



Technology
made personal.

A message from leadership

We are executing on our current and long-term strategies and our success is clearly reflected in our financial results.

There are many exciting developments throughout the wireless industry today, and Qualcomm technologies, employees and partners play central roles in the expanding opportunities. Our company continues to drive the future of mobility. We are continually enhancing our technology leadership and looking beyond traditional products and services to find new ways for mobile devices, networks and services to improve the lives of people around the world.

The market is strong

We are pleased to report that the global wireless ecosystem we serve had another tremendous year and is continuing to grow at a rapid pace. There are more than 530 million subscribers worldwide to the 3G CDMA networks enabled by Qualcomm products and technologies. Qualcomm-enabled networks continue to attract new users throughout the world and our technology roadmap provides a strong evolutionary path for both CDMA2000 and WCDMA networks.

In leading markets such as the United States, Europe, Japan and South Korea, we continue to see strong demand for high-end devices featuring increased display size, 3-D graphics, expanding multimedia capabilities, multi-megapixel cameras, more memory and greater processing power. Steady growth remains in other key regions of the world as more operators opt to provide their users with high-speed data capabilities made possible by EV-DO revisions for CDMA2000 networks and by HSDPA deployments in the WCDMA space.

The CDMA Development Group reports that more than 35 new operators launched CDMA2000 networks in 2007 and low-priced, multi-featured phones are key growth drivers. Much of this growth is taking place in emerging markets where declining handset prices and increasing data capabilities are fueling demand.

Our strong and ongoing commitment to Research and Development (R&D) helps ensure that wireless users have a steady flow of new devices and compelling mobile broadband services to choose from. Network operators are seeing

significant increases in revenues as consumers and enterprises buy new mobile phones and wireless-enabled laptops, download applications and sign up for new services.

We are executing well

We continue to successfully execute on our current and long-term strategies, and these efforts are clearly reflected in every Qualcomm operating division.

Qualcomm CDMA Technologies (QCT) continues to set records with chipset shipments. Thanks to QCT's excellent efforts, iSuppli named Qualcomm the world's top supplier of semiconductors for wireless applications. We recently strengthened our leadership position in wireless semiconductor process technology by powering the world's first 3G handsets based on 65-nanometer chips.

Among the many new products introduced this year are a low-cost single-chip solution for manufacturers of EV-DO Rev. A devices and Gobi™, an embedded global mobile Internet and GPS solution for today's notebook computers. Our new Snapdragon platform is designed to take consumer electronics to the next level including the enabling of a whole new class of "pocket devices" with a wide range of applications and tremendous market potential.

MediaFLO USA service is now available in more than 50 cities in the United States, and we remain excited about potential MediaFLO technology expansion into international markets. MediaFLO recently won the "Best TV and Video Service" award by the European Mobile Entertainment Forum, further validating FLO technology as a globally recognized open standard that provides the mass market with cost-effective, high-quality multimedia content.

Our BREW business also made significant strides this year, gaining traction in WCDMA markets and supporting exciting new services. Warner Music Group is now using our comprehensive uiOne™ offering to deliver highly personalized over-the-air downloadable artist

themes to their mobile customers. And Major League Baseball (MLB) became the first customer for our BREW BrandXtend™ Signature Solution, enabling fans to download baseball content to their phones directly from the MLB Web site. With Hutchison H3G, we recently launched a low-cost Skype-enabled BREW-based WCDMA phone.

Qualcomm Government Technologies continues to contribute to public safety and national security by leveraging the power of advanced wireless technologies for a broad range of government agencies. Among the notable accomplishments this year was the deployment of a unique new 3G EV-DO network service to 17 jurisdictions in the National Capitol Region surrounding Washington, D.C.

Wireless technology continues to transform today's workplace, and Qualcomm Enterprise Services achieved a number of milestones this year, including the introduction of a 3G-enabled telematics solution to the construction industry in Europe and the acquisition and integration of an industry-leading machine-to-machine communications services company.

We are a partner of choice

The convergence of the wireless and Internet industries is creating new partnerships, evolving business models and driving innovation. As part of our efforts to enhance the mobile experience, we continue to make acquisitions and seek out new partners.

Our subsidiary, Qualcomm MEMS Technologies, launched its first mirasol™ display product this year in partnership with Audiovox, a Bluetooth headset that extends battery life while delivering superior visibility, even in low-light environments.

Continually working to drive increased consumer adoption of new mobile data services, in November 2007, we acquired Firethorn Holdings, LLC, an industry-leading mobile banking enabler which is working with top wireless operators and financial industry partners to turn the wireless phone into a digital wallet.

We announced our participation with Google in the Open Handset Alliance, an alliance of technology and mobile industry leaders whose mission is to help build the leading open-source application platform for 3G networks. The proliferation of open-source-based handsets can provide an exciting new opportunity to create compelling services and devices. As a result, we are committing

R&D resources to enable the Android platform and to optimize its functionality on our chipsets.

Shifting the industry dynamic

Our strategy is to expand the industry by enabling as many manufacturers as possible to enter the wireless marketplace. Qualcomm exemplifies the shift of the intellectual property rights business model away from the traditional focus on technology protection to a more inclusive approach to technology licensing and proliferation. The Qualcomm Technology Licensing business funds R&D, creating wireless innovations that we have transferred to more than 140 licensees.

Motivated by their own commercial considerations, some of our competitors have called our licensing policy into question, misrepresenting our business to advance their own agendas. We welcome the opportunity to clarify, defend and promote the business model that has fostered competition and increased the pace of delivering innovative new capabilities into the hands of consumers.

We believe that the entire industry, including our company and our competitors, will benefit through open, rather than restricted, licensing of our patented technology.

Well positioned for future growth

We achieved record revenues, net income and operating cash flow in fiscal 2007 and returned a record \$2.3 billion of capital to our stockholders through our cash dividend and stock repurchase program. These achievements provide market validation for the innovative products and solutions made possible by Qualcomm.

Thanks to the energy and creativity of our outstanding global work force, we are well positioned for industry leadership. We will continue to lead the convergence of mobile communications, computing and consumer electronics with investments in innovative technologies that contribute to the success of our industry partners and benefit wireless users throughout the world.



Dr. Paul E. Jacobs, Chief Executive Officer



Steven R. Altman, President