

2006

QUALCOMM
Social
Responsibility
Report



QUALCOMM's commitment to
its employees, local community
and global economy.

QUALCOMM Incorporated is a pioneer of CDMA (code division multiple access) digital wireless technology and one of the leading enablers of 3G wireless, as well as other advanced wireless products and services.

QUALCOMM leads the industry in the development of CDMA2000[®] 1X, 1xEV-DO, WCDMA (UMTS) and HSDPA/HSUPA chipsets and solutions, and has licensed its essential CDMA patent portfolio to more than 140 telecommunications equipment manufacturers worldwide.

QUALCOMM's solutions and technologies ultimately enable and benefit consumers, the enterprise, network operators, OEM manufacturers and developers.

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“The work we do around the globe not only advances our business goals, but also contributes to social and economic development.”

- Dr. Paul E. Jacobs, Chief Executive Officer

Message from Our CEO

QUALCOMM was built on a commitment to better the societies in which we work and live. Our belief is that building strong shareholder value requires more than making a profit—it requires making a contribution. This is the cornerstone of being a responsible corporate citizen in today’s world, and it is essential to what we do at QUALCOMM.

Corporate citizenship expands beyond philanthropy. At QUALCOMM, it is vital to our future. We strive to incorporate good citizenship into every business practice across the Company, from transparency in our financial practices to the best healthcare benefits for our employees.


With industry leadership comes many opportunities—and responsibilities—to make a positive impact on our communities. The work we do around the globe not only advances our business goals, but also contributes to social and economic development. We believe that our technology changes people’s lives for the better in a very literal way, and we are committed to ensuring that people realize these benefits.

This report details the range of our social responsibility efforts, from employee learning and diversity to corporate governance, ethics and environmental impact. We attempt to provide sound insight into our performance, as well as highlight “What’s Next” so that we continually acknowledge where we want to improve and expand our corporate citizenship efforts.


As we move into the future, our values will remain the same as when QUALCOMM was founded in 1985. And, we will continue to meet our responsibilities to our shareholders, employees and the global community.



Dr. Paul E. Jacobs
Chief Executive Officer

A close-up photograph of a terrazzo floor. The floor is composed of small, dark, irregularly shaped chips embedded in a lighter-colored matrix. A dark, shadowed area is cast across the floor, creating a strong contrast with the bright, textured surface. The text "Corporate Governance and Ethics" is overlaid in white on the dark shadowed area.

Corporate Governance and Ethics



“QUALCOMM met an important milestone by being one of the first SEC registrants nationwide to comply with Sarbanes-Oxley 404, and we did so a year ahead of the required schedule. This accomplishment is a testament to our commitment to strong financial controls and effective corporate governance practices.”

- William E. Keitel, Executive Vice President
and Chief Financial Officer

Corporate Governance and Ethics

QUALCOMM is committed to perform with the utmost integrity. We maintain strong policies, training and communication to ensure that our actions are ethical and transparent. We also recognize the importance and the challenge of upholding these principles as our company grows in its global reach and regulatory complexity.

Corporate Governance

QUALCOMM's Board of Directors provides sound corporate governance and sets high standards for the Company's employees, officers and directors. It is the duty of the Board of Directors to serve as a prudent fiduciary for stockholders and to oversee the Company's management. To fulfill its responsibilities and to discharge its duty, the Board of Directors follows the procedures and standards that are set forth in the Company's corporate governance guidelines. The complete Governance Principles and Practices are available on our web site www.qualcomm.com

Corporate governance highlights:

- > QUALCOMM was one of the first Securities and Exchange Commission registrants nationwide to achieve compliance with Sarbanes-Oxley 404. We are extremely proud to have achieved this accomplishment one year ahead of the regulatory deadline;
- > QUALCOMM files its 10-K and 10-Q SEC Filings concurrently with its earnings release;
- > QUALCOMM does not maintain a defined benefit pension plan; and
- > QUALCOMM's 401(k) employee retirement plan does not have ownership in QUALCOMM stock.

Code of Ethics

QUALCOMM is committed to the highest standards of workplace conduct and business ethics, and creating the best possible work environment for our employees. There are numerous policies and initiatives woven throughout our Company that reflect our commitment to the highest ethical standards.

QUALCOMM's Code of Ethics promotes:

- > Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- > Full, fair, accurate, timely and understandable disclosure in reports and documents that QUALCOMM files with, or submits to, the United States Securities and Exchange Commission and in other public communications;
- > Compliance with applicable governmental laws, rules and regulations;
- > The prompt internal reporting of violations of this Code; and
- > Accountability for adherence to this Code.

QUALCOMM encourages the ethical behavior of its employees through the following programs:

- > Open Door Policy & Anonymous Ethics Hotline - QUALCOMM actively pursues a positive work environment where responsiveness to employee needs is essential and open communication between all levels of staff exists throughout the Company. Employees may also report concerns anonymously to QUALCOMM's Ethics Hotline.
- > Ethics Training - QUALCOMM's Learning Center and Employee Relations Department provide training courses focusing on awareness of our Code of Ethics and promotion of ethical practices.
- > Anti-Harassment, Anti-Discrimination and EEO Policies - QUALCOMM holds a firm policy prohibiting unlawful harassment.
- > The executive management team regularly communicates its support of these initiatives through company-wide emails, internal news articles and video messages.

What's Next

- > Implement a Code of Ethics training module tailored to address the specific ethical challenges unique to our corporate environment.

“QUALCOMM is as exciting a place to work today as it was in the early days. To me, this implies both a continuous renewal and focus on the individual (and on the organization) to maintain a very successful and stimulating environment.

Employees at QUALCOMM are dedicated to their co-workers, and we rely on each other to get our jobs done. As we continue to grow, the challenge for collaborating and communicating with each other becomes greater, but we are finding ways to meet that challenge.”

- Dr. Daniel L. Sullivan, Executive Vice President, Human Resources

Employees and Workplace

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Our Employees

2006 was one of QUALCOMM's strongest years of global workforce growth in our history. We hired more than 2,500 individuals last year. It was an especially exciting year in the international markets as 22 percent of our new employees were in locations other than the United States. Even more impressive than the number of employees who joined us were the diverse skills they brought to our company in ever more specialized areas of wireless communications.

Total QUALCOMM Employees

	2001	2002	2003	2004	2005	2006
Employees	6,295	6,198	6,037	7,206	8,940	10,719

Diversity

As of October 2006, QUALCOMM employed more than 10,500 individuals who collectively represent more than 125 different countries, speak more than 65 languages and range in age from 18 to 80 years.

Over 45% of our employees are minorities*

Over 65% of our 252 interns are minorities*

Over 25% of our executive management team are women

Over 55% of our graduating interns roll over to full-time employees

*U.S. definition of minorities includes Asians, African-Americans, Native Americans and Hispanics.

Our Workplace

QUALCOMM is a high-energy company filled with people who want to be challenged and rewarded for meeting those challenges. We are proud of the workplace programs we have developed that drive QUALCOMM's unmistakably innovative culture.

QUALCOMM Climate Survey

Employee feedback is critical to QUALCOMM's operations. We conduct the QUALCOMM Climate Survey to gauge employees' perceptions of management, the performance of the Company, and the overall workplace culture. In 2005, over 93% of our employees participated in the survey.

Survey highlights:

- > 98% of surveyed employees are committed to the success of QUALCOMM;
- > 95% of surveyed employees believe QUALCOMM provides a working environment that is accepting of cultural and ethnic differences;
- > 95% of surveyed employees feel proud to work for QUALCOMM;
- > 94% of surveyed employees believe QUALCOMM is ethical in its business practices;
- > 93% of surveyed employees believe QUALCOMM provides a working environment that is accepting of gender differences;
- > 90% of surveyed employees believe QUALCOMM operates with integrity in its external dealings with customers, suppliers, licensees, etc.;
- > 89% of surveyed employees rated QUALCOMM higher than competitors on quality of work environment; and
- > 84% of surveyed employees rate QUALCOMM favorably on being open in communications to employees.

"The environment at QUALCOMM places no boundaries on creativity and communication among all levels of employees. This empowers employees to explore the limits of their abilities and teams to synergistically unite to solve the most challenging problems."

- Samir Ginde, Engineer, QCT 1X Product Systems

Learning

Our Corporate Learning Center provides hundreds of leading-edge professional and technical development solutions for local, regional and international offices. Learning opportunities available on QUALCOMM's campuses, online, and at nearby colleges and universities include:

- > Advanced engineering degree programs online;
- > Live classroom sessions, web-based programs and computer-based training in technical and professional areas such as leadership development, supervisory skills, time management, QUALCOMM Technical Education Network, and CDMA and other advanced wireless technologies;
- > An innovative online development tool that allows customized professional development plans and aligns learning with divisions' goals and objectives;
- > A tuition reimbursement program that 381 employees benefited from in FY06 for undergraduate and graduate classes at approved U.S. and international schools;
- > A library filled with educational and technical resources; and
- > Online training of which employees logged 9,387 hours last year.

"QUALCOMM is a company that goes the distance for its employees. Employee recognition is a way of life at QUALCOMM, not just an afterthought as with many companies. Employee retention is paramount. I have heard several employees say that this is the last company they will work for. I'm proud to be part of the QUALCOMM team."

- Yvonne Kaoua, Senior Program Administrator, QGOV

Compensation and Benefits

QUALCOMM's compensation philosophy is focused on providing employees with total compensation and rewards that are externally competitive and internally equitable. With total compensation programs that are results-based, QUALCOMM's goal is to reward superior individual performance, business growth and leadership. This philosophy guides the design and administration of compensation and benefit programs for the Company's officers, other executives and our general workforce.

QUALCOMM Practice	Industry Standard
All employees, including those with non-exempt positions, receive QUALCOMM stock options as part of the job-offer package, and are eligible to receive on-going stock options every six months.	There is a wide range of practices for offering stock-based awards (options and/or full-value shares).
Twice per year performance review for all employees.	Once per year performance review for employees.
QUALCOMM pays 100% of health coverage premiums for employees and their dependents.	Employees contribute toward health-plan coverage premiums.

Work/Life Balance

QLife: Health, Family, Leisure and Community Resources

QLife is QUALCOMM's Work/Life Balance solution. The program assists employees in achieving a balance between their lives at QUALCOMM, at home and in the community. In 2006, QLife offered 939 programs, events and services across the following six different QLife Communities:

<p>Community Life Focuses on our employees' activities to support the local communities in which they live. Activities include quarterly blood drives, holiday toy drives and participation in charitable runs and walks.</p>	<p>Family Life Provides resources to help employees deal with family obligations from child and elder-care issues to family education and adoption assistance.</p>
<p>Healthy Life Supports employee health and provides the tools to learn about and practice healthy habits. The Company offers an on-site medical clinic, mobile dental service, health education and more than a dozen on-site fitness centers at QUALCOMM locations worldwide.</p>	<p>Leisure Life Leisure time is important to a balanced life. QUALCOMM provides employees the opportunity to explore a myriad of leisure-time activities from adventure outings and sports tournaments to employee-interest clubs and "Learn-To" programs.</p>
<p>Life Resources Brings a wide range of resources to employees to help live a balanced life, including financial education workshops, on-site massage, vendor discounts and commuter resources.</p>	<p>Team Life Provides team-bonding activities such as tours of Mexico, wine tasting, behind the scenes at the San Diego Zoo and Sea World, casino nights, go-kart racing, scavenger hunts, rafting trips and beach outings.</p>

Health and Safety

Safety

Creating a safe work environment for our employees and a safe community for our neighbors is a top priority for the Company. QUALCOMM's Health and Safety Department's objective is to identify and eliminate work-related risks, injuries and illnesses. We are also committed to preparing our employees and communities for emergency response in the event of a disaster.

Safety Committee

QUALCOMM's Safety Committee is comprised of volunteer employees who assist the Environmental Health and Safety Department in communicating safety information. The QUALCOMM Safety Committee establishes safety procedures and safety training programs, reviews reported hazards and oversees the correction of reported hazards and safety violations.

In 2006, QUALCOMM's incident rate* decreased by 8%:



Emergency Response

- > QUALCOMM leads the Sorrento Valley Consortium, which focuses on regional emergency response.
- > 72 employees trained on-site as Community Emergency Response Team (CERT) members are prepared to be first responders in the event of a local disaster.
- > The Emergency Response team recently completed the successful deployment of an emergency messaging system to all of our domestic and international offices. This system allows the Company to communicate critical information to all employees in the event of a regional disaster or act of terrorism.

“I love the fact that QUALCOMM isn’t your normal 8 to 5 company. QUALCOMM allows you to work flexible hours so you can enjoy your job and enjoy your life all at the same time. Plus, the benefits are amazing! QUALCOMM is a fantastic company to work for!”

- Kayla R. Seignious, Legal Analyst I, Patent Group

What's Next

- > Improve work-life balance solutions for offices outside the U.S.
- > Strengthen university partnerships to enhance the Company’s diversity recruiting efforts.
- > Increase use of the QUALCOMM Innovation Network online tool to enhance knowledge sharing and strengthen the Company’s creative culture across our global workforce.

Awards

Culture

- > *FORTUNE* magazine’s “100 Best Companies to Work For” for nine consecutive years
- > BestJobsUSA.com’s “Employers of Choice 500”
- > *Computerworld* magazine’s “100 Best Places to Work in Information Technology”
- > Work-Life Coalition’s “Leaders in Corporate Work-Life Initiatives for Wellness & Work-Time Options”
- > *Executive Excellence* magazine’s “Top Leadership Development Program”
- > San Diego Society of Human Resource Management’s “Workplace Excellence Award”
- > #5 on the U.S. Environmental Protection Agency’s 2006 list of companies named “The Best Workplace For Commuters”
- > “BEST” Training Organizations by the American Society of Training and Development
- > *Training* magazine’s “Training Top 100”

Diversity

- > U.S. Department of Labor’s “Secretary of Labor’s Opportunity Award”
- > Leadership Conference on Civil Rights’ “Dr. Dorothy I. Height Chairperson’s Award of Special Merit”
- > *Black Engineering* magazine’s “Best Diversity Program”
- > *San Diego Business Journal*’s “Multicultural Heritage Award”
- > AARP’s “Best Employers for Workers Over 50”
- > *Black Collegian* magazine’s “Top 100 Employers”

The background of the page is a vibrant blue with a series of curved, overlapping lines that create a sense of motion and depth. The lines vary in opacity and direction, some curving upwards and others downwards, giving the overall effect a dynamic, almost organic feel.

Environmental Impact

“We believe it is our responsibility to ensure that our operations and the products that deploy our technology are as green as possible. That is why we provide award-winning commuter resources for our employees and integrate state-of-the-art, energy-saving technology whenever possible. We also continue to find new ways to ensure our environmental footprint has the least amount of negative impact as possible.”

- Dr. Irwin Mark Jacobs, Chairman of the Board

Environmental Impact

Environmental Policy

QUALCOMM is committed to protecting and enhancing the local and global environment. The Company works continuously to minimize use of hazardous materials and reduce consumption of natural resources. Using education and administrative controls, we continuously assess our processes and practices to identify areas for reduction in energy, waste and emissions.

QUALCOMM strives to:

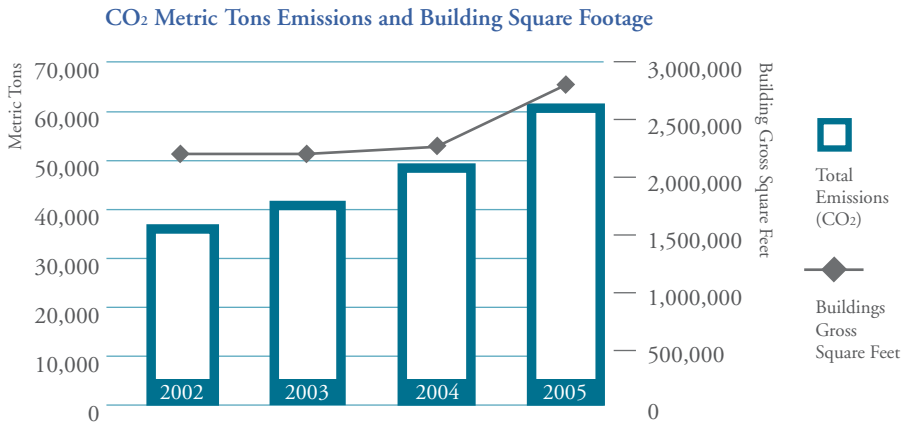
- > Minimize generated waste through reduction, reuse and recycling;
- > Use energy more efficiently through management controls and routine practices;
- > Conserve water through management controls and routine practices;
- > Minimize and, where possible, eliminate noise and odor pollution; and
- > Minimize, substitute and, where possible, eliminate the use of hazardous chemicals in processes and operations.

It is consistent with QUALCOMM's environmental policy to comply with all applicable federal, state and local laws and regulations. QUALCOMM is committed to meeting or exceeding environmental laws, standards and regulations.

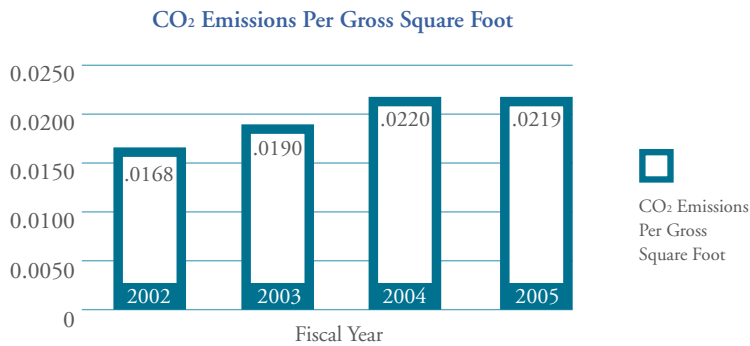
Climate

QUALCOMM has been a long-time innovator and early adopter of energy efficiency systems and environmental sustainability planning. Since 1993, QUALCOMM has completed more than 110 projects to improve energy efficiency and reduce greenhouse gases from our operations. These projects include capture and use of thermal energy to manage two cogeneration systems, which generate electricity to increase efficiency and reduce emissions through solar generation.

In 2005 and 2006, QUALCOMM expanded our facilities by 29% to accommodate our rapid growth. The increase in total emissions over this period reflects this expansion.



As seen in the chart below, emissions on a “per building gross square footage” basis have slightly decreased due to continuous investments in energy-efficient equipment and technologies.



QUALCOMM is committed to sustainable and renewable energy resources to offset greenhouse gases and decrease the speed of global warming. The Company continues to make significant investments in photovoltaic solar power. To date, QUALCOMM has installed almost 500 kilowatts of solar generation in multiple building systems using both rooftop and parking structure sites, which now provide 60% of the building lighting loads at those locations.

QUALCOMM has been a member of the California Action Registry since 2002, a non-profit, voluntary registry for greenhouse gas emissions and has earned the distinction of “Climate Action Leader” for our early and voluntary participation in reporting greenhouse gas emissions in California.

Energy Conservation

QUALCOMM annually saves more than 13.9 million kilowatt hours valued at \$2.5 million in avoided costs through use of energy-efficient equipment, practices and employee education. QUALCOMM continues to install equipment that is on the leading edge of technology, thereby reducing energy demand and improving overall operating system efficiency.

QUALCOMM is an active participant in the SDG&E (San Diego Gas & Electric) Savings By Design Program, a California utilities program encouraging high-performance, non-residential design and construction.

In 2006, QUALCOMM completed construction projects geared toward improving energy efficiency that cover more than 537,000 square feet of Leadership in Energy and Environmental Design (LEED)-certified space and another 458,000 square feet of LEED-compliant space – nearly one million square feet of “green” improvements in the 12-month period. These buildings have been designed to perform 15.4% better than required under California’s Title 24 standards. QUALCOMM owns and operates two combined heat and power (CHP) generation facilities providing more than seven megawatts of baseload, reliable, ultra-high-efficiency energy to mission-critical applications. Since CHP is highly efficient, it reduces traditional air pollutants and carbon dioxide (CO₂), the leading greenhouse gas associated with climate change. Our newest cogeneration facility alone saves 3,086 tons per year in CO₂ emissions, equivalent to removing the annual emissions of 526 cars. This facility also significantly reduces environmental pollutants by saving a total of 36 tons per year of nitrogen oxide (NO_x) and sulfur dioxide (SO₂) emissions, representing a 91% annual reduction.

QUALCOMM facilities procurement staff assesses sustainability, energy efficiency and alternate solutions in determining total cost of ownership and awarding facilities business. Additionally, QUALCOMM consciously aligns itself with responsibly engaged entities to support legislation and regulation, industry standards and prudent business practices that contribute to greater energy efficiencies, greenhouse gas emissions reductions and sustainable business practices.

Water Conservation

QUALCOMM is committed to water conservation. The Company utilizes reclaimed water for irrigation and drought-resistant native plants in landscaping. Buildings are outfitted with water-saving faucets and showerheads. Preparing for the future, QUALCOMM has plumbed for reclaimed water use in our newest central plant and 12-story office building. Also, by actively managing our cooling tower cycles and water treatment program, QUALCOMM saves a total 59,075,525 gallons of water annually.

Commuter Resources

QUALCOMM's commuter resources include transit subsidies, a hybrid vehicle fleet, electric vehicle charging stations, shuttle services, bike lockers, motorcycle parking and many on-site amenities. QUALCOMM was the first company outside of downtown San Diego to implement the Flexcar car-sharing service.

In 2006:

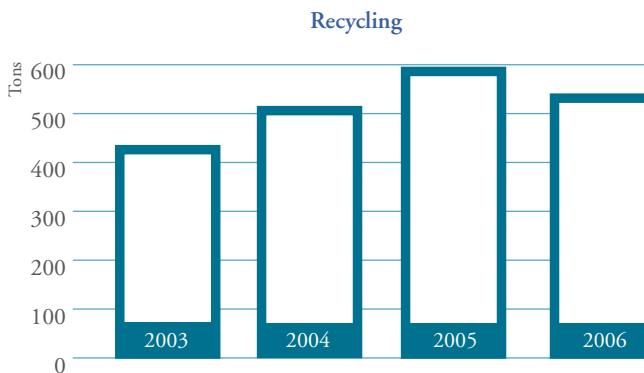
- > 239 QUALCOMM employees received subsidies through the Company's Mass Transit Subsidy program.
- > 151 employees signed-up for the Flexcar program.
- > QUALCOMM was named #5 on the U.S. Environmental Protection Agency's "The Best Workplace For Commuters."

Recycling

QUALCOMM strives to reduce the amount of waste we produce in all of our operations. We continually look for opportunities to increase material re-use and recycling.

- > Over the last four years QUALCOMM headquarter offices recycled 4.15 million pounds of materials.
- > In 2005, QUALCOMM conducted a recycling awareness campaign resulting in a 55% increase in aluminum and plastic recycling.
- > In 2006, QUALCOMM recycled more than 93,000 pounds in computer equipment.
- > In 2006, QUALCOMM began tracking quantities of recycled construction materials. More than 16 million pounds of materials from our construction projects were recycled in 2006, representing over 77% of generated waste being diverted from landfills.

The graph below represents tons of recycled office and manufacturing materials including metals, cardboard, paper, plastics, electronics and furniture.



Sustainable Chip Design

QUALCOMM CDMA Technologies' (QCT) Environmental Management System is dedicated to developing environmentally friendly chip designs. Since 1999, QUALCOMM has been committed to minimizing adverse environmental impacts that may be caused by QUALCOMM's chip-related products.

Lead Elimination Program

The Lead Elimination Program targets eliminating lead usage in the manufacture of QUALCOMM's integrated circuit (IC) packaging. The Lead Elimination Program has shown remarkable progress and success. By 2003, when the European Union announced the Restriction on Hazardous Substance Directive (RoHS), which targets lead and five other hazardous substance uses in electronics, 75% of QCT's product portfolio was already "lead free." By December 2004, over 85% of the entire product portfolio became lead free. Today, QCT's entire Value, Multimedia, Enhanced Multimedia and Convergence chipset platform portfolios are 100% EU RoHS compliant.

Bromine Reduction Program

Launched in 1999, the Bromine Reduction Program replaces brominated flame retardant uses in the IC package encapsulant material with an alternate material. By 2004, all packages were produced with bromine-free mold compounds. Additionally, all radio frequency (RF) products are now bromine-free packages, and the bromine used in Mobile Station Modem™ (MSM™) products has been reduced by 70%.

Controlled Substance Elimination Program

Launched in 2003, the Controlled Substance Elimination Program identified 14 hazardous substances that were not allowed to be intentionally added to the IC packages and plastic IC carrier systems. Through collaboration with our suppliers, we now provide products free of these hazardous substances.

What's Next

- > Develop a comprehensive system to measure the environmental impact of the Company's global offices.
- > Ensure that the Company's U.S. new-building construction continues to adopt the most environmentally friendly solutions to energy consumption and greenhouse gas emissions.

Awards and Honors

Best of 2006 Southern California Green Building Award

Presented by: The McGraw-Hill Companies

2006 - Director's Recycling Award

Presented by: City of San Diego Environmental Services Department

2006 - #5 of Best Workplace for Commuters

Presented by: U.S. Environmental Protection Agency

2002 - 2006 - Climate Action Leader

Presented by: California Climate Action Registry

2006 - Flex Your Power Award

Presented by : Flex Your Power Organization

2005 - Director's Recycling Award

Presented by: City of San Diego Environmental Services Department

SANDAG 2004 Diamond Award Recipient

Presented by: San Diego Association of Governments (SANDAG)

2004 - Recycler of the Year

Presented by: City of San Diego, Environmental Services Department

2003 - Directors Award, Waste Reduction and Recycling Award

Presented by: City of San Diego, Environmental Services Department

2002 - Outstanding Contributor Award for Safer Communities

Presented by: Pacific Safety Council

2001 - Excellence Award For Energy Management

Presented by: San Diego Business Journal

2000 - Improving San Diego's Environment

Presented by: City of San Diego, Environmental Services Department

1999 - Climate Wise Energy Star Partner of the Year

Presented by: U.S. Environmental Protection Agency

1997 - Waste Reduction and Recycling Award

Presented by: City of San Diego, Environmental Services Department

1996 - Waste Reduction and Recycling Award

Presented by: City of San Diego, Environmental Services Department

“At QUALCOMM we realize we have a significant role to play as a partner in the communities we call home. We strive to connect with our nonprofit neighbors in productive and meaningful ways. After all, QUALCOMM’s business is based on connectivity. We also believe that community organizations are important avenues for our employees to develop as professionals and as people.”

- Steven R. Altman, President

Community

Community Impact

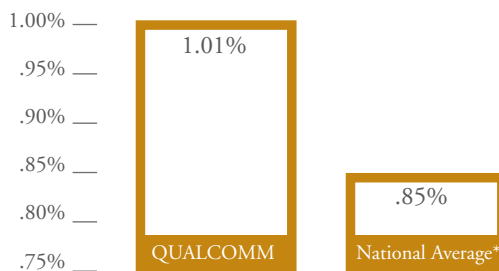
At QUALCOMM, we're not only committed to being good corporate citizens, but also good neighbors in the communities we call home. We contribute collectively as a corporation; we participate in ways that touch people's lives on a personal level.

QUALCOMM strives to build strong relationships with our community partners. We look for ways in which we can make measurable change, and bring our breadth of resources – human, financial and technical – to the service of these projects.

Giving

QUALCOMM focuses the majority of our philanthropy in three distinct areas: education, arts and culture, and health and human services. QUALCOMM strives to donate 1% of the Company's pre-tax profits.

Giving as a Percent of Prior Year Pre-tax Profit – Five-Year Average



*The Conference Board, 2005 Corporate Contributions Report

- Response to Hurricane Katrina

QUALCOMM quickly brought our wireless technology and expertise to the service of Hurricane Katrina rescue and relief efforts. To enable communications and assist relief operations, we delivered a deployable base station, commercial phones provisioned to work on the base station, OmniTRACS® units, and Globalstar™ phones. QUALCOMM employees physically hauled base station equipment into the upper floors of a flooded building that FEMA used as its headquarters for St. Bernard Parish in Louisiana.

QUALCOMM also made a \$1 million contribution to the Bush-Clinton Katrina Relief Fund and matched over \$150,000 in employee contributions to relief efforts.

Volunteerism

QUALCOMM Cares, the Company's volunteerism program, promotes a wide range of volunteer activities for our employees. Employees serve seniors, provide meals to the hungry, protect our environment, rebuild fire-ravaged areas, educate children and care for abandoned animals.

- > In 2006, QUALCOMM employees volunteered more than 50,000 hours.
- > A council of 14 employees meets monthly to guide the Company's QUALCOMM Cares volunteerism program.
- > The QUALCOMM Cares 2006 Volunteer Fair hosted more than 50 nonprofit organizations and more than 2,500 employees and their families attended.

- San Diego Police Foundation

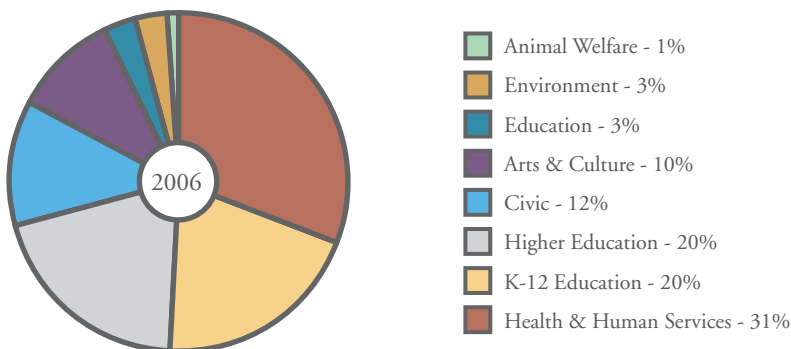
A \$1 million dollar gift, the largest single donation ever received by the San Diego Police Foundation, allowed the Police Department to put state-of-the-art handheld communication devices and geographic-based location capabilities to work for their officers and dispatchers. The upgraded equipment enhances police patrol communications and improves dispatch and response times.

Matching Grant Program

QUALCOMM provides a dollar-for-dollar matching grant program for employee contributions to charitable causes. Most employees' annual benefit is \$1,000. The program's broad parameters – matching grants to a wide variety of nonprofits – reflect the Company's respect for employees' diverse interests in community causes.

In 2006, 1,409 employees participated in the program and 2,721 matching grants were provided by QUALCOMM.

2006 Matching Grants by Category



What's Next

- > Develop a volunteer network to engage our engineering population in the Company's math and science education initiatives.
- > Expand corporate grantmaking to increase the Company's impact within our communities outside the U.S.

Awards

- > Association of Fundraising Professionals "San Diego's Outstanding Philanthropic Corporation"
- > *Business Ethics* magazine's "100 Best Corporate Citizens"
- > Corporate Citizen Group's "National Corporate Citizen Award"
- > Leadership Conference on Civil Rights Education
- > National South Asian Bar Association "Corporate Citizen of the Year"
- > *San Diego Magazine's* "Philanthropic Business of the Year"
- > United Nations Associations "San Diego's Global Corporate Citizen Award"

- National Engineers Week

QUALCOMM sponsored community meetings and partnered with local organizations, businesses and schools to demonstrate to parents, teachers, counselors and students why engineering is an exciting and important profession. Our employees volunteered at schools and after-school programs to talk to K-12 students about engineering. In addition, the Company donated more than \$1 million dollars to establish the QUALCOMM Science, Technology, Engineering and Mathematics Scholarship Fund.

- Spreading Holiday Cheer

Last year, our annual Head Start for the Holidays program provided more than 4,000 children with holiday gifts from employees; 2,000 families received gift cards; and employees volunteered as Santa and Santa's helpers when delivering the gifts to more than 24 Head Start preschool centers.

“Wireless technology is a powerful tool that not only empowers individuals but also transforms developing regions. We believe it’s important to actively promote social uses of our technology throughout the world, enabling much-needed connectivity and economic and social benefits.”

- Dr. Paul E. Jacobs, Chief Executive Officer

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Wireless Reach™



QUALCOMM believes access to advanced wireless voice and data services improves people's lives. QUALCOMM's Wireless Reach initiative supports programs and solutions that bring the benefits of connectivity to developing communities globally. Wireless Reach is an important way of enabling our Company to link its commitment to

social responsibility with its obligation to its shareholders. We view Wireless Reach as a strategic program that supports the Company's long-term strategic goals.

India: Connecting Village Knowledge Centers

Though wireless teledensity in India has grown exponentially since 2000, there is still a huge disparity between urban and rural connectivity. To overcome this, the government of India and several state governments, civil society organizations, industry partners and donor agencies have created an initiative, named Mission 2007, to facilitate and accelerate through multi-stakeholder collaborations, the provision of Village Knowledge Centers in each of India's 600,000 villages. These centers provide a central meeting point for knowledge-based livelihoods and income-generating opportunities for farming communities and underserved people.

In support of India's Mission 2007 initiative, QUALCOMM has formed an alliance with the NASSCOM Foundation and Tata Teleservices to provide CDMA2000 wireless connectivity solutions to 65 Village Resource Centers in India. Under the scope of this alliance, NASSCOM Foundation and QUALCOMM will provide connectivity and online content to Village Knowledge Centers in the states of West Bengal, Orissa, Maharashtra, Andhra Pradesh, Karnataka, Tamil Nadu, Goa, Gujarat and Kerala.

The NASSCOM Foundation represents the software industry's commitment to leveraging IT for empowering the underserved. QUALCOMM, as NASSCOM Foundation's technology supporter, will provide Internet connectivity with CDMA2000 fixed wireless terminals to the centers. CDMA2000 enables both voice and data and is best suited to provide comprehensive connectivity to rural India. Furthermore, it will enable inclusive growth and development for the benefit of these underserved citizens.

Peru: Connecting a Rural Clinic

A small healthcare clinic, located in a rural village named Coya a few hours from Machu Picchu, serves the indigenous population of the "Sacred Valley" of the Incas. Through our partner, FACES Foundation, teams of doctors fly in from the United States to volunteer their time and serve residents who would otherwise have no access to healthcare. It is not uncommon for as many as 500 patients to receive medical attention each week. To date, 12,000 residents have received medical care. Prior to QUALCOMM's involvement, the clinic had no connectivity of any kind.

Although fixed-line communications had been attempted, the harsh mountainous terrain made wireline connectivity extremely unreliable. QUALCOMM provided the clinic with CDMA wireless voice and data equipment including laptops, CDMA camera/video phones, data cards and related services allowing external communications for the first time.

Now, the clinic and visiting physicians can communicate with colleagues and medical specialists from all over the world in real time.

China: Enabling Rural Innovation & Entrepreneurship

There is a significant difference between the eastern coastal cities and the western countryside of China in terms of wealth and wireless connectivity. While the country's overall mobile phone penetration is about 35 percent, it is as high as 90 percent in some urban areas. Wireless Reach in China aims to harness advanced wireless technology to positively contribute to the long-term development and sustainability of underserved communities in three of China's western provinces: Shaanxi, Guizhou and Ningxia.

In collaboration with China Unicom and the international non-governmental organization, PlaNet Finance, QUALCOMM donated 1,000 wireless handsets pre-charged with a two-year service voucher and gave them to PlaNet Finance's network of microfinance workers and loan recipients. The initiative improves successful PlaNet Finance programs by providing the benefits of mobile communications to new entrepreneurs.

The handset recipients are microfinance loan officers or borrowers who have successful track records and regularly participate in PlaNet Finance's training programs. China Unicom's service voucher includes a weekly short message service, which enables PlaNet Finance to provide key price and loan information to its microfinance partners and recipients. The CDMA2000 handset donation helps drive the recipients' access to markets, prevents wasted journeys and makes it easier to receive microfinance loans.

Through the Wireless Reach program, QUALCOMM and China Unicom support China's overall development goals, including the country's mission to increase the use of science and technology, a goal articulated by Prime Minister Wen Jiabao at the National People's Congress in March 2006.

Indonesia: Connecting Way Kanan and Pacitan

The Lampung province on the island of Sumatra in Indonesia has rural areas with minimal telecommunications infrastructure. Here, isolated villages, some reachable only after a drive of no less than six hours over bumpy dirt roads, now have secondary schools where students can surf the Internet.

QUALCOMM, wireless operator Sampoerna Telekomunikasi Indonesia, IndoNet, Axesstel Inc., the Indonesian Ministry of Information and Communication Technology, and the State Ministry for the Accelerated Development of Disadvantaged Regions are partnering to increase teledensity and Internet penetration.

The cornerstone of the program is the establishment of computer laboratories with Internet access in five high schools in Way Kanan: Buay Bahuga, Negeri Besar, Negara Batin, Rebang Tangkas and Pakuan Ratu. In addition, cellular kiosks or “warsels” are being established in 59 villages and in the five high schools to provide increased access to telecommunications.

Similarly, a community access point (CAP) has been established in Pacitan, East Java to serve as an Internet data center for local townspeople. This CAP in Pacitan consists of a computer laboratory equipped with an EV-DO modem operating at 450 MHz (CDMA450) to provide high-speed Internet access to the public. More than 2,000 students and teachers in the Pondok Tremas district will be able to access information worldwide via the Internet for use in education, research and training.

Vietnam: Access to Information Technology

QUALCOMM has partnered with the United States Agency for International Development (USAID), Electricity Vietnam Telecom, Hewlett-Packard, Microsoft and the Center for Research and Consulting on Management on the Training Online Program in Information Technologies for Communities (TOPIC64).

TOPIC64 aims to empower underserved communities in each of Vietnam’s 64 provinces by establishing Community Technology and Learning Centers (CTLCs) with computers, software and Internet connectivity via 3G. The project seeks to educate the public in basic IT skills, management and marketing skills by providing technical expertise via teacher training and technical support at each of the CTLCs. TOPIC64 will reach a wide spectrum of Vietnam’s people, bringing wireless voice and data access to introduce new services and opportunities and stimulate economic growth.

Mexico: USAID - Training, Internships, Exchanges and Scholarships

According to the World Bank, in 74 percent of the municipalities in Mexico, bank branches do not exist. Furthermore, 85 percent of adults in urban areas have never engaged in business with a formal financial institution. Even those that do have access to financial institutions often have to travel long distances to reach them, raising transaction costs when they communicate and receive funds from their families abroad. The University of California at San Diego, the Centro de Investigación y Docencia Económicas, the Centro de Investigación Científica y de Educación Superior de Ensenada and QUALCOMM sought to overcome this constraint. A team of students and professors from the above institutions are researching use of advanced wireless connectivity to provide more efficient financial transactions. The project will then be implemented in a Oaxaca, Mexico town in coordination with the large San Diego-Oaxacan community.

What's Next

- > Build stronger partnerships with non-governmental organizations, government agencies, corporations, and local communities to identify and implement projects with high social returns.
- > Take on more projects globally, bringing the advantages of connectivity to more communities worldwide.



Corporate Information

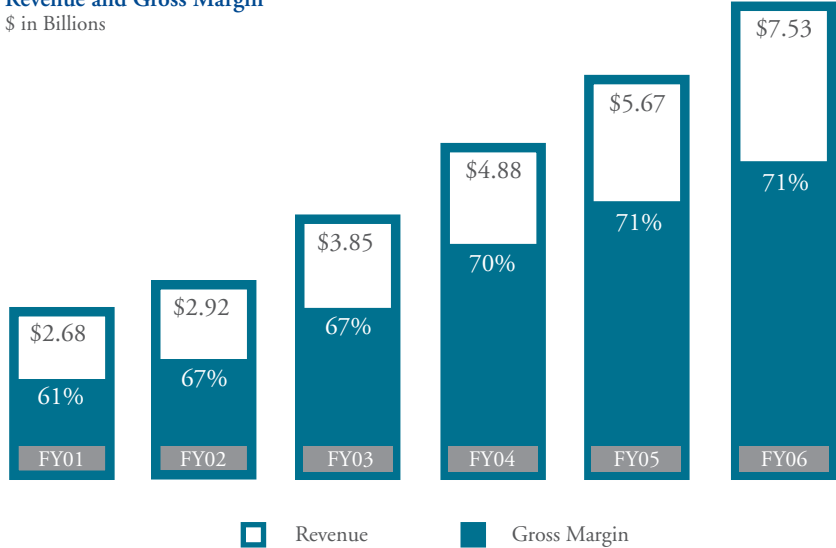
QUALCOMM Incorporated is a pioneer of CDMA (code division multiple access) digital wireless technology and one of the leading enablers of 3G wireless, as well as other advanced wireless products and services. QUALCOMM leads the industry in the development of CDMA2000® 1X, 1xEV-DO, WCDMA (UMTS) and HSDPA/HSUPA chipsets and solutions, and has licensed its essential CDMA patent portfolio to more than 140 telecommunications equipment manufacturers worldwide. QUALCOMM's solutions and technologies ultimately enable and benefit consumers, the enterprise, network operators, OEM manufacturers and developers.

Financial Performance

2006 was another year of growth in our global markets and in our financial performance.

Revenue and Gross Margin ^{1,2}

\$ in Billions



For QUALCOMM, 2006 was a year of records and achievements of new milestones. Once again, we posted record financial results, further increasing revenues, earnings and operating cash flow. We delivered new products, opened new markets and led the industry with innovations designed to cost-effectively deliver the promises of next-generation wireless.

Footnotes

(1) During fiscal 2004, the company sold its consolidated subsidiaries, the Vesper Operating Companies and TowerCo, 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, are presented as discontinued operations. As such, Revenue, Gross Margin and Free Cash Flow results presented do not include the results from these discontinued operations.

(2) In the fourth quarter of fiscal 2004, the Company adopted a new method of recording royalties, based solely on reports received from licensees for royalty bearing sales of equipment in the prior quarter. Under the prior method of recording royalties, the Company recorded an estimate of earned royalties for certain licensees in the quarter preceding its receipt of licensee reports. This change was made on a prospective basis in the fourth quarter of fiscal 2004 and as a result, GAAP results for fiscal 2004 reflect only partial economic performance of the Company's licensing business as royalty revenue that would have been recognized in the fourth quarter of fiscal 2004 was recognized in the first quarter of fiscal 2005.

Operator Choices Help Fuel Market Competition

QUALCOMM's strong investment in R&D has led to more than 4,800 U.S. patents and patent applications for CDMA and other technologies. The Company's broad licensing strategy has been a catalyst for industry growth, helping to create new competition while driving down average selling prices for handsets and wireless devices.

The world's leading wireless operators, device manufacturers and content providers are partnering with QUALCOMM to revolutionize the mobile marketplace. With significant investments in research and development, we're creating the wireless technologies that power the mobile experience that consumers want now. And to ensure our partners' success in the wireless broadband evolution, we're innovating the wireless device, service and network landscape with solutions that converge communication, computing and consumer electronics platforms into a seamless mobile broadband experience.

Awards

- > *Institutional Investor's* "America's Most Shareholder-Friendly Companies: 2006"
- > *Fabless Semiconductor Association's* "Best Financially Managed Company"
- > *Forbes* "400 Best Big Companies in America"
- > *BusinessWeek's* "Global 1000"
- > *BusinessWeek's* "IT 100/200"
- > *CIO's* "Top 100 Award"
- > *Financial Times* "List of Most Valuable Global Companies"
- > Forbes 500 Company
- > FORTUNE 500® Company
- > FORTUNE's "America's Most Admired Companies"
- > *Financial Times* "Top 10 IT Companies"
- > *Information Week's* "Top 500 Technology Companies"
- > NASDAQ 100™ Company
- > S&P 500 Index

