



**Q2 FY05 Earnings**  
**April 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.**

## Second Fiscal Quarter 2005 – April 20, 2005

- **Operator competition continues to drive plans for wireless data strategies and services**
- **QUALCOMM experienced market year-over-year growth in third generation chipsets (up 16%), handsets (up 41%), and royalties (up 38%)**
  - **EV-DO chipset solutions allow wireless subscribers ability to email and share files, photos, video and more on networks with speeds that rival home-based broadband connections**
  - **Assists device manufacturers and wireless operators to increase their revenue potential and differentiate their devices and services**
  - **Experience in pioneering EV-DO has helped accelerate HSDPA efforts versus our competition**
  - **Sampled industry's first HSDPA chipset in Dec 2004 and expanded our HSDPA portfolio to include entry-priced MSM6260 and high-end MSM6280 solution**



## Q2 FY05 March Quarter Guidance Point Comparison

	<u>Guidance</u> (as of Mar 7, 2005)	<u>Results</u> (as of Apr 20, 2005)
<b>3G MSM phone chips</b>		
CDMA2000 1X, 1xEV-DO, WCDMA	36M - 37M est.	Approx. 37M
<b>CDMA/WCDMA handsets shipped</b>		
	51M - 52M est. (Dec qtr*)	Approx. 52M (Dec qtr*)
<b>CDMA/WCDMA handset ASP</b>		
	\$206 est. (Dec qtr*)	Approx. \$207 (Dec qtr*)
<b>QUALCOMM Pro Forma**</b>		
Revenues	\$1.35B - \$1.40B est.	\$1.37B
EPS	\$0.26 - \$0.28 est.	\$0.29
<b>Total QUALCOMM</b>		
GAAP revenues	\$1.35B - \$1.40B est.	\$1.37B
GAAP EPS	\$0.25 - \$0.27 est.	\$0.31

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

\*\*Pro forma results exclude the QSI segment and a one-time tax benefit recorded in Q2'05 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 April 20, 2005 Earnings Release

	Q2'04 Mar 2004 <u>Results</u>	Q2'05 Mar 2005 <u>Results</u>	Q3'05 Jun 2005 <u>Sequential Guidance</u>
3G MSM phone chips CDMA2000 1X, 1xEV-DO, WCDMA	32M	37M	Approx. 34 - 36 Million est.
CDMA/WCDMA handsets shipped	37M (Dec'03*)	52M (Dec'04*)	40 - 42M (Mar'05*) est.
<b>QUALCOMM Pro Forma**</b>			
Revenues	\$1,184M	\$1,365M	\$1.26 - \$1.36 Billion est.
EPS	\$0.26	\$0.29	\$0.24 - \$0.26 est.
<b>Total QUALCOMM</b>			
GAAP Revenues	\$1,216M	\$1,365M	\$1.26 - \$1.36 Billion est.
GAAP EPS	\$0.29	\$0.31	\$0.23 - \$0.25 est.

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

\*\*Pro forma results exclude the QSI segment and a one-time tax benefit recorded in Q2'05 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.

# FY05 Guidance Point Comparison

	<u>Guidance</u> (as of Jan 19, 2005)	<u>Updated Guidance</u> (as of Apr 20, 2005)
CY CDMA/WCDMA handsets shipped	218 - 228M est.	208 - 218M est.
CY CDMA handsets	168M midpoint est.	163M midpoint est.
CY WCDMA handsets	55M midpoint est.	50M midpoint est.
CY CDMA/WCDMA handsets shipped	223M midpoint est.	213M midpoint est.
FY CDMA/WCDMA handset ASP	\$215 est.	\$211 est.
<b>QUALCOMM Pro Forma*</b>		
Revenues	16 - 26% increase est.	9 - 13% increase est.
EPS	\$1.16 - \$1.20 est.	\$1.10 - \$1.14 est.
<b>Total QUALCOMM</b>		
GAAP revenues	18 - 29% increase est.	13 - 17% increase est.
GAAP EPS	\$1.15 - \$1.19 est.	\$1.14 - \$1.18 est.

\*Pro forma results and comparisons exclude the QSI segment and a one-time tax benefit recorded in Q2'05 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 April 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	N/A
3G MSM phone chips CDMA2000 1X, 1xEV-DO, WCDMA	90M	137M	N/A
<b>QUALCOMM Pro Forma*</b>			
Revenues	\$3,845M	\$5,031M	\$5.5 - \$5.7 Billion est.
EPS	\$0.71	\$1.07	\$1.10 - \$1.14 est.
<b>Total QUALCOMM</b>			
GAAP Revenues	\$3,847M	\$4,880M	\$5.5 - \$5.7 Billion est.
GAAP EPS	\$0.51	\$1.03	\$1.14 - \$1.18 est.

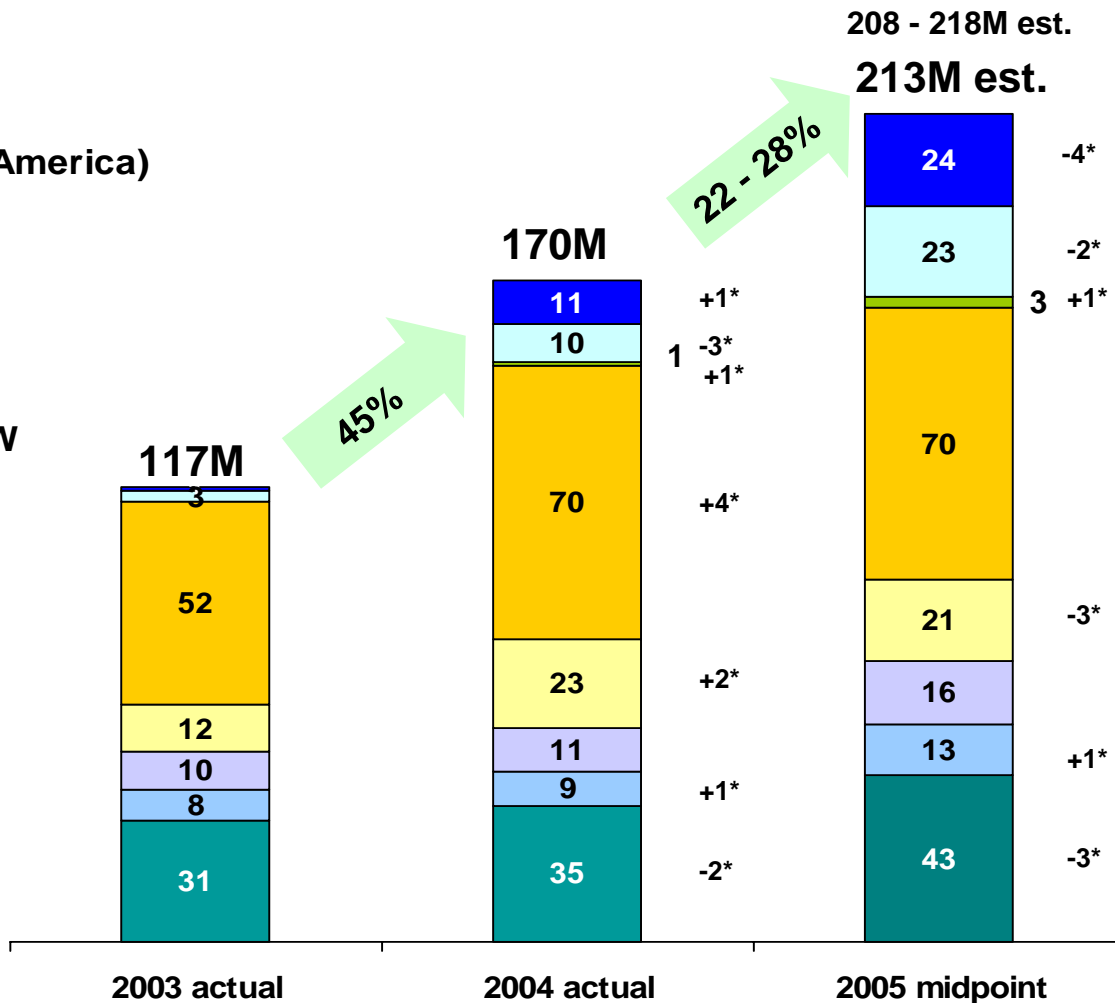
\*Pro forma results exclude the QSI segment and a one-time tax benefit recorded in Q2'05 and are presented as if the New Method of recording royalties was in use during FY2003 and FY2004. 2004 results have also been adjusted to conform to new segment presentation for the reorganization of MediaFLO into the QSI segment during Q1'05.

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

Shipped by Licensed CDMA Handset Manufacturers, Guidance as of April 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



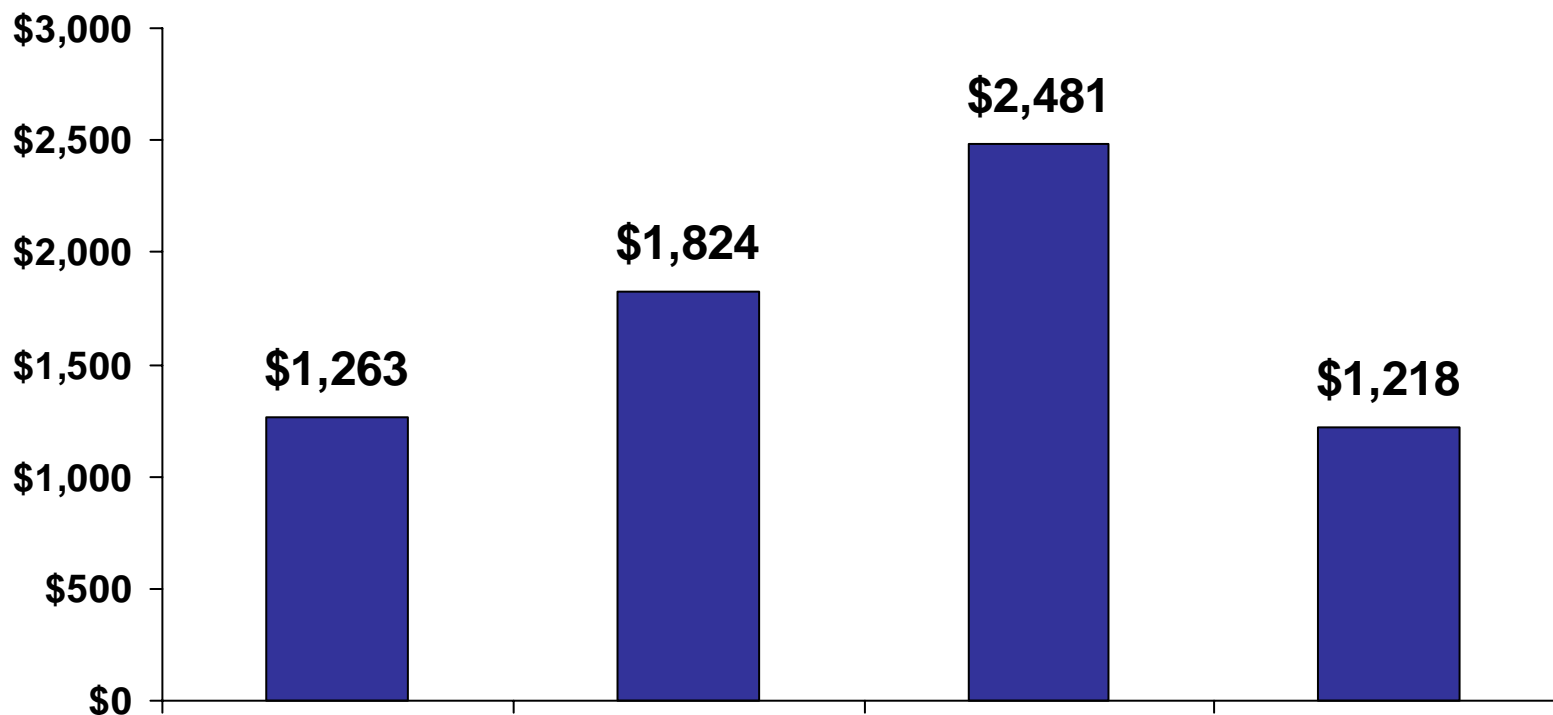
\*Change from prior guidance



# Balance Sheet

(\$Billions)	<u>Mar 2004</u>	<u>Mar 2005</u>
<b>Cash &amp; Marketable Securities</b>	<b>\$6.6</b>	<b>\$8.3</b>
<b>Receivables, Inventory</b>	<b>\$0.7</b>	<b>\$0.7</b>
<b>Fixed Assets &amp; Goodwill</b>	<b>\$0.9</b>	<b>\$1.3</b>
<b>Deferred Tax Assets &amp; Other</b>	<b>\$1.4</b>	<b>\$1.5</b>
<b>Total Assets</b>	<b>\$9.6</b>	<b>\$11.8</b>
<b>Total Liabilities</b>	<b>\$1.1</b>	<b>\$1.3</b>
<b>Stockholder Equity</b>	<b>\$8.5</b>	<b>\$10.5</b>
<b>Total Liabilities &amp; Stockholder Equity</b>	<b>\$9.6</b>	<b>\$11.8</b>

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



OCF as a % of  
GAAP revenue

FY02

FY03

FY04

1H05

43%

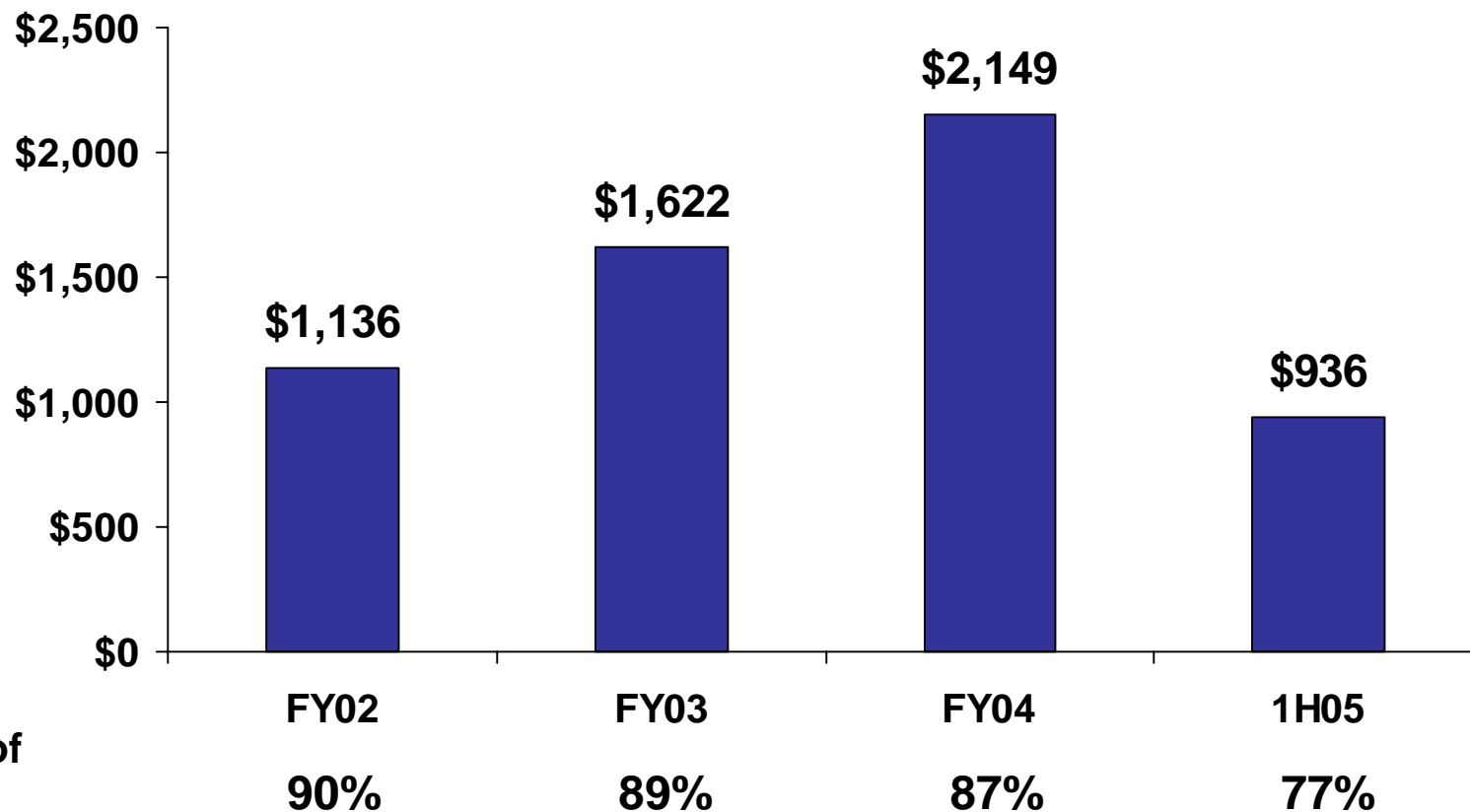
47%

51%

44%

# Total QUALCOMM Free Cash Flow\* (FCF) Trends

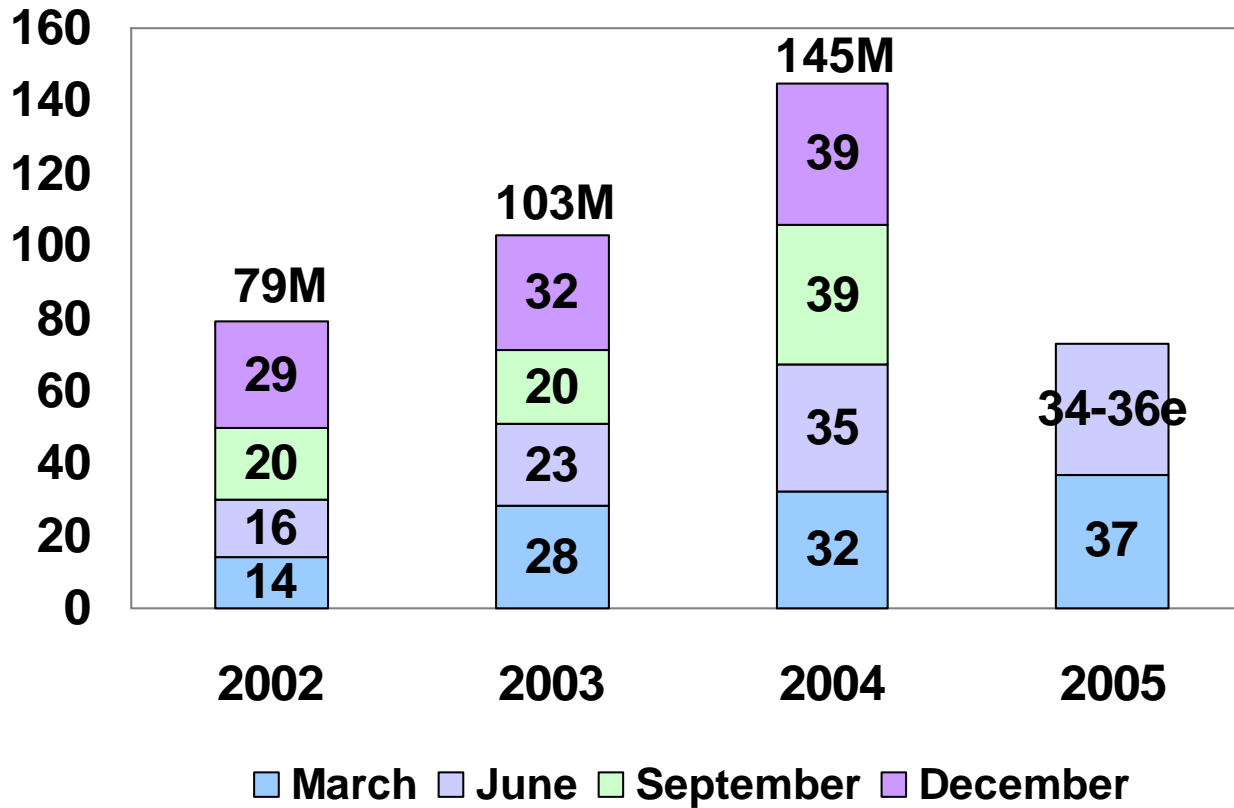
(Millions)



FCF as a % of  
OCF

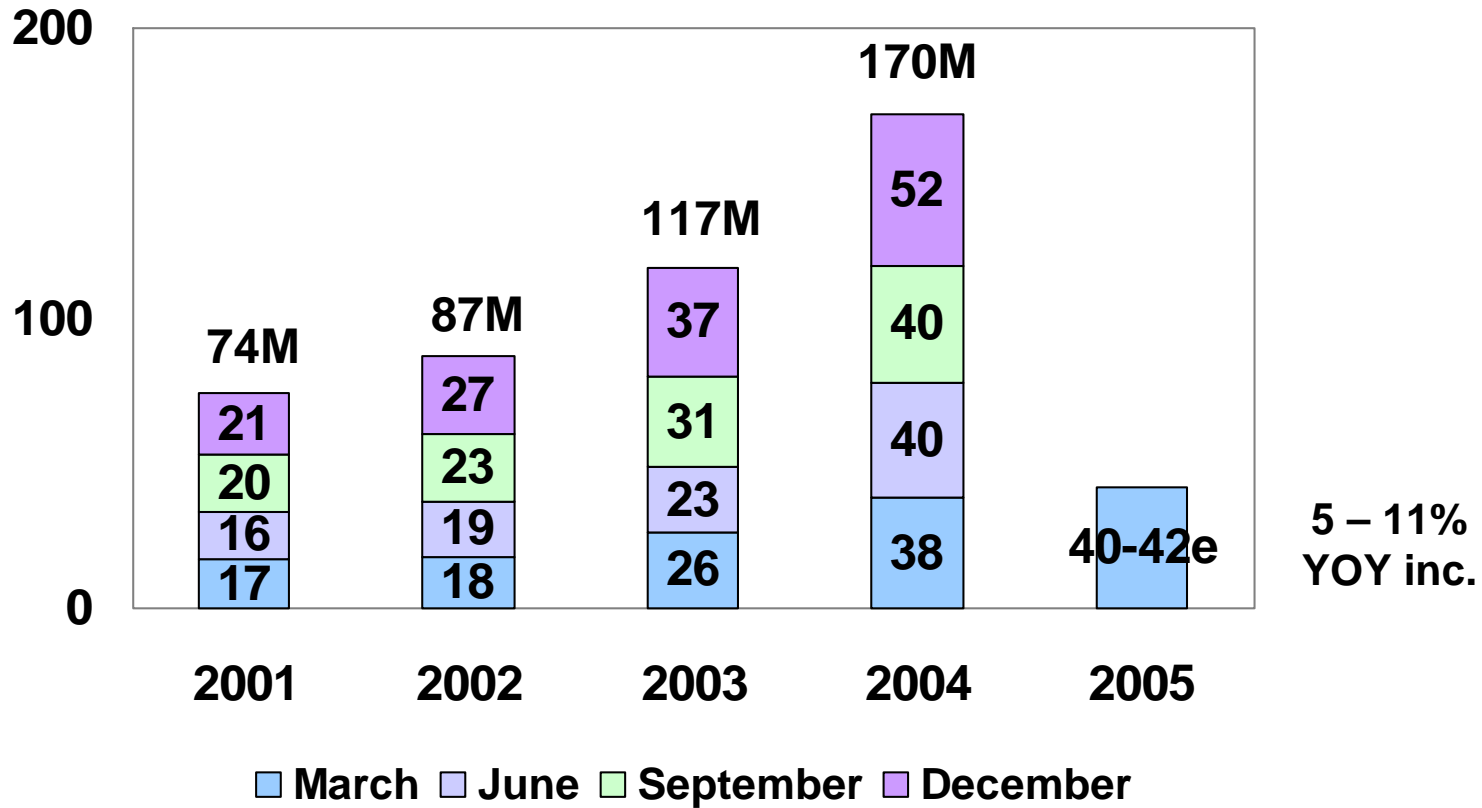
\*Free Cash Flow is calculated as cash flow from operations less capital expenditures, both of which are presented in the GAAP statement of cash flows.

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

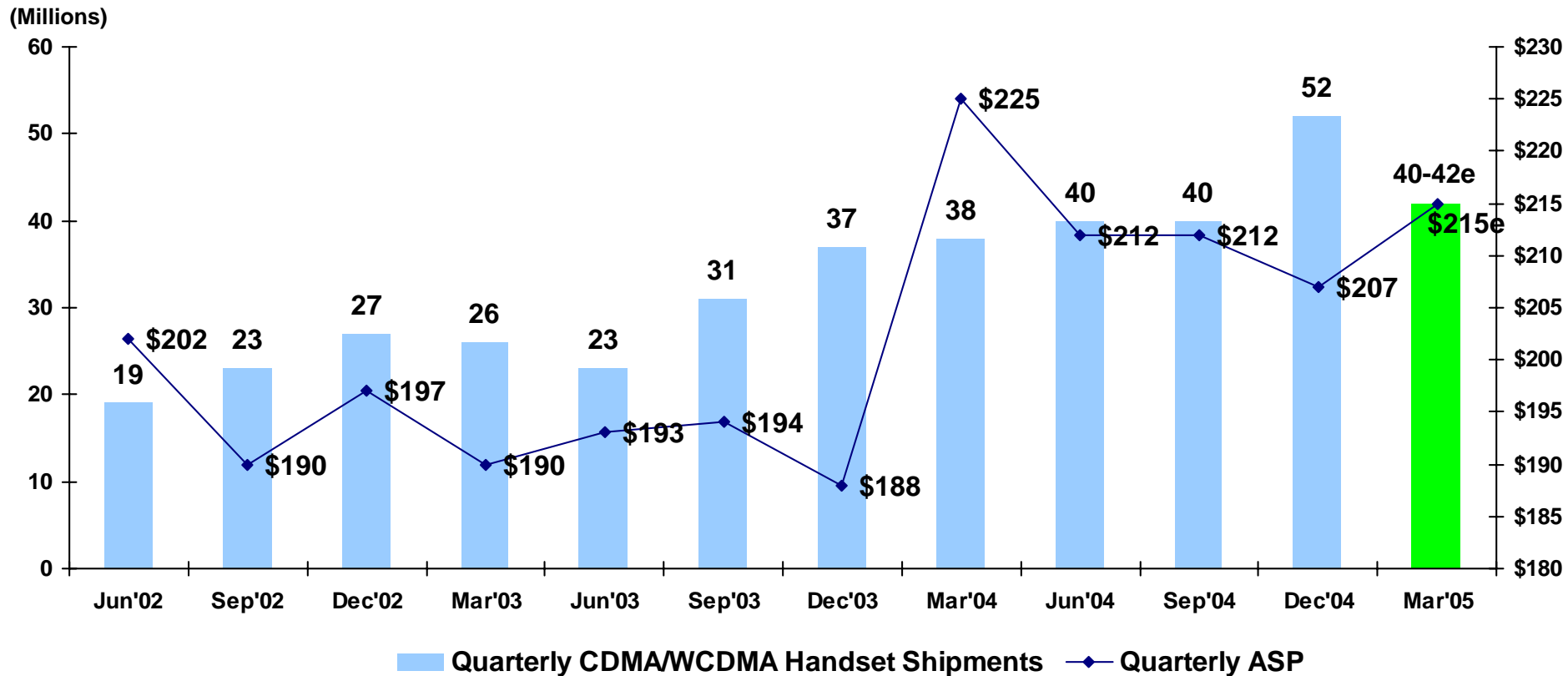


Note: MSM units and handsets shipped per quarter will fluctuate due to various lead times for different operators, handset manufacturers and handset models. Inventory supply strategies will also impact quarterly trends.

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

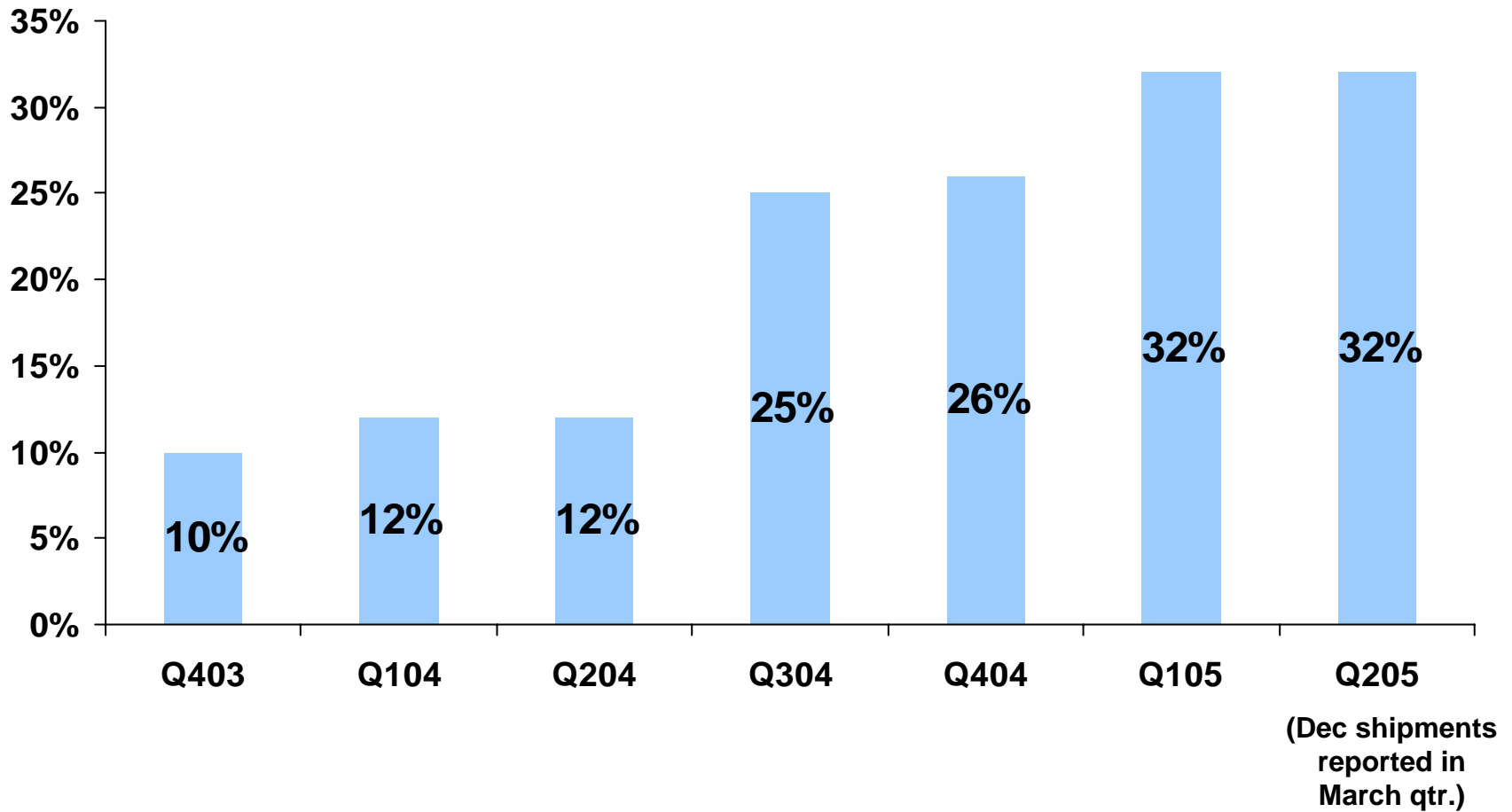


# Quarterly CDMA/WCDMA Handset Shipments and ASP Trend



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

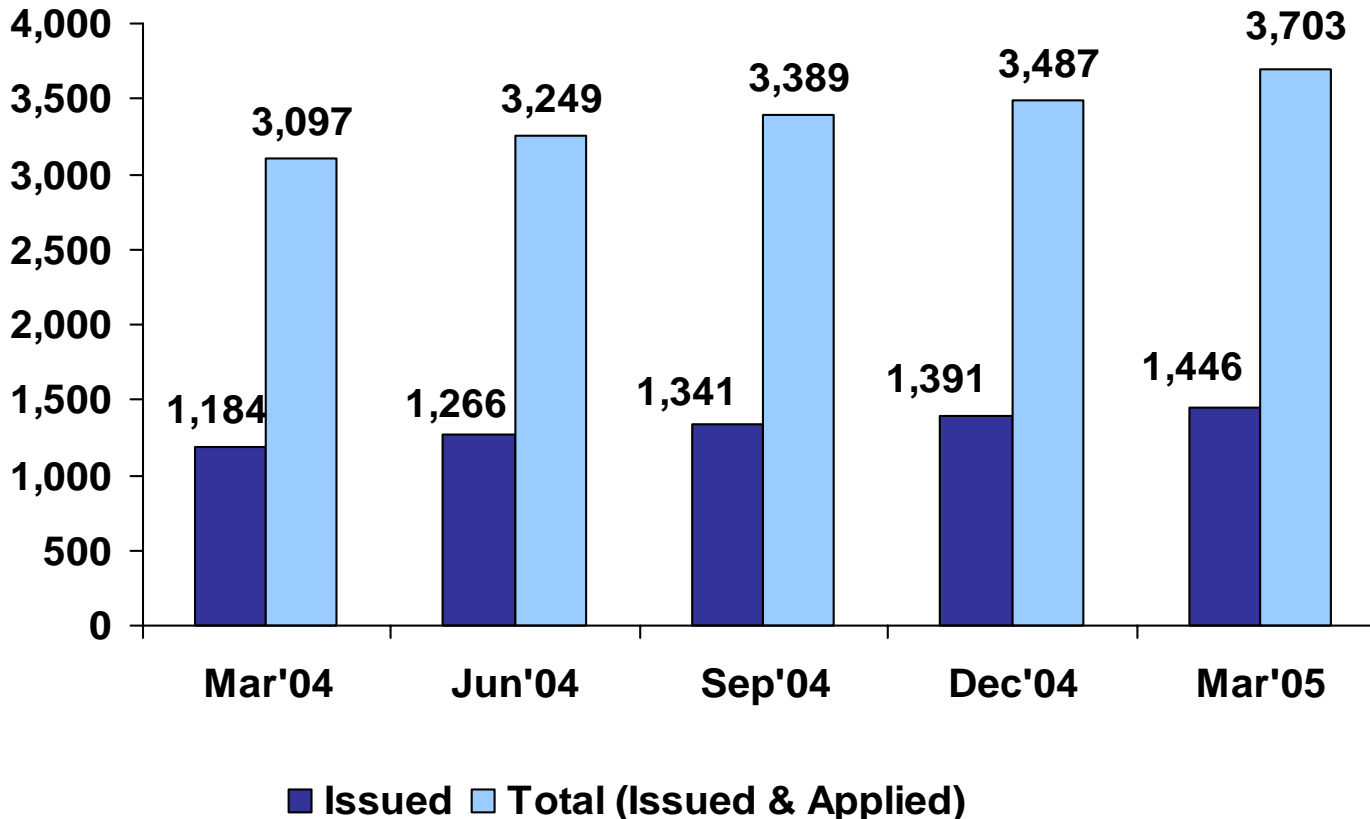
# Percentage of Royalties from WCDMA products



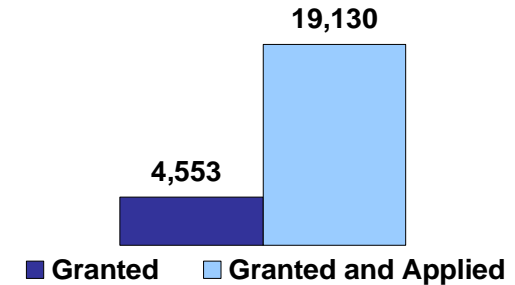
# QUALCOMM's Unique Patent Position

## *Patent Portfolio is a Strong Asset Value*

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



**Mar '05 Cum Foreign 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***

## 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>First half FY 2005</u>	
Net cash provided by operations* (OCF)	\$ 1,263	\$ 1,824	\$ 2,481	\$ 1,218	GAAP equivalent presented herein
less capital expenditures	(127)	(202)	(332)	(282)	
Free Cash Flow (FCF)	\$ 1,136	\$ 1,622	\$ 2,149	\$ 936	

### Cash Flow/Revenue

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>First half FY 2005</u>
OCF	\$ 1,263	\$ 1,824	\$ 2,481	\$ 1,218
Revenue	\$ 2,915	\$ 3,847	\$ 4,880	\$ 2,754
OCF/Revenue	43%	47%	51%	44%
FCF**	\$ 1,136	\$ 1,622	\$ 2,149	\$ 936
FCF as a % of OCF	90%	89%	87%	77%

\*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**

<b>FISCAL YEAR</b>	
	<b>Current Guidance FY 2005 Estimates</b>
<b>QUALCOMM Pro Forma</b>	
Revenues	\$5.5B - \$5.7B
Change from prior year	increase 9% - 13%
Diluted earnings per share (EPS)	\$1.10 - \$1.14
Change from prior year	increase 3% -7%
<b>Total QUALCOMM</b>	
Revenues	\$5.5B - \$5.7B
Change from prior year	increase 13% - 17%
Diluted earnings per share (EPS)	\$1.14 - \$1.18
Change from prior year	increase 11% - 15%
EPS attributable to QSI	\$0.01
EPS attributable to tax benefit related to 2004	\$0.03

<b>THIRD QUARTER</b>	
	<b>Current Guidance Q3'05 Estimates</b>
<b>QUALCOMM Pro Forma</b>	
Revenues	\$1.26B - \$1.36B
Year-over-year change	decrease 5%- increase 3%
Diluted earnings per share (EPS)	\$0.24- \$0.26
Year-over-year change	decrease 10%-17%
<b>Total QUALCOMM</b>	
Revenues	\$1.26B - \$1.36B
Year-over-year change	decrease 6%- increase 1%
Diluted earnings per share (EPS)	\$0.23- \$0.25
Year-over-year change	decrease 14%-21%
EPS attributable to QSI	a fraction of (\$0.01)

Sums may not equal totals due to rounding

**Reconciliation of Pro Forma Results to GAAP Results  
for 2003 and 2004 Periods for Comparative Purposes**

	Year ended	Three months ended		Six months ended	Year ended
	September 28, 2003	June 27, 2004	March 28, 2004	March 28, 2004	September 26, 2004
(\$ in millions, except per share data)					
<b>Prior Method of Recording Royalties</b>					
Estimate of estimated licensees for prior period	\$ 150	\$ 237	\$ 205	\$ 151	\$ 151
Royalties reported by estimated licensees for prior period	167	264	262	208	208
Prior period variance included in reporting period	17	27	57	57	57
Other royalties reported in reporting period	670	109	51	358	1,084
Estimate for estimated licensees for current period	151	253	237	237	-
Total QTL royalty revenues from external licensees	838	389	345	652	1,141
Intercompany revenue	103	33	30	62	132
License revenue	59	15	15	30	59
Total QTL revenue using Prior Method	\$ 1,000	\$ 436	\$ 390	\$ 743	
Total QTL revenue including prospective change to New Method in Q4 '04					\$ 1,331
<b>New Method of Recording Royalties</b>					
Total royalties reported by external licensees (a)	\$ 837	\$ 373	\$ 313	\$ 566	\$ 1,292
Intercompany revenue	103	33	30	62	132
License revenue	59	15	15	30	59
Total QTL revenue using New Method	\$ 999	\$ 420	\$ 358	\$ 658	\$ 1,483
Difference between the methods	\$ 1	\$ 16	\$ 32	\$ 85	\$ (151)
<hr/>					
Total QCOM revenues as reported under GAAP	\$ 3,847	\$ 1,341	\$ 1,216	\$ 2,422	\$ 4,880
Less: Difference between the royalty methods	1	16	32	85	(151)
Total QCOM revenues using New Method	3,846	1,325	1,184	2,337	5,031
<b>Total QCOM revenues and QCOM pro forma revenues</b>	<b>\$ 3,845</b>	<b>\$ 1,325</b>	<b>\$ 1,184</b>	<b>\$ 2,337</b>	<b>\$ 5,031</b>
<hr/>					
TOTAL QCOM net income as reported under GAAP	\$ 827	\$ 486	\$ 488	\$ 840	\$ 1,720
Less: Net income attributed to difference between the royalty methods (b)	1	10	20	52	(92)
Total QCOM net income using New Method	826	476	468	788	1,812
Less: QSI net income (loss) (c)	(334)	(4)	40	(31)	12
<b>QCOM pro forma net income (c)</b>	<b>\$ 1,160</b>	<b>\$ 482</b>	<b>\$ 428</b>	<b>\$ 757</b>	<b>\$ 1,800</b>
QCOM diluted EPS as reported under GAAP	\$ 0.51	\$ 0.29	\$ 0.29	\$ 0.51	\$ 1.03
<b>EPS attributed to difference between the royalty methods</b>	<b>\$ 0.00</b>	<b>\$ 0.01</b>	<b>\$ 0.01</b>	<b>\$ 0.03</b>	<b>\$ (0.06)</b>
Total QCOM diluted EPS using New Method	\$ 0.51	\$ 0.28	\$ 0.28	\$ 0.47	\$ 1.08
EPS attributed to QSI (c)	\$ (0.20)	\$ (0.00)	\$ 0.02	\$ (0.02)	\$ 0.01
<b>QCOM pro forma diluted EPS (c)</b>	<b>\$ 0.71</b>	<b>\$ 0.29</b>	<b>\$ 0.26</b>	<b>\$ 0.46</b>	<b>\$ 1.07</b>
Shares previously used for diluted EPS	818	841	836	831	n/a
Adjusted for stock split	1,636	1,682	1,672	1,663	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.**

**Results of Business Segments** The following table, present comparative QTL results as if the New Method of recognizing QTL revenues had been in effect for fiscal 2004. GAAP equivalents and reconciliations for fiscal 2004 periods are included at the end of this news release (dollars in millions, except per share data):

## Second Quarter - Fiscal Year 2005

Segments	QCT	QTL	QWI	Reconciling Items (1)	QUALCOMM Pro Forma	Tax Benefit Related to 2004(2)	QSI	Total QUALCOMM
Revenues	746	493	151	(25)	1,365	-	-	1,365
Change from prior year quarter (New Method for QTL (	4%	38%	8%	14%	15%	N/M	N/M	15%
Change from prior quarter	(14%)	23%	(5%)	N/M	(2%)	N/M	N/M	(2%)
Earnings before taxes	158	448	8	52	666	-	(33)	633
Net income					487	55	(10)	532
Diluted earnings per common share					0.29	0.03	(0.01)	0.31

- (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 second quarter of fiscal 2005, the Company decreased its estimate of R&D costs allocable to the Company's foreign operations under an intercompany cost sharing agreement. Due to this change in estimate, the effective tax rate in the second quarter for total QUALCOMM includes a \$55 million benefit, or \$0.03 diluted earnings per share, related to fiscal 2004 and a \$17 million benefit, or \$0.01 diluted earnings per share, related to the first quarter of fiscal 2005. For fiscal 2005 pro forma presentation, results have been adjusted to exclude the tax benefit attributable to fiscal 2004.**

N/M – Not Meaningful

Sums may not equal totals due to rounding.

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***Thank You***