made; (iii) thereafter, the subsidiary file its application for assignment of the spectrum; and (iv) the DoT consider and dispose of the spectrum application as expeditiously as possible. Accordingly, on March 7, 2012, the Company's subsidiary paid \$81 million to the DoT, and on March 15, 2012, the DoT issued a license to the subsidiary. On March 21, 2012, the Company's subsidiary filed an application for assignment of the spectrum, which application remains pending before the DoT. Tulip has agreed to repay the subsidiary for any amounts paid by the subsidiary that are ultimately found or agreed by Tulip to be due to the DoT. The \$81 million payment was recorded as a charge to other operating expenses in the second quarter of fiscal 2012.

Icera Complaint to the European Commission. On June 7, 2010, the European Commission (the Commission) notified and provided the Company with a redacted copy of a complaint filed with the Commission by Icera, Inc. alleging that the Company has engaged in anticompetitive activity. The Company has been asked by the Commission to submit a preliminary response to the portions of the complaint disclosed to it, and the Company submitted its response in July 2010. On October 19, 2011, the Commission notified the Company that it should provide to the Commission additional documents and information. On January 16, 2012, the Company provided additional documents and information in response to that request. The Company continues to cooperate fully with the Commission's preliminary investigation.

Korea Fair Trade Commission (KFTC) Complaint. On January 4, 2010, the KFTC issued a written decision, finding that the Company had violated South Korean law by offering certain discounts and rebates for purchases of its CDMA chips and for including in certain agreements language requiring the continued payment of royalties after all licensed patents have expired. The KFTC levied a fine, which the Company paid in the second quarter of fiscal 2010. The Company is appealing that decision in the Korean courts.

Japan Fair Trade Commission (JFTC) Complaint. The JFTC received unspecified complaints alleging that the Company's business practices are, in some way, a violation of Japanese law. On September 29, 2009, the JFTC issued a cease and desist order concluding that the Company's Japanese licensees were forced to cross-license patents to the Company on a royalty-free basis and were forced to accept a provision under which they agreed not to assert their essential patents against the Company's other licensees who made a similar commitment in their license agreements with the Company. The cease and desist order seeks to require the Company to modify its existing license agreements with Japanese companies to eliminate these provisions while preserving the license of the Company's patents to those companies. The Company disagrees with the conclusions that it forced its Japanese licensees to agree to any provision in the parties' agreements and that those provisions violate the Japanese Antimonopoly Act. The Company has invoked its right under Japanese law to an administrative hearing before the JFTC. In February 2010, the Tokyo High Court granted the Company's motion and issued a stay of the cease and desist order pending the administrative hearing before the JFTC. The JFTC has held hearings on 12 different dates, with an additional hearing day scheduled on May 11, 2012 and additional hearing days yet to be scheduled.

Securities and Exchange Commission (SEC) Formal Order of Private Investigation and Department of Justice (DOJ) Investigation. On September 8, 2010, the Company was notified by the SEC's Los Angeles Regional office of a formal order of private investigation. The Company understands that the investigation arose from a "whistleblower's" allegations made in December 2009 to the audit committee of the Company's Board of Directors and to the SEC. The audit committee completed an internal review of the allegations with the assistance of independent counsel and independent forensic accountants. This internal review into the whistleblower's allegations and related accounting practices did not identify any errors in the Company's financial statements. On January 27, 2012, the Company learned that the U.S. Attorney's Office for the Southern District of California/DOJ has begun a preliminary investigation regarding the Company's compliance with the Foreign Corrupt Practices Act (FCPA), a topic about which the SEC is also inquiring. The Company believes that it is in compliance with the requirements of the FCPA and will continue to cooperate with both agencies.

Other: The Company has been named, along with many other manufacturers of wireless phones, wireless operators

QUALCOMM Incorporated
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

and industry-related organizations, as a defendant in three lawsuits pending in Washington D.C. superior court, seeking monetary damages arising out of its sale of cellular phones.

While there can be no assurance of favorable outcomes, the Company believes the claims made by other parties in the foregoing matters are without merit and will vigorously defend the actions. Other than the amount payable to CSIRO, the Company has not recorded any accrual at March 25, 2012 for contingent liabilities or recognized any asset impairment charges associated with the legal proceedings described above based on the Company's belief that liabilities, while possible, are not probable. Further, any possible range of loss cannot be reasonably estimated at this time. The Company is engaged in numerous other legal actions not described above arising in the ordinary course of its business and, while there can be no assurance, believes that the ultimate outcome of these actions will not have a material adverse effect on its operating results, liquidity or financial position.

Litigation Settlement, Patent License and Other Related Items. On April 26, 2009, the Company entered into a Settlement and Patent License and Non-Assert Agreement with Broadcom. The Company agreed to pay Broadcom \$891 million, of which \$675 million was paid through March 25, 2012, and the remainder will be paid ratably through April 2013. At March 25, 2012, the carrying value of the liability was \$212 million, which also approximated the fair value of the contractual liability net of imputed interest.

Loans Payable Related to India BWA Spectrum. In connection with the India BWA spectrum won in India in June 2010, certain of the Company's subsidiaries in India entered into loan agreements with multiple lenders that are denominated in Indian rupees. In connection with the payment of the additional \$81 million to the DoT described above, the Company's subsidiary entered into an additional loan agreement denominated in Indian rupees. The loans bear interest at an annual rate based on the highest rate among the bank lenders, which is reset quarterly, plus 0.25% (10.75% at March 25, 2012) with interest payments due monthly. The loans can be prepaid without penalty on certain dates and are guaranteed by QUALCOMM Incorporated and one of its subsidiaries. In December 2011, the lender that could demand prepayment of its portion of the loans exercised its right requiring the Company to prepay the amount outstanding on February 28, 2012, which was \$151 million. The Company refinanced this amount with new loans. All of the loans are due and payable in full on December 18, 2012. The loan agreements contain standard covenants, which, among other things, limit actions by the subsidiaries that are party to the loan agreements, including the incurrence of loans and equity investments, disposition of assets, mergers and consolidations and other matters customarily restricted in such agreements. The loan agreements also define certain events of default, including, among other things, if certain government authorizations are revoked, terminated, withdrawn, suspended, modified or withheld. As a result of the DoT's actions against the Company, the bank lenders agreed (by waivers effective until at least June 1, 2012) that any default would be deemed cured if, among other things, the relevant subsidiaries continue to pursue a merger into the subsidiary that was granted the license. At March 25, 2012, the aggregate carrying value of the loans was \$1.0 billion, which approximated fair value.

Indemnifications. With the exception of the practices of its Qualcomm Atheros subsidiary, the Company generally does not indemnify its customers and licensees for losses sustained from infringement of third-party intellectual property rights. However, the Company is contingently liable under certain product sales, services, license and other agreements to indemnify certain customers against certain types of liability and/or damages arising from qualifying claims of patent infringement by products or services sold or provided by the Company. The Company's obligations under these agreements may be limited in terms of time and/or amount, and in some instances, the Company may have recourse against third parties for certain payments made by the Company. Under Qualcomm Atheros' indemnification agreements, software license agreements and product sale agreements, including its standard software license agreements and standard terms and conditions of semiconductor sales, Qualcomm Atheros agrees, subject to restrictions and after certain conditions are met, to indemnify and defend its licensees and customers against third-party claims asserting infringement of certain intellectual property rights, which may include patents, copyrights, trademarks or trade secrets, and to pay any judgments entered on such claims against the licensees or customers. Through March 25, 2012, Qualcomm Atheros has received a number of claims from its direct and indirect customers and other third parties for indemnification under such agreements with respect to alleged infringement of third-party intellectual property rights by its products.

These indemnification arrangements are not initially measured and recognized at fair value because they are deemed to be similar to product warranties in that they relate to claims and/or other actions that could impair the ability of the Company's direct or indirect customers to use the Company's products or services. Accordingly, the Company records liabilities resulting from the arrangements when they are probable and can be reasonably estimated. Reimbursements under indemnification arrangements have not been material to the Company's consolidated financial statements. The

QUALCOMM Incorporated
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Company has not recorded any accrual for contingent liabilities at March 25, 2012 associated with these indemnification arrangements, other than negligible amounts for reimbursement of legal costs, based on the Company's belief that additional liabilities, while possible, are not probable. Further, any possible range of loss cannot be estimated at this time.

Purchase Obligations. The Company has agreements with suppliers and other parties to purchase inventory, other goods and services and long-lived assets. Noncancelable obligations under these agreements at March 25, 2012 for the remainder of fiscal 2012 and for each of the subsequent four years from fiscal 2013 through 2016 were approximately \$2.0 billion, \$77 million, \$39 million, \$36 million and \$25 million, respectively, and \$8 million thereafter. Of these amounts, for the remainder of fiscal 2012 and for fiscal 2013, commitments to purchase integrated circuit product inventories comprised \$1.6 billion and \$5 million, respectively.

Leases. The future minimum lease payments for all capital leases and operating leases at March 25, 2012 were as follows (in millions):

	Capital Leases	Operating Leases	Total
Remainder of fiscal 2012	\$ 5	\$ 81	\$ 86
2013	10	105	115
2014	10	85	95
2015	11	35	46
2016	11	22	33
Thereafter	270	144	414
Total minimum lease payments	\$ 317	\$ 472	\$ 789
Deduct: Amounts representing interest	179		
Present value of minimum lease payments	138		
Deduct: Current portion of capital lease obligations	1		
Long-term portion of capital lease obligations	\$ 137		

The Company leases certain of its land, facilities and equipment under noncancelable operating leases, with terms ranging from less than one year to 35 years and with provisions in certain leases for cost-of-living increases. The Company leases certain property under capital lease agreements associated with its discontinued operations (Note 8), primarily related to site leases that have an initial term of five to seven years with renewal options of up to five additional renewal periods. In determining the capital lease classification for the site leases upon commencement of each lease, the Company included all renewal options. As a result of its restructuring plan (Note 8), the Company does not intend to renew its existing site capital leases. At March 25, 2012, the Company had \$119 million of site capital lease assets (which are included in buildings and improvements in property, plant and equipment) and \$137 million of capital lease obligations (which are included in other liabilities) that pertain to lease optional renewal periods. The Company expects to write off these amounts at the end of the current contractual lease terms. Any early terminations may impact the amounts that are written off.

Note 7 — Segment Information

The Company is organized on the basis of products and services. The Company aggregates four of its divisions into the Qualcomm Wireless & Internet (QWI) segment and three of its divisions into the Qualcomm Strategic Initiatives (QSI) segment. Reportable segments are as follows:

- Qualcomm CDMA Technologies (QCT) — develops and supplies integrated circuits and system software based on CDMA, OFDMA and other technologies for use in voice and data communications, networking, application processing, multimedia and global positioning system products;
- Qualcomm Technology Licensing (QTL) — grants licenses or otherwise provides rights to use portions of the Company's intellectual property portfolio, which, among other rights, includes certain patent rights essential to and/or useful in the manufacture and sale of certain wireless products, including, without limitation, products implementing cdmaOne, CDMA2000, WCDMA, CDMA TDD (including TD-SCDMA), GSM/GPRS/EDGE and/or OFDMA standards, and collects fixed license fees and royalties in partial consideration for such licenses;

QUALCOMM Incorporated
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

- Qualcomm Wireless & Internet (QWI) — comprised of:
 - Qualcomm Internet Services (QIS) — provides content enablement services for the wireless industry and push-to-talk and other products and services for wireless network operators;
 - Qualcomm Government Technologies (QGOV) — provides development, hardware, analytical expertise and services to United States government agencies involving wireless communications technologies;
 - Qualcomm Enterprise Services (QES) — provides fleet management, satellite- and terrestrial-based two-way wireless information and position reporting and other services, software and hardware to transportation and logistics companies and
 - Firethorn — builds and manages software applications that enable certain mobile commerce services.
- Qualcomm Strategic Initiatives (QSI) — comprised of the Company's Qualcomm Ventures, Structured Finance & Strategic Investments and FLO TV divisions. QSI makes strategic investments that the Company believes will open new opportunities for its technologies, support the design and introduction of new products or services for voice and data communications or possess unique capabilities or technology. Many of these strategic investments are in early-stage companies. QSI also holds wireless spectrum. The results of QSI's FLO TV business are presented as discontinued operations (Note 8) and are therefore not included in QSI's revenues or loss before income taxes.

The Company evaluates the performance of its segments based on earnings (loss) before income taxes (EBT) from continuing operations. Segment EBT includes the allocation of certain corporate expenses to the segments, including depreciation and amortization expense related to unallocated corporate assets. Certain income and charges are not allocated to segments in the Company's management reports because they are not considered in evaluating the segments' operating performance. Unallocated income and charges include certain investment income (loss); share-based compensation (Note 1); and certain research and development expenses and other selling and marketing expenses that were deemed to be not directly related to the businesses of the segments. Additionally, starting with acquisitions in the third quarter of fiscal 2011, unallocated charges include recognition of the step-up of inventories to fair value and amortization of certain intangible assets. Such charges related to acquisitions that were completed prior to the third quarter of fiscal 2011 are allocated to the respective segments. The table below presents revenues and EBT for reportable segments (in millions):

	QCT	QTL	QWI	QSI*	Reconciling Items*	Total*
For the three months ended:						
March 25, 2012						
Revenues	\$ 3,059	\$ 1,723	\$ 159	\$ —	\$ 2	\$ 4,943
EBT	599	1,540	(10)	(99)	(296)	1,734
March 27, 2011						
Revenues	\$ 1,962	\$ 1,746	\$ 157	\$ —	\$ 5	\$ 3,870
EBT	417	1,575	(135)	(45)	(193)	1,619
For the six months ended:						
March 25, 2012						
Revenues	\$ 6,143	\$ 3,162	\$ 311	\$ —	\$ 9	\$ 9,625
EBT	1,338	2,808	(9)	(133)	(549)	3,455
March 27, 2011						
Revenues	\$ 4,078	\$ 2,803	\$ 329	\$ —	\$ 7	\$ 7,217
EBT	1,057	2,467	(135)	(67)	(234)	3,088

*As adjusted for discontinued operations (Note 8)

QUALCOMM Incorporated
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Reconciling items in the previous table were as follows (in millions):

	Three Months Ended		Six Months Ended	
	March 25, 2012	March 27, 2011*	March 25, 2012	March 27, 2011*
Revenues				
Other nonreportable segments	\$ 3	\$ 5	\$ 11	\$ 9
Elimination of intersegment revenues	(1)	—	(2)	(2)
	\$ 2	\$ 5	\$ 9	\$ 7
EBT				
Unallocated cost of equipment and services revenues	\$ (68)	\$ (17)	\$ (138)	\$ (30)
Unallocated research and development expenses	(176)	(155)	(339)	(272)
Unallocated selling, general and administrative expenses	(168)	(161)	(283)	(246)
Unallocated investment income, net	228	216	418	461
Other nonreportable segments	(112)	(78)	(207)	(147)
Intersegment eliminations	—	2	—	—
	\$ (296)	\$ (193)	\$ (549)	\$ (234)

*As adjusted for discontinued operations (Note 8)

QCT revenues for the three months and six months ended both March 25, 2012 and March 27, 2011 included \$1 million and \$2 million of intersegment revenues, respectively. All other revenues for all periods presented were from external customers.

Reconciling items for the three months and six months ended March 25, 2012 included \$51 million and \$102 million, respectively, of unallocated cost of equipment and services revenues and \$6 million and \$15 million of unallocated selling, general and administrative expenses, respectively, related to the amortization of intangible assets resulting from acquisitions. Other nonreportable segments' losses before taxes during the three months and six months ended March 25, 2012 and March 27, 2011 were primarily attributable to the Company's QMT division, a nonreportable segment developing display technology for mobile devices and other applications.

Segment assets are comprised of accounts receivable and inventories for all reportable segments other than QSI. QSI segment assets include certain marketable securities, notes receivable, spectrum licenses, other investments and all assets of QSI's consolidated subsidiaries. QSI segment assets related to the discontinued FLO TV business totaled \$135 million and \$913 million at March 25, 2012 and September 25, 2011, respectively (Note 8). Reconciling items for total assets included \$1.4 billion and \$806 million at March 25, 2012 and September 25, 2011, respectively, of goodwill and other assets related to the Company's QMT division. The increase in QMT's assets primarily related to the continued construction of a new manufacturing facility in Taiwan. Total segment assets also differ from total assets on a consolidated basis as a result of unallocated corporate assets primarily comprised of certain cash, cash equivalents, marketable securities, property, plant and equipment, deferred tax assets, goodwill, other intangible assets and assets of nonreportable segments. Segment assets and reconciling items were as follows (in millions):

	March 25, 2012	September 25, 2011
QCT	\$ 1,784	\$ 1,569
QTL	40	36
QWI	131	136
QSI	1,619	2,386
Reconciling items	37,957	32,295
Total consolidated assets	\$ 41,531	\$ 36,422

Note 8 — Discontinued Operations

QUALCOMM Incorporated
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

On December 27, 2011, the Company completed the sale of substantially all of its 700 MHz spectrum for \$1.9 billion, and as a result, the Company recognized a gain in discontinued operations of \$1.2 billion during the three months ended March 25, 2012. Since the shut down of the FLO TV business and network on March 27, 2011, the Company has been working to sell the remaining assets and exit contracts. All remaining assets have been considered disposed of since March 27, 2011. Accordingly, the results of operations of the FLO TV business are presented as discontinued operations. Income (loss) from discontinued operations includes share-based payments and excludes certain general corporate expenses allocated to the FLO TV business during the periods presented.

Summarized results from discontinued operations were as follows (in millions):

	Three Months Ended		Six Months Ended	
	March 25, 2012	March 27, 2011	March 25, 2012	March 27, 2011
Revenues	\$ —	\$ 4	\$ —	\$ 4
Income (loss) from discontinued operations	\$ 1,175	\$ (361)	\$ 1,167	\$ (502)
Income tax (expense) benefit	(414)	92	(411)	151
Discontinued operations, net of income taxes	\$ 761	\$ (269)	\$ 756	\$ (351)

At March 25, 2012, total assets and liabilities of the discontinued operations in the condensed consolidated balance sheet were \$135 million and \$209 million, respectively, consisting primarily of capital lease assets and liabilities of \$119 million and \$137 million, respectively. The Company has a significant number of site leases, and the Company has corresponding capital lease assets, capital lease liabilities and asset retirement obligations (Note 6).

Restructuring activities under the Company's plan related to discontinued operations are expected to be substantially complete by the end of fiscal 2012 as the Company continues to negotiate the exit of certain contracts and removes certain of its equipment from the network sites. The restructuring liability, which is reported as a component of other liabilities, consisted of contract termination costs of \$37 million and other costs of \$2 million at March 25, 2012. During the six months ended March 25, 2012, the Company made payments on amounts previously accrued of \$4 million.

Note 9 — Acquisitions

During the six months ended March 25, 2012, the Company acquired six businesses for total cash consideration of \$302 million. Technology-based intangible assets recognized in the amount of \$35 million are being amortized on a straight-line basis over a weighted-average useful life of six years. The Company recorded \$46 million related to two in-process research and development (IPR&D) projects, which are expected to be completed within the next two years. The acquired IPR&D will not be amortized until completion, and upon completion, IPR&D projects will be amortized over their useful lives, which are expected to be nine years. Goodwill recognized in these transactions, of which \$71 million is expected to be deductible for tax purposes, was assigned to the Company's reportable segments as follows: \$48 million to QCT, \$22 million to QTL and \$130 million to a non-reportable segment.

Note 10 — Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants as of the measurement date. Applicable accounting guidance provides an established hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in valuing the asset or liability and are developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the factors that market participants would use in valuing the asset or liability. There are three levels of inputs that may be used to measure fair value:

- Level 1 includes financial instruments for which quoted market prices for identical instruments are available in active markets.
- Level 2 includes financial instruments for which there are inputs other than quoted prices included within Level

QUALCOMM Incorporated
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1 that are observable for the instrument.

- Level 3 includes financial instruments for which fair value is derived from valuation techniques in which one or more significant inputs are unobservable, including the Company's own assumptions.

Assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurements. The Company reviews the fair value hierarchy classification on a quarterly basis. Changes in the observability of valuation inputs may result in a reclassification of levels for certain securities within the fair value hierarchy.

The following table presents the Company's fair value hierarchy for assets and liabilities measured at fair value on a recurring basis at March 25, 2012 (in millions):

	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	\$ 1,293	\$ 3,531	\$ —	\$ 4,824
Marketable securities				
U.S. Treasury securities and government-related securities	660	859	—	1,519
Corporate bonds and notes	—	7,847	—	7,847
Mortgage- and asset-backed securities	—	1,301	55	1,356
Auction rate securities	—	—	120	120
Non-investment-grade debt securities	—	4,328	60	4,388
Common and preferred stock	1,471	743	—	2,214
Equity mutual and exchange-traded funds	1,296	—	—	1,296
Debt mutual funds	1,332	498	—	1,830
Total marketable securities	4,759	15,576	235	20,570
Derivative instruments	—	34	—	34
Other investments	189	—	—	189
Total assets measured at fair value	\$ 6,241	\$ 19,141	\$ 235	\$ 25,617
Liabilities				
Derivative instruments	\$ 3	\$ 12	\$ —	\$ 15
Other liabilities	189	—	5	194
Total liabilities measured at fair value	\$ 192	\$ 12	\$ 5	\$ 209

Cash Equivalents and Marketable Securities. The Company considers all highly liquid investments, including repurchase agreements, with original maturities of three months or less to be cash equivalents. Cash equivalents are comprised of money market funds, certificates of deposit, commercial paper, government agencies' securities and repurchase agreements fully collateralized by government agencies' securities.

With the exception of auction rate securities, the Company obtains pricing information from quoted market prices, pricing vendors or quotes from brokers/dealers. The Company conducts reviews of its primary pricing vendors to determine whether the inputs used in the vendor's pricing processes are deemed to be observable.

The fair value of U.S. Treasury securities and government-related securities, corporate bonds and notes and common and preferred stock are generally determined using standard observable inputs, including reported trades, quoted market prices, matrix pricing, benchmark yields, broker/dealer quotes, issuer spreads, two-sided markets and/or benchmark securities.

The fair value of debt and equity mutual funds is reported as published net asset values. The Company assesses the daily frequency and size of transactions at published net asset values and/or the fund's underlying holdings to determine whether fair value is based on observable or unobservable inputs.

The fair value of highly rated mortgage- and asset-backed securities is derived from the use of matrix pricing (prices for similar securities) or, in some cases, cash flow pricing models with observable inputs such as contractual terms, maturity, credit rating and/or securitization structure to determine the timing and amount of future cash flows. Certain

QUALCOMM Incorporated
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

mortgage- and asset-backed securities, principally those rated below AAA, may require the use of significant unobservable inputs to estimate fair value, such as default likelihood, recovery rates and prepayment speed.

The fair value of auction rate securities is estimated by the Company using a discounted cash flow model that incorporates transaction details such as contractual terms, maturity and timing and amount of future cash flows, as well as assumptions related to liquidity, default likelihood and recovery, the future state of the auction rate market and credit valuation adjustments of market participants. Though certain of the securities held by the Company are pools of student loans guaranteed by the U.S. government, prepayment speeds and illiquidity discounts are considered significant unobservable inputs. These additional inputs are generally unobservable, and therefore, auction rate securities are included in Level 3.

Derivative Instruments. Derivative instruments include foreign currency option and forward contracts to manage foreign exchange risk for certain foreign currency transactions and certain balances denominated in a foreign currency; option, forward and swap contracts to acquire or reduce foreign exchange risk and/or equity, prepayment and credit risks for portfolios of marketable securities classified as trading; warrants to purchase common stock of other companies at fixed prices; and written put options to repurchase shares of the Company's common stock at fixed prices. Derivative instruments that are traded on an exchange are valued using quoted market prices and are included in Level 1. Derivative instruments that are not traded on an exchange are valued using conventional calculations/models that are primarily based on observable inputs, such as foreign currency exchange rates, the Company's stock price, volatilities and interest rates, and therefore, such derivative instruments are included in Level 2.

Other Investments and Other Liabilities. Other investments and other liabilities included in Level 1 are comprised of the Company's deferred compensation plan liability and related assets, which are invested in mutual funds. Other liabilities included in Level 3 are comprised of put rights held by third parties representing interests in certain of the Company's subsidiaries. These put rights are valued with a conventional option pricing model using significant unobservable inputs.

Activity between Levels of the Fair Value Hierarchy. There were no significant transfers between Level 1 and Level 2 during the six months ended March 25, 2012 or March 27, 2011. When a determination is made to classify an asset or liability within Level 3, the determination is based upon the significance of the unobservable inputs to the overall fair value measurement. The following table includes the activity for marketable securities and other liabilities classified within Level 3 of the valuation hierarchy (in millions):

	Six Months Ended March 25, 2012			Six Months Ended March 27, 2011		
	Auction Rate Securities	Other Marketable Securities	Other Liabilities	Auction Rate Securities	Other Marketable Securities	Other Liabilities
Beginning balance of Level 3	\$ 124	\$ 27	\$ 7	\$ 126	\$ 18	\$ —
Total realized and unrealized gains or losses:						
Included in investment income, net	—	1	(2)	—	1	—
Included in other comprehensive income	—	2	—	2	—	—
Issuances	—	—	—	—	—	8
Purchases	—	88	—	—	—	—
Settlements	(4)	(8)	—	(3)	(3)	—
Transfers into Level 3	—	5	—	—	1	—
Ending balance of Level 3	\$ 120	\$ 115	\$ 5	\$ 125	\$ 17	\$ 8

The Company recognizes transfers into and out of levels within the fair value hierarchy at the end of the fiscal month in which the actual event or change in circumstances that caused the transfer occurs. Transfers into Level 3 during the six months ended March 25, 2012 and March 27, 2011 primarily consisted of debt securities with significant inputs that became unobservable as a result of an increased likelihood of a shortfall in contractual cash flows or a significant downgrade in credit ratings.

Nonrecurring Fair Value Measurements. The Company measures certain assets at fair value on a nonrecurring

QUALCOMM Incorporated
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

basis. These assets include cost and equity method investments when they are deemed to be other-than-temporarily impaired, assets acquired and liabilities assumed in an acquisition or in a nonmonetary exchange, and property, plant and equipment and intangible assets that are written down to fair value when they are held for sale or determined to be impaired. During the six months ended March 25, 2012 and March 27, 2011, goodwill related to the Company's Firethorn division was written down to its implied fair values of \$23 million and \$40 million, respectively, resulting in impairment charges of \$16 million and \$114 million, respectively. The impairment charges were recorded in other operating expenses. The implied fair values were based on significant unobservable inputs, and as a result, the fair value measurements were classified as Level 3. During the six months ended March 25, 2012 and March 27, 2011, the Company did not have any other significant assets or liabilities that were measured at fair value on a nonrecurring basis in periods subsequent to initial recognition.

Note 11 — Marketable Securities

Marketable securities were comprised as follows (in millions):

	Current		Noncurrent	
	March 25, 2012	September 25, 2011	March 25, 2012	September 25, 2011
Trading:				
U.S. Treasury securities and government-related securities	\$ 233	\$ —	\$ 229	\$ —
Corporate bonds and notes	269	—	117	—
Mortgage- and asset-backed securities	—	—	65	—
Non-investment-grade debt securities	—	—	91	—
Total trading	<u>502</u>	<u>—</u>	<u>502</u>	<u>—</u>
Available-for-sale:				
U.S. Treasury securities and government-related securities	1,045	516	12	6
Corporate bonds and notes	4,867	3,665	2,594	2,353
Mortgage- and asset-backed securities	1,117	587	174	91
Auction rate securities	—	—	120	124
Non-investment-grade debt securities	48	19	4,249	3,653
Common and preferred stock	170	76	2,044	1,713
Equity mutual and exchange-traded funds	—	—	1,296	845
Debt mutual funds	1,332	1,327	—	—
Total available-for-sale	<u>8,579</u>	<u>6,190</u>	<u>10,489</u>	<u>8,785</u>
Fair value option:				
Debt mutual fund	—	—	498	476
Total marketable securities	<u>\$ 9,081</u>	<u>\$ 6,190</u>	<u>\$ 11,489</u>	<u>\$ 9,261</u>

The Company holds an investment in a debt mutual fund for which the Company elected the fair value option because the Company is able to redeem its shares at net asset value, which is determined daily. The investment would have otherwise been recorded using the equity method. The debt mutual fund has no single maturity date. At March 25, 2012, the Company had an effective ownership interest in the debt mutual fund of 21%. During the three months and six months ended March 25, 2012, increases in fair value associated with this investment of \$17 million and \$22 million, respectively, were recognized in net investment income. During the three months and six months ended March 27, 2011, increases in fair value associated with this investment of \$13 million and \$18 million, respectively, were recognized in net investment income.

The Company classifies portfolios of debt securities that involve the purchase or sale of derivative instruments to acquire or reduce foreign exchange and/or equity, prepayment and credit risk as trading. Net gains recognized on debt securities classified as trading still held at March 25, 2012 were \$12 million and \$10 million for the three months and six months ended March 25, 2012, respectively. The Company did not hold any securities classified as trading during the three months and six months ended March 27, 2011.

QUALCOMM Incorporated
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

At March 25, 2012, the contractual maturities of available-for-sale debt securities were as follows (in millions):

Years to Maturity					
Less Than One Year	One to Five Years	Five to Ten Years	Greater Than Ten Years	No Single Maturity Date	Total
\$ 1,397	\$ 6,334	\$ 2,735	\$ 1,143	\$ 3,949	\$ 15,558

Securities with no single maturity date included debt mutual funds, non-investment-grade debt securities, mortgage- and asset-backed securities and auction rate securities.

The Company recorded realized gains and losses on sales of available-for-sale securities as follows (in millions):

	Gross Realized Gains	Gross Realized Losses	Net Realized Gains
For the three months ended			
March 25, 2012	\$ 64	\$ (4)	\$ 60
March 27, 2011	95	(6)	89
For the six months ended			
March 25, 2012	\$ 100	\$ (6)	\$ 94
March 27, 2011	223	(11)	212

Available-for-sale securities were comprised as follows (in millions):

	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 25, 2012				
Equity securities	\$ 2,849	\$ 673	\$ (12)	\$ 3,510
Debt securities	15,170	432	(44)	15,558
	<u>\$ 18,019</u>	<u>\$ 1,105</u>	<u>\$ (56)</u>	<u>\$ 19,068</u>
September 25, 2011				
Equity securities	\$ 2,426	\$ 278	\$ (70)	\$ 2,634
Debt securities	12,179	294	(132)	12,341
	<u>\$ 14,605</u>	<u>\$ 572</u>	<u>\$ (202)</u>	<u>\$ 14,975</u>

The following table shows the gross unrealized losses and fair values of the Company's investments in individual securities that are classified as available-for-sale and have been in a continuous unrealized loss position deemed to be temporary for less than 12 months and for more than 12 months, aggregated by investment category (in millions):

QUALCOMM Incorporated
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

	March 25, 2012			
	Less than 12 months		More than 12 months	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Treasury securities and government-related securities	\$ 523	\$ (1)	\$ 4	\$ —
Corporate bonds and notes	1,770	(9)	21	(2)
Mortgage- and asset-backed securities	596	(2)	9	—
Auction rate securities	3	—	117	(2)
Non-investment-grade debt securities	761	(20)	92	(7)
Common and preferred stock	208	(7)	4	—
Equity mutual and exchange-traded funds	159	(5)	—	—
Debt mutual funds	318	(1)	1	—
	<u>\$ 4,338</u>	<u>\$ (45)</u>	<u>\$ 248</u>	<u>\$ (11)</u>

	September 25, 2011			
	Less than 12 months		More than 12 months	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Corporate bonds and notes	\$ 1,862	\$ (41)	\$ 41	\$ —
Auction rate securities	3	—	121	(2)
Non-investment-grade debt securities	1,867	(86)	19	(3)
Common and preferred stock	750	(70)	4	—
	<u>\$ 4,482</u>	<u>\$ (197)</u>	<u>\$ 185</u>	<u>\$ (5)</u>

At March 25, 2012, the Company concluded that the unrealized losses on its available-for-sale securities were temporary. Further, for common and preferred stock with unrealized losses, the Company has the ability and the intent to hold such securities until they recover, which is expected to be within a reasonable period of time. For debt securities with unrealized losses, the Company does not have the intent to sell, nor is it more likely than not that the Company will be required to sell, such securities before recovery or maturity.

The following table shows the activity for the credit loss portion of other-than-temporary impairments on debt securities held by the Company (in millions):

	Three Months Ended		Six Months Ended	
	March 25, 2012	March 27, 2011	March 25, 2012	March 27, 2011
Beginning balance of credit losses	\$ 46	\$ 89	\$ 46	\$ 109
Reductions in credit losses related to securities the Company intends to sell	—	(30)	(1)	(40)
Additional credit losses recognized on securities previously impaired	2	—	3	—
Credit losses recognized on securities previously not impaired	2	—	2	—
Reductions in credit losses related to securities sold	(4)	(5)	(4)	(12)
Accretion of credit losses due to an increase in cash flows expected to be collected	—	(2)	—	(5)
Ending balance of credit losses	<u>\$ 46</u>	<u>\$ 52</u>	<u>\$ 46</u>	<u>\$ 52</u>

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This information should be read in conjunction with the condensed consolidated financial statements and the notes thereto included in Item 1 of Part I of this Quarterly Report and the audited consolidated financial statements and notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ended September 25, 2011 contained in our 2011 Annual Report on Form 10-K.

This Quarterly Report (including, but not limited to, the following section regarding Management's Discussion and Analysis of Financial Condition and Results of Operations) contains forward-looking statements, including, but not limited to, statements regarding our business, financial condition, results of operations and prospects. Additionally, statements concerning future matters, such as the development of new products, enhancements or technologies, industry or regional trends, consumer demand, sales or price levels, challenges to our business model and other statements regarding matters that are not historical, are forward-looking statements. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates" and similar expressions or variations of such words are intended to identify forward-looking statements, but are not the exclusive means of identifying forward-looking statements in this Quarterly Report.

Although forward-looking statements in this Quarterly Report reflect our good faith judgment, such statements can only be based on facts and factors currently known by us. Consequently, forward-looking statements are inherently subject to risks and uncertainties and actual results and outcomes may differ materially from the results and outcomes discussed in or anticipated by the forward-looking statements. Factors that could cause or contribute to such differences in results and outcomes include without limitation those discussed under the heading "Risk Factors" below, as well as those discussed elsewhere in this Quarterly Report. Readers are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this Quarterly Report. We undertake no obligation to revise or update any forward-looking statements in order to reflect any event or circumstance that may arise after the date of this Quarterly Report. Readers are urged to carefully review and consider the various disclosures made in this Quarterly Report, which attempt to advise interested parties of the risks and factors that may affect our business, financial condition, results of operations and prospects.

Overview

Recent Developments

Revenues for the second quarter of fiscal 2012 were \$4.9 billion, with net income of \$2.2 billion, which were impacted by the following key items:

- We shipped 152 million MSM integrated circuits for CDMA- and OFDMA-based wireless devices, an increase of 29% compared to 118 million MSM integrated circuits in the year ago quarter. ⁽¹⁾
- Total reported device sales were approximately \$51.7 billion, an increase of approximately 29% compared to approximately \$40.0 billion in the year ago quarter. ⁽²⁾
- On December 27, 2011, we completed the sale of substantially all of our 700 MHz spectrum for \$1.9 billion, and as a result, we recognized a gain in discontinued operations of \$1.2 billion during the second quarter of fiscal 2012.

Against this backdrop, the following recent developments occurred during the second quarter of fiscal 2012 with respect to key elements of our business or our industry:

- Worldwide wireless subscriptions grew by approximately 3% to reach approximately 6.2 billion. ⁽³⁾
- Worldwide 3G connections (all CDMA-based) grew to approximately 1.7 billion, approximately 27% of total wireless subscriptions, including approximately 555 million CDMA2000 1X/1xEV-DO subscriptions and approximately 1.1 billion WCDMA/HSPA/TD-SCDMA subscriptions. ⁽³⁾

(1) Some customers built devices that incorporated two MSM integrated circuits. In such cases, which represent approximately 1% of our gross volume, we count only one MSM integrated circuit in reporting the MSM integrated circuit shipments.

(2) Total reported device sales is the sum of all reported sales in U.S. dollars (as reported to us by our licensees) of all licensed CDMA-based, OFDMA-based and multimode CDMA/OFDMA subscriber devices (including handsets, modules, modem cards and other subscriber devices) by our licensees during a particular period. Not all licensees report sales the same way (e.g., some licensees report sales net of permitted deductions, such as transportation, insurance and packing costs, 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 for a particular period may include prior period activity that was not reported by the licensee until such particular period.

- (3) According to Wireless Intelligence estimates as of April 16, 2012, for the quarter ended March 31, 2012. Wireless Intelligence estimates for CDMA2000 1X/1xEV-DO subscribers do not include Wireless Local Loop.

Our Business and Operating Segments

We design, manufacture, have manufactured on our behalf and market digital communications products and services based on CDMA, OFDMA and other technologies. We derive revenues principally from sales of integrated circuit products, fixed license fees (payable in one or more installments) and ongoing royalties for use of our intellectual property, messaging and other services and related hardware sales, software development and licensing and related services and software hosting services. Operating expenses primarily consist of cost of equipment and services revenues and research and development and selling, general and administrative expenses.

We conduct business primarily through four reportable segments. These segments are: Qualcomm CDMA Technologies, or QCT; Qualcomm Technology Licensing, or QTL; Qualcomm Wireless & Internet, or QWI; and Qualcomm Strategic Initiatives, or QSI.

QCT is a leading developer and supplier of integrated circuits and system software based on CDMA, OFDMA and other technologies for use in voice and data communications, networking, application processing, multimedia and global positioning system products. QCT's integrated circuit products and system software are sold to or licensed to manufacturers that use our products in wireless devices, particularly mobile phones, tablets, laptops, data modules, handheld wireless computers and gaming devices, access points and routers, data cards and infrastructure equipment, and in wired devices, particularly broadband gateway equipment, desktop computers, televisions and Blu-ray players. The MSM integrated circuits, which include the Mobile Data Modem, Qualcomm Single Chip and Qualcomm Snapdragon devices, perform the core baseband modem functionality in wireless devices providing voice and data communications, as well as multimedia applications and global positioning functions. In addition, our Snapdragon enabled integrated circuits provide advanced application and graphics processing capabilities. QCT's system software enables the other device components to interface with the integrated circuit products and is the foundation software enabling manufacturers to develop devices utilizing the functionality within the integrated circuits. QCT revenues comprised 62% and 51% of total consolidated revenues in the second quarter of fiscal 2012 and 2011, respectively, and 64% and 56% of total consolidated revenues for the first six months of fiscal 2012 and 2011, respectively.

QCT utilizes a fabless production business model, which means that we do not own or operate foundries for the production of silicon wafers from which our integrated circuits are made. Integrated circuits are die, cut from silicon wafers, that have been assembled into packages or modules and have completed the final test manufacturing processes. We rely on independent third-party suppliers to perform the manufacturing and assembly, and most of the testing, of our integrated circuits based primarily on our proprietary designs and test programs. Our suppliers are also responsible for the procurement of most of the raw materials used in the production of our integrated circuits. We employ both turnkey and two-stage manufacturing business models to purchase our integrated circuits. Turnkey is when our foundry suppliers are responsible for delivering fully assembled and tested integrated circuits. Under the two-stage manufacturing business model, we purchase wafers and die from semiconductor manufacturing foundries and contract with separate third-party manufacturers for probe, assembly and final test services.

QTL grants licenses or otherwise provides rights to use portions of our intellectual property portfolio, which, among other rights, includes certain patent rights essential to and/or useful in the manufacture and sale of certain wireless products, including, without limitation, products implementing cdmaOne, CDMA2000, WCDMA, CDMA TDD (including TD-SCDMA), GSM/GPRS/EDGE and/or OFDMA standards and their derivatives. QTL licensing revenues are comprised of license fees as well as royalties based on sales by licensees of products incorporating or using our intellectual property. License fees are fixed amounts paid in one or more installments. Royalties are generally based upon a percentage of the wholesale (i.e., licensee's) selling price of licensed products, net of certain permissible deductions (e.g., certain shipping costs, packing costs, VAT, etc.). QTL revenues comprised 35% and 45% of total consolidated revenues in the second quarter of fiscal 2012 and 2011, respectively, and 33% and 39% of total consolidated revenues for the first six months of fiscal 2012 and 2011, respectively. The vast majority of such revenues were generated through our licensees' sales of cdmaOne, CDMA2000 and WCDMA subscriber equipment products.

QWI, which includes Qualcomm Enterprise Services (QES), Qualcomm Internet Services (QIS), Qualcomm Government Technologies (QGOV) and Firethorn, generates revenues primarily through mobile information products and services and software and software development aimed at support and delivery of wireless applications. QES sells integrated wireless systems and services to transportation and logistics companies to manage their assets and workforce. Through March 2012, QES has shipped approximately 1,554,000 terrestrial-based and satellite-based mobile information units. QIS provides content enablement services for the wireless industry, including Brew, the Plaza suite and other

services. QIS also provides QChat push-to-talk and other products for wireless operators. QGOV provides development, hardware, analytical expertise and services involving wireless communications technologies to United States government agencies. Firethorn builds and manages software applications that enable mobile commerce services. QWI revenues comprised 3% and 4% of total consolidated revenues in the second quarter of fiscal 2012 and 2011, respectively, and 3% and 5% of total consolidated revenues for the first six months of fiscal 2012 and 2011, respectively.

QSI makes strategic investments that we believe will open new opportunities for our technologies, support the design and introduction of new products and services for voice and data communications or possess unique capabilities or technology. Many of these strategic investments are in early-stage companies. QSI also holds wireless spectrum. As part of our strategic investment activities, we intend to pursue various exit strategies at some point in the future. The results of QSI's FLO TV business are presented as discontinued operations and are therefore not included in QSI's revenues or loss before income taxes. Since the shut down of the FLO TV business and network on March 27, 2011, we have been working to sell FLO TV's assets and exit contracts. During the three months ended March 25, 2012, we completed our sale of substantially all of our 700 MHz spectrum for \$1.9 billion.

Nonreportable segments include the Qualcomm MEMS Technologies division, which continues to develop an IMOD display technology based on micro-electro-mechanical-system (MEMS) structure combined with thin film optics, and other product initiatives.

Discontinued Operations

On December 27, 2011, we completed the sale of substantially all of our 700 MHz spectrum for \$1.9 billion, and as a result, we recognized a gain in discontinued operations of \$1.2 billion during the second quarter of fiscal 2012. Since the shut down of the FLO TV business and network on March 27, 2011, we have been working to sell the remaining assets and exit contracts. All remaining assets have been considered disposed of since March 27, 2011. Accordingly, the results of operations of the FLO TV business are presented as discontinued operations. Income (loss) from discontinued operations includes share-based payments and excludes certain general corporate expenses allocated to the FLO TV business during the period presented.

Summarized results from discontinued operations were as follows (in millions):

	Three Months Ended		Six Months Ended	
	March 25, 2012	March 27, 2011	March 25, 2012	March 27, 2011
Revenues	\$ —	\$ 4	\$ —	\$ 4
Income (loss) from discontinued operations	\$ 1,175	\$ (361)	\$ 1,167	\$ (502)
Income tax (expense) benefit	(414)	92	(411)	151
Discontinued operations, net of income taxes	\$ 761	\$ (269)	\$ 756	\$ (351)

Looking Forward

The deployment of 3G networks enables increased voice capacity and higher data rates than prior generation networks, thereby supporting more minutes of use and a wide range of mobile broadband data applications for handsets, 3G connected computing devices and other consumer electronics. Many wireless operators have or are planning to complement their existing 3G networks by deploying OFDMA-based technology, often called 4G, in new spectrum to gain additional capacity for data services. As a result, we expect continued growth in the coming years in consumer demand for 3G and 3G/4G multimode products and services around the world. In addition, we expect an increasing number of devices, such as computers, consumer electronics and networking equipment, to require multiple communications technologies to support a variety of connected applications.

As we look forward to the next several months, the following items are likely to have an impact on our business:

- The worldwide transition from 2G to 3G networks is expected to continue, including the further expansion of 3G in China, India and other emerging regions. We expect that the emergence of lower-end smartphone products will contribute to such expansion.
- We expect consumer demand for advanced 3G and 3G/4G multimode devices, including smartphones and data-centric devices, such as tablets and e-readers, to continue at a strong pace.
- We expect that CDMA-based device prices will continue to vary broadly due to the increased penetration of smartphones combined with active competition throughout the world at all price tiers. Additionally, varying

rates of economic growth by region and stronger than average growth of CDMA-based device shipments in emerging regions, as compared to developed regions, are expected to continue to impact the average and range of selling prices of CDMA-based devices.

- We continue to invest significant resources toward the development of technologies and products for voice and data communications, primarily in the wireless industry, including advancements to networks for 3G and 4G LTE (an OFDMA-based standard) networks, wireless baseband chips, our converged computing/communications (Snapdragon) chips, multimedia products, software and services, as well as our IMOD display technology.
- We expect demand for 28 nanometer integrated circuits to continue to exceed available supply. Accordingly, we expect to continue to experience supply shortages, relative to demand, for our newly introduced 28 nanometer integrated circuits. We are working with our suppliers to address this issue as soon as reasonably possible.

In addition to the foregoing business and market-based matters, we continue to devote resources to working with and educating participants in the wireless value chain as to the benefits of our business model in promoting a highly competitive and innovative wireless industry. However, we expect that certain companies may continue to be dissatisfied with the need to pay reasonable royalties for the use of our technology and not welcome the success of our business model in enabling new, highly cost-effective competitors to their products. We expect that such companies will continue to challenge our business model in various forums throughout the world.

Further discussion of risks related to our business is presented in the Risk Factors included in this Quarterly Report.

Second Quarter of Fiscal 2012 Compared to Second Quarter of Fiscal 2011

Revenues. Total revenues for the second quarter of fiscal 2012 were \$4.94 billion, compared to \$3.87 billion for thesecond quarter of fiscal 2011. Revenues from sales of equipment and services for the second quarter of fiscal 2012 were \$3.14 billion, compared to \$2.04 billion for thesecond quarter of fiscal 2011. The increase in revenues from sales of equipment and services was primarily due to a \$1.10 billion increase in QCT equipment and services revenues.

Cost of Equipment and Services Revenues. Cost of equipment and services revenues for the second quarter of fiscal 2012 was \$1.78 billion, compared to \$1.06 billion for the second quarter of fiscal 2011. Cost of equipment and services revenues as a percentage of equipment and services revenues was 57% for thesecond quarter of fiscal 2012, compared to 52% for the second quarter of fiscal 2011. The decrease in margin percentage in thesecond quarter of fiscal 2012 compared to the second quarter of fiscal 2011 was primarily attributable to a decrease in QCT gross margin percentage. Cost of equipment and services revenues as a percentage of equipment and services revenues may fluctuate in future periods depending on the mix of products sold and services provided, competitive pricing, new product introduction costs and other factors.

Research and Development Expenses. Research and development expenses for the second quarter of fiscal 2012 were \$954 million or 19% of revenues, compared to \$738 million or 19% of revenues for the second quarter of fiscal 2011. The dollar increase was primarily attributable to a \$188 million increase in costs related to the development of integrated circuit products (including connectivity products), next generation technologies and other initiatives to support the acceleration of advanced wireless products and services, including lower-cost devices, the integration of wireless with consumer electronics and computing, the convergence of multiband, multimode, multinetwork products and technologies, third-party operating systems and services platforms and a \$29 million increase in share-based compensation.

Selling, General and Administrative Expenses. Selling, general and administrative expenses for the second quarter of fiscal 2012 were \$595 million or 12% of revenues, compared to \$529 million or 14% of revenues for the second quarter of fiscal 2011. The dollar increase was primarily attributable to a \$42 million increase in costs related to litigation and other legal matters, a \$16 million increase in employee-related expenses, a \$12 million increase in share-based compensation, a \$11 million increase in patent-related expenses and an \$11 million increase in selling and marketing expenses, partially offset by a \$53 million decrease in charitable donations primarily due to the establishment of the Qualcomm Charitable Foundation in the second quarter fiscal 2011.

Other. Other operating expenses for the second quarter of fiscal 2012 included an \$81 million charge related to the payment made to the Indian government in connection with the issuance of the BWA spectrum license and a \$16 million goodwill impairment charge related to our Firethorn division. Other operating expenses for the second quarter of fiscal 2011 included a \$114 million goodwill impairment charge related to our Firethorn division.

Net Investment Income. Net investment income was \$220 million for thesecond quarter of fiscal 2012, compared to

\$189 million for the second quarter of fiscal 2011. The net increase was comprised as follows (in millions):

	Three Months Ended		Change
	March 25, 2012	March 27, 2011	
Interest and dividend income:			
Corporate and other segments	\$ 138	122	\$ 16
QSI	8	4	4
Interest expense	(29)	(30)	1
Net realized gains on investments:			
Corporate and other segments	81	102	(21)
QSI	20	—	20
Net impairment losses on investments:			
Corporate and other segments	(12)	(4)	(8)
QSI	(12)	(1)	(11)
Gains on derivative instruments	28	—	28
Equity in losses of investees	(2)	(4)	2
	\$ 220	\$ 189	\$ 31

The increase in gains on derivative instruments primarily resulted from a decrease in the fair value of put options sold in connection with our stock repurchase program.

Income Tax Expense. Income tax expense was \$296 million for the second quarter of fiscal 2012, compared to \$355 million for the second quarter of fiscal 2011. The effective tax rate for the second quarter of fiscal 2012 was 17%, compared to 22% for the second quarter of fiscal 2011. The effective tax rate for the second quarter of fiscal 2012 was lower than the effective tax rate for fiscal 2011 primarily because of a reduction in the state tax rate as a result of California tax legislation previously enacted. The effective tax rate for fiscal 2012 only reflects the federal research and development credit generated through December 31, 2011, the date on which the credit expired. The effective tax rate for the second quarter of fiscal 2012 of 17% was lower than the expected annual effective tax rate of 18%, primarily due to changes in our estimates related to certain permanent differences and foreign earnings taxed at rates that are less than the United States federal tax rates.

The estimated annual effective tax rate for fiscal 2012 of 18% is less than the United States federal statutory rate primarily due to benefits of approximately 17% related to foreign earnings taxed at less than the United States federal rate.

First Six Months of Fiscal 2012 Compared to First Six Months of Fiscal 2011

Revenues. Total revenues for the first six months of fiscal 2012 were \$9.63 billion, compared to \$7.22 billion for the first six months of fiscal 2011. Revenues from sales of equipment and services for the first six months of fiscal 2012 were \$6.31 billion, compared to \$4.25 billion for the first six months of fiscal 2011. The increase in revenues from sales of equipment and services was primarily due to a \$2.06 billion increase in QCT equipment and services revenues. Revenues from licensing for the first six months of fiscal 2012 were \$3.32 billion, compared to \$2.97 billion for the first six months of fiscal 2011. The increase in revenues from licensing was primarily due to a \$359 million increase in QTL revenues.

Cost of Equipment and Services Revenues. Cost of equipment and services revenues for the first six months of fiscal 2012 was \$3.54 billion, compared to \$2.10 billion for the first six months of fiscal 2011. Cost of equipment and services revenues as a percentage of equipment and services revenues was 56% for the first six months of fiscal 2012, compared to 49% for the first six months of fiscal 2011. The decrease in margin percentage in the first six months of fiscal 2012 compared to the first six months of fiscal 2011 was primarily attributable to a decrease in QCT gross margin percentage.

Research and Development Expenses. Research and development expenses for the first six months of fiscal 2012 were \$1.83 billion or 19% of revenues, compared to \$1.39 billion or 19% of revenues for the first six months of fiscal 2011. The dollar increase was primarily attributable to a \$365 million increase in costs related to the development of integrated circuit products (including connectivity products), next generation technologies and other initiatives to support

the acceleration of advanced wireless products and services, including lower-cost devices, the integration of wireless with consumer electronics and computing, the convergence of multiband, multimode, multinetwork products and technologies, third-party operating systems and services platforms, and a \$71 million increase in share-based compensation.

Selling, General and Administrative Expenses. Selling, general and administrative expenses for the first six months of fiscal 2012 were \$1.10 billion or 11% of revenues, compared to \$938 million or 13% of revenues for the first six months of fiscal 2011. The dollar increase was primarily attributable to a \$43 million increase in share-based compensation, a \$40 million increase in costs related to litigation and other legal matters, a \$37 million increase in employee-related expenses, a \$22 million increase in selling and marketing expenses, a \$16 million increase in amortization of intangible assets, a \$14 million increase in foreign exchange transaction losses and an \$11 million increase in patent-related expenses, partially offset by a \$55 million decrease in charitable donations primarily due to the establishment of the Qualcomm Charitable Foundation in the second quarter of fiscal 2011.

Other. Other operating expenses for the first six months of fiscal 2012 included an \$81 million charge related to the payment made to the Indian government in connection with the issuance of the BWA spectrum license and a \$16 million goodwill impairment charge related to our Firethorn division. Other operating expenses for the first six months of fiscal 2011 included a \$114 million goodwill impairment charge related to our Firethorn division.

Net Investment Income. Net investment income was \$389 million for the first six months of fiscal 2012, compared to \$412 million for the first six months of fiscal 2011. The net decrease was comprised as follows (in millions):

	Six Months Ended		Change
	March 25, 2012	March 27, 2011	
Interest and dividend income:			
Corporate and other segments	\$ 264	\$ 251	\$ 13
QSI	11	5	6
Interest expense	(57)	(54)	(3)
Net realized gains on investments:			
Corporate and other segments	117	230	(113)
QSI	27	1	26
Net impairment losses on investments:			
Corporate and other segments	(26)	(11)	(15)
QSI	(17)	(5)	(12)
Gains on derivative instruments	74	—	74
Equity in losses of investees	(4)	(5)	1
	<u>\$ 389</u>	<u>\$ 412</u>	<u>\$ (23)</u>

The decrease in net realized gains on investments in the first six months of fiscal 2012 as compared to the first six months of fiscal 2011 was primarily due to adjustments in the allocation of our marketable securities portfolios in fiscal 2011. The increase in gains on derivative instruments primarily resulted from a decrease in the fair value of put options sold in connection with our stock repurchase program.

Income Tax Expense. Income tax expense was \$617 million for the first six months of fiscal 2012, compared to \$573 million for the first six months of fiscal 2011. The effective tax rate for the first six months of fiscal 2012 was 18%, compared to 19% for the first six months of fiscal 2011. The effective tax rate for the first six months of fiscal 2012 was lower than the effective tax rate for fiscal 2011 primarily because of a reduction in the state tax rate as a result of California tax legislation previously enacted, partially offset by a tax benefit of \$32 million recognized in the first six months of fiscal 2011 related to fiscal 2010 resulting from the retroactive extension of the federal research and development tax credit. The effective tax rate for fiscal 2012 only reflects the federal research and development credit generated through December 31, 2011, the date on which the credit expired.

Our Segment Results for the Second Quarter of Fiscal 2012 Compared to the Second Quarter of Fiscal 2011

The following should be read in conjunction with thesecond quarter financial results of fiscal 2012 for each reporting segment. See “Notes to Condensed Consolidated Financial Statements, Note 7 - Segment Information.”

QCT Segment. QCT revenues for the second quarter of fiscal 2012 were \$3.06 billion, compared to \$1.96 billion for the second quarter of fiscal 2011. Equipment and services revenues, mostly related to sales of MSM and accompanying RF and PM integrated circuits, were \$3.00 billion for the second quarter of fiscal 2012, compared to \$1.91 billion for the second quarter of fiscal 2011. The increase in equipment and services revenues resulted primarily from a \$550 million increase related to higher unit shipments, a \$276 million increase related to sales of connectivity products, primarily resulting from the acquisition of Atheros, and a \$260 million increase related to the net effects of changes in product mix and lower average selling prices of such products.⁽¹⁾ Approximately 152 million MSM integrated circuits for CDMA- and OFDMA- based wireless devices were sold during the second quarter of fiscal 2012, compared to approximately 118 million during the second quarter of fiscal 2011.

QCT earnings before taxes for the second quarter of fiscal 2012 were \$599 million, compared to \$417 million for the second quarter of fiscal 2011. The increase in QCT earnings before taxes was primarily attributable to the increase in QCT revenues, partially offset by the impact of a decrease in gross margin percentage, a \$185 million increase in research and development expenses and a \$56 million increase in selling, general and administrative expenses. QCT operating income as a percentage of revenues (operating margin percentage) was 20% in the second quarter of fiscal 2012, compared to 21% in the second quarter of fiscal 2011. The decrease in operating margin percentage was primarily due to a decrease in gross margin percentage, partially offset by a higher increase in QCT revenues relative to the increase in research and development expenses. QCT gross margin percentage decreased as a result of the net effects of lower average selling prices, unfavorable product mix and higher product support costs, partially offset by a decrease in average unit costs. Starting with acquisitions in the third quarter of fiscal 2011, expenses related to the step-up of acquired inventories to fair value and amortization of acquired intangible assets are not allocated to our operating segments. Expenses related to acquisitions assigned to QCT that were not included in QCT's earnings before taxes were \$56 million in the second quarter of fiscal 2012.

QTL Segment. QTL revenues for the second quarter of fiscal 2012 were \$1.72 billion, compared to \$1.75 billion for the second quarter of fiscal 2011. During the second quarter of fiscal 2011, we entered into agreements with two licensees to settle disputes, including an arbitration proceeding with Panasonic, and recorded \$401 million in revenues related to prior quarters. The \$378 million increase in revenues (before the \$401 million offset) was primarily due to an increase in sales of CDMA-based devices by licensees and higher average royalties per unit of CDMA-based devices. QTL earnings before taxes for the second quarter of fiscal 2012 were \$1.54 billion, compared to \$1.57 billion for the second quarter of fiscal 2011. QTL operating margin percentage was 89% in the second quarter of fiscal 2012, compared to 90% in the second quarter of fiscal 2011.

QWI Segment. QWI revenues for the second quarter of fiscal 2012 were \$159 million, compared to \$157 million for the second quarter of fiscal 2011. QWI loss before taxes for the second quarter of fiscal 2012 was \$10 million, compared to \$135 million for the second quarter of fiscal 2011. QWI operating expenses for the second quarter of fiscal 2012 and 2011 included \$16 million and \$114 million, respectively, in goodwill impairment charges related to our Firethorn division. The increase in QWI earnings before tax, excluding these charges, was primarily attributable to a \$15 million increase in QIS operating income.

QSI Segment. QSI loss before taxes from continuing operations for the second quarter of fiscal 2012 was \$99 million, compared to \$45 million for the second quarter of fiscal 2011. QSI operating expenses for the second quarter of fiscal 2012 included \$81 million related to the payment made to the Indian government in connection with issuance of the BWA spectrum license. The \$27 million decrease in QSI loss before taxes from continuing operations, excluding this charge, was primarily attributable to a \$13 million increase in net investment gains.

Our Segment Results for the First Six Months of Fiscal 2012 Compared to the First Six Months of Fiscal 2011

The following should be read in conjunction with the first six months financial results of fiscal 2012 for each reporting segment. See "Notes to Condensed Consolidated Financial Statements, Note 7 - Segment Information."

QCT Segment. QCT revenues for the first six months of fiscal 2012 were \$6.14 billion, compared to \$4.08 billion for the first six months of fiscal 2011. Equipment and services revenues, mostly related to sales of MSM and accompanying RF and PM integrated circuits, were \$6.03 billion for the first six months of fiscal 2012, compared to \$3.97 billion for the first six months of fiscal 2011. The increase in equipment and services revenues primarily resulted from a \$1.21 billion increase related to higher unit shipments, a \$584 million increase related to sales of connectivity products, primarily resulting from the acquisition of Atheros, and a \$231 million increase related to the net effects of changes in product mix and lower average selling prices of such products.⁽¹⁾ Approximately 308 million MSM integrated circuits for CDMA- and OFDMA- based wireless devices were sold during the first six months of fiscal 2012, compared to approximately 236 million during the first six months of fiscal 2011.

QCT earnings before taxes for the first six months of fiscal 2012 were \$1.34 billion, compared to \$1.06 billion for the first six months of fiscal 2011. The increase in QCT earnings before taxes was primarily attributable to the increase in QCT revenues, partially offset by the impact of a decrease in gross margin percentage, a \$358 million increase in research and development expenses and a \$98 million increase in selling, general and administrative expenses. QCT operating income as a percentage of revenues (operating margin percentage) was 22% in the first six months of fiscal 2012, compared to 26% in the first six months of fiscal 2011. The decrease in operating margin percentage was primarily due to a decrease in gross margin percentage, partially offset by a higher increase in QCT revenues relative to the increase in research and development expenses. QCT gross margin percentage decreased as a result of the net effects of lower average selling prices, unfavorable product mix and higher product support costs, partially offset by a decrease in average unit costs. Expenses related to acquisitions assigned to QCT that were not included in QCT's earnings before taxes were \$115 million in the first six months of fiscal 2012.

QTL Segment. QTL revenues for the first six months of fiscal 2012 were \$3.16 billion, compared to \$2.80 billion for the first six months of fiscal 2011. The \$760 million increase in revenues (before the \$401 million offset related to the settlement of licensee disputes in the second quarter of fiscal 2011) was primarily due to an increase in sales of CDMA-based devices by licensees and higher average royalties per unit of CDMA-based devices. QTL earnings before taxes for the first six months of fiscal 2012 were \$2.81 billion, compared to \$2.47 billion for the first six months of fiscal 2011. QTL operating margin percentage was 89% in the first six months of fiscal 2012, compared to 88% in the first six months of fiscal 2011.

QWI Segment. QWI revenues for the first six months of fiscal 2012 were \$311 million, compared to \$329 million for the first six months of fiscal 2011. The decrease in QWI revenues was primarily due to a \$12 million decrease in QES revenues attributable to lower shipments of mobile information units and lower services revenues. QWI loss before taxes for the first six months of fiscal 2012 was \$9 million, compared to a \$135 million loss for the first six months of fiscal 2011. QWI operating expenses for the first six months of fiscal 2012 and 2011 included \$16 million and \$114 million, respectively, in goodwill impairment charges related to our Firethorn division. The increase in QWI earnings before tax, excluding these charges, was primarily attributable to an \$11 million increase in QIS operating income.

QSI Segment. QSI loss before taxes from continuing operations for the first six months of fiscal 2012 was \$133 million, compared to \$67 million for the first six months of fiscal 2011. QSI operating expenses for the first six months of fiscal 2012 included \$81 million related to the payment made to the Indian government in connection with issuance of the BWA spectrum license. The \$15 million decrease in QSI loss before taxes from continuing operations, excluding this charge, was primarily attributable to a \$16 million increase in net investment gains.

(1) Starting in the second quarter of fiscal 2012, we updated the method we use to quantify the dollar impact of changes in QCT unit shipments as compared to the impact of changes in product mix and changes in product prices. The information presented for the first six months of fiscal 2012 was calculated using the updated method.

Liquidity and Capital Resources

Our principal sources of liquidity are our existing cash, cash equivalents and marketable securities, cash generated from operations and proceeds from the issuance of common stock under our stock option and employee stock purchase plans. Cash, cash equivalents and marketable securities were \$26.6 billion at March 25, 2012, an increase of \$5.7 billion from September 25, 2011. This increase included \$1.9 billion in proceeds from the sale of substantially all of our 700 MHz spectrum and \$1.1 billion in proceeds from the issuance of common stock under our equity compensation plans. Our cash, cash equivalents and marketable securities at March 25, 2012 consisted of \$10.1 billion held domestically and \$16.5 billion held by foreign subsidiaries. Of the amount of cash, cash equivalents and marketable securities held by our foreign subsidiaries at March 25, 2012, \$15.2 billion is indefinitely reinvested and would be subject to material tax effects if repatriated. Due to tax and accounting considerations, we derive liquidity for operations primarily from domestic cash flow and investments held domestically. Total cash provided by operating activities increased to \$3.7 billion during the first six months of fiscal 2012, compared to \$1.8 billion during the first six months of fiscal 2011. The increase was primarily due to the payment of \$1.5 billion to the United States tax authorities in the first six months of fiscal 2011.

During the first six months of fiscal 2012, we repurchased 2,046,000 shares of our common stock for \$99 million. In connection with our stock repurchase program, we sold three put options in fiscal 2011 with expiration dates during fiscal 2012 that may require us to repurchase an aggregate of 11,800,000 shares of our common stock upon exercise for \$586 million, which would result in an average price per share of \$49.64. Any shares repurchased are retired. On March 6, 2012, we announced that we have been authorized to repurchase up to \$4.0 billion of our common stock. The \$4.0 billion stock repurchase program replaced a \$3.0 billion stock repurchase program, of which \$948 million remained authorized for repurchase, net of put options outstanding. At March 25, 2012, approximately \$3.5 billion remained

available for repurchase under our stock repurchase program, net of put options outstanding. The stock repurchase program has no expiration date. We continue to evaluate repurchases as a means of returning capital to stockholders, subject to our periodic determinations that repurchases are in the best interest of our stockholders.

We paid cash dividends totaling \$366 million, or \$0.215 per share on March 23, 2012. On March 6, 2012, we announced an increase in our quarterly cash dividend per share of common stock from \$0.215 to \$0.25, which is effective for quarterly dividends payable after March 23, 2012. On April 3, 2012, we announced a cash dividend per share of \$0.25 per share on our common stock, payable on June 20, 2012 to stockholders of record as of June 1, 2012. We intend to continue to use cash dividends as a means of returning capital to stockholders, subject to our periodic determinations that cash dividends are in the best interests of our stockholders.

Accounts receivable increased 15% during the second quarter of fiscal 2012. Days sales outstanding, on a consolidated basis, were 22 days at March 25, 2012 compared to 20 days at December 25, 2011. The increase in accounts receivable and the related days sales outstanding were primarily due to the effects of timing of shipments and customer payments for receivables related to integrated circuits.

We believe our current cash and cash equivalents, marketable securities and our expected cash flow generated from operations will provide us with flexibility and satisfy our working and other capital requirements over the next fiscal year and beyond based on our current business plans.

- Our research and development expenditures were \$1.8 billion in the first six months of fiscal 2012 and \$3.0 billion in fiscal 2011, and we expect to continue to invest heavily in research and development for new technologies, applications and services for voice and data communications, primarily in the wireless industry.
- Capital expenditures were \$635 million in the first six months of fiscal 2012 and \$593 million in fiscal 2011. We anticipate that capital expenditures will be higher in fiscal 2012 as compared to fiscal 2011, primarily due to estimated capital expenditures of more than \$600 million in fiscal 2012 related to the continued construction of a new manufacturing facility in Taiwan for our QMT division. The initial phase of the facility is primarily being funded using cash held by foreign subsidiaries, and the facility is expected to be operational in fiscal 2013. Future capital expenditures may also be impacted by transactions that are currently not forecasted.
- Our purchase obligations for the remainder of fiscal 2012, some of which relate to research and development activities and capital expenditures, totaled \$2.0 billion at March 25, 2012.
- The acquisition of Atheros in fiscal 2011 was more significant than others we have made in the past. We expect to continue making strategic investments and acquisitions, the amounts of which could vary significantly, to open new opportunities for our technologies, obtain development resources, grow our patent portfolio or pursue new business.
- At March 25, 2012, loans related to the BWA spectrum won in India in the aggregate of \$1.0 billion, which are denominated in Indian rupees, are due and payable in full on December 18, 2012 and bear interest at an annual rate based on the highest base rate among the bank lenders, which is reset quarterly, plus 0.25% (10.75% at March 25, 2012) with interest payments due monthly.

Contractual Obligations/Off-Balance Sheet Arrangements

We have no significant contractual obligations not fully recorded on our condensed consolidated balance sheets or fully disclosed in the notes to our condensed consolidated financial statements. Our consolidated balance sheet at March 25, 2012 included an aggregate of \$1.0 billion in loans that are payable in full in Indian rupees on December 18, 2012. We have no material off-balance sheet arrangements as defined in S-K 303(a)(4)(ii).

Additional information regarding our financial commitments at March 25, 2012 is provided in the notes to our condensed consolidated financial statements. See "Notes to Condensed Consolidated Financial Statements, Note 4 — Income Taxes," "Note 6 — Commitments and Contingencies" and "Note 8 — Discontinued Operations."

Risk Factors

You should consider each of the following factors as well as the other information in this Quarterly Report in evaluating our business and our prospects. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently consider immaterial may also impair our business operations. If any of the following risks actually occur, our business and financial results could be harmed. In that case, the trading price of our common stock could decline. You should also refer to the other information set forth in this Quarterly Report and in our Annual Report on Form 10-K for the fiscal year ended September 25, 2011, including

our financial statements and the related notes.

Risks Related to Our Businesses

Our revenues are dependent on the commercial deployment of technologies based on CDMA and OFDMA, among others, and upgrades of 2G, 3G and 3G/4G multimode wireless communications equipment, products and services based on these technologies.

We develop, patent and commercialize technology and products based on CDMA and OFDMA, among others. Our revenues are dependent upon the commercial deployment of these technologies and products and upgrades of 2G, 3G and 3G/4G multimode wireless communications equipment, products and services based on these technologies. Our business may be harmed, and our investments in these technologies may not provide us an adequate return if:

- wireless operators delay moving 2G customers to 3G devices;
- wireless operators delay 3G and/or 3G/4G multimode deployments, expansions or upgrades;
- government regulators delay the reallocation of 2G spectrum to allow wireless operators to upgrade to 3G, which will restrict the expansion of 3G wireless connectivity, primarily outside of major population areas;
- wireless operators are unable to drive improvements in 3G network performance and/or capacity;
- LTE, an OFDMA-based wireless standard, is not widely deployed or commercial deployment is delayed;
- or
- wireless operators and other industries using these technologies deploy other technologies.

Our business is dependent on our ability to increase our share of components sold and to continue to drive the adoption of our products and services into 3G, 3G/4G multimode and 4G wireless devices and networks. We are also dependent on the success of our customers, licensees and CDMA- and OFDMA-based wireless operators and other industries using our technologies, as well as the timing of their deployment of new services, and they may incur lower gross margins on products or services based on these technologies than on products using alternative technologies as a result of greater competition or other factors. If commercial deployment of these technologies, upgrade of 2G subscribers to 3G devices and upgrades to 3G, 3G/4G multimode or 4G wireless communications equipment, products and services based on these technologies do not continue or are delayed, our revenues could be negatively impacted, and our business could suffer.

Our licensing revenues can be impacted by the deployment of other technologies in place of technologies based on CDMA, OFDMA and their derivatives or by the need to extend certain existing license agreements to cover additional later patents.

Although we own a very strong portfolio of issued and pending patents related to GSM, GPRS, EDGE, OFDM, OFDMA, WLAN and Multiple Input, Multiple Output (MIMO) technologies, our patent portfolio licensing program in these areas is less established and might not be as successful in generating licensing income as our CDMA licensing program. Many wireless operators are investigating or have selected LTE (or to a lesser extent WiMAX) as next-generation technologies for deployment in existing or future spectrum bands as complementary to their existing CDMA-based networks. Although we believe that our patented technology is essential and useful to implementation of the LTE and WiMAX industry standards and have granted royalty-bearing licenses to more than 20 companies (including LG, Nokia and Samsung) to make and sell products implementing those standards but not implementing 3G standards, the royalty rates for such products are generally lower than our royalty rates for 3G products (whether or not such 3G products also incorporate a LTE or WiMAX mode of operation), and therefore, we might not achieve the same licensing revenues on such LTE or WiMAX products as on CDMA-based or multimode CDMA/OFDMA-based products.

The licenses granted to and from us under a number of our license agreements include only patents that are either filed or issued prior to a certain date and, in a small number of agreements, royalties are payable on those patents for a specified time period. As a result, there are agreements with some licensees where later patents are not licensed by or to us or royalties are not owed to us under such license agreements after the specified time period. In order to license or to obtain a license to such later patents, or to receive royalties after the specified time period, we will need to extend or modify our license agreements or enter into new license agreements with such licensees. We might not be able to modify those license agreements, or enter into new license agreements, in the future without affecting the material terms and conditions of our license agreements with such licensees, and such modifications may impact our revenues.

Global economic conditions that impact the communications industry could negatively affect the demand for our products and our customers' products, which may negatively affect our revenues.

Volatility in capital markets or a decline in global economic conditions, particularly in geographic regions with high customer concentrations, could have adverse, wide-ranging effects on demand for our products and for the products of our customers, particularly wireless communications equipment manufacturers or others in the wireless industry who buy their products, such as wireless operators. Any prolonged financial or economic crisis may result in a downturn in demand for our products or technology; the insolvency of key suppliers resulting in product delays; delays in reporting and/or payments from our licensees and/or customers; failures by counterparties; and negative effects on wireless device inventories. In addition, our direct and indirect customers' ability to purchase or pay for our products and services, obtain financing and upgrade wireless networks could be adversely affected by economic conditions, leading to cancellation or delay of orders for our products.

Our industry is subject to competition in an environment of rapid technological change that could result in decreased demand for our products and the products of our customers and licensees, declining average selling prices for our licensees' products and our products and/or new specifications or requirements placed upon our products, each of which could negatively affect our revenues and operating results.

Our industry is subject to rapid technological change, and we must make substantial investments in new products, services and technologies to compete successfully. Technological innovations generally require a substantial investment before they are commercially viable. We intend to continue to make substantial investments in developing new products and technologies, and it is possible that our development efforts will not be successful and that our new technologies will not result in meaningful revenues. Our products, services and technologies face significant competition, and the revenues generated or the timing of their deployment, which may be dependent on the actions of others, may not meet our expectations. Competition in the communications industry is affected by various factors that include, among others: evolving industry standards; evolving methods of transmission for voice and data communications; networking; value-added features that drive replacement rates and selling prices; turnkey, integrated product offerings that incorporate hardware, software, user interface and applications; scalability and the ability of the system technology to meet customers' immediate and future network requirements.

Our future success will depend on, among other factors, our ability to:

- increase demand for our integrated circuit products and drive their adoption across a broad spectrum of devices, such as smartphones and tablets, and into new areas of wireless connectivity, including gaming, wireless charging and the connected home;
- strengthen our integrated circuit product roadmap for, and develop channel relationships in, emerging geographic regions requiring turnkey product offerings for low-end smartphones;
- be a preferred partner for operating system platforms, such as Android and Windows Phone, and effectively commercialize Windows 8 on ARM processor-equipped devices;
- focus our service businesses on key opportunities, such as eHealth and machine-to-machine technologies (allowing both wireless and wired systems to communicate with other devices), among others, that create standalone value and/or contribute to the success of our other businesses;
- be a leader in the 4G technology evolution, including expansion of our LTE (and WiMAX) single mode licensing program and timely introduction of 4G turnkey, integrated products and services; and
- succeed in significant foreign regions, such as China, India and Europe.

Companies that promote WWAN (Wireless Wide Area Network) technologies that are neither CDMA- nor OFDMA-based (e.g., GSM) and companies that design integrated circuits based on CDMA, OFDMA or their derivatives are generally competitors or potential competitors. Examples (some of which are strategic partners of ours in other areas) include Broadcom, CSR plc, Freescale, Intel, Lantiq, Marvell Technology, Mediatek, nVidia, Renesas Electronics, Samsung, Spreadtrum Communications, ST-Ericsson (a joint venture between Ericsson Mobile Platforms and ST-NXP Wireless), Texas Instruments and VIA Telecom. Many of these current and potential competitors have advantages over us that include, among others: motivation by our customers in certain circumstances to find alternate suppliers; foreign government support of other technologies; and more extensive relationships with indigenous distribution and original equipment manufacturer companies in developing territories (e.g., China).

Certain of our and our suppliers' software may contain or may be derived from "open source" software, and we have seen, and believe we will continue to see, an increase in customers requesting that we develop products, including software associated with our chipsets, that will incorporate open source software elements and operate in an open source environment, which, under certain open source licenses, may offer accessibility to a portion of a product's source code

and may expose related intellectual property to adverse licensing conditions. Licensing of such software may impose certain obligations on us if we were to distribute derivative works of the open source software. For example, these obligations may require us to make source code for the derivative works available to our customers in a manner that allows them to make such source code available to their customers, or license such derivative works under a particular type of license that is different than what we customarily use to license our software. Developing open source products, while adequately protecting the intellectual property rights upon which our licensing business depends, may prove burdensome and time-consuming under certain circumstances, thereby placing us at a competitive disadvantage for new product designs. Also, our use and our customers' use of open source software may subject our products and our customers' products to governmental scrutiny and delays in product certification, which could cause customers to view our products as less desirable than our competitors' products. While we believe we have taken appropriate steps and employed adequate controls to protect our intellectual property rights, our use of open source software presents risks that could have an adverse effect on these rights and on our business.

Competition may reduce average selling prices for our chipset products and the products of our customers and licensees. Reductions in the average selling prices of our licensees' products, unless offset by an increase in volumes, generally result in reduced total royalties payable to us. We anticipate that additional competitors will introduce products as a result of growth opportunities in wireless communications, the trend toward global expansion by foreign and domestic competitors, technological and public policy changes and relatively low barriers to entry in selected segments of the industry.

We derive a significant portion of our consolidated revenues from a small number of customers and licensees. If revenues derived from these customers or licensees decrease, our operating results could be negatively affected.

Our QCT segment derives a significant portion of revenues from a small number of customers. The loss of any one of our QCT segment's significant customers or the delay, even if only temporary, or cancellation of significant orders from any of these customers would reduce our revenues in the period of the delay or cancellation and harm our ability to achieve or sustain expected operating results. Accordingly, unless and until our QCT segment diversifies and expands its customer base, our future success will largely depend upon the timing and size of any future purchase orders from these customers.

Although we have more than 210 licensees, our QTL segment derives a significant portion of licensing revenues from a limited number of licensees. Our future success depends upon the ability of our licensees to develop, introduce and deliver high-volume products that achieve and sustain customer acceptance. We have little or no control over the sales efforts of our licensees, and our licensees might not be successful. Reductions in the average selling price of wireless devices sold by our major licensees, without a sufficient increase in the volumes of such devices sold, could have an adverse effect on our revenues.

Efforts by some communications equipment manufacturers or their customers to avoid paying fair and reasonable royalties for the use of our intellectual property may create uncertainty about our future business prospects, may require the investment of substantial management time and financial resources, and may result in legal decisions and/or actions by foreign governments, Standards Development Organizations (SDOs) or other industry groups that harm our business.

A small number of companies, in the past, have initiated various strategies in an attempt to renegotiate, mitigate and/or eliminate their need to pay royalties to us for the use of our intellectual property in order to negatively affect our business model and that of our other licensees. These strategies have included (i) litigation, often alleging infringement of patents held by such companies, patent misuse, patent exhaustion, and/or patent and/or license unenforceability, or some form of unfair competition, (ii) taking positions contrary to our understanding of their contracts with us, (iii) appeals to governmental authorities, (iv) collective action, including working with wireless operators, standards bodies, other like-minded companies and other organizations, on both formal and informal bases, to adopt intellectual property policies and practices that could have the effect of limiting returns on intellectual property innovations, and (v) lobbying with governmental regulators and elected officials for the purpose of seeking the imposition of some form of compulsory licensing and/or to weaken a patent holder's ability to enforce its rights or obtain a fair return for such rights.

Some companies or entities have proposed significant changes to existing intellectual property policies for implementation by SDOs and other industry organizations, some of which would require a maximum aggregate intellectual property royalty rate for the use of all essential patents owned by all of the member companies to be applied to the selling price of any product implementing the relevant standard. They have further proposed that such maximum aggregate royalty rate be apportioned to each member company with essential patents based upon the number of

essential patents held by such company. A number of these strategies are purportedly based on interpretations of the policies of certain SDOs concerning the licensing of patents that are or may be essential to industry standards and our and/or other companies' alleged failure to abide by these policies. Others have made proposals that could severely limit damage awards and other remedies by courts for patent infringement. There is a risk that relevant courts or governmental agencies will interpret some or all of those proposals in a manner adverse to our interests. If such proposals and strategies continue and are successful in the future, our business model would be harmed, either by artificially limiting our return on investment with respect to new technologies or forcing us to work outside of the SDOs or such other industry groups to promote our new technologies, and our results of operations could be negatively impacted. As well, the legal and other costs associated with defending our position have been and continue to be significant. We assume that such challenges, regardless of their merits, will continue into the foreseeable future and may require the investment of substantial management time and financial resources to explain and defend our position.

Other companies or entities have commenced, and may again commence, actions seeking to establish the invalidity of one or more of our patents. In the event that one or more of our patents are challenged, a court may invalidate the patent(s) or determine that the patent(s) is not enforceable, which could harm our competitive position. If our key patents are invalidated, or if the scope of the claims in any of these patents is limited by court decision, we could be prevented from licensing the invalidated or limited portion of such patents. Such adverse decisions, depending upon their extent, could negatively impact our revenues. Even if such a patent challenge is not successful, it could be expensive and time consuming to address, divert management attention from our business and harm our reputation.

The enforcement and protection of our intellectual property rights may be expensive, could fail to prevent misappropriation or unauthorized use of our proprietary intellectual property rights or could result in the loss of our ability to enforce one or more patents.

We rely primarily on patent, copyright, trademark and trade secret laws, as well as nondisclosure and confidentiality agreements and other methods, to protect our proprietary information, technologies and processes, including our patent portfolio. Policing unauthorized use of our products, technologies and proprietary information is difficult and time consuming. We cannot be certain that the steps we have taken, or may take in the future, will prevent the misappropriation or unauthorized use of our proprietary information and technologies, particularly in foreign countries where the laws may not protect our proprietary intellectual property rights as fully or as readily as United States laws. We cannot be certain that the laws and policies of any country, including the United States, or the practices of any of the standards bodies, foreign or domestic, with respect to intellectual property enforcement or licensing or the adoption of standards, will not be changed in a way detrimental to our licensing program or to the sale or use of our products or technology. We may have difficulty in protecting or enforcing our intellectual property rights and/or contracts in a particular foreign jurisdiction, including: challenges to our licensing practices under such jurisdictions' competition laws; adoption of mandatory licensing provisions by foreign jurisdictions (either with controlled/regulated royalties or royalty free); failure of foreign courts to recognize and enforce judgments of contract breach and damages issued by courts in the United States; and challenges pending before foreign competition agencies to the pricing and integration of additional features and functionality into our wireless chipset products.

A substantial portion of our patents and patent applications relate to our wireless communications technology and much of the remainder of our patents and patent applications relate to our other technologies and products. We may need to litigate in the United States or elsewhere in the world to enforce our intellectual property rights, protect our trade secrets or determine the validity and scope of proprietary rights of others. As a result of any such litigation, we could lose our ability to enforce one or more patents or incur substantial unexpected operating costs. Any action we take to enforce our intellectual property rights could be costly and could absorb significant management time and attention, which, in turn, could negatively impact our operating results.

Claims by other companies that we infringe their intellectual property could adversely affect our business.

From time to time, companies have asserted, and may again assert, patent, copyright and other intellectual property rights against our products or products using our technologies or other technologies used in our industry. These claims have resulted and may again result in our involvement in litigation. We may not prevail in such litigation given the complex technical issues and inherent uncertainties in intellectual property litigation. If any of our products were found to infringe on another company's intellectual property rights, we could be subject to an injunction or required to redesign our products, which could be costly, or to license such rights and/or pay damages or other compensation to such other company. If we were unable to redesign our products, license such intellectual property rights used in our products or otherwise distribute our products through a licensed supplier, we could be prohibited from making and selling such products. In any potential dispute involving other companies' patents or other intellectual property, our chipset foundries, semiconductor assembly and test providers and customers could also become the targets of litigation. We are

contingently liable under certain product sales, services, license and other agreements to indemnify certain customers against certain types of liability and/or damages arising from qualifying claims of patent infringement by products or services sold or provided by us. Reimbursements under indemnification arrangements could have an adverse effect on our results of operations. Furthermore, any such litigation could severely disrupt the supply of our products and the businesses of our chipset customers and their wireless operator customers, which in turn could hurt our relationships with them and could result in a decline in our chipset sales and/or reductions in our licensees' sales, causing a corresponding decline in our chipset and/or licensing revenues. Any claims, regardless of their merit, could be time consuming to address, result in costly litigation, divert the efforts of our technical and management personnel or cause product release or shipment delays, any of which could have an adverse effect upon our operating results.

We expect that we may continue to be involved in litigation and may have to appear in front of administrative bodies (such as the U.S. International Trade Commission) to defend against patent assertions against our products by companies, some of whom are attempting to gain competitive advantage or leverage in licensing negotiations. We may not be successful in such proceedings, and if we are not, the range of possible outcomes includes everything from royalty payment to an injunction on the sale of certain of our chipsets (and on the sale of our customers' devices using our chipsets). Any imposition of royalty payments might make purchases of our chipsets less economical for our customers. A negative outcome in any such proceeding could severely disrupt the business of our chipset customers and their wireless operator customers, which in turn could harm our relationships with them and could result in a decline in our share of worldwide chipset sales and/or a reduction in our licensees' sales to wireless operators, causing corresponding declines in our chipset and/or licensing revenues.

A number of other companies have claimed to own patents essential to various CDMA standards, GSM standards and OFDMA standards or implementations of systems based on such standards. If we or other product manufacturers are required to obtain additional licenses and/or pay royalties to one or more of such other patent holders, this could have an adverse effect on the commercial implementation of our CDMA, GSM, OFDMA or multimode products and technologies, demand for our licensees' products and our results of operations.

Our earnings and stock price are subject to substantial quarterly and annual fluctuations and to market downturns.

The market price of our common stock has fluctuated in the past and is likely to fluctuate in the future as well. Factors that may have a significant impact on the market price of our stock include, among others:

- volatility of the stock market in general and technology-based companies in particular that is often unrelated to the operating performance of any specific public company;
- announcements concerning us or our competitors, including the selection of wireless communications technology by wireless operators and the timing of the roll-out of those systems;
- international developments, such as technology mandates, political developments or changes in economic policies;
- changes in recommendations of securities analysts;
- proprietary rights or product or patent litigation against us or against our customers or licensees;
- strategic transactions, such as spin-offs, acquisitions and divestitures;
- unexpected and/or significant changes in the average selling price of our licensees' products and our products;
- unresolved disputes with licensees that result in non-payment and/or non-recognition of royalty revenues that may be owed to us;
or
- inquiries, rumors or allegations regarding our financial disclosures or practices.

In the past, securities class action litigation often has been brought against a company following periods of volatility in the market price of its securities. Due to changes in our stock price, we may be the target of securities litigation in the future. Securities litigation could result in substantial uninsured costs and divert management's attention and resources.

Changes in financial market volatility and liquidity may result in declines in the value and performance of our significant portfolio of marketable securities. Net investment income could vary depending on the gains or losses realized on the sale or exchange of securities, impairment charges related to marketable securities and other investments, changes in interest rates and changes in fair values of derivative instruments.

These factors affecting our future earnings are difficult to forecast and could harm our quarterly and/or annual operating results. If our earnings fail to meet the financial guidance we provide to investors, or the expectations of

investment analysts or investors in any period, securities class action litigation could be brought against us and/or the market price of our common stock could decline.

We depend on a limited number of third-party suppliers for our procurement, manufacture and testing of product inventories. If these third-party suppliers fail to meet our needs, or if there are any disruptions in the operations of, or a loss of, any of these third-party suppliers, it could harm our ability to meet our delivery obligations to our customers, reduce our revenues, increase our operating expenses and harm our business.

We purchase raw materials, component parts, subassemblies and specialized manufacturing equipment from our suppliers and contract with separate suppliers for probe, assembly, test and other services in the manufacture of our product inventories. A reduction, interruption, delay or limitation in our product supply source, a failure by our suppliers to provide or allocate adequate manufacturing or test capacity for our products or their inability to react to shifts in product demand or an increase in raw material or component prices could have an adverse effect on our ability to meet customer demands, our business and/or our profitability. The loss of a significant supplier or the inability of a supplier to meet performance and quality specifications or delivery schedules could harm our ability to meet our delivery obligations to our customers and negatively impact our revenues and business operations. In the event of a loss of, or a decision to change, a supplier, qualifying a new foundry supplier and commencing volume production or testing could cause us to incur additional expense and production delays, resulting in possible loss of customers.

While our goal is to establish alternate suppliers for technologies that we consider critical, we rely on sole- or limited-source suppliers for some products, subjecting us to significant risks, including: possible shortages of raw materials or manufacturing capacity; poor product performance; and reduced control over delivery schedules, manufacturing capability and yields, quality assurance, quantity and costs. Our arrangements with our suppliers may oblige us to incur costs to manufacture and test our products that do not decrease at the same rate as decreases in pricing to our customers.

QCT Segment. Although we have entered into long-term contracts with our suppliers, these contracts generally do not provide for long-term capacity commitments, except as may be provided in a particular purchase order that has been accepted by our supplier. To the extent that we do not have firm commitments from our suppliers over a specific time period, or for any specific quantity, our suppliers may allocate, and in the past have allocated, capacity to the production and testing of products for their other customers while reducing or limiting capacity to manufacture or test our products. Accordingly, capacity for our products may not be available when we need it or at reasonable prices. We have experienced and are currently experiencing capacity limitations from our suppliers, resulting in supply constraints and our inability to meet certain customer demand. The readiness of our foundry suppliers to support transitions to smaller geometry process technologies could also impact our ability to meet customer demand, increase our operating expenses and subject us to the risk of excess inventories. Our inability to meet customer demand and/or the additional operating expenses that we incur because of these or other supply constraints could negatively impact our business, our revenues and our results of operations.

QMT Division. Our QMT division needs to further develop its business relationships with raw materials and component supply partners to support the manufacture of IMOD displays and/or modules in commercial volumes. We depend on certain raw materials, components and specialized manufacturing equipment, primarily from suppliers in Taiwan, Japan and South Korea, to produce our IMOD display panels, and we may not be able to obtain sufficient quantities and acceptable quality of raw materials, components and equipment in the future to support commercial production. The effect of these supplier-related risks could negatively impact the adoption of the IMOD technology.

Our suppliers may also be our competitors, putting us at a disadvantage for pricing and capacity allocation.

One or more of our suppliers may obtain rights from us to manufacture CDMA- or OFDMA-based integrated circuits that compete with our products. In this event, the supplier could elect to allocate raw materials and manufacturing capacity to their own products and reduce or limit deliveries to us to our detriment. In addition, we may not receive reasonable pricing, manufacturing or delivery terms. We cannot guarantee that the actions of our suppliers will not cause disruptions in our operations that could harm our ability to meet our delivery obligations to our customers or increase our cost of sales.

We may engage in acquisitions or strategic transactions or make investments that could result in significant changes or management disruption and fail to enhance stockholder value.

From time to time, we engage in acquisitions or strategic transactions or make investments with the goal of maximizing stockholder value. We acquire businesses and other assets, including spectrum licenses, patents and other intangible assets, enter into joint ventures or other strategic transactions and purchase equity and debt securities,

including minority interests in publicly-traded and private companies. Many of our strategic investments are in early-stage companies to expand the wireless industry and promote the global adoption of CDMA- or OFDMA-based technologies and related services. Most of our acquisitions or strategic investments entail a high degree of risk and will not become liquid until more than one year from the date of investment, if at all. Our acquisitions or strategic investments (either those we have completed or may undertake in the future) may not generate financial returns or result in increased adoption or continued use of our technologies. In some cases, we may be required to consolidate or record our share of the earnings or losses of companies in which we have acquired ownership interests. Our share of any losses will adversely affect our financial results until we exit from or reduce our exposure to these investments.

Achieving the anticipated benefits of business acquisitions, such as our recent acquisition of Atheros, depends in part upon our ability to integrate the acquired businesses in an efficient and effective manner. The integration of companies that have previously operated independently may result in significant challenges, including, among others: retaining key employees; successfully integrating new employees, business systems and technology; retaining customers and suppliers of the acquired business; minimizing the diversion of management's attention from ongoing business matters; coordinating geographically separate organizations; consolidating research and development operations; and consolidating corporate and administrative infrastructures. We may not derive any commercial value from acquired technology, products and intellectual property or from future technologies and products based on the acquired technology and/or intellectual property, and we may be subject to liabilities that are not covered by indemnification protection we may obtain. Additionally, we may not be successful in expanding into geographic regions and/or categories of products served by or adjacent to an acquired business and in addressing potential new opportunities that may arise out of the combination. Due to our inexperience with products and/or geographic regions served by acquired businesses, we may overestimate the benefits, including product and other synergies and growth opportunities that we expect to realize, and we may fail to achieve them. For example, Atheros' business has focused on LAN connectivity and products for WLAN (also referred to as WiFi) and other technologies primarily for networking, computing and other consumer electronic devices. We may not realize the expected return on our investment in Atheros if we do not effectively execute upon the product and business strategies and/or other opportunities created by the acquisition.

Our QMT division's business does not currently generate operating income and may not succeed or its operating results may not meet our expectations.

While we continue to believe our QMT division's IMOD displays will offer compelling advantages to users of displays, other technologies may continue to improve in ways that reduce the advantages we anticipate from our IMOD displays. Sales of flat panel displays are currently dominated, and we believe will likely continue to be dominated for some time, by displays based on liquid crystal display (LCD) technology. Numerous companies are making substantial investments in, and conducting research to improve characteristics of, LCDs. Additionally, several other flat panel display technologies have been, or are being, developed, including technologies for the production of organic light-emitting diode (OLED), field emission, inorganic electroluminescence, gas plasma and vacuum fluorescent displays. In each case, advances in LCD or other flat panel display technologies could result in technologies that are more cost effective, have fewer display limitations or can be brought to market faster than our IMOD technology. These advances in competing technologies might cause device manufacturers to avoid entering into commercial relationships with us or to not renew planned or existing relationships with us.

We may not evolve our QMT division into a successful display-based subsystem provider if we are unable to cost-effectively manufacture and commercialize our IMOD display product. We are constructing a new facility in Taiwan to manufacture our IMOD display product. We may experience unforeseen difficulties, delays or defects upon volume production and broad deployment of this product. Delays in volume production of our IMOD display product could result from delays in delivery, installation and qualification of specialized manufacturing equipment and numerous other factors. In addition, we have limited experience in the display business, and we may be unsuccessful in selling our IMOD display product. Our QMT division had \$1.4 billion in assets (including \$136 million in goodwill) at March 25, 2012. If we do not expect to achieve or do not achieve adequate market penetration with our IMOD display technology, our assets may become impaired, negatively impacting our operating results, and we may not meet future earnings projections related to this business.

Currency fluctuations could negatively affect future product sales or royalty revenues, harm our ability to collect receivables or increase the U.S. dollar cost of the activities of our foreign subsidiaries and international strategic investments.

Our international customers sell their products throughout the world in various currencies. Consolidated revenues from international customers as a percentage of total revenues were greater than 90% in the first six months of fiscal 2012 and in the last three fiscal years. We are exposed to risk from fluctuations in currencies that could negatively affect

our operating results. Adverse movements in currency exchange rates may negatively affect our business due to a number of situations, including the following, among others:

- Our products and those of our customers and licensees that are sold outside the United States may become less price-competitive as a result of adverse currency fluctuations;
- Certain of our revenues, such as royalties, are derived from licensee or customer sales that are denominated in foreign currencies. Weakening of currency values versus the U.S. dollar in selected regions could reduce our revenues and cash flows;
- We may engage in foreign exchange hedging transactions that could affect our cash flows and results of operations because they may require the payment of structuring fees, limit the U.S. dollar value of royalties from licensees' sales that are denominated in foreign currencies, cause earnings volatility if the hedges do not qualify for hedge accounting and expose us to counterparty risk if the counterparty fails to perform;
- Our loans payable are denominated in Indian rupees. If the U.S. dollar weakens, additional cash may be required to settle this obligation and the related interest;
- Currency exchange rate fluctuations may reduce the U.S. dollar value of our marketable securities that are denominated directly or indirectly in foreign currencies; and
- Certain suppliers may price goods in currencies other than the U.S. dollar. A weakening dollar would result in higher than expected costs for these goods.

Failures in our products and services or in the products of our customers, including those resulting from security vulnerabilities, defects or errors, could harm our business.

The use of devices containing our products to access untrusted content creates a risk of exposing the system software in those devices to viral or malicious attacks. While we continue to expand our focus on this issue and are taking measures to safeguard our products from cybersecurity threats, device capabilities continue to evolve in a 3G/4G environment, enabling more data and processes, such as mobile computing, and increasing the risk that security failures will occur. Our products are inherently complex and may contain defects or errors that are detected only when the products are in use. For example, as our chipset product complexities increase, we are required to migrate to integrated circuit technologies with smaller geometric feature sizes. The design process interface issues are more complex as we enter into these new domains of technology, which adds risk to manufacturing yields and reliability. Manufacturing, testing, marketing and use of our products and those of our customers and licensees entail the risk of product liability. Because our products and services are responsible for critical functions in our customers' products and/or networks, security failures, defects or errors in our components, materials or software or those used by our customers could have an adverse impact on us, on our customers and on the end users of their products. Such adverse impact could include product liability claims or recalls, a decrease in demand for connected devices and wireless services, damage to our reputation and to our customer relationships, and other financial liability or harm to our business.

Our business and operations could suffer in the event of security breaches.

Attempts by others to gain unauthorized access to our information technology systems are becoming more sophisticated and are sometimes successful. These attempts, which might be related to industrial or other espionage, include covertly introducing malware to our computers and networks and impersonating authorized users, among others. We seek to detect and investigate all security incidents and to prevent their recurrence, but in some cases, we might be unaware of an incident or its magnitude and effects. The theft, unauthorized use or publication of our intellectual property and/or confidential business information could harm our competitive position, reduce the value of our investment in research and development and other strategic initiatives or otherwise adversely affect our business. To the extent that any security breach results in inappropriate disclosure of our customers' or licensees' confidential information, we may incur liability as a result. In addition, we expect to devote additional resources to the security of our information technology systems.

Potential tax liabilities could adversely affect our results of operations.

We are subject to income taxes in the United States and in numerous foreign jurisdictions. Significant judgment is required in determining our provision for income taxes. Although we believe that our tax estimates are reasonable, the final determination of tax audits and any related litigation could materially differ from amounts reflected in historical income tax provisions and accruals. In such case, our income tax provision and results of operations in the period or periods in which that determination is made could be negatively affected.

During the third quarter of fiscal 2012, we established QCT's non-United States headquarters in Singapore. We have obtained tax incentives in Singapore that result in a tax exemption for the first five years provided that we meet specified employment and incentive criteria in Singapore. The location of QCT's headquarters in Singapore will not result in any change in foreign tax during this period, as compared to tax that would be owed under the previous structure of QCT's non-United States operations. Our Singapore tax rate is expected to increase in fiscal 2017 and again in fiscal 2027 as a result of expiration of these incentives. If we fail to meet the criteria required to benefit from such incentives, our results of operations may be adversely affected.

Tax rules may change in a manner that adversely affects our future reported financial results or the way we conduct our business. For example, we consider the operating earnings of certain non-United States subsidiaries to be indefinitely invested outside the United States based on estimates that future domestic cash generation will be sufficient to meet future domestic cash needs for at least the next 12 months and the foreseeable future. No provision has been made for United States federal and state or foreign taxes that may result from future remittances of undistributed earnings of our foreign subsidiaries. Our future financial results and liquidity may be adversely affected if tax rules regarding unrepatriated earnings change, if domestic cash needs require us to repatriate foreign earnings, or if the United States international tax rules change as part of comprehensive tax reform or other tax legislation.

If wireless devices pose safety risks, we may be subject to new regulations, and demand for our products and those of our customers and licensees may decrease.

Concerns over the effects of radio frequency emissions continue. Interest groups have requested that the FCC investigate claims that wireless communications technologies pose health concerns and cause interference with airbags, hearing aids and medical devices. Concerns have also been expressed over, and state laws have been enacted to mitigate, the possibility of safety risks due to a lack of attention associated with the use of wireless devices while driving. Legislation that may be adopted in response to these concerns or adverse news or findings about safety risks could reduce demand for our products and those of our licensees and customers in the United States as well as in foreign countries.

We are subject to government regulations. Our business may suffer as a result of changes in laws or regulations, our failure or inability to comply with laws or regulations or adverse rulings in enforcement or other proceedings.

National, state and local environmental laws and regulations affect our operations around the world. These laws may make it more expensive to manufacture, have manufactured and sell products. It may also be difficult to comply with laws and regulations in a timely manner, and we may not have compliant products available in the quantities requested by our customers, which may have an adverse impact on our results of operations. There is also the potential for higher costs driven by environmental regulations. Our costs could increase if our vendors (e.g., third-party manufacturers or utility companies) pass on their costs to us.

As part of the development and commercialization of our IMOD display technology, we are operating both a development and a production fabrication facility. The development and commercialization of IMOD display prototypes is a complex and precise process involving restricted materials subject to environmental and safety regulations. Our failure or inability to comply with existing or future environmental and safety regulations could result in significant remediation liabilities, the imposition of fines and/or the suspension or termination of development and production activities.

Our products and services, and those of our customers and licensees, are subject to various regulations, including FCC regulations in the United States and other international regulations, as well as the specifications of international, national and regional standards bodies. The adoption of new laws or regulations, changes in the regulation of our activities, or exclusion or limitation of our technology or products by a government or standards body, could have an adverse effect on our business, including, among other factors, changes in laws, policies, practices or enforcement affecting trade, foreign investments, licensing practices, spectrum license issuance, adoption of standards, the provision of wireless device subsidies by wireless operators to their customers, taxation, environmental protection, loans and employment.

In connection with the BWA spectrum won in India in June 2010, we recorded the payment for the spectrum in other assets (\$959 million at March 25, 2012). The Government of India's Department of Telecommunications (DoT) initially rejected our Indian subsidiaries' applications to obtain licenses to operate wireless networks on this spectrum. We filed a petition with the Telecom Disputes Settlement and Appellate Tribunal (TDSAT) seeking to overturn the DoT's rejection, and thereafter, various actions related to the petition ensued before the TDSAT. On March 15, 2012, the DoT issued the license to one of our subsidiaries after it paid \$81 million for outstanding dues claimed by the DoT to be owed by a shareholder, Tulip Telecom Ltd. (Tulip), of the subsidiary. On March 21, 2012, our subsidiary filed an application for

assignment of the spectrum, which application remains pending before the DoT. Tulip has agreed to repay our subsidiary for any amounts paid by the subsidiary that are ultimately found or agreed by Tulip to be due to the DoT. If we do not ultimately receive assignment of the spectrum that we won in the auction, our payment for the spectrum may not be returned. In addition, unexpected regulatory delays or conditions or other factors could adversely affect our ability to exit from the venture.

Also in connection with the BWA spectrum acquisition and the additional payment to the DoT, each of the subsidiaries entered into loan agreements with multiple lenders (\$1.0 billion at March 25, 2012), which are due and payable on December 18, 2012. The loan agreements define certain events as events of default, including, among other things, if certain government authorizations are revoked, terminated, withdrawn, suspended, modified or withheld. As a result of the DoT's actions against us, the bank lenders agreed (by waivers effective until at least June 1, 2012) that any default would be deemed cured if, among other things, the relevant subsidiaries continue to pursue a merger into the subsidiary that was granted the license. Except as provided in the waivers, if an event of default is deemed to occur, the bank lenders could declare the loans due and payable immediately.

Changing laws, regulations and standards relating to corporate governance, public disclosure and health care may create uncertainty regarding compliance matters. New or changed laws, regulations and standards are subject to varying interpretations in many cases, and their application in practice may evolve over time. As a result, our efforts to comply may fail, particularly if there is ambiguity as to how they should be applied in practice. Evolving interpretations of new or changed legal requirements may cause us to incur higher costs as we revise current practices, policies and/or procedures and may divert management time and attention to compliance activities.

We may not be able to attract and retain qualified employees.

Our future success depends largely upon the continued service of our board members, executive officers and other key management and technical personnel. Our success also depends on our ability to continue to attract, retain and motivate qualified personnel. In addition, implementing our product and business strategy requires specialized engineering and other talent, and our revenues are highly dependent on technological and product innovations. The market for such specialized engineering and other talented employees in our industry is extremely competitive. In addition, existing immigration laws make it more difficult for us to recruit and retain highly skilled foreign national graduates of universities in the United States, making the pool of available talent even smaller. Key employees represent a significant asset, and the competition for these employees is intense in our industry. We continue to anticipate increases in human resource needs, particularly in engineering. If we are unable to attract and retain the qualified employees that we need, our business may be harmed.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Financial market risks related to interest rates, foreign currency exchange rates and equity prices are described in our 2011 Annual Report on Form 10-K. At March 25, 2012, there have been no other material changes to the market risks described at September 25, 2011 except as described below. Additionally, we do not anticipate any other near-term changes in the nature of our market risk exposures or in management's objectives and strategies with respect to managing such exposures.

Interest Rate Risk. The following table provides information about our interest-bearing cash and cash equivalents, marketable securities and loans payable that are sensitive to changes in interest rates. The table presents principal cash flows, weighted-average yield at cost and contractual maturity dates. Additionally, we have assumed that the interest-bearing securities are similar enough within the specified categories to aggregate the securities for presentation purposes.

Interest Rate Sensitivity
Principal Amount by Expected Maturity
Average Interest Rates
(Dollars in millions)

	2012	2013	2014	2015	2016	Thereafter	No Single Maturity	Total
Fixed interest-bearing securities:								
Cash and cash equivalents	\$ 2,664	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2,664
Interest rate	0.2%							
Trading securities:								
Investment grade	\$ 219	\$ 103	\$ 422	\$ 16	\$ 12	\$ 57	\$ 24	\$ 853
Interest rate	0.0% 2.8% 2.7% 3.4% 3.2% 4.2% 4.6%							
Non-investment grade	\$ —	\$ 2	\$ 8	\$ 10	\$ 31	\$ 11	\$ 15	\$ 77
Interest rate	7.9% 8.0% 7.6% 7.9% 6.1% 4.7%							
Other marketable securities:								
Investment grade	\$ 1,272	\$ 1,529	\$ 1,253	\$ 859	\$ 522	\$ 708	\$ 2,463	\$ 8,606
Interest rate	0.6% 1.3% 2.3% 2.0% 2.9% 5.3% 1.5%							
Non-investment grade	\$ 1	\$ 35	\$ 28	\$ 86	\$ 145	\$ 1,058	\$ 21	\$ 1,374
Interest rate	6.2% 3.4% 9.9% 10.9% 9.1% 7.9% 2.3%							
Floating interest-bearing securities:								
Cash and cash equivalents	\$ 2,160	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2,160
Interest rate	0.1%							
Trading securities:								
Investment grade	\$ —	\$ 3	\$ 17	\$ —	\$ —	\$ —	\$ 40	\$ 60
Interest rate	1.4% 2.0% 2.5%							
Non-investment grade	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 14	\$ 14
Interest rate	3.9%							
Other marketable securities:								
Investment grade	\$ 157	\$ 782	\$ 953	\$ 19	\$ 21	\$ 442	\$ 779	\$ 3,153
Interest rate	0.9% 1.2% 1.3% 3.2% 3.5% 8.8% 2.1%							
Non-investment grade	\$ —	\$ 33	\$ 126	\$ 129	\$ 192	\$ 1,259	\$ 1,184	\$ 2,923
Interest rate	6.2% 6.4% 7.0% 5.1% 6.0% 4.7%							
Loans payable ⁽¹⁾	\$ —	\$ 1,039	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,039
Floating interest rate	10.8%							

(1) Denominated in Indian rupees.

Cash and cash equivalents and marketable securities are recorded at fair value. The loans payable approximate fair value. Except as provided in waivers received from the bank lenders, if an event of default is deemed to occur, the bank lenders could declare the loans due and payable immediately. Further discussion of such risk is presented in the Risk Factors included in this Quarterly Report.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures. Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended. Based on this evaluation, our principal executive officer and our principal financial

officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Quarterly Report.

Changes in Internal Control over Financial Reporting. There have been no changes in our internal control over financial reporting during the second quarter of fiscal 2012 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

A review of our current litigation is disclosed in the notes to our condensed consolidated financial statements. See “Notes to Condensed Consolidated Financial Statements, Note 6 — Commitments and Contingencies,” in Part I, Item 1. We are also engaged in numerous other legal actions arising in the ordinary course of our business and, while there can be no assurance, believe that the ultimate outcome of these actions will not have a material adverse effect on our results of operations, liquidity or financial position.

ITEM 1A. RISK FACTORS

We have provided updated Risk Factors in the section labeled “Risk Factors” in Part I, Item 2, Management’s Discussion and Analysis of Financial Condition and Results of Operations. To reflect the various developments regarding issuance of the wireless license to our subsidiary in India, we revised the risk factor entitled:

- *“We are subject to government regulations. Our business may suffer as a result of changes in laws or regulations, our failure or inability to comply with laws or regulations or adverse rulings in enforcement or other proceedings.”*

Other than with respect to these revisions, we do not believe the updates made this quarter to the Risk Factors have materially changed the type or magnitude of the risks we face in comparison to the disclosure provided in our most recent Annual Report on Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On March 6, 2012, we announced that we have been authorized to repurchase up to \$4.0 billion of our common stock. As of March 25, 2012, approximately \$3.5 billion remained available for repurchase, net of shares that may be repurchased subject to put options outstanding. While we did not repurchase any common stock during the second quarter of fiscal 2012, we continue to evaluate repurchases under this program, subject to periodic determinations that repurchases are in the best interest of our stockholders. The stock repurchase program has no expiration date.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS

Exhibit Number	Description
3.1	Restated Certificate of Incorporation, as amended.
3.2	Certificate of Amendment of Certificate of Designation of Series A Junior Participating Preferred Stock. (1)
3.4	Amended and Restated Bylaws. (2)
4.1	Amended and Restated Rights Agreement dated as of September 26, 2005 between the Company and Computershare Trust Company, N.A., as successor Rights Agent to Computershare Investor Services LLC. (3)
4.2	Amendment dated as of December 7, 2006 to the Amended and Restated Rights Agreement dated as of September 26, 2005 between the Company and Computershare Trust Company, N.A., as successor Rights Agent to Computershare Investor Services LLC. (4)
31.1	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for Paul E. Jacobs.
31.2	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for William E. Keitel.
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, for Paul E. Jacobs.
32.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, for William E. Keitel.
101.INS	XBRL Instance Document. (5)
101.SCH	XBRL Taxonomy Extension Schema. (5)
101.CAL	XBRL Taxonomy Extension Calculation Linkbase. (5)
101.LAB	XBRL Taxonomy Extension Labels Linkbase. (5)
101.PRE	XBRL Taxonomy Extension Presentation Linkbase. (5)
101.DEF	XBRL Taxonomy Extension Definition Linkbase. (5)

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- (1) Filed as an exhibit to the Registrant's Current Report on Form 8-K filed on September 30, 2005.
 - (2) Filed as an exhibit to the Registrant's Current Report on Form 8-K filed on September 25, 2009.
 - (3) Filed as an exhibit to the Registrant's Current Report on Form 8-K filed on September 30, 2005.
 - (4) Filed as an exhibit to the Registrant's Current Report on Form 8-K filed on December 12, 2006.
 - (5) Furnished, not filed.

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 thereunto duly authorized.

QUALCOMM Incorporated

/s/ William E. Keitel

William E. Keitel

Executive Vice President and
Chief Financial Officer

Dated: April 18, 2012

RESTATED CERTIFICATE OF INCORPORATION, AS AMENDED
OF
QUALCOMM INCORPORATED

I.

The name of this corporation is QUALCOMM Incorporated.

II.

The address of the registered office of the corporation in the State of Delaware is 2711 Centerville Road, Suite 400, City of Wilmington, County of New Castle, and the name of the registered agent of the corporation in the State of Delaware at such address is The Prentice-Hall Corporation System, Inc.

III.

The purpose of this corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of the State of Delaware.

IV.

This corporation is authorized to issue two classes of stock to be designated, respectively, "Common Stock" and "Preferred Stock." The total number of shares which the corporation is authorized to issue is six billion eight million (6,008,000,000) shares. Six billion (6,000,000,000) shares shall be Common Stock, each having a par value of one one-hundredth of one cent (\$0.0001). Eight million (8,000,000) shares shall be Preferred Stock, each having a par value of one one-hundredth of one cent (\$0.0001).

V.

The relative rights, preferences, privileges and restrictions granted to or imposed upon the respective classes and series of shares are as follows:

A. COMMON STOCK.

The voting, dividend and liquidation rights of the Common Stock are subject to and qualified by the rights of the holders of the Preferred Stock of any series as designated herein and as may be designated by the Board of Directors of the corporation upon any issuance of the Preferred Stock of any series.

B. PREFERRED STOCK.

The Preferred Stock may be issued from time to time in one or more series. The Board of Directors is hereby authorized, by filing a certificate pursuant to the Delaware General Corporation Law, to fix or alter from time to time the designation, powers, preferences and rights of the shares of each such series and the qualifications, limitations or restrictions thereof, including without limitation the dividend rights, dividend rate, conversion rights, voting rights, rights and terms of redemption (including sinking fund provisions), redemption price or prices, and the liquidation preferences of any wholly unissued series of Preferred Stock, and to establish from time to time the number of shares constituting any such series and the designation thereof, or any of them (a "Preferred Stock Designation"); and to increase or decrease the number of shares of any series subsequent to the issuance of shares of that series, but not below the number of shares of such series then outstanding. In case the number of shares of any series shall be decreased in accordance with the foregoing sentence, the shares constituting such decrease shall resume the status that they had prior to the adoption of the resolution originally fixing the number of shares of such series.

On September 26, 1995, the Board of Directors created a series of Preferred Stock designated as the Series A Junior Participating Preferred Stock. The relative designations and the powers, preferences and rights, and the qualifications, limitations and restrictions thereof (in addition to the provisions otherwise set forth in this Restated Certificate of Incorporation, which are applicable to the Preferred Stock of all classes and series), as such were amended by the Board of Directors on

September 26, 2005, are as set forth in the resolutions attached hereto as Attachment 1.

VI.

For the management of the business and for the conduct of the affairs of the corporation, and in further definition, limitation and regulation of the powers of the corporation, of its directors and of its stockholders or any class thereof, as the case may be, it is further provided that:

A. The management of the business and the conduct of the affairs of the corporation shall be vested in its Board of Directors. The number of directors which shall constitute the whole Board of Directors shall be fixed exclusively by one or more resolutions adopted from time to time by the Board of Directors.

At the 2006 annual meeting of stockholders, the successors of the directors whose terms expire at that meeting shall be elected for a term expiring at the 2007 annual meeting of stockholders. At the 2007 annual meeting of stockholders, the successors of the directors whose terms expire at that meeting shall be elected for a term expiring at the 2008 annual meeting of stockholders. At the 2008 annual meeting of stockholders, all directors shall be elected for a term expiring at the 2009 annual meeting of stockholders. At each annual meeting of stockholders thereafter, the directors shall be elected for terms expiring at the next annual meeting of stockholders.

Notwithstanding the foregoing provisions of this Article, each director shall serve until his successor is duly elected and qualified or until his death, resignation or removal. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

Any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other causes shall be filled by either (i) the affirmative vote of the holders of a majority of the voting power of the then-outstanding shares of voting stock of the corporation entitled to vote generally in the election of directors (the "Voting Stock") voting together as a single class; or (ii) by the affirmative vote of a majority of the remaining directors then in office, even though less than a quorum of the Board of Directors. Newly created directorships resulting from any increase in the number of directors shall, unless the Board of Directors determines by resolution that any such newly created directorship shall be filled by the stockholders, be filled only by the affirmative vote of the directors then in office, even though less than a quorum of the Board of Directors. Any director elected in accordance with this paragraph shall hold office for a term expiring at the next annual meeting of stockholders and until such director's successor shall have been elected and qualified.

B. The Bylaws may be altered or amended or new Bylaws adopted by the affirmative vote of at least sixty-six and two-thirds percent (66-2/3%) of the voting power of all of the then-outstanding shares of the Voting Stock. In furtherance and not in limitation of the power conferred by statute, the Board of Directors is expressly authorized to adopt, amend, supplement or repeal the Bylaws.

C. The directors of the corporation need not be elected by written ballot unless the Bylaws so provide.

D. No action shall be taken by the stockholders of the corporation except at an annual or special meeting of stockholders called in accordance with the Bylaws and no action shall be taken by the stockholders by written consent.

E. Advance notice of stockholder nominations for the election of directors and of business to be brought by stockholders before any meeting of the stockholders of the corporation shall be given in the manner provided in the Bylaws of the corporation.

F. Any director, or the entire Board of Directors, may be removed from office at any time (i) with cause by the affirmative vote of the holders of at least a majority of the voting power of all of the then-outstanding shares of the Voting Stock, voting together as a single class; or (ii) without cause by the affirmative vote of the holders of at least sixty-six and two-thirds percent (66-2/3%) of the voting power of all of the then-outstanding shares of the Voting Stock. If the holders of any class or series of capital stock are entitled to elect one (1) or more directors by this certificate of incorporation, as amended from time to time, the removal of such directors without cause shall be by a vote of the outstanding shares of that series or class of capital stock and not the outstanding shares of capital stock as a whole.

VII.

A director of the corporation shall, to the full extent not prohibited by the General Corporation Law of the State of Delaware, as the same exists or may hereafter be amended, not be liable to the corporation or its stockholders for monetary

damages for breach of his or her fiduciary duty as a director.

VIII.

A. (1) In addition to any affirmative vote required by law, by this Certificate of Incorporation or by any Preferred Stock Designation, and except as otherwise expressly provided in Section B of this Article VIII:

(i) any merger or consolidation of the corporation or any Subsidiary (as hereinafter defined) with (a) any Interested Stockholder (as hereinafter defined) or (b) any other corporation (whether or not itself an Interested Stockholder) which is, or after such merger or consolidation would be, an Affiliate (as hereinafter defined) of an Interested Stockholder; or

(ii) any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions) to or with any Interested Stockholder or any Affiliate of any Interested Stockholder of any assets of the corporation or any Subsidiary having an aggregate Fair Market Value (as hereinafter defined) equal to or greater than 15% of the Corporation's assets as set forth on the Corporation's most recent audited consolidated financial statements; or

(iii) the issuance or transfer by the corporation or any Subsidiary (in one transaction or a series of transactions) of any securities of the corporation or any Subsidiary to any Interested Stockholder or any Affiliate of any Interested Stockholder in exchange for cash, securities or other property (or a combination thereof) having an aggregate Fair Market Value equal to or greater than 15% of the Corporation's assets as set forth on the Corporation's most recent audited consolidated financial statements; or

(iv) the adoption of any plan or proposal for the liquidation or dissolution of the corporation proposed by or on behalf of any Interested Stockholder or any Affiliate of any Interested Stockholder; or

(v) any reclassification of securities (including any reverse stock split), or recapitalization of the corporation, or any merger or consolidation of the corporation with any of its Subsidiaries or any other transaction (whether or not with or into or otherwise involving any Interested Stockholder) which has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class of equity or convertible securities of the corporation or any Subsidiary which is Beneficially Owned (as hereinafter defined) by any Interested Stockholder or any Affiliate of any Interested Stockholder;

shall require the affirmative vote of the holders of at least sixty-six and two-thirds percent (66-2/3%) of voting power of all of the then-outstanding shares of the Voting Stock, voting together as a single class. Such affirmative vote shall be required notwithstanding any other provisions of this Certificate of Incorporation or any provision of law or of any agreement with any national securities exchange or otherwise which might otherwise permit a lesser vote or no vote.

(2) The term "Business Combination" as used in this Article VIII shall mean any transaction which is referred to in any one or more of subparagraphs (i) through (v) of paragraph (1) of this Section A.

B. The provisions of Section A of this Article VIII shall not be applicable to any particular Business Combination, and such Business Combination shall require only such affirmative vote as is required by law, any other provision of this Certificate of Incorporation and any Preferred Stock Designation, if, in the case of a Business Combination that does not involve any cash or other consideration being received by the stockholders of the corporation, solely in their respective capacities as stockholders of the corporation, the condition specified in the following paragraph (1) is met, or, in the case of any other Business Combination, the conditions specified in either of the following paragraph (1) or paragraph (2) are met:

(1) The Business Combination shall have been approved by a majority of the Continuing Directors (as hereinafter defined); provided however, that this condition shall not be capable of satisfaction unless there are at least two Continuing Directors.

(2) All of the following conditions shall have been met:

(i) The consideration to be received by holders of shares of a particular class (or series) of outstanding Voting Stock (including Common Stock and other than Excluded Preferred Stock (as hereinafter defined)) shall be in cash or in the same form as the Interested Stockholder or any of its Affiliates has previously paid for shares of such class (or series) of Voting Stock. If the Interested Stockholder or any of its Affiliates have paid for shares of any class (or series) of

Voting Stock with varying forms of consideration, the form of consideration to be received per share by holders of shares of such class (or series) of Voting Stock shall be either cash or the form used to acquire the largest number of shares of such class (or series) of Voting Stock previously acquired by the Interested Stockholder.

(ii) The aggregate amount of (x) the cash and (y) the Fair Market Value, as of the date (the "Consummation Date") of the consummation of the Business Combination, of the consideration other than cash to be received per share by holders of Common Stock in such Business Combination shall be at least equal to the higher of the following (in each case appropriately adjusted in the event of any stock dividend, stock split, combination of shares or similar event):

(a) (if applicable) the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid by the Interested Stockholder or any of its Affiliates for any shares of Common Stock acquired by them within the two-year period immediately prior to the date of the first public announcement of the proposal of the Business Combination (the "Announcement Date") or in any transaction in which the Interested Stockholder became an Interested Stockholder, whichever is higher, plus interest compounded annually from the first date on which the Interested Stockholder became an Interested Stockholder (the "Determination Date") through the Consummation Date at the publicly announced reference rate of interest of Bank of America, N.T. & S.A. (or such other major bank headquartered in the State of California as may be selected by the Continuing Directors) from time to time in effect in the City of San Francisco less the aggregate amount of any cash dividends paid, and the Fair Market Value of any dividends paid in other than cash, on each share of Common Stock from the Determination Date through the Consummation Date in an amount up to but not exceeding the amount of interest so payable per share of Common Stock; and

(b) the Fair Market Value per share of Common Stock on the Announcement Date or the Determination Date, whichever is higher.

(iii) The aggregate amount of (x) the cash and (y) the Fair Market Value, as of the Consummation Date, of the consideration other than cash to be received per share by holders of shares of any class (or series), other than Stock or Excluded Preferred Stock, of outstanding Voting Stock shall be at least equal to the highest of the following (in each case appropriately adjusted in the event of any stock dividend, stock split, combination of shares or similar event), it being intended that the requirements of this paragraph (2)(iii) shall be required to be met with respect to every such class (or series) of outstanding Voting Stock whether or not the Interested Stockholder or any of its Affiliates has previously acquired any shares of a particular class (or series) of Voting Stock):

(a) (if applicable) the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid by the Interested Stockholder or any of its Affiliates for any shares of such class (or series) of Voting Stock acquired by them within the two-year period immediately prior to the Announcement Date or in any transaction in which it became an Interested Stockholder, whichever is higher, plus interest compounded annually from the Determination Date through the Consummation Date at the publicly announced reference rate of interest of Bank of America, N.T. & S.A. (or such other major bank headquartered in the State of California as may be selected by the Continuing Directors) from time to time in effect in the City of San Francisco less the aggregate amount of any cash dividends paid, and the Fair Market Value of any dividends paid in other than cash, on each share of such class (or series) of Voting Stock from the Determination Date through the Consummation Date in an amount up to but not exceeding the amount of interest so payable per share of such class (or series) of Voting Stock;

(b) the Fair Market Value per share of such class (or series) of Voting Stock on the Announcement Date or on the Determination Date, whichever is higher; and

(c) the highest preferential amount per share, if any, to which the holders of shares of such class (or series) of Voting Stock would be entitled in the event of any voluntary or involuntary liquidation, dissolution or winding up of the corporation.

(iv) After such Interested Stockholder has become an Interested Stockholder and prior to the consummation of such Business Combination; (a) except as approved by a majority of the Continuing Directors, there shall have been no failure to declare and pay at the regular date thereafter any full quarterly dividends (whether or not cumulative) on any outstanding Preferred Stock; (b) there shall have been (I) no reduction in the annual rate of dividends paid on the Common Stock (except as necessary to reflect any subdivision of the Common Stock), except as approved by a majority of the Continuing Directors, and (II) an increase in such annual rate of dividends as necessary to reflect any reclassification (including any reverse stock split), recapitalization, reorganization or any similar transaction which has the effect of reducing the number of outstanding shares of the Common Stock, unless the failure so to increase such annual rate is approved by a majority of the Continuing Directors; and (c) neither such Interested Stockholder nor any of its Affiliates shall have become the beneficial

owner of any additional shares of Voting Stock except as part of the transaction which results in such Interested Stockholder becoming an Interested Stockholder; provided, however, that no approval by Continuing Directors shall satisfy the requirements of this subparagraph (iv) unless at the time of such approval there are at least two Continuing Directors.

(v) After such Interested Stockholder has become an Interested Stockholder, such Interested Stockholder and any of its Affiliates shall not have received the benefit, directly or indirectly (except proportionately, solely in such Interested Stockholder's or Affiliate's capacity as a stockholder of the corporation), of any loans, advances, guarantees, pledges or other financial assistance or any tax credits or other tax advantages provided by the corporation, whether in anticipation of or in connection with such Business Combination or otherwise.

(vi) A proxy or information statement describing the proposed Business Combination and complying with the requirements of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder (or any subsequent provisions replacing such Act, rules or regulations) shall be mailed to all stockholders of the corporation at least 30 days prior to the consummation of such Business Combination (whether or not such proxy or information statement is required to be mailed pursuant to such Act or subsequent provisions).

(vii) Such Interested Stockholder shall have supplied the corporation with such information as shall have been requested pursuant to Section E of this Article VIII within the time period set forth therein.

C. For the purposes of this Article VIII:

(1) A "person" means any individual, limited partnership, general partnership, corporation or other firm or entity.

(2) "Interested Stockholder" means any person (other than the corporation or any Subsidiary) who or which:

(i) is the Beneficial Owner (as hereinafter defined), directly or indirectly, of fifteen percent (15%) or more of the voting power of all of the then-outstanding shares of the Voting Stock; or

(ii) if an Affiliate of the corporation and at any time within the two-year period immediately prior to the date in question was the Beneficial Owner, directly or indirectly, of fifteen percent (15%) or more of the voting power of all of the then-outstanding shares of the Voting Stock; or

(iii) is an assignee of or has otherwise succeeded to any shares of Voting Stock which were at any time within the two-year period immediately prior to the date in question beneficially owned by an Interested Stockholder, if such assignment or succession shall have occurred in the course of a transaction or series of transactions not involving a public offering within the meaning of the 1933 Act.

(3) A person shall be a "Beneficial Owner" of, or shall "Beneficially Own," any Voting Stock:

(i) which such person or any of its Affiliates or Associates (as hereinafter defined) beneficially owns, directly or indirectly within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as in effect on the adoption date of this Certificate of Incorporation; or

(ii) which such person or any of its Affiliates or Associates has (a) the right to acquire (whether such right is exercisable immediately or only after the passage of time), pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise, or (b) the right to vote pursuant to any agreement, arrangement or understanding (but shall not be deemed to be the Beneficial Owner of any shares of Voting Stock solely by reason of a revocable proxy granted for a particular meeting of stockholders, pursuant to a public solicitation of proxies for such meeting, and with respect to which shares neither such person nor any such Affiliate or Associate is otherwise deemed the Beneficial Owner); or

(iii) which is beneficially owned, directly or indirectly, within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as in effect on the adoption date of this Certificate of Incorporation, by any other person with which such person or any of its Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting (other than solely by reason of a revocable proxy as described in subparagraph (ii) of this paragraph (3) or disposing of any shares of Voting Stock; provided, however, that in case of any employee stock ownership or similar plan of the corporation or of any Subsidiary in which the beneficiaries thereof possess the right to vote any shares of

Voting Stock held by such plan, no such plan nor any trustee with respect thereto (nor any Affiliate of such trustee), solely by reason of such capacity of such trustee, shall be deemed, for any purposes hereof, to beneficially own any shares of Voting Stock held under any such plan.

(4) For the purposes of determining whether a person is an Interested Stockholder pursuant to paragraph (2) of this Section C, the number of shares of Voting Stock deemed to be outstanding shall include shares deemed owned through application of paragraph (3) of this Section C but shall not include any other unissued shares of Voting Stock which may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise.

(5) "Affiliate" or "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as in effect on the adoption date of this Certificate of Incorporation.

(6) "Subsidiary" means any corporation of which a majority of any class of equity security is owned, directly or indirectly, by the corporation; provided, however, that for the purposes of the definition of Interested Stockholder set forth in paragraph (2) of this Section C, the term "Subsidiary" shall mean only a corporation of which a majority of each class of equity security is owned directly or indirectly, by the corporation.

(7) "Continuing Director" means any member of the Board of Directors of the corporation who is unaffiliated with the Interested Stockholder and was a member of the Board of Directors prior to the time that the Interested Stockholder became an Interested Stockholder and any director who is thereafter chosen to fill any vacancy on the Board of Directors or who is elected and who, in either event, is unaffiliated with the Interested Stockholder and in connection with his or her initial assumption of office is recommended for an appointment or election by a majority of Continuing Directors then on the Board.

(8) "Fair Market Value" means: (i) in the case of stock, the highest closing sale price during the 30-day period immediately preceding the date in question of a share of such stock on the Composite Tape for New York Stock Exchange-Listed Stocks, or, if such stock is not quoted on the Composite Tape, on the New York Stock Exchange, or, if such stock is not listed on such Exchange, on the principal United States securities exchange registered under the Securities Exchange Act of 1934 on which such stock is listed, or, if such stock is not listed on any such exchange, the highest closing sale price quotation with respect to a share of such stock during the 30-day period preceding the date in question on the National Association of Securities Dealers, Inc. Automated Quotations System or any system then in use, or if no such quotations are available, the fair market value on the date in question of a share of such stock as determined by the Board in accordance with Section D of this Article VIII; and (ii) in the case of property other than cash or stock, the fair market value of such property on the date in question as determined by the Board in accordance with Section D of this Article VIII.

(9) In the event of any Business Combination in which the corporation survives, the phrase "consideration other than cash to be received" as used in paragraphs (2)(ii) and (2)(iii) of Section B of this Article VIII shall include the shares of Common Stock and/or the shares of any other class (or series) of outstanding Voting Stock retained by the holders of such shares.

(10) "Whole Board" means the total number of directors which this corporation would have if there were no vacancies.

(11) "Excluded Preferred Stock" means any series of Preferred Stock with respect to which the Preferred Stock Designation creating such series expressly provides that the provisions of this Article VIII shall not apply.

D. A majority of the Whole Board but only if a majority of the Whole Board shall then consist of Continuing Directors or, if a majority of the Whole Board shall not then consist of Continuing Directors, a majority of the then Continuing Directors, shall have the power and duty to determine, on the basis of information known to them after reasonable inquiry, all facts necessary to determine compliance with this Article VIII, including, without limitation, (i) whether a person is an Interested Stockholder, (ii) the number of shares of Voting Stock beneficially owned by any person, (iii) whether a person is an Affiliate or Associate of another, (iv) whether the applicable conditions set forth in paragraph (2) of Section B have been met with respect to any Business Combination, (v) the Fair Market Value of stock or other property in accordance with paragraph (8) of Section C of this Article VIII, and (vi) whether the assets which are the subject of any Business Combination referred to in paragraph (1)(ii) of Section A have or the consideration to be received for the issuance or transfer of securities by the corporation or any Subsidiary in any Business Combination referred to in paragraph (1)(iii) of Section A has, an aggregate Fair Market Value equal to or greater than 15% of the Corporation's assets as set forth on the Corporation's most recent audited

consolidated financial statements.

E. A majority of the Whole Board shall have the right to demand, but only if a majority of the Whole Board shall then consist of Continuing Directors, or, if a majority of the Whole Board shall not then consist of Continuing Directors, a majority of the then Continuing Directors shall have the right to demand, that any person who it is reasonably believed is an Interested Stockholder (or holds of record shares of Voting Stock Beneficially Owned by any Interested Stockholder) supply this corporation with complete information as to (i) the record owner(s) of all shares Beneficially Owned by such person who it is reasonably believed is an Interested Stockholder, (ii) the number of, and class or series of, shares Beneficially Owned by such person who it is reasonably believed is an Interested Stockholder and held of record by each such record owner and the number(s) of the stock certificate(s) evidencing such shares, and (iii) any other factual matter relating to the applicability of effect of this Article VIII, as may be reasonably requested of such person, and such person shall furnish such information within 10 days after receipt of such demand.

F. Nothing contained in this Article VIII shall be construed to relieve any Interested Stockholder from any fiduciary obligation imposed by law.

IX.

Notwithstanding any other provisions of this Certificate of Incorporation or any provision of law which might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of any particular class or series of the Voting Stock required by law, this Certificate of Incorporation or any Preferred Stock Designation, the affirmative vote of the holders of at least sixty-six and two-thirds percent (66-2/3%) of the voting power of all of the then-outstanding shares of the Voting Stock, voting together as a single class, shall be required to alter, amend or repeal Article VI, Article VII, Article VIII or this Article IX.

X.

The corporation is to have perpetual existence.

XI.

The corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, except as provided in Article IX of this Certificate, and all rights conferred upon the stockholders herein are granted subject to this right.

ATTACHMENT 1

Resolutions of the Board of Directors
of QUALCOMM Incorporated
Creating the Designations, Powers, Preferences and Rights
of the Series A Junior Participating Preferred Stock

“**RESOLVED**, that, pursuant to the authority granted to and vested in the Board of Directors of the Corporation in accordance with the provisions of its Restated Certificate of Incorporation, the designation and terms of the Series A Junior Participating Preferred Stock of the Corporation established pursuant to the Certificate of Designation of Series A Junior Participating Preferred Stock, filed with the Delaware Secretary of State on October 17, 1995 and incorporated into Attachment 1 to the Corporation's Restated Certificate of Incorporation filed with the Delaware Secretary of State March 10, 2005, shall be amended in their entirety to read as follows:

Series A Junior Participating Preferred Stock:

SECTION 1: DESIGNATION AND AMOUNT. Four Million (4,000,000) shares of Preferred Stock, \$.0001 par value, are designated “Series A Junior Participating Preferred Stock” with the designations and the powers, preferences and rights, and the qualifications, limitations and restrictions specified herein (the “Junior Preferred Stock”). Such number of shares may be increased or decreased by resolution of the Board of Directors; provided, that no decrease shall reduce the number of shares of Junior Preferred Stock to a number less than the number of shares then outstanding plus the number of shares reserved for issuance upon the exercise of outstanding options, rights or warrants or upon the conversion of any outstanding securities issued by the Corporation convertible into Junior Preferred Stock.

SECTION 2: DIVIDENDS AND DISTRIBUTIONS.

(A) Subject to the rights of the holders of any shares of any series of Preferred Stock (or any similar stock) ranking prior and superior to the Junior Preferred Stock with respect to dividends, the holders of shares of Junior Preferred Stock, in preference to the holders of Common Stock, par value \$.0001 per share (the “Common Stock”), of the Corporation and of any other junior stock, shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the first day of April, July, October and January in each year (each such date being referred to herein as a “Quarterly Dividend Payment Date”), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Junior Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) \$1.00 or (b) subject to the provision for adjustment hereinafter set forth, 1,000 times the aggregate per share amount of all cash dividends, and 1,000 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions, other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise) declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Junior Preferred Stock. In the event the Corporation shall at any time after September 26, 2005 (the “Designation Date”) declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount to which holders of shares of Junior Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) The Corporation shall declare a dividend or distribution on the Junior Preferred Stock as provided in paragraph (A) of this Section immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of \$1.00 per share on the Junior Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(C) Dividends shall begin to accrue and be cumulative on outstanding shares of Junior Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares, unless the date of

issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Junior Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Junior Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Junior Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be not more than 60 days prior to the date fixed for the payment thereof.

SECTION 3: VOTING RIGHTS. The holders of shares of Junior Preferred Stock shall have the following voting rights:

(A) Subject to the provision for adjustment hereinafter set forth, each share of Junior Preferred Stock shall entitle the holder thereof to 1,000 votes on all matters submitted to a vote of the stockholders of the Corporation. In the event the Corporation shall at any time after the Designation Date declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the number of votes per share to which holders of shares of Junior Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) Except as otherwise provided herein, in any other Certificate of Designation creating a series of Preferred Stock or any similar stock, or by law, the holders of shares of Junior Preferred Stock and the holders of shares of Common Stock and any other capital stock of the Corporation having general voting rights shall vote together as one class on all matters submitted to a vote of stockholders of the Corporation.

(C) Except as set forth herein, or as otherwise provided by law, holders of Junior Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

SECTION 4: CERTAIN RESTRICTIONS.

(A) Whenever quarterly dividends or other dividends or distributions payable on the Junior Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Junior Preferred Stock outstanding shall have been paid in full, the Corporation shall not:

(i) declare or pay dividends, or make any other distributions, on any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Junior Preferred Stock;

(ii) declare or pay dividends, or make any other distributions, on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Junior Preferred Stock, except dividends paid ratably on the Junior Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration shares of any stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Junior Preferred stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such junior stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Junior Preferred Stock; or

(iv) redeem or purchase or otherwise acquire for consideration any shares of Junior Preferred Stock, or any shares of stock ranking on a parity with the Junior Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (A) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

SECTION 5: REACQUIRED SHARES. Any shares of Junior Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock subject to the conditions and restrictions on issuance set forth herein, in the Restated Certificate of Incorporation, or in any other Certificate of Designation creating a series of Preferred Stock or any similar stock or as otherwise required by law.

SECTION 6: LIQUIDATION, DISSOLUTION OR WINDING UP. Upon any liquidation, dissolution or winding up of the Corporation, no distribution shall be made (1) to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Junior Preferred stock unless, prior thereto, the holders of shares of Junior Preferred Stock shall have received \$1,000 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, provided that the holders of shares of Junior Preferred Stock shall be entitled to receive an aggregate amount per share, subject to the provision for adjustment hereinafter set forth, equal to 1,000 times the aggregate amount to be distributed per share to holders of shares of Common Stock, or (2) to the holders of shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Junior Preferred Stock, except distributions made ratably on the Junior Preferred Stock and all such parity stock in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up. In the event the Corporation shall at any time after the Designation Date declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the aggregate amount to which holders of shares of Junior Preferred Stock were entitled immediately prior to such event under the proviso in clause (1) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

SECTION 7: CONSOLIDATION, MERGER, ETC. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case each share of Junior Preferred stock shall at the same time be similarly exchanged or changed into an amount per share, subject to the provision for adjustment hereinafter set forth, equal to 1,000 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time after the Designation Date declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Junior Preferred Stock shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

SECTION 8: NO REDEMPTION. The shares of Junior Preferred Stock shall not be redeemable.

SECTION 9: RANK. The Junior Preferred Stock shall rank, with respect to the payment of dividends and the distribution of assets, junior to all series of any other class of the Corporation's Preferred Stock.

SECTION 10: AMENDMENT. The Restated Certificate of Incorporation of the Corporation shall not be amended in any manner which would materially alter or change the powers, preferences or special rights of the Junior Preferred Stock so as to affect them adversely without the affirmative vote of the holders of at least two-thirds of the outstanding shares of Junior Preferred Stock, voting together as a single class.”

EXHIBIT 31.1

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Paul E. Jacobs, certify that:

1. I have reviewed this quarterly report on Form 10-Q of QUALCOMM Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's Board of Directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: April 18, 2012

/s/ Paul E. Jacobs

Paul E. Jacobs,

Chief Executive Officer and Chairman

EXHIBIT 31.2

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, William E. Keitel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of QUALCOMM Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's Board of Directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: April 18, 2012

/s/ William E. Keitel

William E. Keitel,

Executive Vice President and Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

(18 U.S.C. SECTION 1350)

In connection with the accompanying Quarterly Report of QUALCOMM Incorporated (the Company) on Form 10-Q for the fiscal quarter ended March 25, 2012 (the Report), I, Paul E. Jacobs, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934;
and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: April 18, 2012

/s/ Paul E. Jacobs

Paul E. Jacobs,
Chief Executive Officer and Chairman

EXHIBIT 32.2

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

(18 U.S.C. SECTION 1350)

In connection with the accompanying Quarterly Report of QUALCOMM Incorporated (the Company) on Form 10-Q for the fiscal quarter ended March 25, 2012 (the Report), I, William E. Keitel, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934;
and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: April 18, 2012

/s/ William E. Keitel

William E. Keitel,

Executive Vice President and Chief Financial Officer