

# 2008 FINANCIAL HIGHLIGHTS

## REVENUES AND GROSS MARGINS <sup>(1)</sup>

(\$ in billions)

05	\$5.67	71%
06	\$7.53	71%
07	\$8.87	70%
08	\$11.14	69%

See note (1) on last page.

% = Gross Margin

## PRO FORMA DILUTED EARNINGS PER SHARE <sup>(2)\*</sup>

05	\$1.16
06	\$1.64
07	\$2.01
08	\$2.25

\*See reconciliation to GAAP.  
See note (2) on last page.

## RESEARCH AND DEVELOPMENT <sup>(1)</sup>

(\$ in billions)

05	\$1.01	18%
06	\$1.54	20%
07	\$1.83	21%
08	\$2.28	20%

See note (1) on last page.

% = Percentage  
of Revenues

## DILUTED EARNINGS PER SHARE (GAAP) <sup>(1)</sup>

05	\$1.26
06	\$1.44
07	\$1.95
08	\$1.90

See note (1) on last page.

# 2008 FINANCIAL HIGHLIGHTS (continued)

## CASH, CASH EQUIVALENTS AND MARKETABLE SECURITIES

(\$ in billions)

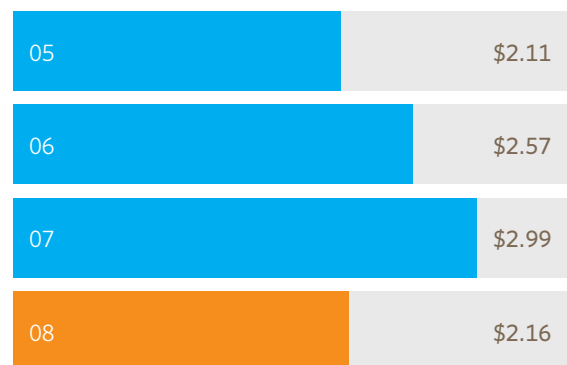


05	\$8.68
06	\$9.95
07	\$11.82
08	\$11.27

# \$9.28 BILLION IN CAPITAL RETURNED TO STOCKHOLDERS\*

## FREE CASH FLOW<sup>(2)(3)\*\*</sup>

(\$ in billions)



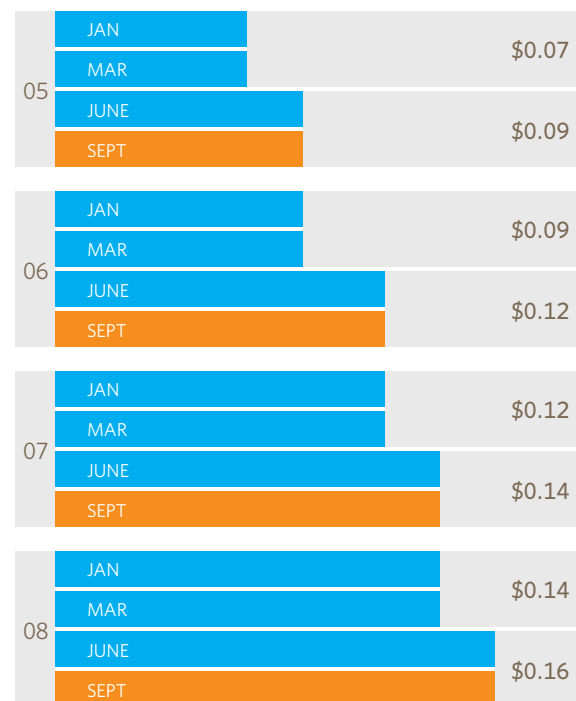
\*Cumulative fiscal 2003 through fiscal 2008.

\*\*See reconciliation to GAAP.

See notes (2)(3) on last page.

## QUARTERLY CASH DIVIDEND PER COMMON SHARE

(Based on date payable)



## NOTE REGARDING USE OF NON-GAAP FINANCIAL MEASURES

In addition to presenting results in accordance with generally accepted accounting principles in the United States (GAAP), the Company presents financial information excluding certain items in order to provide supplemental information about the Company's operating performance.

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. Management believes pro forma financial information represents 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 the Qualcomm Strategic Initiatives (QSI) segment, and items such as acquired in-process R&D and tax adjustments, 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 QSI segment, certain estimated share-based compensation, certain tax items 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. Certain tax adjustments related to prior years are excluded for fiscal 2005, 2006 and 2007 in order to provide a clearer understanding of the Company's ongoing tax rate and after-tax earnings. Estimated share-based compensation, other than amounts related to share-based awards granted under a bonus program that may result in the issuance of unrestricted shares of the Company's common stock, is excluded because management views such share-based compensation as unrelated to the Company's operational performance. Moreover, it is generally not an expense that requires or will require cash payment by the Company. Further, share-based compensation related to options is affected by factors that are subject to change, including the Company's stock price, stock market volatility, expected option life, risk-free interest rates and expected dividend payouts in future years. Acquired in-process R&D expense in fiscal 2006, 2007 and 2008 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.

## RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

### RECONCILIATION OF PRO FORMA AND GAAP NET INCOME AND DILUTED EARNINGS PER SHARE

(In millions, except per share data)	2008	2007	2006	2005
Total GAAP net income	\$ 3,160	\$ 3,303	\$ 2,470	\$ 2,143
Less: QSI net (loss) income	(202)	(137)	(32)	102
Less: Other pro forma adjustments, net of tax <sup>(1)</sup>	(378)	34	(302)	71
Pro forma net income	\$ 3,740	\$ 3,406	\$ 2,804	\$ 1,970
Total GAAP diluted earnings per share	\$ 1.90	\$ 1.95	\$ 1.44	\$ 1.26
Less: QSI diluted (loss) earnings per share	(0.12)	(0.08)	(0.02)	0.06
Less: Other pro forma adjustments, net of tax per share	(0.23)	0.02	(0.18)	0.04
Pro forma diluted earnings per share	\$ 2.25	\$ 2.01	\$ 1.64	\$ 1.16
Shares used in per share calculations:				
Diluted shares	1,660	1,693	1,711	1,694

<sup>(1)</sup> Other pro forma adjustments, net of tax are comprised of:

	2008	2007	2006	2005
Estimated share-based compensation	\$ (540)	\$ (487)	\$ (495)	\$ —
Acquired in-process research and development	(14)	(10)	(22)	—
Total pro forma adjustments before tax	\$ (554)	\$ (497)	\$ (517)	\$ —
Tax adjustments related to prior years	—	364	40	71
Income tax benefit related to pro forma adjustments before taxes	176	167	175	—
Total pro forma adjustments, net of tax	\$ (378)	\$ 34	\$ (302)	\$ 71
Net pro forma adjustments on a diluted per share basis	\$ (0.23)	\$ 0.02	\$ (0.18)	\$ 0.04

### RECONCILIATION OF FREE CASH FLOW TO NET CASH PROVIDED BY OPERATING ACTIVITIES

(In millions)	2008	2007	2006	2005
Net cash provided by operating activities (GAAP)	\$ 3,558	\$ 3,811	\$ 3,253	\$ 2,686
Less: capital expenditures (GAAP)	(1,397)	(818)	(685)	(576)
Free cash flow	\$ 2,161	\$ 2,993	\$ 2,568	\$ 2,110

## SOURCE INFORMATION

- <sup>(a)</sup> Source: Portio Research, Jan 2008
- <sup>(b)</sup> Source: Informa Research Services
- <sup>(c)</sup> Source: Informa 2008
- <sup>(d)</sup> Source: CDG and GSA, Oct 2008
- <sup>(e)</sup> Source: CDG, Sept 2008
- <sup>(f)</sup> Source: Dell'Oro Group, Feb 2008
- <sup>(g)</sup> Source: GSM Association, Nov 2008
- <sup>(h)</sup> Source: Telecom Regulatory Authority of India (TRAI)
- <sup>(i)</sup> Source: CCI Consulting, Sept 2008
- <sup>(j)</sup> Source: comScore, Sept 2008
- <sup>(k)</sup> Source: Michael Mingos, TMG Telecom, and ITU World Telecommunications Database Statistics, 2003

- <sup>(l)</sup> Source: IDC, Digital Market Forecast 2008 to 2012
- <sup>(m)</sup> Source: Strategy Analytics
- <sup>(n)</sup> Source: EngineerIT, Broadband connectivity in Africa, Sept 2008
- <sup>(o)</sup> Source: Wireless Intelligence
- <sup>(p)</sup> Sources: Smartphone Forecast – ABI – Smartphone and OS Markets (Q1 2008)  
Total Handsets: Average of Strategy Analytics (July 2008), Gartner (Dec 2007), IDC (June 2008), Ovum (Mar 2008), Yankee Group (June 2008), WCIS (May 2008) and Forward Concepts (June 2008)

## FINANCIAL HIGHLIGHTS NOTES

- <sup>(1)</sup> Fiscal 2006, 2007 and 2008 results presented reflect the impact of share-based compensation related to our adoption of FAS 123R.
- <sup>(2)</sup> See “Note regarding use of non-GAAP financial measures” on page 22 and “Reconciliation of non-GAAP financial measures” on page 23.
- <sup>(3)</sup> Free Cash Flow is calculated as net cash provided by operating activities less capital expenditures, both of which are presented in the GAAP statement of cash flows.

## SAFE HARBOR STATEMENT

In addition to the historical information contained herein, this Corporate Overview 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 deployment of our technologies in wireless networks and of 3G wireless communications, equipment and services, including CDMA2000 1X, 1xEV-DO, WCDMA, HSPA and OFDMA both domestically and internationally; the current

uncertainty of global economic conditions and its potential impact on demand for our products and our marketable securities portfolio; attacks on our business model, including results of current and future litigation and arbitration proceedings, as well as actions of governmental or quasi-governmental bodies, and the costs we incur in connection therewith, including potentially damaged relationships with customers and operators who may be impacted by the results of these proceedings; fluctuations in the demand for products,

services or applications based on our technologies; our dependence on major customers and licensees; foreign currency fluctuations; strategic loans, investments and transactions we have or may pursue; our dependence on third-party manufacturers and suppliers; our ability to maintain and improve operational efficiencies and profitability; the development, deployment and commercial acceptance of the MediaFLO USA network and FLO technology; as well as the other risks detailed from time-to-time in our SEC reports.