

**Q4 FY05 Earnings Guidance Update  
September 21, 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.**

## Fourth Fiscal Quarter 2005 Update – September 21, 2005

- **Strong 3G CDMA and WCDMA market momentum**
- **Sequential strength across many geographies in shipments of 3G CDMA and WCDMA handsets**
- **Handset guidance for June increased primarily due to higher 3G CDMA2000 shipments in North America, Latin America and ROW**
- **Traction of QCT 3G CDMA2000 1xEV-DO and WCDMA chipset solutions**



# Guidance Update As of September 21, 2005

	Q3'05	Q4'05	
	Jun 2005 <u>Results</u>	<u>Sequential Guidance</u>	
		<u>As of Jul 20, 2005</u>	<u>As of Sep 21, 2005</u>
3G MSM phone chips CDMA2000 1X, 1xEV-DO, WCDMA	36M	38 - 40M est.	40M est.
CDMA/WCDMA handsets shipped	43M (Mar'05*)	43 - 45M est. (Jun'05*)	48M est. (Jun'05*)
CDMA/WCDMA handset ASP	\$231 (Mar'05*)	\$215 est. (Jun'05*)	\$213 est. (Jun'05*)
<b>QUALCOMM Pro Forma**</b>			
Revenues	\$1,358M	\$1.43B - \$1.53B est.	\$1.48B - \$1.58B est.
EPS	\$0.28	\$0.29 - \$0.31 est.	\$0.32 - \$0.33 est.
<b>Total QUALCOMM</b>			
GAAP revenues	\$1,358M	\$1.43B - \$1.53B est.	\$1.48 - \$1.58B est.
GAAP EPS	\$0.33	\$0.28 - \$0.30 est.	\$0.32 - \$0.33 est.

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

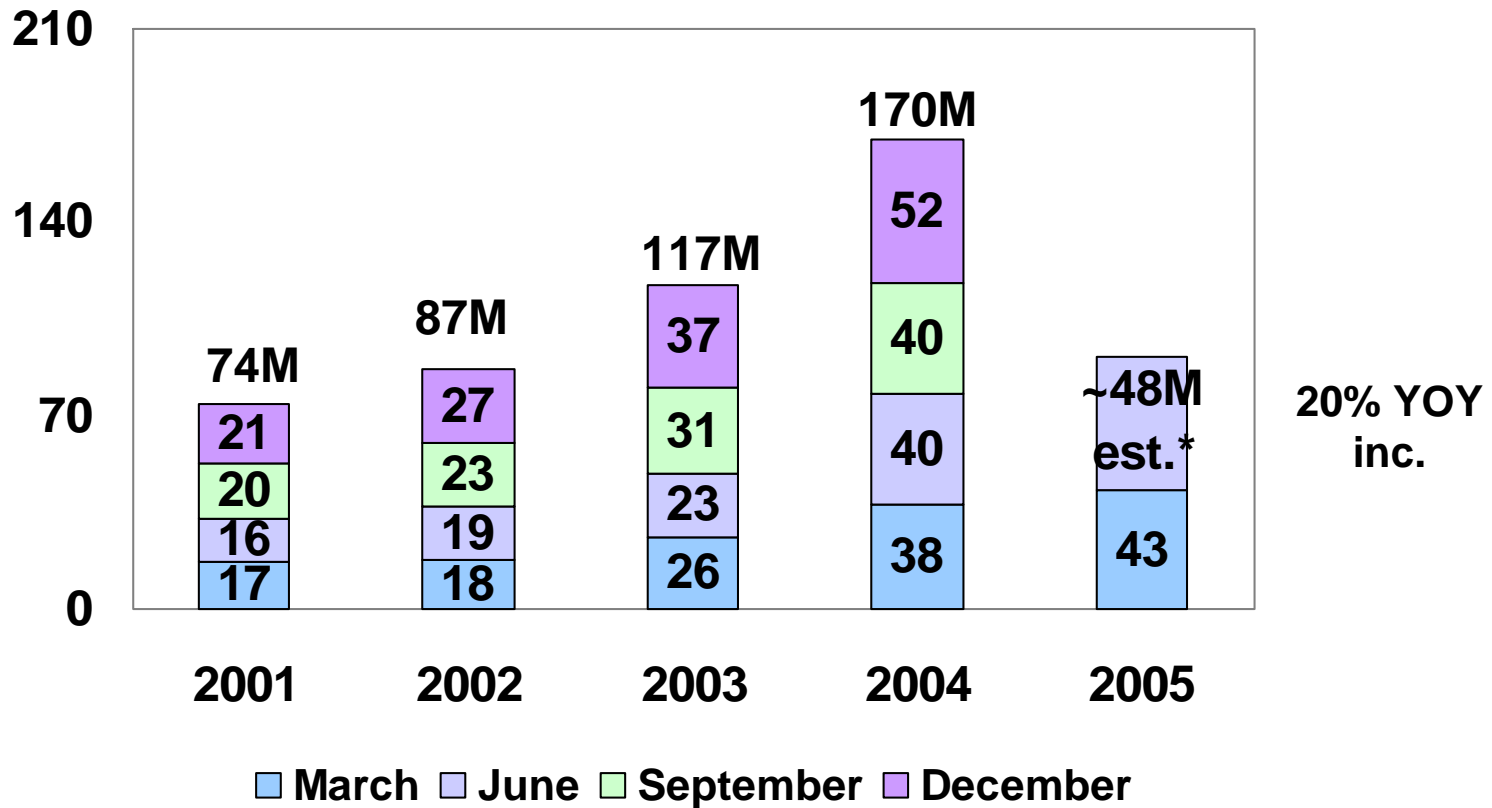
\*\*Pro forma results exclude the QSI segment and one-time tax benefits recorded in Q2'05 and Q3'05 and are presented as if the New Method of recording royalties was in use during FY2004. 2004 results have also been adjusted to conform to new segment presentation for the reorganization of MediaFLO into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

# Fiscal Year Results and Guidance

	FY'04 <u>Results</u>	FY'05 <u>Sequential Guidance</u>	
		<u>As of Jul 20, 2005</u>	<u>As of Sep 21, 2005</u>
Total MSM phone chips	137M	149 - 151M est.	~151M est.
3G MSM phone chips (CDMA2000 1X, 1xEV-DO, WCDMA)	137M	149 - 151M est.	~151M est.
For fiscal year royalty calculations:			
CDMA/WCDMA handsets shipped	146M <small>(Jul'03-Jun'04)</small>	177 - 179M est. <small>(Jul'04-Jun'05)</small>	~182M est. <small>(Jul'04-Jun'05)</small>
CDMA/WCDMA handset ASP	\$205	\$215 est.	~\$215 est.
<b>QUALCOMM Pro Forma*</b>			
Revenues	\$5,031M	\$5.55B - \$5.65B est.	\$5.6B - \$5.7B est.
EPS	\$1.07	\$1.13 - \$1.15 est.	\$1.16 - \$1.17 est.
<b>Total QUALCOMM</b>			
GAAP Revenues	\$4,880M	\$5.55B - \$5.65B est.	\$5.6B - \$5.7B est.
GAAP EPS	\$1.03	\$1.22 - \$1.24 est.	\$1.26 - \$1.27 est.

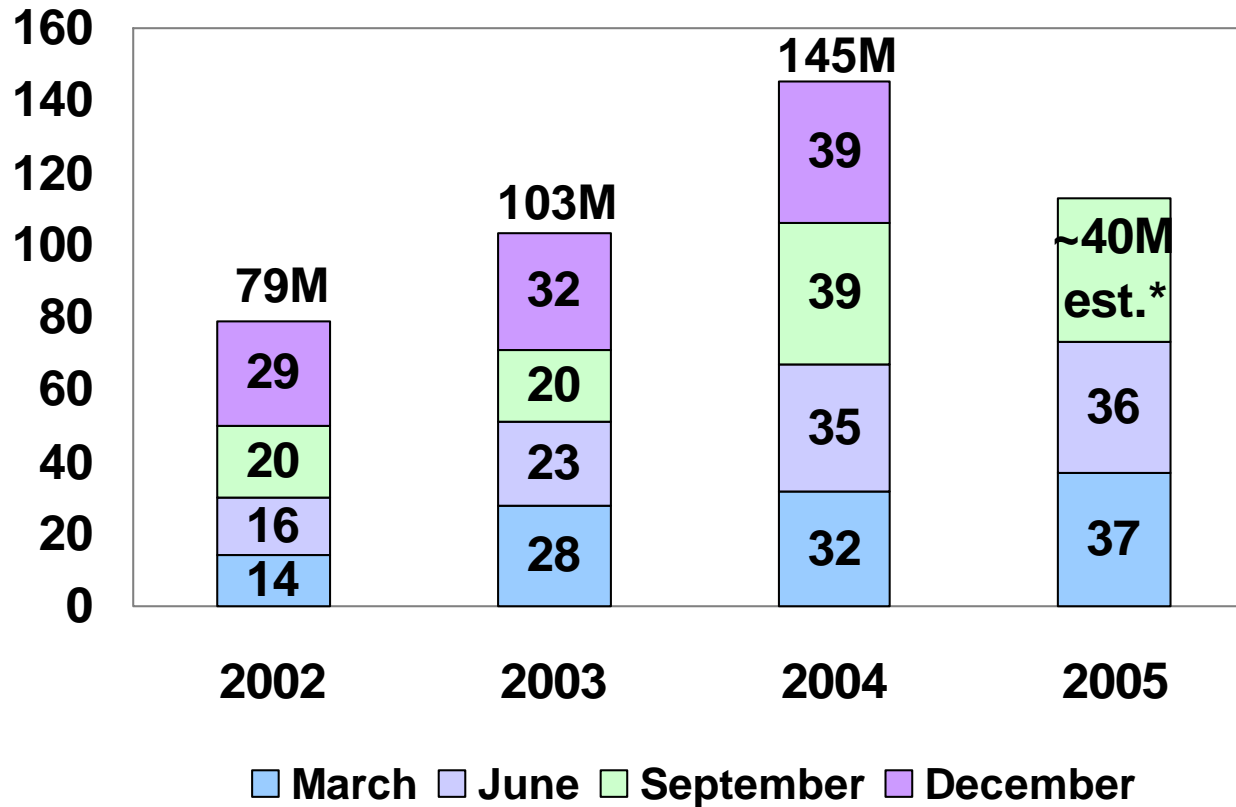
\*Pro forma results and comparisons exclude the QSI segment and one-time tax benefits recorded in Q2'05 and Q3'05 and are presented as if the New Method of recording royalties was in use during FY2004. 2004 results have also been adjusted to conform to new segment presentation for the reorganization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

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



\*Guidance update as of September 21, 2005

### 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.

\*Guidance update as of September 21, 2005



# 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>	<u>Mar'05</u>	<u>Jun'05</u>
Handset shipments	19	23	27	26	23	31	37	38	40	40	52	43	~48e
Calendar Year		87				117				170			
Fiscal Year*	78				99				146				~182e
Handset ASP	\$202	\$190	\$197	\$190	\$193	\$194	\$188	\$225	\$212	\$212	\$207	\$231	\$213e
Fiscal Year*	\$194				\$192				\$205				\$215e

 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.



The background features a blue gradient with several dotted lines in various shades of blue and white, creating a sense of movement and data flow. The lines are scattered across the frame, with some appearing as straight paths and others as more complex, curved trajectories.

# *Reconciliations*

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

(in millions, except per share data)

	Three months ended	Year ended
	September 26, 2004	September 26, 2004
<b>Prior Method of Recording Royalties</b>		
Estimate of estimated licensees for prior period	\$ 253	\$ 151
Royalties reported by estimated licensees for prior period	<u>255</u>	<u>208</u>
Prior period variance included in reporting period	2	57
Other royalties reported in reporting period	99	1,084
Estimate for estimated licensees for current period	<u>-</u>	<u>-</u>
Total QTL royalty revenues from external licensees	101	1,141
Intercompany revenue	36	132
License revenue	<u>14</u>	<u>59</u>
Total QTL revenue using Prior Method		
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	\$ 1,292
Intercompany revenue	36	132
License revenue	<u>14</u>	<u>59</u>
Total QTL revenue using New Method	\$ 404	\$ 1,483
Difference between the methods	<u>\$ (253)</u>	<u>\$ (151)</u>
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QTL earnings before tax using Prior Method		
QTL earnings before tax including prospective change to New Method in Q4'04	\$ 111	\$ 1,195
Less: Difference between the royalty methods	<u>\$ (253)</u>	<u>\$ (151)</u>
QTL earnings before tax using New Method	\$ 364	\$ 1,346
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Total QCOM revenues as reported under GAAP	\$ 1,118	\$ 4,880
Less: Difference between the royalty methods	<u>(253)</u>	<u>(151)</u>
Total QCOM revenues using New Method	1,371	5,031
<b>Total QCOM revenues and QCOM pro forma revenues</b>	<b>\$ 1,371</b>	<b>\$ 5,031</b>
TOTAL QCOM earnings from continuing operations before taxes as reported under GAAP	\$ 431	\$ 2,313
Less: earnings from continuing operations before taxes attributed to difference between the royalty methods	<u>\$ (253)</u>	<u>\$ (151)</u>
Total QCOM earnings from continuing operations before taxes using New Method	\$ 684	\$ 2,464
Less: QSI earnings from continuing operations before taxes (c)	\$ 11	\$ (31)
<b>QCOM pro forma earnings from continuing operations before taxes (c)</b>	<b>\$ 673</b>	<b>\$ 2,495</b>
TOTAL QCOM net income as reported under GAAP	\$ 393	\$ 1,720
Less: Net income attributed to difference between the royalty methods (b)	<u>(154)</u>	<u>(92)</u>
Total QCOM net income using New Method	547	1,812
Less: QSI net income (loss) (c)	48	12
<b>QCOM pro forma net income (c)</b>	<b>\$ 499</b>	<b>\$ 1,800</b>
QCOM diluted EPS as reported under GAAP	\$ 0.23	\$ 1.03
<b>EPS attributed to difference between the royalty methods</b>	<b>\$ (0.09)</b>	<b>\$ (0.06)</b>
Total QCOM diluted EPS using New Method	\$ 0.32	\$ 1.08
EPS attributed to QSI (c)	\$ 0.03	\$ 0.01
<b>QCOM pro forma diluted EPS (c)</b>	<b>\$ 0.30</b>	<b>\$ 1.07</b>
Shares used for calculating diluted EPS	1,692	1,675

## Reconciliations 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 recognized under GAAP in 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.**

**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.**

## Business Outlook Summary

<b><i>FOURTH QUARTER</i></b>	
	<b>Current Guidance Q4'05 Estimates</b>
<b><i>QUALCOMM Pro Forma</i></b>	
Revenues	\$1.48B - \$1.58B
Year-over-year change	increase 8% - 15%
Diluted earnings per share (EPS)	\$0.32- \$0.33
Year-over-year change	increase 7% - 10%
<b><i>Total QUALCOMM</i></b>	
Revenues	\$1.48B - \$1.58B
Year-over-year change	increase 32% - 41%
Diluted earnings per share (EPS)	\$0.32- \$0.33
Year-over-year change	increase 39% - 43%
EPS attributable to QSI	\$0.00
<b><i>Metrics</i></b>	
MSM Shipments	40M
CDMA/WCDMA handset units shipped (Jun Qtr)	48M
CDMA/WCDMA handset unit wholesale average selling price (Jun Qtr)	\$213

<b>FISCAL YEAR</b>	
	<b>Current Guidance FY 2005 Estimates</b>
<b>QUALCOMM Pro Forma</b>	
Revenues	\$5.6B - \$5.7B
Year-over-year change	increase 11% - 13%
Diluted earnings per share (EPS)	\$1.16 - \$1.17
Year-over-year change	increase 8% - 9%
<b>Total QUALCOMM</b>	
Revenues	\$5.6B - \$5.7B
Year-over-year change	increase 15% - 17%
Diluted earnings per share (EPS)	\$1.26 - \$1.27
Year-over-year change	increase 22% - 23%
EPS attributable to QSI	\$0.06
EPS attributable to tax benefits related to 2004	\$0.04
<b>Metrics</b>	
Fiscal year* CDMA/WCDMA handset unit wholesale average selling price	\$215
*Shipments in Sep. to June quarters, reported Dec. to Sep.	

Sums may not equal totals due to rounding



***Thank You***