

---

---

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**

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

April 25, 2007

Date of Report (Date of earliest event reported)

**QUALCOMM Incorporated**

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

000-19528

(Commission File Number)

95-3685934

(IRS Employer Identification No.)

5775 Morehouse Drive,

San Diego,

CA

92121

(address of principal executive offices)

(Zip Code)

858-587-1121

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
- 
-

**TABLE OF CONTENTS**

[Item 2.02. Results of Operations and Financial Condition](#)

[Item 9.01. Exhibits](#)

[SIGNATURES](#)

[EXHIBIT INDEX](#)

[EXHIBIT 99.1](#)

---

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

On April 25, 2007, QUALCOMM Incorporated (the “Company”) issued a press release regarding the Company’s financial results for its second quarter ended April 1, 2007. The full text of the Company’s press release is attached hereto as Exhibit 99.1.

The attached press release presents pro forma financial information that is used by management (i) to evaluate, assess and benchmark the Company’s operating results on a consistent and comparable basis, (ii) to measure the performance and efficiency of the Company’s ongoing core operating businesses, including the QUALCOMM CDMA Technologies, QUALCOMM Technology Licensing and QUALCOMM Wireless & Internet segments, and (iii) to compare the performance and efficiency of these segments against each other and against competitors outside the Company. Pro forma measurements of the following financial data are used by the Company’s management: revenues, research and development (R&D) expenses, selling, general and administrative (SG&A) expenses, total operating expenses, operating income, net investment income, income before income taxes, effective tax rate, net income, diluted earnings per share, operating cash flow and free cash flow. Management is able to assess what it believes is a more meaningful and comparable set of financial performance measures for the Company and its business segments by eliminating the episodic impact of strategic investments in QSI and items such as acquired in-process R&D, as well as the inherent, non-operational volatility of share-based compensation. As a result, management compensation decisions and the review of executive compensation by the Compensation Committee of the Board of Directors focus primarily on pro forma financial measures applicable to the Company and its business segments.

The attached press release presents pro forma information used by management which excludes the QUALCOMM Strategic Initiatives (QSI) segment, certain estimated share-based compensation, certain tax adjustments related to prior years and acquired in-process R&D. The QSI segment is excluded because the Company expects to exit its strategic investments at various times and the effects of fluctuations in the value of such investments are viewed by management as unrelated to the Company’s operational performance. Estimated share-based compensation, other than amounts related to share-based awards granted under the executive bonus program, is excluded because management views the valuation of options and other share-based compensation as theoretical and unrelated to the Company’s operational performance as the share-based compensation is affected by factors that are subject to change on each grant date, including the Company’s stock price, stock market volatility, expected option life, risk-free interest rates and expected dividend payouts in future years. Moreover, it is not an expense that requires or will require cash payment by the Company. Certain tax adjustments related to prior years are excluded in order to provide a clearer understanding of the Company’s ongoing tax rate and after tax earnings. Acquired in-process R&D is excluded because such expense is viewed by management as unrelated to the operating activities of the Company’s ongoing core businesses.

The attached press release presents free cash flow, defined as net cash provided by operating activities less capital expenditures, to facilitate an understanding of the amount of cash flow generated that is available to grow the Company’s business and to create long-term shareholder value. The Company believes that this presentation is useful in evaluating its operating performance and financial strength. In addition, management uses this measure to evaluate the Company’s performance, to value the Company and to compare its operating performance with other companies in the industry.

The non-GAAP pro forma financial information presented in the attached press release should be considered in addition to, not as a substitute for, or superior to, financial measures calculated in accordance with generally accepted accounting principles (GAAP). In addition, pro forma is not a term defined by GAAP, and, as a result, the Company’s measure of pro forma results might be different than similarly titled measures used by other companies. Reconciliations between total QUALCOMM (GAAP) results and QUALCOMM pro forma results and total QUALCOMM (GAAP) cash flow and QUALCOMM pro forma cash flow are presented in the attached press release.

---

**Item 9.01. Exhibits.**

Exhibit No.	Description
99.1	April 25, 2007 Press Release by QUALCOMM Incorporated

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**QUALCOMM Incorporated**

Date: April 25, 2007

By: /s/ William E. Keitel  
William E. Keitel,  
Executive Vice President and  
Chief Financial Officer

---

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	April 25, 2007 Press Release by QUALCOMM Incorporated

FOR IMMEDIATE RELEASE

QUALCOMM Contact:  
John Gilbert  
Vice President of Investor and Industry Analyst Relations  
1-(858) 658-4813 (ph) 1-(858) 651-9303 (fax)  
e-mail: [ir@qualcomm.com](mailto:ir@qualcomm.com)

**QUALCOMM Announces Record Second Quarter Fiscal 2007 Results**  
**Revenues \$2.22 Billion, Diluted EPS \$0.43**  
**Pro Forma Revenues \$2.22 Billion, Diluted EPS \$0.50**  
*Financial Guidance Increased for Fiscal 2007*

SAN DIEGO – April 25, 2007 – QUALCOMM Incorporated (NASDAQ: QCOM) today announced record results for the second quarter of fiscal 2007 ended April 1, 2007.

**Total QUALCOMM (GAAP) Second Quarter Results**

Total QUALCOMM results are reported in accordance with generally accepted accounting principles (GAAP).

- Revenues: \$2.22 billion, up 21 percent year-over-year and 10 percent sequentially.
- Net income: \$726 million, up 22 percent year-over-year and 12 percent sequentially.
- Diluted earnings per share: \$0.43, up 26 percent year-over-year and 13 percent sequentially.
- Effective tax rate: 22 percent for the quarter. Fiscal 2007 estimated tax rate of approximately 21 percent.
- Estimated share-based compensation: \$84 million, net of tax, up 8 percent year-over-year and down 3 percent sequentially.
- Operating cash flow: \$991 million, up 11 percent year-over-year; 45 percent of revenues.
- Return of capital to stockholders: \$438 million, including \$398 million, or \$0.24 per share, of cash dividends paid (relating to dividends declared in the first and second quarters) and \$40 million to repurchase 1.0 million shares of our common stock.

**QUALCOMM Pro Forma Second Quarter Results**

Pro forma results exclude the QUALCOMM Strategic Initiatives (QSI) segment, certain estimated share-based compensation, certain tax adjustments related to prior years and acquired in-process research and development (R&D) expense.

- Revenues: \$2.22 billion, up 21 percent year-over-year and 10 percent sequentially.
  - Net income: \$838 million, up 19 percent year-over-year and 16 percent sequentially.
-

*QUALCOMM Announces Second Quarter Fiscal 2007 Results*

- Diluted earnings per share: \$0.50, up 22 percent year-over-year and 16 percent sequentially; excludes \$0.01 loss per share attributable to the QSI segment, \$0.05 loss per share attributable to estimated share-based compensation and \$0.01 loss per share attributable to acquired in-process R&D.
- Effective tax rate: 24 percent for the quarter and estimated for fiscal 2007.
- Free cash flow: \$1.09 billion, up 15 percent year-over-year; 49 percent of revenues. (Defined as net cash from operating activities less capital expenditures).

Detailed reconciliations between total QUALCOMM (GAAP) results and QUALCOMM pro forma results, and cash flow are included at the end of this news release. Prior period reconciliations are presented on our Investor Relations web page at [www.qualcomm.com](http://www.qualcomm.com).

“We are pleased to report that the 3G CDMA-based market continues to grow at a rapid pace. Our results reflect strong year-over-year growth in CDMA2000® and WCDMA chipsets and handsets driving record revenue and earnings per share,” said Dr. Paul E. Jacobs, chief executive officer of QUALCOMM. “Based on our current outlook, thanks primarily to stronger than expected chipset demand across our product portfolio and higher CDMA2000 handset shipments, we are raising our fiscal 2007 revenue and earnings per share guidance.”

“Focused execution by QUALCOMM and its partners resulted in many exciting achievements this quarter. The MediaFLO™ USA service was commercially launched by Verizon Wireless and AT&T/Cingular announced their plan to launch services later this year. The GSM Association selected LG’s phone, powered by a QUALCOMM chipset, as the ‘3G for All’ winner to enable feature rich WCDMA handsets at lower prices. In addition, we announced the expansion of our single chip product line to include EV-DO Rev. A, providing a low cost mobile broadband solution. The innovation and competition enabled by our business model continues to provide manufacturers, operators and subscribers compelling devices, applications and services globally.”

**Cash and Marketable Securities**

QUALCOMM’s cash, cash equivalents and marketable securities totaled approximately \$11.3 billion at the end of the second quarter of fiscal 2007, compared to \$10.5 billion at the end of the first quarter of fiscal 2007 and \$10.2 billion a year ago. During the second quarter of fiscal 2007, we

---

*QUALCOMM Announces Second Quarter Fiscal 2007 Results*

announced a 17 percent increase in our quarterly dividend from \$0.12 to \$0.14 per share. A cash dividend of \$0.14 per share is payable on June 29, 2007 to stockholders of record at the close of business on June 1, 2007.

**Estimated Share-Based Compensation**

Total QUALCOMM (GAAP) net income for the second quarter of fiscal 2007 included estimated share-based compensation, net of tax, of \$84 million, or \$0.05 per share, compared to \$78 million, or \$0.05 per share in the prior year quarter.

**Research and Development**

(\$ in millions)	QUALCOMM Pro Forma	Estimated Share-Based Compensation	In-Process R&D	QSI	Total QUALCOMM (GAAP)
Second quarter fiscal 2007	\$ 370	\$ 58	\$ 10	\$16	\$ 454
As a % of revenue	17%				20%
Second quarter fiscal 2006	\$ 302	\$ 52	\$ 21	\$15	\$ 390
As a % of revenue	16%				21%
Year-over-year change (\$)	23%	12%	(52%)	7%	16%

Pro forma R&D expenses increased 23 percent year-over-year, primarily due to additional engineering resources for the development of integrated circuit products and other initiatives to support low-cost phones, multimedia applications, high-speed wireless Internet access and multi-mode, multi-band, multi-network products and technologies. QSI R&D expenses are primarily related to MediaFLO USA.

**Selling, General and Administrative**

(\$ in millions)	QUALCOMM Pro Forma	Estimated Share-Based Compensation	QSI	Total QUALCOMM (GAAP)
Second quarter fiscal 2007	\$ 301	\$ 59	\$25	\$ 385
As a % of revenue	14%			17%
Second quarter fiscal 2006	\$ 188	\$ 58	\$17	\$ 263
As a % of revenue	10%			14%
Year-over-year change (\$)	60%	2%	47%	46%



*QUALCOMM Announces Second Quarter Fiscal 2007 Results*

Pro forma selling, general and administrative (SG&A) expenses increased 60 percent year-over-year, largely attributable to increases in legal fees, employee related expenses and bad debt expense. The year-over-year increase in QSI SG&A expenses is primarily related to MediaFLO USA.

**Effective Income Tax Rate**

Our fiscal 2007 effective income tax rate is estimated to be 21 percent for total QUALCOMM (GAAP), consistent with our prior estimate. The second quarter tax rate of 22 percent for total QUALCOMM (GAAP) is higher than the estimated annual effective income tax rate due primarily to \$33 million of tax benefits recorded in the first quarter of fiscal 2007 related to the retroactive extension of the federal research and development tax credit. Our fiscal 2007 QUALCOMM pro forma effective income tax rate is estimated to be 24 percent, compared to our previous estimate of 25 percent. This decrease in our pro forma estimated annual rate is primarily due to an increase in forecasted earnings taxed at less than the United States federal tax rate.

**QUALCOMM Strategic Initiatives**

The QSI segment includes our strategic investments, including our MediaFLO USA subsidiary, and related income and expenses. Total QUALCOMM (GAAP) results for the second quarter of fiscal 2007 include \$0.01 loss per share for the QSI segment. The second quarter of fiscal 2007 QSI results included \$50 million in operating expenses, primarily related to MediaFLO USA.

**Business Outlook**

The following statements are forward-looking and actual results may differ materially. Please see "Note Regarding Forward-Looking Statements" at the end of this news release for a description of certain risk factors and QUALCOMM's annual and quarterly reports on file with the Securities and Exchange Commission (SEC) for a more complete description of risks. Due to their nature, certain income and expense items, such as realized investment gains or losses in QSI, gains and losses on certain derivative instruments or asset impairments, cannot be accurately forecast. Accordingly, the Company excludes forecasts of such items from its business outlook, and actual results may vary materially from the business outlook if the Company incurs any such income or expense items. Estimated share-based compensation in future periods may vary materially from the business outlook as the methodology used to calculate this estimate is dependent on a variety of assumptions which are subject to market fluctuations and other factors.

---

*QUALCOMM Announces Second Quarter Fiscal 2007 Results*

The following table summarizes total QUALCOMM (GAAP) and QUALCOMM pro forma guidance for the third fiscal quarter and fiscal year 2007 based on the current business outlook. The pro forma business outlook provided below is presented consistent with the presentation of pro forma results provided elsewhere herein.

Our third quarter and fiscal 2007 guidance includes the anticipated positive impact to QTL revenue resulting from an arbitration decision in April 2007 in our favor against Ericsson and Sony Ericsson for underpaying royalties to us under the terms of the license agreement with us. Under the arbitration order, we will receive \$30 million for subscriber unit sales from 2004 through the first quarter of calendar 2006. In addition, royalty payments from the first quarter of calendar 2006 to the present, and going forward, will be made in accordance with the arbitrators' decision providing a positive impact on revenues and earnings.

We are engaged in multiple disputes with Nokia Corp. including litigation over Nokia's obligation to pay royalties for the use of certain of our patents. As a result, under generally accepted accounting principles, we do not expect to be able to record royalty revenue attributable to Nokia's sales starting in the fourth quarter of fiscal 2007 until an arbitrator (or court) awards damages or the disputes are otherwise resolved by agreement with Nokia. We had previously estimated the potential impact of non-payment of royalties from Nokia in the fourth quarter of fiscal 2007 for June quarter shipments to be approximately \$0.04 to \$0.06 diluted earnings per share. Our current estimate of royalties which we believe will be owed from Nokia in the fourth quarter of fiscal 2007 for June quarter shipments is approximately \$0.04 to \$0.05 diluted earnings per share, which we have excluded from our current fiscal 2007 guidance.

---

The following estimates are approximations and are based on the current business outlook:

**Business Outlook Summary**

**THIRD FISCAL QUARTER**

	Q3'06 Results	Current Guidance Q3'07 Estimates
<b>QUALCOMM Pro Forma</b>		
Revenues	\$1.95B	\$2.2B-\$2.3B
Year-over-year change		increase 13% - 18%
Diluted earnings per share (EPS)	\$ 0.42	\$0.50-\$0.52
Year-over-year change		increase 19% - 24%
<b>Total QUALCOMM (GAAP)</b>		
Revenues	\$1.95B	\$2.2B-\$2.3B
Year-over-year change		increase 13% - 18%
Diluted earnings per share (EPS)	\$ 0.37	\$0.43-\$0.45
Year-over-year change		increase 16% - 22%
Diluted EPS attributable to QSI	\$ 0.00	(\$0.02)
Diluted EPS attributable to estimated share-based compensation	(\$0.05)	(\$0.05)
<b>Metrics</b>		
MSM Shipments	approx. 55M	approx. 62M - 65M
CDMA/WCDMA handset units shipped	approx. 66M*	approx. 81M - 85M*
CDMA/WCDMA handset unit wholesale average selling price	approx. \$213*	approx. \$213*

\* Shipments in Mar. quarter, reported in June quarter

**FISCAL YEAR**

	FY 2006 Results	Prior Guidance FY 2007 Estimates (1)	Current Guidance FY 2007 Estimates (2)
<b>QUALCOMM Pro Forma</b>			
Revenues	\$7.53B	\$8.1B-\$8.6B	\$8.4B-\$8.7B
Year-over-year change		increase 8% - 14%	increase 12% - 16%
Diluted earnings per share (EPS)	\$ 1.64	\$1.72-\$1.77	\$1.84-\$1.88
Year-over-year change		increase 5% - 8%	increase 12% - 15%
<b>Total QUALCOMM (GAAP)</b>			
Revenues	\$7.53B	\$8.1B-\$8.6B	\$8.4B-\$8.7B
Year-over-year change		increase 8% - 14%	increase 12% - 16%
Diluted earnings per share (EPS)	\$ 1.44	\$1.44-\$1.49	\$1.57-\$1.61
Year-over-year change		even - increase 3%	increase 9% - 12%
Diluted EPS attributable to in-process R&D	(\$0.01)	n/a	(\$0.01)
Diluted EPS attributable to QSI	(\$0.02)	(\$0.10)	(\$0.09)
Diluted EPS attributable to estimated share-based compensation	(\$0.19)	(\$0.20)	(\$0.20)
Diluted EPS attributable to tax items related to prior years	\$ 0.02	\$ 0.02	\$ 0.02
<b>Metrics</b>			
Fiscal year* CDMA/WCDMA handset unit wholesale average selling price	approx. \$215	approx. \$210	approx. \$208

\* Shipments in Sept. to June quarters, reported in Dec. to Sept. quarters

**CALENDAR YEAR Handset Estimates**

	Calendar 2006	Prior Guidance Calendar 2007 Estimates	Current Guidance Calendar 2007 Estimates
<b>CDMA/WCDMA handset unit shipments</b>			
March quarter	approx. 66M	not provided	approx. 81M - 85M
June quarter	approx. 70M	not provided	not provided
September quarter	approx. 76M	not provided	not provided
December quarter	approx. 91M	not provided	not provided
<b>Calendar year range (approx.)</b>	<b>301M</b>	<b>368M - 388M</b>	<b>373M - 393M</b>
	<b>Midpoint</b>	<b>Midpoint</b>	<b>Midpoint</b>
CDMA/WCDMA units	approx. 301M	approx. 378M	approx. 383M
CDMA units	approx. 200M	approx. 203M	approx. 208M
WCDMA units	approx. 101M	approx. 175M	approx. 175M

(1) Prior FY 2007 estimates did not reflect the potential adverse impact on our results of Nokia not paying royalties in the fourth quarter of fiscal 2007 for June quarter shipments. Our prior estimate of such impact was approximately \$0.04 to \$0.06 diluted earnings per share.

(2) Current FY 2007 estimates do not reflect the potential opportunity of Nokia paying royalties in the fourth quarter of fiscal 2007 for June quarter shipments. Our current estimate of such opportunity is approximately \$0.04 to \$0.05 diluted earnings per share.

Sums may not equal totals due to rounding.



- (1) During the first quarter of fiscal 2007, the Company reassessed the intersegment royalty charged to QCT by QTL and determined that the royalty should be eliminated starting in fiscal 2007 for management reporting purposes. As a result, QCT did not record a royalty to QTL in the first six months of fiscal 2007. The Company also reorganized the QUALCOMM Wireless Systems (QWS) division into the QWBS division within the QWI segment. Revenues and operating results relating to QWS were included in reconciling items through the end of fiscal 2006. Prior period segment information has been adjusted to conform to the new segment presentation.
- (2) Reconciling items related to revenues consist primarily of other nonreportable segment revenues less intersegment eliminations. Reconciling items related to earnings before taxes consist primarily of certain investment income, research and development expenses and marketing expenses that are not allocated to the segments for management reporting purposes, nonreportable segment results and the elimination of intercompany profit.
- (3) Certain share-based compensation is included in operating expenses as part of employee-related costs but is not allocated to the Company's segments as such costs are not considered relevant by management in evaluating segment performance.
- (4) At fiscal year-end, the sum of the quarterly tax provisions for each column, including QSI, equals the annual tax provisions for each column computed in accordance with GAAP. In interim quarters, the tax provision for the QSI operating segment is computed by subtracting the tax provision for QUALCOMM pro forma, the tax adjustment column and the tax provisions related to estimated share-based compensation and in-process R&D from the tax provision for total QUALCOMM (GAAP).
- (5) During the first quarter of fiscal 2007, the federal R&D tax credit that expired on December 31, 2005 was extended by Congress for a period of two years beyond the prior expiration date. The Company recorded a tax benefit of \$33 million, or \$0.02 diluted earnings per share, related to fiscal 2006 in the first quarter of fiscal 2007 due to this retroactive extension. The effective tax rate for the first quarter of fiscal 2007 for total QUALCOMM (GAAP) was 17% primarily as a result of this benefit. The first quarter fiscal 2007 QUALCOMM pro forma results exclude this tax benefit attributable to 2006.

N/M – Not Meaningful

Sums may not equal totals due to rounding.

\*As adjusted to conform to 2007 segment presentation

#### Conference Call

QUALCOMM's second quarter fiscal 2007 earnings conference call will be broadcast live on April 25, 2007 beginning at 1:45 p.m. Pacific Daylight Time (PDT) on the Company's web site at: [www.qualcomm.com](http://www.qualcomm.com). This conference call may contain forward-looking financial information. The conference call will include a discussion of "non-GAAP financial measures" as that term is defined in Regulation G. The most directly comparable GAAP financial measures and information reconciling these non-GAAP financial measures to the Company's financial results prepared in accordance with GAAP, as well as the other material financial and statistical information to be discussed in the conference call, will be posted on the Company's Investor Relations web site at [www.qualcomm.com](http://www.qualcomm.com) immediately prior to commencement of the call. A taped audio replay will be available via telephone on April 25, 2007 beginning at approximately 5:30 p.m. (PDT) through June 25, 2007 at 9:00 p.m. (PDT). To listen to the replay, U.S. callers may dial (800) 642-1687 and international callers may dial (706) 645-9291. U.S. and international callers should use reservation number 1486859. An audio replay of the conference call will be available on the Company's web site at [www.qualcomm.com](http://www.qualcomm.com) for two weeks following the live call.

**Editor's Note: If you would like to view the web slides that accompany this earnings release and conference call, please view the QUALCOMM Investor Relations website at <http://investor.qualcomm.com/results.cfm>.**

---

QUALCOMM Incorporated ([www.qualcomm.com](http://www.qualcomm.com)) is a leader in developing and delivering innovative digital wireless communications products and services based on CDMA and other advanced technologies. Headquartered in San Diego, Calif., QUALCOMM is included in the S&P 500 Index and is a 2006 FORTUNE 500® company traded on The Nasdaq Stock Market® under the ticker symbol QCOM.

**Note Regarding Use of Non-GAAP Financial Measures**

The Company presents pro forma financial information that is used by management (i) to evaluate, assess and benchmark the Company's operating results on a consistent and comparable basis, (ii) to measure the performance and efficiency of the Company's ongoing core operating businesses, including the QUALCOMM CDMA Technologies, QUALCOMM Technology Licensing and QUALCOMM Wireless & Internet segments, and (iii) to compare the performance and efficiency of these segments against each other and against competitors outside the Company. Pro forma measurements of the following financial data are used by the Company's management: revenues, R&D expenses, SG&A expenses, total operating expenses, operating income, net investment income, income before income taxes, effective tax rate, net income, diluted earnings per share, operating cash flow and free cash flow. Management is able to assess what it believes is a more meaningful and comparable set of financial performance measures for the Company and its business segments by eliminating the episodic impact of strategic investments in QSI and items such as acquired in-process R&D, as well as the inherent, non-operational volatility of share-based compensation. As a result, management compensation decisions and the review of executive compensation by the Compensation Committee of the Board of Directors focus primarily on pro forma financial measures applicable to the Company and its business segments.

Pro forma information used by management excludes the QUALCOMM Strategic Initiatives (QSI) segment, certain estimated share-based compensation, certain tax adjustments related to prior years and acquired in-process R&D. The QSI segment is excluded because the Company expects to exit its strategic investments at various times and the effects of fluctuations in the value of such investments are viewed by management as unrelated to the Company's operational performance. Estimated share-based compensation, other than amounts related to share-based awards granted under the executive bonus program, is excluded because management views the valuation of options and other share-based compensation as theoretical and unrelated to the Company's

---

operational performance as the share-based compensation is affected by factors that are subject to change on each grant date, including the Company's stock price, stock market volatility, expected option life, risk-free interest rates and expected dividend payouts in future years. Moreover, it is not an expense that requires or will require cash payment by the Company. Certain tax adjustments related to prior years are excluded in order to provide a clearer understanding of the Company's ongoing tax rate and after tax earnings. Acquired in-process R&D is excluded because such expense is viewed by management as unrelated to the operating activities of the Company's ongoing core businesses.

The Company presents free cash flow, defined as net cash provided by operating activities less capital expenditures, to facilitate an understanding of the amount of cash flow generated that is available to grow its business and to create long-term shareholder value. The Company believes that this presentation is useful in evaluating its operating performance and financial strength. In addition, management uses this measure to evaluate the Company's performance, to value the Company and to compare its operating performance with other companies in the industry.

The non-GAAP pro forma financial information presented herein should be considered in addition to, not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. In addition, pro forma is not a term defined by GAAP, and, as a result, the Company's measure of pro forma results might be different than similarly titled measures used by other companies. Reconciliations between total QUALCOMM (GAAP) results and QUALCOMM pro forma results and total QUALCOMM (GAAP) cash flow and QUALCOMM pro forma cash flow are presented herein.

**Note Regarding Forward-Looking Statements**

In addition to the historical information contained herein, this news release 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 associated with: the rate of development, deployment and commercial acceptance of CDMA-based networks and CDMA-based technology, including CDMA2000 1X, 1xEV-DO, WCDMA and HSDPA both domestically and internationally; our dependence on major customers and licensees; attacks on our licensing 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; fluctuations in the demand for CDMA-based products, services or applications; foreign currency fluctuations; strategic loans, investments and transactions the Company has 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 the Company's SEC reports.

###

© 2007 QUALCOMM Incorporated. All rights reserved. QUALCOMM is a registered trademark of QUALCOMM Incorporated. CDMA2000® is a registered trademark of the Telecommunications Industry Association. All other trademarks are the property of their respective owners.

---



**QUALCOMM Incorporated**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**THIS SCHEDULE IS TO ASSIST THE READER IN RECONCILING FROM**  
**PRO FORMA RESULTS TO TOTAL QUALCOMM (GAAP) RESULTS**  
(In millions, except per share data)  
(Unaudited)

	Three Months Ended April 1, 2007				Total QUALCOMM (GAAP)
	QUALCOMM Pro Forma	Estimated Share-Based Compensation (a)	In-Process R&D	QSI	
<b>Revenues:</b>					
Equipment and services	\$ 1,370	\$ —	\$ —	\$ —	\$ 1,370
Licensing and royalty fees	851	—	—	—	851
Total revenues	<u>2,221</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,221</u>
<b>Operating expenses:</b>					
Cost of equipment and services revenues	616	9	—	9	634
Research and development	370	58	10	16	454
Selling, general and administrative	301	59	—	25	385
Total operating expenses	<u>1,287</u>	<u>126</u>	<u>10</u>	<u>50</u>	<u>1,473</u>
Operating income (loss)	934	(126)	(10)	(50)	748
Investment income, net	172(b)	—	—	8(c)	180
Income (loss) before income taxes	1,106	(126)	(10)	(42)	928
Income tax (expense) benefit	(268)(d)	43	1	22(e)	(202)(d)
Net income (loss)	<u>\$ 838</u>	<u>\$ (83)</u>	<u>\$ (9)</u>	<u>\$ (20)</u>	<u>\$ 726</u>
<b>Earnings (loss) per common share:</b>					
Diluted	<u>\$ 0.50</u>	<u>\$ (0.05)</u>	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ 0.43</u>
<b>Shares used in per share calculations:</b>					
Diluted	<u>1,693</u>	<u>1,693</u>	<u>1,693</u>	<u>1,693</u>	<u>1,693</u>
<b>Supplemental Financial Data:</b>					
Operating Cash Flow	\$ 1,159	\$ (87)(g)	\$ (10)	\$ (71)	\$ 991
Operating Cash Flow as a % of Revenues	52%				45%
Free Cash Flow (f)	\$ 1,087	\$ (87)(g)	\$ (10)	\$ (91)	\$ 899
Free Cash Flow as a % of Revenues	49%				40%

- (a) Estimated share-based compensation presented above and excluded from pro forma results does not include \$1 million, net of tax, related to share-based awards granted under the executive bonus program.
- (b) Includes \$125 million in interest and dividend income related to cash, cash equivalents and marketable securities, which are not part of the Company's strategic investment portfolio, and \$49 million in net realized gains on investments, partially offset by \$1 million in other-than-temporary losses on investments and \$1 million in interest expense.
- (c) Includes \$6 million in net realized gains on investments and \$3 million in interest and dividend income, partially offset by \$1 million in interest expense.
- (d) The second quarter of fiscal 2007 tax rates are approximately 22% for total QUALCOMM (GAAP) and approximately 24% for QUALCOMM pro forma.
- (e) At fiscal year-end, the sum of the quarterly tax provisions for each column, including QSI, will equal the annual tax provisions for each column computed in accordance with GAAP. In interim quarters, the tax provision for the QSI operating segment is computed by subtracting the tax provision for QUALCOMM pro forma and the tax provisions related to estimated share-based compensation and in-process R&D from the tax provision for total QUALCOMM (GAAP).
- (f) Free Cash Flow is calculated as net cash provided by operating activities less capital expenditures. Reconciliation of these amounts is included in the Reconciliation of Pro Forma Free Cash Flows to Total QUALCOMM Net Cash Provided by Operating Activities for the three months ended April 1, 2007, included herein.
- (g) Incremental tax benefits from stock options exercised during the period.

**QUALCOMM Incorporated**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**THIS SCHEDULE IS TO ASSIST THE READER IN RECONCILING FROM**  
**PRO FORMA RESULTS TO TOTAL QUALCOMM (GAAP) RESULTS**  
(In millions, except per share data)  
(Unaudited)

	Six Months Ended April 1, 2007					
	QUALCOMM Pro Forma	Estimated Share-Based Compensation (a)	Tax Adjustment	In-Process R&D	QSI	Total QUALCOMM (GAAP)
<b>Revenues:</b>						
Equipment and services	\$ 2,712	\$ —	\$ —	\$ —	\$ —	\$ 2,712
Licensing and royalty fees	1,528	—	—	—	—	1,528
	<u>4,240</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>4,240</u>
<b>Operating expenses:</b>						
Cost of equipment and services revenues	1,239	20	—	—	9	1,268
Research and development	737	115	—	10	33	895
Selling, general and administrative	582	122	—	—	50	754
Total operating expenses	<u>2,558</u>	<u>257</u>	<u>—</u>	<u>10</u>	<u>92</u>	<u>2,917</u>
Operating income (loss)	1,682	(257)	—	(10)	(92)	1,323
Investment income (expense), net	376(b)	—	—	—	7(c)	383
Income (loss) before income taxes	2,058	(257)	—	(10)	(85)	1,706
Income tax (expense) benefit	(498)	88	33	1	43(e)	(333)(d)
Net income (loss)	<u>\$ 1,560</u>	<u>\$ (169)</u>	<u>\$ 33</u>	<u>\$ (9)</u>	<u>\$ (42)</u>	<u>\$ 1,373</u>
<b>Earnings (loss) per common share:</b>						
Diluted	<u>\$ 0.92</u>	<u>\$ (0.10)</u>	<u>\$ 0.02</u>	<u>\$ (0.01)</u>	<u>\$ (0.02)</u>	<u>\$ 0.81</u>
<b>Shares used in per share calculations:</b>						
Diluted	<u>1,689</u>	<u>1,689</u>	<u>1,689</u>	<u>1,689</u>	<u>1,689</u>	<u>1,689</u>
<b>Supplemental Financial Data:</b>						
Operating Cash Flow	\$ 1,994	\$ (119)(g)	\$ —	\$ (10)	\$ (85)	\$ 1,780
Operating Cash Flow as a % of Revenue	47%					42%
Free Cash Flow (f)	\$ 1,633	\$ (119)(g)	\$ —	\$ (10)	\$ (138)	\$ 1,366
Free Cash Flow as a % of Revenue	39%					32%

- (a) Estimated share-based compensation presented above and excluded from pro forma results does not include \$1 million, net of tax, related to share-based awards granted under the executive bonus program.
- (b) Includes \$266 million in interest and dividend income related to cash, cash equivalents and marketable securities, which are not part of the Company's strategic investment portfolio, \$112 million in net realized gains on investments, partially offset by \$1 million in other-than-temporary losses on investments and \$1 million in interest expense.
- (c) Includes \$7 million in net realized gains on investments and \$4 million in interest and dividend income, partially offset by \$2 million in interest expense, \$1 million in other-than-temporary losses on investments and \$1 million in losses on derivatives.
- (d) The tax rate of 20% for the first six months of fiscal 2007 for total QUALCOMM (GAAP) is lower than the estimated annual effective tax rate of 22% due primarily to \$33 million of tax benefits recorded in the first quarter related to the retroactive extension of the federal research and development tax credit.
- (e) At fiscal year-end, the sum of the quarterly tax provisions for each column, including QSI, will equal the annual tax provisions for each column computed in accordance with GAAP. In interim quarters, the tax provision for the QSI operating segment is computed by subtracting the tax provision for QUALCOMM pro forma, the tax adjustment column and the tax provisions related to estimated share-based compensation and in-process R&D from the tax provision for total QUALCOMM (GAAP).
- (f) Free Cash Flow is calculated as net cash provided by operating activities less capital expenditures. Reconciliation of these amounts is included in the Reconciliation of Pro Forma Free Cash Flows to Total QUALCOMM Net Cash Provided by Operating Activities for the six months ended April 1, 2007, included herein.
- (g) Incremental tax benefits from stock options exercised during the period.

**QUALCOMM Incorporated**  
**RECONCILIATION OF PRO FORMA FREE CASH FLOWS TO**  
**TOTAL QUALCOMM (GAAP) NET CASH PROVIDED BY OPERATING ACTIVITIES**  
**AND OTHER SUPPLEMENTAL DISCLOSURES**  
(In millions)  
(Unaudited)

	Three Months Ended April 1, 2007				
	QUALCOMM Pro Forma	Estimated Share-Based Compensation	In-Process R&D	QSI	Total QUALCOMM (GAAP)
<b>Net cash provided (used) by operating activities</b>	\$ 1,159	\$ (87)(a)	\$ (10)	\$ (71)	\$ 991
Less: capital expenditures	(72)	—	—	(20)	(92)
<b>Free cash flow</b>	<u>\$ 1,087</u>	<u>\$ (87)</u>	<u>\$ (10)</u>	<u>\$ (91)</u>	<u>\$ 899</u>
Other supplemental cash disclosures:					
Cash transfers from QSI (1)	\$ 7	\$ —	\$ —	\$ (7)	\$ —
Cash transfers to QSI (2)	(99)	—	—	99	—
<b>Net cash transfers</b>	<u>\$ (92)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 92</u>	<u>\$ —</u>

	Six Months Ended April 1, 2007				
	QUALCOMM Pro Forma	Estimated Share-Based Compensation	In-Process R&D	QSI	Total QUALCOMM (GAAP)
<b>Net cash provided (used) by operating activities</b>	\$ 1,994	\$ (119)(a)	\$ (10)	\$ (85)	\$ 1,780
Less: capital expenditures	(361)	—	—	(53)	(414)
<b>Free cash flow</b>	<u>\$ 1,633</u>	<u>\$ (119)</u>	<u>\$ (10)</u>	<u>\$ (138)</u>	<u>\$ 1,366</u>
Other supplemental cash disclosures:					
Cash transfers from QSI (1)	\$ 13	\$ —	\$ —	\$ (13)	\$ —
Cash transfers to QSI (2)	(194)	—	—	194	—
<b>Net cash transfers</b>	<u>\$ (181)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 181</u>	<u>\$ —</u>

- (1) Cash from loan payments and sale of equity securities.  
(2) Funding for strategic debt and equity investments and other QSI operating expenses.

	Three Months Ended March 26, 2006				
	QUALCOMM Pro Forma	Estimated Share-Based Compensation	In-Process R&D	QSI	Total QUALCOMM (GAAP)
<b>Net cash provided (used) by operating activities</b>	\$ 1,072	\$ (172)(a)	\$ —	\$ (11)	\$ 889
Less: capital expenditures	(125)	—	—	(36)	(161)
<b>Free cash flow</b>	<u>\$ 947</u>	<u>\$ (172)</u>	<u>\$ —</u>	<u>\$ (47)</u>	<u>\$ 728</u>
Six Months Ended March 26, 2006					
	QUALCOMM Pro Forma	Estimated Share-Based Compensation	In-Process R&D	QSI	Total QUALCOMM (GAAP)
<b>Net cash provided (used) by operating activities</b>	\$ 1,785	\$ (273)(a)	\$ —	\$ (27)	\$ 1,485
Less: capital expenditures	(307)	—	—	(67)	(374)
<b>Free cash flow</b>	<u>\$ 1,478</u>	<u>\$ (273)</u>	<u>\$ —</u>	<u>\$ (94)</u>	<u>\$ 1,111</u>

- (a) Incremental tax benefits from stock options exercised during the period.

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

	<u>April 1,</u> <u>2007</u>	<u>September 24,</u> <u>2006</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 3,353	\$ 1,607
Marketable securities	3,198	4,114
Accounts receivable, net	714	700
Inventories	347	250
Deferred tax assets	232	235
Other current assets	234	143
Total current assets	<u>8,078</u>	<u>7,049</u>
Marketable securities	4,751	4,228
Property, plant and equipment, net	1,582	1,482
Goodwill	1,320	1,230
Deferred tax assets	486	512
Other assets	1,037	707
Total assets	<u>\$ 17,254</u>	<u>\$ 15,208</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Trade accounts payable	\$ 566	\$ 420
Payroll and other benefits related liabilities	240	273
Unearned revenue	289	197
Income taxes payable	298	137
Other current liabilities	433	395
Total current liabilities	<u>1,826</u>	<u>1,422</u>
Unearned revenue	151	141
Other liabilities	247	239
Total liabilities	<u>2,224</u>	<u>1,802</u>
Stockholders' equity:		
Preferred stock, \$0.0001 par value; issuable in series; 8 shares authorized; none outstanding at April 1, 2007 and September 24, 2006	—	—
Common stock, \$0.0001 par value; 6,000 shares authorized; 1,665 and 1,652 shares issued and outstanding at April 1, 2007 and September 24, 2006, respectively	—	—
Paid-in capital	7,758	7,242
Retained earnings	7,075	6,100
Accumulated other comprehensive income	197	64
Total stockholders' equity	<u>15,030</u>	<u>13,406</u>
Total liabilities and stockholders' equity	<u>\$ 17,254</u>	<u>\$ 15,208</u>

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

	Three Months Ended		Six Months Ended	
	April 1, 2007	March 26, 2006	April 1, 2007	March 26, 2006
<b>Revenues:</b>				
Equipment and services	\$ 1,370	\$ 1,122	\$ 2,712	\$ 2,271
Licensing and royalty fees	851	712	1,528	1,304
Total revenues	<u>2,221</u>	<u>1,834</u>	<u>4,240</u>	<u>3,575</u>
<b>Operating expenses:</b>				
Cost of equipment and services revenues	634	521	1,268	1,037
Research and development	454	390	895	731
Selling, general and administrative	385	263	754	502
Total operating expenses	<u>1,473</u>	<u>1,174</u>	<u>2,917</u>	<u>2,270</u>
Operating income	748	660	1,323	1,305
Investment income, net	180	125	383	216
Income before income taxes	928	785	1,706	1,521
Income tax expense	(202)	(192)	(333)	(308)
Net income	<u>\$ 726</u>	<u>\$ 593</u>	<u>\$ 1,373</u>	<u>\$ 1,213</u>
Basic earnings per common share	<u>\$ 0.44</u>	<u>\$ 0.36</u>	<u>\$ 0.83</u>	<u>\$ 0.73</u>
Diluted earnings per common share	<u>\$ 0.43</u>	<u>\$ 0.34</u>	<u>\$ 0.81</u>	<u>\$ 0.71</u>
<b>Shares used in per share calculations:</b>				
Basic	<u>1,659</u>	<u>1,664</u>	<u>1,656</u>	<u>1,655</u>
Diluted	<u>1,693</u>	<u>1,721</u>	<u>1,689</u>	<u>1,711</u>
Dividends per share paid	<u>\$ 0.24</u>	<u>\$ 0.18</u>	<u>\$ 0.24</u>	<u>\$ 0.18</u>
Dividends per share announced	<u>\$ 0.12</u>	<u>\$ 0.09</u>	<u>\$ 0.24</u>	<u>\$ 0.18</u>

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

	Three Months Ended		Six Months Ended	
	April 1, 2007	March 26, 2006	April 1, 2007	March 26, 2006
<b>Operating Activities:</b>				
Net income	\$ 726	\$ 593	\$ 1,373	\$ 1,213
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	93	63	184	121
Non-cash portion of share-based compensation expense	127	120	257	242
Incremental tax benefits from stock options exercised	(87)	(172)	(119)	(273)
Net realized gains on marketable securities and other investments	(55)	(40)	(119)	(60)
Non-cash income tax expense	131	116	229	220
Other items, net	2	22	8	26
Changes in assets and liabilities, net of effects of acquisitions:				
Accounts receivable, net	(8)	157	(17)	(14)
Inventories	(17)	(21)	(98)	(39)
Other assets	(57)	5	(155)	21
Trade accounts payable	87	19	134	106
Payroll, benefits and other liabilities	7	21	1	(65)
Unearned revenue	42	6	102	(13)
Net cash provided by operating activities	<u>991</u>	<u>889</u>	<u>1,780</u>	<u>1,485</u>
<b>Investing Activities:</b>				
Capital expenditures	(92)	(161)	(414)	(374)
Purchases of available-for-sale securities	(1,908)	(2,744)	(3,581)	(6,062)
Proceeds from sale of available-for-sale securities	1,909	2,283	4,345	4,443
Other investments and acquisitions, net of cash acquired	(7)	(264)	(227)	(270)
Other items, net	3	41	1	45
Net cash (used) provided by investing activities	<u>(95)</u>	<u>(845)</u>	<u>124</u>	<u>(2,218)</u>
<b>Financing Activities:</b>				
Proceeds from issuance of common stock	158	287	255	468
Incremental tax benefits from stock options exercised	87	172	119	273
Dividends paid	(398)	(298)	(398)	(298)
Repurchase and retirement of common stock	(40)	—	(136)	—
Net cash (used) provided by financing activities	<u>(193)</u>	<u>161</u>	<u>(160)</u>	<u>443</u>
Effect of exchange rate changes on cash	<u>1</u>	<u>(3)</u>	<u>2</u>	<u>(1)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>704</b>	<b>202</b>	<b>1,746</b>	<b>(291)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>2,649</b>	<b>1,577</b>	<b>1,607</b>	<b>2,070</b>
<b>Cash and cash equivalents at end of period</b>	<b><u>\$ 3,353</u></b>	<b><u>\$ 1,779</u></b>	<b><u>\$ 3,353</u></b>	<b><u>\$ 1,779</u></b>