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## Q2 FY05 Earnings Guidance Update

March 7, 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.

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## **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 included at the end of this presentation.**

## Second Fiscal Quarter 2005 Update – March 7, 2005

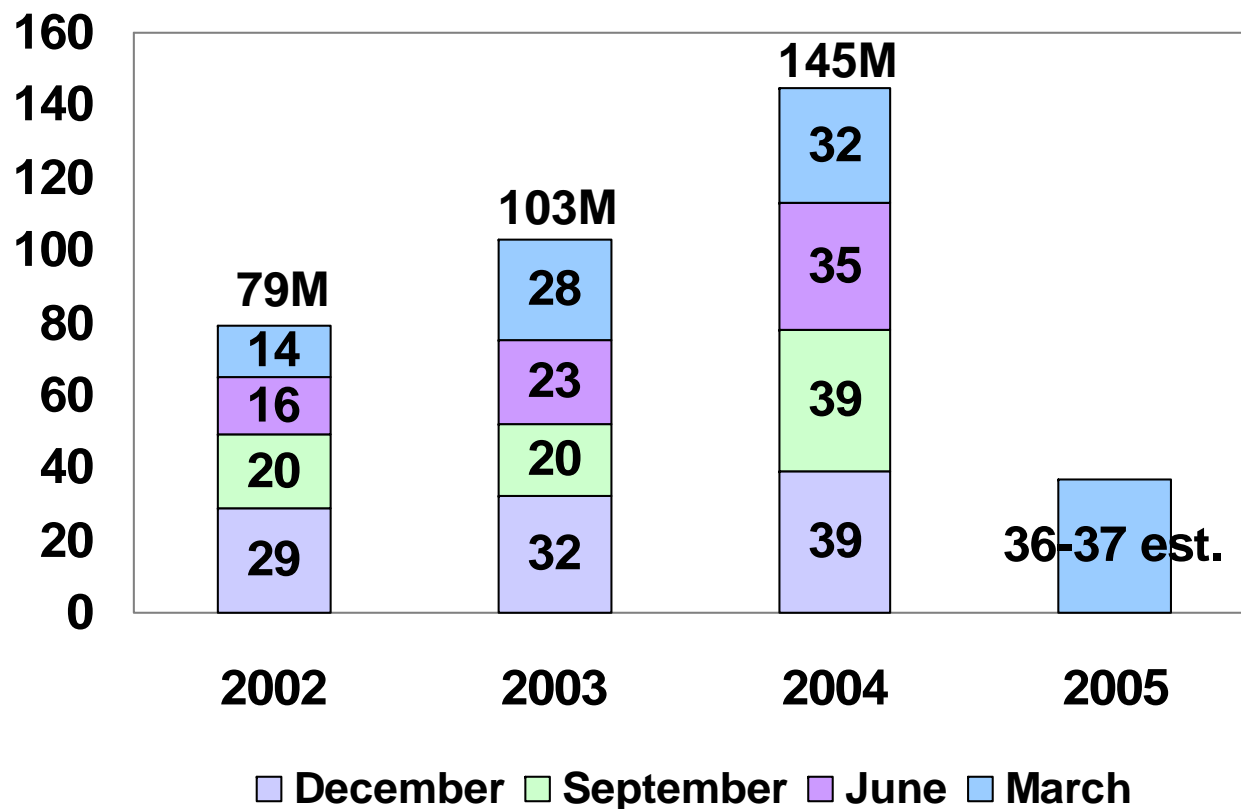
- **Consumer demand for 3G services continues to grow**
- **New EV-DO devices assist operators to increase revenue streams**
- **WCDMA momentum in Europe**
- **Strong CDMA handset shipments December quarter 2004**
- **Increased CDMA handset volumes in mid to low-tier regions**
- **Increased demand for MSM6050 value platform**
- **Highly integrated chipsets enable customers to develop compelling handsets**
- **Integrated strategy addresses critical issues facing handset manufacturers**
  - **Need for smaller form factors**
  - **Longer battery life**
  - **Faster time to market**



## Guidance Update As of March 7, 2005

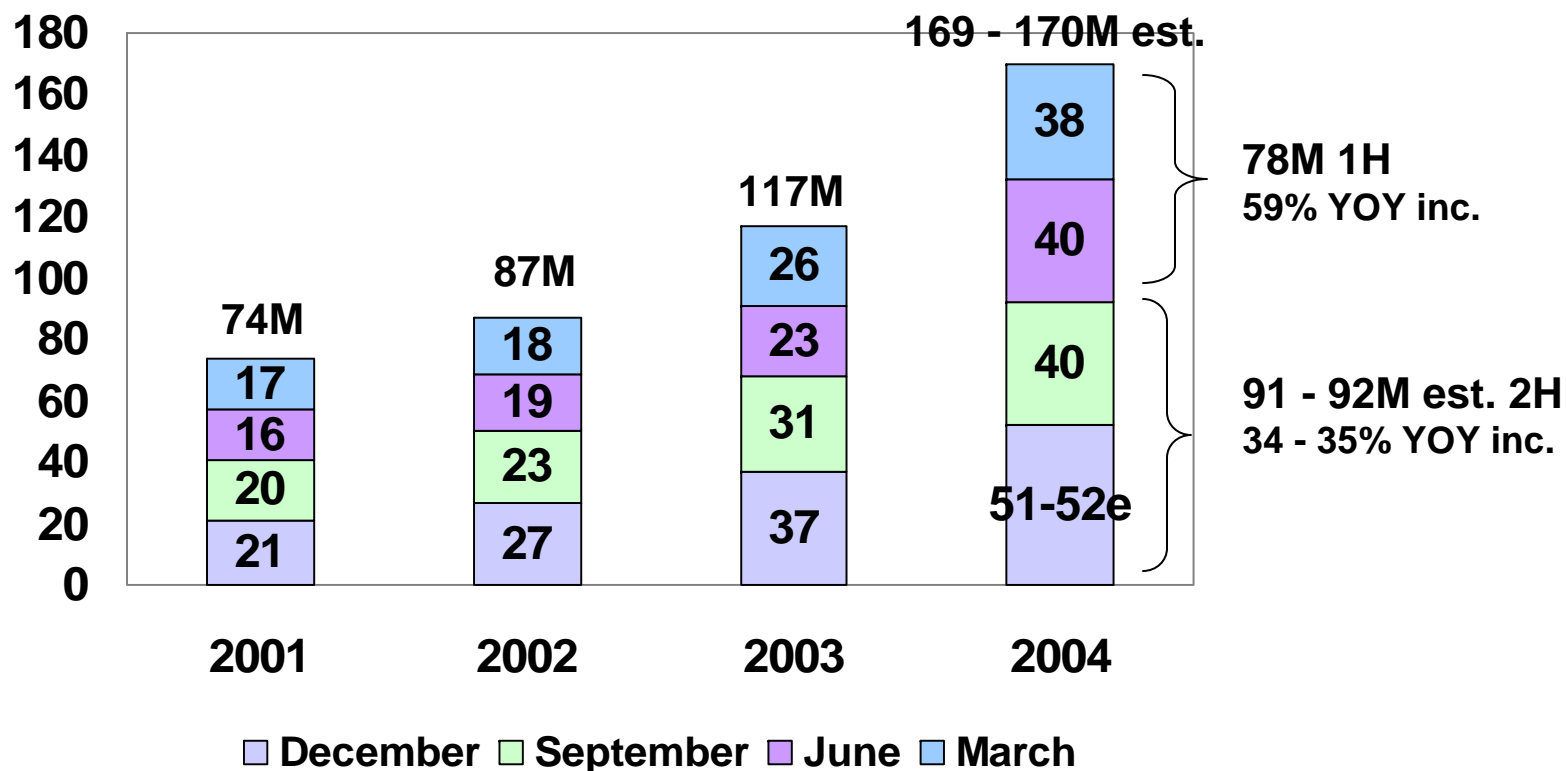
	Q1'05 Dec 2004 <u>Results</u>	Q2'05 Mar 2005 <u>Sequential Guidance</u>	
		<u>As of Jan. 19, 2004</u>	<u>As of Mar. 7, 2005</u>
<b>3G MSM phone chips CDMA2000 1X, 1xEV-DO, WCDMA</b>	<b>39M</b>	<b>35M - 37M est.</b>	<b>36M - 37M est.</b>
<b>CDMA/WCDMA handsets shipped</b>	<b>40M</b> (Sep qtr)	<b>46M - 49M est.</b> (Dec qtr)	<b>51M - 52M est.</b> (Dec qtr)
<b>CDMA/WCDMA handset ASP</b>	<b>\$212</b> (Sep qtr)	<b>\$214 est.</b> (Dec qtr)	<b>\$206 est.</b> (Dec qtr)
<b>QUALCOMM Excluding QSI</b>			
<b>Revenues</b>	<b>\$1.4B</b>	<b>\$1.35B - \$1.45B est.</b>	<b>\$1.35B - \$1.40B est.</b>
<b>EPS</b>	<b>\$0.28</b>	<b>\$0.25 - \$0.27 est.</b>	<b>\$0.26 - \$0.28 est.</b>
<b>Total QUALCOMM</b>			
<b>GAAP revenues</b>	<b>\$1.4B</b>	<b>\$1.35B - \$1.45B est.</b>	<b>\$1.35B - \$1.40B est.</b>
<b>GAAP EPS</b>	<b>\$0.30</b>	<b>\$0.24 - \$0.26 est.</b>	<b>\$0.25 - \$0.27 est.</b>

### 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.

### 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

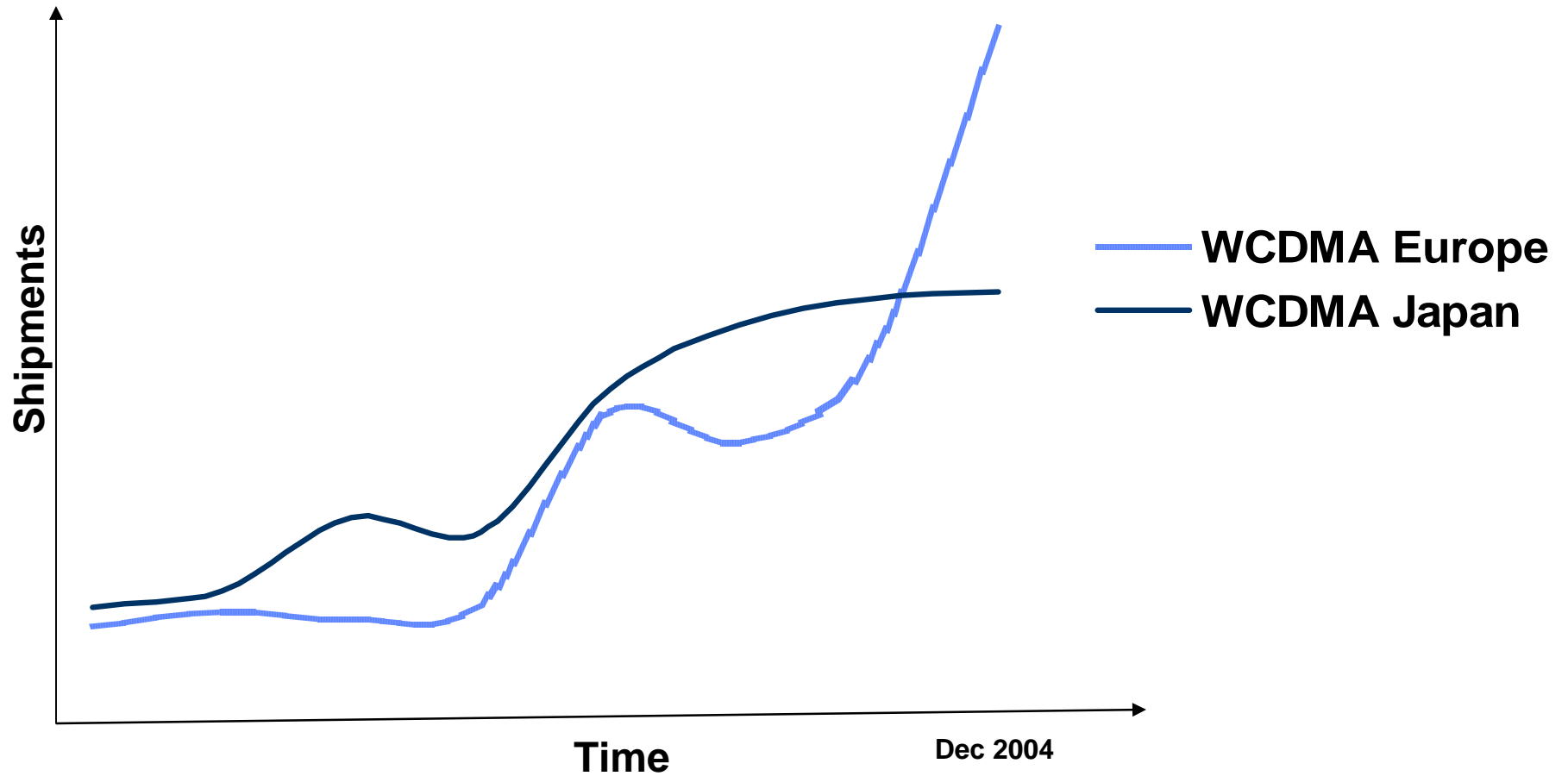
	<u>Jun'02</u>	<u>Sep'02</u>	<u>Dec'02</u>	<u>Mar'03</u>	<u>Jun'03</u>	<u>Sep'03</u>	<u>Dec'03</u>	<u>Mar'04</u>	<u>Jun'04</u>	<u>Sep'04</u>	<u>Dec'04</u>
<b>Handset shipments</b>	19	23	27	26	23	31	37	38	40	40	51- 52e
<b>Fiscal Year*</b>	78				99				146		
<b>Calendar Year</b>			87				117				169-170e
<b>Wholesale Handset ASP</b>	\$202	\$190	\$197	\$190	\$193	\$194	\$188	\$225	\$212	\$212	\$206e
<b>Fiscal Year*</b>	\$194				\$192				\$205		

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

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

# Regional WCDMA Handset Shipments

## *Europe Surpasses Japan in December Quarter 2004*



Source: Derived from quarterly reports submitted by licensed WCDMA manufacturers. Regional breakdown includes QUALCOMM estimates.



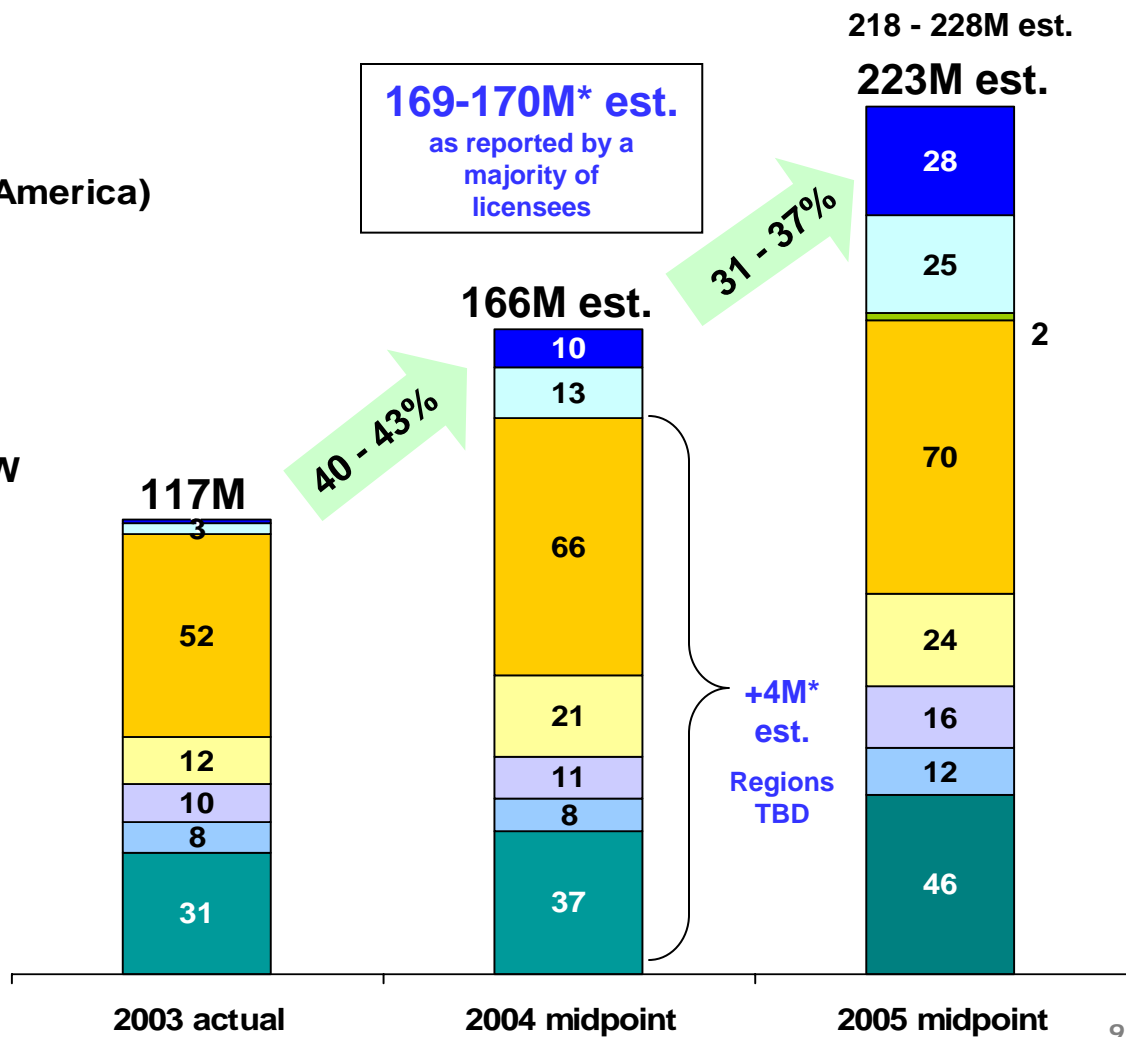
# CDMA/WCDMA Handset Shipments – Calendar Year (Millions)

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

Regional Breakdown Will be Updated 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



\*Updated March 7, 2005, change from prior guidance

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*Thank You*

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# Reconciliations

**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 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>

## Reconciliations 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.