



Q3 FY05 Earnings
July 20, 2005

Envision Innovate Enable

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.

Note regarding use of non-GAAP financial measures:

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 included at the end of this presentation.

Highlights - Third Fiscal Quarter 2005

- **Increasing volume of WCDMA and CDMA2000 1xEV-DO MSM shipments accelerating through 2005 and beyond**
 - **Broad range of price points enable operators to address larger segment of their subscriber base**
- **Increased our R&D investments to capitalize on 3G opportunities**
- **Integrating new technologies: diversity receivers, interference cancellation, equalizers, and multi-carrier radios**
- **Innovations reduce costs, improve spectrum and provide new revenue opportunities for our partners**
 - **EV-DO Gold Multicast, Platinum Multicast and the FLO air interface enable multimedia services to be available at the mass market at affordable prices**



Q3 FY05 Results Meet or Exceed Previous Guidance

| | <u>Guidance</u> (as of May 5, 2005) | <u>Results</u> (as of Jul 20, 2005) |
|------------------------------------|--|--|
| 3G MSM phone chips | | |
| CDMA2000 1X, 1xEV-DO, WCDMA | 34 - 36M est. | Approx. 36 Million |
| CDMA/WCDMA handsets shipped | 40 - 42M est. (Mar qtr*) | Approx. 43M (Mar qtr*) |
| CDMA/WCDMA handset ASP | \$215 est. (Mar qtr*) | Approx. \$231 (Mar qtr*) |
| QUALCOMM Pro Forma** | | |
| Revenues | \$1.26B - \$1.36B est. | \$1.36 Billion |
| EPS | \$0.24 - \$0.26 est. | \$0.28 |
| Total QUALCOMM | | |
| GAAP revenues | \$1.26B - \$1.36B est. | \$1.36 Billion |
| GAAP EPS | \$0.23 - \$0.25 est. | \$0.33 |

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

**Pro forma results exclude the QSI segment and one-time tax benefits recorded in Q2'05 and Q3'05 and are presented as if the New Method of recording royalties was in use during FY2004. 2004 results have also been adjusted to conform to new segment presentation for the reorganization of MediaFLO into the QSI segment during Q1'05

Quarterly Results and Guidance

As of July 20, 2005 Earnings Release

| | Q3'04 Jun 2004 <u>Results</u> | Q3'05 Jun 2005 <u>Results</u> | Q4'05 Sep 2005 <u>Sequential Guidance</u> |
|---|-------------------------------------|-------------------------------------|---|
| 3G MSM phone chips CDMA2000 1X, 1xEV-DO, WCDMA | 35M | 36M | 38 - 40 Million est. |
| CDMA/WCDMA handsets shipped CDMA/WCDMA handset ASP | 38M (Mar'04*) \$225 | 43M (Mar'05*) \$231 | 43 - 45M (Jun'05*) est. \$215 est. |
| QUALCOMM Pro Forma** | | | |
| Revenues | \$1,325M | \$1,358M | \$1.43 - \$1.53B est. |
| Operating Expense (R&D and SG&A) | \$345M | \$397M | 7 - 11% increase |
| EPS | \$0.29 | \$0.28 | \$0.29 - \$0.31 est. |
| Total QUALCOMM | | | |
| GAAP Revenues | \$1,341M | \$1,358M | \$1.43 - \$1.53B est. |
| GAAP EPS | \$0.29 | \$0.33 | \$0.28 - \$0.30 est. |

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

**Pro forma results exclude the QSI segment and one-time tax benefits recorded in Q2'05 and Q3'05 and are presented as if the New Method of recording royalties was in use during FY2004. 2004 results have also been adjusted to conform to new segment presentation for the reorganization of MediaFLO into the QSI segment during Q1'05.

Fiscal Year Results and Guidance

As of July 20, 2005 Earnings Release

| | <u>FY'03 Results</u> | <u>FY'04 Results</u> | <u>FY'05 Sequential Guidance</u> |
|---|--------------------------|--------------------------|--------------------------------------|
| Total MSM phone chips | 99M | 137M | 149 - 151M est. |
| 3G MSM phone chips (CDMA2000 1X, 1xEV-DO, WCDMA) | 90M | 137M | 149 - 151M est. |
| For fiscal year royalty calculations: | | | |
| CDMA/WCDMA handsets shipped | 99M (Jul'02-Jun'03) | 146M (Jul'03-Jun'04) | 177 - 179M est. (Jul'04-Jun'05) |
| CDMA/WCDMA handset ASP | \$192 | \$205 | \$215 est. |
| QUALCOMM Pro Forma* | | | |
| Revenues | \$3,845M | \$5,031M | \$5.55 - \$5.65 Billion est. |
| EPS | \$0.71 | \$1.07 | \$1.13 - \$1.15 est. |
| Total QUALCOMM | | | |
| GAAP Revenues | \$3,847M | \$4,880M | \$5.55 - \$5.65 Billion est. |
| GAAP EPS | \$0.51 | \$1.03 | \$1.22 - \$1.24 est. |

*Pro forma results and comparisons exclude the QSI segment and one-time tax benefits recorded in Q2'05 and Q3'05 and are presented as if the New Method of recording royalties was in use during FY2004. 2004 results have also been adjusted to conform to new segment presentation for the reorganization of MediaFLO into the QSI segment during Q1'05. Sum of quarterly amounts plus quarterly guidance may not equal total due to rounding.

FY05 Guidance Point Comparison

| | <u>Guidance</u> (as of Apr 20, 2005) | <u>Updated Guidance</u> (as of Jul 20, 2005) |
|--------------------------------|---|---|
| CY CDMA/WCDMA handsets shipped | 208 - 218M est. | 198 - 208M est. |
| CY CDMA handsets | 163M midpoint est. | 158M midpoint est. |
| CY WCDMA handsets | 50M midpoint est. | 45M midpoint est. |
| CY CDMA/WCDMA handsets shipped | 213M midpoint est. | 203M midpoint est. |
| FY CDMA/WCDMA handset ASP | \$211 est. | \$215 est. |
| QUALCOMM Pro Forma* | | |
| Revenues | 9 - 13% increase est. | 10 - 12% increase est. |
| EPS | \$1.10 - \$1.14 est. | \$1.13 - \$1.15 est. |
| Total QUALCOMM | | |
| GAAP revenues | 13 - 17% increase est. | 14 - 16% increase est. |
| GAAP EPS | \$1.14 - \$1.18 est. | \$1.22 - \$1.24 est. |

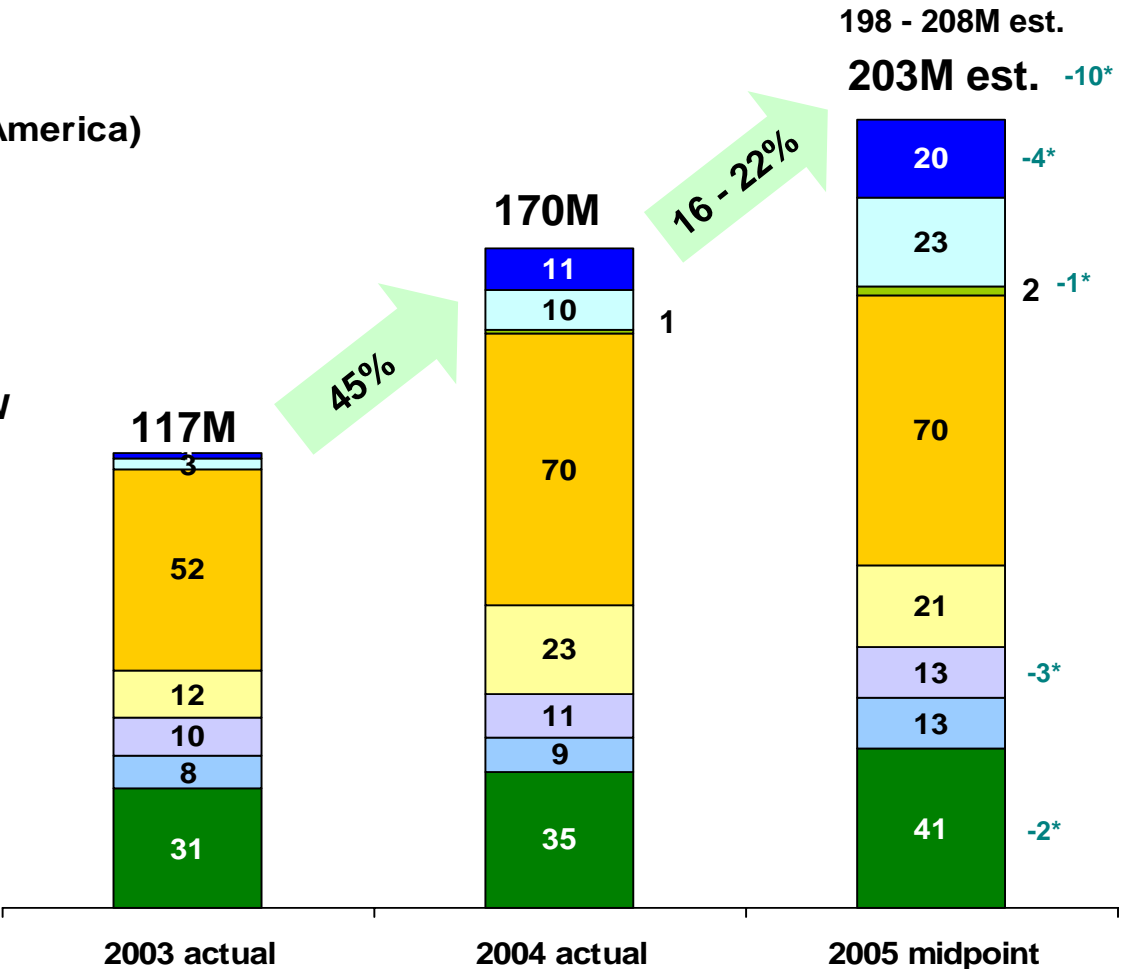
*Pro forma results and comparisons exclude the QSI segment and one-time tax benefits recorded in Q2'05 and Q3'05 and are presented as if the New Method of recording royalties was in use during FY2004. 2004 results have also been adjusted to conform to new segment presentation for the reorganization of MediaFLO into the QSI segment during Q1'05.

CDMA/WCDMA Handset Shipments – Calendar Year (Millions)

Shipped by Licensed CDMA Handset Manufacturers, Guidance as of July 20, 2005

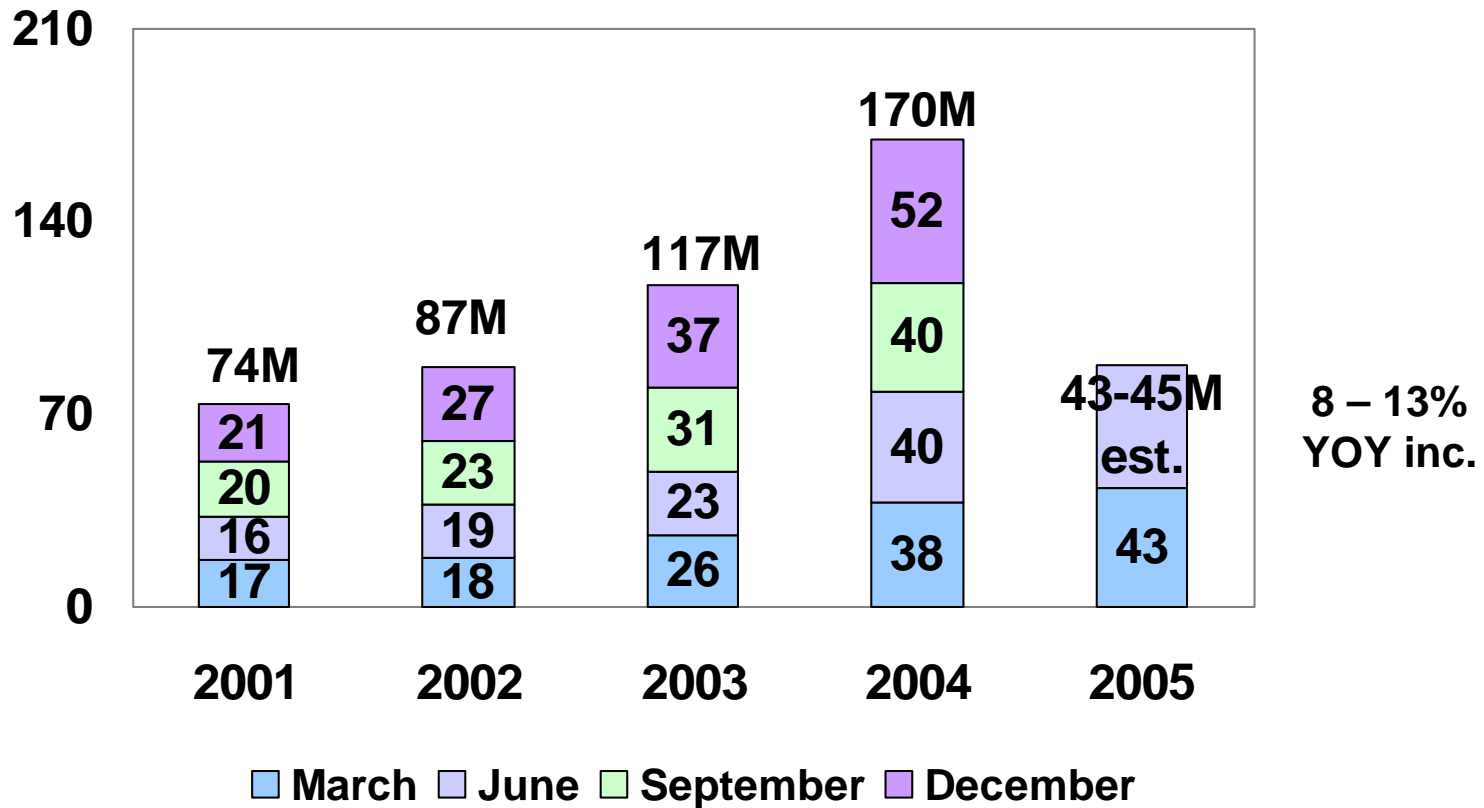
- WCDMA Europe
- WCDMA Asia
- WCDMA ROW (Includes North America)
- CDMA North America
- CDMA Latin America
- CDMA China
- CDMA India
- CDMA Korea, Japan, SEA, ROW

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

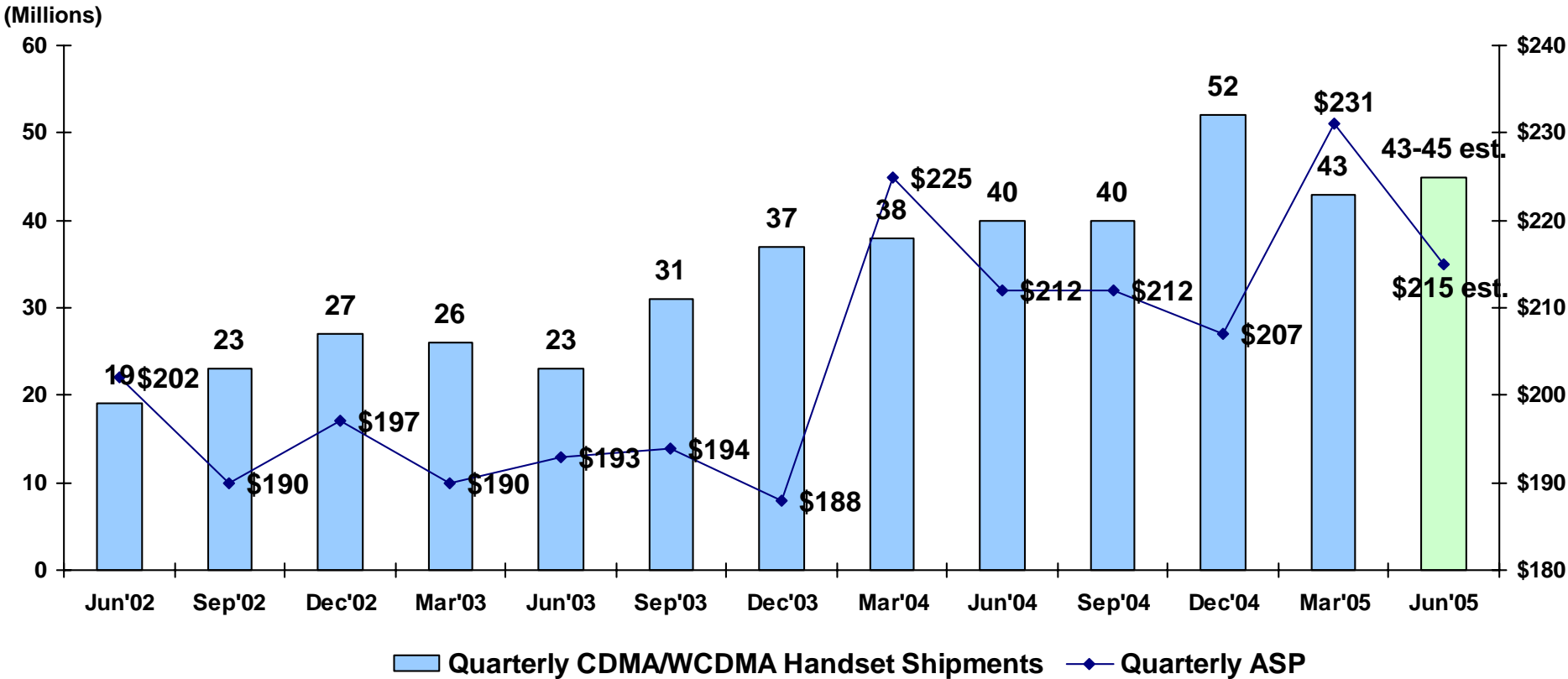


*Change from prior guidance

Worldwide CDMA and WCDMA Phone Shipments by Calendar Quarter (Millions)

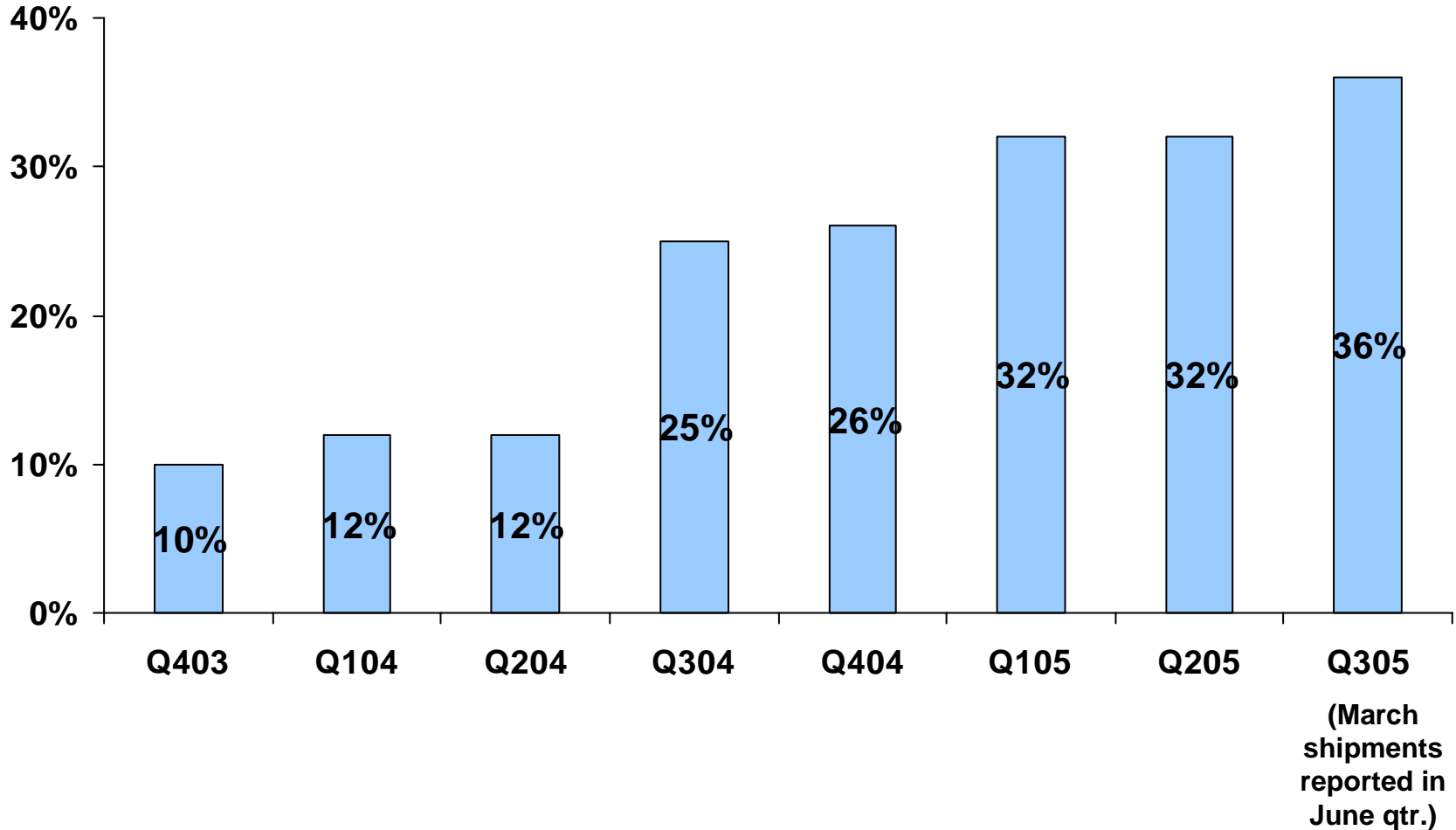


Quarterly CDMA/WCDMA Handset Shipments and ASP Trend

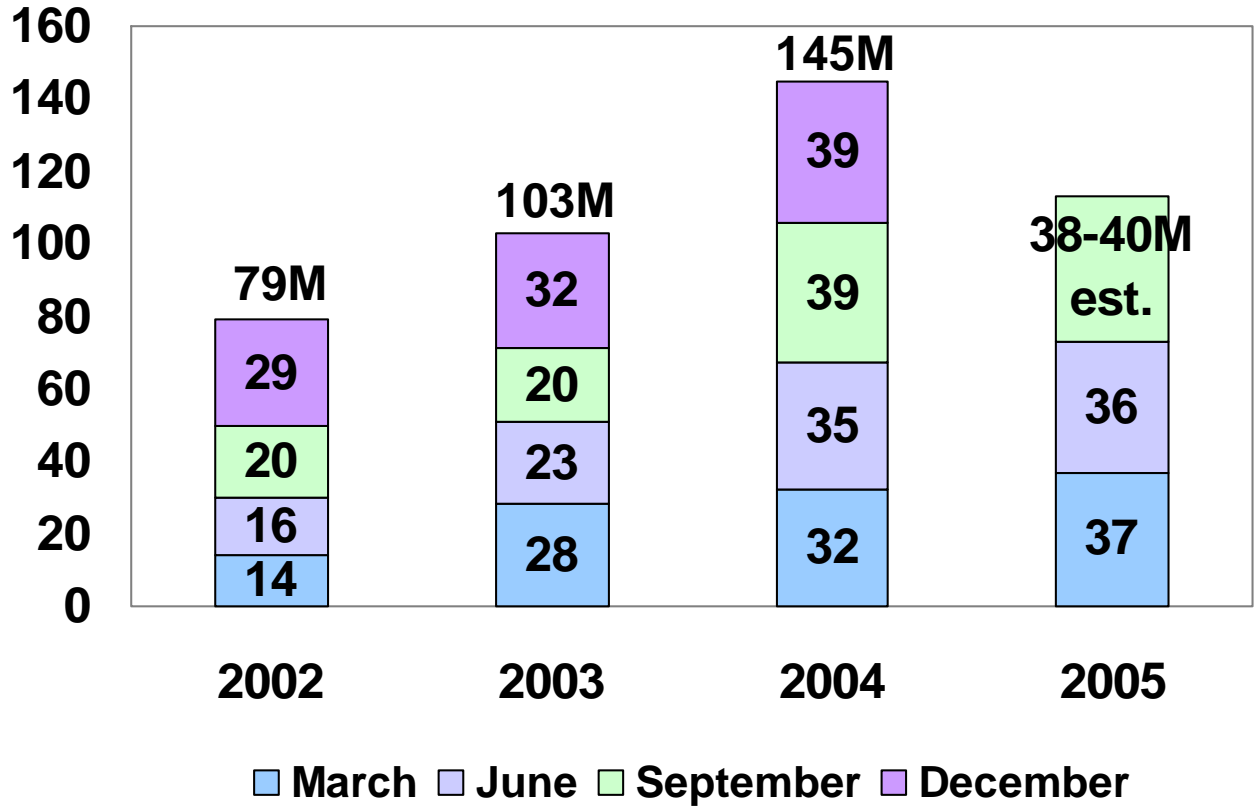


*Shipments from September to June quarters are reported by licensees in December to September, QUALCOMM's Fiscal Year.

Percentage of Royalty Revenues From WCDMA Products



CDMA and WCDMA QUALCOMM MSM Units Shipped by Calendar Quarter (Millions)



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.

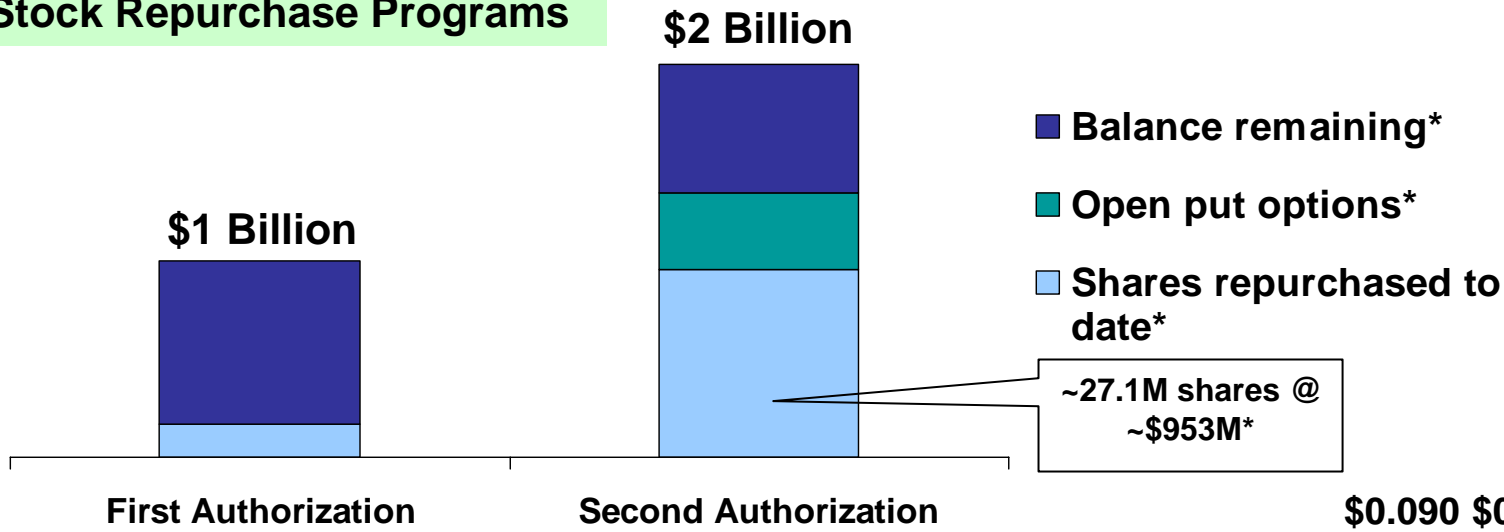
Balance Sheet

| (\$Billions) | <u>Jun 2004</u> | <u>Jun 2005</u> |
|---|---------------------|---------------------|
| Cash & Marketable Securities | \$7.0 | \$7.9 |
| Receivables, Inventory | \$1.0 | \$0.8 |
| Fixed Assets & Goodwill | \$0.9 | \$1.4 |
| Deferred Tax Assets & Other | \$1.3 | \$1.5 |
| Total Assets | \$10.2 | \$11.6 |
| Total Liabilities | \$1.1 | \$1.1 |
| Stockholder Equity | \$9.1 | \$10.5 |
| Total Liabilities & Stockholder Equity | \$10.2 | \$11.6 |

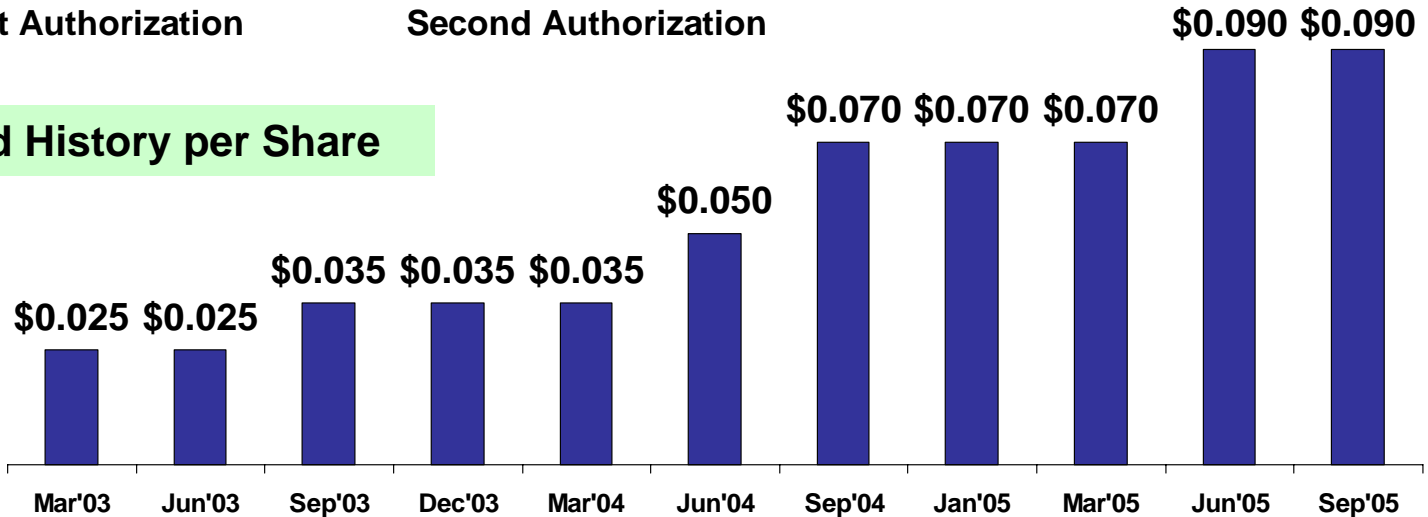
*Fiscal year to date stock repurchase 27.1M shares at a net cost of \$953M;
Fiscal year to date dividends paid \$377M*

Impact of Execution - Returning Cash to Stockholders

Stock Repurchase Programs

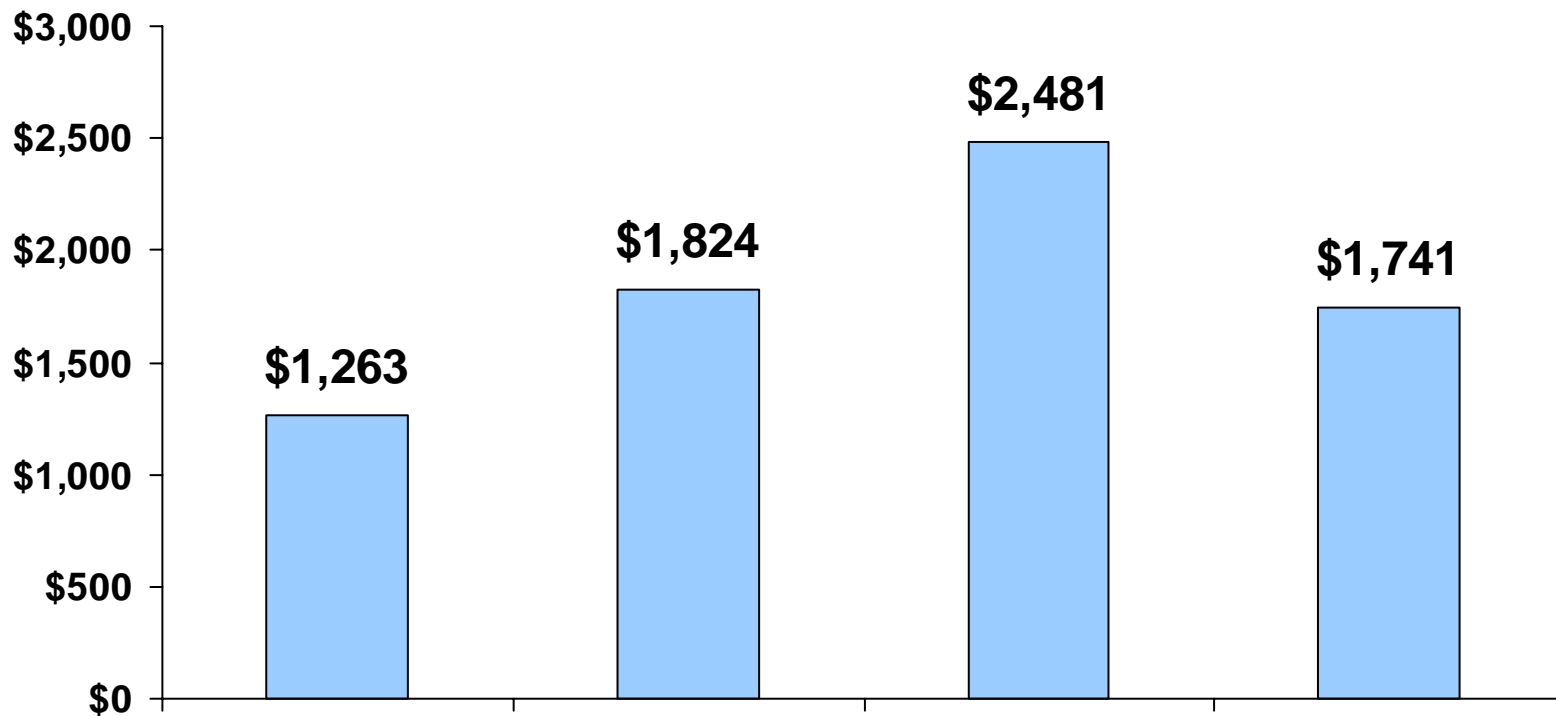


Dividend History per Share



Note: The Company effected a two-for-one stock split in August 2004. All references to per share data have been adjusted to reflect the stock split.
 *As of July 19, 2005

Total QUALCOMM Operating Cash Flow (OCF) Trends (Millions)



OCF as a % of
GAAP revenue

FY02

FY03

FY04

9 mo'05

43%

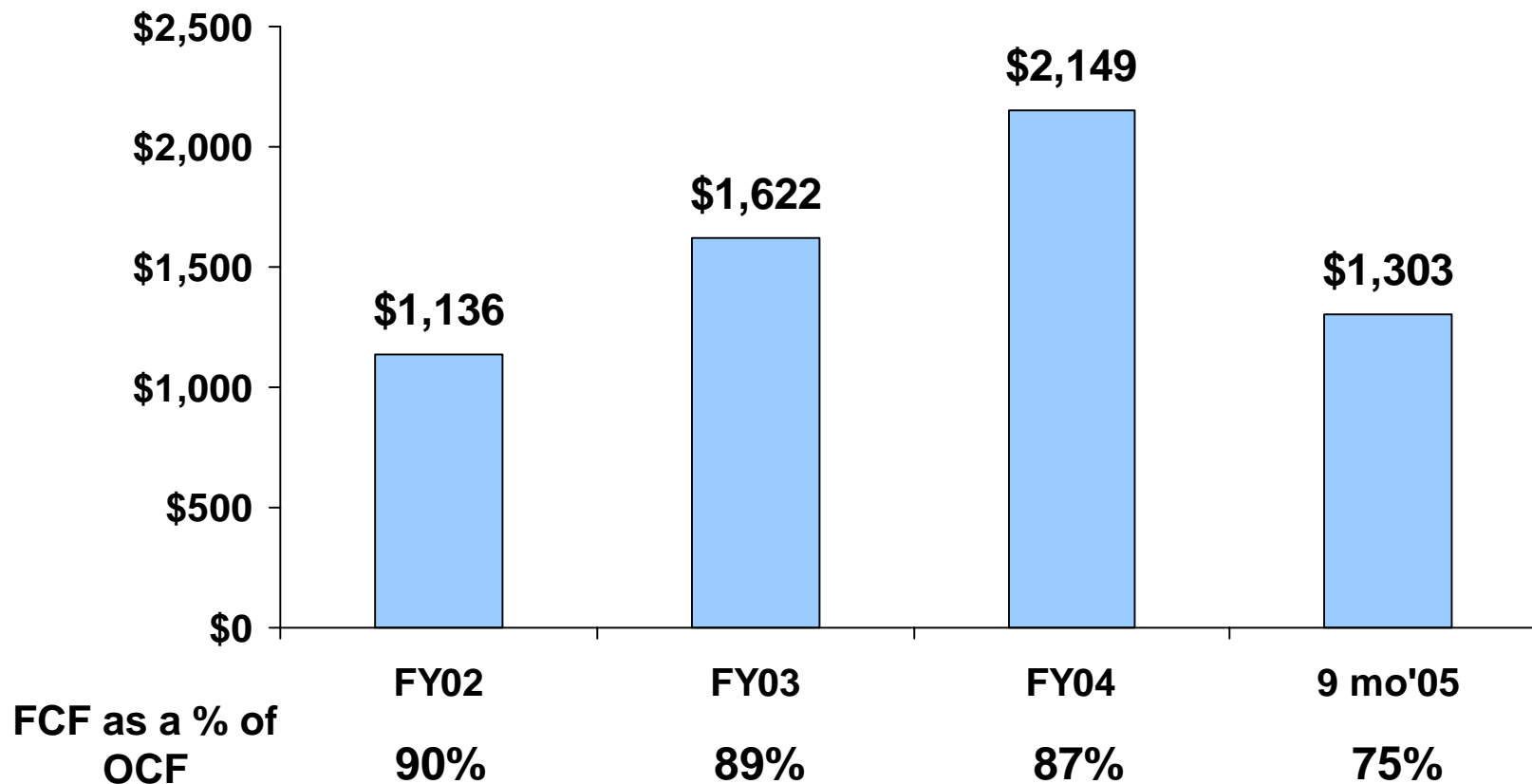
47%

51%

42%

Total QUALCOMM Free Cash Flow* (FCF) Trends

(Millions)

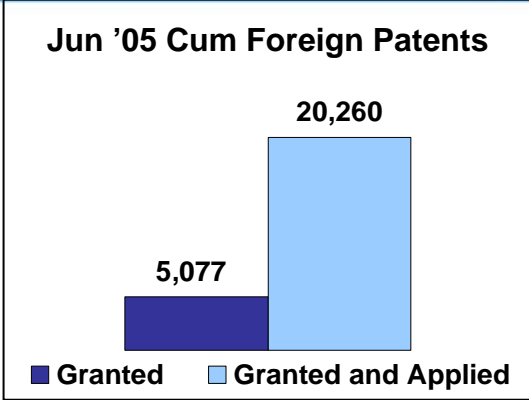
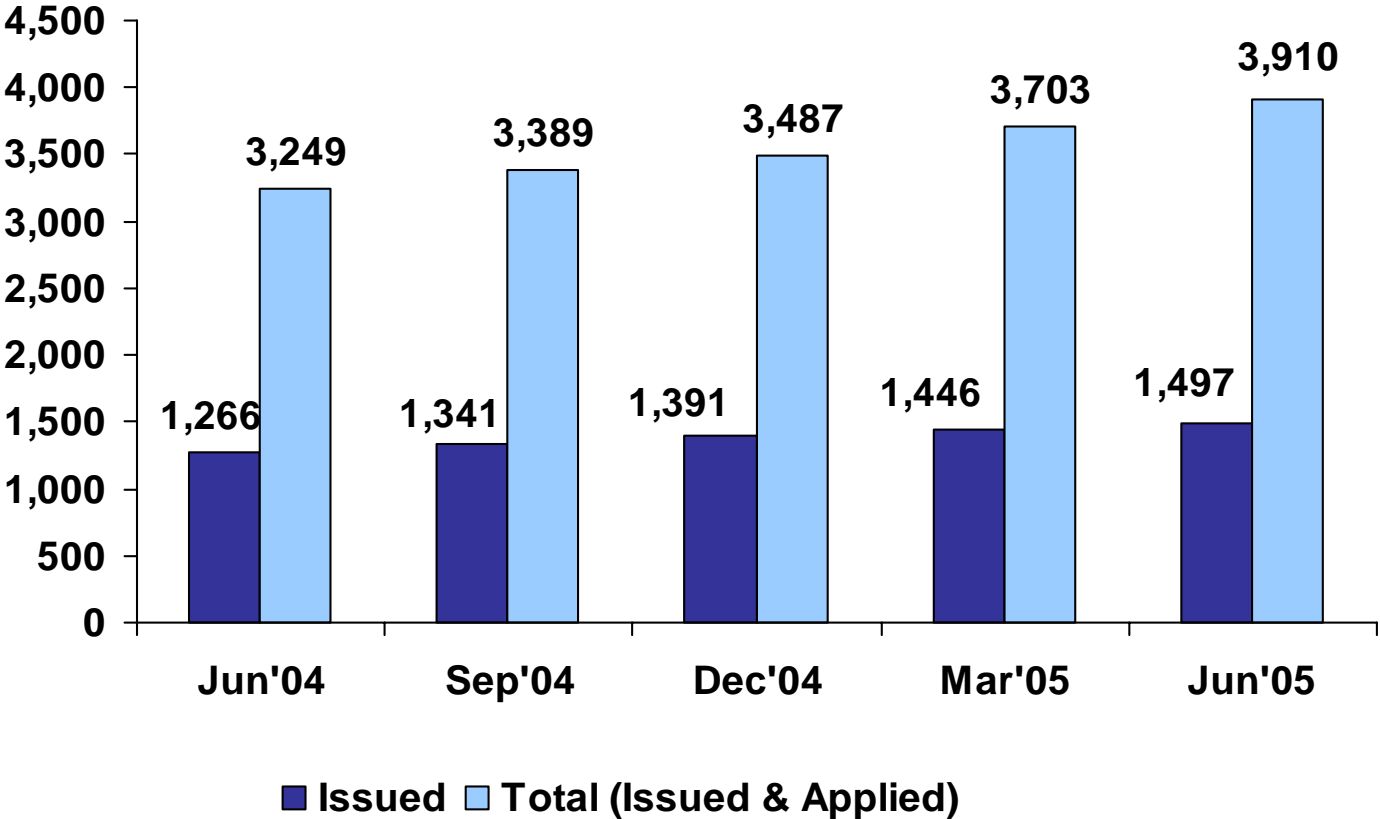


*Free Cash Flow is calculated as cash flow from operations less capital expenditures, both of which are presented in the GAAP statement of cash flows.

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)



The background features a blue gradient with several dotted lines in various shades of blue and white, creating a sense of movement and depth. The lines are scattered across the frame, some appearing as straight paths while others curve or branch out.

Reconciliations

Results of Business Segments The following tables, which present segment information (dollars in millions, except per share data):

Third Quarter - Fiscal Year 2005

| Segments | QCT | QTL | QWI | Reconciling Items (1) | QUALCOMM Pro Forma | Tax Adjustment (2) | QSI | Total QUALCOMM |
|------------------------------------|-----|-----|-----|--------------------------|-----------------------|-----------------------|------|-------------------|
| Revenues | 766 | 448 | 164 | (20) | 1,358 | - | - | 1,358 |
| Earnings before taxes | 186 | 407 | 12 | 51 | 656 | - | 30 | 686 |
| Net income | | | | | 465 | 16 | 79 | 560 |
| Diluted earnings per common share* | | | | | 0.28 | 0.01 | 0.05 | 0.33 |

(1) Reconciling items related to revenues consist primarily of other non-reportable segment revenues less intersegment eliminations. Reconciling items related to earnings before taxes consist primarily of corporate expenses, charges that are not allocated to the segments for management reporting purposes, unallocated net investment income, non-reportable segment results, interest expense and the elimination of intercompany profit.

(2) During the third quarter of fiscal 2005 the Company made an election to compute its California tax on the basis of its U.S. operations only, which resulted in a \$38 million tax benefit. Our effective tax rate in the third quarter of fiscal 2005 for total QUALCOMM excluding QSI includes a \$16 million tax benefit, or \$0.01 diluted earnings per share, for this California tax election related to fiscal 2004. For fiscal 2005 pro forma presentation, results have been adjusted to exclude the tax benefit attributable to fiscal 2004.

*calculated based on 1,683 million diluted shares

Sums may not equal totals due to rounding.

**Reconciliation of Pro Forma Results to GAAP Results
for 2004 Periods for Comparative Purposes**

| | Year ended | Three months ended | | Nine months | Year ended |
|---|-----------------------|--------------------|-----------------------|---------------------------|-----------------------|
| | September 28, 2003 | June 27, 2004 | September 26, 2004 | ended June 27, 2004 | September 26, 2004 |
| (\$ in millions, except per share data) | | | | | |
| Prior Method of Recording Royalties | | | | | |
| Estimate of estimated licensees for prior period | \$ 150 | \$ 237 | \$ 253 | \$ 151 | \$ 151 |
| Royalties reported by estimated licensees for prior period | 167 | 264 | 255 | 208 | 208 |
| Prior period variance included in reporting period | 17 | 27 | 2 | 57 | 57 |
| Other royalties reported in reporting period | 670 | 109 | 99 | 731 | 1,084 |
| Estimate for estimated licensees for current period | 151 | 253 | - | 253 | - |
| Total QTL royalty revenues from external licensees | 838 | 389 | 101 | 1,041 | 1,141 |
| Intercompany revenue | 103 | 33 | 36 | 95 | 132 |
| License revenue | 59 | 15 | 14 | 45 | 59 |
| Total QTL revenue using Prior Method | \$ 1,000 | \$ 436 | | \$ 1,180 | |
| Total QTL revenue including prospective change to New Method in Q4 '04 | | | \$ 151 | | \$ 1,331 |
| New Method of Recording Royalties | | | | | |
| Total royalties reported by external licensees (a) | \$ 837 | \$ 373 | \$ 354 | \$ 939 | \$ 1,292 |
| Intercompany revenue | 103 | 33 | 36 | 95 | 132 |
| License revenue | 59 | 15 | 14 | 45 | 59 |
| Total QTL revenue using New Method | \$ 999 | \$ 420 | \$ 404 | \$ 1,078 | \$ 1,483 |
| Difference between the methods | \$ 1 | \$ 16 | \$ (253) | \$ 102 | \$ (151) |
| Total QCOM revenues as reported under GAAP | \$ 3,847 | \$ 1,341 | \$ 1,118 | \$ 3,763 | \$ 4,880 |
| Less: Difference between the royalty methods | 1 | 16 | (253) | 102 | (151) |
| Total QCOM revenues using New Method | 3,846 | 1,325 | 1,371 | 3,661 | 5,031 |
| Total QCOM revenues and QCOM pro forma revenues | \$ 3,845 | \$ 1,325 | \$ 1,371 | \$ 3,661 | \$ 5,031 |
| TOTAL QCOM net income as reported under GAAP | \$ 827 | \$ 486 | \$ 393 | \$ 1,327 | \$ 1,720 |
| Less: Net income attributed to difference between the royalty methods (b) | 1 | 10 | (154) | 62 | (92) |
| Total QCOM net income using New Method | 826 | 476 | 547 | 1,265 | 1,812 |
| Less: QSI net income (loss) (c) | (334) | (4) | 48 | (36) | 12 |
| QCOM pro forma net income (c) | \$ 1,160 | \$ 482 | \$ 499 | \$ 1,302 | \$ 1,800 |
| QCOM diluted EPS as reported under GAAP | \$ 0.51 | \$ 0.29 | \$ 0.23 | \$ 0.80 | \$ 1.03 |
| EPS attributed to difference between the royalty methods | \$ 0.00 | \$ 0.01 | \$ (0.09) | \$ 0.04 | \$ (0.06) |
| Total QCOM diluted EPS using New Method | \$ 0.51 | \$ 0.28 | \$ 0.32 | \$ 0.76 | \$ 1.08 |
| EPS attributed to QSI (c) | \$ (0.20) | \$ (0.00) | \$ 0.03 | \$ (0.02) | \$ 0.01 |
| QCOM pro forma diluted EPS (c) | \$ 0.71 | \$ 0.29 | \$ 0.30 | \$ 0.78 | \$ 1.07 |
| Shares previously used for diluted EPS | 818 | 841 | n/a | 835 | n/a |
| Adjusted for stock split | 1,636 | 1,682 | 1,692 | 1,669 | 1,675 |

(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.

(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. Prior period 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.

RECONCILIATION OF NON-GAAP CASH FLOW METRICS TO GAAP EQUIVALENTS

Reconciliation of Operating Cash Flow to Free Cash Flow

| | <u>FY 2002</u> | <u>FY 2003</u> | <u>FY 2004</u> | <u>9 months FY 2005</u> | |
|--|----------------|----------------|----------------|-----------------------------|---|
| Net cash provided by operations* (OCF) | \$ 1,263 | \$ 1,824 | \$ 2,481 | \$ 1,741 | GAAP equivalent presented herein |
| less capital expenditures | (127) | (202) | (332) | (438) | |
| Free Cash Flow (FCF) | \$ 1,136 | \$ 1,622 | \$ 2,149 | \$ 1,303 | |

Cash Flow/Revenue

| | <u>FY 2002</u> | <u>FY 2003</u> | <u>FY 2004</u> | <u>9 months FY 2005</u> |
|-------------------|----------------|----------------|----------------|-----------------------------|
| OCF | \$ 1,263 | \$ 1,824 | \$ 2,481 | \$ 1,741 |
| Revenue | \$ 2,915 | \$ 3,847 | \$ 4,880 | \$ 4,112 |
| OCF/Revenue | 43% | 47% | 51% | 42% |
| FCF** | \$ 1,136 | \$ 1,622 | \$ 2,149 | \$ 1,303 |
| FCF as a % of OCF | 90% | 89% | 87% | 75% |

*As reported in the GAAP Statement of Cash Flows, as adjusted for discontinued operations

**Refer to reconciliation of FCF to OCF (GAAP equivalent) presented above.

Business Outlook Summary

| FISCAL YEAR | | |
|--|---|---|
| | Prior Guidance FY 2005 Estimates | Current Guidance FY 2005 Estimates |
| QUALCOMM Pro Forma | | |
| Revenues | \$5.5B - \$5.7B | \$5.55B - \$5.65B |
| Year-over-year change | increase 9% - 13% | increase 10% - 12% |
| Diluted earnings per share (EPS) | \$1.10 - \$1.14 | \$1.13 - \$1.15 |
| Year-over-year change | increase 3% - 7% | increase 6% - 7% |
| Total QUALCOMM | | |
| Revenues | \$5.5B - \$5.7B | \$5.55B - \$5.65B |
| Year-over-year change | increase 13% - 17% | increase 14% - 16% |
| Diluted earnings per share (EPS) | \$1.14 - \$1.18 | \$1.22 - \$1.24 |
| Year-over-year change | increase 11% - 15% | increase 18% - 20% |
| EPS attributable to QSI | \$0.01 | \$0.05 |
| EPS attributable to tax benefits related to 2004 | \$0.03 | \$0.04 |

| FOURTH QUARTER | |
|----------------------------------|---|
| | Current Guidance Q4'05 Estimates |
| QUALCOMM Pro Forma | |
| Revenues | \$1.43B - \$1.53B |
| Year-over-year change | increase 4% - 12% |
| Diluted earnings per share (EPS) | \$0.29 - \$0.31 |
| Year-over-year change | decrease 3% - increase 3% |
| Total QUALCOMM | |
| Revenues | \$1.43B - \$1.53B |
| Year-over-year change | increase 28% - 37% |
| Diluted earnings per share (EPS) | \$0.28 - \$0.30 |
| Year-over-year change | increase 22% - 30% |
| EPS attributable to QSI | (\$0.01) |

Reconciliation of Pro forma to Total QUALCOMM
Operating expenses (defined as SG&A and R&D)
 (in millions)

| | <u>Q3'04 results</u> | <u>Q3'05 results</u> | <u>Q4'05 Guidance</u> |
|------------------------------|--------------------------|--------------------------|--|
| QUALCOMM Pro forma* | \$ 345 | \$ 397 | Increase 7 - 11 % sequentially (est.) |
| Total QUALCOMM (GAAP) | \$ 350 | \$ 409 | Increase 10 - 15 % sequentially (est.) |

*excludes \$5M and \$12M of operating expenses related to QSI for the third quarter of fiscal 2004 and 2005, respectively.



Thank You