

QUALCOMM INC/DE
Form DEF 14A
January 16, 2013
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
SCHEDULE 14A INFORMATION
PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE
SECURITIES EXCHANGE ACT OF 1934
(AMENDMENT NO. __)

Filed by the Registrant [X]

Filed by a Party other than the Registrant []

Check the appropriate box:

[] Preliminary Proxy Statement

[] Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

[X] Definitive Proxy Statement

[] Definitive Additional Materials

[] Soliciting Material Pursuant to Section 240.14a-12

QUALCOMM INCORPORATED

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

January 17, 2013

Dear Fellow Stockholder:

You are cordially invited to attend Qualcomm's Annual Meeting of Stockholders (Annual Meeting) on Tuesday, March 5, 2013. The meeting will begin promptly at 9:30 a.m. Pacific Time at the [Irwin M. Jacobs Qualcomm Hall, 5775 Morehouse Drive, San Diego, California 92121](#). I invite you to arrive early at 8:30 a.m. to preview our product displays. We will begin the Annual Meeting with a discussion and vote on the matters set forth in the Notice of Annual Meeting of Stockholders, followed by presentations and a report on Qualcomm's fiscal 2012 performance.

This year, we are again furnishing the proxy materials to stockholders primarily over the Internet. Therefore, most stockholders will not receive paper copies of our proxy materials. We will instead send these stockholders a notice with instructions for accessing the proxy materials and voting via the Internet. The notice also provides information on how stockholders may obtain paper copies of our proxy materials if they so choose. This method expedites the receipt of your proxy materials, lowers the costs of our Annual Meeting and helps to conserve natural resources.

Whether or not you plan to attend the Annual Meeting, please vote as soon as possible. As an alternative to voting in person at the Annual Meeting, you may vote via the Internet, by telephone or, if you receive a paper proxy card in the mail, by mailing the completed proxy card. Voting by any of these methods will ensure your representation at the Annual Meeting.

Your vote is very important to us. I urge you to vote as we recommend.

I look forward to seeing you in San Diego at the [Irwin M. Jacobs Qualcomm Hall](#) on March 5, 2013.

Sincerely,

Paul E. Jacobs

Chairman and Chief Executive Officer

Table of Contents

5775 Morehouse Drive

San Diego, California 92121-1714

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held On March 5, 2013

To the Stockholders of QUALCOMM Incorporated:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders (Annual Meeting) of QUALCOMM Incorporated (the Company), a Delaware corporation, will be held at the **Irwin M. Jacobs Qualcomm Hall, 5775 Morehouse Drive, San Diego, California 92121**, on Tuesday, March 5, 2013 at 9:30 a.m. Pacific Time for the following purposes:

1. To elect 11 directors to hold office until the next annual stockholders meeting and until their respective successors have been elected or appointed.
2. To approve the 2006 Long-Term Incentive Plan, as amended, which includes an increase in the share reserve by 90,000,000 shares.
3. To ratify the selection of PricewaterhouseCoopers LLP as our independent public accountants for our fiscal year ending September 29, 2013.
4. To hold an advisory vote on executive compensation.
5. To transact such other business as may properly come before stockholders at the Annual Meeting or any adjournment or postponement thereof.

The Board of Directors has fixed the close of business on January 7, 2013 as the record date for the determination of stockholders entitled to notice of and to vote at the Annual Meeting and at any adjournment or postponement thereof.

By Order of the Board of Directors,

Donald J. Rosenberg

Executive Vice President,

General Counsel and Corporate Secretary

San Diego, California

January 17, 2013

Table of Contents

How To Vote

If your shares are held by a broker, bank or other stockholder of record, in nominee name or otherwise, exercising fiduciary powers (typically referred to as being held in street name), you may receive a separate voting instruction form with this proxy statement, or you may need to contact your broker, bank or other stockholder of record to determine whether you will be able to vote electronically via the Internet or by telephone.

If you are a stockholder with shares registered in your name, you may vote by one of the following three methods:

Vote via the Internet. Go to the web address <http://www.proxyvote.com> and follow the instructions for Internet voting shown on the proxy card mailed to you.

Vote by Telephone. Dial 1-800-690-6903 and follow the instructions for telephone voting shown on the proxy card mailed to you.

Vote by Proxy Card mailed to you. Complete, sign, date and mail the proxy card in the envelope provided. If you vote via the Internet or by telephone, please do not mail your proxy card.

PLEASE NOTE THAT IF YOUR SHARES ARE HELD BY A BROKER, BANK OR OTHER STOCKHOLDER OF RECORD AND YOU WISH TO VOTE AT THE ANNUAL MEETING, YOU MUST FIRST OBTAIN A LEGAL PROXY ISSUED IN YOUR NAME FROM THE RECORD HOLDER. OTHERWISE, YOU WILL NOT BE PERMITTED TO VOTE IN PERSON AT THE MEETING.

In this document, the words Qualcomm, the Company, we, our, ours and us refer only to QUALCOMM Incorporated and its consolidated subsidiaries and not any other person or entity.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON MARCH 5, 2013

This proxy statement and our Annual Report on Form 10-K for fiscal 2012 are available at <http://www.qualcomm.com>

We are furnishing proxy materials to our stockholders primarily via the Internet under rules adopted by the U.S. Securities and Exchange Commission (SEC), instead of mailing printed copies of those materials to each stockholder. On January 17, 2013, we mailed to our stockholders (other than those who previously requested electronic or paper delivery) a Notice of Internet Availability of Proxy Materials containing instructions on how to access our proxy materials, including our proxy statement. The Notice of Internet Availability of Proxy Materials also provides instructions on how to access your proxy card to vote via the Internet or by telephone.

This process is designed to expedite stockholders' receipt of proxy materials, lower the cost of the Annual Meeting and help conserve natural resources. If you would prefer to continue to receive printed proxy materials, please follow the instructions included in the Notice of Internet Availability of Proxy Materials. If you have previously elected to receive our proxy materials electronically, you will continue to receive these materials via e-mail unless you elect otherwise.

Table of Contents

2012 PROXY SUMMARY

This summary highlights information contained elsewhere in our proxy statement. This summary does not contain all of the information that you should consider, and you should read the entire proxy statement carefully before voting.

Annual Meeting of Stockholders

Time and date: 9:30 a.m., March 5, 2013

Place: Irwin M. Jacobs Qualcomm Hall
5775 Morehouse Drive
San Diego, CA 92121

Record date: January 7, 2013

How to vote: You may vote either in person at the Annual Meeting or by telephone, the Internet or mail. See the Notice of Annual Meeting of Stockholders for more detail regarding how you may vote if you are a registered holder or a beneficial owner of shares held in street name.

Voting Matters

Proposals	Board Voting Recommendation	Page Reference
		(for more detail)
Election of directors	FOR EACH DIRECTOR NOMINEE	8
Approval of the 2006 Long-Term Incentive Plan, as amended, which includes an increase in the share reserve by 90,000,000 shares	FOR	13
Ratification of PricewaterhouseCoopers LLP as our independent public accountants for fiscal 2013	FOR	27
Advisory vote on executive compensation	FOR	29

Table of Contents**Board Nominees**

Name	Age	Director Since	Occupation	Independent	Committee Memberships			
					AC	CC	GC	FC
Barbara T. Alexander	64	2006	Independent Consultant	X	X	X		
Donald G. Cruickshank	70	2005	Chairman, Audioboo Ltd.	X	X			X
Raymond V. Dittamore	69	2002	Retired Audit Partner, Ernst & Young LLP	X	C			
Susan Hockfield	61	2012	President Emerita and Professor of Neuroscience, Massachusetts Institute of Technology	X				
Thomas W. Horton	51	2008	Chairman, Chief Executive Officer and President, AMR Corporation	X				
Paul E. Jacobs	50	2005	Chairman of the Board and Chief Executive Officer					
Sherry Lansing	68	2006	Founder and Chair, The Sherry Lansing Foundation	X				C
Duane A. Nelles	69	1988	Self-Employed, Personal Investment Business	X				C
Francisco Ros	62	2010	Founder and President, First International Partners, S.L.	X				X
Brent Scowcroft	87	1994	President, The Scowcroft Group	X				X
Marc I. Stern	68	1994	Vice Chairman, The TCW Group, Inc. and Chairman, Société Générale's Global Investment Management and Services North America Unit	X		X		

AC Audit Committee
 CC Compensation Committee
 GC Governance Committee
 FC Finance Committee
 C Committee Chair (1)
 * Presiding Director (1)

- (1) Steven M. Bennett serves as Chair of the Compensation Committee and Presiding Director until he concludes his service as a director at the Annual Meeting. A new Chair of the Compensation Committee and Presiding Director will be appointed at the annual meeting of the Board of Directors immediately following the Annual Meeting.

Table of Contents**Fiscal 2012 Business Performance and Executive Pay Highlights**

In fiscal 2012, we delivered record revenues, earnings and Mobile Station Modem (MSM) integrated circuit shipments as we continued to drive smartphone growth and innovation, enable growth of 3G/4G technologies in emerging regions and create new mobile computing opportunities. We invested in and executed on these strategic priorities to further position our broad licensing program and industry-leading 3G/4G integrated circuit roadmap for the many opportunities ahead.

Amounts available for award under the fiscal 2012 annual cash incentive plan (performance-adjusted amounts) were at 117% of target (compared to 190% of target for fiscal 2011), driven by continued above-target Non-GAAP revenues and Non-GAAP operating income. The amounts awarded by the Compensation Committee to the named executive officers (NEOs) are summarized in the graph on page 43. The graph on page 44 shows the relationship between the Company's financial performance and the CEO's compensation.

The table below summarizes the key components of our NEOs' compensation for fiscal 2012 and highlights the significant portion that is variable.

Name	Annual Cash Incentive	Variable Compensation Grant Date Fair Values of Equity Awards (1)			Fixed Compensation Salary	Total Direct Compensation (TDC) Amount for Fiscal 2012	Variable Amount as a % of TDC
		Performance + Stock Units	Restricted + Stock Units	Total Variable Amount			
	(\$)	\$(2)	\$(3)	(\$)	(\$)	(\$)	
Paul E. Jacobs	3,400,000	8,099,999	6,899,986	18,399,985	1,189,246	19,589,231	94%
Steven M. Mollenkopf	1,300,000	3,779,974	3,219,986	8,299,960	805,582	9,105,542	91%
Derek K. Aberle	1,100,000	2,700,000	2,300,014	6,100,014	720,548	6,820,562	89%
William E. Keitel	1,000,000	2,700,000	2,300,014	6,000,014	731,934	6,731,948	89%
Donald J. Rosenberg	850,000	2,375,995	2,024,016	5,250,011	668,270	5,918,281	89%

- (1) The actual amounts that may be realized vary based on the Company's stock price performance and relative Total Shareholder Return (TSR).
- (2) Excludes \$2,700,000 and \$2,160,013 in value from special promotion equity awards granted to Messrs. Mollenkopf and Aberle, respectively.
- (3) Excludes \$2,300,014 and \$1,840,000 in value from special promotion equity awards granted to Messrs. Mollenkopf and Aberle, respectively.

Table of Contents**PROXY STATEMENT****TABLE OF CONTENTS**

<u>GENERAL MATTERS</u>	1
<u>Voting Rights and Outstanding Shares</u>	1
<u>Broker Non-Votes</u>	1
<u>Revocability of Proxies</u>	1
<u>Solicitation</u>	2
<u>Stockholder Proposals</u>	2
<u>Financial Information</u>	2
<u>Corporate Directory</u>	2
<u>CORPORATE GOVERNANCE</u>	2
<u>Code of Ethics</u>	2
<u>Board Leadership Structure</u>	2
<u>Board Meetings, Committees and Attendance</u>	3
<u>Board's Role in Risk Oversight</u>	5
<u>Director Nominations</u>	5
<u>Majority Voting</u>	7
<u>Stock Ownership Guidelines</u>	7
<u>Communications with Directors</u>	7
<u>Annual Meeting Attendance</u>	8
<u>Director Independence</u>	8
<u>PROPOSAL 1: ELECTION OF DIRECTORS</u>	8
<u>Nominees for Election</u>	9
<u>Required Vote and Board Recommendation</u>	12
<u>PROPOSAL 2: APPROVAL OF THE 2006 LONG-TERM INCENTIVE PLAN, AS AMENDED, WHICH INCLUDES AN INCREASE IN THE SHARE RESERVE BY 90,000,000 SHARES</u>	13
<u>Key Features of the 2006 LTIP and Awards</u>	14
<u>Significant Historical Award Information</u>	14
<u>Background for the Current Request to Increase the Share Reserve</u>	15
<u>Summary of the 2006 LTIP</u>	15
<u>Equity Compensation Plan Information</u>	25
<u>Required Vote and Board Recommendation</u>	26
<u>PROPOSAL 3: RATIFICATION OF SELECTION OF INDEPENDENT PUBLIC ACCOUNTANTS</u>	27
<u>Fees for Professional Services</u>	27
<u>Required Vote and Board Recommendation</u>	28
<u>PROPOSAL 4: ADVISORY VOTE ON EXECUTIVE COMPENSATION</u>	29
<u>Required Vote and Board Recommendation</u>	30
<u>STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	31
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	33
<u>Compensation Committee Interlocks and Insider Participation in Compensation Decisions</u>	33
<u>CERTAIN RELATIONSHIPS AND RELATED-PERSON TRANSACTIONS</u>	33
<u>COMPENSATION COMMITTEE REPORT</u>	34
<u>EXECUTIVE COMPENSATION AND RELATED INFORMATION</u>	35
<u>I. Key Highlights and Overview</u>	35
<u>II. Executive Summary</u>	38
<u>III. Compensation Discussion and Analysis</u>	46
<u>IV. Compensation Risk Management</u>	68
<u>V. Compensation Tables and Narrative Disclosures</u>	69
<u>DIRECTOR COMPENSATION</u>	80
<u>AUDIT COMMITTEE REPORT</u>	83
<u>OTHER MATTERS</u>	85
<u>APPENDIX 1: Financial Information</u>	A-1
<u>APPENDIX 2: Corporate Directory</u>	B-1

APPENDIX 3: Reconciliation of Adjusted Non-GAAP Results to GAAP Results
APPENDIX 4: 2006 Long-Term Incentive Plan

C-1
D-1

Table of Contents

QUALCOMM INCORPORATED

5775 Morehouse Drive

San Diego, California 92121-1714

PROXY STATEMENT

FOR ANNUAL MEETING OF STOCKHOLDERS

March 5, 2013

GENERAL MATTERS

The accompanying proxy is solicited on behalf of the Board of Directors (Board) of QUALCOMM Incorporated, a Delaware corporation, for use at the Annual Meeting of Stockholders (Annual Meeting) to be held on Tuesday, March 5, 2013, at 9:30 a.m. Pacific Time, or at any adjournment or postponement thereof, for the purposes set forth herein and in the accompanying Notice of Annual Meeting of Stockholders. The Annual Meeting will be held at the Irwin M. Jacobs Qualcomm Hall, 5775 Morehouse Drive, San Diego, California 92121.

In this document, the words Qualcomm, the Company, we, our, ours and us refer only to QUALCOMM Incorporated and its consolidated subsidiaries and not any other person or entity.

Voting Rights and Outstanding Shares

Only holders of record of common stock at the close of business on January 7, 2013 (Record Date) will be entitled to notice of and to vote at the Annual Meeting. At the close of business on the Record Date, we had 1,716,764,257 shares of common stock outstanding and entitled to vote.

Each holder of record of common stock on the Record Date will be entitled to one vote for each share held on all matters to be voted upon. If no choice is indicated on the proxy, the shares will be voted in accordance with the recommendations of the Board.

All votes will be counted by an independent inspector of election appointed for the Annual Meeting, who will separately tabulate affirmative and negative votes, abstentions and broker non-votes.

Broker Non-Votes

A broker non-vote occurs when a broker, bank or other stockholder of record, in nominee name or otherwise, exercising fiduciary powers (typically referred to as being held in street name) submits a proxy for the Annual Meeting, but does not vote on a particular proposal because that holder does not have discretionary voting power with respect to that proposal and has not received voting instructions from the beneficial owner. Abstentions and broker non-votes have no effect on the determination of whether a nominee or the proposal has received the vote of a majority of the shares of common stock present or represented by proxy and voting at the Annual Meeting. Under the rules that govern brokers who are voting with respect to shares held in street name, brokers have the discretion to vote those shares on routine matters, but not on non-routine matters. Routine matters include ratification of independent public accountants. Non-routine matters include the election of directors, actions on stock plans and the advisory vote on executive compensation.

Revocability of Proxies

Any person giving a proxy pursuant to this solicitation has the power to revoke it at any time before it is voted. It may be revoked by filing a written notice of revocation or a duly executed proxy bearing a later date with our Corporate Secretary at our principal executive offices, 5775 Morehouse Drive, N-510F, San Diego, California 92121-1714, or it may be revoked by attending the Annual Meeting and voting in person. Attendance at the Annual Meeting will not, by itself, revoke a proxy.

Table of Contents

Solicitation

We will bear the entire cost of solicitation of proxies, including preparation, assembly, printing and mailing of the Notice of Internet Availability of Proxy Materials, this proxy statement, the proxy card and any additional information furnished to stockholders. Copies of solicitation materials will be furnished to banks, brokerage houses, fiduciaries and custodians holding in their names shares of common stock beneficially owned by others to forward to such beneficial owners. We may reimburse persons representing beneficial owners of common stock for their costs of forwarding solicitation materials to such beneficial owners. In addition, we have retained Morrow & Company to act as a proxy solicitor in conjunction with the meeting. We have agreed to pay that firm \$12,500, plus reasonable out-of-pocket expenses, for proxy solicitation services. Solicitation of proxies by mail may be supplemented by telephone or personal solicitation by our directors, officers or other regular employees. No additional compensation will be paid to directors, officers or other regular employees for such services.

Stockholder Proposals

The deadline for submitting a stockholder proposal for inclusion in our proxy materials for our 2014 Annual Meeting of Stockholders is September 20, 2013. Stockholder nominations for director and other proposals that are not to be included in such materials must be received no earlier than November 6, 2013 and no later than the close of business on December 6, 2013. Any such stockholder proposals or nominations for director must be submitted to our Corporate Secretary in writing at 5775 Morehouse Drive, N-510F, San Diego, California 92121-1714. Stockholders are also advised to review our Amended and Restated Bylaws, which contain additional requirements for submitting stockholder proposals and director nominations. See page 5 for further information.

Financial Information

Attached in Appendix 1 is certain financial information from our Annual Report on Form 10-K for fiscal 2012 that we filed with the Securities and Exchange Commission (SEC) on November 7, 2012. We have not undertaken any updates or revisions to such information since the date it was filed with the SEC. Accordingly, we encourage you to review Appendix 1 together with any subsequent information we have filed with the SEC and other publicly available information.

Corporate Directory

Attached in Appendix 2 is a listing of our executive officers and members of the Board of Directors.

CORPORATE GOVERNANCE

Code of Ethics

We have a code of ethics that applies to all of our employees, including employees of our subsidiaries, as well as to each member of the Board. The code of ethics is available on our website at www.qualcomm.com under the Corporate Governance section of our Investor Relations page. Any amendments to, or waivers under, the code of ethics that are required to be disclosed by the SEC will be disclosed on our website at www.qualcomm.com under the Corporate Governance section of our Investor Relations page. To date, there have not been any waivers by us under the code of ethics.

Board Leadership Structure

The Board believes that it should maintain flexibility in its ability to select and revise Qualcomm's Board leadership structure from time to time. Our charter documents and policies do not prevent our Chief Executive Officer from also serving as our Chairman of the Board. Our Board evaluates its leadership structure and elects the Chairman and the Chief Executive Officer based on the criteria it deems appropriate and in the best interests

Table of Contents

of the Company and its stockholders, given the circumstances at the time of such election. While we have in the past had different persons serving as Chairman of the Board and Chief Executive Officer, the Board believes that it is currently in the best interests of the Company and its stockholders for Dr. Paul Jacobs to serve in both roles. In light of Dr. Jacobs’s knowledge of the Company and its industry, having him serve as Chairman and Chief Executive Officer provides strong unified leadership for the Company, enhances communication between management and the Board, helps the Board focus on matters that management believes are most important and allows him to lead more effectively in executing the Company’s business plan and strategic initiatives. Our Board believes that the role of Presiding Director, which pursuant to our Governance Principles and Practices must be an independent director, provides an appropriate balance in Qualcomm’s leadership. The Presiding Director helps ensure a strong, independent and active Board.

Under our Governance Principles and Practices, the Presiding Director is chosen by rotation among the chairs of the Audit, Compensation and Governance committees. An individual serves as the Presiding Director for a two-year period. Mr. Bennett acted as the Board’s Presiding Director during fiscal 2012. The chair of the Governance Committee is scheduled to assume this role in March 2013. The Presiding Director has the following roles and responsibilities:

presiding at all Board meetings at which the Chairman is not present, including executive sessions of the independent directors;

collaborating with the Chairman and Chief Executive Officer in developing agendas for Board meetings;

acting as the principal liaison between the non-management directors and the Chairman and Chief Executive Officer;

communicating with independent directors to ensure that matters of interest are included on agendas for Board meetings;

communicating with independent directors and management to affirm that appropriate briefing materials are being provided to directors sufficiently in advance of Board meetings to allow for proper preparation and participation in meetings; and

calling special meetings of the Board, with the concurrence of at least one additional director, as appropriate.

Board Meetings, Committees and Attendance

During fiscal 2012, the Board held six meetings. Board agendas include regularly scheduled sessions for the independent directors to meet without management present, and the Board’s Presiding Director leads those sessions. The Board delegates various responsibilities and authority to different Board committees. We have four standing committees: the Audit, Compensation, Governance and Finance committees. Committees regularly report on their activities and actions to the full Board. Committee assignments are re-evaluated annually and approved by the Board at an annual meeting that follows the Annual Meeting of Stockholders in February or March of each year. Each committee acts according to a written charter approved by the Board. Copies of each charter can be found on our website at *www.qualcomm.com* as follows:

Name of Committee	Website Link
Audit Committee	http://investor.qualcomm.com/documentdisplay.cfm?DocumentID=463
Compensation Committee	http://investor.qualcomm.com/documentdisplay.cfm?DocumentID=462
Governance Committee	http://investor.qualcomm.com/documentdisplay.cfm?DocumentID=461
Finance Committee	http://investor.qualcomm.com/documentdisplay.cfm?DocumentID=464

Table of Contents

The table below provides fiscal 2012 committee membership information for each of the Board Committees.

Name	Committee			
	Audit	Compensation	Governance	Finance (1)
Barbara T. Alexander	X	X		
Stephen M. Bennett		C		
Donald G. Cruickshank	X			X
Raymond V. Dittamore	C			
Susan Hockfield				
Thomas W. Horton				
Paul E. Jacobs				
Robert E. Kahn				X
Sherry Lansing			C	
Duane A. Nelles				C
Francisco Ros			X	
Brent Scowcroft			X	
Marc I. Stern		X		

(1) Irwin Mark Jacobs served on the Finance Committee until his retirement from the Board on March 6, 2012.

C Committee Chair

The Audit Committee. The Audit Committee meets at least quarterly with our management and independent public accountant to review the results of the annual integrated audit and quarterly reviews of our consolidated financial statements and to discuss our financial statements and earnings releases. The Audit Committee selects, engages, oversees and evaluates the qualifications, performance and independence of our independent public accountant, reviews the plans and results of internal audits, and reviews evaluations by management and the independent public accountant of the effectiveness of our internal control over financial reporting and disclosure controls and procedures, among other functions. The Audit Committee met 17 times during fiscal 2012. All of the members of the Audit Committee are audit committee financial experts as defined by the SEC and independent directors within the meaning of Rule 5605 of the NASDAQ Stock Market LLC (NASDAQ Rule 5605) and SEC Rule 10A-3(b)(1)(ii).

The Compensation Committee. The Compensation Committee makes recommendations concerning salaries and incentive compensation, administers and approves stock offerings under our employee stock purchase plans and long term incentive plan and otherwise determines compensation levels for the Chief Executive Officer, the named executive officers (as listed in the Summary Compensation Table), the other executive officers and the Board directors and performs such other functions regarding compensation as the Board may delegate. The Compensation Committee met eight times during fiscal 2012. All of the members of the Compensation Committee are independent directors within the meaning of NASDAQ Rule 5605 and outside directors within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended.

The Governance Committee. The Governance Committee reviews, approves and oversees various corporate governance related policies and procedures applicable to us, including emergency procedures (such as disaster recovery and security). The Committee also reviews and evaluates the effectiveness of our executive development and succession planning processes and provides active leadership and oversight with respect to these processes. In addition, the Governance Committee evaluates and recommends nominees for membership on

Table of Contents

the Board and its committees. The Governance Committee met eight times during fiscal 2012. All of the members of the Governance Committee are independent directors within the meaning of NASDAQ Rule 5605.

The Finance Committee. The Finance Committee reviews our financial position, cash management, dividend and stock repurchase programs, securities issuances, acquisitions and other major strategic investment decisions and provides oversight of our budgeting process. The Finance Committee met nine times during fiscal 2012.

During fiscal 2012, each Board member attended at least 75% of the aggregate of the meetings of the Board and of the meetings of the committees on which he or she served and that were held during the period for which he or she was a Board or committee member, respectively.

Board's Role in Risk Oversight

Qualcomm does not view risk in isolation, but considers risk as part of its regular consideration of business strategy and business decisions. Assessing and managing risk is the responsibility of Qualcomm's management, which establishes and maintains risk management processes, including action plans and controls, to balance risk mitigation and opportunities to create stockholder value. It is management's responsibility to anticipate, identify and communicate risks to the Board and/or its committees. The Board oversees and reviews certain aspects of the Company's risk management efforts, either directly or through its committees. Qualcomm approaches risk management by integrating its strategic planning, operational decision making and risk oversight and communicating risks and opportunities to the Board. The Board commits extensive time and effort every year to discussing and agreeing upon the Company's strategic plan, and it reconsiders key elements of the strategic plan as significant events and opportunities arise during the year. As part of the review of the strategic plan, as well as in evaluating events and opportunities that occur during the year, the Board and management focus on the primary success factors and risks for the Company.

While the Board has primary responsibility for oversight of the Company's risk management, the Board's standing committees support the Board by regularly addressing various risks in their respective areas of oversight. Specifically, the Audit Committee assists the Board in fulfilling its oversight responsibilities with respect to risk management in the areas of financial reporting, internal controls and compliance with public reporting requirements. The Compensation Committee assists the Board in fulfilling its risk management oversight responsibilities with respect to risks arising from compensation policies and programs. The Governance Committee assists the Board in fulfilling its risk management oversight responsibilities with respect to risks related to corporate governance, succession planning and emergency procedures (including disaster recovery and security). The Finance Committee assists the Board in fulfilling its risk management oversight responsibilities with respect to risks related to major strategic investment decisions and other financial transactions, treasury functions and policies and budget processes. Each of the committee chairs reports to the full Board at regular meetings concerning the activities of the committee, the significant issues it has discussed and the actions taken by the committee.

We believe that our leadership structure supports the risk oversight function of the Board. With our Chief Executive Officer serving as Chairman of the Board, he is able to promote open communication between management and directors relating to risk. Additionally, each Board committee is chaired by an independent director and all directors are actively involved in the risk oversight function.

Director Nominations

Our Amended and Restated Bylaws contain provisions that address the process by which a stockholder may nominate an individual to stand for election to the Board at our Annual Meeting of Stockholders. The Board has also adopted a formal policy concerning stockholder recommendations of Board candidates to the Governance Committee. This policy is set forth in our Corporate Governance Principles and Practices, which is available on our website at www.qualcomm.com under the Corporate Governance section of our Investor Relations page. Under this policy, the Governance Committee will review a reasonable number of candidates recommended by a single stockholder who has held over 1% of our common stock for over one year and who satisfies the notice,

Table of Contents

information and consent requirements set forth in our Amended and Restated Bylaws. To recommend a nominee for election to the Board, a stockholder must submit his or her recommendation to the Corporate Secretary at our corporate offices at 5775 Morehouse Drive, N-510F, San Diego, California 92121-1714. A stockholder's recommendation must be received by us within the time limits set forth above under Stockholder Proposals. A stockholder's recommendation must be accompanied by the information with respect to stockholder nominees as specified in the Amended and Restated Bylaws, including among other things, the name, age, address and occupation of the recommended person, the proposing stockholder's name and address, the ownership interests of the proposing stockholder and any beneficial owner on whose behalf the nomination is being made (including the number of shares beneficially owned, any hedging, derivative, short or other economic interests and any rights to vote any shares), and any material monetary or other relationships between the recommended person and the proposing stockholder and/or the beneficial owners, if any, on whose behalf the nomination is being made. The proposing stockholder must also provide evidence of owning the requisite number of shares of our common stock for over one year. Candidates so recommended will be reviewed using the same process and standards for reviewing Governance Committee recommended candidates.

In evaluating director nominees, the Governance Committee considers the following factors:

the appropriate size of the Board;

our needs with respect to the particular talents and experience of our directors;

the knowledge, skills and experience of nominees, including experience in technology, business, finance, administration or public service, in light of prevailing business conditions and the knowledge, skills and experience already possessed by other members of the Board;

familiarity with national and international business matters;

experience in political affairs;

experience with accounting rules and practices;

appreciation of the relationship of our business to the changing needs of society;

the nominee's other commitments, including the other boards on which the nominee serves; and

the desire to balance the considerable benefit of continuity with the periodic injection of the fresh perspective provided by new members.

The Governance Committee's goal is to assemble a board of directors that brings to us a diversity of perspectives and skills derived from high quality business and professional experience. In doing so, the Governance Committee also considers candidates with appropriate non-business backgrounds.

Other than the foregoing, there are no stated minimum criteria for director nominees, although the Governance Committee may also consider such other factors as it may deem are in the best interests of the Company and its stockholders. The Governance Committee does, however, believe it appropriate for at least one, and preferably several, members of the Board to meet the criteria for an audit committee financial expert as defined by the SEC, and that a majority of the members of the Board meet the definition of independent director under NASDAQ Rule 5605. The Governance Committee also believes it is in the best interests of stockholders that a key member of our current management participates as a member of the Board. The Governance Committee identifies nominees by first evaluating the current members of the Board willing to

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continue their service. Current members of the Board with skills and experience that are relevant to our business and who are willing to continue their service are considered for re-nomination, balancing the value of continuity of service by existing members of the Board with that of obtaining a new perspective. If any member of the Board does not wish to continue to serve or if the Governance Committee or the Board decides not to re-nominate a member for re-election, the Governance Committee identifies the desired skills and experience of a new nominee based on the criteria above. Current members of the Governance Committee and Board are polled for suggestions as to individuals meeting the criteria of the Governance Committee. Research may also be performed to identify qualified individuals. We have, in the past, engaged third parties to assist in identifying and evaluating potential nominees.

Table of Contents

Majority Voting

In fiscal 2012, we amended our Bylaws to implement a majority voting standard for uncontested elections of directors. We made that change following stockholder approval, at our 2012 annual meeting, of an amendment to our Restated Certificate of Incorporation to eliminate the plurality voting standard for director elections. Under our Amended and Restated Bylaws, in an uncontested election, if any incumbent nominee for director receives a greater number of withhold votes (ignoring abstentions and broker non-votes) than votes cast for his or her election, the director shall promptly tender his or her resignation from the Board, subject to acceptance by the Board. In that event, the Governance Committee shall make a recommendation to the Board as to whether to accept or reject the tendered resignation or whether other actions should be taken. In making its recommendation, the Governance Committee will consider all factors it deems relevant, including, without limitation, the stated reasons why stockholders withheld votes from such director, the length of service and qualifications of such director, the director's past contributions to us and the availability of other qualified candidates for director. The Governance Committee's evaluation shall be forwarded to the Board to permit the Board to act on it no later than 90 days following the date of the stockholder meeting. In reviewing the Governance Committee's recommendation, the Board shall consider the factors evaluated by the Governance Committee and such additional information and factors as the Board believes to be relevant. If the Board determines that the director's resignation is in the best interests of the Company and its stockholders, the Board shall promptly accept the resignation. We will publicly disclose the Board's decision within four business days in a Current Report on Form 8-K, providing an explanation of the process by which the decision was reached and, if applicable, the reasons for not accepting the director's resignation. The director in question will not participate in the Governance Committee's or the Board's considerations of the appropriateness of his or her continued service, except to respond to requests for information.

Stock Ownership Guidelines

We adopted stock ownership guidelines for our directors and executive officers to help ensure that they each maintain an equity stake in the Company and, by doing so, appropriately link their interests with those of the other stockholders. The guideline for executive officers is based on a multiple of the executive's base salary, ranging from two to six times, with the size of the multiple based on the individual's position with the Company. Only shares actually owned (as shares or as vested deferred stock units) count toward the requirement. Executives are required to achieve these stock ownership levels within five years of becoming an executive officer. Non-employee directors are required to hold a number of shares of our common stock with a value equal to five times the annual retainer for Board service paid to U.S. residents. Non-employee directors are required to achieve this ownership level within five years of joining the Board, or (in the case of non-employee directors serving on the Board on September 18, 2009) by September 18, 2014. Until September 18, 2014, non-employee directors who were serving on September 18, 2009 are required to hold a number of shares of the Company's common stock with a value equal to three times the annual cash retainer for Board service paid to U.S. residents. In addition to the preceding ownership guidelines, all directors are expected to own shares of our common stock within one year of joining the Board. See the "Other Policies and Practices" section under "Compensation Discussion and Analysis" for additional information.

Communications with Directors

We have adopted a formal process for stockholder communications with the Board. This process is also set forth in our Corporate Governance Principles and Practices. Stockholders who wish to communicate to the Board should do so in writing to the following address:

[Name of Director(s) or Board of Directors]

Qualcomm Incorporated

Attn: General Counsel

5775 Morehouse Drive, N-510F

San Diego, California 92121-1714

Table of Contents

Our General Counsel logs all such communications (and the disposition of such communications as set forth below) and forwards those not deemed frivolous, threatening or otherwise inappropriate to the Chair of the Governance Committee for distribution to the appropriate members of the Board and/or management.

Annual Meeting Attendance

Our Corporate Governance Principles and Practices sets forth a policy on director attendance at annual meetings. Directors are encouraged to attend absent unavoidable conflicts. All directors then in office attended our last annual meeting.

Director Independence

The Board has determined that, except for Dr. Paul Jacobs, all of the members of the Board are independent directors within the meaning of NASDAQ Rule 5605.

PROPOSAL 1

ELECTION OF DIRECTORS

Our Restated Certificate of Incorporation and Amended and Restated Bylaws provide that directors are to be elected at the Annual Meeting of Stockholders to hold office until the next annual meeting and until their respective successors are elected and qualified. Vacancies on the Board resulting from death, resignation, disqualification, removal or other causes may be filled by either the affirmative vote of the holders of a majority of the then-outstanding shares of common stock or by the affirmative vote of a majority of the remaining directors then in office, even if less than a quorum of the Board is present. Newly created directorships resulting from any increase in the number of directors may, unless the Board determines otherwise, be filled only by the affirmative vote of the directors then in office, even if less than a quorum of the Board is present. Any director elected as a result of a vacancy 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.

Our Restated Certificate of Incorporation provides that the number of directors shall be fixed exclusively by one or more resolutions adopted from time to time by the Board. Mr. Bennett and Dr. Kahn will conclude their service as directors at the Annual Meeting. The Board, upon the recommendation of its Governance Committee, has decided to reduce the size of the Board to 11 members, effective as of the time the stockholders vote on the election of directors at the Annual Meeting. Therefore, 11 directors will stand for election at the Annual Meeting.

In an uncontested election, our Bylaws provide that a director nominee will be elected only if he or she receives a majority of the votes cast with respect to his or her election (that is, the number of shares voted for a director nominee must exceed the number of votes cast against that nominee). Abstentions and broker non-votes have no effect on the vote. In an uncontested election, if any nominee for director who is currently serving on the Board receives a greater number of withhold votes than votes for his or her election, the director shall promptly tender his or her resignation from the Board, subject to acceptance by the Board. The process that will be followed by the Board in that event is described above under the heading Majority Voting.

The candidates receiving a majority of votes with respect to the election of directors will be elected directors of the Company. Shares of common stock represented by executed proxies will be voted, if authority to do so is not withheld, for the election of the 11 nominees named below. Each person nominated for election has agreed to serve, if elected, and the Board has no reason to believe that any nominee will be unable to serve.

Set forth below is biographical information for each person nominated.

Table of Contents

Nominees for Election

BARBARA T. ALEXANDER, 64, Director since 2006

Ms. Alexander has been an independent consultant since February 2004. From October 1999 to January 2004, she was a senior advisor for UBS, and from January 1992 to September 1999, she was a managing director of Dillon Read & Co., Inc. Prior to joining Dillon Read, Ms. Alexander was a managing director in the corporate finance department of Salomon Brothers. Ms. Alexander is past Chairman of the Board of the Joint Center for Housing Studies at Harvard University and is currently a member of that board's executive committee and an executive fellow of the Joint Center for Housing Studies at Harvard University. Ms. Alexander has been a director of Allied World Assurance Company Holdings, Ltd. since August 2009, KB Home since October 2010 and Choice Hotels since February 2012. Ms. Alexander previously served as a director of Centex Corporation from July 1999 to August 2009, Burlington Resources, Inc. from January 2004 to March 2006, Federal Home Loan Mortgage Corporation (Freddie Mac) from November 2004 to March 2010 and Harrah's Entertainment, Inc. from February 2002 to April 2007. She holds B.S. and M.S. degrees in theoretical mathematics from the University of Arkansas, Fayetteville. We believe Ms. Alexander's qualifications to serve on our Board include her significant financial and accounting experience. In addition, she has extensive experience serving on several other public company boards, including in most instances service as the chair or a member of the audit committee of those other boards. Her experience at Freddie Mac has added to her knowledge regarding risk management issues. She has been designated as an audit committee financial expert.

DONALD G. CRUICKSHANK, 70, Director since 2005

Sir Donald has been Chairman of Audioboo Ltd. since April 2010. He was Chairman of Clinovia Group Ltd. from January 2004 to February 2007 and Formscope Group Ltd. from April 2003 to December 2006 and was a member of the Financial Reporting Council, the body in the U.K. responsible for oversight of the Accountancy and Actuarial professions and for corporate governance standards from June 2001 to June 2007. Sir Donald has extensive experience in a number of areas, including European regulation and telecommunications. His career has included assignments at McKinsey & Co. Inc., Times Newspapers, Virgin Group plc., Wandsworth Health Authority and the National Health Service in Scotland. Sir Donald served as Chairman of the London Stock Exchange plc. from 2000 to 2003 and as Director General of the U.K.'s Office of Telecommunications (OfTel) from 1993 to 1998. From 1997 to 2000, he served as Chairman of Action 2000, the U.K.'s Millennium Bug campaign. In 1998, Chancellor Gordon Brown appointed him as Chairman of the Government's Review of the U.K. banking sector, and from 1999 to 2004, he served as Chairman of SMG plc., one of Scotland's leading broadcasters. Sir Donald holds an M.A. degree in law and an honorary L.L.D. degree from the University of Aberdeen and an M.B.A. degree from Manchester Business School, the University of Manchester. We believe Sir Donald's qualifications to serve on our Board include his extensive management experience in a diverse range of companies, his many years of experience in working with governmental organizations, his extensive experience in European regulation and telecommunications policies and administration and his broad experience in international business matters. In addition, as a native of the United Kingdom, with significant pan-European experience, Sir Donald brings a non-U.S. centric perspective which is beneficial to our Board. He has been designated as an audit committee financial expert.

RAYMOND V. DITTAMORE, 69, Director since 2002

Mr. Dittamore retired in June 2001 as a partner of Ernst & Young LLP, an international public accounting firm, after 35 years of service. Mr. Dittamore has been a director of Life Technologies Corporation since July 2001. He previously served as a director of Gen-Probe Incorporated from August 2002 to September 2009 and Digirad Corporation from March 2004 to March 2008. Mr. Dittamore holds a B.S. degree in accounting from San Diego State University. We believe Mr. Dittamore's qualifications to serve on our Board include his many years of financial and accounting experience, including his long service with an international accounting firm as an audit partner and as a member of that firm's management. In addition, Mr. Dittamore has served and currently serves on other public company boards, where he has gained extensive audit committee experience as well as

Table of Contents

additional insight into the practices of other boards and their committees. He has also been designated as an audit committee financial expert.

SUSAN HOCKFIELD, Ph.D., 61, Director since 2012

Dr. Hockfield has been President Emerita of the Massachusetts Institute of Technology (MIT) since July 2012 and Professor of Neuroscience at MIT since 2004. She was President of MIT from December 2004 to July 2012. Dr. Hockfield joined the faculty of Yale University in 1985 and served as Provost from 2002 to 2004 and dean of the Graduate School of Arts and Sciences from 1998 to 2002. Dr. Hockfield was a member of the scientific staff of the Cold Spring Harbor Laboratory from 1980 to 1985 and a National Institutes of Health (NIH) postdoctoral fellow at the University of California at San Francisco in 1980. Dr. Hockfield has been a director of the General Electric Company since December 2006. She has been a trustee of the Carnegie Corporation of New York since September 2006. Dr. Hockfield holds honorary degrees from several U.S. and international universities and is a member of the American Academy of Arts and Sciences and a fellow of the American Association for the Advancement of Science. Dr. Hockfield holds a B.A. degree in biology from the University of Rochester and a Ph.D. degree in Anatomy from the Georgetown University School of Medicine. We believe Dr. Hockfield's qualifications to serve on our Board include her significant management and leadership experience developed and demonstrated as President of MIT, a leading research university, and as Provost and a dean at Yale. Throughout our corporate history, we have valued and benefited from our interaction with academic institutions. Dr. Hockfield's experience in education and her perspective as a scientist provides us with important insights as we develop and invest in new technologies and evaluate new ideas. In addition, her service on other public company boards brings valuable perspectives to our Board.

THOMAS W. HORTON, 51, Director since 2008

Mr. Horton has been Chairman and Chief Executive Officer of AMR Corporation (AMR) and American Airlines (American) since November 2011 and President of AMR and American since July 2010. He served as Executive Vice President and Chief Financial Officer of AMR and American from March 2006 to July 2010. He served as Vice Chairman and Chief Financial Officer of AT&T Corporation (AT&T) from January 2002 to February 2006. Prior to joining AT&T, Mr. Horton was Senior Vice President and Chief Financial Officer of AMR from January 2000 to 2002 and served in numerous management positions with AMR since 1985. In November 2011, AMR and American filed voluntary petitions for reorganization under Federal bankruptcy laws. He holds a B.B.A. degree in accounting from Baylor University and an M.B.A. degree from Southern Methodist University. We believe Mr. Horton's qualifications to serve on our Board include his management, financial and accounting experience, including his current position as President of AMR Corporation and his prior service as Vice Chairman and Chief Financial Officer of AT&T Corporation and as Executive Vice President and Chief Financial Officer of AMR. In particular, Mr. Horton's roles in operational and financial management at AMR bring valuable insights to our Board, as well as providing a useful resource to our senior management.

PAUL E. JACOBS, Ph.D., 50, Director since 2005

Dr. Jacobs has served as Chairman of the Board since March 2009, as a director since June 2005 and as Chief Executive Officer since July 2005. He served as Group President of our QWI segment from July 2001 to June 2005. In addition, he served as Executive Vice President from February 2000 to June 2005. Dr. Jacobs was a director of A123 Systems, Inc. from November 2002 to July 2012. Dr. Jacobs holds a B.S. degree in electrical engineering and computer science, an M.S. degree in electrical engineering and a Ph.D. degree in electrical engineering and computer science from the University of California, Berkeley. We believe Dr. Jacobs's qualifications to serve on our Board include his extensive business, operational and management experience in the wireless telecommunications industry, including his current position as our Chairman and Chief Executive Officer. His extensive knowledge of our business, products, strategic relationships and opportunities, as well as the rapidly evolving technologies and competitive environment, bring valuable insights and knowledge to our Board.

Table of Contents

SHERRY LANSING, 68, Director since 2006

Ms. Lansing is the Founder and has been the Chair of the Sherry Lansing Foundation, a philanthropic organization focusing on cancer research, health and education since 2005. From 1992 to 2005, she was the Chair of the Motion Picture Group of Paramount Pictures where she oversaw the release of more than 200 films, including Academy Award® winners Forrest Gump, Braveheart and Titanic. From 1984 to 1990, she operated her own production company, Lansing Productions, and co-founded Jaffe/Lansing Productions. In 1980, she became the film industry's first female to oversee all aspects of a studio's motion picture production when she was appointed President of Production at 20th Century Fox. She holds additional trustee, chair and advisory positions with the Friends of Cancer Research, the American Association of Cancer Research, the Carter Center and Stop Cancer, a non-profit philanthropic group she founded in partnership with Dr. Armand Hammer. Ms. Lansing is also a regent of the University of California and serves as Chair of the University Health Services Committee. Ms. Lansing has been a director of Dole Food Company, Inc. since October 2009 and RealD Inc. since May 2010. She earned the 2004 Horatio Alger Humanitarian Award, the 2003 Woodrow Wilson Award for Corporate Citizenship, a 2003 honorary doctorate in fine arts from the American Film Institute, the 1989 Alfred P. Sloan, Jr. Memorial Award and the 1982 Distinguished Community Service Award from Brandeis University. She holds a B.S. degree in speech, with minors in English and mathematics, from Northwestern University. We believe that Ms. Lansing's qualifications to serve on our Board include her management and operational experience in the entertainment and content production business. Given the convergence of content and delivery capability, as well as consumer driven technology and device capability, Ms. Lansing's professional experience is of great value to the Board and Qualcomm. In addition, her past and current service on other public company boards brings valuable insights to our Board.

DUANE A. NELLES, 69, Director since 1988

Mr. Nelles has been in the personal investment business since 1987. Prior to that time, he was a partner in the international public accounting firm of Coopers & Lybrand LLP, which he joined in 1968. Mr. Nelles has been a director of American Assets Trust, Inc. since February 2011. He previously served as a director of WFS Financial Inc. from July 1995 to March 2006 and Westcorp Inc. from February 2003 to March 2006. He holds a B.A. degree in economics and mathematics from Albion College and an M.B.A. degree from the University of Michigan. We believe Mr. Nelles's qualifications to serve on our Board include his financial and accounting experience, including his nearly 20 years of service as a partner in an international public accounting firm and his many years as a private investor and businessman. In addition, Mr. Nelles's service as a director of Qualcomm for over 20 years provides important context and historical perspective to Board deliberations.

FRANCISCO ROS, Ph.D., 62, Director since 2010

Dr. Ros is President of First International Partners, S.L., a business consulting firm he founded in 2002. He was Secretary of State (vice minister) of the Government of Spain from May 2004 to July 2010. He served as a senior director of business development of Qualcomm from July 2003 to April 2004. In 2011, he was the recipient of the Great Cross of the Telecommunications and Information Society Merit granted by the Government of Spain. Dr. Ros has been a director of Proteccion On-Line S.L. since October 2012. Dr. Ros holds an engineer degree in telecommunications and a Ph.D. degree in telecommunications from the Universidad Politecnica de Madrid, a Master degree in electrical engineering and a Ph.D. degree in electrical engineering and computer science from the Massachusetts Institute of Technology (MIT) and an advanced management degree from the Instituto de Estudios Superiores de la Empresa (IESE) in Madrid. We believe Dr. Ros's qualifications to serve on our Board include his significant experience related to the regulatory environment in Europe for wireless technology, as well as his technical and business background and education. In addition, Dr. Ros brings a non-U.S. perspective to issues facing us, enhancing the understanding of our Board.

Table of Contents

BRENT SCOWCROFT, 87, Director since 1994

General Scowcroft is the President of The Scowcroft Group, Inc., an international business consulting firm he founded in June 1994. He served as Assistant to the President for National Security Affairs for President George H.W. Bush from January 1989 until January 1993; he also held that position for President Gerald R. Ford during his term. A retired U.S. Air Force Lieutenant General, General Scowcroft served in numerous national security posts in the Pentagon and the White House prior to his appointments as Assistant to the President for National Security Affairs. General Scowcroft holds numerous honorary degrees, a B.S. degree in engineering from West Point and M.A. and Ph.D. degrees in political science from Columbia University. We believe General Scowcroft's qualifications to serve on our Board include his significant experience in the management of large scale organizations during his days of active military service and his extensive knowledge of international business and governmental affairs, which have been gained at the highest levels of governmental service and through working with numerous international businesses. In particular, General Scowcroft is a recognized expert on China, one of the most important markets in the world.

MARC I. STERN, 68, Director since 1994

Mr. Stern has been Vice Chairman of The TCW Group, Inc. (TCW), an asset management firm based in Los Angeles, since October 2005. He has been Chairman of Société Générale Group's (Société Générale) Global Investment Management and Services in North America (GIMS) since October 2005 and a member of the Management Committee of Société Générale, the parent company of GIMS and TCW, since May 2007. Mr. Stern has been a director of TCW Funds, Inc., a registered investment company, since September 1992. Mr. Stern served as President of TCW from May 1992 to October 2005 and as Chief Executive Officer of TCW from July 2009 to August 2012. Mr. Stern served as President and a director of SunAmerica, Inc., a financial services company, from 1988 to 1990. Prior to joining SunAmerica, Mr. Stern was Managing Director and Chief Administrative Officer of The Henley Group, Inc., a diversified manufacturing company, and prior to that was Senior Vice President of Allied-Signal Inc., a diversified manufacturing company. Mr. Stern holds a B.A. degree in political science and history from Dickinson College, an M.A. degree in government from the Columbia University Graduate School of Public Law and Government and a J.D. degree from the Columbia University School of Law. We believe that Mr. Stern's qualifications to serve on our Board include his many years of business, operational and financial management experience. In addition, his current and prior service on other public company boards permits him to contribute valuable strategic management insight to our Board, both with respect to specific governance and compensation related issues, as well as general leadership. Finally, as a member of our Board since 1994, Mr. Stern brings a very valuable historical perspective on the development of the Company's business and its leadership.

Required Vote and Board Recommendation

If a quorum is present and voting, each of the 11 nominees for director will be elected by a vote of a majority of the votes cast, meaning that the number of shares cast for a director's election exceeds the number of votes cast against that director. If you hold your shares in your own name and abstain from voting on this matter, your abstention will have no effect on the vote. If you hold your shares through a broker and you do not instruct the broker on how to vote for each of the 11 nominees, your broker will not have the authority to vote your shares. Abstentions and broker non-votes will each be counted as present for purposes of determining the presence of a quorum but will not have any effect on the outcome of the vote.

THE BOARD RECOMMENDS A VOTE FOR THE ELECTION OF EACH NAMED NOMINEE.

Table of Contents

PROPOSAL 2

APPROVAL OF THE 2006 LONG-TERM INCENTIVE PLAN, AS AMENDED, WHICH INCLUDES AN INCREASE IN THE SHARE RESERVE BY 90,000,000 SHARES

The 2006 Long-Term Incentive Plan (the 2006 LTIP) was initially approved by the stockholders on March 7, 2006, as a restatement of our 2001 Stock Option Plan and the successor to the 1991 Stock Option Plan and the 2001 Non-Employee Directors Stock Option Plan and its predecessor plan. The 2006 LTIP also serves as the source of shares for the Executive Retirement Matching Contribution Plan, as amended and restated (the ERM Plan). Since the initial approval of the 2006 LTIP in 2006, the stockholders approved amendments to the 2006 LTIP in 2008 and 2010. Most recently, the stockholders approved an amended 2006 LTIP on March 8, 2011.

The 2006 LTIP has again been amended, subject to stockholder approval thereof. The amendments to the 2006 LTIP would effect the following material changes:

1. Increase the maximum number of shares that the Company may issue under the 2006 LTIP from 483,284,432 shares to 573,284,432 shares, which will enable the Company to continue to grant awards to deserving individuals and remain competitive with its industry peers.
2. Extend the term of the 2006 LTIP by two years from March 7, 2016 to March 7, 2018, to ensure continuity for the grant and delivery of stock awards.
3. Provide additional flexibility for vesting of restricted stock, restricted stock units, performance awards and other stock-based awards based on the full value of shares. Currently, the 2006 LTIP imposes certain limitations on the vesting of these awards, including a requirement that such awards that vest on the basis of continued service may not vest more rapidly than annual pro rata vesting over three years and a requirement that such awards that vest upon the participant's attainment of performance goals must provide for a performance period of at least 12 months. An exception currently allows a maximum of two percent of the shares authorized for issuance under the 2006 LTIP to be issued to non-employee directors without regard to these vesting limits. This change would expand this exception to include awards granted to employees and increases the number of shares subject to the exception to cover up to five percent of the shares authorized for issuance under the 2006 LTIP. This change is intended to facilitate the decision of the Compensation Committee to move the grant of equity awards to the chief executive officer, other named executive officers and other executive officers from the first quarter of our fiscal year to the fourth quarter of our fiscal year, at which time the Compensation Committee can give consideration to current fiscal year performance, the results of the annual stockholder advisory vote on executive compensation and feedback from stockholders, while maintaining the historical vesting schedules for those awards (which commenced upon grant of the awards at or near the beginning of the fiscal year). The change would also provide additional flexibility to grant awards that provide for performance-based vesting based on participant performance over a period of less than one year.
4. Remove the requirement that options vest over a period of no less than three years from the date of grant. This change is also intended to give the Compensation Committee flexibility to grant stock options at the end of the fiscal year but allow for vesting to occur on the same basis as stock options granted at the beginning of the year as described above with respect to the change in vesting limitations for full value awards.

Beginning in fiscal 2010, we have granted predominantly restricted stock units and performance stock units that vest on the basis of continued service and/or attainment of performance goals. These types of awards enable us to reduce the equity burn rate and dilution by granting a fewer number of shares relative to the number of stock options that had been granted in prior years.

We believe that equity incentives are critical to attracting and retaining the most talented employees in our industry. Stockholder approval of the proposed amended 2006 LTIP will allow us to continue to provide such incentives.

Table of Contents

Key Features of the 2006 LTIP and Awards

Awards, other than those granted as part of employment offers, are merit-based as part of our comprehensive compensation program.

The Compensation Committee, an independent committee of the Board, administers the plan.

A total of 39,816,390 and 28,061,028 shares remained available for issuance at September 30, 2012 and December 15, 2012, respectively.

Awards, other than stock option awards and stock appreciation rights that have been granted after March 7, 2011 without dividend equivalent rights are charged against the 2006 LTIP share reserve on the basis of two shares for each share actually granted.

Awards may not be granted later than 10 years from the effective date of the 2006 LTIP (March 7, 2016). If stockholders approve the amended 2006 LTIP, the term of the plan will be extended, and awards under the 2006 LTIP may be granted until March 7, 2018.

Awards may be in the form of stock options, stock appreciation rights, restricted stock, unrestricted stock, restricted stock units, performance shares, performance units (including performance stock units), deferred compensation awards and other stock-based awards.

No dividends are paid out on unearned awards (including unearned performance awards) that have been granted under the 2006 LTIP.

Stock options and stock appreciation rights may not be repriced without prior approval by our stockholders.

Stock options and stock appreciation rights may not be granted below fair market value.

Stock options and stock appreciation rights generally shall not be fully vested over a period of less than three years from the date of grant. This limit would no longer apply to stock options if stockholders approve the amended 2006 LTIP.

Restricted stock, restricted stock units, performance awards and other stock-based awards granted to employees based on the full value of shares generally shall not vest based on service more rapidly than annual pro rata vesting over a three-year period or vest upon the attainment of performance goals based on a performance period of less than 12 months. If stockholders approve the amended 2006 LTIP, this limit would not apply to a maximum of 5% of the shares reserved for issuance.

Shares tendered in payment of a stock option, shares withheld for taxes and shares repurchased by the Company are not available again for grant under the 2006 LTIP.

The 2006 LTIP reserve is reduced by the full amount of shares granted as stock appreciation rights, regardless of the number of shares upon which payment is made.

All stock options granted after January 1, 2011 expire after seven years. Substantially all stock options granted prior to that date expire after 10 years.

Significant Historical Award Information

All full-time employees are eligible to receive equity awards. At present, approximately 24,000 employees and 12 non-employee directors are eligible to receive awards under the 2006 LTIP.

Table of Contents

The following table shows how the key equity metrics have changed over the past three fiscal years:

Key Equity Metrics	2012	2011	2010
Percentage of equity awards granted to NEOs (1)	3.8%	5.3%	5.3%
Equity burn rate (2)	1.1%	0.9%	1.9%
Dilution (3)(5)	9.7%	12.8%	14.1%
Overhang (4)(5)	7.8%	9.3%	12.1%

- (1) Percentage of equity awards granted to NEOs (named executive officers) is calculated by dividing the number of shares subject to equity awards that were granted to NEOs during the fiscal year by the total shares subject to equity awards that were granted during the fiscal year.
- (2) Equity burn rate is calculated by dividing the number of shares subject to equity awards granted during the fiscal year by the weighted-average number of shares outstanding during the period.
- (3) Dilution is calculated by dividing the sum of (x) the number of shares subject to equity awards outstanding at the end of the fiscal year and (y) the number of shares available for future grants, by the number of shares outstanding at the end of the fiscal year.
- (4) Overhang is calculated by dividing the number of shares subject to equity awards outstanding at the end of the fiscal year by the number of shares outstanding at the end of the fiscal year.
- (5) If the Company had not repurchased any shares during fiscal 2012, dilution and overhang would have been 9.6% and 7.7%, respectively, for fiscal 2012.

Background for the Current Request to Increase the Share Reserve

Our request to increase the share reserve by 90 million shares considers the following:

If we do not increase the share reserve at our 2013 Annual Meeting, we would need to make significant changes to our equity award practices in order to conserve the share reserve balance until the time of our 2014 annual meeting. The changes to our practices would limit our flexibility to provide competitive compensation and thus our ability to attract, motivate and retain highly qualified talent.

If our stockholders approve our request for 90 million additional shares at the 2013 Annual Meeting, we believe this amount will be sufficient for two to three years.

We have decreased our annual equity burn rate and dilution by granting restricted stock units and performance stock units as components of our broad-based equity program.

Summary of the 2006 LTIP

The following paragraphs summarize material terms of the 2006 LTIP. This summary is qualified in its entirety by the specific terms of the 2006 LTIP, a copy of which is available to any stockholder upon request.

General

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The 2006 LTIP provides for the grant of incentive and nonstatutory stock options, as well as stock appreciation rights, restricted stock, unrestricted stock, restricted stock units, performance units and shares (including performance stock units), deferred compensation awards and other stock-based awards. It is also the source of shares for matching stock awards under the ERMC Plan. Incentive stock options granted under the 2006 LTIP are intended to qualify as incentive stock options within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the Code). Nonstatutory stock options granted under the 2006 LTIP are not intended to qualify as incentive stock options under the Code.

Table of Contents**Purpose**

The 2006 LTIP advances the interests of the Company and its stockholders by helping to attract and retain persons of skill and ability to serve the Company and by motivating these individuals to continue their contributions to the growth and profitability of the Company.

Administration

The Board and its designees administer the 2006 LTIP. The Board interprets the 2006 LTIP, subject to the requirements of the 2006 LTIP. As permitted under the 2006 LTIP, the Board has delegated administration of the 2006 LTIP to the Compensation Committee. The Compensation Committee determines the recipients of awards, the number of shares subject to each award, the times when an award will become exercisable or vest, the exercise price, the type of consideration to be paid upon exercise and other terms of the award. For awards to persons other than directors or executive officers, the Compensation Committee has delegated administration of the 2006 LTIP to the Management Equity Awards Committee, currently comprised of our Chief Executive Officer, President and Chief Operating Officer, and Executive Vice President, Human Resources, who act pursuant to the guidelines approved by the Compensation Committee. As used herein with respect to the 2006 LTIP, the

Board refers to the Compensation Committee and the Management Equity Awards Committee, in addition to the full Board, and references to the Compensation Committee include the Management Equity Awards Committee.

Stock Subject to the 2006 LTIP

A total of 483,284,432 shares are currently reserved for issuance under the 2006 LTIP. We propose to increase the number of shares by 90,000,000 shares, for a total of 573,284,432 shares reserved for issuance under the 2006 LTIP. The table below presents the number of shares, including dividend equivalents, that were subject to various outstanding equity awards at September 30, 2012 and December 15, 2012:

Outstanding Award Type	Number of Shares		Under All Equity Plans December 15, 2012
	Under the 2006 LTIP		
	September 30, 2012	December 15, 2012	
Stock options	103,037,185	95,419,635	98,268,677
Weighted-average exercise price	\$ 40.27	\$ 40.57	\$ 40.32
Weighted-average remaining term (years)	4.9	4.8	4.8
Restricted stock units	30,910,119	32,595,458	35,502,343
Performance stock units (1)	1,839,608	1,180,763	1,180,763
Deferred stock units	141,880	141,880	141,880

(1) No performance stock units had been earned at September 30, 2012. A total of 644,873 performance stock units granted in November and December 2009 were earned and vested in November 2012.

Additionally, 39,816,390 and 28,061,028 shares remain available for future grants under the 2006 LTIP at September 30, 2012 and December 15, 2012, respectively, and 41,090,901 and 29,084,586 shares remain available for future grants under all equity plans at September 30, 2012 and December 15, 2012, respectively. Shares underlying awards granted under the 2006 LTIP that expire, are forfeited or cancelled without having been exercised or settled in full, or otherwise terminate become available again for grant under the 2006 LTIP, as do shares subject to awards under the ERM Plan that are forfeited to the Company.

Awards, other than stock options and stock appreciation rights that have been granted after March 7, 2011 without dividend equivalent rights, are charged against the 2006 LTIP share reserve on the basis of two shares for each share granted.

Table of Contents

Eligibility

Awards other than incentive stock options are generally granted to our employees and directors, although the 2006 LTIP permits the grant of awards to consultants. Incentive stock options may be granted only to employees, and only U.S.-based executives may participate in the ERMC Plan.

If an incentive stock option is granted to any person who, at the time of the grant, owns (or is deemed to own) stock possessing more than 10% of the total combined voting power of the Company, or any of its parent or subsidiary corporations, the option must be granted at an exercise price that is at least 110% of the fair market value of the Company's stock on the date of grant, and the term of the option must not exceed five years. The aggregate fair market value, determined at the time of grant, of the shares of common stock with respect to which incentive stock options granted under the 2006 LTIP that are exercisable for the first time by an optionee during any calendar year (under all our plans and our parent and subsidiary corporations) may not exceed \$100,000. In order to permit awards to qualify as performance-based compensation under Section 162(m) of the Code, no employee may be granted awards during any fiscal year in excess of the following limits, subject to adjustments for changes in the capital structure of the Company:

Stock options and stock appreciation rights: No more than 3,000,000 shares.

Restricted stock and restricted stock unit awards vesting based upon the attainment of performance goals: No more than 1,000,000 shares.

Performance share awards: No more than 1,000,000 shares for each full fiscal year contained in the performance period of the award.

Performance unit awards: No more than \$8,000,000 in value for each full fiscal year contained in the performance period of the award. Currently, the 2006 LTIP requires that restricted stock, restricted stock units, performance awards and stock-based awards based on the full value of shares and vest on the basis of continued service may not vest more rapidly than annual pro rata vesting over three years, and such awards that vest upon the participant's attainment of performance goals must provide for a performance period of at least 12 months. In addition, the 2006 LTIP currently prohibits acceleration of vesting of these types of awards at a rate more rapid than annual pro rata vesting over a three year period except in connection with death, disability (as defined in the 2006 LTIP), retirement, which is defined to mean attainment of age 60 and completion of 10 years of continuous service for an employee and attainment of age 70 for non-employee directors, or a change in control. These limitations do not apply to shares granted under the ERMC Plan, and an exception allows a maximum of two percent of the shares authorized for issuance under the 2006 LTIP to be issued to non-employee directors without regard to these vesting limits. If the amended 2006 LTIP is approved by the stockholders, this exception would be expanded to include awards granted to employees as well as non-employee directors and would cover up to five percent of the shares authorized for issuance under the amended 2006 LTIP.

Stock Options and Stock Appreciation Rights

The following is a general description of the terms of stock options and stock appreciation rights that may be awarded under the 2006 LTIP. Individual grants may have different terms, subject to the overall requirements of the 2006 LTIP.

Exercise Price; Payment. The exercise price of incentive stock options under the 2006 LTIP may not be less than the fair market value of the Company's common stock subject to the option on the date of grant, and in some cases may not be less than 110% of the fair market value on the grant date (see *Eligibility*). As of January 7, 2013, the fair market value (i.e., closing price) of a share of the Company's common stock was \$64.01. The exercise price of a nonstatutory stock option and a stock appreciation right may not be less than the fair market value of the Company's stock subject to the award on the date of grant. The exercise price of options granted under the 2006 LTIP must be paid: (1) in cash, check or a cash equivalent; (2) by tender of shares of

Table of Contents

common stock of the Company subject to attestation to the ownership of the shares and to having a fair market value not less than the exercise price; (3) if permitted by the Board, by means of a cashless exercise that complies with applicable securities and other laws; (4) in any other form of payment acceptable to the Board; or (5) by a combination of the above forms of payment.

No Repricing. The 2006 LTIP does not permit the Company to lower the exercise price of options or stock appreciation rights without stockholder pre-approval.

Exercise. Stock options and stock appreciation rights granted under the 2006 LTIP vest in cumulative increments as determined by the Board, provided that the holder's employment by, or service as a director of or consultant to, the Company or certain related entities or designated affiliates, continues from the date of grant until the applicable vesting date. Stock options and stock appreciation rights granted under the 2006 LTIP may be subject to different vesting terms, subject to an overall minimum three-year vesting requirement applicable to options and stock appreciation rights, other than in connection with a termination of service or a change in control (as defined in the 2006 LTIP) or in the case of a stock option granted to non-employee directors. In addition, the Board has the power to accelerate the time during which an award may be exercised, subject to these limitations. If the amended 2006 LTIP is approved by the stockholders, stock options will no longer be subject to the minimum three-year vesting requirement.

Term. The maximum term of stock options and stock appreciation rights under the 2006 LTIP is 10 years, except for certain incentive stock options with a maximum term of five years (see Eligibility). The 2006 LTIP provides for the earlier termination of an award due to the holder's termination of service.

Restrictions on Transfer. During a participant's lifetime, stock options may be exercised only by the participant or the participant's guardian or legal representative. Stock options are not subject in any manner to anticipation, alienation, sale, exchange, transfer, assignment, pledge, encumbrance or garnishment. Participants may not transfer incentive stock options granted under the 2006 LTIP, except by will or by the laws of descent and distribution. The terms and conditions of award agreements may provide that nonstatutory stock options are transferrable by written designation of a beneficiary taking effect upon the death of the participant or by delivering written notice to the Company, in a form acceptable to the Company, that the participant will be gifting the option to certain family members, other specific entities controlled by or for the benefit of such family members, or such other approved transferees.

A total of 343,500 stock options were granted during fiscal 2012. A total of 103,037,185 and 95,419,635 stock options were outstanding under the 2006 LTIP at September 30, 2012 and December 15, 2012, respectively. The weighted-average exercise price of options outstanding at September 30, 2012 and December 15, 2012 was \$40.27 and \$40.57, respectively. The weighted-average remaining contractual term of options outstanding at September 30, 2012 and December 15, 2012 was 4.9 years and 4.8 years, respectively.

Restricted Stock Units

The Board may grant restricted stock units under the 2006 LTIP. Restricted stock units represent a right to receive shares of the Company's common stock at a future date determined in accordance with the participant's award agreement. There is no purchase or exercise price associated with restricted stock units or with the shares issued in settlement of the award. The Board grants restricted stock unit awards subject to the attainment of one or more performance goals, similar to those described below in connection with performance awards, or may make the awards subject to vesting conditions similar to those for restricted stock awards, as described below. Participants may not transfer shares acquired pursuant to restricted stock units until the units vest. Unless the Board provides otherwise, participants forfeit any unvested restricted stock units upon termination of service. Participants have no voting rights or rights to receive cash dividends with respect to restricted stock unit awards until shares of common stock are issued in settlement of such awards. However, the Board may grant restricted

Table of Contents

stock units that entitle the holders to receive dividend equivalents, which are rights to receive additional restricted stock units or cash amounts based on the value of any cash dividends the Company pays. A total of 17,182,872 restricted stock units were granted during fiscal 2012 under the 2006 LTIP. A total of 30,910,119 and 32,595,458 restricted stock units, including dividend equivalents, were outstanding under the 2006 LTIP at September 30, 2012 and December 15, 2012, respectively.

Restricted Stock Awards

The Board may grant restricted stock awards under the 2006 LTIP in the form of either a restricted stock purchase right, an immediate right to purchase common stock or a restricted stock bonus, for which the participant furnishes consideration in the form of services to the Company. The Board determines the purchase price payable under restricted stock purchase rights, which may be less than the then current fair market value of the Company's common stock. Restricted stock awards may be subject to vesting conditions based on service or performance criteria as the Board specifies, including the attainment of one or more performance goals similar to those described below in connection with performance awards. Participants may not transfer shares acquired pursuant to a restricted stock award until the shares vest. Unless otherwise provided by the Board, participants forfeit any unvested shares of restricted stock upon termination of service. Participants holding restricted stock generally may vote the shares and receive any dividends paid; however, the restrictions on the original restricted stock award apply to dividends or distributions paid in shares, adjustments made upon a change in the capital structure of the Company, and any substituted or additional securities or property arising from such award. No restricted stock awards were granted during fiscal 2012 or outstanding at September 30, 2012 or December 15, 2012.

Performance Awards

The Board may grant performance awards subject to the fulfillment of conditions and the attainment of performance goals over such periods as the Board determines in writing and sets forth in a written agreement between the Company and the participant. To the extent compliance with Section 162(m) of the Code is desired, a committee comprised solely of outside directors as defined under Section 162(m) must act with respect to performance awards, and the term Board as used in this section shall include this committee. These awards may be designated as performance shares or performance units. Performance shares and performance units are unfunded bookkeeping entries generally having initial values equal to the fair market value of a share of stock determined on the grant date and a value set by the Board, respectively, multiplied by the number of shares subject to such grant. Performance awards specify a predetermined amount of performance shares or performance units that may be earned by the participant to the extent that one or more predetermined performance goals are attained within the predetermined performance period. To the extent earned, performance awards may be settled in cash, shares of common stock or a combination thereof.

Prior to the start of the applicable performance period, or as permitted pursuant to Section 162(m) of the Code, the Board establishes one or more performance goals applicable to the award. Performance goals are based on the attainment of specified target levels with respect to one or more selected measures of business or financial performance. Performance goals may be based on one or more of the following measures: revenues, gross margin, operating margin, operating income, earnings before tax, earnings before interest, taxes, depreciation and amortization, net income, expenses, the market price of the Company's common stock, earnings per share, return on stockholder equity, return on capital, return on net assets, economic value added, market share, customer service, customer satisfaction, safety, total shareholder return, free cash flow or other measures as determined by the Board. The degree of attainment of performance measures may be calculated in accordance with generally accepted accounting principles in the United States (GAAP), industry usage or other formulations determined by the Board in its discretion. For example, performance goals may be established and calculated without regard to the accrual or payment of performance awards and may be based on formulations of these performance measures that do not conform with GAAP, also known as Non-GAAP measures, as determined by the Board in its discretion.

Table of Contents

Following completion of the applicable performance period, the Board certifies in writing the extent to which a participant has attained the applicable performance goals and the resulting value of the participant's award. The Board retains the discretion to eliminate or reduce, but not increase, the amount that would otherwise be payable to a participant who is a covered employee within the meaning of Section 162(m) of the Code. However, no such reduction may increase the amount correspondingly paid to any other participant. The Board may make positive or negative adjustments to performance award payments to participants other than covered employees to reflect individual job performance or other factors. At its discretion, the Board may provide for the payment of dividend equivalents with respect to cash dividends paid on the Company's common stock to a participant awarded performance shares. The Board may provide for performance award payments in lump sums or installments. If any payment is to be made on a deferred basis, the Board may provide for the payment of dividend equivalents or interest during the deferral period.

Unless otherwise provided by the Board, if a participant terminates service due to death or disability prior to completion of the applicable performance period, the final award value is determined at the end of the performance period on the basis of the performance goals attained during the entire performance period, but is prorated for the number of months of the participant's service during the performance period. If a participant's service terminates prior to completion of the applicable performance period for any other reason, the participant forfeits the performance award, unless the Board determines otherwise. Participants may not sell or transfer a performance award, other than by will or the laws of descent and distribution, prior to the end of the applicable performance period.

A total of 564,853 performance stock units were granted during fiscal 2012 (representing a maximum share payout of 1,129,706 common shares), of which 564,853 units were outstanding at September 30, 2012. The terms of the performance stock units granted in fiscal 2012 provide that between zero and 200% of the award amount may be earned. None of these performance stock units have been earned as of December 15, 2012. The performance stock units granted during fiscal 2012 included dividend equivalent rights that will accrue, in the form of additional shares of our common stock, on units that are earned, but are not paid out on unearned performance units and would vest at the same time as the underlying earned performance stock units.

A total of 1,839,608 and 1,180,763 performance stock units, including dividend equivalents, were outstanding at September 30, 2012 and December 15, 2012, respectively.

Deferred Compensation Awards

The 2006 LTIP authorizes the Board to establish a deferred compensation award program in addition to the ERMC Plan. If and when implemented, participants designated by the Board who are officers, non-employee directors or members of a select group of highly compensated employees may elect to receive an award of deferred stock units, in lieu of compensation otherwise payable in cash or in lieu of cash or shares of common stock issuable upon the exercise or settlement of stock options, stock appreciation rights, performance shares or performance unit awards. Each such stock unit represents a right to receive one share of common stock at a future date determined in accordance with the participant's award agreement. Deferred stock units are fully vested upon grant and settled by distribution to the participant of a number of whole shares of common stock equal to the number of stock units subject to the award upon the earlier of the date on which the participant separates from service or a specific date elected by the participant at the time of his or her election to receive the deferred stock unit award. A holder of deferred stock units has no voting rights or other rights as a stockholder until shares of common stock are issued to the participant in settlement of the deferred stock units. However, participants holding deferred stock units may receive dividend equivalents credited in the form of additional stock units as determined by the Board. Prior to settlement, deferred stock units may not be assigned or transferred other than by will or the laws of descent and distribution.

A total of 6,430 fully vested deferred stock units were granted to non-employee directors during fiscal 2012 in lieu of their annual cash retainer. In connection with the non-employee director compensation program, 34,599

Table of Contents

deferred stock units were granted to members of the Board during fiscal 2012, which generally vest on the earlier of one year from the grant date or the date of the next annual stockholders' meeting. A total of 141,880 deferred stock units, including dividend equivalents, were outstanding at both September 30, 2012 and December 15, 2012.

Other Stock-Based Awards

The 2006 LTIP permits the Board to grant other awards based on the Company's stock or based on dividends paid on its stock. No other awards were granted during fiscal 2012 or outstanding at September 30, 2012.

Effect of Certain Corporate Events

In the event of any stock dividend, stock split, reverse stock split, recapitalization, combination, reclassification or similar change in the capital structure of the Company, the 2006 LTIP provides for appropriate adjustments in (i) the number and class of shares subject to the 2006 LTIP and to any outstanding awards, (ii) Code Section 162(m) per employee grant limit (see Federal Income Tax Information Potential Limitation on Company Deductions), and (iii) the exercise price per share of any outstanding awards. Any fractional share resulting from an adjustment is rounded down to the nearest whole number, and at no time will the exercise price of any stock option or stock appreciation right be decreased to an amount less than par value of the stock subject to the award.

Change in Control. If a change in control occurs, the surviving, continuing, successor or purchasing corporation or parent corporation thereof may either assume the Company's rights and obligations under the outstanding awards or substitute substantially equivalent awards. With respect to awards that are not assumed or substituted with substantially equivalent awards, the Board may provide for the acceleration of exercisability and vesting of stock options or stock appreciation rights in connection with a change in control and provide for the lapsing of vesting conditions or restrictions, restriction periods, performance goals or other limitations with respect to other awards in the event of a change in control. Awards that are not assumed, replaced or exercised prior to the change in control will terminate.

Duration, Amendment and Termination

The Board may amend or terminate the 2006 LTIP at any time. If not earlier terminated, the 2006 LTIP expires on the tenth anniversary of the date it was originally approved by the stockholders (March 7, 2016). If the amended 2006 LTIP is approved by stockholders, the term of the plan will be extended until March 7, 2018. No amendment authorized by the Board will be effective unless approved by the stockholders of the Company if the amendment would (1) increase the number of shares reserved under the 2006 LTIP; (2) change the class of persons eligible to receive incentive stock options; or (3) modify the 2006 LTIP in any other way that requires stockholder approval under applicable law.

Awards Granted to Certain Persons

The number of shares subject to stock options received by the following persons or groups since the inception of the 2006 LTIP on March 7, 2006 are as follows: (a) Paul E. Jacobs: 3,030,250; (b) William E. Keitel: 1,320,350; (c) Derek Aberle: 790,100; (d) Steven M. Mollenkopf: 1,076,150; (e) Donald J. Rosenberg: 909,350; (f) All current executive officers as a group (11 persons): 12,081,750; (g) all current directors, who are not executive officers, as a group (12 persons): 520,500; and (h) all employees including all current officers who are not executive officers as a group (21,530 persons): 161,008,267.

The following table sets forth for each NEO, for all current executive officers, all current directors (who are not executive officers) and for all employees (who are not executive officers): (1) the Annual Cash Incentive

Table of Contents

Plan (ACIP) awards for fiscal 2012; (2) the aggregate number of shares subject to options granted under the 2006 LTIP during fiscal 2012; (3) the average per share exercise price of such options; (4) the aggregate number of shares subject to restricted stock units granted under the 2006 LTIP during fiscal 2012; and (5) the aggregate dollar value of such shares based on \$62.47 per share, the fair market value of our common stock on September 28, 2012, the last trading day of our 2012 fiscal year.

Name and Position	ACIP Awards (1)	Number of Options Granted	Weighted-Average per Share Exercise Price	Number of Restricted Stock Units Granted	Dollar Value of Restricted Stock Units Granted	Number of Performance Stock Units Granted	Dollar Value of Performance Stock Units Granted
Paul E. Jacobs Chairman and Chief Executive Officer	\$ 3,400,000			124,526	\$ 7,779,139	125,523	\$ 7,841,422
William E. Keitel Executive Vice President and Chief Financial Officer	\$ 1,000,000			41,509	\$ 2,593,067	41,841	\$ 2,613,807
Derek K. Aberle Executive Vice President and Group President	\$ 1,100,000			74,716	\$ 4,667,509	75,314	\$ 4,704,866
Steven M. Mollenkopf President and Chief Operating Officer	\$ 1,300,000			99,621	\$ 6,223,324	100,418	\$ 6,273,112
Donald J. Rosenberg Executive Vice President, General Counsel and Corporate Secretary	\$ 900,000			36,528	\$ 2,281,904	36,820	\$ 2,300,145
All current executive officers as a group (11 persons)	\$ 10,450,000			520,521	\$ 32,516,947	524,686	\$ 32,777,134
All current directors, who are not executive officers, as a group (12 persons) (2)	\$			43,311	\$ 2,705,638		\$
All employees, including all current officers who are not executive officers, as a group (21,530 persons)	\$ 400,000	343,500	\$ 58.27	17,361,679	\$ 1,084,584,087	40,167	\$ 2,509,232

(1) The Company provides annual cash incentive bonus opportunities for its employees. Individuals serving as executive officers as of the beginning of fiscal 2012 received ACIP awards under the 2006 LTIP in order to comply with the performance-based compensation exception provided under Section 162(m) of the Internal Revenue Code. All other employees received annual cash incentive bonus opportunities under a separate discretionary program.

(2) Amount includes 5,463 fully vested deferred stock units granted to non-employee directors in lieu of their annual cash retainer and 37,848 deferred stock units granted under the non-employee director compensation program.

Table of Contents

Consistent with the Compensation Committee's decision to change the timing of equity awards for executive officers from the first quarter to the fourth quarter of the fiscal year, on December 2, 2012, the Compensation Committee authorized the award of restricted stock units to executive officers in the fourth quarter of fiscal 2013 contingent upon attainment of a performance goal based on the Company's operating income over the first nine months of fiscal 2013. If the Compensation Committee certifies that this performance goal is met, the executive officers may receive a grant of restricted stock units for fiscal 2013 with a grant date fair value (determined on the date such restricted stock units are granted) up to a maximum amount as follows: (a) Paul E. Jacobs: \$16,500,000; (b) Steven M. Mollenkopf: \$7,700,000; (c) Derek Aberle: \$5,500,000; (d) William E. Keitel: \$5,500,000; (e) Donald J. Rosenberg: \$4,900,000; and (f) all current executive officers as a group (14 persons for 2013): \$62,100,000. If this performance goal is met, the amount and value of the restricted stock units that will be granted to these executive officers will be determined by the Compensation Committee based on its exercise of negative discretion and its evaluation of absolute and relative stockholder return, year-over-year growth, performance against fiscal objectives, the results of the stockholder advisory vote on executive compensation, and such other factors as the Compensation Committee in its discretion determines to be relevant. The grant of these restricted stock units will be conditioned upon the individual being employed by the Company from the beginning of fiscal 2013, and the restricted stock units would vest in three equal tranches with the first tranche vesting on November 20, 2013, and the remaining two tranches vesting on the first and second anniversary of that date. To the extent that vesting on these dates may be deemed to be less than annual pro rata vesting over a three-year period as required by the current provisions of the 2006 LTIP, this vesting schedule for these restricted stock units is conditioned on stockholder approval of the amended 2006 LTIP.

Federal Income Tax Information

The following discussion is intended to be a general summary only of the federal income tax aspects of awards granted under the 2006 LTIP and not of state or local taxes that may apply to awards under the 2006 LTIP. Tax consequences may vary depending on particular circumstances, and administrative and judicial interpretations of the application of the federal income tax laws are subject to change. Participants in the 2006 LTIP who are residents of or are employed in a country other than the United States may be subject to taxation in accordance with the tax laws of that particular country in addition to or in lieu of United States federal income taxes. This discussion is based on the provisions of the Code in effect at the time this summary was drafted for inclusion in this Proxy Statement. It does not include a discussion of or anticipate changes that may become effective or be implemented after December 31, 2012. Subsequent developments in the U.S. federal income tax law, including the outcome of negotiations over the so-called "fiscal cliff," could have a material effect on the U.S. federal income tax consequences of awards granted under the 2006 LTIP.

Incentive Stock Options. An optionee recognizes no taxable income for regular income tax purposes as the result of the grant or exercise of an incentive stock option. Optionees who do not dispose of their shares for at least two years following the date the incentive stock option was granted or within one year following the exercise of the option normally will recognize a long-term capital gain or loss equal to the difference, if any, between the sale price and the purchase price of the shares. If an optionee satisfies both such holding periods upon a sale of the shares, the Company will not be entitled to any deduction for federal income tax purposes. If an optionee disposes of shares either within two years after the date of grant or within one year from the date of exercise (referred to as a "disqualifying disposition"), the difference between the fair market value of the shares on the exercise date and the option exercise price (not to exceed the gain realized on the sale if the disposition is a transaction with respect to which a loss, if sustained, would be recognized) will be taxed as ordinary income at the time of disposition. Any gain in excess of that amount will be treated as a capital gain. If a loss is recognized, it will be a capital loss. A capital gain or loss will be long-term if the optionee's holding period is more than 12 months. Any ordinary income recognized by the optionee upon the disqualifying disposition of the shares generally should be deductible by the Company for federal income tax purposes, except to the extent such deduction is limited by applicable provisions of the Code or the regulations thereunder. The difference between the option exercise price and the fair market value of the shares on the exercise date of an incentive stock option is an adjustment in computing the optionee's alternative minimum taxable income and may be subject to an

Table of Contents

alternative minimum tax, which is paid if such tax exceeds the regular tax for the year. Special rules may apply with respect to certain subsequent sales of the shares in a disqualifying disposition, certain basis adjustments for purposes of computing the alternative minimum taxable income on a subsequent sale of the shares and certain tax credits which may arise with respect to optionees subject to the alternative minimum tax.

Nonstatutory Stock Options and Stock Appreciation Rights. Nonstatutory stock options and stock appreciation rights have no special tax status. A holder of these awards generally does not recognize taxable income as the result of the grant of such award. Upon exercise of a nonstatutory stock option or stock appreciation right, the holder normally recognizes ordinary income in an amount equal to the difference between the exercise price and the fair market value of the shares on the exercise date. If the holder is an employee, such ordinary income generally is subject to withholding of income and employment taxes. Upon the sale of stock acquired by the exercise of a nonstatutory stock option or stock appreciation right, any gain or loss, based on the difference between the sale price and the fair market value on the exercise date, will be taxed as capital gain or loss. A capital gain or loss will be long-term if the holding period of the shares is more than 12 months. The Company generally is entitled to a deduction equal to the amount of ordinary income recognized by the optionee as a result of the exercise of a nonstatutory stock option or stock appreciation right, except to the extent such deduction is limited by applicable provisions of the Code or the regulations thereunder. No tax deduction is available to the Company with respect to the grant of a nonstatutory stock option or stock appreciation right or the sale of the stock acquired pursuant to such grant.

Restricted Stock. A participant acquiring restricted stock generally will recognize ordinary income equal to the fair market value of the shares on the determination date. The determination date is the date on which the participant acquires the shares unless the shares are subject to a substantial risk of forfeiture and are not transferable, in which case the determination date is the earlier of (i) the date on which the shares become transferable or (ii) the date on which the shares are no longer subject to a substantial risk of forfeiture. If the determination date is after the date on which the participant acquires the shares, the participant may elect, pursuant to Section 83(b) of the Code, to have the date of acquisition be the determination date by filing an election with the Internal Revenue Service no later than 30 days after the date on which the shares are acquired. If the participant is an employee, such ordinary income generally is subject to withholding of income and employment taxes. Upon the sale of shares acquired pursuant to a restricted stock award, any gain or loss, based on the difference between the sale price and the fair market value on the determination date, will be taxed as capital gain or loss. The Company generally should be entitled to a deduction equal to the amount of ordinary income recognized by the participant on the determination date, except to the extent such deduction is limited by applicable provisions of the Code.

Performance and Restricted Stock Unit Awards. A participant generally will recognize no income upon the receipt of a performance share, performance unit or restricted stock unit award. Upon the settlement of such an award, participants normally will recognize ordinary income in the year of receipt in an amount equal to the cash received and the fair market value of any substantially vested shares received. If the participant is an employee, such ordinary income generally is subject to withholding of income and employment taxes. If the participant receives shares of restricted stock, the participant generally will be taxed in the same manner as described under *Restricted Stock*. Upon the sale of any shares received, any gain or loss, based on the difference between the sale price and the fair market value on the determination date (as defined under *Restricted Stock*), will be taxed as capital gain or loss. The Company generally is entitled to a deduction equal to the amount of ordinary income recognized by the participant on the determination date, except to the extent such deduction is limited by applicable provisions of the Code.

Deferred Compensation Awards. A participant generally will recognize no income upon the receipt of a deferred compensation award. Upon the settlement of the award, the participant normally will recognize ordinary income in the year of settlement in an amount equal to the fair market value of the shares received. Upon the sale of any shares received, any gain or loss, based on the difference between the sale price and the fair market value of the shares on the date they were transferred to the participant, will be taxed as capital gain or loss. The

Table of Contents

Company generally is entitled to a deduction equal to the amount of ordinary income recognized by the participant, except to the extent such deduction is limited by applicable provisions of the Code. Deferred compensation awards, when granted, would generally be subject to the requirements of Section 409A of the Code, which would impose certain restrictions on the timing and form of payment of deferred compensation.

Potential Limitation on Company Deductions. In accordance with applicable regulations issued under Section 162(m), compensation attributable to stock options and stock appreciation rights will qualify as performance-based compensation, provided that: (1) the 2006 LTIP contains a per-employee limitation on the number of shares for which options or stock appreciation rights may be granted during a specified period; (2) the per-employee limitation is approved by the stockholders; (3) the option is granted by a compensation committee comprised solely of outside directors (as defined in Section 162(m) of the Code); and (4) the exercise price of the option or right is not less than the fair market value of the stock on the date of grant. For the above reasons, our 2006 LTIP provides for an annual per employee limitation as required under Section 162(m), and our Compensation Committee is comprised solely of outside directors. Accordingly, options or stock appreciation rights granted by the Compensation Committee qualify as performance-based compensation, and the other awards subject to performance goals may also qualify.

Equity Compensation Plan Information

The following table sets forth information regarding outstanding options and shares reserved for future issuance under the equity compensation plans as of September 30, 2012 (number of shares in millions):

Plan Category	Number of Shares to be Issued Upon Exercise/Vesting of Outstanding Options and Rights	Weighted Average Exercise Price of Outstanding Options	Number of Shares Remaining Available for Future Issuance
Equity compensation plans approved by stockholders (1)	137 (2)	\$ 40.27 (3)	55 (4)
Equity compensation plans not approved by stockholders (5)	6 (6)	\$ 30.77	1
Total (7)	143	\$ 40.07	56

- (1) Consists of four plans: the Company's 2001 Stock Option Plan, 2006 Long-Term Incentive Plan, 2001 Non-Employee Directors' Stock Option Plan and the Amended and Restated 2001 Employee Stock Purchase Plan.
- (2) Includes approximately 34 million shares that may be issued upon the satisfaction of performance objectives or other conditions pursuant to performance stock units, restricted stock units and performance restricted stock units granted under the 2006 Long-Term Incentive Plan. The performance stock units include the maximum number of shares that may be issued.
- (3) Does not include outstanding performance stock units, restricted stock units and performance restricted stock units.
- (4) Includes approximately 15 million shares reserved for issuance under the Amended and Restated 2001 Employee Stock Purchase Plan subject to purchase under the current offering period.
- (5) Consists of the Atheros Communications, Inc. (Atheros) 2004 Stock Incentive Plan, as amended (the Atheros Plan), which was assumed in connection with the acquisition of Atheros in May of 2011. The Atheros Plan provides for the issuance of the Company's common stock in

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connection with stock options, stock appreciation rights, restricted stock and restricted stock units, which may be granted to certain employees who were employed by Atheros immediately prior to the acquisition. The terms and conditions of awards granted under the Atheros Plan are determined pursuant to equity grant administration procedures established by the Company's Compensation Committee.

Table of Contents

- (6) Includes 731,035 shares that may be issued under the Atheros Plan pursuant to awards granted by Qualcomm subsequent to the acquisition of Atheros.

- (7) Excludes 352,843 shares of the Company's common stock issuable upon exercise of options that were assumed in connection with business combinations other than Atheros. These options have a weighted-average exercise price of \$34.96 per share. No additional options may be granted under the other assumed arrangements.

Required Vote and Board Recommendation

The affirmative vote of a majority of the votes cast at the Annual Meeting, at which a quorum is present, either in person or by proxy, is required to approve the amended 2006 LTIP, as discussed above. If you hold your shares in your own name and abstain from voting on this matter, your abstention will have no effect on the vote. If you hold your shares through a broker and you do not instruct the broker on how to vote on this proposal, your broker will not have the authority to vote your shares. Abstentions and broker non-votes will each be counted as present for purposes of determining the presence of a quorum, but will not have any effect on the outcome of the proposal.

Should stockholder approval not be obtained, the proposed amendments to the 2006 LTIP will not be implemented, and the 2006 LTIP will continue in effect pursuant to its current terms. However, the shares reserved for issuance will be depleted, and the 2006 LTIP will not achieve its intended objectives of helping to attract and retain employees.

The Board believes that the proposed amendments to the 2006 LTIP are in the best interests of the Company and its stockholders for the reasons stated above.

THE BOARD UNANIMOUSLY RECOMMENDS A VOTE FOR APPROVAL OF THE 2006 LONG-TERM INCENTIVE PLAN, AS AMENDED, WHICH INCLUDES THE INCREASE IN THE SHARE RESERVE BY 90,000,000 SHARES.

Table of Contents**PROPOSAL 3****RATIFICATION OF SELECTION OF INDEPENDENT PUBLIC ACCOUNTANTS**

The Audit Committee of the Board has selected PricewaterhouseCoopers LLP as our independent public accountants for the fiscal year ending September 29, 2013, and the Board has directed that management submit the selection of independent public accountants for ratification by the stockholders at the Annual Meeting. PricewaterhouseCoopers LLP has audited our consolidated financial statements since we commenced operations in 1985. Representatives of PricewaterhouseCoopers LLP are expected to be present at the Annual Meeting, will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Stockholder ratification of the selection of PricewaterhouseCoopers LLP as our independent public accountants is not required by our Amended and Restated Bylaws or otherwise. However, the Board is submitting the selection of PricewaterhouseCoopers LLP to the stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify the selection, the Audit Committee will reconsider whether or not to retain that firm. Even if the selection is ratified, the Audit Committee at its discretion may direct the appointment of a different independent accounting firm at any time during the year if it determines that such a change would be in the best interests of the Company and its stockholders.

Fees for Professional Services

The following table presents fees for professional services rendered by PricewaterhouseCoopers LLP for the audit of our annual financial statements for the fiscal years ended September 30, 2012 and September 25, 2011 and fees for other services rendered by PricewaterhouseCoopers LLP during those periods. All of the services described in the following fee table were approved in conformity with the Audit Committee's pre-approval process.

	Fiscal 2012	Fiscal 2011
Audit fees (1)	\$ 7,701,000	\$ 6,760,000
Audit-related fees (2)	3,464,000	2,340,000
Tax fees (3)	348,000	153,000
All other fees (4)	656,000	50,000
Total	\$ 12,169,000	\$ 9,303,000

- (1) Audit fees consist of fees for professional services rendered for the audit of our annual consolidated financial statements and the effectiveness of our internal control over financial reporting, the review of our interim condensed consolidated financial statements included in quarterly reports and audits of certain subsidiaries and businesses for statutory, regulatory and other purposes.
- (2) Audit-related fees consist of fees for assurance and related services that are reasonably related to the performance of the audit or review of our consolidated financial statements and are not reported under audit fees. This category includes fees principally related to field verification of royalties from certain licensees and other contract compliance reviews.
- (3) Tax fees consist of fees for professional services rendered for international tax consulting.
- (4) All other fees were comprised of fees for permissible advisory services provided in connection with the creation of a new separate legal entity and with the Broadband Wireless Access spectrum won in India, and technical publications purchased from the independent public accountant.

Table of Contents

Required Vote and Board Recommendation

The affirmative vote of a majority of the votes cast at the meeting at which a quorum is present, either in person or by proxy, is required to approve this proposal. Abstentions will be counted as present for purposes of determining the presence of a quorum but will not have any effect on the outcome of the proposal.

THE BOARD UNANIMOUSLY RECOMMENDS A VOTE FOR THE RATIFICATION OF THE SELECTION OF PRICEWATERHOUSECOOPERS LLP AS OUR INDEPENDENT PUBLIC ACCOUNTANTS FOR THE FISCAL YEAR ENDING SEPTEMBER 29, 2013.

Table of Contents

PROPOSAL 4

ADVISORY VOTE ON EXECUTIVE COMPENSATION

Our compensation philosophy is designed to:

align each executive's compensation with the Company's short-term and long-term performance (i.e., pay for performance and accountability for results);

provide total compensation needed to attract, motivate and retain key executives who are crucial to the Company's long-term success (i.e., competitive pay); and

promote engagement with the Company's values of innovation, execution and partnership and alignment with stockholders' interests. Stockholders are encouraged to read the Key Highlights and Overview (page 35), Executive Summary (page 38), the Compensation Discussion and Analysis (CD&A) (page 46) and other sections of this proxy statement, which include discussions of the following:

The Compensation Committee approved modifications to our compensation program and practices in response to a decline in the percentage of votes cast in favor of the compensation of our named executive officers (NEOs) from 95% in fiscal 2011 to 69% in fiscal 2012. These modifications include:

the addition of revenues (within a range of one-quarter to four times Qualcomm's revenues) as a second quantitative criterion (in addition to market capitalization) for selecting the fiscal 2013 peer companies, which resulted in the removal of five of the fiscal 2012 peer companies with revenues that were more than four times Qualcomm's revenues;

a reduction in the maximum amount that could be earned under the Annual Cash Incentive Plan (ACIP) from 2.5 times target to 2.0 times target and a reduction in the rate of increase in the funding for financial performance that exceeds objectives. Accordingly, the CEO's maximum bonus has been reduced from 625% of base salary to 500% of base salary;

a change to the timing of equity awards to permit a look back on annual performance and the ability to consider Say-on-Pay vote results prior to granting awards; and

prohibition of the future pledging of company stock.

The Compensation Committee affirmed and continued the many ongoing practices that promote consistent leadership, decision-making and actions without taking inappropriate or unnecessary risks. These practices are highlighted on page 44-45 and discussed in detail in the CD&A and include:

a balance of short-term and long-term performance measures;

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annual cash incentive amounts earned that vary with performance compared to established financial objectives, and amounts potentially realized from long-term equity incentive awards that will vary with our stock price and total shareholder return relative to the NASDAQ-100 index.

grant date fair value of long-term equity awards averaging 77% of the NEOs total direct compensation, for which the actual amount earned or realized is dependent upon the Company's stock price performance and continued employment with Qualcomm, and 90% of the NEOs' total direct compensation varies based on performance in the form of cash and/or equity;

robust stock ownership guidelines for directors and executive officers;

tax gross-up payments on compensation or benefits only where directly business-related and provided in a policy applicable to all eligible employees (e.g., relocation);

a cash incentive compensation repayment ("claw back") policy;

Table of Contents

an insider trading policy that prohibits transactions involving short-swing profits, short sales and derivatives, including put and call options and forward sales contracts; and

the employment of executive officers in the U.S. at will without severance agreements or employment contracts.

Our NEOs' compensation amounts are aligned with our financial performance. In fiscal 2012, we exceeded our financial objectives and achieved record revenues and operating income, but not to the same extent that we exceeded our objectives for fiscal 2011, and thus the incentive cash portion of the CEO's total compensation for fiscal 2012 was less than fiscal 2011.

Dr. Jacobs' fiscal 2012 total direct compensation was 6.6% less than his fiscal 2011 amount. His annual cash incentive for fiscal 2012 was \$3.4 million, which was 38% less than his cash incentive of \$5.5 million for fiscal 2011. However, the grant date fair value of his fiscal 2012 annual equity award, which consisted of a mix of slightly more than 50% in performance stock units with the remainder in restricted stock units, was 5% more than the grant date fair value of his fiscal 2011 equity award. The increase in the grant date fair value of his fiscal 2012 equity award was in part to recognize the Company's outstanding fiscal 2011 financial performance and the strength of fiscal 2012 financial objectives that reflected double-digit growth in Non-GAAP revenues and Non-GAAP operating income.

The Compensation Committee and the Board believe that our policies, procedures and fiscal 2012 amounts were effective in implementing our compensation philosophy and in achieving its goals. This advisory stockholder vote, commonly known as "Say-on-Pay," gives our stockholders the opportunity to approve or not approve our executive compensation program and policies through the following resolution:

Resolved, that the stockholders of QUALCOMM Incorporated approve, on an advisory basis, the compensation paid to the Company's named executive officers, as disclosed under the heading "Executive Compensation and Related Information," including the Compensation Discussion and Analysis, compensation tables and narrative discussion.

Required Vote and Board Recommendation

Because your vote is advisory, it will not be binding upon the Company, the Board or the Compensation Committee. Our Board and Compensation Committee value the opinions of our stockholders. To the extent that there is any significant vote against the compensation of our NEOs, we will consider our stockholders' concerns, and the Compensation Committee will evaluate whether any further actions are necessary to address those concerns for future compensation decisions.

The Board believes that the compensation of our NEOs, as described in the CD&A and the tabular disclosures under the heading "Executive Compensation and Related Information" is appropriate for the reasons stated above.

THE BOARD UNANIMOUSLY RECOMMENDS AN ADVISORY VOTE FOR APPROVAL OF THE COMPENSATION FOR OUR EXECUTIVE OFFICERS.

Table of Contents**STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information regarding the ownership of our common stock as of December 17, 2012 by: (i) each stockholder known to us to have greater than 5% ownership (based solely on our review of Schedules 13D and 13G filed with the SEC); (ii) each of our executive officers named in the Summary Compensation Table under Executive Compensation and Related Information (the Named Executive Officers or NEOs); (iii) each director and nominee for director; and (iv) all of our executive officers and directors as a group.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)	
	Number of Shares	Percent of Class
BlackRock, Inc. 40 East 52 nd Street New York, NY 10022 (2)	94,597,469	5.52%
Paul E. Jacobs (3)	4,661,965	*
William E. Keitel (4)	289,864	*
Derek K. Aberle (5)	209,613	*
Steven M. Mollenkopf (6)	45,058	*
Donald J. Rosenberg (7)	469,511	*
Barbara T. Alexander (8)	84,429	*
Stephen M. Bennett (9)	8,000	*
Donald G. Cruickshank (10)	78,200	*
Raymond V. Dittamore (11)	105,429	*
Susan Hockfield		*
Thomas W. Horton (12)	4,700	*
Robert E. Kahn (13)	254,000	*
Sherry Lansing (14)	38,814	*
Duane A. Nelles (15)	111,340	*
Francisco Ros (16)	475	*
Brent Scowcroft (17)	491,699	*
Marc I. Stern (18)	599,875	*
All Executive Officers and Directors as a Group (24 persons) (19)	9,868,572	*

* Less than 1%.

- (1) This table is based upon information supplied by officers and directors. Unless otherwise indicated in the footnotes to this table and subject to community property laws where applicable, the Company believes that each of the stockholders named in this table has sole voting and investment power with respect to the shares indicated as beneficially owned. Applicable percentages are based on 1,714,352,304 shares outstanding on December 17, 2012, adjusted as required by rules promulgated by the SEC.
- (2) This information is as of December 31, 2011 and based on the Schedule 13G filed with the SEC by BlackRock, Inc.
- (3) Includes 444,637 shares held in family trusts, 918,086 shares held in Grantor Retained Annuity Trusts for the benefit of Dr. Paul Jacobs and his spouse and 209,268 shares held for the benefit of Dr. Paul Jacobs' children. Dr. Paul Jacobs disclaims all beneficial ownership for the shares held in trust for the benefit of his children. Also includes 3,062,135 shares issuable upon exercise of options exercisable within 60 days, of

Table of Contents

which 700,000 are held in trusts for the benefit of Dr. Paul Jacobs and/or his spouse, and 571,166 shares are held by Dr. Paul Jacobs's spouse.

- (4) Includes 233,093 shares issuable upon exercise of options exercisable within 60 days.
- (5) Includes 207,559 shares issuable upon exercise of options exercisable within 60 days.
- (6) Includes 19,501 shares issuable upon exercise of options exercisable within 60 days.
- (7) Includes 455,012 shares issuable upon exercise of options exercisable within 60 days.
- (8) Includes 8,146 shares held in family trusts, 76,000 shares issuable upon exercise of options exercisable within 60 days and 283 fully vested deferred stock units and dividend equivalents to be released within 60 days. Excludes 11,667 fully vested deferred stock units and dividend equivalents that settle three years after the date of grant.
- (9) Includes 8,000 shares issuable upon exercise of options exercisable within 60 days. Excludes 18,041 fully vested deferred stock units and dividend equivalents that will settle when Mr. Bennett concludes his Board service at the Annual Meeting.
- (10) Includes 8,200 shares held in a pension plan pursuant to which Sir Donald Cruickshank has voting rights or discretion over the holdings in the plan. Also includes 70,000 shares issuable upon exercise of options exercisable within 60 days.
- (11) Includes 98,000 shares issuable upon exercise of options exercisable within 60 days. Excludes 14,094 fully vested deferred stock units and dividend equivalents that settle on December 31, 2020.
- (12) Includes 2,200 shares held jointly with Mr. Horton's spouse and 2,500 shares issuable upon exercise of options exercisable within 60 days. Excludes 8,857 fully vested deferred stock units and dividend equivalents that settle three years after the date of grant.
- (13) Includes 118,000 shares issuable upon exercise of options exercisable within 60 days. Excludes 8,857 fully vested deferred stock units and dividend equivalents that settle three years after the date of grant.
- (14) Includes 4,725 shares held in family trusts and 34,089 shares issuable upon exercise of options exercisable within 60 days. Excludes 8,857 fully vested deferred stock units and dividend equivalents that settle three years after the date of grant.
- (15) Includes 111,340 shares held in family trusts. Excludes 8,857 fully vested deferred stock units and dividend equivalents that settle three years after the date of grant.
- (16) Excludes 3,584 fully vested deferred stock units and dividend equivalents that settle three years after the date of grant.

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- (17) Includes 372,699 shares held in family trusts and 118,000 shares issuable upon exercise of options exercisable within 60 days. Excludes 8,857 fully vested deferred stock units and dividend equivalents that settle three years after the date of grant.

- (18) Includes 481,310 shares owned through a grantor trust, of which Mr. Stern is the trustee. Also includes 118,000 shares issuable upon exercise of options exercisable within 60 days. Includes 480,727 shares pledged by Mr. Stern. Excludes 7,773 and 6,704 fully vested deferred stock units and dividend equivalents that settle three years after the date of grant and upon retirement from the Board, respectively.

- (19) Includes 6,776,207 shares issuable upon exercise of options exercisable within 60 days and 848 fully vested deferred stock units and dividend equivalents to be released within 60 days for all directors and executive officers as a group. Also includes 480,727 shares pledged by one director. Excludes 106,151 fully vested deferred stock units, restricted stock units and related dividend equivalents.

Table of Contents

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act requires our directors, executive officers and persons who own more than 10% of a registered class of our equity securities to file with the SEC initial reports of ownership and reports of changes in ownership of our common stock and other equity securities. Officers, directors and greater-than-10% stockholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file.

To our knowledge, based solely on a review of the copies of such reports furnished to us and written representations that no other reports were required, all Section 16(a) filing requirements were complied with during fiscal 2012, except for the following: a late Form 4 was filed to report the transfer of shares from a trust by Dr. Irwin Mark Jacobs due to a software malfunction in October 2011.

Compensation Committee Interlocks and Insider Participation in Compensation Decisions

None of the members of our Compensation Committee are, or have been, employees or officers of the Company. During fiscal 2012, no member of the Compensation Committee had any relationship with us requiring disclosure under Item 404 of Regulation S-K. During fiscal 2012, none of our executive officers served on the compensation committee (or equivalent) or board of another entity whose executive officer(s) served on our Compensation Committee or Board.

CERTAIN RELATIONSHIPS AND RELATED-PERSON TRANSACTIONS

Our code of ethics states that our executive officers and directors, including their immediate family members, are charged with avoiding situations in which their personal, family or financial interests conflict with those of the Company. In accordance with its charter, the Audit Committee is responsible for reviewing and approving related-person transactions between the Company and any directors or executive officers. The Compensation Committee reviews compensation-related transactions with directors or executive officers (such as base salary and annual cash incentives). Any request for us to enter into a transaction with an executive officer or director, or any of such person's immediate family members or affiliates, which would be reportable as a related-person transaction, must be presented to our Audit Committee for review and approval. In considering the proposed agreement, our Audit Committee will consider the relevant facts and circumstances and the potential for conflicts of interest or improprieties. Additionally, a related-person transaction involving one of our executive officers would be reviewed under our Conflict of Interest and Outside Employment policy, which would require review of the potential transaction by appropriate levels of management and the Company's legal department.

During fiscal 2012, we employed the family members of certain directors and executive officers. Those employees whose compensation exceeded \$120,000 are discussed below, all of whom were adults who did not live with the related director or executive officer. Each family member is compensated according to our standard practices, including participation in our employee benefit plans generally made available to employees of a similar responsibility level. We do not view any of the directors or executive officers as having a beneficial interest in the compensation of family members described below that is material to them or the Company. Moreover, none of the following directors or executive officers believes that they have a direct or indirect material interest in the employment relationships of the listed family members. Restricted stock units were granted under our 2006 Long-Term Incentive Plan that generally vest over three years from the grant date, contingent upon continued service with the Company.

Duane A. Nelles's son, Duane A. Nelles III, serves as Vice President, QCT Corporate Development. During fiscal 2012, Duane A. Nelles III earned \$240,355 in base salary and \$215,000 in cash incentives and received restricted stock unit grants totaling 7,200 shares. Duane A. Nelles's son, Paul S. Nelles, serves as a Senior Program Manager. During fiscal 2012, Paul Nelles earned \$114,625 in base salary and \$21,900 in cash incentives and received restricted stock unit grants totaling 585 shares.

Table of Contents

Steven R. Altman's brother, Jeffrey S. Altman, serves as Vice President, Business Development. Jeffrey Altman earned \$226,004 in base salary and \$145,000 in cash incentives during fiscal 2012 and received restricted stock unit grants totaling 4,500 shares.

Steven M. Mollenkopf's brother, James D. Mollenkopf, serves as Senior Director, Strategic Development. James Mollenkopf earned \$203,464 in base salary and \$90,200 in cash incentives during fiscal 2012 and received restricted stock unit grants totaling 3,325 shares.

Daniel L. Sullivan's daughter, Megan Delgado, serves as Senior Manager, Marketing. Megan Delgado earned \$115,741 in base salary and \$23,300 in cash incentives during fiscal 2012 and received restricted stock unit grants totaling 745 shares. Daniel L. Sullivan's son-in-law, Michael Wesselhoft, serves as Senior Manager, Business Development. Michael Wesselhoft earned \$105,728 in base salary and \$21,700 in cash incentives during fiscal 2012 and received restricted stock unit grants totaling 700 shares.

COMPENSATION COMMITTEE REPORT

The Compensation Committee reviewed and discussed the Compensation Discussion and Analysis (CD&A) with management. Based on this review and discussion, the Compensation Committee recommended to the Board that the CD&A be included in our 2013 Proxy Statement.

COMPENSATION COMMITTEE

Stephen M. Bennett, Chair

Barbara T. Alexander

Marc I. Stern

Table of Contents

EXECUTIVE COMPENSATION AND RELATED INFORMATION

This section of the Proxy Statement includes the following:

- I.** The **Key Highlights and Overview** section, which introduces the factors that we believe are most relevant to stockholders as they consider their votes on Proposal 4 (advisory vote on executive compensation, or Say-on-Pay), including:
 - A. The **Key Changes** section, which summarizes key changes we are making to our compensation programs and practices for our named executive officers (NEOs) in response to the March 2012 advisory vote on executive compensation;
 - B. The **Pay for Performance** section, which provides an overview of how we paid for performance for fiscal 2012;
 - C. The **Key Compensation Practices** section, which highlights best practices of our compensation programs.

- II.** The **Executive Summary**, which more fully describes:
 - A. The **key changes to our compensation programs and practices** that our Compensation Committee has approved for fiscal 2013;
 - B. Our **fiscal 2012 pay for performance**; and
 - C. Our **key compensation program practices**.

- III.** The **Compensation Discussion and Analysis (CD&A)** section, which describes and analyzes our compensation programs and the specific amounts of compensation paid to our NEOs, namely:
 - 1. Paul E. Jacobs, Chairman and Chief Executive Officer (CEO);
 - 2. Steven M. Mollenkopf, President and Chief Operating Officer (COO);
 - 3. Derek K. Aberle, Executive Vice President (EVP) and Group President;
 - 4. William E. Keitel, EVP and Chief Financial Officer (CFO); and
 - 5. Donald J. Rosenberg, EVP, General Counsel and Corporate Secretary.

IV. The **Compensation Risk Management** section, which describes the process applied and the factors considered by both the Company and the Compensation Committee in concluding that our compensation programs and practices do not encourage excessive and unnecessary risk taking that would be reasonably likely to have a material adverse effect on the Company.

V. The **Compensation Tables and Narrative Disclosure** section, which reports the compensation and benefit amounts paid to our NEOs during fiscal 2012.

I. KEY HIGHLIGHTS AND OVERVIEW

A. Key Changes to our Compensation Programs and Practices

A decline in the percentage of our stockholders voting in favor of the compensation of our NEOs (from 95% in fiscal 2011 to 69% in fiscal 2012), prompted the Compensation Committee, after a thorough review and discussion, to approve several changes to our compensation philosophy, programs and practices. The key changes include:

1. the addition of revenues (within the range of one-quarter to four times Qualcomm's revenues) as a second quantitative criterion (in addition to market capitalization) for selecting peer companies;
2. a reduction in the maximum amount that could be earned under the Annual Cash Incentive Plan (ACIP) from 2.5 times target to 2.0 times target;

Table of Contents

3. a reduction in the rate of increase in the funding for financial performance that exceeds objectives;
4. a change to the timing of equity awards to permit a look back on annual performance and the ability to consider Say-on-Pay vote results prior to granting awards; and
5. prohibition of the future pledging of our common stock

The Executive Summary provides a thorough description of our prior practices, the practices for fiscal 2013 and the impact of these changes.

B. Pay for Performance

Our annual cash incentive plan (ACIP) is a program that includes two financial performance objectives. Funding for the ACIP is determined by a pre-established formula that compares achievements to the objectives approved by the Board. The ACIP amounts earned by our CEO and other NEOs are subject to the Compensation Committee's negative discretion within the definition of Internal Revenue Code Section 162(m).

We established financial objectives for fiscal 2012 that reflected year-over-year double-digit growth. The growth reflected in the financial objectives was at or above our peer company 75th percentile of actual financial growth.

We exceeded the financial objectives established for fiscal 2012, and thus the ACIP amounts earned by our CEO and other NEOs were more than the target amounts and ranged from 35% to 38% less than their fiscal 2011 ACIP amounts. Our fiscal 2012 Non-GAAP achievements represented a second consecutive year of record performance. Because our ACIP funding rate is determined by comparing achievements to objectives for the fiscal year (and not year-over-year comparisons), it is possible to have different ACIP funding rates for two consecutive years of record performance because the extent to which we exceed our objectives from one year to the next may differ. This is what occurred in fiscal 2012, as compared to fiscal 2011.

For fiscal 2011, we exceeded our Non-GAAP revenues and Non-GAAP operating income objectives by 14% and 22%, respectively. For fiscal 2012, even though we surpassed our fiscal 2011 achievements, we exceeded our Non-GAAP revenues and Non-GAAP operating income objectives by 3% and 2%, respectively. Accordingly, the fiscal 2012 ACIP funding rate and the amounts earned by our CEO and other NEOs were less than the funding rate and the amounts earned for fiscal 2011.

The CEO's performance-based compensation (i.e., salary, ACIP amounts and grant date fair value of equity awards) for fiscal 2012 was \$19.6 million, which was 6.6% less than his fiscal 2011 performance-based compensation.

Dr. Jacobs's fiscal 2012 ACIP amount of \$3.4 million was 38% less than the fiscal 2011 ACIP amount of \$5.5 million.

During the first quarter of fiscal 2012, the Compensation Committee increased his base salary by 3.4%, from \$1.16 million to \$1.2 million. His base salary for fiscal 2013 has not been increased.

Also during the first quarter of fiscal 2012, the Compensation Committee increased Dr. Jacobs's annual equity award by 4.7%, from \$14.3 million to \$15 million. The increase was made to recognize the Company's record fiscal 2011 financial performance and the strength of fiscal 2012 financial objectives that reflected double-digit growth in Non-GAAP revenues and Non-GAAP operating

income.

The increases to Dr. Jacobs' s base salary and grant date fair value of performance-based equity awards were more than offset by the 38% reduction in his fiscal 2012 ACIP earnings.
The Executive Summary provides a thorough description of fiscal 2012 pay for performance.

Table of Contents

C. Key Compensation Practices

Our compensation programs are subject to a thorough process of review by the Compensation Committee and the outside legal advisors and independent compensation consultants engaged by the Compensation Committee. Some of our compensation best practices include:

a majority of long-term equity awards granted in the form of performance-based awards;

a balance of short-term and long-term performance measures and time horizons for incentive awards;

limits to the potential ACIP amounts and quantity of performance stock units that may be earned;

stock ownership guidelines;

an annual assessment of compensation risk management;

a cash incentive claw-back policy;

tax gross-up payments on compensation or benefits only where directly business-related and provided in a policy applicable to all eligible employees (e.g., relocation);

a double-trigger for the acceleration of vesting of equity awards in the event of a change in control;

an insider trading policy prohibiting transactions involving shorting, puts, calls, other derivatives and buying company shares on margin or using owned shares as collateral;

employment of NEOs at will without severance agreements or employment contracts;

a compensation committee comprised of independent directors; and

the compensation committee's use of an independent consultant that is not retained by the Company or any of its subsidiaries. The Executive Summary, which follows immediately below, provides a thorough description of our compensation programs and practices.

Table of Contents

II. EXECUTIVE SUMMARY

This section more fully describes (1) the changes to our compensation programs and practices that our Compensation Committee has approved for fiscal 2013, (2) our fiscal 2012 pay for performance and (3) our executive compensation programs and practices.

A. Key Changes to our Compensation Programs and Practices for Fiscal 2013

The Compensation Committee has approved several modifications to the compensation programs and practices for our NEOs that will be implemented for fiscal 2013. The changes are in response to the advisory vote on executive compensation (Say-on-Pay) at the 2012 annual meeting. The impact of these changes is not reflected in this proxy statement because the Compensation Committee determined our executive officers' fiscal 2012 base salary and equity compensation amounts (including the plan designs for the fiscal 2012 non-equity cash incentive and performance stock unit plans) during the first quarter of fiscal 2012, which was prior to the March 2012 annual meeting.

Qualcomm began conducting advisory votes on executive compensation at the 2011 annual meeting. At the first advisory vote held on March 8, 2011, 95% of stockholders approved the compensation of our NEOs for fiscal 2011. We did not change our compensation programs or practices from fiscal 2011 to 2012, in part because of the highly favorable results of the advisory vote at the 2011 annual meeting.

At the second advisory vote held on March 6, 2012, 69% of stockholders approved the compensation of our NEOs for fiscal 2012. The decline in the percentage of our stockholders voting in favor of the compensation of our NEOs prompted the Compensation Committee to review our compensation programs and practices and the feedback of certain advisors to institutional investors. In addition, prior to and following the 2012 annual meeting, the Company's management sought feedback from stockholders regarding the rationale for their votes and the areas in which they believed the executive compensation program could be improved. The results of management's outreach were varied, as many investors were unwilling or unable to discuss specific reasons as to why the firm voted as they did on our Say-on-Pay proposal. Among stockholders that were available and able to comment, their reasons for a negative vote were varied and generally related to voting policies established by the stockholder. Other investors stated that they followed the recommendations of advisors to institutional investors. The results of management's outreach were reported to the Compensation Committee in its deliberations regarding the manner in which the future program may change.

As a result of this review, the Compensation Committee approved several modifications to the compensation programs and practices for our NEOs that will be implemented for fiscal 2013 and more fully disclosed in the proxy statement for the 2014 annual meeting. These changes are not reflected in the compensation for fiscal 2012 disclosed in the Compensation Discussion and Analysis section because, consistent with historical practices, the Compensation Committee determined the fiscal 2012 base salary and equity compensation, the fiscal 2012 non-equity ACIP and the fiscal 2012 performance stock unit program for our executive officers during the first quarter of fiscal 2012, while the advisory vote on executive compensation occurred later at the annual meeting held in the second quarter of fiscal 2012. Accordingly, it was not possible for the Compensation Committee to take into account the results of the 2012 advisory vote when determining the fiscal 2012 base salary and equity compensation amounts, the fiscal 2012 non-equity ACIP and the fiscal 2012 performance stock unit program.

Table of Contents

We will continue to structure our compensation programs and practices to promote leadership, decision-making and actions among our executives that are consistent with our values of innovation, execution and partnership without taking inappropriate or unnecessary risks. The following table summarizes the key changes the Compensation Committee is implementing for fiscal 2013. Additional commentary is provided below.

Key Change	Prior Practice	Fiscal 2013 Practice	Impact
Added revenues as a second quantitative criterion for selecting peer companies for executive compensation comparisons.	Market capitalization was the single quantitative criterion for selecting peer companies.	Revenues, within the range of one-quarter to four times Qualcomm's revenues, were added as a second quantitative criterion for selecting peer companies.	Five companies included in the fiscal 2012 peer group are excluded from the fiscal 2013 peer group.
Reduced the maximum Annual Cash Incentive Plan (ACIP) amount.	The maximum ACIP maximum amount was 2.5 times the target amount.	The maximum ACIP amount is 2.0 times the target amount.	The CEO's target ACIP amount remains at 250% of base salary. Accordingly, the CEO's maximum ACIP amount is reduced from 625% of base salary to 500% of base salary.
Reduced the rate of increase to the ACIP funding rate for financial results that exceed the objectives.	For each one percent improvement in financial performance that was between 95% to 110% of the financial objectives, the ACIP funding rate increased 7.4 percentage points.	For each one percent improvement in financial performance between 100% to 125% of the financial objectives, the ACIP funding rate increases 4.0 percentage points.	For example, for financial performance that is 110% of the financial objectives, the funding rate is reduced from 1.74 times the target ACIP amount for fiscal 2012 to 1.4 times the target ACIP amount for fiscal 2013, a nearly 20% reduction in the ACIP funding rate.
Changed the timing of equity awards to executive officers.	The Compensation Committee granted equity awards to the CEO, other NEOs and other executive officers during the first quarter of the fiscal year.	The Compensation Committee will grant equity awards to the CEO, other NEOs and other executive officers during the fourth quarter of the fiscal year.	The Compensation Committee is provided maximum flexibility to consider current fiscal year performance, the results of the annual stockholder advisory vote on executive compensation and feedback from stockholders.
Prohibited the future pledging of our common stock.	Our policy allowed for stock pledges and the use of our common stock in a margin account provided such transactions were pre-cleared by a trading compliance officer of the Company.	During fiscal 2012, the Company adopted a new policy that prohibits the future pledging of our common stock.	The new policy provides up to five years to comply for any shares of our common stock that had been pledged prior to policy adoption.

Table of Contents

1. Added revenues as a second quantitative criterion for selecting peer companies.

We continue to believe that market capitalization is appropriate as a primary quantitative criterion for the following reasons:

Market capitalization, a key component of which is stock price, is the key driver of equity compensation grant value, and equity compensation grant value is the single largest component of CEO compensation among technology companies with large market capitalizations;

Market capitalization is directly correlated to stockholder benefit; and

A significant portion of Qualcomm's business is technology licensing, which is a high-margin business, and as such, Qualcomm typically has higher market capitalization and profit than companies with similar revenues.

We included revenues as a second quantitative criterion for the following reasons:

Revenues are commonly used as a selection criterion by our peer companies, independent, third-party compensation survey providers and proxy advisory services; and

Revenues provide an additional screening criterion so that companies with comparable market capitalization but with revenues in excess of four times Qualcomm's revenues are excluded from the final group of peer companies.

2. Reduced the maximum Annual Cash Incentive Plan (ACIP) amount from 2.5 times to 2.0 times the target amount.

3. Reduced the rate of increase to the funding rate (Incentive Multiple) for financial performance that exceeds objectives.

The graph below depicts the relationship between financial performance (how well we performed as compared to the financial objectives the Board approved during the first quarter of the fiscal year) and the Incentive Multiple (the Funding Line). The Incentive Multiple is calculated based on financial performance and applied to a target ACIP amount to determine a performance-adjusted ACIP amount before the application of discretion by the Compensation Committee, as warranted.)

Relationship between Financial Performance and ACIP Incentive Multiple

Table of Contents

4. Changed the timing of equity awards to permit a look back on annual performance and the ability to consider Say-on-Pay vote results prior to granting awards.

Changing the timing of the equity awards from the first quarter (Q1) to the fourth quarter (Q4) of the fiscal year provides the Compensation Committee maximum flexibility to consider current fiscal year performance when determining equity amounts. Within the context of the nearly complete fiscal year, the Compensation Committee will have the capability to consider absolute and relative total shareholder return (TSR) and anticipated year-over-year growth in addition to performance against our annual objectives. Further, since equity compensation is the largest part of our NEOs' annual compensation, granting awards after the annual meeting of stockholders (which takes place during the second quarter of the fiscal year) allows consideration of stockholders' Say-on-Pay feedback to be reflected in the annual equity grants. The Compensation Committee will consider an alternative to the three-year annual vesting schedule used for prior equity awards so that the change in the timing of the grants does not result in a delay of compensation from the vesting of equity awards.

5. Prohibited the future pledging of our common stock.

During fiscal 2012, the Governance Committee adopted a new policy that prohibits the future pledging of our common stock and provides up to five years to comply for any stock that had been pledged prior to policy adoption. The five-year period to comply with the pledging of our common stock is consistent with the five-year period to comply with our stock ownership guidelines. Currently, all of our executive officers and all but one of our directors are in compliance with this new pledging policy.

B. Fiscal 2012 Pay for Performance

Our pay for performance philosophy includes two basic programs that provide a balance of shorter- and longer-term performance and a mix of cash and equity.

1. The Annual Cash Incentive Plan (ACIP)

The ACIP is an annual program that includes two Non-GAAP financial performance objectives, revenues and operating income, that are approved by the Board during the first quarter of the fiscal year.

Why we used Non-GAAP objectives. We used Non-GAAP revenues and Non-GAAP operating income as financial objectives because they:

are the key metrics we use to manage the business;

focus the executive team on the performance and efficiency of our core operating businesses, including our QCT, QTL and QWI segments;

provide a direct link between decisions and outcomes; and

are key factors that influence stockholder value.

We place more relative weight on Non-GAAP operating income performance (60% relative weight) than on Non-GAAP revenues performance (40% relative weight) because we believe profit is more important for stockholder value creation than top-line growth. These Non-GAAP objectives exclude the QSI segment (which makes strategic investments), certain estimated share-based compensation, certain acquisition-related items and certain tax items because we view such items as unrelated to the operating activities and performance of our ongoing core businesses, which is consistent with the performance focus of the ACIP.

Non-GAAP amounts used for determining ACIP funding. For fiscal 2012, the Compensation Committee used the most recent estimates of fiscal 2012 Non-GAAP results at the time it approved the fiscal 2012 ACIP amounts for the CEO and the other NEOs during the fourth quarter of fiscal 2012. See further discussion under the Fiscal 2012 Annual Cash Incentive Plan section.

Table of Contents

Pre-established formula and the Compensation Committee's use of negative discretion. Funding for the ACIP amounts is determined by a pre-established formula that results in the target amount of cash if the Company achieves its financial performance objectives. The ACIP amounts earned by each NEO is subject to the Compensation Committee's negative discretion.

2. Performance-based equity awards.

Equity awards are long-term rewards that include both performance stock units (PSUs) and restricted stock units (RSUs). The number of PSUs that may be earned by the NEOs is determined by multi-year relative and absolute TSR. The vesting of RSUs was contingent on the Company achieving or exceeding a fiscal 2012 operating income growth objective approved by the Compensation Committee during the first quarter of fiscal 2012.

The Percent of Financial Objectives Achieved and Resulting Incentive Multiple graph below shows the relationship between our financial performance and the Incentive Multiple we used to determine the funds available for the ACIP amounts.

The Incentive Multiple is based on financial achievement compared to the financial objectives approved by the Board during the first quarter of the fiscal year. The Incentive Multiple is applied to each NEO's individual target ACIP amount to determine the performance-adjusted ACIP amount before the Compensation Committee applies its discretion, as warranted. Note that the Incentive Multiple, and thus the ACIP amounts that may be earned by the NEOs, varies according to the extent to which financial achievement varies compared to the objective, though not in a direct linear fashion. As noted earlier, for fiscal 2013, the Compensation Committee reduced the rate of increase to the Incentive Multiple for achievement that exceeds objectives.

In fiscal 2012, we achieved 103% of our Non-GAAP revenues objective and 102% of our Non-GAAP operating income objective, resulting in an Incentive Multiple of 1.17. Fiscal 2011 Non-GAAP revenues and Non-GAAP operating income were adjusted to exclude certain items for calculating financial performance. No adjustments were made to fiscal 2012 or 2010 Non-GAAP revenues and Non-GAAP operating income. The most directly comparable GAAP financial measures and information reconciling these adjusted Non-GAAP financial measures to our financial results prepared in accordance with GAAP are included in Appendix 3.

Percent of Financial Objectives Achieved and Resulting Incentive Multiple

- (1) Fiscal 2011 Non-GAAP revenues and Non-GAAP operating income were adjusted to exclude certain items for calculating financial performance.

Table of Contents

In considering the fiscal 2012 ACIP amounts earned by our CEO and other NEOs, the Compensation Committee used the most recent estimates of fiscal 2012 Non-GAAP results during the fourth quarter of fiscal 2012, and use of these estimates resulted in an Incentive Multiple of 1.16 as compared to the 1.17 Incentive Multiple that resulted from the use of actual Non-GAAP results. In considering the 1.16 Incentive Multiple, the Compensation Committee determined that (1) the amounts earned by our CEO, President & COO, CFO and General Counsel should be nominally rounded downward from the performance-adjusted amounts yielded by the 1.16 Incentive Multiple and (2) the amount earned by our Group President should be rounded upward from the performance-adjusted amount yielded by the 1.16 Incentive Multiple to reflect the strong financial performance of our licensing business. The ACIP amounts earned by the NEOs for fiscal 2010 through 2012 are illustrated in the NEO ACIP Amounts graph below.

NEO ACIP Amounts

CEO Compensation for Fiscal 2012. Dr. Jacobs' s total direct compensation (TDC) for fiscal 2012 (i.e., salary, ACIP amount and long-term equity awards) of \$19.6 million was 6.6% less than his fiscal 2011 amount of \$21.0 million. The CEO Pay for Performance graph below presents Dr. Jacobs' s TDC compared to the Non-GAAP revenues and Non-GAAP operating income achievements for fiscal 2010 through 2012. Dr. Jacobs' s TDC was lower in fiscal 2012 in spite of the considerably higher Non-GAAP revenues and Non-GAAP operating income. We exceeded our financial objectives and achieved record Non-GAAP revenues and Non-GAAP operating income for fiscal 2012, though not to the same extent as in fiscal 2011. Thus, the performance-adjusted ACIP amount included in his total compensation was lower than the fiscal 2011 amount.

Table of Contents

CEO Pay for Performance

- (1) Fiscal 2011 Non-GAAP revenues and Non-GAAP operating income were adjusted to exclude certain items for calculating financial performance.

C. Key Compensation Program Practices

Our compensation programs are subject to a thorough process that includes Compensation Committee review and approval of program design and practices and the advice of an independent, third-party compensation consultant engaged by the Compensation Committee. We have many practices that promote consistent leadership, decision-making and actions among our executives that are consistent with our values of innovation, execution and partnership without taking inappropriate or unnecessary risks. These practices include:

We emphasize performance-based equity awards. In fiscal 2012, a majority of the long-term incentive awards granted to our CEO, the other NEOs and other executive officers were in the form of performance-based awards that align the interests of our stockholders and executive officers. The PSUs reward relative and absolute stock performance. The PSU program restricts the amount of PSUs that may be earned to the target amount if Qualcomm's relative TSR is better than the NASDAQ while our absolute TSR is negative for the 3-year performance period. Thus, no more than the target amount of PSUs may be earned when our relative TSR exceeds the NASDAQ-100 during difficult market conditions. The RSUs included a fiscal 2012 operating income threshold to ensure tax deductibility under Section 162(m) of the Internal Revenue Code, which benefits stockholders.

A significant portion of our NEOs' compensation varies with Company performance. On average, 76% of our NEOs' fiscal 2012 annual target compensation was attributable to the grant date fair value of long-term incentive equity awards, and 89% of their fiscal 2012 annual target compensation was variable in the form of ACIP amounts and long-term incentive equity awards.

We have a balanced approach to incentive programs. We have a balance of short-term (Non-GAAP revenues and Non-GAAP operating income) and long-term (relative TSR) performance measures. We

Table of Contents

have a balance of time horizons for our ongoing incentive awards, including an annual cash incentive program, a three-year PSU program and RSUs that become fully vested three years after the grant date (provided a pre-determined operating income threshold for fiscal 2012 was met or exceeded).

We have limits on the amounts of variable compensation that may be earned. We limited the potential ACIP amounts that the NEOs may earn to 2.5 times the target amount, and for fiscal 2013, we are reducing the limit to 2.0 times the target amount. We introduced PSUs in fiscal 2010 and limited the potential number of shares of our common stock that our NEOs may earn to 2.0 times the target amount for the fiscal 2011 and 2012 awards and 1.25 times the target amount for the fiscal 2010 awards. The higher maximum award for fiscal 2011 and 2012 aligned relative earned compensation with relative performance (e.g., compensation in the top quartile is earned for performance achieved in the top quartile), consistent with our pay-for-performance philosophy. The fiscal 2010 awards included a minimum award of 75% of the target amount, whereas the fiscal 2011 and 2012 awards did not include a minimum award amount (i.e., if TSR is not high enough, the PSUs are forfeited).

We have a risk management process. We continued the annual risk assessments for our compensation and benefit programs and human resources data management processes and practices relative to executive and non-executive compensation programs that we initiated in fiscal 2010. These reviews included an assessment by the Compensation Committee's independent compensation consultant.

We have stock ownership guidelines. We established stock ownership guidelines in September 2006. In October 2010, we increased the ownership guideline for the CEO from five times to six times annual base salary. Our CEO and two of the other NEOs were required to and have met their respective guidelines as of September 30, 2012, and the remaining NEOs are progressing toward their respective guidelines.

We do not provide special tax gross-up for executive perquisites. We do not provide tax gross-up payments on compensation or benefits, except where directly business-related and provided in a policy applicable to all eligible employees, such as relocation.

We have a cash incentive compensation claw back policy. We adopted a cash incentive compensation repayment (claw back) policy effective January 1, 2009, and we intend to amend the policy to comply with any additional requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) after the SEC adopts new regulations implementing those requirements.

Our insider trading policy includes a prohibition on pledging of stock. Our insider trading policy for executive officers and non-employee directors prohibits transactions involving short-swing profits, short sales and derivatives, including put and call options and forward sales contracts. Our policy requires that a trading compliance officer of the Company first pre-clear complex transactions such as loans and other transactions that may be structured to monetize or otherwise obtain value for stock holdings. During fiscal 2012, the Governance Committee adopted a new policy that prohibits the future pledging of our common stock which provides up to five years to comply for any shares that had been pledged prior to the policy being adopted. The five-year period to comply with the pledging of stock is consistent with the five-year period to comply with our stock ownership guidelines.

Our NEOs do not have severance agreements or employment contracts, and our equity acceleration in the event of a change-in-control is double-trigger. We employ our NEOs at will, without severance agreements or employment contracts. Thus, our CEO and other NEOs do not have guaranteed arrangements for cash compensation or severance upon a change in control or excise tax gross-up for change-in-control payments. Furthermore, no outstanding unvested equity awards assumed by an acquirer in the event of a change in control would accelerate for employees, including NEOs, who were not involuntarily terminated or who did not terminate voluntarily for good reason during a specified period after the change in control (i.e., double-trigger treatment of unvested awards).

Table of Contents

III. COMPENSATION DISCUSSION AND ANALYSIS

In this section, we discuss and analyze our compensation programs and the specific amounts of compensation paid to our CEO, CFO and the other three most highly compensated executive officers for fiscal 2012. Collectively, we refer to these individuals as the Named Executive Officers or the NEOs. They are:

1. Dr. Paul E. Jacobs, Chairman and CEO, has 22 years of service with Qualcomm and has been CEO since July 2005 and Chairman since March 2009.
2. Mr. Steven M. Mollenkopf, President and COO, has 18 years of service with Qualcomm and has been President and COO since November 2011.
3. Mr. Derek K. Aberle, EVP and Group President, has 12 years of service with Qualcomm and has been Group President since November 2011.
4. Mr. William E. Keitel, EVP and CFO, has 16 years of service with Qualcomm and has been CFO since February 2002.
5. Mr. Donald J. Rosenberg, EVP, General Counsel and Corporate Secretary, has 5 years of service with Qualcomm.

A. Compensation Program Objectives and What We Reward

Our compensation program has five primary objectives:

1. align the interests of our NEOs and long-term stockholders;
2. pay for performance: annual cash incentive amounts earned vary with performance compared to pre-established financial objectives, and amounts potentially realized from long-term equity incentive awards will vary with absolute stock price performance and relative TSR;
3. deliver pay that is competitively reasonable and appropriate for our business needs and circumstances;
4. reflect high standards for corporate governance and compensation-related risk management; and
5. be tax efficient for the Company.

B. Key Components of Our NEO Compensation Program

We are including three tables to summarize the key components of our NEO compensation program. The first table, immediately below, includes the principal components of our pay-for-performance approach. The other two tables are included in the final section of the CD&A under the heading Other Components of Our Executive Compensation Programs on page 65. These two additional tables summarize benefit programs that are available only to our NEOs and other employees in vice president or senior vice president roles and benefit programs that are generally available to all of our U.S.-based employees, including our NEOs.

Table of Contents

Principal Components of our Pay-for-Performance Approach (1)

Component	Form and Purpose	Pay for Performance	Comment
Base salary	Annual fixed cash compensation. Provide sufficient competitive pay to attract and retain experienced and successful executives.	Adjustments to base salary consider individual performance, contributions to the business, competitive practices and internal comparisons.	Base salary reflects the employee's level of responsibility, expertise, skills, knowledge and experience. The Compensation Committee determines the amount during the first quarter of the fiscal year.