



05

## Q1 FY05 Earnings January 19, 2005

QUALCOMM Incorporated is a leading developer and supplier of digital wireless communications products and services and is the innovator of CDMA, a technology that has become the world standard for the wireless communications industry.

## Safe Harbor

**Before we proceed with our presentation, we would like to point out that the following discussion will contain forward-looking statements from industry consultants, QUALCOMM, and others regarding potential market size, market shares, and other factors which inherently involve risks and uncertainties.**

**These and other risks and uncertainties relating to QUALCOMM's business are outlined in detail in our most recent 10-Q and 10-K forms filed with the Securities and Exchange Commission.**

**Please consult those documents for a more complete understanding of these risks and uncertainties.**

**This presentation may include a discussion of "non-GAAP financial measures" as that term is defined in Regulation G. The most directly comparable GAAP financial measures and information reconciling these non-GAAP financial measures to the company's financial results prepared in accordance with GAAP have been posted on the company's Investor Relations web site at**

**<http://www.qualcomm.com/IR/>**

# Q1 FY05 December Quarter Guidance Point Comparison

|   | <u>Guidance</u><br>(as of Dec 21, 2004) | <u>Q1'05</u><br><u>Dec 2004</u><br><u>Results</u> |
|---|---|---|
| 3G MSM phone chips<br>CDMA2000 1X, 1xEV-DO, WCDMA | 39M est. high-end                       | 39M   |
| CDMA/WCDMA handsets shipped                       | 40M est. (Sep qtr*)                     | 40M (Sep qtr*)                                    |
| CDMA/WCDMA handset ASP                            | \$212 est. (Sep qtr*)                   | \$212 (Sep qtr*)                                  |
| QUALCOMM Excluding QSI<br>Revenues                | \$1.4B est. high-end                    | \$1.4B  |
| EPS   | \$0.26 - \$0.27 est.                    | \$0.28  |
| Total QUALCOMM<br>GAAP revenues                   | \$1.4B est. high-end                    | \$1.4B  |
| GAAP EPS  | \$0.26 - \$0.27 est.                    | \$0.30  |

\*Royalties are recognized when reported, one quarter following shipment.

Please refer to <http://www.qualcomm.com/ir/index.html> for current and prior period reconciliations

# Quarterly Results and Guidance

## *As of January 19, 2005 Earnings Release*

|   | <b>Q1'04*</b><br><b>Dec 2003</b><br><b><u>Results</u></b> | <b>Q1'05</b><br><b>Dec 2004</b><br><b><u>Results</u></b> | <b>Q2'05</b><br><b>Mar 2005</b><br><b><u>Sequential Guidance</u></b> |
|---|---|--|--|
| <b>3G MSM phone chips</b><br><b>CDMA2000 1X, 1xEV-DO, WCDMA</b> | <b>32M</b>  | <b>39M</b>   | <b>35M - 37M est.</b>  |
| <b>Worldwide CDMA/WCDMA handsets</b>                            | <b>31M (Sep)</b>  | <b>40M (Sep)</b>   | <b>46M - 49M (Dec est.)</b>  |
| <b>QUALCOMM Excluding QSI</b>                                   |   |  |  |
| <b>Revenues</b>   | <b>\$1,153M</b>   | <b>\$1,390M</b>  | <b>\$1.35B - \$1.45B est.</b>  |
| <b>EPS</b>  | <b>\$0.24</b>   | <b>\$0.28</b>  | <b>\$0.25 - \$0.27 est.</b>  |
| <b>Total QUALCOMM</b>   |   |  |  |
| <b>GAAP Revenues</b>  | <b>\$1,207</b>  | <b>\$1,390</b>   | <b>\$1.35B - \$1.45B est.</b>  |
| <b>GAAP EPS</b>   | <b>\$0.21</b>   | <b>\$0.30</b>  | <b>\$0.24 - \$0.26 est.</b>  |

\*Note: Results as if the “new method” of recording royalties, as reported by licensees, had been in effect for fiscal year 2003 and 2004.

Please refer to <http://www.qualcomm.com/ir/index.html> for current and prior period reconciliations

# FY05 Guidance Point Comparison

|   | <u>Guidance</u><br>(as of Nov 3, 2004)                      | <u>Updated Guidance</u><br>(as of Jan. 19, 2005) |
|---|---|--|
| 3G MSM phone chips<br>CDMA2000 1X, 1xEV-DO, WCDMA     | Not provided  | Not provided                                     |
| CDMA/WCDMA handsets shipped<br>CDMA/WCDMA handset ASP | 223M midpoint (Jan'05-Dec'05)<br>\$215 est. (Jul'04-Jun'05) | 223M midpoint est.<br>\$215 est.                 |
| QUALCOMM Excluding QSI<br>Revenues<br>EPS             | 16 - 26% increase*<br>\$1.15 - \$1.19                       | 16 - 26% increase* est.<br>\$1.16 - \$1.20 est.  |
| Total QUALCOMM<br>GAAP revenues<br>GAAP EPS           | 18 - 29% seq. increase<br>\$1.12 - \$1.16                   | 18 - 29% increase est.<br>\$1.15 - \$1.19        |

\*Comparison based on fiscal 2004 results assuming applications of the new method of recording royalties, as reported by licensees.

Please refer to <http://www.qualcomm.com/ir/index.html> for current and 2004 reconciliations

# Fiscal Year Results and Guidance

## *As of January 19, 2005 Earnings Release*

|   | <b><u>FY'03*</u></b><br><b><u>Results</u></b> | <b><u>FY'04*</u></b><br><b><u>Results</u></b> | <b><u>FY'05</u></b><br><b><u>Sequential Guidance</u></b> |
|---|---|---|--|
| Total MSM phone chips                             | 99M   | 137M  | Not provided   |
| 3G MSM phone chips<br>CDMA2000 1X, 1xEV-DO, WCDMA | 90M   | 137M  | Not provided   |
| QUALCOMM Excluding QSI**                          |   |   |  |
| New Method Revenues                               | \$3,845M                                      | \$5,031M                                      | \$5.8B - \$6.3B  |
| New Method EPS                                    | \$0.71  | \$1.07  | \$1.16 - \$1.20  |
| Total QUALCOMM                                    |   |   |  |
| GAAP Revenues                                     | \$3,847M                                      | \$4,880M                                      | \$5.8B - \$6.3B  |
| GAAP EPS  | \$0.51  | \$1.03  | \$1.15 - \$1.19  |

\*Royalties are recognized when reported, one quarter following shipment.

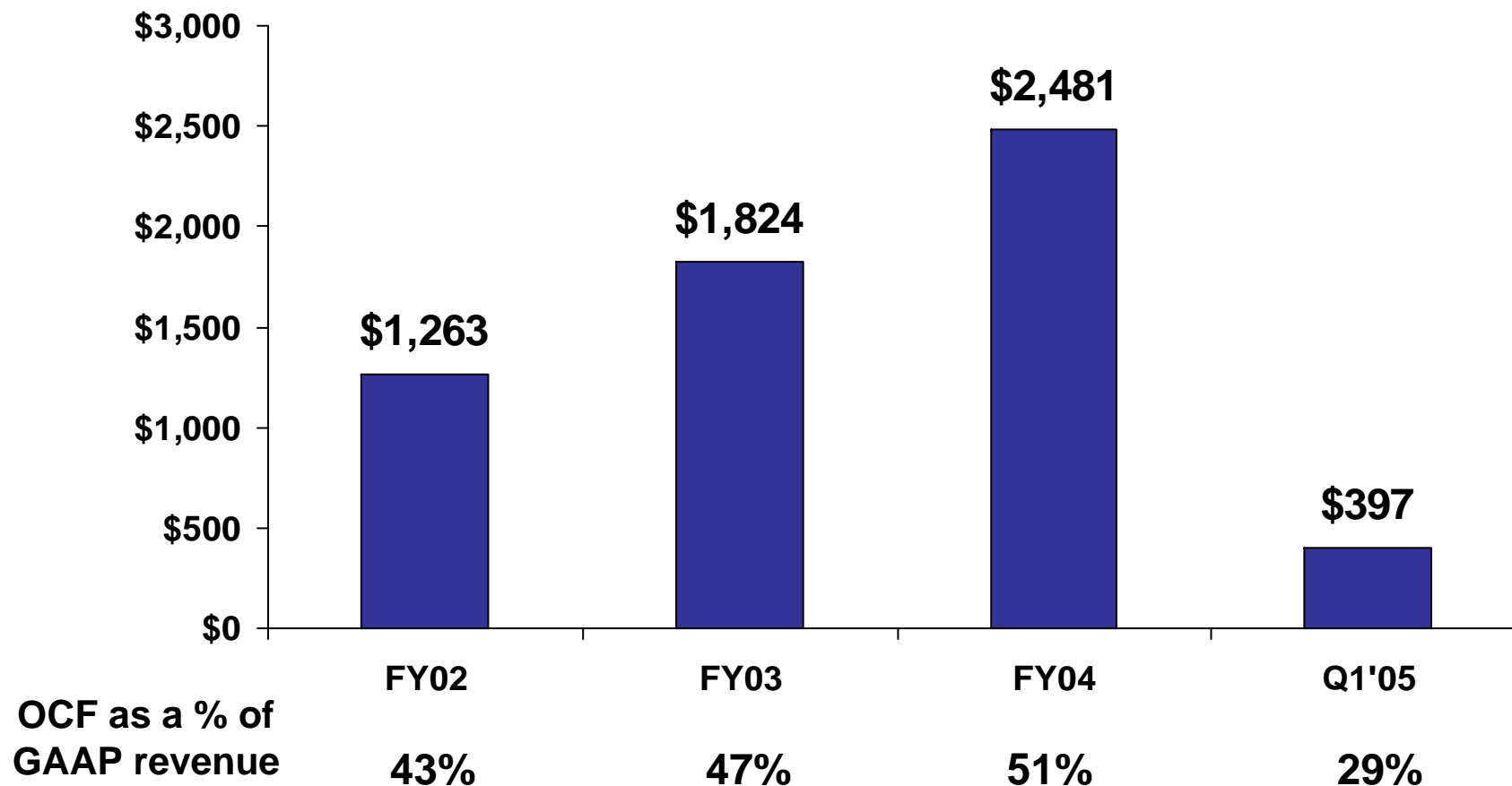
\*\*Adjusted for the reorganization of MediaFLO into the QSI segment during Q1 FY05. 2004 results have been adjusted to conform to new segment presentation

Please refer to <http://www.qualcomm.com/ir/index.html> for current and prior period reconciliations

# Balance Sheet

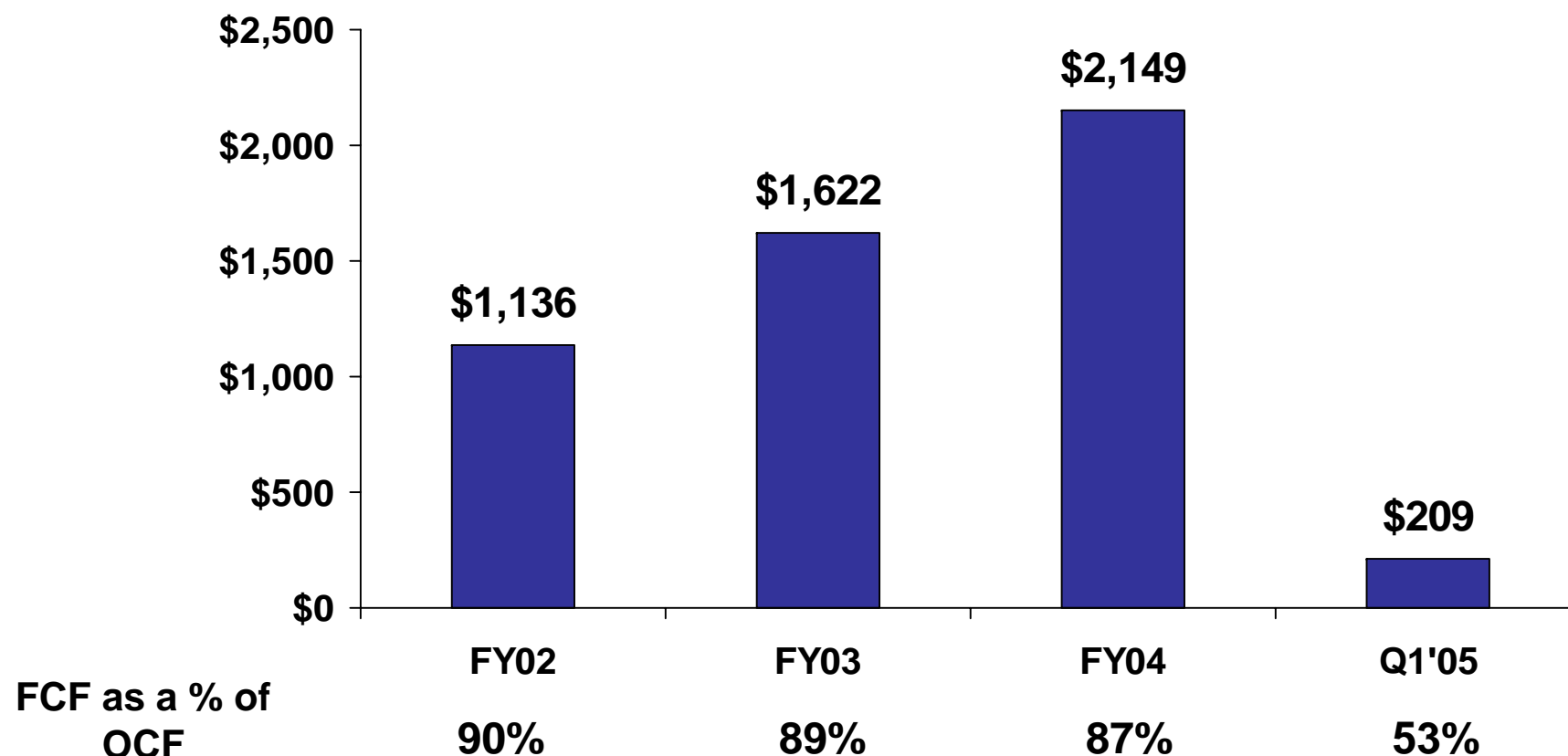
| (\$Billions)                                      | <u>Dec<br/>2003</u> | <u>Dec<br/>2004</u> |
|---|---------------------|---------------------|
| Cash & Marketable Securities                      | \$5.9B              | \$8.0B              |
| Receivables, Inventory                            | \$0.7               | \$0.8               |
| Fixed Assets & Goodwill                           | \$0.9               | \$1.3               |
| Deferred Tax Assets & Other                       | \$1.5               | \$1.5               |
| <b>Total Assets</b>                               | <b>\$9.0</b>        | <b>\$11.6</b>       |
| <b>Total Liabilities</b>                          | <b>\$1.1</b>        | <b>\$1.3</b>        |
| <b>Stockholder Equity</b>                         | <b>\$7.9</b>        | <b>\$10.3</b>       |
| <b>Total Liabilities &amp; Stockholder Equity</b> | <b>\$9.0B</b>       | <b>\$11.6B</b>      |

## Operating Cash Flow (OCF) Trends (Millions)



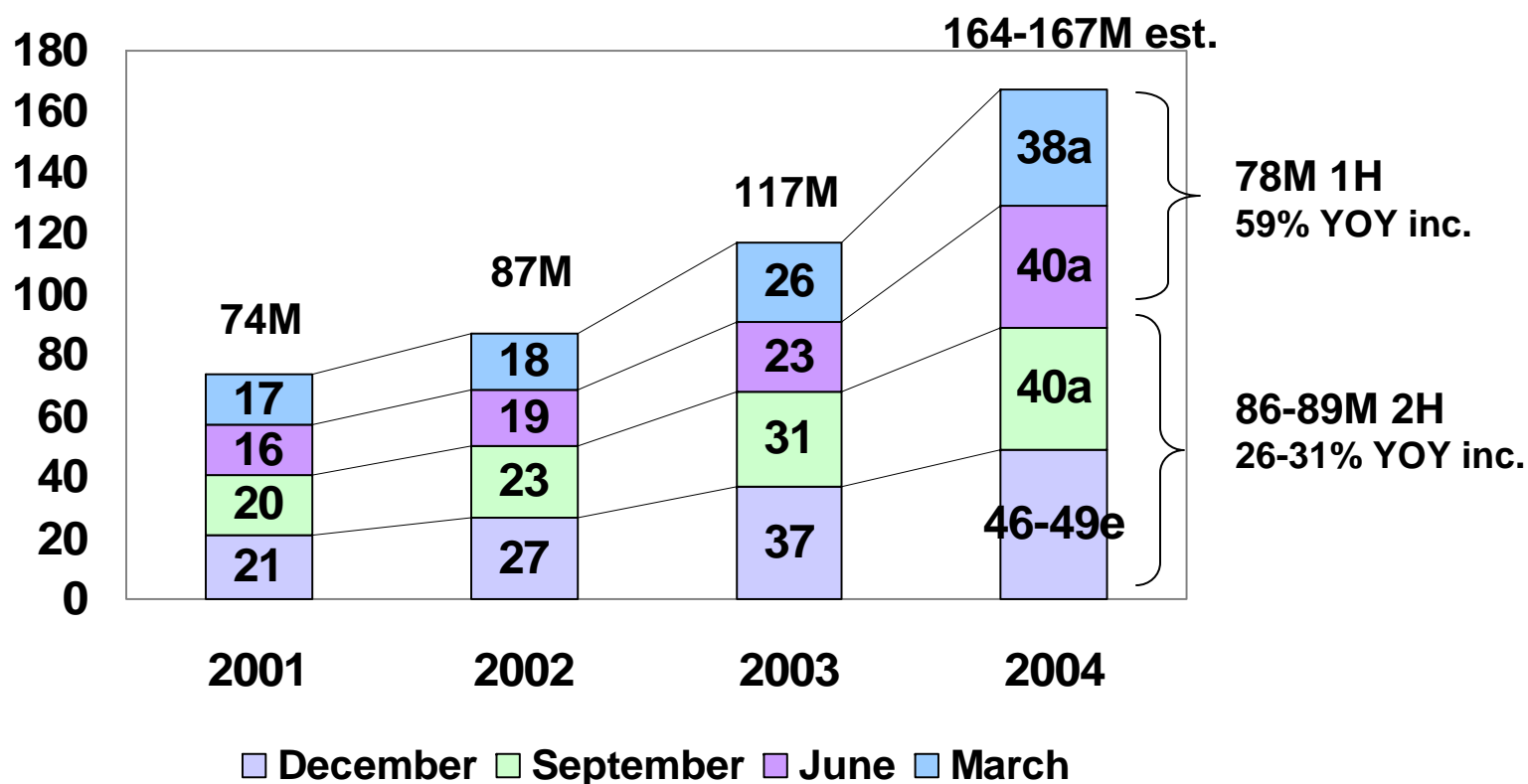


## Free Cash Flow\* (FCF) Trends (Millions)



\*Free Cash Flow is calculated as cash flow from operations less capital expenditures, both of which are presented in the GAAP statement of cash flows.

# Worldwide CDMA and WCDMA Phone Shipments by Calendar Quarter



Note: MSM units and handsets shipped per quarter will fluctuate due to various lead times for different operators, handset manufacturers and handset models. Inventory supply strategies will also impact quarterly trends.

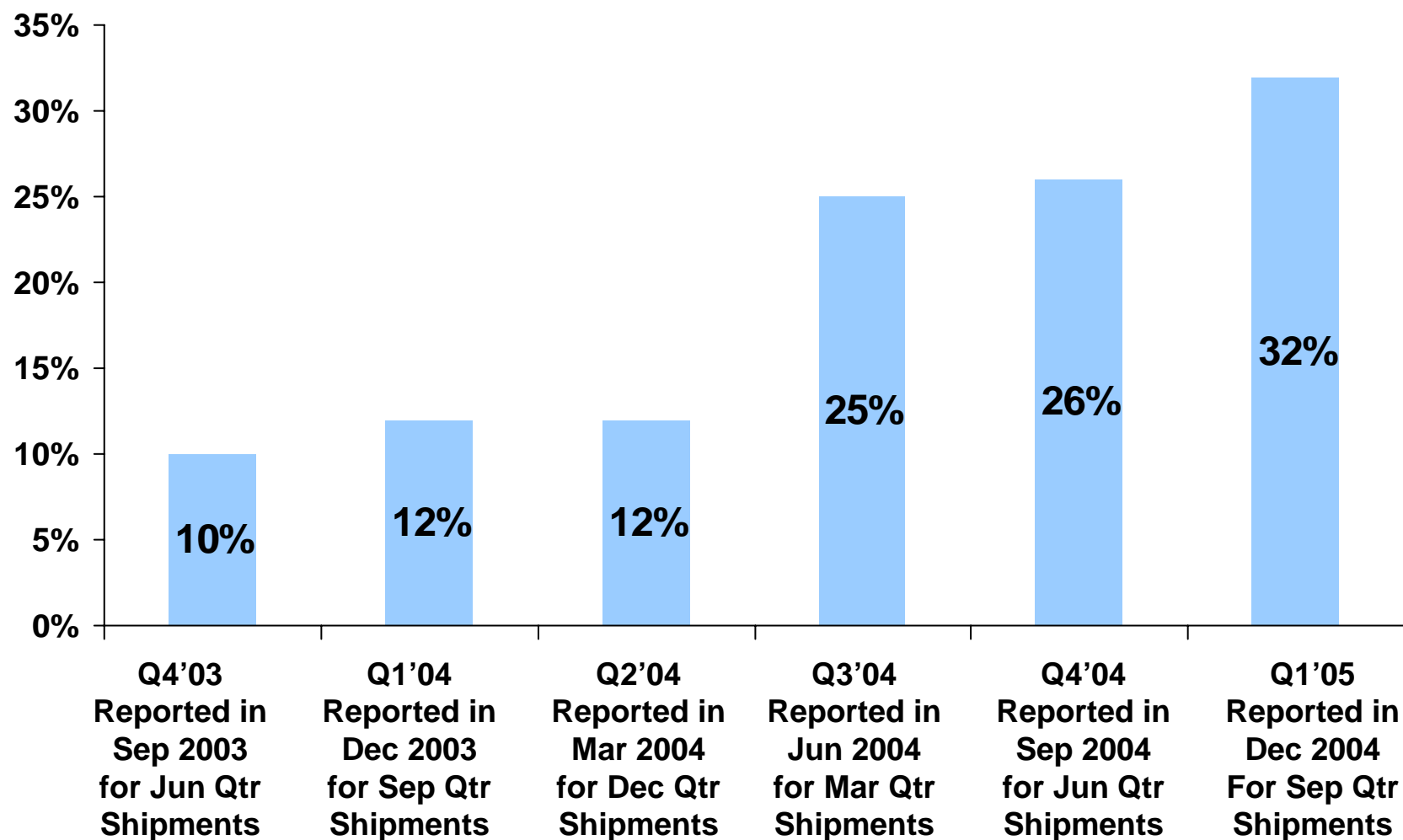
# Quarterly CDMA/WCDMA Handset Shipments and ASP Trend

|                   | <u>Jun'02</u> | <u>Sep'02</u> | <u>Dec'02</u> | <u>Mar'03</u> | <u>Jun'03</u> | <u>Sep'03</u> | <u>Dec'03</u> | <u>Mar'04</u> | <u>Jun'04</u> | <u>Sep'04</u> | <u>Dec'04</u> |
|-------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Handset shipments | 19            | 23            | 27            | 26            | 23            | 31            | 37            | 38            | 40            | 40            | 46-49e        |
| Fiscal Year*      | 78            |               |               |               | 99            |               |               |               | 146           |               |               |
| Calendar Year     |               |               | 87            |               |               |               | 117           |               |               |               | 164-167e      |
| Handset ASP       | \$202         | \$190         | \$197         | \$190         | \$193         | \$194         | \$188         | \$225         | \$212         | \$212         | \$214e        |
| Fiscal Year*      | \$194         |               |               |               | \$192         |               |               |               | \$205         |               |               |

- Quarterly CDMA/WCDMA handset shipments (Millions of units)
- Quarterly Average Selling Price (ASP)
- Fiscal Year Average Selling Price (ASP)

\*Shipments from September to June quarters are reported by licensees in December to September, QUALCOMM's Fiscal Year.

# Percentage of Royalties from WCDMA products

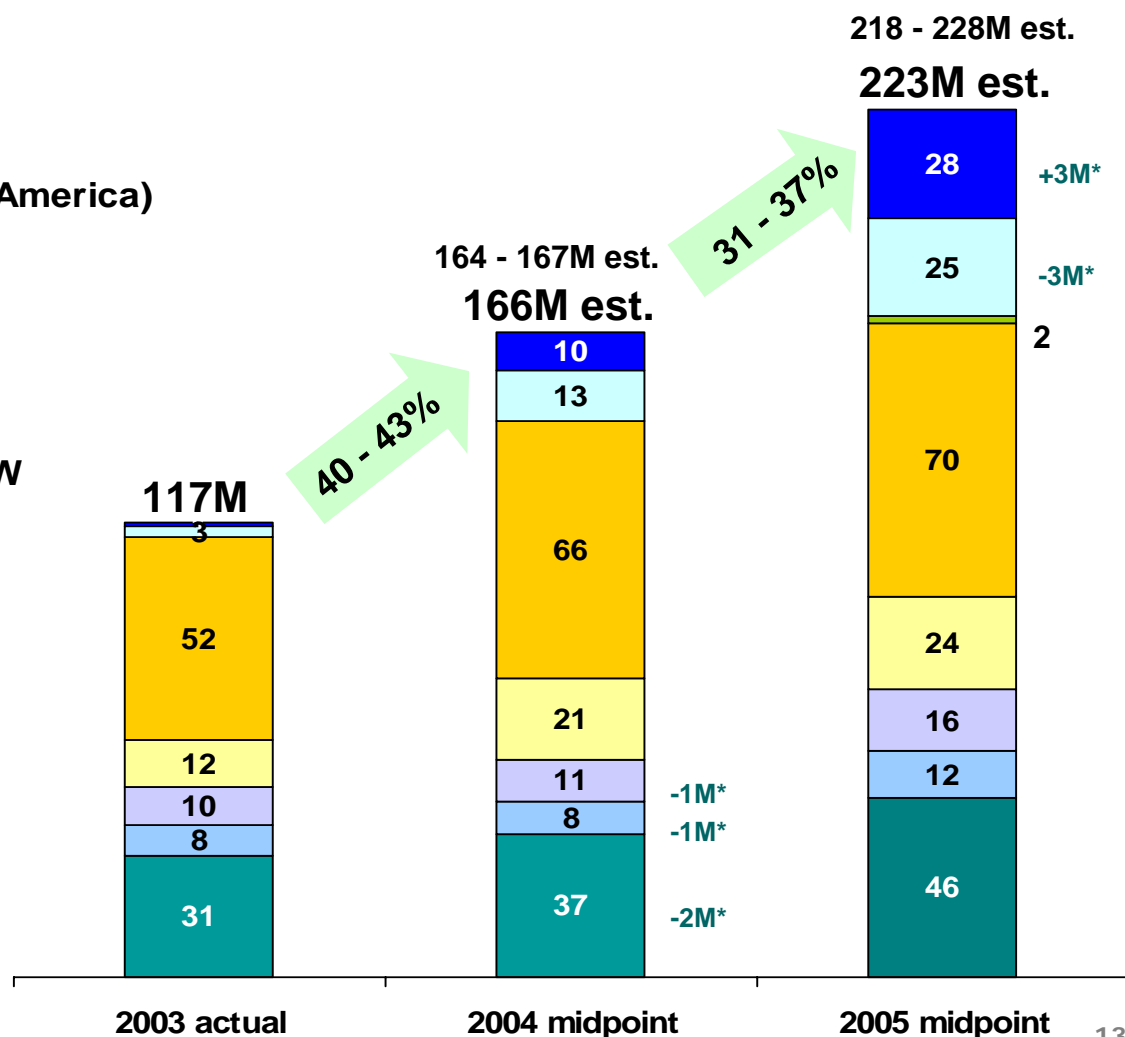


# CDMA/WCDMA Handset Shipments – Calendar Year (Millions)

*Shipped by Licensed CDMA Handset Manufacturers, Guidance as of January 19, 2005*

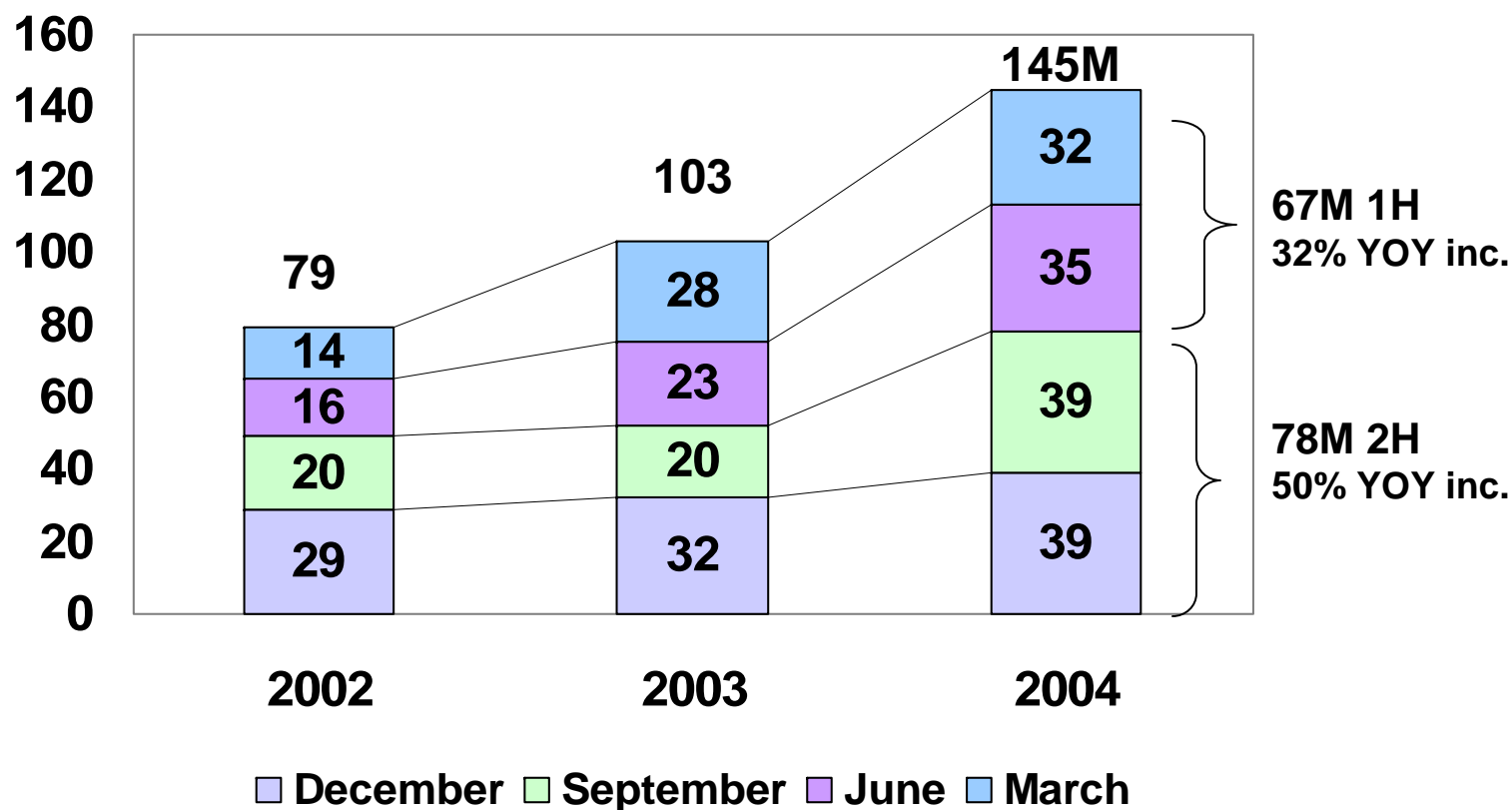
- WCDMA Europe
- WCDMA Asia
- WCDMA ROW (Includes North America)
- CDMA North America
- CDMA Latin America
- CDMA China
- CDMA India
- CDMA Korea, Japan, SEA, ROW

Regional handset shipment estimates include data devices, telematics, security devices and some quantity of channel inventory



\*Change from prior guidance

## CDMA and WCDMA QUALCOMM MSM Units Shipped by Calendar Quarter



Note: MSM units and handsets shipped per quarter will fluctuate due to various lead times for different operators, handset manufacturers and handset models. Inventory supply strategies will also impact quarterly trends.

## EV-DO

### Gold Multicast

#### *Software upgrade*

- Rel. 0 or Rev. A
- Leverage DO capabilities
- One to many delivery of multimedia in wireless systems

## EV-DO

### Platinum

#### Multicast

#### *Evolution of EV-DO standard*

- Uses CDMA and OFDM waveforms
- Increased throughput for one to many delivery of multimedia in wireless systems

### EV-DO Rev A

#### *Revision A of EV-DO Standard*

- 3.1Mbps peak forward link
- 1.8Mbps peak reverse link
- Higher system capacity
- Increased support for low latency applications

### MediaFLO MDS

#### *MediaFLO Media Distribution System*

- Air interface independent
- Client-Server mobile multimedia solution
- Supports network scheduled clip-casting and streaming media
- Distributes content securely across multiple networks (Unicast to Multicast evolution)
- Enables efficient use of off peak network capacity
- Integrated operator billing
- Content Protection

### FLO Technology

#### *New airlink technology*

- Purpose built for mobile reception of multicast content
- Optimized power consumption and rapid channel acquisition times
- Drastically lower cost per bit vs. wireless networks
- Capacity for broad range of streaming and clip-cast content
- Wide area and local area content support
- Uses existing cellular network for reverse link
- Provides BREW or web interactivity

### MediaFLO USA

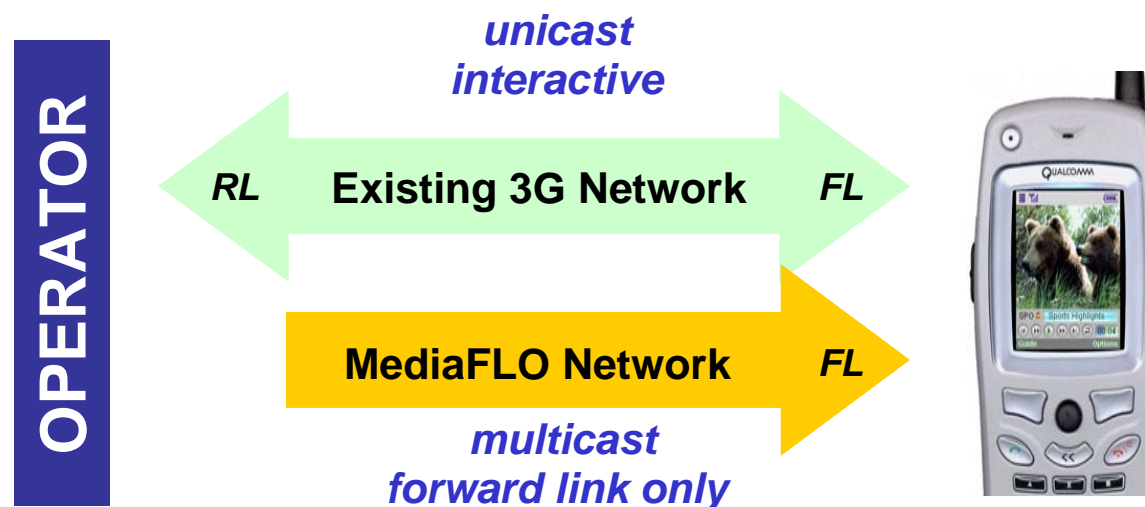
#### *Subsidiary of QUALCOMM*

- Wireless multimedia network operator
- Nationwide 700MHz footprint
- Relatively low investment
- Complementary shared resource for existing wireless operators
- Procure and aggregate common content
- Superior efficiencies vs. traditional wireless networks

# MediaFLO™ USA – A New QUALCOMM Subsidiary

*A Nationwide, Shared Multimedia Resource for U.S. CDMA2000 and WCDMA Operators*

*Complementary to Operator's 3G Networks*



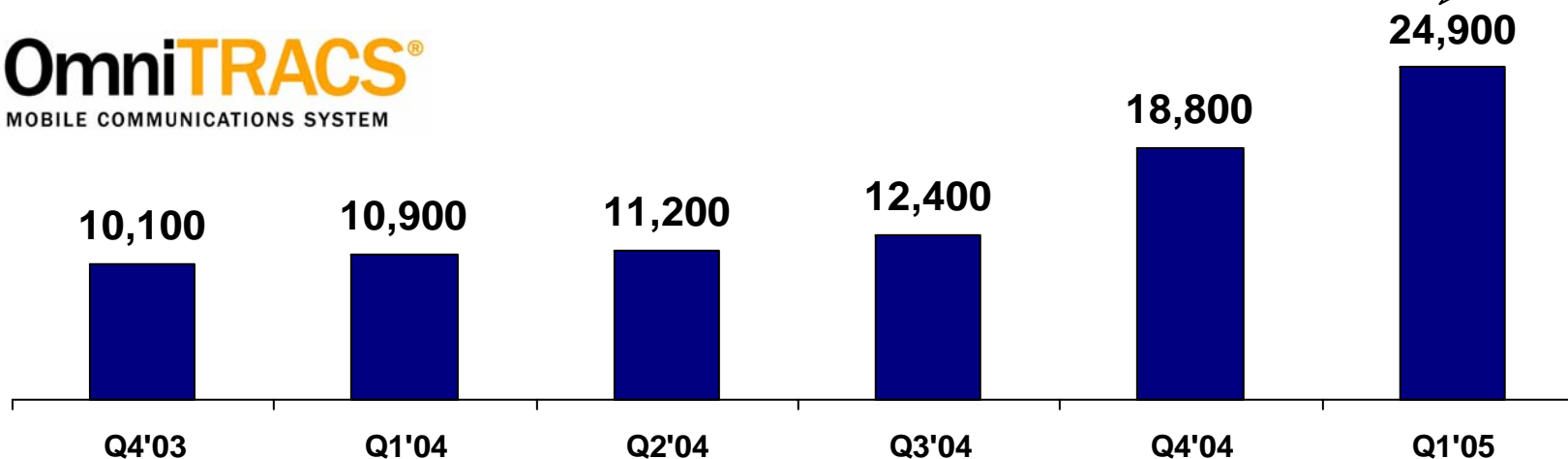
- New “mediacast” network for high quality video and audio
- Multiple channels of content leveraging benefits of FLO technology
- Accelerate the adoption of multimedia on wireless devices
- Cost-effective delivery of multimedia content via “mediacast” network
- Consumer access mobile, “TV like” services at mass market price points



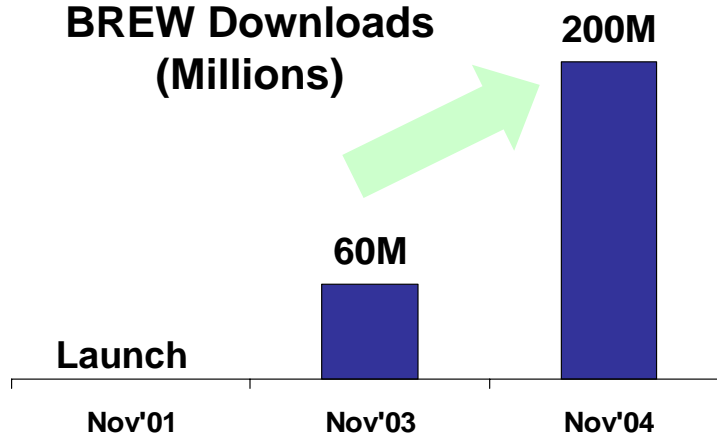
## QWI Results for Q105

OmniTRACS Units Cumulative: 567,000 (Fiscal Quarters)

**OmniTRACS®**  
MOBILE COMMUNICATIONS SYSTEM



**BREW Downloads  
(Millions)**



Third party publishers and developers have earned more than **\$200M** in sales of BREW-based apps

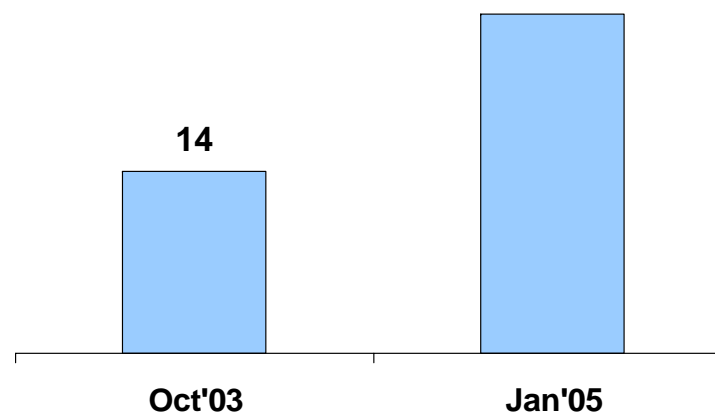
# QUALCOMM Supports WCDMA, HSDPA

## WCDMA QUALCOMM-based Chipset Solutions



\*Note: Engineering sample dates

## WCDMA QUALCOMM Chipset Customer Wins



Top 6  
Global  
Handset  
Vendors  
by Market  
Share

Nokia  
Motorola  
**Samsung**  
**Siemens**  
Sony Ericsson  
**LG**

3 of the top 6 vendors  
are QUALCOMM WCDMA customers

## 16 Announced Customers

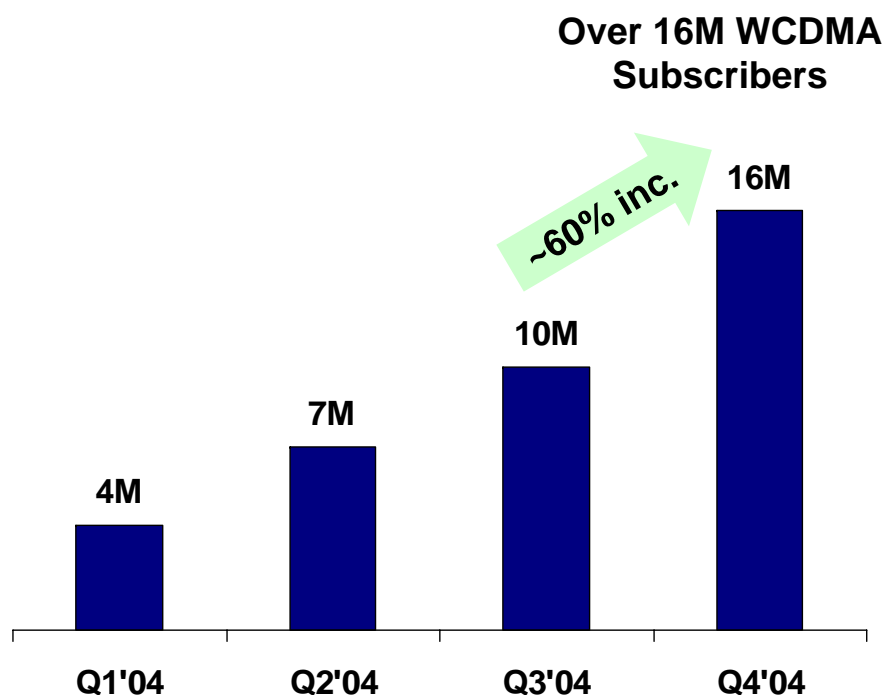


Source: Strategy Analytics, LG and Samsung Moving Up-Global Growth Increases 25% to 168M units, October 25, 2004; 3gtoday.com

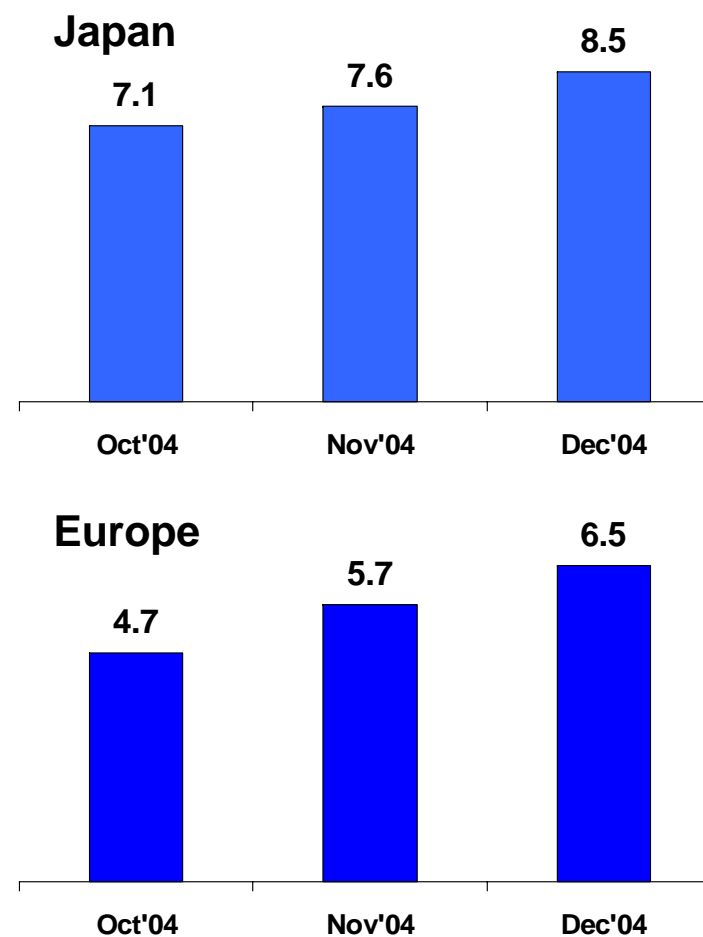
# 3G WCDMA Market Growing Rapidly

*Over 100 WCDMA Devices Available on More Than 60 Networks as of January 2005*

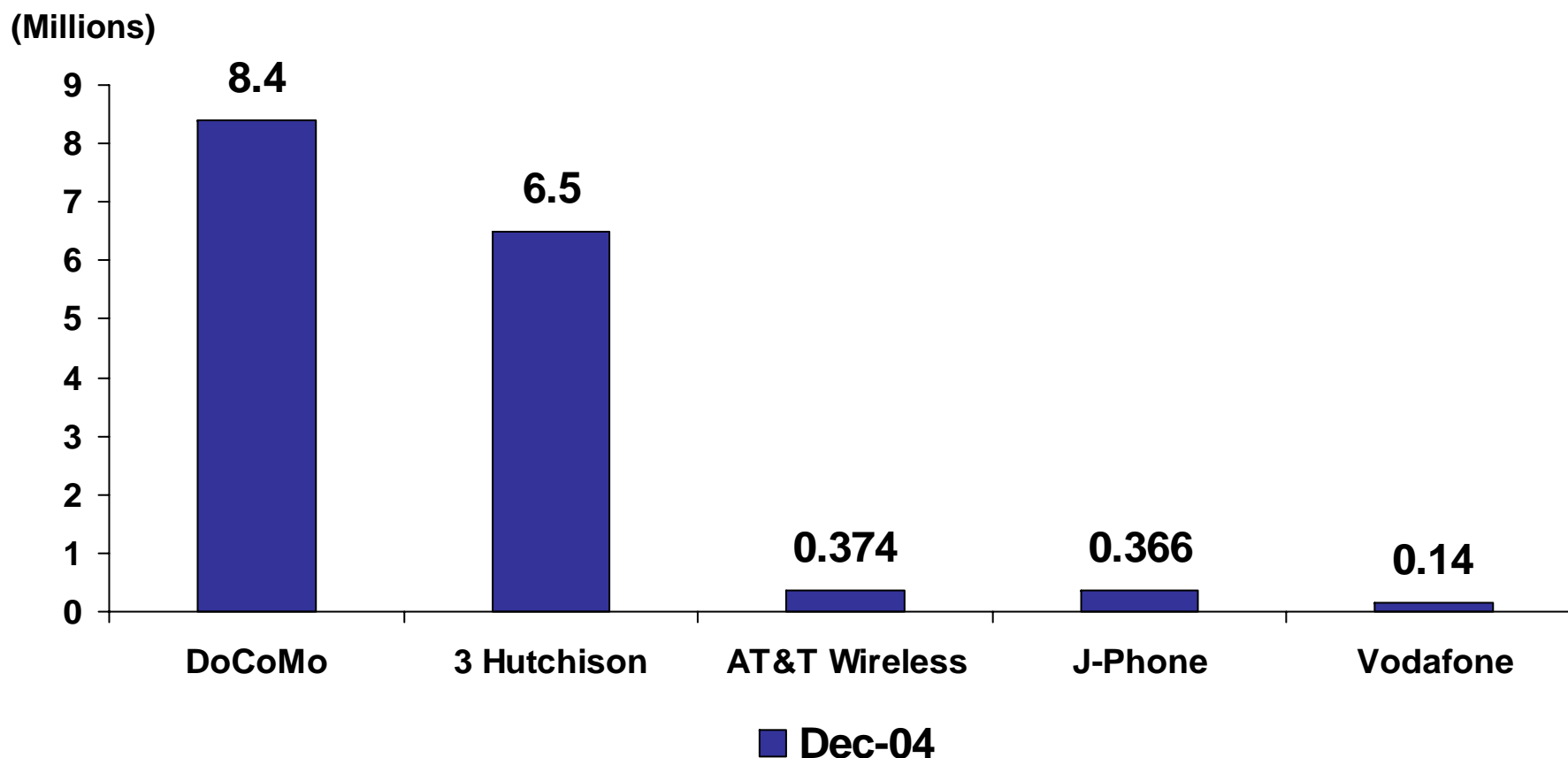
Total WCDMA Subscribers (Millions)



WCDMA Subscribers Cum (Millions)



# **Top 5 WCDMA Operators by Subscribers** *16M Total WCDMA Subscribers as of December 2004*



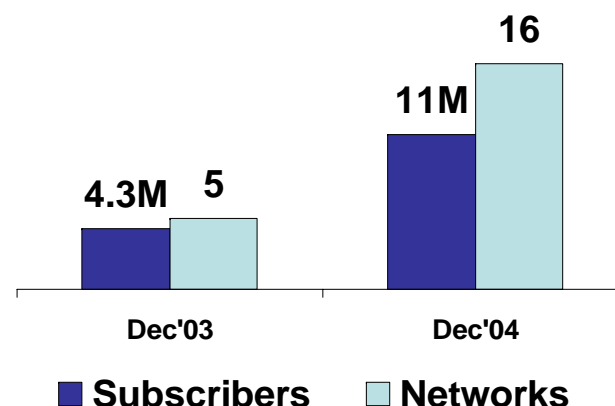
# CDMA2000 1xEV-DO Wireless Broadband Expanding Rapidly Over 60 Different Commercial Devices, Over 11 Million Subscribers on 16 Networks as of December 2004

## New Launches Coming Shortly

North America: ALLTEL, Sprint, Ubiquitel,  
Bermuda Digital Comm.

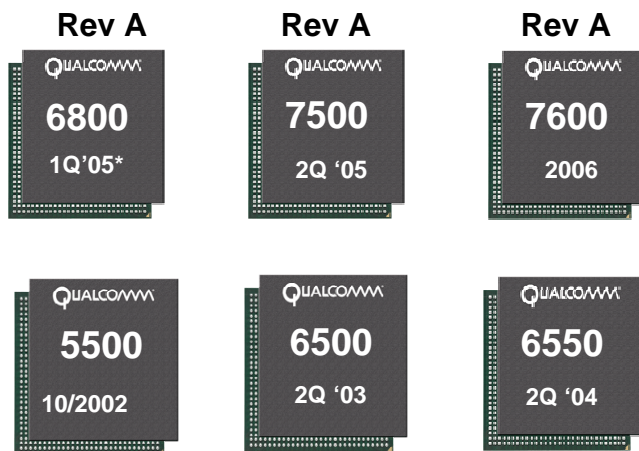
Asia: Hutch Cat, Telkom Indonesia

South America: Bell, Alegro PCS



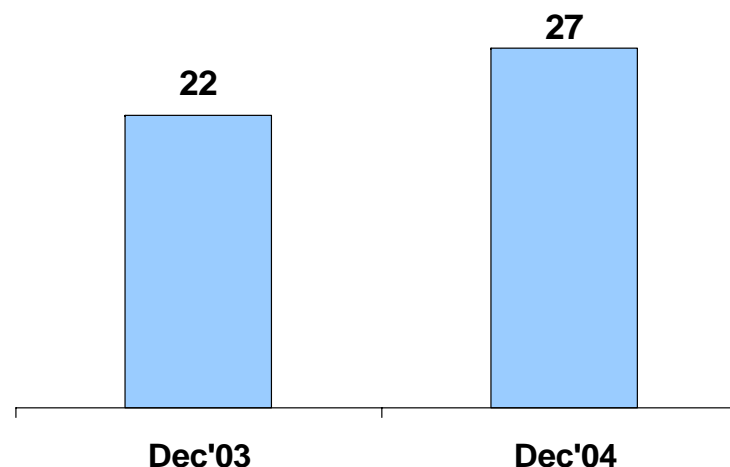
# QUALCOMM Supports CDMA2000 1xEV-DO, Rev A

## EV-DO QUALCOMM-based Chipset Solutions



\*Note: Engineering sample dates

## EV-DO QUALCOMM Chipset Customer Wins



## Recent EV-DO Announcements

- Verizon Wireless announces 3 new EV-DO handsets, and expansion of 12 additional markets to 32 total
- Sierra Wireless expands its CDMA 1xEV-DO product line with new EM5625 embedded module
- Sprint Nextel merger



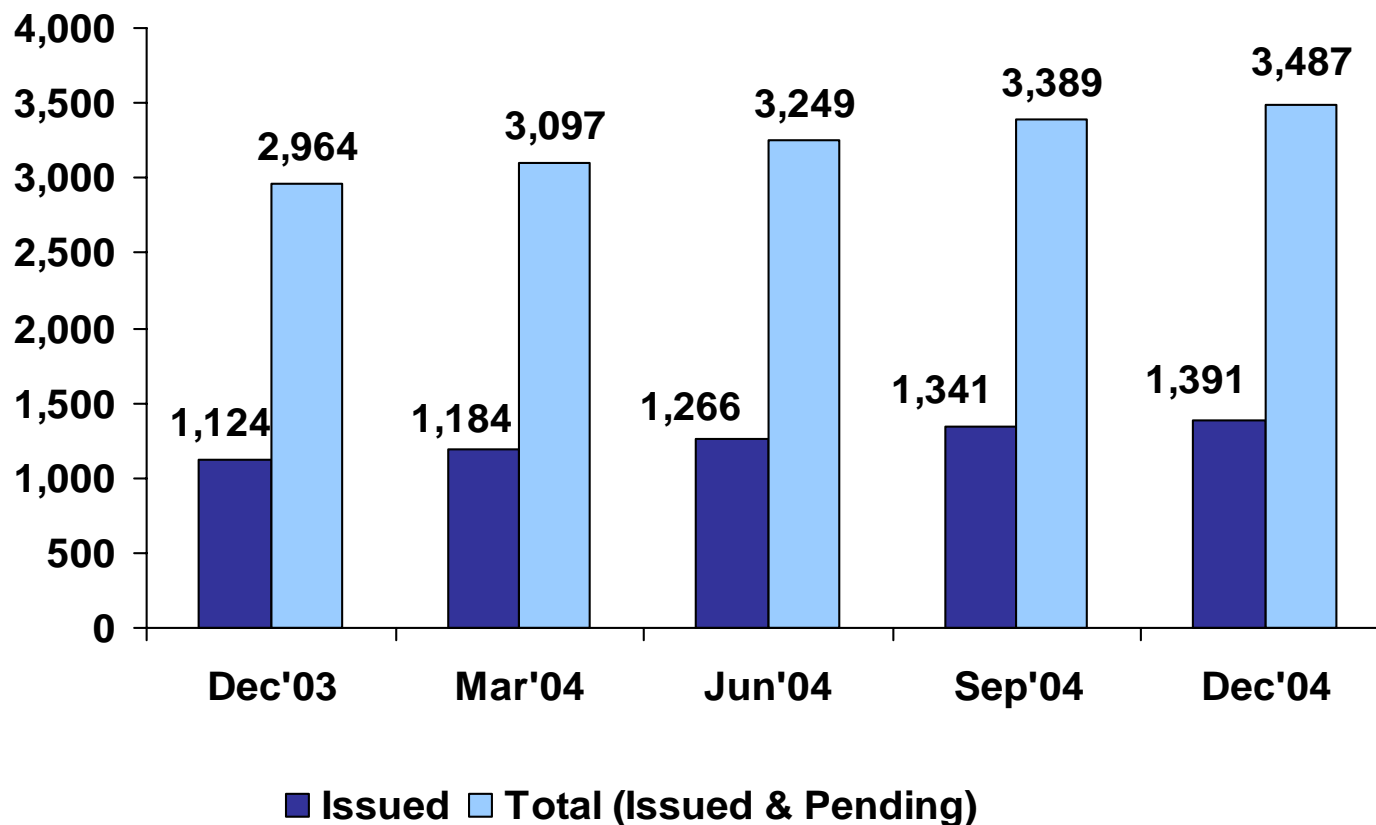
## EV-DO Vendors



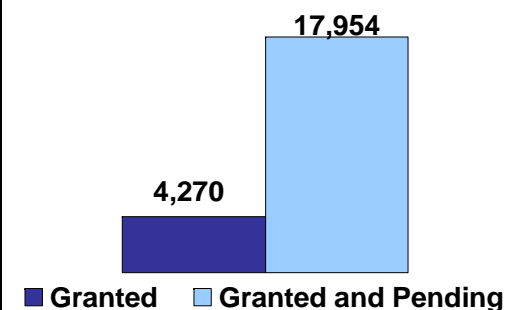
# QUALCOMM's Unique Patent Position

## *Patent Portfolio is a Strong Asset Value*

**Cumulative U.S. Patents (Issued Patents & Filed Applications)**  
(Excludes non-U.S. filed applications and granted patents)



**Dec '04 Cum Foreign Patents**





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*Thank You*



## Reconciliations

**QUALCOMM Incorporated**  
**A Comparison of the "Prior Method" of Recording Royalties and the "New Method" of Recording Royalties**  
**for Fiscal 2004 Periods for Comparative Purposes**

| (\$ in millions, except per share data)                                   | Three months ended    |                  |                   |                      | Year ended            | Year ended            |
|---|-----------------------|------------------|-------------------|----------------------|-----------------------|-----------------------|
|   | September 26,<br>2004 | June 27,<br>2004 | March 28,<br>2004 | December 28,<br>2003 | September 26,<br>2004 | September 26,<br>2003 |
| <b>Prior Method of Recording Royalties</b>                                |                       |                  |                   |                      |                       |                       |
| Estimate of estimated licensees for prior period                          | \$ 253                | \$ 237           | \$ 205            | \$ 151               | \$ 151                | \$ 150                |
| Royalties reported by estimated licensees for prior period                | 255                   | 264              | 262               | 208                  | 208                   | 167                   |
| Prior period variance included in reporting period                        | 2                     | 27               | 57                | 57                   | 57                    | 17                    |
| Other royalties reported in reporting period                              | 99                    | 109              | 51                | 45                   | 1,084                 | 670                   |
| Estimate for estimated licensees for current period                       | -                     | 253              | 237               | 205                  | -                     | 151                   |
| Total QTL royalty revenues from external licensees                        | 101                   | 389              | 345               | 307                  | 1,141                 | 838                   |
| Intercompany revenue  | 36                    | 33               | 30                | 32                   | 132                   | 103                   |
| License revenue   | 14                    | 15               | 15                | 15                   | 59                    | 59                    |
| Total QTL revenue using Prior Method                                      |                       | \$ 436           | \$ 390            | \$ 353               |                       | \$ 1,000              |
| Total QTL revenue including prospective change to New Method in Q4 '04    | \$ 151                |                  |                   |                      | \$ 1,331              |                       |
| <b>New Method of Recording Royalties</b>                                  |                       |                  |                   |                      |                       |                       |
| Total royalties reported by external licensees (a)                        | \$ 354                | \$ 373           | \$ 313            | \$ 253               | \$ 1,292              | \$ 837                |
| Intercompany revenue  | 36                    | 33               | 30                | 32                   | 132                   | 103                   |
| License revenue   | 14                    | 15               | 15                | 15                   | 59                    | 59                    |
| Total QTL revenue using New Method  | \$ 404                | \$ 420           | \$ 358            | \$ 300               | \$ 1,483              | \$ 999                |
| Difference between the methods  | \$ (253)              | \$ 16            | \$ 32             | \$ 54                | \$ (151)              | \$ 1                  |
| Total QCOM revenues as reported under GAAP                                | \$ 1,118              | \$ 1,341         | \$ 1,216          | \$ 1,207             | \$ 4,880              | \$ 3,847              |
| Less: Difference between the royalty methods                              | (253)                 | 16               | 32                | 54                   | (151)                 | 1                     |
| Total QCOM revenues using New Method                                      | 1,371                 | 1,325            | 1,184             | 1,153                | 5,031                 | 3,846                 |
| Less: QSI revenue   | -                     | -                | -                 | -                    | -                     | 1                     |
| <b>QCOM revenues excluding QSI using New Method</b>                       | <b>\$ 1,371</b>       | <b>\$ 1,325</b>  | <b>\$ 1,184</b>   | <b>\$ 1,153</b>      | <b>\$ 5,031</b>       | <b>\$ 3,845</b>       |
| TOTAL QCOM net income as reported under GAAP                              | \$ 393                | \$ 486           | \$ 488            | \$ 352               | \$ 1,720              | \$ 827                |
| Less: Net income attributed to difference between the royalty methods (b) | (154)                 | 10               | 20                | 33                   | (92)                  | 1                     |
| Total QCOM net income using New Method                                    | 547                   | 476              | 468               | 319                  | 1,812                 | 826                   |
| Less: QSI net income (loss) (c)   | 48                    | (4)              | 40                | (72)                 | 12                    | (334)                 |
| <b>QCOM net income excluding QSI using New Method (c)</b>                 | <b>\$ 499</b>         | <b>\$ 482</b>    | <b>\$ 428</b>     | <b>\$ 391</b>        | <b>\$ 1,800</b>       | <b>\$ 1,160</b>       |
| QCOM diluted EPS as reported under GAAP                                   | \$ 0.23               | \$ 0.29          | \$ 0.29           | \$ 0.21              | \$ 1.03               | \$ 0.51               |
| <b>EPS attributed to difference between the royalty methods</b>           | <b>\$ (0.09)</b>      | <b>\$ 0.01</b>   | <b>\$ 0.01</b>    | <b>\$ 0.02</b>       | <b>\$ (0.06)</b>      | <b>\$ 0.00</b>        |
| Total QCOM diluted EPS using New Method                                   | \$ 0.32               | \$ 0.28          | \$ 0.28           | \$ 0.19              | \$ 1.08               | \$ 0.51               |
| EPS attributed to QSI (c)   | \$ 0.03               | \$ (0.00)        | \$ 0.02           | \$ (0.04)            | \$ 0.01               | \$ (0.20)             |
| <b>QCOM diluted EPS excluding QSI using New Method (c)</b>                | <b>\$ 0.30</b>        | <b>\$ 0.29</b>   | <b>\$ 0.26</b>    | <b>\$ 0.24</b>       | <b>\$ 1.07</b>        | <b>\$ 0.71</b>        |
| Shares previously used for diluted EPS                                    | n/a                   | 841              | 836               | 827                  | n/a                   | 818                   |
| Adjusted for stock split  | 1,692                 | 1,682            | 1,672             | 1,654                | 1,675                 | 1,686                 |

## Continued

'(a) Represents royalty revenue that would have been reported during the period if the "new method" had been adopted retroactively.

Does not represent royalty revenue that will be recognized under GAAP due to the effect of the accounting change on these periods.

'(b) QTL's rounded effective tax rate was 39% in fiscal 2004 and 40% in fiscal 2003.

'(c) During the first quarter of 2005, the Company reorganized its MediaFLO USA business into the QSI segment. The operating expenses related to the MediaFLO USA business were included in reconciling items through the end of fiscal 2004. Fiscal 2004 quarterly and 2004 fiscal year segment information has been adjusted to conform to the new segment presentation.

All EPS amounts have been adjusted to reflect the 2:1 stock split that was effected during the fourth quarter of fiscal 2004.

QTL revenues as reported under GAAP and using the New Method are presented to illustrate the difference between the Prior Method used for royalties prior to the fourth quarter of fiscal 2004 and the New Method implemented starting in the fourth quarter of fiscal 2004.

Sums may not equal totals due to rounding.

Revenues and earnings excluding the QSI segment, including forward looking periods, are calculated as total QUALCOMM revenues and earnings less revenues and earnings attributed to the QSI segment. No other adjustments are made.

**QUALCOMM Incorporated**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**THIS SCHEDULE IS TO ASSIST THE READER IN RECONCILING FROM**  
**RESULTS EXCLUDING QSI TO TOTAL QUALCOMM RESULTS**

(In millions, except per share data)  
(Unaudited)

**Three Months Ended December 26, 2004**

|   | <u>Excluding QSI</u> | <u>QSI</u>     | <u>Total<br/>QUALCOMM</u> |
|---|----------------------|----------------|---------------------------|
| Revenues:                               |                      |                |                           |
| Equipment and services                  | \$ 978               | \$ -           | \$ 978                    |
| Licensing and royalty fees              | 412                  | -              | 412                       |
|   | <u>1,390</u>         | <u>-</u>       | <u>1,390</u>              |
| Operating expenses:                     |                      |                |                           |
| Cost of equipment and services revenues | 430                  | -              | 430                       |
| Research and development                | 219                  | 9              | 228                       |
| Selling, general and administrative     | 143                  | 5              | 148                       |
| Total operating expenses                | <u>792</u>           | <u>14</u>      | <u>806</u>                |
| Operating income (loss)                 | 598                  | (14)           | 584                       |
| Investment income, net                  | 66 (a)               | 54 (b)         | 120                       |
| Income before income taxes              | 664                  | 40             | 704                       |
| Income tax expense                      | (190) (c)            | (1)            | (191) (c)                 |
| Net income                              | <u>\$ 474</u>        | <u>\$ 39</u>   | <u>\$ 513</u>             |
| Earnings per common share:              |                      |                |                           |
| Diluted                                 | <u>\$ 0.28</u>       | <u>\$ 0.02</u> | <u>\$ 0.30</u>            |
| Shares used in per share calculations:  |                      |                |                           |
| Diluted                                 | <u>1,704</u>         | <u>1,704</u>   | <u>1,704</u>              |

## Continued

(a)Includes \$53 million in interest and dividend income related to cash, cash equivalents and marketable securities, which are not part of the Company's strategic investment portfolio.

(b)Includes \$51 million in realized gains on investments and \$3 million in gains on derivative instruments.

(c)The fiscal year 2005 estimated effective tax rate for operations excluding QSI and total QUALCOMM are approximately 30% and approximately 28%, respectively.

Revenues and earnings excluding the QSI segment, including forward looking periods, are calculated as total QUALCOMM revenues and earnings less revenues and earnings attributed to the QSI segment. No other adjustments are made.