QUALCOMM INC/DE
Form DEF 14A
January 18, 2008

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):

[X] No fee required.

[ ] Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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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 22, 2008

Dear Fellow Stockholder:

You are cordially invited to attend your Company s annual meeting on Tuesday, March 11, 2008. The meeting will begin promptly at 9:30 a.m. local time at Copley Symphony Hall, 750 B Street, San Diego, California 92101. I invite you to arrive early at 8:30 a.m. local time to preview our product displays. We will begin the meeting with a discussion and voting on matters set forth in the accompanying Notice of Annual Meeting of Stockholders followed by presentations and a report on your Company s fiscal 2007 performance. In addition to the election of our directors (Proposal 1) and ratification of our selection of independent public accountants (Proposal 3), there is one other substantive proposal on the agenda that I would like to highlight.

Proposal 2 amends our 2006 Long-Term Incentive Plan. We believe that offering broad-based equity compensation programs is critical to attracting and retaining the finest people in our industry. Employees with a stake in the future success of our business are highly motivated to achieve long-term growth and increase stockholder value. One of the purposes of Proposal 2 is to provide us with a sufficient share reserve, for the next two years, to continue to provide new hires, as well as our existing employees with opportunities for equity ownership in a dynamic and highly competitive employment market. Equity compensation is a significant component of our long-term employee compensation program because we do not offer a defined benefit pension plan and we do not include Company stock in our 401(k) plan. Over 99% of our regular, full-time employees currently have stock options.

We take great pride in our accomplishments and believe that our broad-based equity compensation programs have contributed significantly to this success. Based on the 4-week moving average as of December 21, 2007, our Company s stock price has increased at a compound annual growth rate of 30.74% vs. 8.68%for the S&P 500 Index since the Company became publicly owned in December 1991. In each of the past nine years, Qualcomm has been honored as one of the 100 Best Companies to Work for in America by Fortune Magazine. The annual retention rate of our employees is higher than other high technology industry companies, according to Radford Surveys, a leading human resources compensation survey company in the high-tech industry.

Please review the enclosed proxy materials carefully and send in your vote today. I look forward to seeing you in San Diego.

Your vote is very important to us. I urge you to vote FOR all proposals.

Please review the enclosed proxy materials carefully and vote today.

Sincerely,

Paul E. Jacobs
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 11, 2008

To the Stockholders of QUALCOMM Incorporated:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of QUALCOMM Incorporated, a Delaware corporation (Qualcomm or the Company), will be held at Copley Symphony Hall, 750 B Street, San Diego, California 92101, on Tuesday, March 11, 2008 at 8:30 a.m. local time for previewing product displays, and 9:30 a.m. local time for the following purposes:

1. To elect ten directors to hold office until the next annual stockholders meeting or until their respective successors have been elected or appointed.

2. To approve amendments to the 2006 Long-Term Incentive Plan and an increase in the share reserve by 115,000,000 shares.

3. To ratify the selection of PricewaterhouseCoopers LLP as the Company s independent public accountants for the Company s fiscal year ending September 28, 2008.

4. To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

The Board of Directors has fixed the close of business on January 14, 2008 as the record date for the determination of stockholders entitled to notice of and to vote at this 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 22, 2008

How You Can Vote

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

Vote by Internet, by going to the web address *http://www.proxyvote.com* and following the instructions for Internet voting shown on the enclosed proxy card.

Vote by Telephone, by dialing 1-800-690-6903 and following the instructions for telephone voting shown on the enclosed proxy card.

Vote by Proxy Card, by completing, signing, dating and mailing the enclosed proxy card in the envelope provided. If you vote by Internet or telephone, please do not mail your proxy card.

If your shares are held in street name (through a broker, bank or other nominee), you may receive a separate voting instruction form with this Proxy Statement, or you may need to contact your broker, bank or other nominee to determine whether you will be able to vote electronically using the Internet or telephone.

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

In this document, the words Qualcomm, we, our, ours and us refer only to QUALCOMM Incorporated and not a other person or entity.

ELECTRONIC DELIVERY OF QUALCOMM STOCKHOLDER COMMUNICATIONS

We are pleased to offer to our stockholders the benefits and convenience of electronic delivery of annual meeting materials, including:

- Email delivery of the proxy statement, annual report and related materials;
- Stockholder voting on-line;
- Reduction of the amount of bulky documents stockholders receive; and
- Reduction of our printing and mailing costs associated with more traditional delivery methods.

We encourage you to conserve natural resources and to reduce printing and mailing costs by signing up for electronic delivery of Qualcomm stockholder communications.

If you are a registered stockholder, or a broker or other nominee holds your Qualcomm shares, and you would like to sign-up for electronic delivery, please visit *www.icsdelivery.com/qcom/index.html* to enroll. Your electronic delivery enrollment will be effective until you cancel it. If you have questions about electronic delivery, please call Qualcomm Investor Relations at 858-658-4813 or send email to *ir@qualcomm.com.*

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MARCH 11, 2008

This proxy statement and the accompanying annual report are available at: www.qualcomm.com/ir

Among other things, the proxy statement contains information regarding:

- The date, time and location of the meeting;
- A list of the matters being submitted to the stockholders; and
- Information concerning voting in person.

PROXY STATEMENT

TABLE OF CONTENTS

Table of Contents

QUALCOMM INCORPORATED
5775 Morehouse Drive
San Diego, California 92121-1714

PROXY STATEMENT
FOR ANNUAL MEETING OF STOCKHOLDERS
March 11, 2008

GENERAL MATTERS

The enclosed proxy is solicited on behalf of the Board of Directors or (the Board) of QUALCOMM Incorporated, a Delaware corporation (Qualcomm or the Company), for use at the Annual Meeting of Stockholders to be held on Tuesday, March 11, 2008, at 9:30 a.m. local time (the Annual Meeting), or at any adjournment or postponement thereof, for the purposes set forth herein and in the accompanying Notice of Annual Meeting. The Annual Meeting will be held at Copley Symphony Hall, 750 B Street, San Diego, California 92101. The Company intends to mail this proxy statement and accompanying proxy card on or about January 22, 2008 to all stockholders entitled to vote at the Annual Meeting.

Voting Rights and Outstanding Shares

Only holders of record of common stock at the close of business on January 14, 2008 (the Record Date) will be entitled to notice of and to vote at the Annual Meeting. At the close of business on the Record Date, the Company had 1,616,285,181 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 favor of all Proposals.

All votes will be counted by an independent inspector of election appointed for the 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 submits a proxy card with respect to shares of common stock held in a fiduciary capacity (typically referred to as being held in street name), but declines to vote on a particular matter because the broker has not received voting instructions from the beneficial owner. 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 the election of directors and ratification of independent public accountants. Non-routine matters include actions on stock plans.

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 with the Corporate Secretary of the Company at the Company s principal executive offices, 5775 Morehouse Drive, N-510F, San Diego, California 92121-1714, a written notice of revocation or a duly executed proxy bearing a later date, or it may be revoked by attending the meeting and voting in person. Attendance at the meeting will not, by itself, revoke a proxy.

Solicitation

The Company will bear the entire cost of solicitation of proxies including preparation, assembly, printing and mailing of 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. The Company may reimburse persons representing beneficial owners of common stock for their costs of forwarding solicitation materials to such beneficial owners. In addition, the Company has retained Morrow & Company to act as a proxy solicitor in conjunction with the meeting. The Company has 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, telegram or personal solicitation by directors, officers or other regular employees of the Company. 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 the Company s proxy statement and form of proxy for the Company s 2009 Annual Meeting of Stockholders is September 24, 2008. The deadline for submitting a stockholder proposal or a nomination for director that is not to be included in such proxy statement and proxy is also September 24, 2008. Any such stockholder proposals must be submitted to the Company s Corporate Secretary in writing at 5775 Morehouse Drive, N-510F, San Diego, California 92121-1714. Stockholders are also advised to review the Company s bylaws, which contain additional advance notice requirements, including requirements with respect to advance notice of stockholder proposals and director nominations. For further information see page 7.

Financial Information

Attached in Appendix 1 is certain financial information from our Form 10-K for the fiscal year ended September 30, 2007 that we originally filed with the Securities and Exchange Commission (SEC) on November 8, 2007. We have not undertaken any updates or revisions to such information since the date it was originally 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.

PROPOSAL 1

ELECTION OF DIRECTORS

The Company s Restated Certificate of Incorporation and Bylaws provide that directors are to be elected at the Annual Meeting to hold office until the next annual meeting of stockholders, 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. 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. Any director elected in accordance with 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.

The Company s 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. As part of its annual evaluation of its size, the Board, upon the recommendation of its Governance Committee, has decided to reduce the number of its members by one and, as a result, has adopted a resolution reducing the size of the Board to ten directors effective as of the time stockholders vote on the election of directors at the Annual Meeting. Mr. Sacerdote will conclude his service as a director at the 2008 Annual Meeting; therefore, ten directors will stand for re-election at the Annual Meeting.

If a quorum is present, the directors will be elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors. Abstentions and broker non-votes have no effect on the vote. The ten candidates receiving the highest number of affirmative votes of the shares of common stock entitled to be voted for such 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 ten nominees named below. In the event that any nominee should be unavailable for election as a result of an unexpected occurrence, such shares of common stock will be voted for the election of such substitute nominee as the Board may propose. 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.

Table of Contents

The following table sets forth, the nominees for election at this meeting, information with respect to their ages and background.

Name	Position With QUALCOMM	Age	Director Since
Barbara T. Alexander	Director	59	2006
Donald G. Cruickshank	Director	65	2005
Raymond V. Dittamore	Director	64	2002
Irwin Mark Jacobs	Chairman of the Board	74	1985
Paul E. Jacobs	Chief Executive Officer	45	2005
Robert E. Kahn	Director	69	1997
Sherry Lansing	Director	63	2006
Duane A. Nelles	Director	64	1988
Marc I. Stern	Director	63	1994
Brent Scowcroft.	Director	82	1994

Set forth below is biographical information for each person nominated and each person whose term of office as a director will continue after the Annual Meeting.

Nominees for Election at this Meeting

BARBARA T. ALEXANDER

Barbara T. Alexander, age 59, became a director of the Company in July 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 UBS, 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 also serves as a director of Centex Corporation, Harrah s Entertainment, Inc. and Federal Home Loan Mortgage Corporation (Freddie Mac). She is a graduate of the University of Arkansas, Fayetteville, where she earned B.S and M.S. degrees in theoretical mathematics.

DONALD G. CRUICKSHANK

Sir Donald Gordon Cruickshank, age 65, has served as a director of the Company since June 2005. He was Chairman of Clinovia Group Ltd. from 2004 to 2006 and Formscape Group Ltd. from 2003 to 2006 and has been a member of the Financial Reporting Council, the body responsible in the U.K. for oversight of the Accountancy and Actuarial professions and for corporate governance standards, since 2002. 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 is a member of the Institute of Chartered Accountants of Scotland and has received M.A. and L.L.D. degrees from the University of Aberdeen and a M.B.A. degree from

Manchester Business School.

RAYMOND V. DITTAMORE

Raymond V. Dittamore, age 64, has served as a director of the Company since December 2002. Mr. Dittamore is a retired audit partner of Ernst & Young LLP, an international accounting firm. Mr. Dittamore retired in 2001 after 35 years of service with that firm, including 14 years as the managing partner of the firm s San Diego office.

Table of Contents

Mr. Dittamore is also a director of Invitrogen Corporation, Gen-Probe Incorporated and Digirad Corporation. Mr. Dittamore received a B.S. degree from San Diego State University.

IRWIN MARK JACOBS

Irwin Mark Jacobs, age 74, one of the founders of the Company, has served as Chairman of the Board of Directors since it began operations in July 1985. He also served as Chief Executive Officer of the Company from July 1985 to June 2005. Dr. Jacobs received a B.S. degree in Electrical Engineering from Cornell University and M.S. and Sc.D. degrees from the Massachusetts Institute of Technology. Dr. Jacobs is a member of the National Academy of Engineering and the American Academy of Arts and Sciences and was awarded the National Medal of Technology in 1994. Dr. Irwin Jacobs is the father of Dr. Paul Jacobs, our Chief Executive Officer, and Jeffrey A. Jacobs, President of Qualcomm Global Development.

PAUL E. JACOBS

Paul E. Jacobs, age 45, has served as a director since June 2005 and as the Company s Chief Executive Officer since July 2005. He served as Group President of the Qualcomm Wireless & Internet Group from July 2001 to June 2005. In addition, he served as an Executive Vice President from February 2000 to June 2005. Dr. Jacobs holds a B.S. degree in Electrical Engineering and Computer Science, a M.S. degree in Electrical Engineering and a Ph.D. degree in Electrical Engineering and Computer Science from the University of California, Berkeley. Dr. Paul Jacobs is the son of Dr. Irwin Mark Jacobs, Chairman of Qualcomm s Board, and the brother of Jeffrey A. Jacobs, President of Qualcomm Global Development.

ROBERT E. KAHN

Robert E. Kahn, age 69, became a director of the Company in February 1997. Dr. Kahn is chairman, chief executive officer and president of the Corporation for National Research Initiatives (CNRI), which he founded in 1986. From 1972 to 1985, Dr. Kahn was employed at the U.S. Defense Advanced Research Projects Agency, where his last position was director of the Information Processing Techniques Office. From 1966 to 1972, Dr. Kahn was a senior scientist with Bolt Beranek and Newman, where he was responsible for the system design of the Arpanet, the first packet switched network. Dr. Kahn received numerous awards for his pioneering work on the Internet for which he received the 1997 National Medal of Technology and the 2005 Presidential Medal of Freedom. Dr. Kahn received a B.E.E. degree from the City College of New York and M.A. and Ph.D. degrees from Princeton University. Dr. Kahn holds numerous honorary degrees and is a member of the National Academy of Engineering and an Inductee of the National Inventors Hall of Fame.

SHERRY LANSING

Sherry Lansing, age 63, became a director of the Company in September 2006. Ms. Lansing is the founder and chair of the Sherry Lansing Foundation, a philanthropic organization focusing on cancer research, health and education. 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 American Red Cross Board of Governors, the Carter Center and Stop Cancer, a non-profit philanthropic group she founded in partnership with Dr. Armand Hammer. Ms. Lansing also is a regent of the University of California and serves as chair of the University Health Services Committee. She has earned the Woodrow Wilson Award for

Corporate Citizenship, the Distinguished Community Service Award from Brandeis University, the Alfred P. Sloan, Jr. Memorial Award, the Horatio Alger Humanitarian Award and an honorary doctorate in fine arts from the American Film Institute. She received her B.S. degree from Northwestern University.

DUANE A. NELLES

Duane A. Nelles, age 64, a certified public accountant, became a director of the Company in August 1988. Mr. Nelles has been in the personal investment business since 1987. Prior to that time, Mr. Nelles was a partner in the international public accounting firm of Coopers & Lybrand, LLP, which he joined in 1968. He received a B.A. degree from Albion College and a M.B.A. degree from the University of Michigan.

MARC I. STERN

Marc I. Stern, age 63, became a director of the Company in February 1994. Mr. Stern is a member of the Management Committee of Société Générale Group and the Chairman of Société Générale s Global Investment Management and Services (GIMS) North America unit. Prior to his appointment as Chairman of GIMS North America in September 2005, Mr. Stern served as president and a director of The TCW Group Inc. (TCW), an asset management firm based in Los Angeles. Société Générale acquired majority control of TCW in 2001. In addition to his role at GIMS, Mr. Stern is Vice Chairman of TCW. From 1988 to 1990, Mr. Stern served as president and a director of SunAmerica, Inc., a financial services company. Prior to joining SunAmerica, Mr. Stern was managing director and chief administrative officer of The Henley Group, Inc., a diversified manufacturing company, and prior thereto was senior vice president of Allied-Signal Inc., a diversified manufacturing company. Mr. Stern is also a director of TCW Funds, Inc., a registered investment company. Mr. Stern received a B.A. degree from Dickinson College, a M.A. degree from the Columbia University Graduate School of Public Law and Government and a J.D. degree from the Columbia University School of Law.

BRENT SCOWCROFT

Brent Scowcroft, age 82, became a director of the Company in December 1994. General Scowcroft is the president of The Scowcroft Group, Inc., an international business consulting firm he founded in June 1994. General Scowcroft is also the president of The Forum for International Policy, a non-profit organization he founded in 1993 that promotes American leadership and foreign policy. General Scowcroft 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 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 received a B.S. degree from West Point and M.A. and Ph.D. degrees from Columbia University and holds numerous honorary degrees.

Required Vote and Board Recommendation

If a quorum is present and voting, the ten nominees for director receiving the highest number of votes will be elected as directors. 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.

CORPORATE GOVERNANCE

Code of Ethics

The Company has adopted a code of ethics that applies to all Qualcomm employees, including employees of Qualcomm s subsidiaries, as well as each member of the Board. The code of ethics is available on our website at *www.qualcomm.com* under the Corporate Governance section under Investor Relations. To date, there have not been any waivers by the Company of the code of ethics. Any amendments to, or waivers under, the code of ethics which are required to be disclosed by the rules of the Securities Exchange Commission (SEC) will be disclosed on our website at *www.qualcomm.com* under the Corporate Governance section under Investor Relations.

Table of Contents

Board Committees, Meetings and Attendance

During the fiscal year ended September 30, 2007, the Board held nine meetings. Board agendas include regularly scheduled sessions for the independent directors to meet without management present, and the Board s presiding independent director leads those sessions. Peter M. Sacerdote, who will conclude his service from the Board at the 2008 Annual Meeting, has acted as the Board s presiding independent director since the Board meeting immediately following the 2007 Stockholders Meeting. The Board delegates various responsibilities and authority to different Board committees. Committees regularly report on their activities and actions to the full Board. The Board s current standing committees are: Audit, Compensation, Governance, Finance and Strategic Committees. Committee assignments are re-evaluated annually and approved by the Board at its 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*
Strategic Committee	*http://investor.qualcomm.com/documentdisplay.cfm?DocumentID=465*

The Audit Committee. The Audit Committee meets at least quarterly with our management and independent public accountants to, among other things, review the results of the annual audit and quarterly reviews, discuss the financial statements, select and engage the independent public accountants, assess the adequacy of the Company s staff, management performance and procedures in connection with financial controls and receive and consider comments as to internal controls. At the beginning of fiscal 2007, the Audit Committee was composed of Messrs. Nelles (Committee Chair) and Dittamore, Ms. Alexander and Dr. Richard Atkinson and met nine times during the fiscal year. In March 2007, Dr. Atkinson retired from the Board. The Board has determined that all current members are audit committee financial experts as defined by SEC rules. All of the members of the Audit Committee are independent directors within the meaning of Rule 4200 of the National Association of Securities Dealers, Inc. (NASD) and SEC Rule 10A-3(b)(1)(ii). With respect to the determination of independence of Mr. Nelles under NASD Rule 4200, the Board considered the employment by the Company of Mr. Nelles two sons in non-executive officer positions that did not involve key strategic roles, as described below under the heading Certain Relationships and Related Person Transactions. The Board also considered Mr. Nelles track record of decision-making and determined that the employment of Mr. Nelles sons had not interfered and would not interfere with the exercise of Mr. Nelles independent judgment in carrying out his duties as a director.

The Compensation Committee. The Compensation Committee makes recommendations concerning salaries and incentive compensation, administers and approves stock offerings under our 1996 Non-Qualified Employee Stock Purchase Plan and the 2001 Employee Stock Purchase Plan (collectively, the Employee Stock Purchase Plans), administers our 1991 Stock Option Plan, 2001 Stock Option Plan and 2006 Long-Term Incentive Plan (collectively, the Stock Option Plans) and otherwise determines compensation levels for the Chief Executive Officer, the Named Executive Officers (as listed in the Summary Compensation Table), the directors and other key employees and performs such other functions regarding compensation as the Board may delegate. At the beginning of fiscal 2007, the Compensation Committee was composed of Messrs. Dittamore (Committee Chair) and Stern, General Scowcroft and Dr. Atkinson. In March 2007, Dr. Atkinson retired from the Board. The Compensation Committee met eight times during the 2007 fiscal year. All of the members of the Compensation Committee are independent directors within the meaning of Rule 4200 of the NASD 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 the Company. 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 Committee evaluates and recommends nominees for membership on our Board and its committees. At the beginning of fiscal 2007, the Governance Committee was composed of Messrs. Stern (Committee Chair) and Sacerdote, Sir Donald Cruickshank and Ms. Lansing. During the fiscal year, Ms. Alexander joined the Governance Committee. The Governance Committee met six times during the 2007 fiscal year. All of the members of the Governance Committee are independent directors within the meaning of Rule 4200 of the NASD.

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. At the beginning of fiscal 2007, the Finance Committee was composed of Messrs. Sacerdote (Committee Chair), Nelles and Richard Sulpizio, Ms. Adelia Coffman and Ambassador Diana Lady Dougan. In March 2007, Ms. Coffman and Ambassador Dougan retired from the Board and Drs. Paul Jacobs and Robert Kahn joined the Finance Committee. The Finance Committee met five times during the 2007 fiscal year.

The Strategic Committee. The Strategic Committee monitors the development and implementation of our business and research and development strategies. It works with management in identifying and developing Board focus on issues and recommendations which will further our long and short term strategic planning. At the beginning of fiscal 2007, the Strategic Committee was composed of Drs. Irwin Jacobs (Committee Chair), Paul Jacobs and Robert Kahn, Ambassador Dougan, Mr. Sulpizio and General Scowcroft. In March 2007, Ambassador Dougan and Mr. Sulpizio retired from the Board and Sir Donald Cruickshank joined the Strategic Committee. The Strategic Committee met three times during the 2007 fiscal year.

During the fiscal year ended September 30, 2007, each Board member attended at least 75% of the aggregate of the meetings of the Board, and of the committees on which he or she served or held during the period for which he or she was a Board or Committee member, respectively.

Director Nominations

Our Bylaws contain provisions which 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 Investor Relations. 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 stock for over one year and who satisfies the notice, information and consent requirements set forth in our 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 prior to the date 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 Bylaws, including among other things, the name, age, address and occupation of the recommended person, the proposing stockholder s name and address and the number of shares beneficially owned by the stockholder. The proposing stockholder must also provide evidence of owning the requisite number of shares of Company 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;

The needs of the Company with respect to the particular talents and experience of its 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 a 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 that brings to us a variety 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 us and our 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 SEC rules, and that a majority of the members of the Board meet the definition of independent director under NASD rules. The Governance Committee also believes it is in the stockholders best interest for certain key members of our current and former management to participate as members of the Board. The Governance Committee identifies nominees by first evaluating the current members of the Board willing to continue in service. Current members of the Board with skills and experience that are relevant to our business and who are willing to continue in 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 in service 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. The Company has, in the past, engaged a third party to identify and evaluate potential nominees.

Majority Voting, Stock Ownership Guidelines and Other Matters

We adopted a Majority Voting policy as a part of our Corporate Governance Principles and Practices. Under this policy, if a director receives in an uncontested election a greater number of withhold votes than votes cast for his or her election, the Governance Committee will undertake a prompt evaluation of the appropriateness of the director s continued service on the Board. In performing this evaluation, the Governance Committee will review all factors it deems relevant, including the stated reasons why votes were withheld, the director s length of service, his or her past contributions to the Company and the availability of other qualified candidates. The Governance Committee will then make its recommendation to the Board. The Board will review the Governance Committee s recommendation and consider such further factors and information as it deems relevant. Under this policy, the Governance Committee will make its recommendation, and the Board will act on the Governance Committee s recommendation no later than 90 days following the date of the stockholders meeting. If the Board determines remedial action is appropriate, the director shall promptly take whatever action is requested by the Board. If the director does not promptly take the recommended remedial action or if the Board determines that immediate resignation is in the best interests of the Company and its stockholders, the director shall promptly tender his or her resignation upon request from the Board. We will publicly disclose the Board s decision within four business days by filing a Current Report on Form 8-K with the SEC, providing an explanation of the process by which the decision was reached, and, if applicable, the reason for not requesting the director s resignation. The director in question will not participate in the Governance Committee s or the Board s analysis.

In 2006, we adopted stock ownership guidelines for our non-employee 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 five times, with the size of the multiple based on the individual s position. Only shares actually owned (as shares or as deferred units) count towards the requirement. Executives are required to achieve these stock ownership levels within five years of becoming an executive, or (in the case of persons who were executive officers at the time these guidelines were adopted) by September 2011. For non-employee directors, the guideline is three times the annual cash retainer for Board service. 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 at the time the guidelines were adopted) by September 2011. In addition to the preceding ownership guidelines, all directors are expected to own shares of the Company s common stock within one year of joining the Board.

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

Our General Counsel logs all such communications and forwards those not deemed frivolous, threatening or otherwise inappropriate to the Chair of the Governance Committee for distribution.

Annual Meeting Attendance

The Company s Corporate Governance Principles and Practices sets forth a policy on director attendance at annual meetings. Directors are encouraged to attend absent unavoidable conflicts. All of the then-sitting directors attended the Company s last annual meeting except for Messrs. Sacerdote, Stern and Sulpizio.

Director Independence

The Board has determined that, except as noted below, all of the members of the Board are independent directors within the meaning of Rule 4200 of the NASD. Dr. Irwin Mark Jacobs and Dr. Paul E. Jacobs are not considered independent because both are employed by the Company as executive officers, and Dr. Irwin Mark Jacobs son and Dr. Paul E. Jacobs brother Jeffrey A. Jacobs is the President of Qualcomm Global Development and an executive officer.

PROPOSAL 2

APPROVAL OF AMENDMENTS TO
THE 2006 LONG-TERM INCENTIVE PLAN AND
THE INCREASE IN THE SHARE RESERVE BY 115,000,000 SHARES

On March 7, 2006, the stockholders approved our 2006 Long-Term Incentive Plan (the 2006 LTIP). The 2006 LTIP is a restatement of our 2001 Stock Option Plan and the successor to the 1991 Stock Option Plan, the 2001 Non-Employee Directors Stock Option Plan, and their predecessors. The 2006 LTIP also serves as the source of shares for the Executive Retirement Matching Contribution Plan (the Match Plan).

The Board of Directors has adopted the following amendments to the 2006 LTIP which require stockholder approval.

1. Increase the maximum number of shares that we may issue under the 2006 LTIP from 290,284,432 shares to 405,284,432 shares, which will enable us to continue to grant awards to deserving individuals and remain competitive with our industry peers, and make a corresponding change in the ratio that we use to count

awards other than stock options and stock appreciation rights under the 2006 LTIP from a 2:1 ratio, meaning that an award of 15 shares decreases the number of shares available for issuance under the 2006 LTIP by 30 shares, to a 3:1 ratio, meaning that an award of 15 shares would decrease the shares available for issuance under the 2006 LTIP by 45 shares.

2. Increase the maximum annual award limit for performance units, which are cash awards based on the achievement of performance goals established under the terms of the 2006 LTIP, from $1 million to $8 million. This increase is intended to ensure that we retain the necessary flexibility under the terms of the 2006 LTIP to determine performance unit awards consistent with forecasted growth in salaries and any future changes to the annual bonus targets set for our executive officers. Such an increase is also appropriate to ensure continued adherence to our compensation philosophy of linking executive compensation with performance, as described in the Compensation Discussion and Analysis portion of this proxy statement.

3. Provide additional flexibility for the Compensation Committee in establishing various business criteria that may be used to determine performance goals under the 2006 LTIP by allowing the Compensation Committee to establish performance goals calculated in accordance with generally accepted accounting principles (GAAP), industry usage or any other formulations established by the Committee.

We believe that equity incentives are critical to attracting and retaining the best employees in our industry. The approval of the proposed amendments will allow us to continue to provide such incentives under the 2006 LTIP.

Key Features of the 2006 LTIP:

Multiple equity compensation plans were consolidated under one plan;

Awards are merit-based as part of our comprehensive and effective compensation program;

An independent committee of the Board of Directors administers the plan;

31,757,761 shares remain available for issuance as of September 30, 2007;

Awards other than stock options and stock appreciation rights are charged against the 2006 LTIP share reserve at the rate 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;

Awards may be stock options, stock appreciation rights, restricted stock, unrestricted stock, restricted stock units, performance shares, performance units, deferred compensation awards and other stock-based awards;

Stock options and stock appreciation rights may not be repriced;

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

Stock options or stock appreciation rights generally shall not be fully vested over a period of less than three years from the date of grant and cannot be exercised more than 10 years from the date of grant;

Restricted stock, restricted stock units, and performance awards generally shall not be fully vested over a period of less than three years (or a 12-month period if vesting is based on a performance measure);

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

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; and

The Company s policy is that all full-time employees are eligible to receive stock options.

Significant Historical Option Grant Information

The aggregate number of stock options the Company granted in fiscal 2006 increased 0.29% (from 34.9 million in fiscal 2005 to 35.0 million in fiscal 2006); however, our full-time employee base increased 20.4% in the same period (from 8,670 to 10,440). The aggregate number of stock options the Company granted in fiscal 2007 increased 11.4% (from 35.0 million in fiscal 2006 to 39.0 million in fiscal 2007); however, our full-time employee base increased 14.9% in the same period (from 10,440 to 12,000).

The average number of stock options granted per optionee has steadily declined from 4,023 in fiscal 2005, to 3,350 in fiscal 2006, to 3,246 in fiscal 2007. This trend reflects the Board s focus on keeping grants at levels that do not unnecessarily dilute stockholders but continue to provide effective stock-based incentives to employees.

The Company s options granted expressed as a percentage of the Company s shares outstanding (burn rate), for fiscal year 2007 was 2.4%, slightly higher than fiscal 2006 due to an increase in the number of employees in fiscal 2007 to meet business expansion and growth opportunities;

Overhang (total options outstanding plus options available for grant as a percentage of common shares outstanding plus options outstanding plus options available for grant) was 12.6% at the end of fiscal 2007. If the proposed amendment is approved by stockholders, the maximum overhang would be 17.7%.; and

The Named Executive Officers awards comprise 6.2% of the total stock options granted in fiscal 2007.

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

The 2006 LTIP provides for the grant of incentive and nonstatutory stock options, as well as stock appreciation rights, restricted stock, restricted stock units, performance units and shares and other stock-based awards. It is also the source of shares for matching stock awards under the Match 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.

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 of Directors 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 of the Board of Directors. The Compensation Committee determines the recipients of awards, the number of shares subject to each award, the times when an award will become exercisable, 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 corporate officers, the Compensation Committee in turn has delegated implementation of the 2006 LTIP to the Management Stock Option Committee, currently comprised of our Chief Executive Officer, President 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 Stock Option Committee, as well as to the full Board of Directors.

Stock Subject to the 2006 LTIP

A total of 290,284,432 shares are currently reserved for issuance under the 2006 LTIP. As discussed above, we propose to increase the number of shares by 115,000,000 shares, for a total of 405,284,432 shares reserved for issuance under the 2006 LTIP. As of September 30, 2007, 206,453,957 shares are subject to outstanding stock options and 31,757,761 shares remain available for future grants under the 2006 LTIP. Shares underlying awards that expire, are cancelled or otherwise terminate again become available for grant under the 2006 LTIP, as do shares subject to an award under the Match Plan that fail to vest under the terms of that plan.

Table of Contents

Shares subject to stock options and stock appreciation rights that do not include the right to receive a dividend equivalent are charged against the 2006 LTIP share reserve on the basis of one share for each share granted. If approved by the stockholders, shares subject to stock options and stock appreciation rights that include dividend equivalent rights and all other types of awards, which are currently charged against the 2006 LTIP share reserve on the basis of two shares for each one share granted, will be charged against the share reserve on the basis of three shares for each one share granted. Any shares returned to the reserve will be returned on the same basis as charged against the share reserve.

Eligibility

Awards other than incentive stock options generally may be granted only to our employees and directors. Incentive stock options may be granted only to employees, and only certain executives may participate in the Match Plan.

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, must be granted an incentive stock option at an exercise price that is at least 110% of the fair market value of the 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 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 Code Section 162(m), no employee may be granted awards during each Company fiscal year in excess of the following limits:

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: Subject to stockholder approval, no more than $8,000,000 for each full fiscal year contained in the performance period of the award.

The Board has determined that the increase in the maximum amount of cash value performance unit awards to $8,000,000 from the previous $1,000,000 limit is an appropriate adjustment to ensure that the performance unit award provisions of the 2006 LTIP account for salary growth projections or future changes in annual bonus targets.

The 2006 LTIP provides that, except for shares granted under the Match Plan and a maximum of 2% of the shares reserved under the 2006 LTIP which may be issued as awards to non-employee directors, restricted stock awards, restricted stock unit awards, performance awards or stock-based awards based on the full value of shares of stock, which vest on the basis of a participant s continued service, have a mandatory minimum three-year vesting period. Performance awards generally are subject to achievement of performance goals over a performance period no shorter than 12 months. Acceleration of awards under the 2006 LTIP occurs only in connection with death, disability or a change-in-control.

Stock Options and Stock Appreciation Rights

The following is a general description of the terms of 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 common stock subject to the option on the date of grant, and in some cases (see Eligibility above) may not be less than 110% of the fair market value on the grant date. The exercise price of nonstatutory stock options and stock appreciation rights may not be less than the fair market value of the stock subject to the award on the date of the option 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 to the Company, or subject to attestation to the ownership of, shares of common stock of the Company owned by the optionee and 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 approval.

Exercise. 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 or consultant to the Company or certain related entities or designated affiliates, continues from the date of grant until the applicable vesting date. Awards 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 issued to participants other than non-employee directors. The Board has the power to accelerate the time during which an award may be exercised, subject to this three-year overall limit.

Term. The maximum term of options and stock appreciation rights under the 2006 LTIP is 10 years, except for certain incentive stock options with a maximum term of 5 years (see Eligibility above). The 2006 LTIP provides for the earlier termination of an award due to the holder s termination of service.

Restrictions on Transfer. Participants may not transfer incentive stock options granted under the 2006 LTIP, except by will or by the laws of descent and distribution. Participants may not transfer nonstatutory stock options or stock appreciation rights other than (1) by will or by the laws of descent and distribution, (2) by written designation of a beneficiary taking effect upon the death of the optionee, (3) by delivering written notice to the Company, in a form acceptable to the Company, that the optionee will be gifting the option to certain family members or other specific entities controlled by or for the benefit of such family members, and such other transferees as the Board may approve.

Restricted Stock Units

The Board may grant restricted stock units under the 2006 LTIP, which 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 the restricted stock units or the shares issued in settlement of the award. The Board may grant 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. 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 stock units that entitle the holders to receive dividend equivalents, which are rights to receive additional restricted stock units based on the value of any cash dividends the Company pays.

Restricted Stock Awards

The Board may grant restricted stock awards under the 2006 LTIP either in the form of a restricted stock purchase right, giving a participant an immediate right to purchase common stock, or in the form of 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 such 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, such distributions are subject to the same restrictions as the original award.

Table of Contents

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 under Section 162(m) must act with respect to performance awards, and Board as used in this section shall mean 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. 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 (including shares of restricted 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 stockholder 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 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 pro forma formulations of these performance measures, as determined by the Board in its discretion.

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. In its discretion, the Board may provide for the payment to a participant awarded performance shares of dividend equivalents with respect to cash dividends paid on the Company s common stock. 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.

Deferred Compensation Awards

The 2006 LTIP authorizes the Board to establish a deferred compensation award program in addition to the Match Plan. If and when implemented, participants designated by the Board who are officers, 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 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.

Other Stock-Based Awards

The 2006 LTIP permits the Board to grant other awards based on our stock or on dividends paid on our stock.

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 the number and class of shares subject to the 2006 LTIP and to any outstanding awards, in the Section 162(m) per employee grant limit (see Federal Income Tax Information Potential Limitation on Company Deductions, below), and in 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 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. However, if an outstanding award is not assumed or replaced, the 2006 LTIP provides that the vesting and exercisability of the award shall accelerate, effective 10 days prior to the Change-in-Control. Awards that are not assumed, replaced or exercised prior to the Change-in-Control will terminate. The 2006 LTIP defines a Change-in-Control of the Company as any of the following events upon which the stockholders of the Company immediately before the event do not retain immediately after the event, in substantially the same proportions as their ownership of shares of the Company s voting stock immediately before the event, direct or indirect beneficial ownership of more than 50% of the total combined voting power of the stock of the Company, its successor or the corporation to which the assets of the Company were transferred: (1) a sale or exchange by the stockholders in a single or series of related transactions of more than 50% of the Company s voting stock; (2) a merger or consolidation in which the Company is a party; (3) the sale, exchange or transfer of all or substantially all of the assets of the Company; or (4) a liquidation or dissolution of the Company.

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. 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 aggregate numbers of shares of common stock subject to awards granted to certain persons under the 2006 LTIP in the last completed fiscal year are as follows: (1) Paul E. Jacobs, Chief Executive Officer, 770,000 shares; (2) William E. Keitel, Executive Vice President and Chief Financial Officer, 370,000 shares; (3) Steven R. Altman, President, 570,000 shares; (4) Irwin Mark Jacobs, Chairman of the Board, 150,000 shares; (5) Sanjay K. Jha, Executive Vice President and Group President, CDMA Technologies Group, 545,000 shares; (6) all current executive officers as a group, an aggregate of 3,905,000 shares; (7) all current directors who are not executive officers as a group, an aggregate of 112,000 shares; and (8) all employees, including current officers who are not executive officers, as a group, an aggregate of 34,916,022 shares.

Table of Contents

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 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.

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 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 should be 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

Table of Contents

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 above (see discussion 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 above under Restricted Stock), will be taxed as capital gain or loss. We 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.

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 are transferred to the participant, will be taxed as capital gain or loss. We generally should be 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)) 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

Information about our equity compensation plans at September 30, 2007 that were either approved or not approved by our stockholders was as follows (number of shares in millions):

Plan Category	**Number of Shares to be Issued Upon Exercise of**	**Weighted Average Exercise Price of**	**Number of Shares Remaining Available**

	Outstanding Options		Outstanding Options	for Future Issuance
Equity compensation plans approved by stockholders(1)	204	$	32.80	42(2)
Equity compensation plans not approved by stockholders(3)				
Total(4)	204	$	32.80	42

(1) Consists of seven plans: the Company s 1991 Stock Option Plan, 2001 Stock Option Plan, 2006 Long-Term Incentive Plan, 1998 Non-Employee Directors Stock Option Plan, 2001 Non-Employee Directors Stock Option Plan, 2001 Employee Stock Purchase Plan and the Executive Retirement Matching Contribution Plan.

(2) Includes approximately 11 million shares reserved for issuance under the 2001 Employee Stock Purchase Plan.

(3) Consists solely of approximately 35,000 shares issuable under the Company s 1996 Non-Qualified Employee Stock Purchase Plan, which allows eligible employees to purchase shares of common stock at 85% of the lower of the fair market value on the first or the last day of each six-month offering period. Employees may authorize the Company to withhold up to 15% of their compensation during any offering period, subject to certain limitations.

Table of Contents

(4) Excludes options assumed in connection with mergers and acquisitions. Approximately 2,506,000 shares of the Company s common stock were issuable upon exercise of these assumed options. These options have a weighted average exercise price of $23.46 per share. No additional options may be granted under these assumed arrangements.

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 the proposed amendments to the 2006 LTIP 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, then the proposed amendments will not be implemented, and the 2006 LTIP will continue in effect pursuant to its current terms.

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. **THEREFORE, THE BOARD UNANIMOUSLY RECOMMENDS A VOTE FOR APPROVAL OF THE PROPOSED AMENDMENTS TO THE 2006 LTIP AND THE INCREASE IN THE SHARE RESERVE BY 115,000,000 SHARES.**

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 28, 2008, 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 the our 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 in 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 the Company s annual financial statements for the years ended September 30, 2007 and September 24, 2006 and fees for other services rendered by PricewaterhouseCoopers LLP during those periods.

	Fiscal 2007	Fiscal 2006

Audit fees(1)	$ 4,405,000	$ 4,204,000
Audit-related fees(2)	1,562,000	1,539,000
Tax fees(3)	3,000	
All other fees(4)	6,000	6,000
Total	$ 5,976,000	$ 5,749,000

(1) Audit fees consist of fees for professional services rendered for the audit of the Company s annual consolidated financial statements and review of the interim consolidated financial statements included in quarterly reports

Table of Contents

and services that are normally provided by PricewaterhouseCoopers LLP in connection with statutory and regulatory filings. Audit fees also include fees for professional services rendered for the audits of the effectiveness of internal control over financial reporting during fiscal 2007 and 2006.

(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 the Company s consolidated financial statements and are not reported under Audit fees. This category includes fees principally related to field verification of royalties from licensees.

(3) Tax fees consist of fees for professional services rendered for international tax consulting.

(4) All other fees consist of fees for products and services other than the services reported above. These fees related to technical publications purchased from the independent public accountant.

Fees for accounting services rendered by other professional service firms during fiscal 2007 and 2006 were $10,085,000 and $6,391,000, respectively. The increase from prior year is primarily due to increases in fees for tax-related and other audit-related services.

Policy on Audit Committee Pre-Approval of Audit and Non-Audit Services of Independent Public Accountants

The Audit Committee s policy is to pre-approve all audit and non-audit services provided by the independent public accountants. These services may include audit services, audit-related services, tax fees, and other services. Pre-approval is generally provided for up to one year and any pre-approval is detailed as to the particular service or category of services and is subject to a specific budget. The Audit Committee has delegated pre-approval authority to certain committee members when expedition of services is necessary. The independent public accountants and management are required to periodically report to the full Audit Committee regarding the extent of services provided by the independent public accountants in accordance with this pre-approval delegation, and the fees for the services performed to date. Less than 1% of total fees for services rendered by PricewaterhouseCoopers LLP during fiscal 2007 were related to non-audit services that were approved by the Audit Committee after the services were rendered, pursuant to the *de minimis* exception established by the SEC. All non-audit services rendered by PricewaterhouseCoopers LLP during fiscal 2006 were pre-approved by the Audit Committee.

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 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.

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 28, 2008.

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 21, 2007 by: (i) each director and nominee for director; (ii) each of our executive officers named in the Summary Compensation Table under Executive Compensation and Related Information (the Named Executive Officers); and (iii) all our executive officers and directors as a group. Based on currently available Schedules 13D and 13G filed with the SEC, we do not know of any beneficial owners of more than 5% of our common stock.

	Amount and Nature of Beneficial Ownership (1)	
Name of Beneficial Owner	**Number of Shares**	**Percent of Class**
Paul E. Jacobs(2)	3,925,199	*
William E. Keitel(3)	1,382,351	*
Steven R. Altman(4)	2,208,928	*
Irwin Mark Jacobs(5)	32,874,140	2.01%
Sanjay K. Jha(6)	2,068,798	*
Barbara T. Alexander(7)	17,585	*
Donald G. Cruickshank(8)	29,233	*
Raymond V. Dittamore(9)	81,343	*
Robert E. Kahn(10)	444,566	*
Sherry Lansing(11)	11,333	*
Duane A. Nelles(12)	224,406	*
Peter M. Sacerdote(13)	1,427,666	*
Brent Scowcroft(14)	586,765	*
Marc I. Stern(15)	937,164	*
All Executive Officers and Directors as a Group (21 persons)(16)	52,201,854	3.16%

* 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 1,628,584,066 shares outstanding on December 21, 2007, adjusted as required by rules promulgated by the SEC.

(2) Includes 1,107,600 shares held in family trusts, 8,634 shares held jointly with his spouse, 354,134 shares held in Grantor Retained Annuity Trusts for the benefit of Dr. Paul Jacobs and his spouse and 108,741 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 2,346,090 shares issuable upon exercise of options exercisable within 60 days of which 1,041 are held by Dr. Paul Jacobs spouse.

(3) Includes 1,375,916 shares issuable upon exercise of options exercisable within 60 days.

(4) Includes 159,929 shares held in family trusts and 2,048,999 shares issuable upon exercise of options exercisable within 60 days.

(5) Includes 9,488,724 shares held in family trusts and 16,628,738 shares held in Grantor Retained Annuity Trusts for the benefit of Dr. Irwin Jacobs and his spouse. Dr. Irwin Mark Jacobs shares voting power with his spouse for shares owned through these trusts. Also includes 6,756,678 shares issuable upon exercise of options exercisable within 60 days, of which 265,456 shares are held in trusts for the benefit of Dr. Irwin Jacobs and/or his spouse and 1,087,108 shares are held by Dr. Irwin Jacobs spouse.

(6) Includes 24,532 shares held in family trusts and 2,044,266 shares issuable upon exercise of options exercisable within 60 days.

(7) Includes 5,000 shares held in family trusts and 12,000 shares issuable upon exercise of options exercisable within 60 days. Also includes 585 fully vested deferred stock units and dividend equivalents that settle three years after the date of grant.

(8) Consists of 1,000 shares held in a pension plan pursuant to which Sir Donald Cruickshank does not have voting rights or discretion over the holdings in the plan. Also includes 28,233 shares issuable upon exercise of options exercisable within 60 days.

(9) Includes 7,400 shares held in family trusts and 73,066 shares issuable upon exercise of options exercisable within 60 days. Also includes 877 fully vested deferred stock units and dividend equivalents that settle three years after the date of grant.

(10) Includes 337,066 shares issuable upon exercise of options exercisable within 60 days.

(11) Consists of 11,333 shares issuable upon exercise of options exercisable within 60 days.

(12) Includes 111,340 shares held in family trusts and 113,066 shares issuable upon exercise of options exercisable within 60 days.

(13) Includes 114,600 shares held by The Peter M. Sacerdote Investment Partners, L.P., a family partnership, with Peter M. Sacerdote as General Partner and 480,000 shares owned by the Peter M. Sacerdote Foundation. Mr. Sacerdote disclaims all beneficial ownership for the shares owned by the Foundation. Also includes 113,066 shares issuable upon exercise of options exercisable within 60 days.

(14) Includes 433,066 shares issuable upon exercise of options exercisable within 60 days.

(15) Includes 704,500 shares held by the Beatrice B. Corporation of which Mr. Stern is the president and sole owner, 162,576 shares owned through a grantor trust, of which Mr. Stern is the trustee and 1,170 fully vested deferred stock units and dividend equivalents that settle three years after the date of grant. Also includes 68,918 shares issuable upon exercise of options exercisable within 60 days.

(16) Includes 20,864,752 shares issuable upon exercise of options exercisable within 60 days for all directors and executive officers as a group. Also includes 275,000 shares pledged by one executive officer.

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 common stock and other equity securities of the Company. Officers, directors and greater-than-10-percent 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, during the fiscal year ended September 30, 2007, all Section 16(a) filing requirements were complied with except for the following: the annual stock option grant for each of our outside directors was reported late; and two allocations from the Match Plan for Mr. Lauer were reported late.

Compensation Committee Interlocks and Insider Participation in Compensation Decisions

None of the members of our Compensation Committee are, or have been, an employee or officer of the Company. During fiscal 2007, no member of the Compensation Committee had any relationship with us requiring disclosure under Item 404 of Regulation S-K. During fiscal 2007, 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 Qualcomm. In accordance with its charter, the Audit Committee is responsible for reviewing and approving all related person transactions between Qualcomm and any directors or executive officers. The Compensation Committee reviews compensation related transactions with directors or executive officers (such as salary and bonus). Any request for us to enter into a transaction with an executive officer or director, or any of such persons immediate family members or affiliates, 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.

During fiscal 2007, we employed the family members of certain directors and executive officers. Those employees whose compensation exceeded $120,000 are discussed below. All of the following family members under our employment were adults who did not live with the related director or executive officer. Each family member is compensated according to standard Company practices, including participation in the Company s 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 described transactions that is material to them or the Company. Moreover, none of the following directors or executive officers believe that they have a direct or indirect material interest in the employment relationships of the listed family members. Options were granted under our the 2006 Long-Term Incentive Plan and have a grant price that is equal to the fair market value on the date of grant. Such options vest according to the following schedule: 10% of the shares subject to the option vest on the six-month anniversary of the date of grant, with ratable monthly vesting over the remaining five-year vesting period. Generally, vesting is contingent upon continued service with the Company. Options granted under any of our stock option plans have a term of 10 years.

Dr. Paul E. Jacobs and Jeffrey A. Jacobs are the sons of Dr. Irwin Mark Jacobs, Chairman of the Board. Dr. Paul E. Jacobs serves as our CEO. Drs. Paul E. Jacobs and Irwin Mark Jacobs were compensated as described below under the heading Executive Compensation and Related Information.

Jeffrey A. Jacobs serves as President of Qualcomm Global Development. Jeffrey A. Jacobs earned $388,553 in salary and $287,000 in bonus during fiscal 2007 and received a stock option grant for 175,000 shares of the Company s stock at an exercise price of $34.83 per share.

Duane A. Nelles son Duane A. Nelles, III serves as a Senior Director, Business Development for us.
Duane A. Nelles III earned $173,716 in salary and $32,800 in bonus during fiscal 2007 and received a stock option grant for 4,000 shares of the Company s stock at an exercise price of $37.99 per share and a second grant for 3,500 shares at an exercise price of $44.63 per share.

Steven R. Altman s brother Jeffrey S. Altman serves as a Senior Director, Business Development for us.
Jeffrey S. Altman earned $165,470 in salary and $20,500 in bonus during fiscal 2007 and received a stock option grant for 3,000 shares of the Company s common stock at an exercise price of $37.99 per share and a second grant for 2,650 shares at an exercise price of $44.63 per share.

COMPENSATION COMMITTEE REPORT

The Compensation Committee (the Committee) reviewed and discussed the Compensation Discussion and Analysis (CD&A) with management. Based on our review and discussions, the Committee recommended to the Board of

Directors that the CD&A be included in Qualcomm s 2008 Proxy Statement.

COMPENSATION COMMITTEE

Raymond V. Dittamore, Chair
Brent Scowcroft
Marc I. Stern

COMPENSATION DISCUSSION AND ANALYSIS

Our CD&A discusses the total compensation for our Chief Executive Officer (CEO), Chief Financial Officer (CFO), and the other three most highly compensated executive officers (the Named Executive Officers or NEOs).

1. Dr. Paul E. Jacobs, CEO, has 17 years of service with Qualcomm and has been CEO since July 2005.

2. Mr. William E. Keitel, CFO, has 11 years of service with Qualcomm and has been CFO since February 2002.

3. Mr. Steven R. Altman, President, has 18 years of service with Qualcomm and has been President since July 2005.

4. Dr. Sanjay K. Jha, COO and Group President of Qualcomm CDMA Technologies, has 13 years of service with Qualcomm and has been COO since December 2006.

5. Dr. Irwin M. Jacobs, Chairman of the Board and a founder of the Company, has 22 years of service with Qualcomm and has served as Chairman of the Board since 1985.

The compensation programs for the NEOs also apply to our other executive officers. In this CD&A, references to the executive officers include the NEOs and the other executive officers. The terms we, our and the Company refer to Qualcomm and not to the Compensation Committee.

The CD&A provides us the opportunity to describe our overall compensation philosophy, objectives and practices to current and potential investors. Our compensation philosophy and objectives generally apply to all our employees and most of our employees are eligible to participate in the three main components of our compensation program (salary, annual bonus and long-term incentives). The relative value of each of these programs for individual employees varies based on job role and responsibility, as well as our financial and stock price performance. We may limit the availability of some of our other compensation programs (such as retirement plans and health and welfare plans) to comply with regulatory requirements.

Our compensation program is characterized by the following:

We employ our executive officers at will , without severance agreements or employment contracts;

It aligns executive officer and stockholder financial interests;

It enables us to attract, motivate, reward and retain highly talented executive officers;

It considers competitive compensation practices and relevant factors without establishing compensation targets at specific benchmark percentiles;

A significant portion of executive officer compensation is realized only when we achieve annual business goals and when our stock price increases;

It includes thorough processes that include Committee review and approval of compensation program design and practices, the advice of an independent, third-party compensation consultant engaged by the Committee and in depth discussions between the CEO and the Committee with respect to his performance, as well as the performance of the other executive officers; and

It features long-standing, consistently and appropriately applied practices with respect to the timing and pricing of stock option grants.

What are the objectives of our executive officer compensation program?

The main objective of our compensation program is to align the financial interests of our executive officers and stockholders. To achieve this alignment we must attract and retain individuals with the appropriate expertise and leadership ability, and we must motivate and reward them to build long-term stockholder value. Our competitors and we recruit from a limited pool of resources for individuals who are highly experienced, successful and well rewarded. Our unique talent base includes executive officers who enjoy national and international recognition for their expertise and leadership. Accordingly, our compensation program must be competitive in a challenging and dynamic labor market, while, at the same time, reinforcing our core values of innovation, execution and partnership.

What is our executive officer compensation program designed to reward?

Our compensation program rewards our executive officers when they achieve our annual business goals, build stockholder value and maintain long-term careers with Qualcomm. We reward these three aspects so that the team will make balanced annual and long-term decisions that result in consistent financial performance, product innovation and collaboration within Qualcomm and with our customers and suppliers.

What are the elements of our executive officer compensation program and why do we provide each element?

We have a straightforward compensation program. The three main elements are salary, bonus and long-term incentives. We also provide executive officer retirement savings plans, health and welfare programs and other forms of compensation, perquisites and personal benefits. Each of these elements helps us attract and retain executive officers and the specific purposes of each of them are identified in the descriptions that follow.

Salary. We provide an annual salary to each executive officer as an economic consideration for each person s level of responsibility, expertise, skills, knowledge and experience.

Bonus. The bonus is part of our executive officers annual compensation and one component of variable compensation. We may or may not award an annual bonus, and the amount of any award varies with company performance and individual considerations.

Long-term incentives. We provide long-term incentives in the form of stock options. Long-term incentives are a form of variable compensation in that the number of options granted is discretionary and the amount of any income earned is completely dependent upon and varies with the stock price over the option term. We offer stock options as an incentive to build long-term stockholder value, to align the interests of executive officers and stockholders, and to retain executive officers through what we hope will be long-term wealth creation in the value of their stock options, which have vesting provisions that encourage continued employment. The SEC requires that we report the estimated fair value of our stock option grants in the Summary Compensation Table and the Grants of Plan-Based Awards table in accordance with FAS 123R for accounting purposes. At the time of grant, our stock options have no intrinsic value and the amounts disclosed in the tables for accounting purposes do not reflect whether the executive officer has or will realize a financial benefit from the stock option awards. Our executive officers are motivated by the potential appreciation in our stock price above the exercise price of the stock options. We also encourage stock ownership (see the discussion of stock ownership guidelines) which we regard as important for commitment, engagement and motivation. Many of our employees are the targets for competitor companies recruiting efforts, and restricted stock units (RSUs) are an increasingly larger component of the compensation packages offered to our employees by competitor companies. We are positioned to refine our long-term incentive strategy should it be in the interests of stockholders so that we can continue to attract and retain the highly skilled talent required to execute our business strategy.

Voluntary Retirement Savings Plans. We offer our executive officers the opportunity to participate in voluntary retirement savings plans in addition to a 401(k) plan. We offer these voluntary plans to encourage long-term employment, stock ownership and to create stockholder value. We do not have a pension plan or other defined benefit retirement plans; such plans are not typical among our peer companies in the high technology industry or necessary for competitive purposes.

401(k) Plan. Qualcomm offers a tax-qualified 401(k) plan to all U.S. domestic employees, including the executive officers. We match employee contributions in cash using a tiered structure in order to encourage employee participation.

Voluntary Executive Retirement Contribution Plan (the ERC Plan) and Executive Retirement Matching Contribution Plan (the Match Plan). Under the ERC Plan, a voluntary nonqualified plan, eligible employees may defer up to 100% of their salary and annual bonus on a pre-tax basis. The investment choices under the ERC Plan are the same as those made available to all employees participating in our 401(k) plan. In addition, ERC Plan participants receive a Company contribution under the Match Plan in the form of Qualcomm stock up to 10% of salary plus annual bonus, less any 401(k) contributions. Our stock contributions under the Match Plan are subject to a four-year vesting schedule.

Health and Welfare Programs. We provide a supplemental health care plan to our executive officers due to its strong retention value and because it encourages senior-level employees to stay and advance to the eligibility level. The program provides coverage for most medical expenses not paid by our broad-based health plan, with a maximum annual coverage limit of $10,000 per executive officer.

We also offer a vacation program to all U.S. domestic employees, including executive officers, that is consistent with competitive practices in our industry. The vacation accrual rate varies with length of Company service.

Other forms of compensation, perquisites and personal benefits.

We make the following additional benefits available to our executive officers:

Employee Stock Purchase Plan. We have a tax-qualified, voluntary Employee Stock Purchase Plan (the ESPP) available to all U.S. domestic employees, including the executive officers. The purchase price is 85% of the lower of: (1) the fair market value (FMV) on the first day of the six-month offering period; or (2) the FMV on the last day of the six-month offering period. The ESPP encourages long-term stock ownership and helps to align employee and stockholder interests on a cost- and tax-effective basis. Annual purchases are limited to $25,000 per individual, including the price discount.

Financial and retirement planning services. We may reimburse the CEO, the President and the Chairman up to $12,500 annually (net of estimated income taxes) for expenses incurred for financial, estate and/or tax planning. We may reimburse other executive officers up to $8,000 annually. We provide this benefit to help our executive officers efficiently manage their time and financial affairs and to allow them to stay focused on business issues and minimize distractions of this type.

Charitable match. Subject to limits based on the employee s job level, we match employee contributions to qualified, eligible Internal Revenue Service (IRS) recognized non-profit organizations, excluding organizations that further a religious doctrine, exclusionary organizations and/or political non-profit organizations. We match up to $125,000 annually for the CEO, the President and the Chairman and up to $100,000 annually for other executive officers. We offer this program to encourage, extend and expand their support of cultural, educational and community non-profit organizations.

Insurance. We provide company-paid life insurance to all employees equal to three times annual salary. We provide additional life insurance to vice presidents and above, including executive officers. The CEO, the President and the Chairman receive an additional $1,000,000 in coverage, and other executive officers receive an additional $750,000 in coverage. We offer the additional insurance for competitive positioning in the labor market.

Corporate aircraft. When executive officers use our corporate aircraft for company business and there are vacant seats on a flight, they may at times invite guests to accompany them. We also permit use of our corporate aircraft for executive officers traveling to attend meetings of educational or other non-profit organizations. See footnote 1 to the All Other Compensation table under the Executive Compensation and Related Information section for more information. Executives are not permitted to reimburse Qualcomm for the cost of personal flights, or the incremental cost for non-business guests, because reimbursements would violate Federal Aviation Agency (FAA) regulations; reimbursements would result in the flight being deemed a charter by the FAA and Qualcomm does not operate its aircraft under an FAA charter certificate.

Personal security. Our executive officers may receive personal security services for their residences and while on personal travel as necessary to address a bona fide business-oriented security concern or as circumstances otherwise warrant. During fiscal 2007, in order to address a potential threat to the Chairman and the CEO (following an incident with another high-profile business executive in the same residential area), we took immediate temporary action to provide residential guard services. We discontinued the residential guard services in fiscal 2007. We may also arrange security for executive officers while on personal travel if available data suggests high crime rates or other unusual concerns at particular locations and venues.

Entertainment and charitable events. We purchase tickets to various sporting, civic, cultural, charity and entertainment events for business purposes. If not used for business purposes, we may make these tickets available to our employees, including our executive officers, as a form of recognition and reward for their efforts.

Post employment compensation.

No employment agreements. We employ all U.S. based employees, including our executive officers, at will, without severance agreements or employment contracts. This is consistent with our objective of providing compensation related to individual contributions that improve our market leadership, competitive advantage and stockholder value. It enables our Board to terminate employment with discretion as to the terms and conditions of any separation.

Stock Option Plans. The 2001 Stock Option Plan and the stock option award agreements under the 2006 Long-Term Incentive Plan (the 2006 LTIP) provide for accelerating 10% of unvested options under certain involuntary terminations that are not for cause, subject to execution of a general release of claims. The 2001 Stock Option Plan and the 2006 LTIP provide that if a change-in-control (as defined in the plans) occurs and an outstanding stock option award is not assumed or substituted with a substantially similar award, the Committee may accelerate the vesting of any or all outstanding stock options. Our stock option agreements include a double trigger in which vesting of stock options is accelerated if, within 24 months after a change-in-control, the stock option recipient is involuntarily terminated for any reason other than for cause or if the stock option recipient voluntarily resigns for good reason (as defined in the stock option award agreements).

Severance provisions. We do not have a pre-defined severance plan or policy for the involuntary termination of employees, including the executive officers. While unvested options may be accelerated in certain severance situations, we do not accelerate unvested options in the event of an involuntary for cause termination. Such terminations may involve theft, dishonesty, falsification, actions that are detrimental to the Company, conviction of a criminal act that impairs the performance of duties required by the Company or violation of a material company policy.

How do we determine the amount for each element of executive officer compensation?

We believe the levels of compensation we provide should be competitively reasonable and appropriate for our business needs and circumstances. Our approach is to consider competitive compensation practices and relevant factors rather than establishing compensation at specific benchmark percentiles. This enables us to respond to dynamics in the labor market and provides us with flexibility in maintaining and enhancing our executive officers engagement, focus, motivation and enthusiasm for our future. We follow a two-phase process. In the first phase, we conduct competitive compensation analyses to estimate the median, 75th percentile and 90th percentile positions for salary, target annual cash (salary + target bonus), long-term incentive compensation, and target total direct compensation (salary + target bonus + long-term incentives). The range from the competitive median to above the 90th percentile reflects what the Committee believes is competitively reasonable and appropriate. We believe this range is consistent with our compensation program objectives and is appropriate given that our long-term incentive compensation consists entirely of stock options (unlike many of our competitors that offer lower-risk restricted stock and full-value shares), our target total direct compensation is variable because bonus plus stock options are approximately 90% of target total direct compensation for NEOs eligible to receive a bonus, and we do not provide a defined benefit pension plan. In the second phase, we consider many factors in determining appropriate compensation levels for each executive officer. These considerations may include:

Our analyses of competitive compensation practices;

The Committee s evaluation of the CEO and other executive officers;

Individual performance and contributions to financial goals such as revenue, earnings before tax, cash flow and operating expense;

Operational management, such as project milestones and process improvements;

Internal working and reporting relationships and our desire to encourage collaboration and teamwork among our executive officers;

Individual expertise, skills and knowledge;

Leadership, including developing and motivating employees, collaborating within Qualcomm, attracting and retaining employees and personal development;

Labor market conditions, the need to retain and motivate, the potential to assume increased responsibilities and the long-term value to Qualcomm; and

Information and advice from an independent, third-party compensation consultant engaged by the Committee.

We do not have a pre-defined framework that determines which of these factors may be more or less important, and the emphasis placed on specific factors may vary among the executive officers. Ultimately, it is the Committee s judgment of these factors along with competitive data that form the basis for determining the CEO s compensation. The Committee and the CEO follow a similar practice to determine the basis of the other executive officers compensation.

Competitive compensation analyses for fiscal 2007. In fiscal 2007, we used two primary resources to identify competitive compensation practices relevant to our executive officers:

The Radford U.S. Executive Survey for high technology companies with revenue greater than $1 billion; and

SEC disclosure data from our peer companies.

The criteria used to select peer companies included large market capitalization high technology companies, with similar pay models and similar growth expectations. The peer companies were:

Peer Companies for Fiscal 2007

Advanced Micro Devices	Agilent	Amazon
Analog Devices	Apple	Applied Materials
Broadcom	Cisco	Comcast
Dell	eBay	EMC Corporation
Freescale Semiconductors	Google	Intel
L-3 Communications	Linear Technology	Lucent
Marvell Technologies	Motorola	Oracle
Sprint Nextel	Texas Instruments	Yahoo!

We reviewed our relative position among the peer companies with respect to market capitalization, revenue, net income and one- and three-year total stockholder return. Our revenue was in the lower half of the peer companies; net income and total stockholder returns were between the median and 75th percentiles; and market capitalization was above the 75th percentile. Our varied percentile rankings relative to the peer companies supported our view that the peer companies include an appropriate range of size and performance and did not introduce a favorable or unfavorable bias in comparing executive compensation data.

How compensation or amounts realizable from prior compensation are considered. The Committee reviews the current value of shares owned, the current value of exercisable and unvested stock options and the gain on option sales for the preceding three years as part of its annual review of executive officer compensation. The amount of past compensation, including annual bonus awards and amounts realized or realizable from prior stock option awards, is generally not a significant factor in the Committee s considerations, because bonuses are awarded for fiscal year performance and stock options are awarded as part of the target total direct compensation the Committee establishes each year.

Tax considerations. A goal of the Committee is to comply with the requirements of Internal Revenue Code Sections 162(m) and 409A. Section 162(m) places a $1 million annual limit on the amount that a public company may deduct for compensation paid to the CEO and the other three most highly compensated executive officers, excluding the CFO. The $1 million limit does not apply if the compensation meets Section 162(m) requirements for performance-based compensation (i.e., the compensation is based on pre-established objective performance goals based on criteria approved by stockholders and is determined and administered according to related regulations). Compliance with Section 162(m) did not influence the allocation of compensation among salary, annual bonus plan targets and stock option grants. We designed and administered our fiscal 2007 bonus program to be eligible for tax deductions to the extent permitted by the relevant tax regulations, including Section 162(m). From time-to-time, we may pay compensation to our executive officers that may not be tax deductible, if there are compelling reasons to do so. Stock options granted under the 2006 LTIP also qualify as performance-based compensation.

Under Section 409A, amounts deferred by an executive officer under a nonqualified deferred compensation plan (such as the ERC Plan and Match Plan) may be included in gross income when deferred and subject to a 20% additional federal tax, unless the plan complies with certain requirements related to the timing of deferral election and distribution decisions. Nonqualified stock options may be exempt from Section 409A if the option satisfies certain requirements (i.e., the exercise price is not less than the fair market value on the grant date, the number of shares subject to option is fixed on the grant date, and there is no deferral feature beyond exercise). We administer the ERC Plan, the Match Plan, and stock option awards consistent with Section 409A requirements.

CEO involvement in compensation decisions. After the end of the fiscal year, the Committee and the CEO discussed our business performance, his performance and his evaluation of and compensation recommendations for the other executive officers. The Committee, without the CEO present, determined the CEO s annual salary, bonus award and stock option award. The Committee also approved the annual salaries, bonuses and stock option awards for the other executive officers.

Consultants and advisors. The Committee has the authority to retain and terminate any independent third-party compensation consultant and to obtain independent advice and assistance from internal and external legal, accounting and other advisors. During fiscal 2007, the Committee engaged an independent executive compensation consulting firm, Frederic W. Cook & Co., Inc. (FWC), to advise them on compensation matters. FWC reported directly to the Committee. During fiscal 2007, we did not engage FWC for any additional services beyond their support of the Committee. The Committee instructed FWC to provide information, insights and advice regarding compensation philosophy, objectives and strategy, selection of peer companies for competitive analyses, methodology for valuing long-term incentives and total direct compensation, and specific issues the Committee addressed during the year. The Committee also instructed FWC to provide peer company compensation data to our human resources staff who analyzed competitive practices and presented the results and recommendations to the Committee. The Committee asked FWC to comment on our recommendations regarding executive officer compensation and aggregate equity compensation. Finally, the Committee instructed FWC to provide an analysis of competitive practices for non-employee director compensation. Representatives from FWC attended all but one Committee meeting during fiscal 2007 and interacted with the Committee Chair, members of our human resources staff and outside legal counsel prior to and following Committee meetings. During fiscal 2007, the Committee sought and received advice from our outside legal counsel, DLA Piper. The total rewards management department within our human resources organization supports the Committee in its work, collaborates with FWC and DLA Piper, conducts competitive analyses and manages our compensation and benefit programs.

Other key policies and practices.

Timing, grant date and exercise price for stock option awards.

We have a long-standing and consistent practice of awarding annual stock option grants to the executive officers during the first quarter of our fiscal year. The Committee approves salary levels, bonus awards and annual stock options at the same time to facilitate consideration of total compensation to executive officers. We also award stock options upon hiring a new executive officer, and we may award stock options upon a promotion or change in roles and responsibilities of an executive officer.

Fiscal 2007 awards. We granted annual stock option awards to executive officers in November 2006. Those awards are disclosed in the Grants of Plan-Based Awards table. In keeping with our practice, the grant date was the Friday of the week during which the Committee approved the awards. The exercise price was the closing price on the most recently completed trading day prior to the grant date. Generally, this has been the closing price on Thursday, the day immediately before the Friday grant date. In March 2007, we adjusted our guidelines for the grant date for future stock option awards to be the same date on which the Committee approves the award. We also amended the 2006 LTIP so that the exercise price is the closing price on the grant date. We made these changes after carefully reviewing the controls, procedures and feasibility of administering new option granting practices in order to be consistent with the SEC s amended disclosure requirements for executive and director compensation that were published in September 2006. There were no grants to executive officers in fiscal 2007 under these new guidelines.

Fiscal 2008 awards. The Committee approved annual stock options, bonus awards and salary levels for executive officers in November 2007. The stock option awards are disclosed in the Fiscal 2008 Long-Term Incentive Awards table. The grant date was the same date on which the Committee approved the awards, and the exercise price was the closing price on the grant date.

Stock ownership guidelines. In September 2006, we adopted stock ownership guidelines for our executive officers. The guidelines help ensure that our executive officers maintain an equity stake in Qualcomm, and by doing so, appropriately link their interests with those of other stockholders. Only shares actually owned (including deferred units under the Match Plan) count towards the equity ownership requirement, outstanding unexercised stock options do not count towards the requirement. Executive officers are required to achieve these stock ownership levels within five years of becoming an executive officer. The deadline for achieving the stock ownership levels is September 2011 for those who were executive officers at the time we adopted the guidelines. If an executive officer has not met the guidelines by the deadline, we will require that the executive officer, upon a stock option exercise, hold at least 50% of the net shares remaining after required tax withholdings, until they meet the minimum guideline. The guidelines are as follows:

Stock Ownership Guidelines

Role	**Multiple of Salary**
CEO	5 X
CFO	2 X
President	3 X
Chairman of the Board	2 X
COO & Group President, QCT	3 X

The Committee has determined that, as of September 30, 2007, Drs. Paul Jacobs and Irwin Jacobs and Mr. Altman have met their ownership guidelines. Dr. Jha and Mr. Keitel own stock and have made progress toward meeting their guidelines by acquiring additional shares during fiscal 2007.

Analysis of NEO compensation during fiscal 2007.

General. Our competitive compensation analyses identified relevant market data for our NEOs with the exception of Dr. Jha. The Committee, with the concurrence of FWC, determined that the available competitive data did not adequately reflect Dr. Jha s role, scope of work, responsibilities and influence on business performance. Dr. Jha has significant strategic responsibilities, interactions with investors and stockholders, a prominent role in the semiconductor industry and leads our corporate research and development staff in addition to Qualcomm CDMA Technologies. The Committee determined that a relational approach that establishes Dr. Jha s target total direct compensation relative to the CEO is an appropriate method in lieu of competitive market data. The Committee considered internal working and reporting relationships and the relative responsibilities and influence on the business of Mr. Altman and Dr. Jha. For fiscal 2007, the Committee decided that Dr. Jha s salary, stock option award

Table of Contents

and target total direct compensation should be between 65% and 70% of the CEO s salary, stock option award and target total direct compensation.

The Fiscal 2007 Target Total Direct Compensation table below summarizes the levels established by the Committee with respect to salary, target bonus, stock options and target total direct compensation. We discuss each element of the table in the narrative that follows.

Fiscal 2007 Target Total Direct Compensation

		Base Target Bonus(2)		Stretch Target Bonus(2)				
Name	Annual Salary (1) ($000s)	Base Target Bonus (As a% of Annual Salary)	Base Target Bonus ($000s)	Stretch Target Bonus (As a% of Annual Salary)	Stretch Target Bonus ($000s)	Long-term Incentive Award Fair Value (3) ($000s)	Base Total Direct Compensation (4) ($000s)	Stretch Total Direct Compensation (5) ($000s)
Paul E. Jacobs CEO	1,075	100%	1,075	125%	1,344	10,047	12,197	12,466
William E. Keitel CFO	630	75%	473	90%	567	4,828	5,931	6,025
Steven R. Altman President	790	95%	751	115%	909	7,438	8,979	9,137
Irwin M. Jacobs Chairman of the Board	650					1,957	2,607	2,607
Sanjay K. Jha COO and Group President	735	75%	551	90%	662	7,112	8,398	8,509

(1) These annual salaries were in effect at the end of fiscal 2007. The NEOs annual salaries were effective on December 16, 2006; therefore, these annual salary rates do not reflect the total actual salaries earned in fiscal 2007 as reported in the Summary Compensation Table.

(2) See the discussion of target bonus for a description of the base and stretch target bonus.

(3) These amounts reflect the fair value as of the grant date as determined in accordance with FAS 123R for accounting purposes and do not reflect whether the recipient has actually realized or will realize a financial benefit from the awards. The potential appreciation in our stock price above the exercise price of the stock options, not the fair value used for accounting purposes at grant, motivates our executive officers. For additional information on the valuation assumptions, refer to Note 1 of Qualcomm s consolidated financial statements in

our annual report on Form 10-K for the year ended September 30, 2007, as filed with the SEC.

(4) The sum of salary plus base target bonus plus the estimated fair value of the fiscal 2007 stock option award.

(5) The sum of salary plus stretch target bonus plus the estimated fair value of the fiscal 2007 stock option award.

Salary. The primary factors in the Committee s consideration of salary included anticipated increases in the labor market and the fact that the executive officers target annual cash (salary + target bonus) was generally below the median amounts identified in our competitive analyses. Based on these competitive practices and the resulting target annual compensation (salary + target bonus), the Committee approved a 4.2% aggregate increase to the NEOs salaries. The increases were effective December 16, 2006. After the increases, our executive officers salaries, in aggregate, were between the median and 75th percentiles identified in our competitive analyses. Dr. Paul Jacobs salary increased 4.9% to $1.1 million, slightly below the 75th percentile. The increases for the other NEOs ranged from no increase for Dr. Irwin Jacobs to a 5.3% increase for Mr. Altman. Dr. Irwin Jacobs and Mr. Altman s salaries were between the median and the 75th percentile. Mr. Keitel s salary was slightly above the 75th percentile. Dr. Jha s salary increased 5% and was 68% of the CEO s salary.

30

Target bonus. The executive officers annual target bonuses were determined as a percent of annual salary. Consistent with fiscal 2006, we used a two-tier target bonus structure (see the Fiscal 2007 Target Total Direct Compensation table), consisting of a base target bonus (the base target bonus) and a higher stretch target bonus (the stretch target bonus). The base and stretch target bonuses varied among the executive officers and increased with job scope and responsibility, which was consistent with market practices and our intent to make variable compensation a greater portion of target total direct compensation as responsibility increases. FWC observed that the base target bonus levels were below the competitive median and the stretch target bonus levels were between the competitive median and 75th percentile. The Committee considered competitive data and the factors described earlier (especially to reflect internal working and reporting relationships and to encourage collaboration and teamwork) in approving the executive officers target bonuses. The target bonuses were generally below the competitive median so that the Committee could award a significant portion of target total direct compensation through stock options.

Target annual compensation (sum of salary + base target bonus). Dr. Paul Jacobs and Mr. Altman s target annual compensation amounts were below the median identified in our competitive analysis. The target annual compensation for Mr. Keitel was at the median. Dr. Irwin Jacobs and the Committee agreed to compensate his role as Chairman with a salary and long-term incentives because he is not directly responsible for short-term operating performance; he was not eligible for the annual bonus program. The Committee did not establish a specific target annual compensation relationship for Dr. Jha relative to the CEO.

Long-term incentive compensation. Our long-term incentive compensation consisted entirely of stock options. We determined a competitive number of option shares based on a derived guideline grant that, when added to the target annual cash, resulted in a target total direct compensation level that the Committee determined was reasonable and appropriate. The Committee, at its discretion, awarded stock option grants that considered the guideline grant and the factors described earlier. The actual stock options granted ranged from 1% below to 5% above the guideline grant. The grants were consistent with respect to our timing and exercise price practices in effect at the time of grant and are disclosed in the Grants of Plan-Based Awards table (see Fiscal 2007 awards under Other key policies and practices above).

We do not believe that the estimated fair value of our stock option grants reflected in the Summary Compensation Table and the Grants of Plan-Based Awards table is a measure of the compensation actually received or that may be received. Our executives are motivated by the potential appreciation in our stock price above the exercise price of the stock options.

Target total direct compensation (salary + base target bonus + stock options). Dr. Paul Jacobs target total direct compensation, and that of Messrs. Altman and Keitel, was between the median and 75th percentiles identified in our competitive analyses. Dr. Jha s target total direct compensation, established by the Committee, was 69% of that of the CEO. Dr. Irwin Jacobs did not participate in the annual bonus plan; his target total direct compensation was below the median for positions deemed to be comparable.

In making compensation decisions, the Committee did not specifically consider the ratio of the CEO s compensation to the executive officers, other than for Dr. Jha. We do note that the average base target total direct compensation of the three NEOs participating in the bonus plan was 64% of the CEO s base target total direct compensation. Specifically, Mr. Altman s base target total direct compensation was 74% of the CEO s, Mr. Keitel s was 49% of the CEO s, and as noted above, Dr. Jha s was 69% of the CEO s. We believe these relationships appropriately reflect each NEO s level of responsibility and our interest in encouraging collaboration and teamwork.

Excluding Dr. Irwin Jacobs (because he did not participate in the annual bonus plan), annual compensation (salary + base target bonus) was less than 20% of target total direct compensation, and variable compensation (base target bonus + stock options) was approximately 90% of target total direct compensation. We believe that our compensation program for NEOs is aligned with stockholders interests due to the significant variable and long-term structure of target total direct compensation, and the manner in which the variable compensation is determined.

Table of Contents

Fiscal 2007 bonus awards.

The design of the bonus program in fiscal 2007 was similar to prior fiscal years bonus programs. The key components of the bonus program were pro forma revenue and pro forma Earnings Before Tax (EBT) as compared to target pro forma revenue and target pro forma EBT, expressed as Achievement Ratios. We use revenue and EBT because these two operational metrics focus the executive officer team on overall business growth and profitability, provide direct line-of-sight between decisions and outcomes and are two key factors that influence stockholder value. Pro forma results exclude the Qualcomm Strategic Initiatives (QSI) segment, certain estimated share-based compensation, certain tax items related to prior years and acquired in-process research and development (R&D) expense. We believe that pro forma metrics, rather than GAAP-based metrics, enable evaluation of operating results on a consistent and comparable basis.

We administered the bonus awards under our 2006 LTIP, consistent with the Committee s goal to comply with the requirements of Internal Revenue Code Section 162(m). Our 2006 LTIP includes a limit of $1 million that may be paid in cash to an employee for a fiscal year performance award. (The $1 million limit is a plan limit that was not intended to specifically correspond to the Section 162(m) performance-based compensation limit. In Proposal 2 of this proxy, we are asking stockholders to increase the 2006 LTIP limit to $8 million.) For any bonus award that exceeded $1 million, the payment would be up to $1 million in cash and any excess amount due the employee would be satisfied through the issuance of fully vested, unrestricted shares of Qualcomm stock.

The Fiscal 2007 Bonus Program Metrics and Formula Award Funding Factor Calculations table below summarizes the performance targets, actual achievement and the calculations for determining the formula award funding factor. The formula award funding factor yielded the ceiling, or maximum potential award level that could be paid to an executive officer under our fiscal 2007 bonus program. We multiplied the formula award funding factor times each executive officer s stretch target bonus (because we exceeded the stretch goal for fiscal 2007) to establish the officer s maximum potential bonus award. The maximum potential bonus awards were: $1,962K for Dr. Paul Jacobs; $828K for Mr. Keitel; $1,327K for Mr. Altman; and $967K for Dr. Jha. The Committee considered our business performance, the CEO s performance, the CEO s evaluation of and recommendation for the other executive officers, and its evaluation of the CEO s performance; based on this assessment, the Committee used its discretion to approve bonus awards that were less than the maximum potential bonus awards.

To encourage profitable growth, we weight pro forma EBT performance 60% and pro forma revenue performance 40%. The pro forma targets reflected approximately 11% growth over fiscal 2006 pro forma revenue and 9% growth over fiscal 2006 pro forma EBT. The Committee also established a stretch Earnings per Share (EPS) goal for fiscal 2007. The stretch target provided additional incentive to exceed the annual financial goals. We structured the fiscal 2007 bonus program so that, if pro forma EPS were below the pre-defined stretch goal, the base target bonus percentage would apply. If pro forma EPS met or exceeded the pre-defined stretch goal, the higher stretch target bonus percentage would apply. For fiscal 2007, we exceeded the stretch pro forma $2.00 EPS goal.

Fiscal 2007 Bonus Program Metrics and Formula Award Funding Factor Calculations

	Fiscal 2007 Target and Actual Achievement ($ Millions)			Funding Rate Formula (See the Graphic Below)		
ncial Metric	Actual	Target	Achievement Ratio		Relative Weight	Wei Fun R

									Funding Rate				
orma Revenue	$ 8,870	¸	$ 8,336	=	1.064	*	(1.064 * 3) - 2	=	1.19	*	40%	=	
orma EBT	$ 4,363	¸	$ 4,150	=	1.051	*	(1.051 * 3) - 2	=	1.15	*	60%	=	
pany Performance												=	
rmance Factor												*	
ula award funding r (applied to each utive officer s h target bonus)												=	

32

Funding Rate Formula. We apply different funding rate formulas based on the Achievement Ratio (see the table below). If the Achievement Ratio is below a minimum level of performance (80% of target), there is no bonus funding for that financial metric. If the Achievement Ratio is between the minimum and target levels of performance, bonus funding is at a specific rate. If the Achievement Ratio is between the target and maximum levels of performance, bonus funding as a function of the Achievement Ratio progresses at a somewhat slower rate than for performance between the minimum and target levels of performance. The maximum funding level is 2.5 times the target if we achieve 150% of the financial metric. Below is a graphic representation of the funding rate as a function of Achievement Ratio.

Funding Rate Formula for Achievement Ratios

Achievement Ratio	**Funding Rate Formula**
a) Less than 0.80	0.0 (no funding)
b) 0.80 to 1.00 (minimum to target level of performance)	(Achievement Ratio * 3.5) 2.5
c) 1.00 to 1.50 (target to maximum level of performance)	(Achievement Ratio * 3.0) 2
d) Greater than 1.50 (above maximum level of performance)	2.50 (maximum funding rate)

Performance Factor. This is a funding mechanism that provides a margin for the Committee to operate within Section 162(m) requirements in the exercise of negative discretion from a formula award. It also enables the Committee to reflect risks and opportunities inherent in the financial plan. The Committee establishes the Performance Factor each year. For fiscal 2007, the Committee set the Performance Factor at 1.25. Inherent risks in the financial plan included the impact on royalty revenues and EPS associated with legal challenges to Qualcomm s business model and litigation expenses associated with defending our intellectual property. The Committee wanted to ensure that the bonus plan properly motivated the executive officers to act in the long-term interests of the stockholders.

In addition to the formulaic calculation of the maximum potential bonus award, the Committee engaged in its annual review of the CEO s performance and his evaluation of the other executive officers, both for general review purposes, as well as to inform the Committee with respect to the fiscal 2007 bonus awards. In its evaluation, the Committee noted the following:

We were, and continue to be, under attack in litigation and in front of regulatory bodies from competitors and those who want to diminish or destroy our business model, notwithstanding its demonstrable benefits to the wireless community as well as our stockholders;

Despite these attacks, the Committee noted that we achieved new records in pro forma revenue and earnings and, importantly to our future, we continued to innovate by introducing new chipsets, as well as other products and services, which were recognized by analysts and customers alike as continuing to set the standard for technological excellence;

We continued to make significant strides in the development and deployment of MediaFLO;

- Our efforts in stabilizing and, in certain cases, expanding, relationships with our customers and other business partners, notwithstanding the attacks on us that had the potential for significantly impacting the businesses of these customers and partners; and

- We suffered significant negative publicity as a result of discovery related failures and the actions of our outside counsel at trial in a lawsuit in San Diego.

The Committee gave great credit to Dr. Paul Jacobs for his leadership under extremely difficult circumstances and, while noting its disappointment with issues related to the management of our legal department, applauded efforts that have been taken to hire a seasoned leader for that department and to provide the necessary resources to support and improve this important function. Dr. Paul Jacobs accepted and concurred with the Committee s evaluation.

After considering all of the foregoing, the Committee awarded Dr. Paul Jacobs a bonus for fiscal 2007 in the amount of $1,131,700. Consistent with our 2006 LTIP, the amount in excess of $1 million was paid out in fully vested, unrestricted shares of stock. The Committee also approved the awards listed in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table.

Compensation planning for the Named Executive Officers for fiscal 2008.

This section provides an update to compensation decisions and actions we made after the end of fiscal 2007.

Highlights

- The peer companies changed slightly from fiscal 2007;

- The target total direct compensation opportunities for Dr. Paul Jacobs, Messrs. Keitel and Altman and Dr. Jha are between the competitive median and slightly above the 75^{th} percentile;

- The target total direct compensation opportunity for Dr. Irwin Jacobs is below the competitive median; and

- We increased the target bonuses for the NEOs, eliminated the two-tier base and stretch target bonus approach and modified the funding rate formulas associated with the Achievement Ratio.

Competitive analysis for fiscal 2008 compensation. We used SEC disclosure data from our peer companies to identify competitive compensation practices relevant to our NEOs for fiscal 2008.

We identified an initial group of potential fiscal 2008 peer companies that met one or more of the following selection criteria:

- Market capitalization in the range from $35 billion to $140 billion;

- Revenue in the range from $4 billion to $17 billion;

- Revenue growth in the range from 10% to 25%;

- Research and development spending in the range from 10% to 35% of revenue;

- High barriers to entry or extensive revenue streams from intellectual property portfolios; and

Similar pay models with high performance risk and leverage and relying on incentives and equity to reward performance and retain talent.

We then amended the initial group to include other relevant labor market competitors and exclude companies that were in multi-year business turn-around situations or that did not provide a meaningful labor market comparison for our executive officers. The Committee s consultant, FWC, confirmed that the changes to the peer group from 2007 would not skew the compensation comparison to the advantage or disadvantage of the executive officers.

Table of Contents

The peer companies for fiscal 2008 are:

Peer Companies for Fiscal 2008

Advanced Micro Devices	Agilent	Analog Devices
Apple	Applied Materials	Broadcom
Cisco	EMC Corporation	Google
Intel	Linear Technology	Marvell Technologies
Microsoft	Motorola	NVIDIA
Oracle	Sprint Nextel	Texas Instruments
Yahoo!		

Fiscal 2008 target compensation.

We noted earlier that the Committee has a long-standing and consistent practice of approving salary levels, bonus awards and stock option awards during the first quarter of our fiscal year. The Committee meeting date of November 12, 2007 was confirmed, and Committee members notified, on January 30, 2007, more than 9 months in advance of the meeting. On November 12, 2007, the Committee met and approved the salaries, target bonuses and long-term incentive compensation awards for the executive officers. The Fiscal 2008 Target Total Direct Compensation table summarizes these compensation levels.

General. We noted that for fiscal 2007, the Committee, with the concurrence of FWC, determined that Dr. Jha s salary, stock option award and target total direct compensation should be determined relative to the CEO because appropriate competitive data was not available. For fiscal 2008, we compared Dr. Paul Jacobs compensation to peer company CEO data, Mr. Keitel (our CFO) to peer company CFO data, Mr. Altman, Dr. Jha and Dr. Irwin Jacobs to the 2nd, 3rd and 5th highest paid NEOs, respectively. We believe that this method provides the best-available data for balancing external competitive and internal position relationships.

Salary for calendar 2008. Salary increases were effective on December 15, 2007. We have a long-standing practice of establishing the executive officers salaries concurrent with the calendar year. The aggregate increase in executive officers salaries was 1.2%, which is below the 4% level of expected salary increases in 2008. At their request, the Committee did not change Drs. Paul Jacobs and Irwin Jacobs and Mr. Altman s salaries from the 2007 levels. The Committee increased Dr. Jha s salary by less than 3% to keep his target annual cash compensation below the competitive 75th percentile. The Committee increased Mr. Keitel s salary by 4%, consistent with expected competitive increases.

Target bonus. The Committee increased the bonus targets to position target total cash compensation closer to the competitive 75th percentile. The Committee eliminated the two-tier base and stretch target bonus approach because it increased the bonus targets for performance levels significantly beyond the fiscal 2007 base target levels. The Committee considered competitive data and used discretion in approving the executive officers bonus targets in order to reflect internal relationships and to encourage collaboration and teamwork among our executive officers. The key components of the bonus program, as in fiscal 2007, are pro forma revenue and pro forma EBT, compared to target pro forma revenue and target pro forma EBT. For fiscal 2008:

The target pro forma revenue is within, but at the higher end of the range we provided in our initial fiscal 2008 earnings guidance of pro forma revenues of $9.5 billion to $9.9 billion, The targets for both pro forma revenue and pro forma EBT are higher than the levels of actual achievement for fiscal 2007, and

Pro forma EBT is weighted 60% and pro forma revenue is weighted 40%, consistent with fiscal 2007 target performance goals, to encourage profitable growth.

We believe that the relative difficulty of our target performance goals for fiscal 2008 is consistent with the difficulty of achieving the fiscal 2007 target performance goals and consistent with the above-median positioning of target annual compensation when viewed as part of the overall total compensation program.

Table of Contents

Target annual compensation for fiscal 2008 (salary + target bonus). The fiscal 2008 target annual cash compensation levels for Dr. Paul Jacobs, Mr. Keitel and Dr. Jha are between the competitive median and 75th percentiles. The target cash compensation for Mr. Altman is slightly above the competitive 75th percentile. This represents a shift in our approach to acknowledge market practices and a general trend toward lower-risk total direct compensation packages. Dr. Irwin Jacobs and the Committee agreed to continue to compensate his role as Chairman with a salary and long-term incentives; he is not eligible for the annual bonus plan.

Long-term incentive compensation. Our long-term incentive compensation for NEOs continues to consist entirely of stock options. The Committee, at its discretion, awarded Dr. Paul Jacobs, Mr. Keitel, Mr. Altman and Dr. Jha stock option grants that, when added to their respective target annual cash compensation, results in target total direct compensation from the competitive median to slightly above the 75th percentile. The Committee, at its discretion, awarded Dr. Irwin Jacobs a stock option grant that, when added to his target annual cash compensation, results in target total direct compensation below the competitive median because he does not participate in the annual bonus plan.

The stock option grants were consistent with the previously described current practices. The grant date was the date the Committee approved the stock option awards (November 12, 2007). Further, as is consistent with the Committee s practice, the exercise price was the closing price on the grant date. The Fiscal 2008 Long-Term Incentive Awards table summarizes the stock option awards.

Fiscal 2008 Target Total Direct Compensation

Name	Annual Salary (Effective 12/15/07) ($000s)	Target Bonus: Target Bonus (As a % of Annual Salary) (%)	Target Bonus: Target Bonus ($000s)	Long-term Incentive Awarded in FY08 Fair Value ($000s) (1)	Target Total Direct Compensation ($000s) (2)
Paul E. Jacobs CEO	1,075	175	1,881	14,021	16,977
William E. Keitel CFO	655	110	721	6,273	7,649
Steven R. Altman President	790	125	988	8,487	10,265
Irwin M. Jacobs, Chairman of the Board	650			2,214	2,864
Sanjay K. Jha COO and Group President	755	125	944	8,487	10,186

(1) These amounts reflect the fair value on the grant date as determined in accordance with FAS 123R for accounting purposes and do not reflect whether the recipient has actually realized or will realize a financial

benefit from the awards. The potential appreciation in our stock price above the exercise price of the stock options, not the fair value used for accounting purposes at grant, motivates our executive officers. For additional information on the valuation assumptions, refer to footnote 1 to the Fiscal 2008 Long-Term Incentive Awards table, immediately following.

(2) The sum of annual salary plus target bonus plus long-term incentive award.

Fiscal 2008 Long-Term Incentive Awards

Name	Grant Date	Number of Securities Subject to Option (#)	Exercise Price of Option Award ($)	Grant Date Fair Value of Option Award ($)(1)
Paul E. Jacobs	11/12/2007	950,000	37.29	14,021,335
William E. Keitel	11/12/2007	425,000	37.29	6,272,703
Steven R. Altman	11/12/2007	575,000	37.29	8,486,598
Irwin M. Jacobs	11/12/2007	150,000	37.29	2,213,895
Sanjay K. Jha	11/12/2007	575,000	37.29	8,486,598

(1) These amounts reflect the fair value under FAS 123R as determined using a binomial option-pricing model with the following assumptions: 40.443% volatility; 4.32% risk-free interest rate; 1.25% dividend rate; 7.5% post-vesting forfeiture rate; and 1.86 suboptimal exercise factor.

EXECUTIVE COMPENSATION AND RELATED INFORMATION

The following tables, narratives and footnotes describe the total compensation and benefits for our NEOs for fiscal 2007. The values presented in the tables do not always reflect the actual compensation received by our NEOs during the fiscal year. In the narratives and footnotes, we disclose values actually realized by the NEOs.

Summary Compensation Table (the SCT).

Salary. The fiscal 2007 salaries reported in the SCT reflect approximately three months of earnings at the calendar 2006 rates and approximately nine months of earnings at the calendar 2007 rates.

Bonus. We did not award discretionary bonuses to the NEOs during fiscal 2007. Dr. Paul Jacobs received $13,200 from Qualcomm s patent award program. The annual cash bonus, as described in the CD&A, is disclosed in the Non-Equity Incentive Plan Compensation column.

Stock Awards. The amounts in this column represent the grant date fair market value of fully vested, unrestricted stock awarded as part of the fiscal 2007 annual bonus plan.

Option Awards. The amounts disclosed in this column represent the grant date fair value compensation expenses recognized in fiscal 2007 under FAS 123R for each NEO. The recognized expenses are for stock options awarded in 2007 and in prior years, under our 2001 Stock Option Plan or our 2006 LTIP. These values do not represent actual compensation realized in fiscal 2007. See the Grants of Plan-Based Awards table for details on the stock option awards granted during fiscal 2007 to the NEOs.

Change in Pension Value and Nonqualified Deferred Compensation Earnings. We do not offer a pension plan or other defined benefit retirement program. The amounts disclosed in this column represent the combined earnings from the ERC Plan and the Match Plan (see the Voluntary Retirement Savings Plans in the CD&A for a description of these plans). Earnings include amounts that vest under the Match Plan and dividend earnings on vested shares. We do not provide above-market or preferential earnings on deferred compensation. We do not provide dividends on stock in the Match Plan at a rate higher than dividends on our common stock. These values do not represent actual compensation realized in fiscal 2007 because deferred compensation is not realized until it is paid to the NEO.

Non-Equity Incentive Plan Compensation. The amounts disclosed in this column represent cash awards under our annual bonus plan. The relevant performance period was fiscal 2007. The Committee approved the actual awards after the end of fiscal 2007; the NEOs received payment of the awards that were earned in fiscal 2007 in December 2007.

All Other Compensation. Please see the All Other Compensation table for an itemized account of all other compensation.

Table of Contents

Summary Compensation Table

ncipal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)(1)	Option Awards ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	Non-Equity Incentive Plan Compensation ($)	All Other Compensation ($)	T
e Officer	2007	1,063,467	13,200	131,671	10,802,060	1,380,976	1,000,000	691,858	15,
tel, President and Officer	2007	659,321			5,208,739	602,519	715,000	165,724	7,
an,	2007	862,813			8,720,428	649,780	765,100	372,469	11,
s, e Board	2007	650,005			5,551,026	1,449,383		361,253	8,
g Officer and t, Qualcomm logies	2007	726,931			8,402,969	1,129,206	835,000	253,790	11,

(1) Dr. Paul Jacobs was awarded an unrestricted stock bonus for fiscal 2007. The fair market value on the award date was $37.29 per share, the closing price of the Company s stock on the date the stock was approved by the Compensation Committee. This stock represents the bonus amount in excess of the $1 million, as described in the CD&A.

The All Other Compensation table provides an itemized account of all other compensation reported in the SCT. The SEC requires disclosures to separately identify and quantify any individual item of compensation exceeding $10,000, except as discussed below under Perquisites and Other Personal Benefits.

<u>Perquisites and Other Personal Benefits.</u> The SEC requires disclosure of all perquisites unless the aggregate annual value is less than $10,000; if the $10,000 threshold is exceeded, each perquisite and personal benefit must be identified by type. The SEC also requires individual identification and quantification of each perquisite if the amount exceeds the greater of $25,000 or 10% of the aggregate amount of all perquisites for any NEO.

<u>Executive Retirement Matching Contribution Plan.</u> The amounts disclosed represent the dollar value of common stock used to match up to 10% of pay, less any 401(k) contributions, deferred on a pre-tax basis, to the ERC Plan. (See the CD&A for a description of the ERC Plan.)

<u>Charitable Match.</u> The amounts disclosed represent Qualcomm matches to employee contributions to qualified, eligible IRS recognized nonprofit organizations.

Company Match on 401(k) Contributions. The amounts disclosed represent the cash value of Company matches to employee contributions to the 401(k) plan.

Life Insurance Premiums. The amounts disclosed represent the premiums paid for group term life greater than $50,000.

Tax Gross-Ups. Qualcomm grosses-up its reimbursement to the NEOs for financial planning. The amounts disclosed in this column reflect the tax gross-up amount.

Table of Contents

All Other Compensation

Name	Perquisites and Other Personal Benefits ($)(1)	Executive Retirement Contribution Match Plan ($)	Charitable Match ($)	Company Matching 401k Contributions ($)	Life Insurance Premiums ($)	Tax Gross-Ups ($)	All Other Compensation Total ($)
Paul E. Jacobs	248,476	291,316	122,850	5,225	13,387	10,604	691,858
William E. Keitel		123,751	28,415	5,725	7,004	829	165,724
Steven R. Altman	23,821	206,301	124,750	5,225	12,372		372,469
Irwin M. Jacobs	88,268	74,840	125,000	5,725	61,415	6,005	361,253
Sanjay K. Jha		180,685	63,342	5,225	4,538		253,790

(1) The amounts in this column include: Dr. Paul Jacobs $194,850 for temporary residential security and the remaining $53,626 for security while on personal travel, financial planning, other personal travel expenses and other insurance premiums; Mr. Altman personal travel, other insurance premiums and home computer/home office; and Dr. Irwin Jacobs $70,200 for temporary residential security and the remaining $18,068 for financial planning and other insurance premiums. Under certain limited circumstances, executives may use the corporate aircraft solely for personal purposes. In those instances, the value is based on the aggregate incremental cost to Qualcomm. For personal flights, the incremental cost is calculated based on the variable costs to Qualcomm, including fuel costs, mileage, trip-related maintenance, universal weather-monitoring costs, on-board catering, landing/ramp fees and other miscellaneous variable costs. Fixed costs, which do not change based on usage, such as pilot salaries and the cost of maintenance not related to specific flights, are excluded. Qualcomm purchases tickets to various sporting, civic, cultural, charity and entertainment events. We use these tickets for business development, partnership building, charitable donations, and to maintain our community involvement. If not used for business purposes, we may make these tickets available to our employees, including our executive officers, as a form of recognition and reward for their efforts. Because we had already purchased these tickets, we do not believe that there is any aggregate incremental cost to us if an executive officer uses a ticket for personal purposes.

Grants of Plan-Based Awards.

Grants of Plan-Based Awards(1)

	All Other Option	Clos Pri o Opt Awa o

of rd	Grant Date	Date Grant was Approved	Estimated Future Payouts Under Non-Equity Incentive Plan Awards Threshold ($)(2)	Baseline Target ($) (2)	Stretch Target ($) (2)	Maximum ($) (2)	All Other Stock Awards Number of Shares of Stock or Units (#)	All Other Awards: Number of Securities Underlying Options (#)(3)	Exercise or Base Price of Option Awards ($/Sh)	Gra Da (I Exer Pric Lov Th Gra Da FM ($/S
nus			403,127	1,343,758	1,679,698	4,199,244				
equity	11/10/2006	11/6/2006						770,000	34.83	35
nus			177,191	590,636	708,763	1,771,907				
equity	11/10/2006	11/6/2006						370,000	34.83	35
nus			281,439	938,131	1,135,632	2,839,080				
equity	11/10/2006	11/6/2006						570,000	34.83	35
nus										
equity	11/10/2006	11/6/2006						150,000	34.83	35
nus			206,721	689,072	826,886	2,067,215				
equity	11/10/2006	11/6/2006						545,000	34.83	35

(1) We do not have an equity incentive award program, nor did we award stock or stock units other than described in footnote 2; therefore, we did not include these columns in this table.

(2) The Committee determined that any bonus award shall be paid in cash up to $1 million and any excess amount due the NEO shall be satisfied through the issuance of fully vested, unrestricted shares of Qualcomm stock, with

Table of Contents

a fair market value on the date the Committee certifies the amount actually payable to an NEO, subject to the 2006 LTIP limits. For clarity, we are reporting the threshold, target and maximum amounts under the non-equity plan columns. Any amount reported in the non-equity plan section in excess of $1 million will be awarded in equivalent shares of stock.

(3) The stock options reported are nonqualified stock options granted under the 2006 LTIP. The shares vest 10% six months after the grant date and in equal monthly installments over the next 54 months, becoming fully vested five years after the grant date. The options have a 10-year term. Generally, vesting is contingent upon continued service with Qualcomm.

(4) The amounts shown represent the estimated fair value of the stock options on the grant date as determined in accordance with FAS 123R. Qualcomm uses a binomial model in estimating the fair value of stock options. For additional information on the valuation assumptions, refer to Note 1 of Qualcomm s consolidated financial statements in our annual report on Form 10-K for the year ended September 30, 2007, as filed with the SEC. These amounts reflect Qualcomm s accounting expense and do not correspond to the actual value that will be recognized by the NEOs.

Outstanding Equity Awards at Fiscal Year-End.

The Outstanding Equity Awards at Fiscal Year-End table provides information on the current holdings of stock options by the NEOs. We have not granted restricted stock or other performance shares. The stock awarded as part of the fiscal 2007 incentive plan was fully vested and unrestricted at the time of the award; therefore, it is not reportable in this table.

Outstanding Equity Awards at Fiscal Year-End

			Option Awards		
Name	**Number of Securities Underlying Unexercised Options (#) Exercisable**	**Number of Securities Underlying Unexercised Options (#) Unexercisable**	**Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)**	**Option Exercise Price ($)**	**Option Expiration Date**
Paul E. Jacobs	240,000			41.75	11/11/2009
	320,000			43.00	11/16/2010
	287,600			23.78	9/27/2011
	840,000			29.21	11/29/2011
	13,333	13,334		17.47	11/7/2012
	54,184	93,334		22.23	11/27/2013
	330,000	270,000		43.62	12/2/2014
	346,666	453,334		33.01	6/30/2015

	330,000	570,000	44.02	11/3/2015
	128,333	641,667	34.83	11/9/2016
Total	2,890,116	2,041,669		
William E. Keitel	80,000		41.75	11/11/2009
	60,000		43.00	11/16/2010
	250,000		29.21	11/29/2011
	100,000		19.20	4/18/2012
	88,666	9,334	17.47	11/7/2012
	209,666	65,334	22.23	11/27/2013
	220,000	180,000	43.62	12/2/2014
	174,166	300,834	44.02	11/3/2015
	61,666	308,334	34.83	11/9/2016
Total	1,244,164	863,836		
Steven R. Altman	320,000		41.75	11/11/2009
	320,000		43.00	11/16/2010
	345,000		29.21	11/29/2011

Table of Contents

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Awards Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date
	6,666	13,334		17.47	11/7/2012
	6,666	93,334		22.23	11/27/2013
	330,000	270,000		43.62	12/2/2014
	238,333	311,667		33.01	6/30/2015
	227,333	392,667		44.02	11/3/2015
	95,000	475,000		34.83	11/9/2016
Total	1,888,998	1,556,002			
Irwin M. Jacobs	1,050,764			3.90	11/13/2007
	4,211,128			3.51	7/16/2008
	800,000			41.75	11/11/2009
	560,000			43.00	11/16/2010
	450,000			29.21	11/29/2011
	528,543	18,334		17.47	11/7/2012
	460,000	140,000		22.23	11/27/2013
	275,000	225,000		43.62	12/2/2014
	73,333	126,667		44.02	11/3/2015
	25,000	125,000		34.83	11/9/2016
Total	8,433,768	635,001			
Sanjay K. Jha	160,000			41.75	11/11/2009
	80,000			43.00	11/16/2010
	200,000			29.21	11/29/2011
	70,000			16.20	4/25/2012
	68,833	1,167		18.00	10/17/2012
	137,500	12,500		18.29	2/6/2013
	109,600	40,000		16.11	5/1/2013
	306,666	93,334		22.23	11/27/2013
	330,000	270,000		43.62	12/2/2014
	216,666	283,334		33.01	6/30/2015
	207,166	357,834		44.02	11/3/2015
	90,833	454,167		34.83	11/9/2016

Total	1,977,264	1,512,336

Stock Option Exercises and Stock Vested during Fiscal 2007.

The Option Exercises and Stock Vested table provides information on stock option exercises by the NEOs during fiscal 2007. We have not granted restricted stock or other performance shares; therefore, we have not included these columns in this table.

Table of Contents

Option Exercises and Stock Vested

Name	Option Awards Number of Shares Acquired on Exercise (#)	Value Realized Upon Exercise ($)
Paul E. Jacobs	324,000	10,704,262
William E. Keitel		
Steven R. Altman	275,000	5,862,185
Irwin M. Jacobs	346,000	14,449,825
Sanjay K. Jha	100,000	2,520,300

Nonqualified Deferred Compensation.

The Nonqualified Deferred Compensation table provides information on the nonqualified deferred compensation of the NEOs. Qualcomm provides two nonqualified plans. Employees at a certain level are eligible to participate.

Nonqualified Deferred Compensation

Name	Executive Contributions in Last FY ($)(1)	Company Contributions in Last FY ($)	Plan A ERC Plan Aggregate Earnings in Last FY ($)	Plan B Match Plan Aggregate Earnings in Last FY ($)	Total Aggregate Earnings in Last FY ($)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last FYE ($)(2)
Paul E. Jacobs	535,078	291,316	1,251,587	129,389	1,380,976		7,736,540
William E. Keitel	691,510	123,751	503,320	99,199	602,519		3,510,227
Steven R. Altman	377,893	206,301	484,131	165,649	649,780		5,351,403
Irwin M. Jacobs	114,501	74,840	780,964	668,419	1,449,383		11,794,757
Sanjay K. Jha	1,337,416	180,685	1,020,313	108,893	1,129,206		8,028,165

(1) The amounts disclosed in this column are also included in the salary column of the Summary Compensation Table.

(2)

Includes all vested amounts under the Match Plan. Vested amounts attributable to fiscal 2007 are included in the Summary Compensation Table in the Change in Pension Value and Nonqualified Deferred Compensation Earnings column.

Potential Post-Employment Payments.

As noted in our CD&A, Qualcomm employs all U.S. domestic employees, including our executive officers, at will, without employment contracts or severance agreements. We do not have a pre-defined involuntary termination severance plan or policy for employees, including the executive officers. Our practice in an involuntary termination situation may include:

- Salary continuation dependent on the business reason for the termination;
- Lump sum payment based on job level and service with Qualcomm;
- Paid health care coverage and COBRA payments for a limited time; and
- Outplacement services.

The information in the Potential Payments Upon Termination or Change-in-Control table describes the compensation that would be payable under specific circumstances if the NEO s employment had terminated on the last day of fiscal 2007.

Potential Payments Upon Termination or Change-in-Control

Name	Termination Scenario	Equity Awards Stock Options ($)(1)(2)(3)(4)(5)	Nonqualified Deferred Compensation ($) (6)(7)
Paul E. Jacobs	Death	11,160,955	564,424
	Long-Term Disability (LTD)	11,160,955	564,424
	Change-in-Control	11,160,955	564,424
	Involuntary Termination	1,116,130	
William E. Keitel	Death	3,830,952	275,661
	Long-Term Disability (LTD)	3,830,952	275,661
	Change-in-Control	3,830,952	275,661
	Involuntary Termination	383,127	
Steven R. Altman	Death	8,612,200	446,096
	Long-Term Disability (LTD)	8,612,200	446,096
	Change-in-Control	8,612,200	446,096
	Involuntary Termination	861,250	
Irwin M. Jacobs	Death	4,187,450	
	Long-Term Disability (LTD)	4,187,450	
	Change-in-Control	4,187,450	
	Involuntary Termination	418,760	
Sanjay K. Jha	Death	9,238,717	407,682
	Long-Term Disability (LTD)	9,238,717	407,682
	Change-in-Control	9,238,717	407,682
	Involuntary Termination	923,899	

(1) In the event of death, all unvested options become exercisable and remain exercisable up to one year from the date of death or the expiration date of the grant, whichever is earlier. Amounts stated are based on the intrinsic value of unvested options that would have become exercisable on September 30, 2007 based on the fair market value of the stock.

(2) In the event of LTD, options continue to vest for the term of the option and remain exercisable until the expiration date of the grant. The amounts stated are based on the intrinsic value of unvested options that are assumed accelerated on September 30, 2007 based on the fair market value of the stock.

(3) In the event of a Change-in-Control when no options are assumed, all unvested options become exercisable. Amounts represented assume 100% acceleration of all unvested options. Amounts stated are based on the intrinsic value of unvested options that would have become exercisable on September 30, 2007 based on the fair market value of the stock.

(4) In the event of involuntary termination, 10% of unvested options may be accelerated under certain, not for cause terminations and then vested options may be exercised up to six months after termination, but in no event later than the expiration date of such options. Amounts stated are based on the intrinsic value of 10% of unvested options assuming acceleration.

(5) The charge taken for accounting purposes may differ from the intrinsic value as disclosed in this column.

(6) In the event of death, LTD or Change-in-Control, Match Plan participants with unvested employer stock match shares become immediately vested at 100%. The valuation of unvested shares is presented as of September 30, 2007. As of this date, Drs. Paul Jacobs and Sanjay Jha and Messrs. Altman and Keitel would receive additional vested shares due to the accelerated vesting schedule. Dr. Irwin Jacobs was of retirement age and, therefore, was already 100% vested as match shares were allocated to his account and would not receive an additional allotment of vested shares.

(7) In the event of an involuntary termination, all Match Plan participants would receive distributions of their vested shares based on the normal vesting schedule and would not be subject to an accelerated vesting schedule of unvested shares.

The NEOs are entitled to payouts of accrued vacation upon termination, including death. These amounts as of September 30, 2007 are: P. Jacobs: $206,732; W. Keitel: $90,588; S. Altman: $58,430; I. Jacobs: $84,484; and S. Jha: $141,348.

Director Compensation.

The following table, narrative, and footnotes describe the total compensation and benefits for our non-employee directors for fiscal 2007.

During fiscal 2007, the Committee approved certain changes to the director compensation program. The changes to retainer fees became effective on April 1, 2007. Thus, directors received compensation under the prior program for the first six months of the fiscal year and under the revised program for the final six months of the fiscal year.

Annual retainer. The annual retainer prior to April 1, 2007 was $50,000; the Committee increased the retainer to $100,000 effective April 1, 2007. The retainer is paid in arrears at the end of each quarter. Directors may elect to receive all, or a portion of the annual retainer in cash and/or in tax-deferred stock units (DSUs) under the 2006 LTIP. The number of DSUs received is calculated based on the fair market value of Qualcomm common stock (as defined by the 2006 LTIP) on the last trading day of the last month of the quarter. The DSUs generally settle three years from grant, unless further deferred. Directors may also defer any cash portion of the retainer and meeting fees under the ERC Plan.

Board committee chair retainer. The Committee increased the annual retainers paid to the chairs of the Board committees by $2,500. The chair of the audit committee receives a $17,500 annual retainer and the chairs of the other committees receive $10,000 annual retainers. Prior to April 1, 2007, the retainers were $15,000 and $7,500, respectively.

Equity compensation. The Committee approves annual stock option awards to each director. The options have a one-year cliff vesting with a requirement to hold the options, or the net shares after-tax, for at least three years following the grant (or for at least six months after leaving the Board, if sooner). Vested options remain exercisable until the sooner of three years following separation from the Board or the expiration of the ten-year option term.

Stock ownership requirement. As discussed under Majority Voting, Stock Ownership Guidelines and Other Matters, directors are subject to a stock ownership requirement.

Meeting fees. The meeting fees did not change from the prior year. Directors receive $2,000 for each Board meeting attended ($1,000 for telephonic attendance) and $1,500 for each committee meeting (in person or telephonic attendance).

Charitable gifts matching program. Qualcomm will match, up to $50,000 annually, a director s contribution to a qualified, eligible IRS recognized nonprofit organization.

Table of Contents

Director Summary Compensation

Name	Fees Earned or Paid in Cash ($)(1)	Stock Awards ($)	Option Awards ($) (2)(3)(4)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(5)	All Other Compensation ($)	Total ($)
Barbara T. Alexander	109,500		173,919		50,000	**333,419**
Richard C. Atkinson	42,500				50,000	**92,500**
Adelia A. Coffman	38,500		129,158		5,000	**172,658**
Donald G. Cruickshank	96,500		278,757		64,063	**439,320**
Raymond V. Dittamore	128,500		377,871			**506,371**
Diana L. Dougan	33,000		408,289		50,000	**491,289**
Robert E. Kahn	99,000		394,482	1,508	50,000	**544,990**
Sherry Lansing	94,500		164,047			**258,547**
Duane A. Nelles	128,500		342,711		45,340	**516,551**
Peter M. Sacerdote	126,500		480,585	451	5,000	**612,536**
Brent Scowcroft	102,000		193,809		50,000	**345,809**
Marc I. Stern	122,000		342,711	27,301	50,000	**542,012**
Richard Sulpizio	26,500		250,798	532,192	10,000	**819,490**

(1) Amounts include the value of DSUs issued in lieu of payment of cash retainer fees pursuant to elections by directors B. Alexander, R. Dittamore and M. Stern. All DSUs are fully vested and are settled in three years.

(2) The amount for Amb. Dougan represents the option expense recorded by the Company for fiscal 2007. This amount includes $289,366 of option expense due to the continued vesting of her stock options pursuant to her consultant agreement with Qualcomm after she retired as a non-employee director on March 13, 2007.

(3) The amount for Dr. Atkinson indicates zero due to the fact he was retirement eligible as a non-employee director. His stock options were 100% vested on their grant dates, and therefore, his stock option expense was recorded in prior years.

(4) The amounts shown represent the option expense recorded by the Company for fiscal 2007. These amounts reflect Qualcomm s accounting expense and do not correspond to the actual value that will be recognized by the directors.

(5) The amount for Mr. Sulpizio represents earnings through our ERC Plan and Match Plan whereby shares remained in the plans after he no longer was an employee of Qualcomm, but remained a non-employee director. Mr. Sulpizio received the distributions from the plans in September 2007.

45

Director All Other Compensation

Name	Perquisites and Other Personal Benefits ($)(1)	Tax Gross-Ups ($)	Charitable Matching Grant ($)	Other ($)	All Other Compensation ($)
Barbara T. Alexander			50,000		**50,000**
Richard C. Atkinson			50,000		**50,000**
Adelia A. Coffman			5,000		**5,000**
Donald G. Cruickshank	14,063		50,000		**64,063**
Raymond V. Dittamore					
Diana L. Dougan			50,000		**50,000**
Robert E. Kahn			50,000		**50,000**
Sherry Lansing					
Duane A. Nelles			45,340		**45,340**
Peter M. Sacerdote			5,000		**5,000**
Brent Scowcroft			50,000		**50,000**
Marc I. Stern			50,000		**50,000**
Richard Sulpizio			10,000		**10,000**

(1) Amounts in this column include: Sir Donald Cruickshank for personal travel related expenses.

Table of Contents

AUDIT COMMITTEE REPORT

The Audit Committee assists the Board in its general oversight of Qualcomm s financial reporting processes. The Audit Committee Charter describes in greater detail the full responsibilities of the Committee. During each fiscal year, the Audit Committee reviews Qualcomm s financial statements, management reports, internal controls over financial reporting and audit matters. In connection with these reviews, the Audit Committee meets with management and the independent public accountants at least once each quarter. The Audit Committee schedules its meetings with a view to ensuring that it devotes appropriate attention to all of its tasks. These meetings include, whenever appropriate, executive sessions in which the Audit Committee meets separately with the independent public accountants, internal auditors, financial management personnel and legal counsel.

As part of its review of audit matters, the Audit Committee supervises the relationship between the Company and its independent public accountants, including: having direct responsibility for their appointment, compensation and retention; reviewing the scope of their audit services; approving audit and non-audit services; and confirming the independence of the independent public accountants. The Audit Committee reviewed with senior members of the Company s financial management team, the independent public accountants and the internal auditors the overall audit scope and plans, the results of internal and external audit examinations, and evaluations by management and the independent public accountants of the Company s internal control over financial reporting and the quality of the Company s financial reporting. Although the Audit Committee has the sole authority to appoint the independent public accountants, the Audit Committee will continue its longstanding practice of recommending that the Board ask the stockholders, at the annual meeting, to ratify the appointment of the independent public accountants.

In addition, the Committee reviewed key initiatives and programs aimed at maintaining the effectiveness of the Company s internal and disclosure control structure. As part of this process, the Committee continued to monitor the scope and adequacy of the Company s internal auditing program, reviewing internal audit department staffing levels and steps taken to maintain the effectiveness of internal procedures and controls.

In performing all of these functions, the Audit Committee acts in an oversight capacity. The Audit Committee reviews and discusses the quarterly and annual consolidated financial statements with management, the Company s internal auditors and the Company s independent public accountants prior to their issuance. In its oversight role, the Audit Committee relies on the work and assurances of the Company s management, which is responsible for establishing and maintaining adequate internal control over financial reporting, preparing the financial statements and other reports, and maintaining policies relating to legal and regulatory compliance, ethics and conflicts of interest. PricewaterhouseCoopers LLP is responsible for performing an independent audit of the consolidated financial statements and expressing an opinion on the conformity of those financial statements with accounting principles generally accepted in the United States of America, as well as expressing an opinion on the effectiveness of our internal control over financial reporting.

The Audit Committee has reviewed with the independent public accountants the matters required to be discussed by Statement on Auditing Standards No. 61, as amended, Communication with Audit Committees and PCAOB Auditing Standard No. 5, An Audit of Internal Control Over Financial Reporting That is Integrated with an Audit of Financial Statements. In addition, the Audit Committee reviewed and discussed with PricewaterhouseCoopers LLP matters related to its independence, including a review of audit and non-audit fees and the written disclosures and the letter from PricewaterhouseCoopers to the Committee pursuant to Independence Standards Board Standard No. 1, as amended, Independence Discussions with Audit Committees. The Audit Committee concluded that PricewaterhouseCoopers LLP is independent from the Company and its management.

Taking all these reviews and discussions into account, the Audit Committee recommended to the Board that the audited financial statements be included in Qualcomm s Annual Report on Form 10-K for fiscal year 2007, filed with the SEC.

AUDIT COMMITTEE

Duane A. Nelles, Chair
Barbara T. Alexander
Raymond V. Dittamore

Table of Contents

OTHER MATTERS

The Board knows of no other matters that will be presented for consideration at the Annual Meeting. If any other matters are properly brought before the meeting, it is the intention of the persons named in the accompanying proxy to vote on such matters in accordance with their best judgment.

A copy of our Annual Report on Form 10-K for the fiscal year ended September 30, 2007, as filed with the SEC, excluding exhibits, may be obtained by stockholders without charge by written request addressed to Investor Relations, 5775 Morehouse Drive, San Diego, California 92121-1714 or may be accessed on our website at *http://investor.qualcomm.com/sec.cfm?DocType=Annual&Year=*.

Stockholders Sharing the Same Last Name and Address

In accordance with notices that we sent to certain stockholders, we are sending only one copy of our annual report and proxy statement to stockholders who share the same last name and address, unless they have notified us that they want to continue receiving multiple copies. This practice, known as householding, is designed to reduce duplicate mailings and save significant printing and postage costs as well as natural resources.

If you received a householded mailing this year and you would like to have additional copies of our annual report and/or proxy statement mailed to you, or you would like to opt out of this practice for future mailings, please submit your request to Investor Relations via email at *ir@qualcomm.com*, by fax to (858) 651-9303 or by mail to Investor Relations, Qualcomm Incorporated, 5775 Morehouse Drive, San Diego, California, 92121-1714 or call at (858) 658-4813. We will promptly send additional copies of the annual report and/or proxy statement upon receipt of such request. You may also contact us if you received multiple copies of the annual meeting materials and would prefer to receive a single copy in the future.

Unfortunately, householding for bank and brokerage accounts is limited to accounts within the same bank or brokerage firm. For example, if you and your spouse share the same last name and address, and you and your spouse each have two accounts containing Qualcomm stock at two different brokerage firms, your household will receive two copies of the Qualcomm annual meeting materials one from each brokerage firm. To reduce the number of duplicate sets of annual meeting materials your household receives, you may wish to enroll some or all of your accounts in our electronic delivery program.

By Order of the Board of Directors,

Donald J. Rosenberg
Executive Vice President,
General Counsel and Corporate Secretary

January 22, 2008

APPENDIX 1

Financial Information

The following is certain financial information that was originally filed with the Securities and Exchange Commission (SEC) on November 8, 2007 as part of our Annual Report on Form 10-K for the fiscal year ended September 30, 2007. We have not undertaken any updates or revision to such information since the date it was originally filed with the SEC. Accordingly, you are encouraged to review such financial information together with any subsequent information we have filed with the SEC and other publicly available information.

This financial information contains forward-looking statements regarding our business, financial condition, results of operations and prospects. Words such as expects, anticipates, intends, plans, believes, seeks, estimates and expressions or variations of such words are intended to identify forward-looking statements, but are not the exclusive means of identifying forward-looking statements in the financial information. Additionally, statements concerning future matters, such as the development of new products, enhancements of technologies, sales levels, expense levels, and other statements regarding matters that are not historical, are forward-looking statements. Although the forward-looking statements reflect our good faith judgment, they can only be based on facts and factors that are known to us. Consequently, forward-looking statements are inherently subject to risks and uncertainties. Actual results may differ materially from those referred to herein due to a number of factors, including but not limited to risks associated with: the rate of deployment of our technologies in wireless networks and of 3G wireless communications, equipment and services, including CDMA2000 1X, 1xEV-DO, WCDMA, HSPA and OFDMA both domestically and internationally; our dependence on major customers and licensees; attacks on our business model, including results of current and future litigation and arbitration proceedings as well as actions of governmental or quasi-governmental bodies, and the costs we incur in connection therewith, including potentially damaged relationships with customers and operators who may be impacted by the results of these proceedings; fluctuations in the demand for products, services or applications based on our technologies; foreign currency fluctuations; strategic loans, investments and transactions we have or may pursue; our dependence on third party manufacturers and suppliers; our ability to maintain and improve operational efficiencies and profitability; the development, deployment and commercial acceptance of the MediaFLO USA network and FLO technology; as well as the other risks detailed from time-to-time in our SEC reports.

We operate and report using a 52-53 week fiscal year ending the last Sunday in September. Our 52-week fiscal years consist of four equal quarters of 13 weeks each, and our 53-week fiscal years consist of three 13-week fiscal quarters and one 14-week fiscal quarter. The financial results for our 53-week fiscal years and our 14-week fiscal quarters will not be exactly comparable to our 52-week fiscal years and our 13-week fiscal quarters. The fiscal year ended September 30, 2007 includes 53 weeks. Both of the fiscal years ended September 24, 2006 and September 25, 2005 include 52 weeks.

Market for Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

On July 13, 2004, we announced a two-for-one stock split in the form of a stock dividend. Stock was distributed on August 13, 2004 to stockholders of record as of July 23, 2004. All references in provided herein to number of shares and per share amounts reflect the stock split.

Market Information

Our common stock is traded on the NASDAQ Stock Market under the symbol QCOM. The following table sets forth the range of high and low sales prices on the NASDAQ Stock Market of the common stock for the fiscal periods indicated, as reported by NASDAQ. Such quotations represent inter-dealer prices without retail markup, markdown or commission and may not necessarily represent actual transactions.

	High ($)	Low ($)
2006		
First quarter	46.60	39.02
Second quarter	51.18	42.91
Third quarter	53.01	38.77
Fourth quarter	40.92	32.76
2007		
First quarter	40.99	34.10
Second quarter	44.12	36.79
Third quarter	47.72	40.98
Fourth quarter	45.58	35.23

As of November 6, 2007, there were 10,031 holders of record of our common stock. On November 6, 2007, the last sale price reported on the NASDAQ Stock Market for our common stock was $41.56 per share.

Dividends

On March 7, 2006, we announced an increase in our quarterly dividend from $0.09 to $0.12 per share on our common stock. On March 13, 2007, we announced an increase in our quarterly dividend from $0.12 to $0.14 per share of common stock. Cash dividends announced in fiscal 2006 and 2007 were as follows (in millions, except per share data):

	Per Share	Total	Cumulative by Fiscal Year
2006			
First quarter	$ 0.09	$ 148	$ 148
Second quarter	0.09	150	298
Third quarter	0.12	202	500
Fourth quarter	0.12	198	698
	$ 0.42	$ 698	
2007			
First quarter	$ 0.12	$ 198	$ 198
Second quarter	0.12	200	398
Third quarter	0.14	234	632
Fourth quarter	0.14	230	862
	$ 0.52	$ 862	

On October 11, 2007, we announced a cash dividend of $0.14 per share on our common stock, payable on January 4, 2008 to stockholders of record as of December 7, 2007. We intend to continue to pay quarterly dividends subject to capital availability and periodic determinations that cash dividends are in the best interests of our stockholders. Future dividends may be affected by, among other items, our views on potential future capital requirements, including those relating to research and development, creation and expansion of sales distribution channels and investments and acquisitions, legal risks, stock repurchase programs, changes in federal income tax law and changes to our business model.

Table of Contents

Share-Based Compensation

We primarily issue stock options under our share-based compensation plans, which are part of a broad-based, long-term retention program that is intended to attract and retain talented employees and directors and align stockholder and employee interests.

Pursuant to our 2006 Long-Term Incentive Plan (2006 LTIP), we grant options to selected employees, directors and consultants to purchase shares of our common stock at a price not less than the fair market value of the stock at the date of grant. The 2006 Plan provides for the grant of both incentive and non-qualified stock options as well as stock appreciation rights, restricted stock, restricted stock units, performance units and shares and other stock-based awards. Generally, options outstanding vest over five years and are exercisable for up to 10 years from the grant date. The Board of Directors may terminate the 2006 Plan at any time.

Additional information regarding our stock option plans and plan activity for fiscal 2007, 2006 and 2005 is provided in the notes to our consolidated financial statements appearing elsewhere herein in Notes to Consolidated Financial Statements, Note 8 Employee Benefit Plans and in this 2008 Proxy Statement under the heading Equity Compensation Plan Information.

Issuer Purchases of Equity Securities

Issuer purchases of equity securities during the fourth quarter of fiscal 2007 were (in millions, except per share data):

Period	Total Number of Shares Purchased	Average Price Paid per Share(1)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(2)	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs(3)
July 2, 2007 to July 29, 2007	0.4	$ 42.35	0.4	$ 2,856
July 30, 2007 to August 26, 2007	27.0	38.94	27.0	1,804
August 27, 2007 to September 30, 2007	3.8	39.45	3.8	1,654
Total	31.2	39.04	31.2	1,654

(1) Average price paid per share excludes cash paid for commissions. We repurchased 2.5 million shares in the fourth quarter of 2007 upon the exercise of a put option. A premium totaling $3 million was excluded from the average price paid per share. If the premium had been included, the average price paid per share for the purchases of shares made during the fourth quarter would have been $38.93.

(2) On May 22, 2007, we announced that we had been authorized to repurchase up to $3.0 billion of our common stock with no expiration date. The $3.0 billion stock repurchase program replaced a $2.5 billion stock repurchase program, of which approximately $0.9 billion remained authorized for repurchases.

(3) The approximate dollar value of shares that may yet be purchased has not been reduced by the net cost of $189 million (net of the premiums received) of 5 million shares that may be repurchased related to put options outstanding at September 30, 2007.

We repurchased and retired 37,263,000 shares of common stock for $1.5 billion during fiscal 2007, excluding $9 million of premiums received.

Table of Contents

Performance Measurement Comparison of Stockholder Return

The following graph compares total stockholder return on our common stock since September 29, 2002 to two indices: the Standard & Poor s 500 Stock Index (the S&P 500) and the Nasdaq Total Return Index for Communications Equipment Stocks, SIC 3660-3669 (the Nasdaq Industry). The S&P 500 tracks the aggregate price performance of the equity securities of 500 United States companies selected by Standard & Poor s Index Committee to include companies in leading industries and to reflect the United States stock market. The Nasdaq Industry tracks the aggregate price performance of equity securities of communications equipment companies traded on the Nasdaq Stock Market. The total return for our stock and for each index assumes the reinvestment of dividends and is based on the returns of the component companies weighted according to their capitalizations as of the end of each annual period. We began paying dividends on our common stock on March 31, 2003. Our common stock is traded on the Nasdaq Global Select Market and is a component of each of the S&P 500 and the Nasdaq Industry.

Comparison of Cumulative Total Return on Investment Since September 29, 2002(1)

The Company s closing stock price on September 28, 2007, the last trading day of the Company s 2007 fiscal year, was $42.26 per share.

(1) Shows the cumulative total return on investment assuming an investment of $100 in each of our common stock, the S&P 500 and the Nasdaq Industry on September 29, 2002. All returns are reported as of our fiscal year end, which is the last Sunday of the month in which the fourth quarter ends, whereas the numbers for the S&P 500 are calculated as of the last day of the month in which the corresponding quarter ends.

Table of Contents

Selected Financial Data

The following balance sheet data and statement of operations data for the five fiscal years ended September 30, 2007, September 24, 2006, September 25, 2005, September 26, 2004 and September 28, 2003 were derived from our audited consolidated financial statements. Consolidated balance sheets at September 30, 2007 and September 24, 2006 and the related consolidated statements of operations and cash flows for fiscal 2007, 2006 and 2005 and notes thereto appear elsewhere herein. The data should be read in conjunction with the annual consolidated financial statements, related notes and other financial information appearing elsewhere herein.

	Years Ended (1)				
	September 30, 2007	**September 24, 2006**	**September 25, 2005**	**September 26, 2004(2)(4)**	**September 28, 2003(2)**
	(In millions, except per share data)				
Statement of Operations Data:					
Revenues	$ 8,871	$ 7,526	$ 5,673	$ 4,880	$ 3,847
Operating income	2,883	2,690	2,386	2,129	1,573
Income from continuing operations	3,303	2,470	2,143	1,725	1,029
Net income	3,303	2,470	2,143	1,720	827
Per Share Data: (3)					
Income from continuing operations basic	$ 1.99	$ 1.49	$ 1.31	$ 1.07	$ 0.65
Income from continuing operations diluted	1.95	1.44	1.26	1.03	0.63
Net income basic	1.99	1.49	1.31	1.06	0.52
Net income diluted	1.95	1.44	1.26	1.03	0.51
Dividends announced	0.520	0.420	0.320	0.190	0.085
Balance Sheet Data:					
Cash, cash equivalents and marketable securities	$ 11,815	$ 9,949	$ 8,681	$ 7,635	$ 5,372
Total assets	18,495	15,208	12,479	10,820	8,822
Long-term debt(5)	91	58	3		123
Total stockholders equity	15,835	13,406	11,119	9,664	7,598

(1) Our fiscal year ends on the last Sunday in September. The fiscal year ended September 30, 2007 included 53 weeks. The four fiscal years ended September 24, 2006, September 25, 2005, September 26, 2004 and September 28, 2003 each included 52 weeks.

(2) During fiscal 2004, we sold the Vésper Operating Companies and the Vésper Towers and returned personal mobile service (SMP) licenses to Anatel, the telecommunications regulatory agency in Brazil. The results of operations, including gains and losses realized on the sales transactions and the SMP licenses, were presented as discontinued operations in the consolidated statements of operations.

(3) We effected a two-for-one stock split in August 2004. All references to number of shares and per share amounts reflect this stock split.

(4)

Prior to the fourth quarter of fiscal 2004, we recorded royalty revenues from certain licensees based on our estimates of royalties during the period they were earned. Starting in the fourth quarter of fiscal 2004, we began recognizing royalty revenues solely based on royalties reported by licensees during the quarter. The change in the timing of recognizing royalty revenue was made prospectively and had the initial one-time effect of reducing royalty revenues recorded in the fourth quarter of fiscal 2004.

(5) Long-term debt for the years ended September 30, 2007, September 24, 2006 and September 25, 2005 consisted of capital lease obligations, which are included in other liabilities in the consolidated balance sheets.

Management s Discussion and Analysis of Financial Condition and Results of Operations

In addition to historical information, the following discussion contains forward-looking statements that are subject to risks and uncertainties. Actual results may differ substantially from those referred to herein due to a number of factors, including but not limited to risks described in the section entitled Risk Factors in our Annual Report on Form 10-K.

Overview

Recent Developments

Revenues for fiscal 2007 were $8.87 billion, with net income of $3.30 billion. The following recent developments occurred with respect to key elements of our business or our industry during fiscal 2007:

Worldwide wireless subscribers grew by more than 21% to reach approximately 3.1 billion.(1)

CDMA subscribers, including both 2G (cdmaOne) and 3G (CDMA2000 1X, 1xEV-DO and WCDMA), grew to approximately 17% of total worldwide wireless subscribers to date.(1)

3G subscribers (all CDMA-based) grew to approximately 530 million worldwide by September 30, 2007, including approximately 370 million CDMA2000 1X/1xEV-DO subscribers and approximately 160 million WCDMA/HSPA subscribers.(1)

CDMA-based handset shipments totaled approximately 338 million units, an increase of 34% over the 253 million units shipped in fiscal 2006.(2)(4)

CDMA-based handset shipments grew faster than total worldwide handsets and represent an estimated 32% of the total (1.1 billion) worldwide handset shipments, compared to 28% of the total (911 million) shipments in fiscal 2006.(3)

The average selling price of CDMA-based handsets was estimated to be approximately $214, same as the prior year.(2)(4)

We shipped approximately 253 million Mobile Station Modem (MSM) integrated circuits for CDMA-based wireless devices and data modules, an increase of 22%, compared to approximately 207 million MSM integrated circuits in fiscal 2006.

We are engaged in multiple disputes with Nokia Corp., including arbitration over Nokia s obligation to pay royalties for the use of certain of our patents. As a result, under generally accepted accounting principles, we are not recording royalty revenue attributable to Nokia s sales after April 9, 2007 until an arbitrator (or court) awards damages or the disputes are otherwise resolved by agreement with Nokia, resulting in a negative impact on royalty revenues reported by our QTL segment. We expect activity in this area to remain high and anticipate some decisions and/or rulings in 2008.

(1) According to Wireless Intelligence, an independent source of wireless operator data.
(2) Fiscal 2007 information was derived from reports provided by our licensees/manufacturers during the year and our own estimates of unreported activity. Fiscal 2006 information was derived from reports provided by our licensees/manufacturers during the year.

(3) Based on current reports by Strategy Analytics, a global research and consulting firm, in their Global Handset Market Share Updates.

(4) We perform periodic audits of the royalties payable by our licensees. As a result of our audit process, we determined during the fourth quarter of fiscal 2007 that total CDMA-based handset unit shipments and average selling prices (ASPs) should be adjusted for certain periods. The adjustments related only to handset shipments and ASPs and did not impact the amount or timing of our revenue.

Table of Contents

Our Business and Operating Segments

We design, manufacture, have manufactured on our behalf and market digital wireless telecommunications products and services based on our CDMA technology and other technologies. We derive revenue principally from sales of integrated circuit products, from license fees and royalties for use of our intellectual property, from services and related hardware sales and from software development and licensing and related services. Operating expenses primarily consist of cost of equipment and services, research and development and selling, general and administrative expenses.

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

QCT is a leading developer and supplier of CDMA-based integrated circuits and system software for wireless voice and data communications, multimedia functions and global positioning system products. QCT s integrated circuit products and system software are used in wireless devices, particularly mobile phones, data cards and infrastructure equipment. The integrated circuits for wireless devices include the MSM, RF and PM devices. These integrated circuits for wireless devices and system software perform voice and data communication, multimedia and global positioning functions, radio conversion between RF and baseband signals and power management. QCT s system software enables the other device components to interface with the integrated circuit products and is the foundation software enabling phone manufacturers to develop handsets utilizing the functionality within the integrated circuits. The infrastructure equipment integrated circuits and system software perform the core baseband CDMA modem functionality in the wireless operator s base station equipment. In addition to the key components in a wireless system, QCT provides system reference designs and development tools to assist in customizing wireless devices and user interfaces, to integrate our products with components developed by others, and to test interoperability with existing and planned networks. QCT revenues comprised 59%, 58% and 58% of total consolidated revenues in fiscal 2007, 2006 and 2005, respectively.

QCT utilizes a fabless production business model, which means that we do not own or operate foundries for the production of silicon wafers from which our integrated circuits are made. We rely on independent third party suppliers to perform the manufacturing and assembly, and most of the testing, of our integrated circuits. Our suppliers are also responsible for the procurement of most of the raw materials used in the production of our integrated circuits. We employ both turnkey and two-stage manufacturing business models to purchase our integrated circuits. Turnkey is when our foundry suppliers are responsible for delivering fully assembled and tested integrated circuits. Under the two-stage manufacturing business model, we purchase completed die directly from semiconductor manufacturing foundries and contract directly with third party manufacturers for back-end assembly and test services. We refer to this two-stage manufacturing business model as Integrated Fabless Manufacturing (IFM).

QTL grants licenses to use portions of our intellectual property portfolio, which includes certain patent rights essential to and/or useful in the manufacture and sale of certain wireless products, including, without limitation, products implementing cdmaOne, CDMA2000, WCDMA, CDMA TDD, GPRS/EDGE and/or OFDMA standards and their derivatives. QTL receives revenue from license fees as well as ongoing royalties based on worldwide sales by licensees of products incorporating or using our intellectual property. License fees are fixed amounts paid in one or more installments. Ongoing royalties are generally based upon a percentage of the wholesale selling price of licensed products, net of certain permissible deductions (e.g. certain shipping costs, packing costs, VAT, etc.). QTL revenues comprised 31%, 33% and 30% of total consolidated revenues in fiscal 2007, 2006 and 2005, respectively. The vast majority of such revenues have been generated primarily through our licensees sales of cdmaOne, CDMA2000 and WCDMA products.

QWI, which includes Qualcomm Enterprise Services (QES) (formerly Qualcomm Wireless Business Solutions, or QWBS), Qualcomm Internet Services (QIS) and Qualcomm Government Technologies (QGOV), generates revenues primarily through mobile communication products and services, software and software development aimed at support and delivery of wireless applications. QES sells equipment, software and services used by transportation and other companies to connect wirelessly with their assets, products and workforce. QES also sells products that operate on the Globalstar low-Earth-orbit satellite-based telecommunications system and provides related services. Through September 2007, QES has shipped approximately 1,192,000 terrestrial-based and satellite-based communications systems. QIS provides BREW-based (Binary Runtime Environment for Wireless) products that include user interface and content delivery and management products and services for the wireless industry. QIS also provides QChat, which enables virtually instantaneous push-to-talk functionality on CDMA-based wireless devices. The QGOV division provides development, hardware and analytical expertise involving wireless communications technologies to United States government agencies. QWI revenues comprised 9%, 10% and 12% of total consolidated revenues in fiscal 2007, 2006 and 2005, respectively.

QSI manages the Company s strategic investment activities, including MediaFLO USA, Inc. (MediaFLO USA), the Company s wholly-owned wireless multimedia operator subsidiary. QSI also makes strategic investments to promote the worldwide adoption of CDMA-based products and services. Our strategy is to invest in CDMA-based operators, licensed device manufacturers and start-up companies that we believe open new markets for CDMA technology, support the design and introduction of new CDMA-based products or possess unique capabilities or technology. Our MediaFLO USA subsidiary offers services over our nationwide multicasting network based on our MediaFLO MDS and FLO technology. This network is utilized as a shared resource for wireless operators and their customers in the United States. The commercial availability of the MediaFLO USA network and service will continue to be determined by our wireless operator partners. MediaFLO USA s network uses the 700 MHz spectrum for which we hold licenses nationwide. Additionally, MediaFLO USA has and will continue to procure, aggregate and distribute content in service packages which we will make available on a wholesale basis to our wireless operator customers (whether they operate on CDMA or GSM/WCDMA networks) in the United States. Distribution, marketing, billing and customer relationships remain services provided by our wireless operator partners. As part of our strategic investment activities, we intend to pursue various exit strategies at some point in the future, which may include distribution of our ownership interest in MediaFLO USA to our stockholders in a spin-off transaction.

Nonreportable segments include: the Qualcomm MEMS Technologies division, which is developing an IMOD display technology based on micro-electro-mechanical-system (MEMS) structure combined with thin film optics; the Qualcomm Flarion Technologies division, which is developing OFDM/OFDMA technologies; the MediaFLO Technologies division, which is developing our MediaFLO MDS and FLO technology and markets MediaFLO for deployment outside of the United States; and other product initiatives.

Looking Forward

The deployment of 3G networks (CDMA2000 and WCDMA) enables higher voice capacity and data rates, thereby supporting more minutes of use and data intensive applications like multimedia. As a result, we expect continued growth in demand for 3G products and services around the world. As we look forward to the next several months, the following items are likely to have an impact on our business:

- The deployment of CDMA2000 networks is expected to continue.
  - More than 230 operators have launched CDMA2000 1X;[1]
  - More than 75 operators have deployed the higher data speeds of 1xEV-DO and 10 operators have deployed, and several more are preparing to deploy EV-DO Revision A.[1]
- GSM operators are expected to continue transitioning to WCDMA networks.
  - More than 180 GSM operators have migrated their networks to WCDMA;[2]

More than 140 operators have launched commercial HSDPA networks and manufacturers are beginning to test and deploy the faster uplink speeds of HSUPA.[(2)]

(1) According to public reports made available at www.cdg.org.
(2) As reported by the Global mobile Suppliers Association, an international organization of WCDMA and GSM (Global System for Mobile Communications) suppliers in their October 2007 reports.

Table of Contents

We expect WCDMA device prices will continue to segment into high and low end due to high volumes and vibrant competition in marketplaces around the world. As more operators deploy the higher data speeds of HSPA, we expect consumer demand for advanced 3G devices to accelerate.

To meet growing demand for advanced 3G wireless devices and increased multimedia MSM functionality, we intend to continue to invest significant resources toward the development of multimedia products, software and services for the wireless industry. However, we expect that a portion of our research and development initiatives in fiscal 2008 will not reach commercialization until several years in the future.

We expect demand for low-end wireless devices to continue and have developed a family of Qualcomm Single Chip (QSC) products, which integrate the baseband, radio frequency and power management functions into one chip, lowering component counts and enabling faster time-to-market for our customers. While we continue to invest resources aggressively to expand our QSC product family to address the low-end market more effectively with CDMA-based products, we still face significant competition from GSM-based products, particularly in emerging markets.

We will continue to invest in the evolution of CDMA and a broad range of other technologies as part of our vision to enable a range of technologies, each optimized for specific services, including the following products and technologies:

The continued evolution of CDMA-based technologies, including the long-term roadmaps of 1xEV-DO and High Speed Packet Access (HSPA);

OFDM and OFDMA-based technologies;

Our BREW applications platform, content delivery services and user interfaces;

Our MediaFLO MDS and FLO technology for delivery of multimedia content; and

Our IMOD display technology.

In addition to the foregoing business and market-based matters, the following items are likely to have an impact on our business and results of operations over the next several months:

We expect that we will continue to be involved in litigation, including our ongoing disputes with Broadcom and Nokia, and to appear in front of administrative and regulatory bodies, including the European Commission, the Korea Fair Trade Commission and the Japan Fair Trade Commission to defend our business model and, in some cases, to thwart efforts by companies to gain competitive advantage or negotiating leverage.

We have been and continue to consider reasonable ways that we can be of assistance to our customers, including in some cases certain levels of financial support to minimize the impact of the litigation in which we are involved.

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

Further discussion of risks related to our business is presented in the section entitled Risk Factors in our Annual Report on Form 10-K.

Revenue Concentrations

Revenues from customers in South Korea, China, Japan and the United States comprised 31%, 21%, 17% and 13%, respectively, of total consolidated revenues for fiscal 2007, as compared to 32%, 17%, 21% and 13%, respectively, for fiscal 2006, and 37%, 11%, 21% and 18%, respectively, in fiscal 2005. We distinguish revenues from external customers by geographic areas based on the location to which our products, software or services are delivered and, for QTL s licensing and royalty revenues, the domicile of our licensees. The increase in revenues from customers in China from 11% and 17% of total revenues in fiscal 2005 and 2006, respectively, to 21% in fiscal 2007 is primarily attributable to increased shipments of integrated circuits to CDMA device manufacturers with locations in China. The increasing trend in revenues from customers in China is expected to continue. Combined revenues from customers in South Korea, Japan and the United States decreased as a percentage of total revenues, from 76% in fiscal 2005 to 66% in fiscal 2006 and 61% in fiscal 2007, primarily due to increases in the percentage of revenues from WCDMA manufacturers in Western Europe and increased activity by manufacturers with locations in China.

Critical Accounting Policies and Estimates

Our discussion and analysis of our results of operations and liquidity and capital resources are based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates and judgments, including those related to revenue recognition, valuation of intangible assets and investments, share-based payments, income taxes, and litigation. We base our estimates on historical and anticipated results and trends and on various other assumptions that we believe are reasonable under the circumstances, including assumptions as to future events. These estimates form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. By their nature, estimates are subject to an inherent degree of uncertainty. Actual results that differ from our estimates could have a significant adverse effect on our operating results and financial position. We believe that the following significant accounting policies and assumptions may involve a higher degree of judgment and complexity than others.

Revenue Recognition. We derive revenue principally from sales of integrated circuit products, from royalties and license fees for our intellectual property, from messaging and other services and related hardware sales and from software development and licensing and related services. The timing of revenue recognition and the amount of revenue actually recognized in each case depends upon a variety of factors, including the specific terms of each arrangement and the nature of our deliverables and obligations. Determination of the appropriate amount of revenue recognized involves judgments and estimates that we believe are reasonable, but actual results may differ from our estimates. We record reductions to revenue for customer incentive programs, including special pricing agreements and other volume-related rebate programs. Such reductions to revenue are estimates, based on a number of factors, including our assumptions related to historical and projected customer sales volumes and the contractual provisions of our customer agreements.

We license rights to use portions of our intellectual property portfolio, which includes certain patent rights essential to and/or useful in the manufacture and sale of certain wireless products, including, without limitation, products implementing cdmaOne, CDMA2000, WCDMA, CDMA TDD and/or the OFDMA standards and their derivatives. Licensees typically pay a license fee in one or more installments and ongoing royalties based on their sales of products incorporating or using our licensed intellectual property. License fees are recognized over the estimated period of future benefit to the average licensee, typically five to seven years. We earn royalties on such licensed CDMA products sold worldwide by our licensees at the time that the licensees sales occur. Our licensees, however, do not report and pay royalties owed for sales in any given quarter until after the conclusion of that quarter, and, in some instances, although royalties are reported quarterly, payment is on a semi-annual basis. We recognize royalty revenues based on royalties reported by licensees during the quarter. From time to time, licensees will not report royalties timely due to legal disputes, and when this occurs, the timing and comparability of royalty revenue could be affected.

Valuation of Intangible Assets and Investments. Our business acquisitions typically result in the recording of goodwill and other intangible assets, and the recorded values of those assets may become impaired in the future. As of

September 30, 2007, our goodwill and intangible assets, net of accumulated amortization, were $1.3 billion and $664 million, respectively. The determination of the value of such intangible assets requires management to make estimates and assumptions that affect our consolidated financial statements. We assess potential impairments to intangible assets when there is evidence that events or changes in circumstances indicate that the carrying amount of an asset may not be recovered. Our judgments regarding the existence of impairment indicators and future cash flows related to intangible assets are based on operational performance of our businesses, market conditions and other factors. Although there are inherent uncertainties in this assessment process, the estimates and assumptions we use, including estimates of future cash flows, volumes, market penetration and discount rates, are consistent with our internal planning. If these estimates or their related assumptions change in the future, we may be required to record an impairment charge on all or a portion of our goodwill and intangible assets. Furthermore, we cannot predict the occurrence of future impairment-triggering events nor the impact such events might have on our reported asset values. Future events could cause us to conclude that impairment indicators exist and that goodwill or other intangible assets associated with our acquired businesses is impaired. Any resulting impairment loss could have an adverse impact on our results of operations.

We hold minority investments in publicly-traded companies whose share prices may be highly volatile. We also hold investments in other marketable securities, including non-investment grade debt securities, equity and debt mutual funds, corporate bonds/notes and mortgage/asset-backed securities. These investments, which are recorded at fair value with increases or decreases generally recorded through stockholders equity as other comprehensive income or loss, totaled $9.4 billion at September 30, 2007. We record impairment charges through the statement of operations when we believe an investment has experienced a decline that is other than temporary. The determination that a decline is other than temporary is subjective and influenced by many factors. In addition, the fair values of our strategic investments are subject to substantial quarterly and annual fluctuations and to significant market volatility. Future adverse changes in market conditions or poor operating results of investees could result in losses or an inability to recover the carrying value of the investments, thereby requiring impairment charges in the future. When assessing these investments for an other-than-temporary decline in value, we consider such factors as, among other things, how significant the decline in value is as a percentage of the original cost, how long the market value of the investment has been less than its original cost, the performance of the investee s stock price in relation to the stock price of its competitors within the industry, the market in general and analyst recommendations, as applicable. We also review the financial statements of the investee to determine if the investee is experiencing financial difficulties. In the event our judgments change as to other-than-temporary declines in value, we may record an impairment loss, which could have an adverse impact on our results of operations. During fiscal 2007, 2006 and 2005, we recorded $16 million, $20 million and $13 million, respectively, in other-than-temporary losses on our investments in marketable securities.

We hold minority strategic investments in private companies whose values are difficult to determine. These investments totaled $114 million at September 30, 2007. We record impairment charges when we believe an investment has experienced a decline that is other-than-temporary. The determination that a decline is other-than-temporary is subjective and influenced by many factors. Future adverse changes in market conditions or poor operating results of investees could result in losses or an inability to recover the carrying value of the investments, thereby possibly requiring impairment charges in the future. When assessing investments in private companies for an other-than-temporary decline in value, we consider such factors as, among other things, the share price from the investee s latest financing round, the performance of the investee in relation to its own operating targets and its business plan, the investee s revenue and cost trends, the investee s liquidity and cash position, including its cash burn rate, and market acceptance of the investee s products and services. From time to time, we may consider third party evaluations, valuation reports or advice from investment banks. We also consider new products/services that the investee may have forthcoming, any significant news specific to the investee or the investee s competitors and/or industry and the outlook of the overall industry in which the investee operates. In the event our judgments change as to other-than temporary declines in value, we may record an impairment loss, which could have an adverse impact on our results of operations. During fiscal 2007, 2006 and 2005, we recorded $11 million, $4 million and $1 million, respectively, in other-than-temporary losses on our investments in private companies. Due to financial and competitive challenges facing our investees, we cannot assure you that our investments will generate financial returns or that we will not have to write down our investments.

Share-Based Payments. We grant options to purchase our common stock to our employees and directors under our equity compensation plans. Eligible employees can also purchase shares of our common stock at 85% of the lower of the fair market value on the first or the last day of each six-month offering period under our employee stock purchase plans. The benefits provided under these plans are share-based payments subject to the provisions of revised Statement of Financial Accounting Standards No. 123 (FAS 123R), Share-Based Payment. We use the fair

Table of Contents

value method to apply the provisions of FAS 123R with a modified prospective application. Under the modified prospective application method, prior periods are not revised for comparative purposes. Share-based compensation expense recognized under FAS 123R for fiscal 2007 and 2006 was $493 million and $495 million, respectively. At September 30, 2007, total unrecognized estimated compensation expense related to non-vested stock options granted prior to that date was $1.3 billion, which is expected to be recognized over a weighted-average period of 3.4 years. Net stock options, after forfeitures and cancellations, granted during fiscal 2007 represented 2.0% of outstanding shares as of the beginning of the fiscal period. Total stock options granted during fiscal 2007 represented 2.3% of outstanding shares as of the end of the fiscal period.

We estimate the value of stock option awards on the date of grant using a lattice binomial option-pricing model (binomial model). The determination of the fair value of share-based payment awards on the date of grant using an option-pricing model is affected by our stock price as well as assumptions regarding a number of complex and subjective variables. These variables include, but are not limited to, our expected stock price volatility over the term of the awards, actual and projected employee stock option exercise behaviors, risk-free interest rate and expected dividends. We believe it is important for investors to be aware of the high degree of subjectivity involved when using option-pricing models to estimate share-based compensation under FAS 123R. Option-pricing models were developed for use in estimating the value of traded options that have no vesting or hedging restrictions, are fully transferable and do not cause dilution. Because our share-based payments have characteristics significantly different from those of freely traded options, and because valuation model assumptions are subjective, in our opinion, existing valuation models, including the Black-Scholes and lattice binomial models, may not provide reliable measures of the fair values of our share-based compensation awards. There is not currently a generally accepted market-based mechanism or other practical application to verify the reliability and accuracy of the estimates stemming from these valuation models. Although we estimate the fair value of employee share-based awards in accordance with FAS 123R and the Securities and Exchange Commission s Staff Accounting Bulletin No. 107 (SAB 107), the option-pricing model we use may not produce a value that is indicative of the fair value observed in a willing buyer/willing seller market transaction.

For purposes of estimating the fair value of stock options granted during fiscal 2007, we used the implied volatility of market-traded options in our stock for the expected volatility assumption input to the binomial model. We utilized the term structure of volatility up to approximately two years, and we used the implied volatility of the option with the longest time to maturity for the expected volatility estimates for periods beyond two years. The weighted-average volatility assumption was 33.4% for fiscal 2007, which if increased to 37%, would increase the weighted-average estimated fair value of stock options granted during fiscal 2007 by $0.80 per share, or 5%. The volatility percentage assumed for fiscal 2007 and 2006 was based on the implied volatility of traded options, as compared to the blend of implied and historical volatility data used in prior years. FAS 123R includes implied volatility in its list of factors that should be considered in estimating expected volatility. We believe implied volatility is more useful than historical volatility in estimating expected volatility because it is generally reflective of both historical volatility and expectations of how future volatility will differ from historical volatility.

The risk-free interest rate is based on the yield curve of U.S. Treasury strip securities for a period consistent with the contractual life of the option in effect at the time of grant. The weighted-average risk-free interest rate assumption was 4.6% for fiscal 2007, which if increased to 6.5%, would increase the weighted-average estimated fair value of stock options granted during fiscal 2007 by $0.95 per share, or 7%.

We do not target a specific dividend yield for our policy on dividend payments, but we are required to assume a dividend yield as an input to the binomial model. The dividend yield assumption is based on our history and expectation of dividend payouts. The dividend yield assumption was 1.3% for fiscal 2007, which if decreased to 0.4%, would increase the weighted-average estimated fair value of stock options granted during fiscal 2007 by $0.96 per share, or 7%. Dividends and/or increases or decreases in dividend payments are subject to board approval as well as to future cash inflows and outflows resulting from operating performance, stock repurchase programs, mergers and acquisitions, and other sources and uses of cash. While our historical dividend rate is assumed to continue in the future, it may be subject to substantial change, and investors should not depend upon this forecast as a reliable indication of future cash distributions that will be made to investors.

Table of Contents

The post-vesting forfeiture rate is estimated using historical option cancellation information. The weighted-average post-vesting forfeiture rate assumption was 6.5% for fiscal 2007, which if decreased to 1.5%, would increase the weighted-average estimated fair value of stock options granted during fiscal 2007 by $0.73 per share, or 5%.

The suboptimal exercise factor is estimated using historical option exercise information. The weighted-average suboptimal exercise factor assumption was 1.8 for fiscal 2007, which if increased to 2.1, would increase the weighted-average estimated fair value of stock options granted during fiscal 2007 by $0.66 per share, or 5%.

Income Taxes. Our income tax returns are based on calculations and assumptions that are subject to examination by the Internal Revenue Service and other tax authorities. While we believe we have appropriate support for the positions taken on our tax returns, we regularly assess the potential outcomes of these examinations and any future examinations for the current or prior years in determining the adequacy of our provision for income taxes. As part of our assessment of potential adjustments to our tax returns, we increase our current tax liability to the extent an adjustment would result in a cash tax payment or decrease our deferred tax assets to the extent an adjustment would not result in a cash tax payment. We continually assess the likelihood and amount of potential adjustments and adjust the income tax provision, the current tax liability and deferred taxes in the period in which the facts that give rise to a revision become known. Although we believe that the estimates and assumptions supporting our assessments are reasonable, adjustments could be materially different from those which are reflected in historical income tax provisions and recorded assets and liabilities. For example, during fiscal 2007, we recorded an income tax benefit of $331 million resulting from the completion of audits of our fiscal 2003 and 2004 federal tax returns.

We regularly review our deferred tax assets for recoverability and establish a valuation allowance based on historical taxable income, projected future taxable income, the expected timing of the reversals of existing temporary differences and the implementation of tax-planning strategies. As of September 30, 2007, gross deferred tax assets were $1.08 billion. If we are unable to generate sufficient future taxable income in certain tax jurisdictions, or if there is a material change in the actual effective tax rates or time period within which the underlying temporary differences become taxable or deductible, we could be required to increase our valuation allowance against our deferred tax assets which could result in an increase in our effective tax rate and an adverse impact on operating results.

As of September 30, 2007, we had gross deferred tax assets of $192 million related to realized and unrealized capital losses and $14 million related to foreign net operating losses. We can only use capital losses to offset capital gains. Based upon our assessments of projected future capital gains and losses and related tax planning strategies, we expect that our future capital gains will not be sufficient to utilize all the capital losses that we have incurred through fiscal 2007. Therefore, we have provided a $6 million valuation allowance for the portion of capital losses we do not expect to utilize. We can only use foreign net operating losses to offset taxable income of certain legal entities in certain foreign tax jurisdictions. Based upon our assessments of projected future taxable income and losses and historical losses incurred by these entities, we expect that the future taxable income of the entities in these tax jurisdictions will not be sufficient to utilize the foreign net operating losses we have incurred through fiscal 2007. Therefore, we have provided a full valuation allowance for these net operating losses. Significant judgment is required to forecast the timing and amount of future capital gains, the timing of realization of capital losses and the amount of future taxable income in certain foreign jurisdictions. Adjustments to our valuation allowance based on changes to our forecast of capital losses, capital gains and foreign taxable income are reflected in the period the change is made.

We consider the operating earnings of certain non-United States subsidiaries to be invested indefinitely outside the United States based on estimates that future domestic cash generation will be sufficient to meet future domestic cash needs. No provision has been made for United States federal and state, or foreign taxes that may result from future remittances of undistributed earnings of foreign subsidiaries, the cumulative amount of which is approximately $4.7 billion as of September 30, 2007. Should we repatriate foreign earnings, we would have to adjust the income tax provision in the period in which the decision to repatriate earnings of foreign subsidiaries is made.

With the adoption of FAS 123R in fiscal 2006, we recognize windfall tax benefits associated with the exercise of stock options directly to stockholders equity only when realized. Accordingly, deferred tax assets are not recognized for net operating loss carryforwards resulting from windfall tax benefits occurring from September 26, 2005 onward. A windfall tax benefit occurs when the actual tax benefit realized by us upon an employee s disposition of a share-based award exceeds the deferred tax asset, if any, associated with the award that we had recorded. When assessing whether a tax benefit relating to share-based compensation has been realized, we follow the tax law ordering method, under which current year share-based compensation deductions are assumed to be utilized before net operating loss carryforwards and other tax attributes.

Litigation. We are currently involved in certain legal proceedings. Although there can be no assurance that unfavorable outcomes in any of these matters would not have a material adverse effect on our operating results, liquidity or financial position, we believe the claims are without merit and intend to vigorously defend the actions. We estimate the range of liability related to pending litigation where the amount and range of loss can be estimated. We record our best estimate of a loss when the loss is considered probable. Where a liability is probable and there is a range of estimated loss with no best estimate in the range, we record the minimum estimated liability related to the claim. As additional information becomes available, we assess the potential liability related to our pending litigation and revise our estimates. Other than amounts relating to the *Broadcom Corporation v. QUALCOMM Incorporated* and *QUALCOMM Incorporated v. Broadcom Corporation* matters, we have not recorded any accrual for contingent liabilities associated with any other legal proceedings based on our belief that additional liabilities, while possible, are not probable. Further, any possible range of loss cannot be estimated at this time. Revisions in our estimates of the potential liability could materially impact our results of operations.

Fiscal 2007 Compared to Fiscal 2006

Revenues. Total revenues for fiscal 2007 were $8.87 billion, compared to $7.53 billion for fiscal 2006. Revenues from three customers of our QCT, QTL and QWI segments (each of whom accounted for more than 10% of our consolidated revenues for the period) comprised approximately 41% and 39% in aggregate of total consolidated revenues in fiscal 2007 and 2006, respectively.

Revenues from sales of equipment and services for fiscal 2007 were $5.77 billion, compared to $4.78 billion for fiscal 2006. Revenues from sales of integrated circuit products increased $922 million, resulting primarily from an increase of $761 million related to higher unit shipments, mostly consisting of MSM and accompanying RF and PM integrated circuits, and an increase of $144 million related to the net effects of changes in product mix and the average sales prices of such products.

Revenues from licensing and royalty fees for fiscal 2007 were $3.11 billion, compared to $2.75 billion for fiscal 2006. Revenues from licensing and royalty fees increased primarily as a result of a $306 million increase in royalties reported to QTL by our external licensees resulting from an increase in sales of CDMA-based products by licensees and a $30 million increase in QIS revenues primarily related to our expanded BREW customer base and products and a licensing agreement with Sprint. Worldwide demand for CDMA-based products has increased primarily as a result of the growth in sales of high-end WCDMA products and shifts in the geographic distribution of sales of CDMA2000 products.

Cost of Equipment and Services. Cost of equipment and services revenues for fiscal 2007 was $2.68 billion, compared to $2.18 billion for fiscal 2006. Cost of equipment and services revenues as a percentage of equipment and services revenues was 47% for fiscal 2007, compared to 46% for fiscal 2006. Cost of equipment and services revenues in fiscal 2007 included $39 million in share-based compensation, compared to $41 million in fiscal 2006.

Research and Development Expenses. For fiscal 2007, research and development expenses were $1.83 billion or 21% of revenues, compared to $1.54 billion or 20% of revenues for fiscal 2006. The dollar increase was primarily attributable to a $283 million increase in costs related to integrated circuit products, next generation CDMA and

OFDMA technologies, the expansion of our intellectual property portfolio and other initiatives to support the acceleration of advanced wireless products and services, including lower cost devices, the integration of wireless with consumer electronics and computing, the convergence of multiband, multimode, multinetwork products and technologies, third party operating systems and services platforms. The technologies supporting these initiatives may include CDMA2000 1X, 1xEV-DO, EV-DO Revision A, EV-DO Revision B, WCDMA (including GSM/GPRS/EDGE), HSDPA, HSUPA and OFDMA. The increase in research and development expenses incurred also related to the development of our FLO technology, MediaFLO MDS and IMOD display products using MEMS technology. Research and development expenses in fiscal 2007 included share-based compensation and in-process research and development of $221 million and $10 million, respectively, compared to $216 million and $22 million, respectively, in fiscal 2006.

Selling, General and Administrative Expenses. For fiscal 2007, selling, general and administrative expenses were $1.48 billion or 17% of revenues, compared to $1.12 billion or 15% of revenues for fiscal 2006. The dollar and percentage increases were primarily attributable to a $152 million increase in costs related to litigation and other legal matters, a $98 million increase in employee related expenses, a $40 million increase in other professional fees, a $39 million increase in bad debt expense, a $32 million increase in cooperative and other marketing expenses and a $28 million increase in depreciation and amortization, partially offset by a $44 million gain on the sale of a building. Selling, general and administrative expenses in fiscal 2007 included share-based compensation of $233 million, compared to $238 million in fiscal 2006.

Net Investment Income. Net investment income was $743 million for fiscal 2007, compared to $466 million for fiscal 2006. The net increase was primarily comprised as follows (in millions):

	Year Ended September 30, 2007	Year Ended September 24, 2006	Change
Interest and dividend income:			
Corporate and other segments	$ 551	$ 410	$ 141
QSI	7	6	1
Interest expense	(11)	(4)	(7)
Net realized gains on investments:			
Corporate and other segments	201	106	95
QSI	21	30	(9)
Other-than-temporary losses on investments	(27)	(24)	(3)
Gains (losses) on derivative instruments	2	(29)	31
Equity in losses of investees	(1)	(29)	28
	$ 743	$ 466	$ 277

The increase in interest and dividend income on cash and marketable securities held by corporate and other segments was a result of higher average cash and marketable securities balances and higher interest rates on interest-bearing securities. Net realized gains on corporate investments increased primarily due to strength in the equity markets and reallocation of certain portfolio assets. Losses on derivative instruments in fiscal 2006 related primarily to changes in the fair values of put options sold in connection with our stock repurchase program. Equity in losses of investees in fiscal 2006 resulted primarily from the effect of investment losses recognized by Inquam and a venture fund investee in fiscal 2006, of which our share was $20 million and $11 million, respectively.

Income Tax Expense. Income tax expense was $323 million for fiscal 2007, compared to $686 million for fiscal 2006. The annual effective tax rate was 9% for fiscal 2007, compared to 22% for fiscal 2006. The annual effective tax rate for fiscal 2007 is lower than the annual effective tax rate for fiscal 2006 primarily due to the impact of prior year audits completed during fiscal 2007 and additional foreign earnings taxed at less than the United States federal statutory tax rate.

The annual effective tax rate for fiscal 2007 is 26% lower than the United States federal statutory rate primarily due to benefits of approximately 20% related to foreign earnings taxed at less than the United States federal rate, 9% related to the impact of the tax audits completed during the year and 2% related to research and development tax credits, partially offset by state taxes of approximately 5%.

Table of Contents

Fiscal 2006 Compared to Fiscal 2005

Revenues. Total revenues for fiscal 2006 were $7.53 billion, compared to $5.67 billion for fiscal 2005. Revenues from three customers of our QCT, QTL and QWI segments comprised an aggregate of 39% of total consolidated revenues in both fiscal 2006 and 2005.

Revenues from sales of equipment and services for fiscal 2006 were $4.78 billion, compared to $3.74 billion for fiscal 2005. Revenues from sales of integrated circuits increased $1.00 billion, resulting primarily from an increase of $1.34 billion related primarily to higher unit shipments of MSM and accompanying RF integrated circuits, partially offset by a decrease of $349 million related to the net effects of reductions in average sales prices and changes in product mix.

Revenues from licensing and royalty fees for fiscal 2006 were $2.75 billion, compared to $1.93 billion for fiscal 2005. Revenues from licensing and royalty fees increased primarily as a result of a $774 million increase in royalty revenue, consisting primarily of royalties reported to QTL by our external licensees, resulting from an increase in sales of CDMA-based products by licensees and the impact of the expiration of one of our royalty sharing obligations.

Cost of Equipment and Services. Cost of equipment and services revenues for fiscal 2006 was $2.18 billion, compared to $1.65 billion for fiscal 2005. Cost of equipment and services revenues as a percentage of equipment and services revenues was 46% for fiscal 2006, compared to 44% for fiscal 2005. The decline in margin percentage in fiscal 2006 compared to fiscal 2005 was primarily due to the effect of $41 million in share-based compensation during fiscal 2006 as a result of the adoption of FAS 123R during fiscal 2006 and a decrease in QCT margin percentage resulting primarily from an increase in product support costs.

Research and Development Expenses. For fiscal 2006, research and development expenses were $1.54 billion or 20% of revenues, compared to $1.01 billion or 18% of revenues for fiscal 2005. Research and development expenses for fiscal 2006 included share-based compensation of $216 million as a result of the adoption of FAS 123R during fiscal 2006 and in-process research and development of $22 million resulting from acquisitions, both of which caused the increase in research and development expenses as a percentage of revenues. The dollar increase in research and development expenses also included a $272 million increase in costs related to the development of integrated circuit products and other initiatives to support lower cost devices, multimedia applications, high-speed wireless internet access and multimode, multiband, multinetwork products and technologies, including CDMA2000 1X, 1xEV-DO, EV-DO Revision A, EV-DO Revision B, WCDMA (including GSM/GPRS/EDGE), HSDPA, HSUPA and OFDMA, and the development of our FLO technology, MediaFLO MDS and iMoD display products using MEMS technology.

Selling, General and Administrative Expenses. For fiscal 2006, selling, general and administrative expenses were $1.12 billion or 15% of revenues, compared to $631 million or 11% of revenues for fiscal 2005. Selling, general and administrative expenses for fiscal 2006 included share-based compensation of $238 million as a result of the adoption of FAS 123R during fiscal 2006. The percentage increase was primarily attributable to the share-based compensation. The dollar increase was also attributable to a $107 million increase in professional fees, primarily related to legal activities, a $90 million increase in employee-related expenses, a $14 million increase in selling and marketing expenses and a $14 million decrease in other income.

Table of Contents

Net Investment Income. Net investment income was $466 million for fiscal 2006, compared to $423 million for fiscal 2005. The change was primarily comprised as follows (in millions):

	Year Ended		
	September 24, 2006	September 25, 2005	Change