

QUALCOMM INC/DE  
Form DEF 14A  
January 18, 2007

**Table of Contents**

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549**

**SCHEDULE 14A INFORMATION**

**PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

**(AMENDMENT NO. \_\_)**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-12

**QUALCOMM INCORPORATED**

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

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

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

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

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(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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**Table of Contents**

January 19, 2007

Dear Fellow Stockholder:

You are cordially invited to attend your Company's annual meeting on Tuesday, March 13, 2007. The meeting will begin promptly at 9:30 a.m. local time at Copley Symphony Hall, 750 B Street, San Diego, California 92101. The meeting will commence with a discussion and voting on matters set forth in the accompanying Notice of Annual Meeting of Stockholders followed by presentations and a report on your Company's 2006 performance.

Your vote is important, whether or not you plan to attend the meeting. **PLEASE VOTE YOUR SHARES.**

Instructions on how to vote can be found at the bottom of the Notice of Annual Meeting. You may vote over the Internet, by telephone or by mailing a proxy card as follows:

If you have Internet access, we encourage you to vote over the Internet at <http://www.proxyvote.com>. It is convenient for you and saves your company significant postage and processing costs;

If you vote using the telephone, have your proxy card available before dialing the toll-free number 1-800-690-6903; and

If you use the enclosed proxy card, it should be signed, dated and returned in the enclosed postage-paid envelope.

We encourage you to conserve natural resources, as well as reduce printing and mailing costs, by **signing up for electronic delivery of our stockholder communications**. For more information, see Electronic Delivery of QUALCOMM Stockholder Communications on page 2 of the enclosed Notice of Annual Meeting of Stockholders.

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

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

Please review the enclosed proxy materials carefully and vote today.

Sincerely,

Paul E. Jacobs  
*Chief Executive Officer*

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**Table of Contents**

**5775 Morehouse Drive  
San Diego, California 92121-1714**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
To Be Held On March 13, 2007**

**To the Stockholders of QUALCOMM Incorporated:**

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of QUALCOMM Incorporated, a Delaware corporation ( QUALCOMM or the Company ), will be held at Copley Symphony Hall, 750 B Street, San Diego, California 92101, on Tuesday, March 13, 2007 at 8:30 a.m. local time for previewing product displays, and 9:30 a.m. local time for the following purposes:

1. To elect six directors.
2. To ratify the selection of PricewaterhouseCoopers LLP as the Company s independent accountants for the Company s fiscal year ending September 30, 2007.
3. To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

The Board of Directors has fixed the close of business on January 12, 2007 as the record date for the determination of stockholders entitled to notice of and to vote at this Annual Meeting and at any adjournment or postponement thereof.

By Order of the Board of Directors

Paul E. Jacobs  
*Chief Executive Officer*

San Diego, California  
January 19, 2007

**How You Can Vote**

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

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

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

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

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

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

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**Table of Contents**

**ELECTRONIC DELIVERY OF QUALCOMM STOCKHOLDER COMMUNICATIONS**

The Company is pleased to offer to its stockholders the benefits and convenience of electronic delivery of annual meeting materials, including:

E-mail delivery of the proxy statement, annual report and related materials;

Stockholder voting on-line;

Reduction of the amount of bulky documents stockholders receive; and

Reduction of the Company's printing and mailing costs associated with more traditional delivery methods.

The Company encourages you to conserve natural resources, as well as to reduce printing and mailing costs, by signing up for electronic delivery of QUALCOMM stockholder communications.

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

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**PROXY STATEMENT  
TABLE OF CONTENTS**

	<b>Page</b>
<u>General Matters</u>	1
<u>Proposal 1: Election of Directors</u>	2
<u>Nominees for Election at this Meeting</u>	3
<u>Directors Whose Terms Continue Until the 2008 Annual Meeting</u>	4
<u>Board Committees, Meetings and Attendance</u>	6
<u>Director Nominations</u>	7
<u>Majority Voting, Stock Ownership Guidelines and Other Matters</u>	8
<u>Proposal 2: Ratification of Selection of Independent Accountants</u>	9
<u>Stock Ownership of Certain Beneficial Owners and Management</u>	11
<u>Executive Compensation and Other Matters</u>	13
<u>Compensation of Directors</u>	13
<u>Compensation of Executive Officers</u>	16
<u>Certain Transactions</u>	19
<u>Report of the Compensation Committee on Executive Compensation</u>	20
<u>Report of the Audit Committee</u>	29
<u>Performance Measurement Comparison of Stockholder Returns</u>	31
<u>Other Matters</u>	32
<u>Charter of the Audit Committee</u>	Appendix 1

---



**Table of Contents**

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

**PROXY STATEMENT  
FOR ANNUAL MEETING OF STOCKHOLDERS  
March 13, 2007**

**GENERAL MATTERS**

The enclosed proxy is solicited on behalf of the Board of Directors or (the Board) of QUALCOMM Incorporated, a Delaware corporation (QUALCOMM or the Company), for use at the Annual Meeting of Stockholders to be held on Tuesday, March 13, 2007, at 9:30 a.m. local time (the Annual Meeting), or at any adjournment or postponement thereof, for the purposes set forth herein and in the accompanying Notice of Annual Meeting. The Annual Meeting will be held at Copley Symphony Hall, 750 B Street, San Diego, California 92101. The Company intends to mail this proxy statement and accompanying proxy card on or about January 19, 2007 to all stockholders entitled to vote at the Annual Meeting.

**Voting Rights and Outstanding Shares**

Only holders of record of common stock at the close of business on January 12, 2007 (the Record Date) will be entitled to notice of and to vote at the Annual Meeting. At the close of business on the Record Date, the Company had outstanding and entitled to vote 1,656,199,220 shares of common stock.

Each holder of record of common stock on the Record Date will be entitled to one vote for each share held on all matters to be voted upon. If no choice is indicated on the proxy, the shares will be voted in favor of Proposals 1 and 2.

All votes will be counted by an independent inspector of election appointed for the meeting, who will separately tabulate affirmative and negative votes, abstentions and broker non-votes.

**Broker Non-Votes**

A broker non-vote occurs when a broker submits a proxy card with respect to shares of common stock held in a fiduciary capacity (typically referred to as being held in street name), but declines to vote on a particular matter because the broker has not received voting instructions from the beneficial owner. Under the rules that govern brokers who are voting with respect to shares held in street name, brokers have the discretion to vote those shares on routine matters, but not on non-routine matters. Routine matters include the election of directors and ratification of independent accountants. Non-routine matters include actions on stock plans and most amendments to the Certification of Incorporation.

**Revocability of Proxies**

Any person giving a proxy pursuant to this solicitation has the power to revoke it at any time before it is voted. It may be revoked by filing with the Corporate Secretary of the Company at the Company's principal executive offices, 5775 Morehouse Drive, N-510F, San Diego, California 92121-1714, a written notice of revocation or a duly executed proxy bearing a later date, or it may be revoked by attending the meeting and voting in person. Attendance at the meeting will not, by itself, revoke a proxy.

**Solicitation**

The Company will bear the entire cost of solicitation of proxies including preparation, assembly, printing and mailing of this proxy statement, the proxy card and any additional information furnished to stockholders. Copies of solicitation materials will be furnished to banks, brokerage houses, fiduciaries and custodians holding in their names shares of common stock beneficially owned by others to forward to such beneficial owners. The Company may reimburse persons representing beneficial owners of common stock for their costs of forwarding solicitation

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## **Table of Contents**

materials to such beneficial owners. In addition, the Company has retained Morrow & Company to act as a proxy solicitor in conjunction with the meeting. The Company has agreed to pay that firm \$7,500, plus reasonable out of pocket expenses, for proxy solicitation services. Solicitation of proxies by mail may be supplemented by telephone, telegram or personal solicitation by directors, officers or other regular employees of the Company. No additional compensation will be paid to directors, officers or other regular employees for such services.

## **Stockholder Proposals**

The deadline for submitting a stockholder proposal for inclusion in the Company's proxy statement and form of proxy for the Company's 2008 annual meeting of stockholders is September 21, 2007. The deadline for submitting a stockholder proposal or a nomination for director that is not to be included in such proxy statement and proxy is also September 21, 2007. Any such stockholder proposals must be submitted to the Company's Corporate Secretary in writing at 5775 Morehouse Drive, N-510F, San Diego, California 92121-1714. Stockholders are also advised to review the Company's bylaws, which contain additional advance notice requirements, including requirements with respect to advance notice of stockholder proposals and director nominations. For further information see page 7.

## **Code of Ethics**

The Company has adopted a code of ethics that applies to all QUALCOMM employees, including employees of QUALCOMM's subsidiaries, as well as each member of the Board. The code of ethics is available at the Company's website at <http://investor.qualcomm.com/documentdisplay.cfm?DocumentID=458>. To date, there have not been any waivers by the Company of the code of ethics. Any amendments to, or waivers under, the code of ethics which are required to be disclosed by the rules of the Securities Exchange Commission (SEC) will be disclosed on the Company's website at <http://investor.qualcomm.com/governance.cfm>.

## **PROPOSAL 1**

### **ELECTION OF DIRECTORS**

The Company's Restated Certificate of Incorporation and Bylaws provide that at the 2007 Annual Meeting, the successors of the directors whose terms expire at that meeting shall be elected for a term expiring at the 2008 annual meeting of stockholders. At the 2008 annual meeting of stockholders, all directors shall be elected for a term expiring at the 2009 annual meeting of stockholders. At each annual meeting of stockholders thereafter, the directors shall be elected for terms expiring at the next annual meeting of stockholders. Vacancies on the Board resulting from death, resignation, disqualification, removal or other causes may be filled by either the affirmative vote of the holders of a majority of the then-outstanding shares of common stock or by the affirmative vote of a majority of the remaining directors then in office, even if less than a quorum of the Board. Newly created directorships resulting from any increase in the number of directors may, unless the Board determines otherwise, be filled only by the affirmative vote of the directors then in office, even if less than a quorum of the Board. Any director elected in accordance with a vacancy shall hold office for a term expiring at the next annual meeting of stockholders and until such director's successor shall have been elected and qualified.

The Company's Restated Certificate of Incorporation provides that the number of directors shall be fixed exclusively by one or more resolutions adopted from time to time by the Board. As part of its annual evaluation of its size, the Board, upon the recommendation of its Governance Committee, has decided to reduce the number of its members by four and, as a result, has adopted a resolution reducing the size of the Board to 11 directors effective as of the time stockholders vote on the election of directors at the Annual Meeting. Six seats on the Board, currently held by Barbara T. Alexander, Raymond V. Dittamore, Irwin Mark Jacobs, Sherry Lansing, Peter M. Sacerdote and Marc I. Stern, have terms expiring as of the Annual Meeting and these directors will stand for re-election at the Annual Meeting as

nominees proposed by the Board.

If a quorum is present, the directors will be elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors. Abstentions and broker non-votes have no effect on the vote. The six candidates receiving the highest number of affirmative votes of the shares

**Table of Contents**

of common stock entitled to be voted for such directors will be elected directors of the Company. Shares of common stock represented by executed proxies will be voted, if authority to do so is not withheld, for the election of the six nominees named below. In the event that any nominee should be unavailable for election as a result of an unexpected occurrence, such shares of common stock will be voted for the election of such substitute nominee as the Board may propose. Each person nominated for election has agreed to serve if elected, and the Board has no reason to believe that any nominee will be unable to serve.

The following table sets forth, for the Company's directors continuing in office beyond this meeting and the nominees for election at this meeting, information with respect to their ages and background.

<b>Name</b>	<b>Position With QUALCOMM</b>	<b>Age</b>	<b>Director Since</b>
<i>Directors nominated for election at the 2007 Annual Meeting of Stockholders:</i>			
Barbara T. Alexander	Director	58	2006
Raymond V. Dittamore	Director	63	2002
Irwin Mark Jacobs	Chairman of the Board	73	1985
Sherry Lansing	Director	62	2006
Peter M. Sacerdote	Director	69	1989
Marc I. Stern	Director	62	1994
<i>Directors whose terms expire at the 2008 Annual Meeting of Stockholders:</i>			
Donald G. Cruickshank	Director	64	2005
Paul E. Jacobs	Chief Executive Officer	44	2005
Robert E. Kahn	Director	68	1997
Duane A. Nelles	Director	63	1988
Brent Scowcroft	Director	81	1994

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

**Nominees for Election at this Meeting****BARBARA T. ALEXANDER**

Barbara T. Alexander, age 58, became a Director of the Company in July 2006. Ms. Alexander has been an independent consultant since February 2004. From October 1999 to January 2004 she was a Senior Advisor for UBS, and from January 1992 to September 1999 she was a Managing Director of Dillon Read & Co., Inc. In 1987, Salomon Brothers Inc. appointed Ms. Alexander the first female managing director in the company's history. She currently serves on the boards of Harrah's Entertainment, Centex Corporation and Freddie Mac. Ms. Alexander is a visiting fellow at the Joint Center for Housing Studies at Harvard University, has served on the boards of Habitat for Humanity International and Covenant House, and currently serves on the board of HomeAid America. She is a graduate of the University of Arkansas, Fayetteville, where she earned B.S and M.S. degrees in theoretical mathematics.

**RAYMOND V. DITTAMORE**

Raymond V. Dittamore, age 63, has served as a Director of the Company since December 2002. Mr. Dittamore is a retired audit partner of Ernst & Young LLP, an international accounting firm. Mr. Dittamore retired in 2001 after

35 years of service with that firm, including 14 years as the managing partner of the firm's San Diego office. Mr. Dittamore is also a director of Invitrogen Corporation, Gen-Probe Incorporated, and Digirad Corporation. Mr. Dittamore received a B.S. degree from San Diego State University.

**IRWIN MARK JACOBS**

Irwin Mark Jacobs, age 73, one of the founders of the Company, has served as Chairman of the Board of Directors since it began operations in July 1985. He also served as Chief Executive Officer of the Company from

**Table of Contents**

July 1985 to June 2005. Dr. Jacobs received a B.S. degree in Electrical Engineering from Cornell University and M.S. and Sc.D. degrees from the Massachusetts Institute of Technology. Dr. Irwin Jacobs is the father of Dr. Paul Jacobs, our Chief Executive Officer, and Jeffrey A. Jacobs, President of QUALCOMM Global Development.

**SHERRY LANSING**

Sherry Lansing, age 62, became a Director of the Company in September 2006. Ms. Lansing is the founder and chair of the Sherry Lansing Foundation, a philanthropic organization focusing on cancer research, health and education. From 1992 to 2005, she was the chair of the Motion Picture Group of Paramount Pictures where she oversaw the release of more than 200 films, including Academy Award® winners Forrest Gump, Braveheart and Titanic. From 1984 to 1990, she operated her own production company, Lansing Productions and co-founded Jaffe/Lansing Productions. In 1980, she became the film industry's first female to oversee all aspects of a studio's motion picture production when she was appointed president of production at 20th Century Fox. She holds additional trustee, chair and advisory positions with the Friends of Cancer Research, the American Association of Cancer Research, the American Red Cross Board of Governors, the Carter Center and Stop Cancer, a non-profit philanthropic group she founded in partnership with Dr. Armand Hammer. Ms. Lansing also is a regent of the University of California and serves as chair of the University Health Services Committee. She has earned the Woodrow Wilson Award for Corporate Citizenship, the Distinguished Community Service Award from Brandeis University, the Alfred P. Sloan, Jr. Memorial Award, the Horatio Alger Humanitarian Award and an honorary doctorate in fine arts from the American Film Institute. She received her B.S. degree from Northwestern University.

**PETER M. SACERDOTE**

Peter M. Sacerdote, age 69, became a Director of the Company in October 1989. Mr. Sacerdote has been the Chairman of Whale Rock Capital Management LLC, a hedge fund management company, since April 2006. From May 1999 until April 2006, he was an advisory director of Goldman, Sachs & Co. where he also served as chairman of the Investment Committee of its Principal Investment Area. In the five years prior to that time, he served as a limited partner of Goldman, Sachs Group, L.P. Mr. Sacerdote also serves as a director of Franklin Resources, Inc, a mutual fund management company and registered investment advisor and is a senior director of Goldman, Sachs & Co. Mr. Sacerdote received a B.E.E. degree from Cornell University and a M.B.A. degree from the Harvard Graduate School of Business Administration.

**MARC I. STERN**

Marc I. Stern, age 62, became a Director of the Company in February 1994. Mr. Stern is the Chairman of Société Générale's Global Investment Management and Services (GIMS) North America unit. Prior to his appointment as Chairman of GIMS North America in September 2005, Mr. Stern served as president and a director of The TCW Group Inc. (TCW), an asset management firm based in Los Angeles. Société Générale acquired majority control of TCW in 2001. In addition to his role at GIMS, Mr. Stern is Vice Chairman of TCW. From 1988 to 1990, Mr. Stern served as president and a director of SunAmerica, Inc., a financial services company. Prior to joining SunAmerica, Mr. Stern was managing director and chief administrative officer of The Henley Group, Inc., a diversified manufacturing company, and prior thereto was senior vice president of Allied-Signal Inc., a diversified manufacturing company. Mr. Stern is also a director of TCW Funds, Inc., a registered investment company. Mr. Stern received a B.A. degree from Dickinson College, a M.A. degree from the Columbia University Graduate School of Public Law and Government and a J.D. degree from the Columbia University School of Law.

**Directors Whose Terms Continue Until the 2008 Annual Meeting**

**DONALD G. CRUICKSHANK**

Sir Donald Gordon Cruickshank, age 64, has served as a Director of the Company since June 2005. He was Chairman of Clinovia Group Ltd. from 2004 to 2006 and Formscape Group Ltd. from 2003 to 2006 and has been a member of the Financial Reporting Council, the body responsible in the U.K. for oversight of the Accountancy and Actuarial professions and for corporate governance standards, since 2002. Sir Donald has extensive experience in a number of areas, including European regulation and telecommunications. His career has included assignments at



**Table of Contents**

McKinsey & Co. Inc., Times Newspapers, Virgin Group plc., Wandsworth Health Authority and the National Health Service in Scotland. Sir Donald served as Chairman of the London Stock Exchange plc. from 2000 to 2003 and as Director General of the U.K.'s Office of Telecommunications (OfTel) from 1993 to 1998. From 1997 to 2000 he served as Chairman of Action 2000, the U.K.'s Millennium Bug campaign. In 1998, Chancellor Gordon Brown appointed him as Chairman of the Government's Review of the U.K. banking sector and from 1999 to 2004, he served as Chairman of SMG plc. one of Scotland's leading broadcasters. Sir Donald is a member of the Institute of Chartered Accountants of Scotland and has received M.A. and L.L.D. degrees from the University of Aberdeen, and a M.B.A. degree from Manchester Business School.

**PAUL E. JACOBS**

Paul E. Jacobs, age 44, has served as a Director since June 2005 and as the Company's Chief Executive Officer since July 2005. He served as Group President of the QUALCOMM Wireless & Internet Group from July 2001 to June 2005. In addition, he served as an Executive Vice President from February 2000 to June 2005. Dr. Jacobs holds a B.S. degree in Electrical Engineering and Computer Science, a M.S. degree in Electrical Engineering and a Ph.D. degree in Electrical Engineering and Computer Science from the University of California, Berkeley. Dr. Paul Jacobs is the son of Dr. Irwin Mark Jacobs, Chairman of QUALCOMM's Board, and the brother of Jeffrey A. Jacobs, President of QUALCOMM Global Development.

**ROBERT E. KAHN**

Robert E. Kahn, age 68, became a Director of the Company in February 1997. Dr. Kahn is chairman, chief executive officer and president of the Corporation for National Research Initiatives (CNRI), which he founded in 1986. From 1972 to 1985, Dr. Kahn was employed at the U.S. Defense Advanced Research Projects Agency, where his last position was director of the Information Processing Techniques Office. From 1966 to 1972, Dr. Kahn was a senior scientist with Bolt Beranek and Newman, where he was responsible for the system design of the Arpanet, the first packet switched network. Dr. Kahn received numerous awards for his pioneering work on the Internet for which he received the 1997 National Medal of Technology and the 2005 Presidential Medal of Freedom. Dr. Kahn received a B.E.E. degree from the City College of New York and M.A. and Ph.D. degrees from Princeton University. Dr. Kahn holds numerous honorary degrees and is a member of the National Academy of Engineering and an Inductee of the National Inventors Hall of Fame.

**DUANE A. NELLES**

Duane A. Nelles, age 63, a certified public accountant, became a Director of the Company in August 1988. Mr. Nelles has been in the personal investment business since 1987. Prior to that time, Mr. Nelles was a partner in the international public accounting firm of Coopers & Lybrand, LLP, which he joined in 1968. He received a B.A. degree from Albion College and a M.B.A. degree from the University of Michigan.

**BRENT SCOWCROFT**

Brent Scowcroft, age 81, became a Director of the Company in December 1994. General Scowcroft is the president of The Scowcroft Group, Inc., an international business consulting firm he founded in June 1994. General Scowcroft is also the president of The Forum for International Policy, a non-profit organization he founded in 1993 that promotes American leadership and foreign policy. General Scowcroft served as Assistant to the President for National Security Affairs for President George H.W. Bush from January 1989 until January 1993; he also held that position for President Ford during his term. A retired U.S. Air Force lieutenant general, General Scowcroft served in numerous national security posts in the Pentagon and the White House prior to his appointments as Assistant to the President for National Security Affairs. General Scowcroft received a B.S. degree from West Point and M.A. and Ph.D. degrees

from Columbia University and holds numerous honorary degrees.

**Table of Contents**

**Required Vote and Board Recommendation**

If a quorum is present and voting, the six nominees for director receiving the highest number of votes will be elected as directors. Abstentions and broker non-votes will each be counted as present for purposes of determining the presence of a quorum, but will not have any effect on the outcome of the vote.

**THE BOARD RECOMMENDS A VOTE FOR THE ELECTION OF EACH NAMED NOMINEE.**

**Board Committees, Meetings and Attendance**

During the fiscal year ended September 24, 2006, the Board held seven meetings. Raymond V. Dittamore has acted as the Company's presiding independent director since the Board meeting immediately following the 2006 stockholders meeting. The Board currently has an Audit Committee, a Compensation Committee, a Governance Committee, a Finance Committee and a Strategic Committee. Committee assignments are re-evaluated annually and approved by the Board at its annual meeting that follows the annual meeting of stockholders in February or March of each year.

*The Audit Committee.* The Audit Committee meets at least quarterly with the Company's management and independent accountants to, among other things, review the results of the annual audit and quarterly reviews and discuss the financial statements, select and engage the independent accountants, assess the adequacy of the Company's staff, management performance and procedures in connection with financial controls and receive and consider comments as to internal controls. The Audit Committee acts pursuant to a written charter adopted by the Board. The charter is available on the Company's website at <http://investor.qualcomm.com/documentdisplay.cfm?DocumentID=463>. At the beginning of fiscal 2006, the Audit Committee was composed of Messrs. Nelles (Committee Chair) and Dittamore, and Dr. Atkinson and met six times during the fiscal year. Ms. Alexander joined the Audit Committee in September 2006. The Board has determined that all four members are audit committee financial experts as defined by SEC rules. All of the members of the Audit Committee are independent directors within the meaning of Rule 4200 of the National Association of Securities Dealers, Inc. ( NASD ) and SEC Rule 10A-3(b)(1)(ii). With respect to the determination of independence of Mr. Nelles under NASD Rule 4200, the Board considered the employment by the Company of Mr. Nelles' two sons in non-executive officer positions that did not involve key strategic roles, as described below under the heading Certain Transactions. The Board also considered Mr. Nelles' track record of decision-making and determined that the employment of Mr. Nelles' sons had not interfered and would not interfere with the exercise of Mr. Nelles' independent judgment in carrying out his duties as a director.

*The Compensation Committee.* The Compensation Committee makes recommendations concerning salaries and incentive compensation, administers and approves stock offerings under the Company's 1996 Non-Qualified Employee Stock Purchase Plan and the 2001 Employee Stock Purchase Plan (collectively, the Employee Stock Purchase Plans ), administers the Company's 1991 Stock Option Plan, 2001 Stock Option Plan and 2006 Long-Term Incentive Plan (collectively, the Stock Option Plans ) and otherwise determines compensation levels for the Chief Executive Officer, the Named Executive Officers (as listed in the Summary Compensation Table), the directors and other key employees and performs such other functions regarding compensation as the Board may delegate. The Compensation Committee acts pursuant to a written charter adopted by the Board. The charter is available on the Company's website at <http://investor.qualcomm.com/documentdisplay.cfm?DocumentID=462>. At the beginning of fiscal 2006, the Compensation Committee was composed of Messrs. Dittamore (Committee Chair) and Stern and Dr. Atkinson. General Scowcroft joined the Compensation Committee during the fiscal year. The Compensation Committee met five times during the 2006 fiscal year. All of the members of the Compensation Committee are independent directors within the meaning of Rule 4200 of the NASD and outside directors within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended.

*The Governance Committee.* The Governance Committee reviews, approves and oversees various corporate governance related policies and procedures applicable to the Company. The Committee also reviews and evaluates the effectiveness of the Company's executive development and succession planning processes, as well as provides active leadership and oversight with respect to these processes. In addition, the Committee evaluates and recommends nominees for membership on the Company's Board and its committees. The Governance Committee acts pursuant to a written charter adopted by the Board. The charter is available on the Company's website at <http://investor.qualcomm.com/documentdisplay.cfm?DocumentID=461>. At the beginning of fiscal 2006, the Governance Committee was

## **Table of Contents**

composed of Messrs. Stern (Committee Chair), Nelles and Sacerdote, Sir Donald Cruickshank, General Scowcroft, and Dr. Kahn. General Scowcroft, Dr. Kahn and Mr. Nelles were reassigned to other committees during the fiscal year. The Governance Committee met seven times during the 2006 fiscal year. All of the members of the Governance Committee are independent directors within the meaning of Rule 4200 of the NASD.

*The Finance Committee.* The Finance Committee reviews the Company's financial position, cash management, dividend and stock repurchase programs, securities issuances, acquisitions and other major strategic investment decisions. The Finance Committee acts pursuant to a written charter adopted by the Board. The charter is available on the Company's website at <http://investor.qualcomm.com/documentdisplay.cfm?DocumentID=464>. At the beginning of fiscal 2006, the Finance Committee was composed of Messrs. Sacerdote (Committee Chair) and Sulpizio, and Ambassador Dougan. During the fiscal year, Ms. Coffman and Mr. Nelles joined the Finance Committee. The Finance Committee met seven times during the 2006 fiscal year.

*The Strategic Committee.* The Strategic Committee monitors the development and implementation of the Company's business and research and development strategies. It works with management in identifying and developing Board focus on issues and recommendations which will further the Company's long and short term strategic planning. The Strategic Committee acts pursuant to a written charter adopted by the Board. The charter is available on the Company's website at <http://investor.qualcomm.com/documentdisplay.cfm?DocumentID=465>. At the beginning of fiscal 2006, the Strategic Committee was composed of Ambassador Dougan (Committee Chair), Drs. Irwin Mark Jacobs and Kahn, Mr. Sulpizio and General Scowcroft. During the year, Dr. Irwin Mark Jacobs became Committee Chair and Dr. Paul E. Jacobs joined the Strategic Committee. The Strategic Committee met four times during the 2006 fiscal year.

During the fiscal year ended September 24, 2006, each Board member attended at least 75% of the aggregate of the meetings of the Board, and of the committees on which he or she served, held during the period for which he or she was a Board or Committee member, respectively.

## **Director Nominations**

The Company's Bylaws contain provisions which address the process by which a stockholder may nominate an individual to stand for election to the Board at the Company's annual meeting of stockholders. The Board has also adopted a formal policy concerning stockholder recommendations of Board candidates to the Governance Committee. This policy is set forth in the Company's Corporate Governance Principles and Practices, which is available on the Company's website at <http://investor.qualcomm.com/documentdisplay.cfm?DocumentID=460>. Under this policy the Governance Committee will review a reasonable number of candidates recommended by a single stockholder who has held over 1% of the Company's stock for over one year and who satisfies the notice, information and consent requirements set forth in the Company's Bylaws. To recommend a nominee for election to the Board, a stockholder must submit his or her recommendation to the Corporate Secretary at the Company's corporate offices at 5775 Morehouse Drive, N-510F, San Diego, California 92121-1714. A stockholder's recommendation must be received by the Company prior to the date set forth above under Stockholder Proposals. A stockholder's recommendation must be accompanied by the information with respect to stockholder nominees as specified in the bylaws, including among other things, the name, age, address and occupation of the recommended person, the proposing stockholder's name and address and the number of shares beneficially owned by the stockholder. The proposing stockholder must also provide evidence of owning the requisite shares of Company stock for over one year. Candidates so recommended will be reviewed using the same process and standards for reviewing Governance Committee recommended candidates.

In evaluating director nominees, the Governance Committee considers the following factors:

the appropriate size of the Board;

the needs of the Company with respect to the particular talents and experience of its directors;

the knowledge, skills and experience of nominees, including experience in technology, business, finance, administration or public service, in light of prevailing business conditions and the knowledge, skills and experience already possessed by other members of the Board;

familiarity with national and international business matters;

**Table of Contents**

experience in political affairs;

experience with accounting rules and practices;

appreciation of the relationship of the Company's business to the changing needs of society;

the nominee's other commitments, including the other boards on which a nominee serves; and

the desire to balance the considerable benefit of continuity with the periodic injection of the fresh perspective provided by new members.

The Governance Committee's goal is to assemble a Board that brings to the Company a variety of perspectives and skills derived from high quality business and professional experience. In doing so, the Governance Committee also considers candidates with appropriate non-business backgrounds.

Other than the foregoing there are no stated minimum criteria for director nominees, although the Governance Committee may also consider such other factors as it may deem are in the best interests of the Company and its stockholders. The Governance Committee does, however, believe it appropriate for at least one, and preferably several, members of the Board to meet the criteria for an audit committee financial expert as defined by SEC rules, and that a majority of the members of the Board meet the definition of independent director under NASD rules. The Governance Committee also believes it is in the stockholders' best interest for certain key members of the Company's current and former management to participate as members of the Board.

The Governance Committee identifies nominees by first evaluating the current members of the Board willing to continue in service. Current members of the Board with skills and experience that are relevant to the Company's business and who are willing to continue in service are considered for re-nomination, balancing the value of continuity of service by existing members of the Board with that of obtaining a new perspective. If any member of the Board does not wish to continue in service or if the Governance Committee or the Board decides not to re-nominate a member for re-election, the Governance Committee identifies the desired skills and experience of a new nominee based on the criteria above. Current members of the Governance Committee and Board are polled for suggestions as to individuals meeting the criteria of the Governance Committee. Research may also be performed to identify qualified individuals. The Company has, in the past, engaged a third party to identify and evaluate potential nominees.

**Majority Voting, Stock Ownership Guidelines and Other Matters**

The Company has also adopted a Majority Voting policy as a part of its Corporate Governance Principles and Practices. Under this policy, if a director receives in an uncontested election a greater number of withhold votes than votes cast for his or her election, the Governance Committee will undertake a prompt evaluation of the appropriateness of the director's continued service on the Board. In performing this evaluation, the Governance Committee will review all factors it deems relevant, including the stated reasons why votes were withheld, the director's length of service, his or her past contributions to the Company and the availability of other qualified candidates. The Governance Committee will then make its recommendation to the Board. The Board will review the Governance Committee's recommendation and consider such further factors and information as it deems relevant. Under this policy, the Governance Committee will make its recommendation and the Board will act on the Governance Committee's recommendation no later than 90 days following the date of the stockholders' meeting. If the Board determines remedial action is appropriate, the director shall promptly take whatever action is requested by the Board. If the director does not promptly take the recommended remedial action or if the Board determines that immediate resignation is in the best interests of the Company and its stockholders, the director shall promptly tender

his or her resignation upon request from the Board. The Company will publicly disclose the Board's decision within four business days by filing a Current Report on Form 8-K with the SEC, providing an explanation of the process by which the decision was reached, and, if applicable, the reason for not requesting the director's resignation. The director in question will not participate in the Governance Committee's or the Board's analysis.

The Company has adopted stock ownership guidelines for its non-employee directors and executive officers to help ensure that they each maintain an equity stake in the Company, and by doing so, appropriately link their interests with those of the other stockholders. The guideline for executive officers is based on a multiple of the executive's base salary, ranging from two to five times, with the size of the multiple based on the individual's



## **Table of Contents**

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

## **Communications with Directors**

The Company has adopted a formal process for stockholder communications with the Board. This process is also set forth in the Company's Corporate Governance Principles and Practices. Stockholders who wish to communicate to the Board should do so in writing to the following address:

[Name of Director(s) or Board of Directors]  
QUALCOMM Incorporated  
Attn: General Counsel  
5775 Morehouse Drive, N-510F  
San Diego, California 92121-1714

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

## **Annual Meeting Attendance**

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

## **Director Independence**

The Board has determined that, except as noted below, all of the members of the Board are independent directors within the meaning of Rule 4200 of the NASD. Dr. Irwin Mark Jacobs and Dr. Paul E. Jacobs are not considered independent because both are employed by the Company as executive officers, and Dr. Irwin Mark Jacobs' son and Dr. Paul E. Jacobs' brother Jeffrey A. Jacobs is the President of QUALCOMM Global Development and an executive officer. Mr. Richard Sulpizio is not considered independent because of his recent employment relationships with the Company and its subsidiary, MediaFLO USA, Inc.

## **PROPOSAL 2**

### **RATIFICATION OF SELECTION OF INDEPENDENT ACCOUNTANTS**

The Audit Committee of the Board has selected PricewaterhouseCoopers LLP as the Company's independent accountants for the fiscal year ending September 30, 2007, and the Board has directed that management submit the selection of independent accountants for ratification by the stockholders at the Annual Meeting.

PricewaterhouseCoopers LLP has audited the Company's consolidated financial statements since the Company commenced operations in 1985. Representatives of PricewaterhouseCoopers LLP are expected to be present at the Annual Meeting, will have an opportunity to make a statement if they so desire and will be available to respond to

appropriate questions.

Stockholder ratification of the selection of PricewaterhouseCoopers LLP as the Company's independent accountants is not required by the Company's Bylaws or otherwise. However, the Board is submitting the selection of PricewaterhouseCoopers LLP to the stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify the selection, the Audit Committee will reconsider whether or not to retain that firm. Even if the selection is ratified, the Audit Committee in its discretion may direct the appointment of a different

**Table of Contents**

independent accounting firm at any time during the year if it determines that such a change would be in the best interests of the Company and its stockholders.

**Fees for Professional Services**

The following table presents fees for professional services rendered by PricewaterhouseCoopers LLP for the audit of the Company's annual financial statements for the years ended September 24, 2006 and September 25, 2005 and fees for other services rendered by PricewaterhouseCoopers LLP during those periods. Certain prior year amounts have been reclassified to conform to the current year presentation.

	<b>Fiscal 2006</b>	<b>Fiscal 2005</b>
Audit Fees(1)	\$ 4,204,000	\$ 3,513,000
Audit-Related Fees(2)	1,539,000	1,209,000
Tax Fees		
All Other Fees(3)	6,000	6,000
<b>Total</b>	<b>\$ 5,749,000</b>	<b>\$ 4,728,000</b>

- (1) Audit Fees consist of fees for professional services rendered for the audit of the Company's consolidated annual financial statements and review of the interim consolidated financial statements included in quarterly reports and services that are normally provided by PricewaterhouseCoopers LLP in connection with statutory and regulatory filings or engagements. Audit fees also include fees for professional services rendered for the audits of (i) management's assessment of the effectiveness of internal control over financial reporting and (ii) the effectiveness of internal control over financial reporting.
- (2) Audit-Related Fees consist of fees for assurance and related services that are reasonably related to the performance of the audit or review of the Company's consolidated financial statements and are not reported under Audit Fees. This category includes fees principally related to licensee contract compliance.
- (3) All Other Fees consist of fees for products and services other than the services reported above. These services include fees related to technical publications purchased from the independent accountant.

Fees for accounting services rendered by other professional service firms during fiscal 2006 and 2005 were \$6,391,000 and \$5,337,000, respectively.

**Policy on Audit Committee Pre-Approval of Audit and Non-Audit Services of Independent Accountant**

The Audit Committee's policy is to pre-approve all audit and non-audit services provided by the independent accountants. These services may include audit services, audit-related services, tax fees, and other services. Pre-approval is generally provided for up to one year and any pre-approval is detailed as to the particular service or category of services and is subject to a specific budget. The Au