STANDARD &POOR'S

QUALCOMM Inc

S&P Recommendation STRONG BUY ★★★★★	**Price** $64.64 (as of May 10, 2013)	**12-Mo. Target Price** $85.00	**Investment Style** Large-Cap Growth

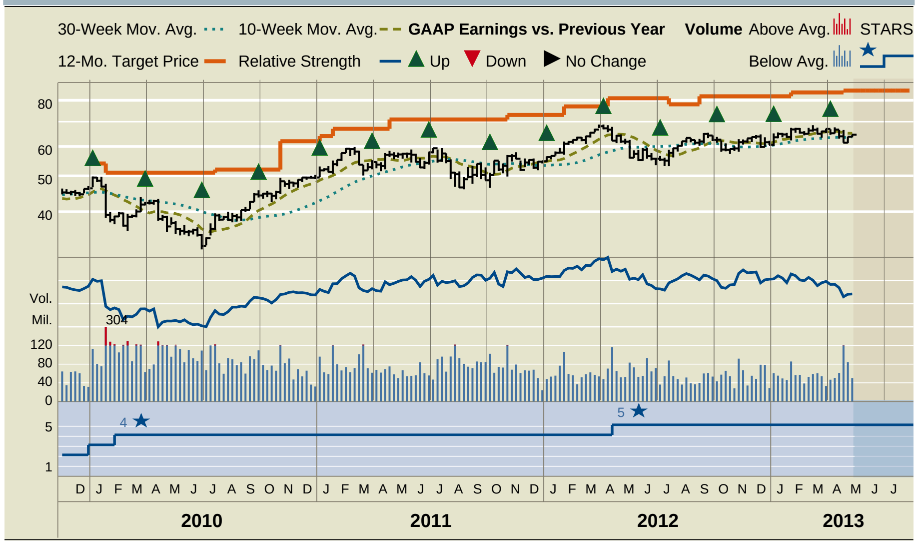
GICS Sector Information Technology
Sub-Industry Communications Equipment

Summary This company focuses on developing products and services based on its advanced wireless broadband technology.

Key Stock Statistics (Source S&P, Vickers, company reports)

52-Wk Range	$68.50– 53.09	S&P Oper. EPS 2013E	3.92	Market Capitalization(B)	$111.687	Beta	1.04
Trailing 12-Month EPS	$3.56	S&P Oper. EPS 2014E	4.31	Yield (%)	2.17	S&P 3-Yr. Proj. EPS CAGR(%)	14
Trailing 12-Month P/E	18.2	P/E on S&P Oper. EPS 2013E	16.5	Dividend Rate/Share	$1.40	S&P Credit Rating	NA
$10K Invested 5 Yrs Ago	$16,031	Common Shares Outstg. (M)	1,727.8	Institutional Ownership (%)	79		

Price Performance



Options: ASE, CBOE, P, Ph

Analysis prepared by Equity Analyst **J. Moorman, CFA** on May 01, 2013, when the stock traded at **$61.88**.

Highlights

- We forecast revenue increases of 30% in FY 13 (Sep.), 12% in FY 14, and 8% in FY 15, following a 28% increase in FY 12. We believe a strong reception for high-end chips and penetration of mid-tier handsets throughout FY 13 will drive growth, in addition to revenue from the Atheros acquisition. We expect stronger growth for QCOM's chipset business in FY 13, and believe this could negatively affect margins as it is a lower-margin business than the royalties division.
- We project growth in the WCDMA handset market, which supports QCOM's high-margin royalty business. We look for gross margins to decline to 61.8% in FY 13, from 62.9% in FY 12, as handset and chipset sales continue to accelerate with growth in the smartphone segment, but with QCOM aggressively seeking to increase chipset share. We expect gross margins to remain flat in FY 14 and 15.
- We estimate that operating EPS will increase to $3.92 in FY 13, $4.31 in FY 14, and $4.68 in FY 15, from the $3.07 reported for FY 12.

Investment Rationale/Risk

- Our recommendation is strong buy. We believe QCOM will see solid chipset sales throughout the coming year as the economy begins to improve and with rapid growth in the smartphone market. We also believe that the popularity of QCOM's Snapdragon chipset will give it an advantage as media-centric wireless devices continue to be popular. We expect QCOM to benefit on the royalty side as many emerging markets such as China convert from 2G to 3G, which is a technology QCOM receives revenue for. In our view, QCOM has a strong balance sheet and should continue to generate sizable cash flow, but we are somewhat concerned about handset and chipset pricing.
- Risks to our recommendation and target price include weaker replacement demand for more advanced CDMA handsets; and lower selling prices for handsets and chipsets
- Applying a multiple of 19X to an average of our FY 14 and FY 15 EPS estimates, a premium to peers to reflect QCOM's above-average margins and cash flow generation, we arrive at our 12-month target price of $85.

Qualitative Risk Assessment

LOW	**MEDIUM**	HIGH

We believe QCOM's intellectual property rights and strong service provider relations give it a solid position in its industry. With our view of its healthy cash flow, we think the company's cash balance can support potentially weaker demand from customers and litigation risks related to its CDMA patents.

Quantitative Evaluations

S&P Quality Ranking **A-**

D	C	B-	B	B+	**A-**	A	A+

Relative Strength Rank **MODERATE**

33

LOWEST = 1 HIGHEST = 99

Revenue/Earnings Data

Revenue (Million U.S. $)

	1Q	2Q	3Q	4Q	Year
2013	6,018	6,124	--	--	--
2012	4,681	4,943	4,626	4,871	19,121
2011	3,348	3,870	3,623	4,117	14,957
2010	2,670	2,663	2,706	2,952	10,991
2009	2,517	2,455	2,753	2,690	10,416
2008	2,440	2,606	2,762	3,334	11,142

Earnings Per Share (U.S. $)

	1Q	2Q	3Q	4Q	Year
2013	1.09	1.06	**E**0.88	**E**0.89	**E**3.92
2012	0.81	0.84	0.69	0.72	3.06
2011	0.76	0.75	0.58	0.62	2.70
2010	0.50	0.46	0.47	0.53	1.96
2009	0.20	-0.18	0.44	0.49	0.95
2008	0.46	0.47	0.45	0.52	1.90

Fiscal year ended Sep. 30. Next earnings report expected: Mid July. EPS Estimates based on S&P Operating Earnings; historical GAAP earnings are as reported.

Dividend Data (Dates: mm/dd Payment Date: mm/dd/yy)

Amount ($)	Date Decl.	Ex-Div. Date	Stk. of Record	Payment Date
0.250	07/06	09/05	09/07	09/26/12
0.250	10/17	12/05	12/07	12/21/12
0.250	01/15	03/06	03/08	03/27/13
0.350	04/09	06/03	06/05	06/26/13

Dividends have been paid since 2003. Source: Company reports.

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Business Summary May 01, 2013

CORPORATE OVERVIEW. QUALCOMM Inc. is comprised of the following operating segments: CDMA technology (QCT), technology licensing (QTL), wireless and Internet (QWI), and strategic initiatives (QSI). The equipment and services unit, mostly in QCT, accounted for about 64% of total sales in the second quarter of FY 13 (Sep.), providing integrated circuits and system software solutions to top wireless handset and infrastructure manufacturers. QCOM uses a fabless business model, employing several independent semiconductor foundries to manufacture its semiconductor products. Approximately 173 million model station modem (MSM) integrated circuits were sold during the second quarter of FY 13, compared to approximately 152 million a year earlier. QCOM expects to sell between 163 million and 173 million MSM circuits in the third quarter of FY 13.

The license and royalty fee segment (QTL) accounted for about 34% of total sales, with 88% operating margins. QCOM holds a number of patents related to CDMA, and derives royalties from licensing its technology. Royalties are paid when manufacturers earn revenue from the sale of CDMA-based equipment, including CDMA and WCDMA handsets made by customers Samsung, LG Electronics, Motorola, and others. QCOM expects 12% growth in CDMA and WCDMA handsets in calendar 2013, mostly from WCDMA handsets.

LEGAL/REGULATORY ISSUES. QCOM has been involved in various legal issues involving patents on its chipsets and competitors' chipsets. QCOM resolved one dispute with a licensee in the first quarter of FY 11 and settled a dispute with Panasonic in the second quarter of FY 11. The company's multiple disputes with Nokia included litigation over Nokia's obligation to pay royalties for the use of certain of QCOM's patents. Without a license contract with QCOM, Nokia had opted to cancel its CDMA-related handset division. However, in July 2008, QCOM and Nokia signed a new 15-year agreement covering various second, third, and fourth-generation technology standards that we believe keeps QCOM's royalty pipeline active beyond supporting current handset offerings. In addition to a lump-sum cash payment that helped boost fourth-quarter FY 08 revenues by $580 million, Nokia returned to being a royalty customer of QCOM in late FY 08.

In June 2007, a federal ruling was announced, which, if upheld, would ban QCOM and its handset customers from importing into the U.S. QCOM's 3G chipsets in phones that had yet to be launched, as it would violate patents owned by Broadcom (BRCM). Separately, at the end of 2007, a federal judge issued an injunction against certain QCOM products for the U.S. market that were found to infringe on three Broadcom patents. In November 2008, a federal district court ruled that QCOM violated a previous injunction related to infringement of Broadcom patents that prohibited the company from selling certain EV-DO handset chips. The court ordered QCOM to retrieve the chips and destroy them or pay BRCM past royalties plus a penalty. In April 2009, QCOM and Broadcom agreed to a settlement in which Broadcom will drop all litigation against QCOM in exchange for a payment of $891 million over four years.

COMPETITIVE LANDSCAPE. We believe QCOM has a strong position in its industry. Barriers to entry are high, as, in our opinion, CDMA intellectual property and economies of scale on CDMA chipsets create strong moats around its business. QCT's current competitors include major semiconductor companies such as Texas Instruments, as well as major equipment companies such as Motorola and Ericsson.

IMPACT OF MAJOR DEVELOPMENTS. In May 2011, QCOM acquired Atheros Communications Inc. for roughly $3.1 billion in cash. We believe the acquisition improves QCOM's presence in the tablet market and provides it with an access point to the connected home market.

FINANCIAL TRENDS. We believe QCOM's cash and investments position of $30.5 billion as of March 2013 supports the potential for patent violation outcomes, its current dividend, and the planned increase in R&D investments.

Corporate Information

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Officers

Chrmn & CEO
P.E. Jacobs

Pres & COO
S.M. Mollenkopf

EVP & CFO
G.S. Davis

EVP, Secy & General Counsel
D.J. Rosenberg

SVP & CIO
N. Fjeldheim

Board Members

B. T. Alexander
R. V. Dittamore
T. W. Horton
S. L. Lansing
F. Ros
B. Scowcroft
D. G. Cruickshank
S. Hockfield
P. E. Jacobs
D. A. Nelles
J. J. Rubinstein
M. I. Stern

Domicile
Delaware

Founded
1985

Employees
26,600

Stockholders
8,240

QUALCOMM Inc

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Quantitative Evaluations

S&P Fair Value Rank 4

1	2	3	4	5

LOWEST — HIGHEST

Based on S&P's proprietary quantitative model, stocks are ranked from most overvalued (1) to most undervalued (5).

Fair Value Calculation $74.90

Analysis of the stock's current worth, based on S&P's proprietary quantitative model suggests that QCOM is slightly undervalued by $10.26 or 15.9%.

Investability Quotient Percentile 96

LOWEST = 1 — HIGHEST = 100

QCOM scored higher than 96% of all companies for which an S&P Report is available.

Volatility LOW | AVERAGE | HIGH

Technical Evaluation BEARISH

Since April, 2013, the technical indicators for QCOM have been BEARISH.

Insider Activity UNFAVORABLE | NEUTRAL | FAVORABLE

Expanded Ratio Analysis

	2012	2011	2010	2009
Price/Sales	5.63	6.18	7.47	7.43
Price/EBITDA	16.18	14.54	20.78	19.95
Price/Pretax Income	16.41	16.26	20.34	37.28
P/E Ratio	20.19	20.23	25.27	48.61
Avg. Diluted Shares Outstg (M)	1,741.0	1,691.0	1,658.0	1,673.0

Figures based on calendar year-end price

Key Growth Rates and Averages

Past Growth Rate (%)	1 Year	3 Years	5 Years	9 Years
Sales	27.84	23.74	14.62	17.42
Net Income	16.62	48.72	12.80	15.87
Ratio Analysis (Annual Avg.)				
Net Margin (%)	27.89	29.34	26.33	30.54
% LT Debt to Capitalization	Nil	Nil	0.34	0.19
Return on Equity (%)	NA	NA	15.48	18.14

Company Financials Fiscal Year Ended Sep. 30

Per Share Data (U.S. $)	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Tangible Book Value	15.63	12.15	10.14	9.44	8.05	8.82	7.37	6.43	5.69	4.54
Cash Flow	3.58	3.33	2.36	1.33	2.18	2.18	1.60	1.38	1.13	0.62
Earnings	3.06	2.70	1.96	0.95	1.90	1.95	1.44	1.26	1.03	0.51
S&P Core Earnings	2.96	2.48	1.85	1.64	2.05	1.86	1.40	1.03	0.83	0.37
Dividends	0.93	0.81	0.72	0.66	0.60	0.52	0.42	0.32	0.19	0.09
Payout Ratio	39%	30%	37%	69%	32%	27%	29%	25%	18%	17%
Prices:High	68.87	59.84	50.31	48.72	56.88	47.72	53.01	46.60	44.99	27.43
Prices:Low	53.09	45.98	31.63	32.64	28.16	35.23	32.76	32.08	26.67	14.79
P/E Ratio:High	23	22	26	51	30	24	37	37	44	54
P/E Ratio:Low	17	17	16	34	15	18	23	25	26	29
Income Statement Analysis (Million U.S. $)										
Revenue	19,121	14,957	10,991	10,416	11,142	8,871	7,526	5,673	4,880	3,971
Operating Income	6,656	6,361	3,949	3,880	4,200	3,266	2,962	2,586	2,266	1,684
Depreciation	897	1,061	666	635	456	383	272	200	163	180
Interest Expense	90.0	114	58.0	24.0	22.0	Nil	Nil	3.00	2.00	30.7
Pretax Income	6,562	5,687	4,034	2,076	3,826	3,626	3,156	2,809	2,313	1,285
Effective Tax Rate	19.5%	19.9%	19.5%	23.3%	17.4%	8.90%	21.7%	23.7%	25.4%	35.6%
Net Income	5,333	4,573	3,247	1,592	3,160	3,303	2,470	2,143	1,725	827
S&P Core Earnings	5,162	4,201	3,065	2,744	3,407	3,148	2,397	1,733	1,395	610
Balance Sheet & Other Financial Data (Million U.S. $)										
Cash	12,374	11,652	10,279	11,069	6,411	6,581	5,721	6,548	5,982	4,561
Current Assets	15,645	14,293	12,133	12,570	11,723	8,821	7,049	7,791	7,227	5,949
Total Assets	43,012	36,422	30,572	27,445	24,563	18,495	15,208	12,479	10,820	8,822
Current Liabilities	5,302	5,289	5,468	2,813	2,291	2,258	1,422	1,070	894	808
Long Term Debt	Nil	Nil	Nil	187	142	Nil	Nil	Nil	Nil	123
Common Equity	33,523	26,951	20,858	20,316	17,944	15,835	13,406	11,119	9,664	7,599
Total Capital	33,545	26,993	20,858	20,316	18,087	15,835	13,406	11,119	9,664	7,722
Capital Expenditures	1,284	593	426	761	1,397	818	685	576	332	231
Cash Flow	6,230	5,634	3,913	2,227	3,616	3,686	2,742	2,343	1,888	1,007
Current Ratio	3.0	2.7	2.2	4.5	5.1	3.9	5.0	7.3	8.1	7.4
% Long Term Debt of Capitalization	Nil	Nil	Nil	0.9	0.8	Nil	Nil	Nil	Nil	1.6
% Net Income of Revenue	27.9	30.6	29.5	15.3	28.4	37.2	32.8	37.8	35.3	20.8
% Return on Assets	NA	13.7	11.2	6.1	14.7	19.6	17.8	18.4	17.6	10.8
% Return on Equity	NA	19.1	15.8	8.3	18.7	22.5	20.1	20.6	20.0	12.7

Data as orig reptd.; bef. results of disc opers/spec. items. Per share data adj. for stk. divs.; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

QUALCOMM Inc

Sub-Industry Outlook

Our fundamental outlook for the communications equipment sub-industry is neutral. While we view the continued rapid consumption of network capacity, buoyed by the proliferation of tablets and smartphones, as a solid long-term growth driver for the industry, we see a slowly improving near-term operating outlook. Specifically, we think macro concerns over the uncertain path of the domestic economy, as well as the impact of increasing European sovereign stress and monetary tightening in emerging markets, still weigh on the telecom and enterprise spending environment. While near-term industry spending may be choppy, we see strong positive secular demand trends toward virtualization and data center transformation.

In the service provider segment, near-term equipment sales, particularly for optical components, are being hampered by customer inventory adjustments following aggressive network spending during the latter part of 2010. We also believe carriers are being very cautious with spending, but think spending will increase in the second half of 2013 as new technologies such as Long Term Evolution (LTE) in the wireless space, DOCSIS3.0 in the cable space, and 40G and 100G in the optical space gain commercial traction. We expect accelerated equipment funding related to the $7 billion government broadband stimulus plan. We also believe spending priorities have shifted to the wireless side, reflecting a rapid rise in mobile broadband driven by increased use of smartphones and tablets.

In the enterprise segment, data center consolidation, server virtualization, and cloud computing are gaining widespread acceptance. The industry is undergoing a technology shift toward convergence, where customers require product platform to offer computing, networking, storage, and other applications all in one box. As a result of this trend, market segments have become more intertwined, with traditional data networking companies like Cisco Systems (CSCO 21, Buy) finding themselves in competition with server and computing players. We expect the need for integrated solutions to continue to push companies to aggressively partner or acquire missing technologies going forward.

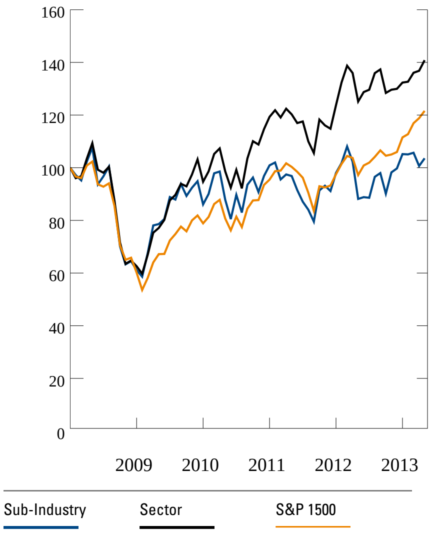
Year to date through April 12, the S&P Communications Equipment Index increased 6.5%, versus an 11.5% increase for the S&P 1500. We note that the sub-sector is heavily weighted to Cisco ($113 billion market cap), whose stock price rose approximately 3% in 2012, but the shares are already up over 7% this year.

--J. Moorman, CFA

Stock Performance

GICS Sector: Information Technology
Sub-Industry: Communications Equipment

Based on S&P 1500 Indexes
Month-end Price Performance as of 4/30/13



NOTE: All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS)

Sub-Industry : Communications Equipment Peer Group*: Wireless Equipment

Peer Group	Stock Symbol	Stk.Mkt. Cap. (Mil. $)	Recent Stock Price($)	52 Week High/Low($)	Beta	Yield (%)	P/E Ratio	Fair Value Calc.($)	Quality Ranking	S&P IQ %ile	Return on Revenue (%)	LTD to Cap (%)
QUALCOMM Inc	**QCOM**	**111,687**	**64.64**	**68.50/53.09**	**1.04**	**2.2**	**18**	**74.90**	**A-**	**96**	**27.9**	**NA**
Axesstel Inc	AXST	31	1.30	1.95/0.51	-0.30	Nil	8	NA	B-	11	7.2	NA
Ceragon Networks	CRNT	148	4.05	9.38/3.46	1.16	Nil	NM	4.60	NR	5	NA	9.9
China Techfaith Wireless Comm ADR	CNTF	4	1.04	1.54/0.87	1.11	Nil	NM	NA	NR	6	NA	0.1
Ericsson'B'ADS	ERIC	36,832	12.44	13.46/8.23	1.06	2.4	NM	NA	NR	78	2.6	14.2
InterDigital Inc	IDCC	1,935	47.02	48.68/22.37	0.62	0.9	8	NA	B	86	41.0	27.9
Ituran Location & Ctrl	ITRN	343	16.36	16.70/10.59	1.03	9.7	14	NA	NR	56	17.3	NA
Motorola Solutions	MSI	15,343	56.48	64.72/44.49	1.43	1.8	18	NA	B-	40	10.1	36.1
Nokia Corp *ADS	NOK	13,586	3.66	4.90/1.63	1.57	5.8	NM	3.50	NR	10	NA	31.6
Numerex Corp	NMRX	158	10.42	13.86/8.23	1.63	Nil	23	NA	B	67	10.7	9.8
PC-Tel Inc	PCTI	110	6.46	7.79/5.65	1.19	2.2	NM	NA	B-	68	NM	NA
Powerwave Technologies	PWAVQ	NA	0.02	1.04/0.01	2.06	Nil	NM	NA	D	1	NA	114.9
Research in Motion	BBRY	8,005	15.54	18.32/6.22	1.70	Nil	NM	NA	B	83	6.3	NA

NA-Not Available NM-Not Meaningful NR-Not Rated. *For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

S&P Analyst Research Notes and other Company News

May 7, 2013
QUALCOMM Incorporated announced the election of Jonathan Rubinstein to its Board of Directors. Rubinstein brings more than 30 years of experience in the mobile, computing and consumer electronics industries to the position, and he last served as senior vice president of Product Innovation for Hewlett-Packard Company until January 2012.

April 25, 2013
QCOM posts $1.06 vs. $0.84 Q2 EPS from cont. ops on 24% revenue rise. Posts $1.17 Q2 non-GAAP EPS. Sees $5.8B-$6.3B Q3 revenue, $0.97-$1.05 non-GAAP EPS; sees $24B-$25B FY 13 revenue, $4.40-$4.55 non-GAAP EPS. S&P Capital IQ reiterates strong buy....

April 25, 2013
10:39 am ET ... QUALCOMM INCORPORATED (QCOM 62.41) DOWN 3.59, QUALCOM (QCOM) POSTS Q2. PIPER CUTS ESTIMATES, TARGET, MAINTAINS OVERWEIGHT... Analyst Auguste Gus Richard says QCOM reported Q1 EPS $0.01 above consensus on light rev. Notes while co. guided rev., EPS up a bit, he's trimming $4.55 FY 13 (Sep) EPS est to $4.53, $4.82 FY 14 to $4.60. Reducing his QCT op. margin assumptions on aggressive R&D spending. And, while expects MSM units to be higher, thinks there will be richer mix of lower margin application processors. Cuts $83 tgt to $74, but keeps overweight as he still sees upside over next couple of Qs as handset ASPs likely rebound on flagship launches, Chinese smartphone adoption turns up. B.Brodie

April 25, 2013
08:45 am ET ... S&P REITERATES STRONG BUY OPINION ON SHARES OF QUALCOMM (QCOM 66.0*****): We increase our 12-month target price by $1 to $85, based on P/E peer analysis. We are increasing our FY 13 (Sep) GAAP EPS estimate $0.01 to $3.92, reducing FY 14's by $0.12 to $4.31, and introducing FY 15's of $4.68. QCOM reports Mar-Q GAAP EPS of $1.06, vs. $0.84, $0.01 better than our estimate. Revenues were 1.5% below our estimate, but interest income was higher than expected. The gross margin was lower than expected, but that was due to a strong performance in the lower-margin chipset business, a trend we expect to continue in FY 13. /James Moorman, CFA

March 5, 2013
QCOM raises quarterly cash dividend by 40% to $0.35 per share from $0.25. Approves a new $5 billion stock buyback program, replacing the prior $4 billion stock buyback.

March 5, 2013
09:25 am ET ... S&P REITERATES STRONG BUY OPINION ON SHARES OF QUALCOMM (QCOM 66.63*****): We maintain our 12-month target price of $84, based on P/E analysis. QCOM announced it will increase the quarterly dividend by $0.10 to $0.35 per share, or by $0.40 to $1.40 on an annual basis, representing a 2.1% yield. QCOM also announced a $5B share repurchase program to replace the prior $4B plan, which had $2.5B remaining. We expect QCOM to return cash to shareholders in FY 13 and FY 14 and benefit from the worldwide transition to LTE and smartphones. /James Moorman, CFA

January 31, 2013
07:31 am ET ... S&P REITERATES STRONG BUY OPINION ON SHARES OF QUALCOMM (QCOM 63.53*****): We raise our 12-month target price by $2 to $84, based on P/E peer analysis. We are increasing our FY 2013 (Sep.) EPS estimate by $0.13 to $3.91 and our FY 14 estimate by $0.13 to $4.43. QCOM reports Dec-Q GAAP EPS of $1.09, vs. $0.81, $0.11 better than our estimate. Revenue was 1.8% ahead of our estimate due to 3.3% revenue out performance by the chipset business (QCT). QCOM raised its FY 13 revenue forecast from a midpoint of $23.5B to a midpoint of $23.9B. We expect smartphone growth to drive 31% revenue growth in QCT and 24% growth in QTL (royalties) in FY 13. /James Moorman, CFA

January 31, 2013
QCOM posts $1.09 vs $0.97 Q1 GAAP EPS on 29% revenue rise. Raises FY 13 GAAP EPS guidance to a range of $3.61-$3.81 from previous $3.40-$3.60, revenue to $23.4B-$24.4B from $23B-$24B. S&P Capital IQ reiterates raises estimates, reiterates strong buy....

January 31, 2013
QUALCOMM Incorporated announced that William (Bill) Keitel has decided to retire as Qualcomm executive vice president and chief financial officer. George S. Davis, currently executive vice president and chief financial officer of Applied Materials Inc., will replace Mr. Keitel effective March 11, 2013. Keitel will continue as chief financial officer until that time, and will then assist with the transition and serve as special advisor to the CEO for the remainder of the calendar year. Davis will report to Paul Jacobs, chairman and chief executive officer of Qualcomm. Davis is a seasoned financial executive having served as a chief financial officer for more than six years. During his nearly 13-year tenure with Applied Materials, Davis held several leadership roles including corporate treasurer and head of the Corporate Business Development group.

November 19, 2012
08:48 am ET ... S&P REITERATES STRONG BUY OPINION ON SHARES OF QUALCOMM (QCOM 61.93*****): We attended QCOM's analyst day in San Diego and are very positive on its opportunities in chipsets and the royalty business. We believe QCOM has a significant lead in the development of LTE chipsets, and now that we believe the 28nm shortage is largely behind it, we expect market share gains in 2013. We also believe that smartphone adoption trends in emerging markets will benefit both chipsets and royalties. Further, we believe the company's focus on small cells will benefit it in the coming year. We maintain our 12-month target price of $82, based on P/E peer analysis. /James Moorman, CFA

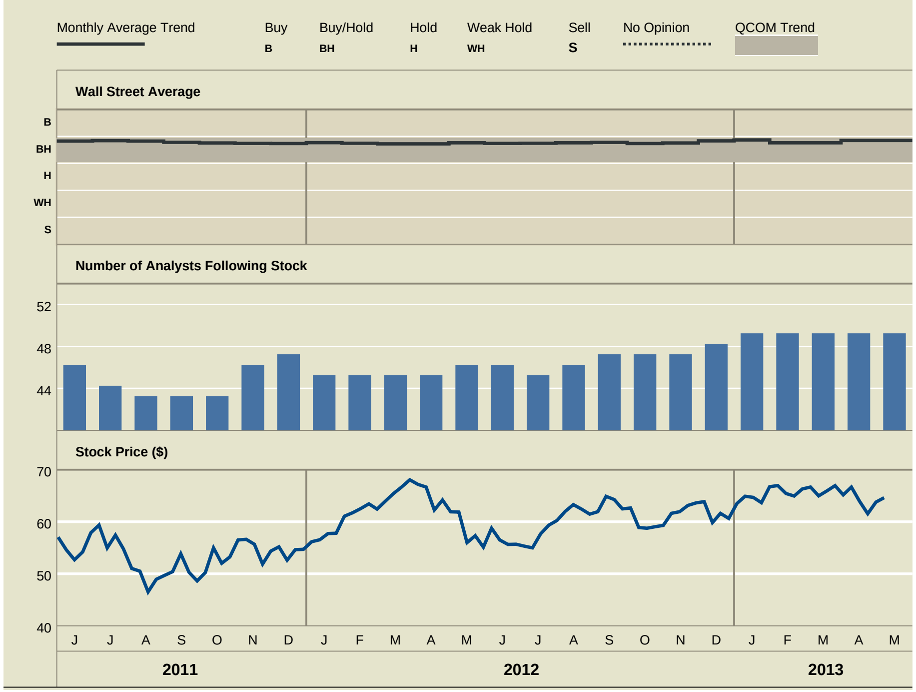
November 8, 2012
QCOM posts $0.73 vs. $0.62 Q4 EPS on 18% revenue rise. Posts $0.89 Q1 non-GAAP EPS. Capital IQ consensus forecast was $0.82. Sees $1.08-$1.16 Q1 non-GAAP EPS on $5.6B-$6.1B revenue, $4.12-$4.32 FY 13 on $23B-$24B revenue.

November 8, 2012
12:23 pm ET ... QUALCOMM INCORPORATED (QCOM 61.91) UP 3.79, QUALCOMM (QCOM) REPORTS POSITIVE Q4. PACIFIC CREST RAISES ESTS, KEEPS OUTPERFORM... Analyst James Faucette tells salesforce QCOM reported Q4 revenue upside vs. his est. largely on the shoulders of better-than-expected chipset ASPs, driven by a more favorable mix of 3G and 4G devices. Views QCOM as the likely long-term share winner in mobile. Says, as ARM-based solutions become more viable for general computing applications, QCOM could be the primary driver of those gains given its scale and reach, even if the cost to play increases. Raises $1.05 Q1 EPS estimate to $1.14, $4.06 FY 13 (Sep) to $4.20. Has $70 price target. M.Morrow

November 8, 2012
10:33 am ET ... S&P REITERATES STRONG BUY OPINION ON SHARES OF QUALCOMM (QCOM 62.07*****): We are increasing our FY 13 (Sep.) GAAP earnings per share estimate by $0.08 to $3.78 and FY 14's by $0.01 to $4.30. QCOM reports Sept-Q GAAP EPS of $0.73, vs. $0.62, $0.04 better than our estimate. Revenues were 4.1% better than expected, but R&D was higher than expected and the beat came from non-operating items. The gross margin was lower than expected, but that was due to a very strong performance in the lower-margin chipset business, a trend we expect to continue in FY 13. We maintain our 12-month target price of $82, based on P/E peer analysis. /James Moorman, CFA

QUALCOMM Inc

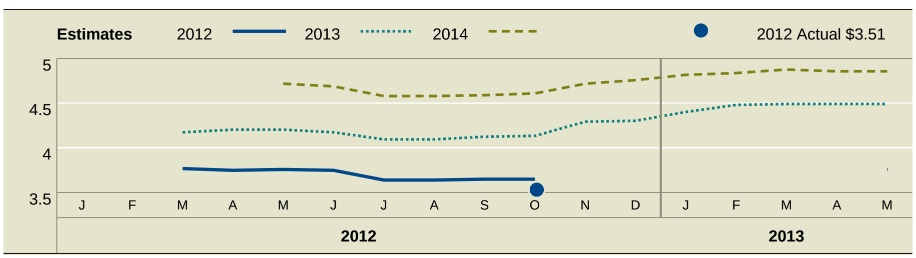
Analysts' Recommendations



Of the total 63 companies following QCOM, 50 analysts currently publish recommendations.

	No. of Ratings	% of Total	1 Mo. Prior	3 Mos. Prior
Buy	27	54	27	24
Buy/Hold	16	32	16	18
Hold	4	8	4	5
Weak Hold	0	0	0	0
Sell	2	4	2	2
No Opinion	1	2	1	1
Total	**50**	**100**	**50**	**50**

Wall Street Consensus Estimates



Fiscal Years	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2014	4.87	5.22	4.31	46	13.3
2013	4.50	4.69	3.92	44	14.4
2014 vs. 2013	▲ 8%	▲ 11%	▲ 10%	▲ 5%	▼ -8%
Q3'14	1.16	1.27	1.01	30	55.7
Q3'13	1.03	1.07	0.91	34	62.8
Q3'14 vs. Q3'13	▲ 13%	▲ 19%	▲ 11%	▼ -12%	▼ -11%

A company's earnings outlook plays a major part in any investment decision. Standard & Poor's organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years. This graph shows the trend in analyst estimates over the past 15 months.

Wall Steet Consensus Opinion

BUY/HOLD

Companies Offering Coverage

Over 30 firms follow this stock; not all firms are displayed.
ACI Research
Arete Research Services LLP
Argus Research Company
Atlantic Equities LLP
BMO Capital Markets, U.S. Equity Research
Barclays
Berenberg
BofA Merrill Lynch
Brean Capital LLC
Brigantine Advisors
CLSA Asia-Pacific Markets
Canaccord Genuity
Cantor Fitzgerald & Co.
Citigroup Inc
Cowen and Company, LLC
Credit Agricole Securities (USA) Inc.
Credit Suisse
D.A. Davidson & Co.
Daiwa Capital Markets America Inc.
Daiwa Securities Capital Markets Co. Ltd.
Davenport & Company
Day By Day
Deutsche Bank
Drexel Hamilton
Erste Group Bank AG
Evercore Partners Inc.
Exane BNP Paribas
FBN Securities, Inc.
FBR Capital Markets & Co.
First Global Stockbroking (P) Ltd.

Wall Street Consensus vs. Performance

For fiscal year 2013, analysts estimate that QCOM will earn $4.50. For the 2nd quarter of fiscal year 2013, QCOM announced earnings per share of $1.06, representing 24% of the total annual estimate. For fiscal year 2014, analysts estimate that QCOM's earnings per share will grow by 8% to $4.87.

Source: S&P, Capital IQ Estimates, Inc.

Glossary

S&P STARS
Since January 1, 1987, Standard and Poor's Equity Research Services has ranked a universe of common stocks based on a given stock's potential for future performance. Under proprietary STARS (STock Appreciation Ranking System), S&P equity analysts rank stocks according to their individual forecast of a stock's future total return potential versus the expected total return of a relevant benchmark (e.g., a regional index (S&P Asia 50 Index, S&P Europe 350 Index or S&P 500 Index)), based on a 12-month time horizon. STARS was designed to meet the needs of investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst's own models as well as internal proprietary models resulting from dynamic data inputs.

S&P 12-Month Target Price
The S&P equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics, including S&P Fair Value.

Investment Style Classification
Characterizes the stock as Growth or Value, and indicates its capitalization level. Growth is evaluated along three dimensions (earnings, sales and internal growth), while Value is evaluated along four dimensions (book-to-price, cash flow-to-price, dividend yield and sale-to-price). Growth stocks score higher than the market average on growth dimensions and lower on value dimensions. The reverse is true for Value stocks. Certain stocks are classified as Blend, indicating a mixture of growth and value characteristics and cannot be classified as purely growth or value.

S&P EPS Estimates
Standard & Poor's earnings per share (EPS) estimates reflect analyst projections of future EPS from continuing operations, and generally exclude various items that are viewed as special, non-recurring, or extraordinary. Also, S&P EPS estimates reflect either forecasts of S&P equity analysts; or, the consensus (average) EPS estimate, which are independently compiled by Capital IQ, a data provider to Standard & Poor's Equity Research. Among the items typically excluded from EPS estimates are asset sale gains; impairment, restructuring or merger-related charges; legal and insurance settlements; in process research and development expenses; gains or losses on the extinguishment of debt; the cumulative effect of accounting changes; and earnings related to operations that have been classified by the company as discontinued. The inclusion of some items, such as stock option expense and recurring types of other charges, may vary, and depend on such factors as industry practice, analyst judgment, and the extent to which some types of data is disclosed by companies.

S&P Core Earnings
Standard & Poor's Core Earnings is a uniform methodology for adjusting operating earnings by focusing on a company's after-tax earnings generated from its principal businesses. Included in the Standard & Poor's definition are employee stock option grant expenses, pension costs, restructuring charges from ongoing operations, write-downs of depreciable or amortizable operating assets, purchased research and development, M&A related expenses and unrealized gains/losses from hedging activities. Excluded from the definition are pension gains, impairment of goodwill charges, gains or losses from asset sales, reversal of prior-year charges and provision from litigation or insurance settlements.

Qualitative Risk Assessment
The S&P equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The Qualitative Risk Assessment is a relative ranking to the S&P U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices.

Quantitative Evaluations
In contrast to our qualitative STARS recommendations, which are assigned by S&P analysts, the quantitative evaluations described below are derived from proprietary arithmetic models. These computer-driven evaluations may at times contradict an analyst's qualitative assessment of a stock. One primary reason for this is that different measures are used to determine each. For instance, when designating STARS, S&P analysts assess many factors that cannot be reflected in a model, such as risks and opportunities, management changes, recent competitive shifts, patent expiration, litigation risk, etc.

S&P Quality Ranking
Growth and stability of earnings and dividends are deemed key elements in establishing S&P's Quality Rankings for common stocks, which are designed to capsulize the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+	Highest	B	Below Average
A	High	B-	Lower
A-	Above Average	C	Lowest
B+	Average	D	In Reorganization
NR	Not Ranked		

S&P Fair Value Rank
Using S&P's exclusive proprietary quantitative model, stocks are ranked in one of five groups, ranging from Group 5, listing the most undervalued stocks, to Group 1, the most overvalued issues. Group 5 stocks are expected to generally outperform all others. A positive (+) or negative (-) Timing Index is placed next to the Fair Value ranking to further aid the selection process. A stock with a (+) added to the Fair Value Rank simply means that this stock has a somewhat better chance to outperform other stocks with the same Fair Value Rank. A stock with a (-) has a somewhat lesser chance to outperform other stocks with the same Fair Value Rank. The Fair Value rankings imply the following: 5-Stock is significantly undervalued; 4-Stock is moderately undervalued; 3-Stock is fairly valued; 2-Stock is modestly overvalued; 1-Stock is significantly overvalued.

S&P Fair Value Calculation
The price at which a stock should trade at, according to S&P's proprietary quantitative model that incorporates both actual and estimated variables (as opposed to only actual variables in the case of S&P Quality Ranking). Relying heavily on a company's actual return on equity, the S&P Fair Value model places a value on a security based on placing a formula-derived price-to-book multiple on a company's consensus earnings per share estimate.

Insider Activity
Gives an insight as to insider sentiment by showing whether directors, officers and key employees who have proprietary information not available to the general public, are buying or selling the company's stock during the most recent six months.

Funds From Operations FFO
FFO is Funds from Operations and equal to a REIT's net income, excluding gains or losses from sales of property, plus real estate depreciation.

Investability Quotient (IQ)
The IQ is a measure of investment desirability. It serves as an indicator of potential medium-to-long term return and as a caution against downside risk. The measure takes into account variables such as technical indicators, earnings estimates, liquidity, financial ratios and selected S&P proprietary measures.

S&P's IQ Rationale:
QUALCOMM Inc

	Raw Score	Max Value
Proprietary S&P Measures	25	115
Technical Indicators	26	40
Liquidity/Volatility Measures	18	20
Quantitative Measures	63	75
IQ Total	**132**	**250**

Volatility
Rates the volatility of the stock's price over the past year.

Technical Evaluation
In researching the past market history of prices and trading volume for each company, S&P's computer models apply special technical methods and formulas to identify and project price trends for the stock.

Relative Strength Rank
Shows, on a scale of 1 to 99, how the stock has performed versus all other companies in S&P's universe on a rolling 13-week basis.

Global Industry Classification Standard (GICS)
An industry classification standard, developed by Standard & Poor's in collaboration with Morgan Stanley Capital International (MSCI). GICS is currently comprised of 10 Sectors, 24 Industry Groups, 68 Industries, and 154 Sub-Industries.

S&P Issuer Credit Rating
A Standard & Poor's Issuer Credit Rating is a current opinion of an obligor's overall financial capacity (its creditworthiness) to pay its financial obligations. This opinion focuses on the obligor's capacity and willingness to meet its financial commitments as they come due. It does not apply to any specific financial obligation, as it does not take into account the nature of and provisions of the obligation, its standing in bankruptcy or liquidation, statutory preferences, or the legality and enforceability of the obligation. In addition, it does not take into account the creditworthiness of the guarantors, insurers, or other forms of credit enhancement on the obligation. The Issuer Credit Rating is not a recommendation to purchase, sell, or hold a financial obligation issued by an obligor, as it does not comment on market price or suitability for a particular investor. Issuer Credit Ratings are based on current information furnished by obligors or obtained by Standard & Poor's from other sources it considers reliable. Standard & Poor's does not perform an audit in connection with any Issuer Credit Rating and may, on occasion, rely on unaudited financial information. Issuer Credit Ratings may be changed, suspended, or withdrawn as a result of changes in, or unavailability of, such information, or based on other circumstances.

Exchange Type
ASE - American Stock Exchange; AU - Australia Stock Exchange; BB - Bulletin Board; NGM - Nasdaq Global Market; NNM - Nasdaq Global Select Market; NSC - Nasdaq Capital Market; NYS - New York Stock Exchange; OTN - Other OTC (Over the Counter); OTC - Over the Counter; QB - OTCQB; QX - OTCQX; TS - Toronto Stock Exchange; TXV - TSX Venture Exchange; NEX - NEX Exchange.

S&P Equity Research Services
Standard & Poor's Equity Research Services U.S. includes Standard & Poor's Investment Advisory Services LLC; Standard & Poor's Equity Research Services Europe includes McGraw-Hill Financial Research Europe Limited trading as Standard & Poor's; Standard & Poor's Equity Research Services Asia includes McGraw-Hill Financial Singapore Pte. Limited's

offices in Singapore, Standard & Poor's Investment Advisory Services (HK) Limited in Hong Kong, Standard & Poor's Malaysia Sdn Bhd, and Standard & Poor's Information Services (Australia) Pty Ltd.

Abbreviations Used in S&P Equity Research Reports
CAGR- Compound Annual Growth Rate; **CAPEX**- Capital Expenditures; **CY**- Calendar Year; **DCF**- Discounted Cash Flow; **EBIT**- Earnings Before Interest and Taxes; **EBITDA**- Earnings Before Interest, Taxes, Depreciation and Amortization; **EPS**- Earnings Per Share; **EV**- Enterprise Value; **FCF**- Free Cash Flow; **FFO**- Funds From Operations; **FY**- Fiscal Year; **P/E**- Price/Earnings ; **PEG Ratio**- P/E-to-Growth Ratio; **PV**- Present Value; **R&D**- Research & Development; **ROE**- Return on Equity; **ROI**- Return on Investment; **ROIC**- Return on Invested Capital; **ROA**- Return on Assets; **SG&A**- Selling, General & Administrative Expenses; **WACC**- Weighted Average Cost of Capital

Dividends on American Depository Receipts (ADRs) and American Depository Shares (ADSs) are net of taxes (paid in the country of origin).

Required Disclosures

In contrast to the qualitative STARS recommendations covered in this report, which are determined and assigned by S&P equity analysts, S&P's quantitative evaluations are derived from S&P's proprietary Fair Value quantitative model. In particular, the Fair Value Ranking methodology is a relative ranking methodology, whereas the STARS methodology is not. Because the Fair Value model and the STARS methodology reflect different criteria, assumptions and analytical methods, quantitative evaluations may at times differ from (or even contradict) an equity analyst's STARS recommendations. As a quantitative model, Fair Value relies on history and consensus estimates and does not introduce an element of subjectivity as can be the case with equity analysts in assigning STARS recommendations.

S&P Global STARS Distribution

In North America: As of March 31, 2013, research analysts at Standard & Poor's Equity Research Services North America recommended 35.0% of issuers with buy recommendations, 56.0% with hold recommendations and 9.0% with sell recommendations.

In Europe: As of March 31, 2013, research analysts at Standard & Poor's Equity Research Services Europe recommended 27.7% of issuers with buy recommendations, 48.6% with hold recommendations and 23.7% with sell recommendations.

In Asia: As of March 31, 2013, research analysts at Standard & Poor's Equity Research Services Asia recommended 38.7% of issuers with buy recommendations, 50.3% with hold recommendations and 11.0% with sell recommendations.

Globally: As of March 31, 2013, research analysts at Standard & Poor's Equity Research Services globally recommended 34.3% of issuers with buy recommendations, 54.2% with hold recommendations and 11.5% with sell recommendations.

★★★★★ **5-STARS (Strong Buy)**: Total return is expected to outperform the total return of a relevant benchmark, by a wide margin over the coming 12 months, with shares rising in price on an absolute basis.

★★★★☆ **4-STARS (Buy)**: Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months, with shares rising in price on an absolute basis.

★★★☆☆ **3-STARS (Hold)**: Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months, with shares generally rising in price on an absolute basis.

★★☆☆☆ **2-STARS (Sell)**: Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months, and the share price not anticipated to show a gain.

★☆☆☆☆ **1-STARS (Strong Sell)**: Total return is expected to underperform the total return of a relevant benchmark by a wide margin over the coming 12 months, with shares falling in price on an absolute basis.

Relevant benchmarks: In North America the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are generally the S&P Europe 350 Index and the S&P Asia 50 Index.

For All Regions: All of the views expressed in this research report accurately reflect the research analyst's personal views regarding any and all of the subject securities or issuers. No part of analyst compensation was, is, or will be directly or indirectly, related to the specific recommendations or views expressed in this research report.

S&P Global Quantitative Recommendations Distribution

In North America: As of March 31, 2013, Standard & Poor's Quantitative Services North America recommended 40.0% of issuers with buy recommendations, 20.0% with hold recommendations and 40.0% with sell recommendations.

In Europe: As of March 31, 2013, Standard & Poor's Quantitative Services Europe recommended 42.2% of issuers with buy recommendations, 21.8% with hold recommendations and 36.0% with sell recommendations.

In Asia: As of March 31, 2013, Standard & Poor's Quantitative Services Asia recommended 49.9% of issuers with buy recommendations, 19.7% with hold recommendations and 30.4% with sell recommendations.

Globally: As of March 31, 2013, Standard & Poor's Quantitative Services globally recommended 44.9% of issuers with buy recommendations, 20.2% with hold recommendations and 34.9% with sell recommendations.

Additional information is available upon request.

Other Disclosures

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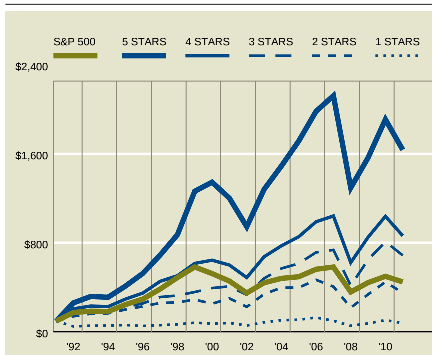
U.S. STARS Cumulative Model Performance

Hypothetical Growth Due to Price Appreciation of $100
For the Period 12/31/1986 through 04/30/2013



The performance above represents only the results of Standard & Poor's model portfolios. Model performance has inherent limitations. Standard & Poor's maintains the models and calculates the model performance shown, but does not manage actual assets. The U.S. STARS model performance chart is only an illustration of Standard & Poor's (S&P) research; it shows how U.S. common stocks, ADRs (American Depositary Receipts) and ADSs (American Depositary Shares), collectively “equities”, that received particular STARS rankings performed. STARS categories are models only; they are not collective investment funds. The STARS performance does not show how any actual portfolio has performed. STARS model performance does not represent the results of actual trading of investor assets. Thus, the model performance shown does not reflect the impact that material economic and market factors might have had on decision-making if actual investor money had been managed. Performance is calculated using a time-weighted rate of return. While model performance for some or all STARS categories performed better than the S&P 500 for the period shown, the performance during any shorter period may not have, and there is no assurance that they will perform better than the S&P 500 in the future. STARS does not take into account any particular investment objective, financial situation or need and is not intended as an investment recommendation or strategy. Investments based on the STARS methodology may lose money. High returns are not necessarily the norm and there is no assurance that they can be sustained. Past model performance of STARS is no guarantee of future performance.

For model performance calculation purposes, the equities within each STARS category at December 31, 1986 were equally weighted. Thereafter, additions to the composition of the equities in each STARS category are made at the average value of the STARS category at the preceding month end with no rebalancing. Deletions are made at the closing price of the day that the deletion is made. Performance was calculated from inception through March 31, 2003 on a monthly basis. Thereafter, performance is calculated daily. Equities in each STARS category will change over time, and some or all of the equities that received STARS rankings during the time period shown may not have maintained their STARS ranking during the entire period.

The model performance does not consider taxes and brokerage commissions, nor does it reflect the deduction of any advisory or other fees charged by advisors or other parties that investors will incur when their accounts are managed in accordance with the models. The imposition of these fees and charges would cause actual performance to be lower than the performance shown. For example, if a model returned 10 percent on a $100,000 investment for a 12-month period (or $10,000) and an annual asset-based fee of 1.5 percent were imposed at the end of the period (or $1,650), the net return would be 8.35 percent (or $8,350) for the year. Over 3 years, an annual 1.5% fee taken at year end with an assumed 10% return per year would result in a cumulative gross return of 33.1%, a total fee of $5,375 and a cumulative net return of 27.2% (or $27,200). Fees deducted on a frequency other than annual would result in a different cumulative net return in the preceding example.

The Standard & Poor's 500 index is the benchmark for U.S. STARS. The S&P 500 index is calculated in U.S. dollars and does not take into account the reinvestment of dividends. Indexes are unmanaged, statistical composites and their returns do not include payment of any sales charges or fees an investor would pay to purchase the securities they represent. Such costs would lower performance. It is not possible to invest directly in an index. The S&P 500 index includes a different number of constituents and has different risk characteristics than the STARS equities. Some of the STARS equities may have been included in the S&P 500 index for some (but not necessarily all) of the period covered in the chart, and some such equities may not have been included at all. The S&P 500 excludes ADRs and ADSs. The methodology for calculating the return of the S&P 500 index differs from the methodology of calculating the return for STARS. Past performance of the S&P 500 index is no guarantee of future performance.

An investment based upon the models should only be made after consulting with a financial advisor and with an understanding of the risks associated with any investment in securities, including, but not limited to, market risk, currency risk, political and credit risks, the risk of economic recession and the risk that issuers of securities or general stock market conditions may worsen, over time. Foreign investing involves certain risks, including currency fluctuations and controls, restrictions on foreign investments, less governmental supervision and regulation, less liquidity and the potential for market volatility and political instability. As with any investment, investment returns and principal value will fluctuate, so that when redeemed, an investor's shares may be worth more or less than their original cost.

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