



# Third Quarter Fiscal 2010 Earnings

JULY 21, 2010



# Safe Harbor

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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 industry trends, anticipated future results and product availability, potential market size, market shares and other factors that inherently involve risks and uncertainties, including the rate of development, deployment and commercial acceptance of CDMA- and OFDMA-based networks and technology and fluctuations in the demand for CDMA- and OFDMA-based products, services or applications.

- 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 includes 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.

## DISCLAIMER

- Nothing in these materials is an offer to sell any of the components or devices referenced herein. Certain components for use in the U.S. are available only through licensed suppliers. Some components are not available for use in the U.S.

# Qualcomm Reports Q3 FY'10 Earnings

THIRD QUARTER ENDING JUNE 27, 2010

- Financial performance exceeded prior expectations, driven by:
- Record MSM chipset shipments, favorable product mix;
- Continued strong demand for 3G devices around the world.



# Third Fiscal Quarter Results

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## ■ Financial Results

- Pro forma<sup>(1)</sup> revenues of \$2.70 billion, down 2% YoY and up 1% QoQ.
- Pro forma operating income of \$991 million, down 12% YoY and 7% QoQ.
- Pro forma diluted EPS of \$0.57, up 6% YoY and down 3% QoQ.
- GAAP operating cash flow of \$951 million, down 13% year-over-year.

## ■ Business Metrics

- ~103 million MSM<sup>™</sup> chip shipments, up 10% YoY and 11% QoQ.
- ~\$25.2 billion total reported device sales in March quarter, up 19% YoY and down 9% QoQ.<sup>(2)(3)</sup>
- ~134 to 138 million units of CDMA-based devices shipped in March quarter at an ASP of ~\$183 to \$189 per unit.<sup>(2)(3)</sup>

## ■ Return of Capital to Shareholders

- Cash dividends paid of \$309 million, or \$0.19 per share.
- Repurchase of common stock of \$1.18 billion, 32.4 million shares.

(1), (2) & (3) See notes on slide 18.

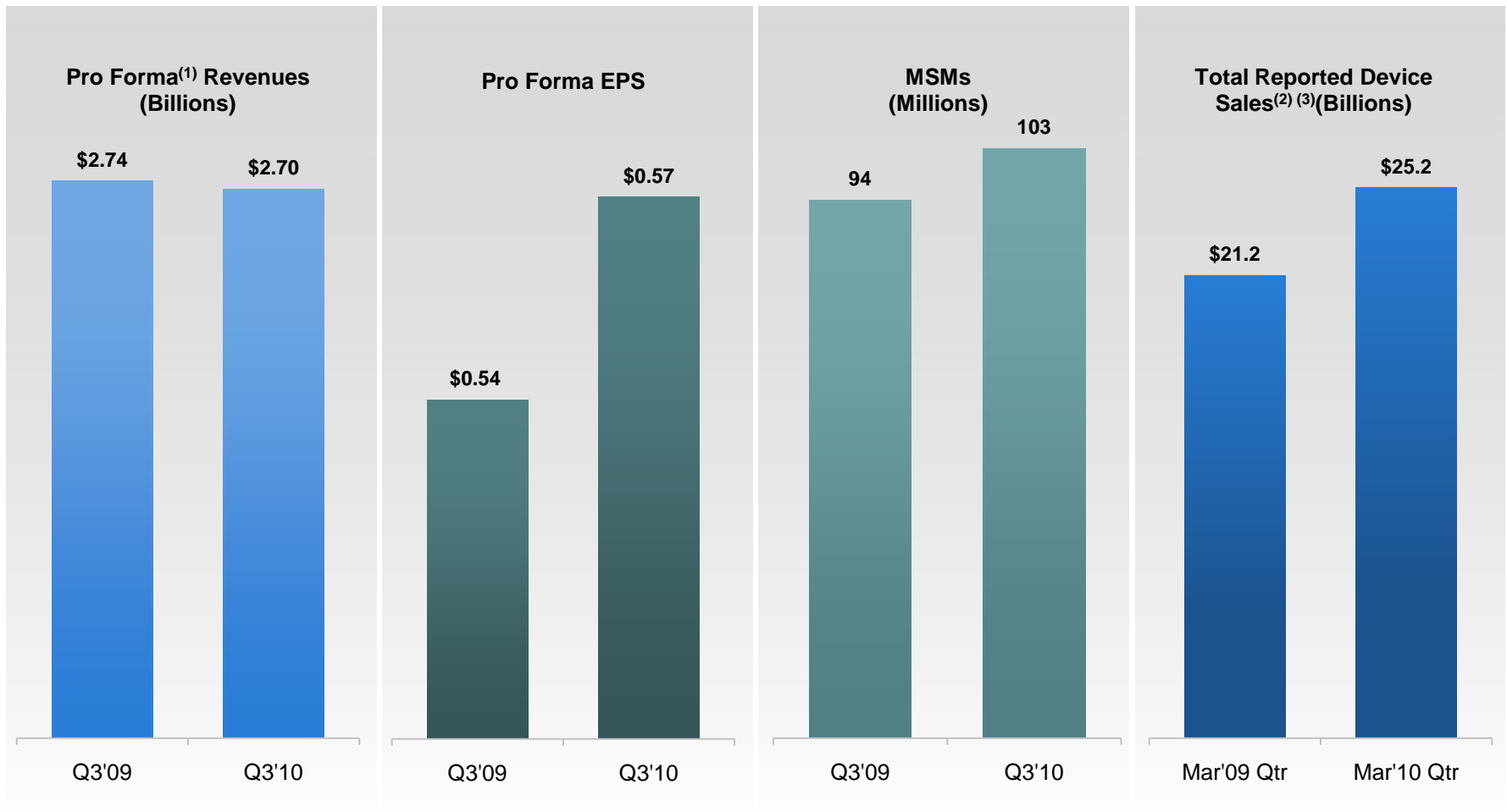
# Third Quarter Results vs. Guidance

Qualcomm Pro Forma <sup>(1)</sup>	Q3'10 Prior Guidance*	Q3'10 Results
Revenues	~\$2.50 - \$2.70B	\$2.70B
Diluted EPS	~\$0.51 - \$0.55	\$0.57
MSM Shipments	~97 - 102M	103M
Total Reported Device Sales <sup>(2)</sup> (Mar. Qtr <sup>(3)</sup> )	~\$24.0 - \$26.0B	\$25.2B
Est. CDMA-Based Devices Shipped <sup>(2)</sup> (Mar. Qtr <sup>(3)</sup> )	Not Provided	~134 - 138M
Est. CDMA-Based Device ASP <sup>(2)</sup> (Mar. Qtr <sup>(3)</sup> )	Not Provided	~\$183 - \$189

(1), (2) & (3) See notes on slide 18.

\* Guidance as of Apr. 21, 2010.

# Third Fiscal Quarter Results vs. Last Year



(1), (2) & (3) See notes on slide 18.

# 2010 Updated Guidance

AS OF JULY 21, 2010

Qualcomm Pro Forma <sup>(1)</sup>	2010 Prior Guidance*	2010 Current Guidance
FY Revenues	~\$10.4 - \$11.0B	~\$10.7 - \$11.0B
FY Diluted EPS	~\$2.21 - \$2.32	~\$2.33 - \$2.37
FY Est. CDMA-Based Device ASP <sup>(2)(3)</sup>	~\$182 - \$188	~\$184 - \$188
CY Est. CDMA-Based Device Shipments <sup>(2)</sup>	~600 - 650M	~600 - 650M

**Raising Financial Guidance For The Fiscal Year**

(1), (2) & (3) See notes on slide 18.

\* Guidance as of Apr. 21, 2010.

# Fourth Quarter & Fiscal Year 2010 Guidance

AS OF JULY 21, 2010

Qualcomm Pro Forma <sup>(1)</sup>	Q4'09 Results	Q4'10 Guidance	FY'09 Results	FY'10 Guidance
Revenues	\$2.68B	~\$2.67 - \$2.93B	\$10.39B	~\$10.7 - \$11.0B
Diluted EPS	\$0.48 <sup>(4)</sup>	~\$0.55 - \$0.59	\$1.31 <sup>(4)</sup>	~\$2.33 - \$2.37
MSM Shipments	91M	~106 - 111M	317M	~394 - 399M*
Total Reported Device Sales <sup>(2)(3)</sup>	\$24.9B	~\$26.5 - \$28.5B	\$98.5B	~\$103.9 - \$105.9B*
Est. CDMA-Based Device ASP <sup>(2)(3)</sup>	~\$200 - \$206	Not Provided	~\$202 - \$208	~\$184 - \$188

(1), (2), (3) & (4) See notes on slide 18.

\* Implied based on Q4'FY10 guidance.



# Fiscal Year 2010 - Additional Metrics

AS OF JULY 21, 2010

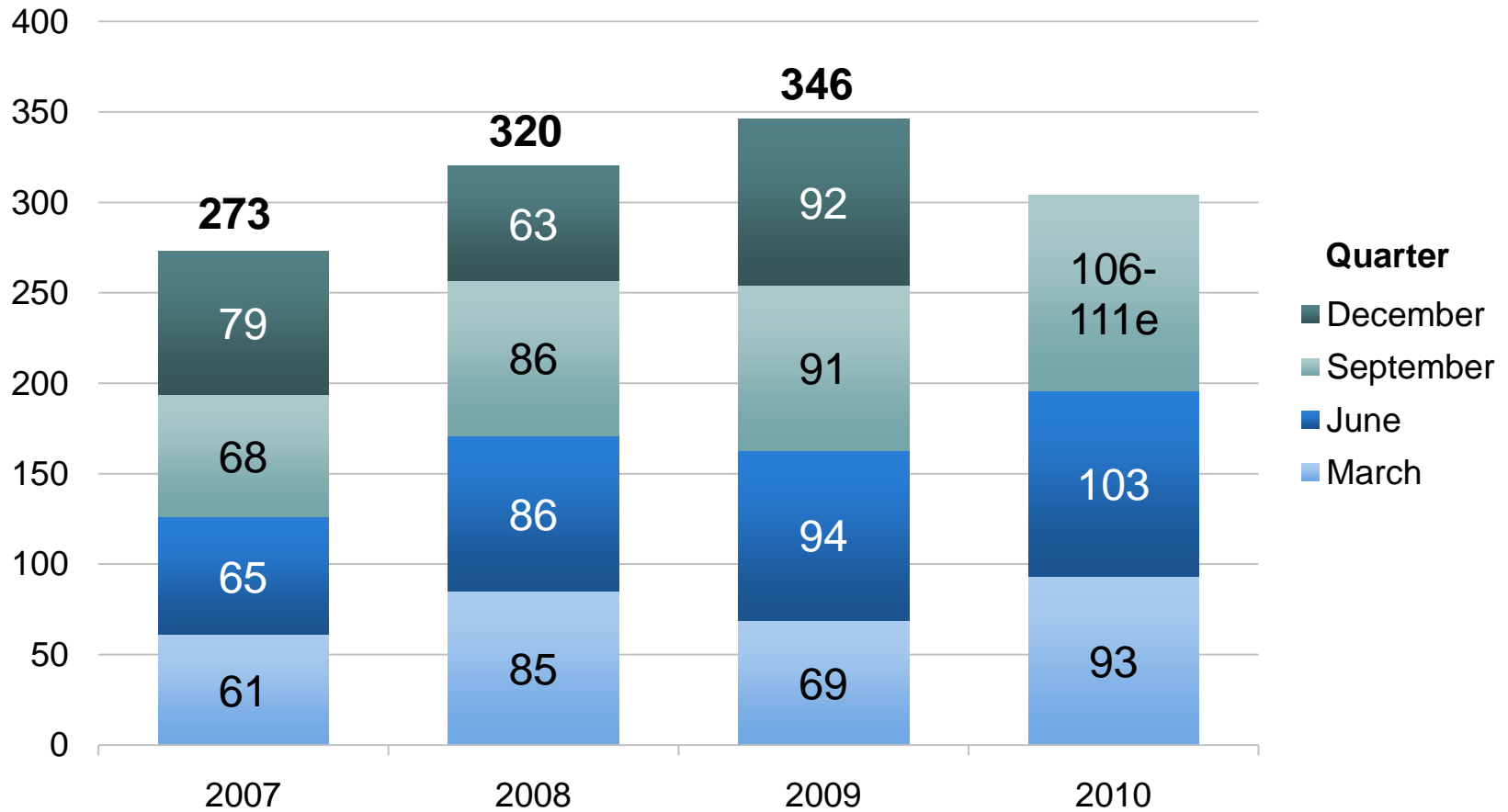
Pro Forma <sup>(1)</sup> Combined R&D and SG&A Expenses	Increase ~ 4% from FY'09
Pro Forma Tax Rate	~20 - 21%
GAAP Tax Rate	~20%
Implied QTL Royalty Rate*	In range of Q4 FY'09
QCT Operating Margin	Towards higher end of prior guidance of ~22 – 24%

(1) See note on slide 18.

\* Excluding Q1'FY10 Samsung catch-up and the two licensee disputes.

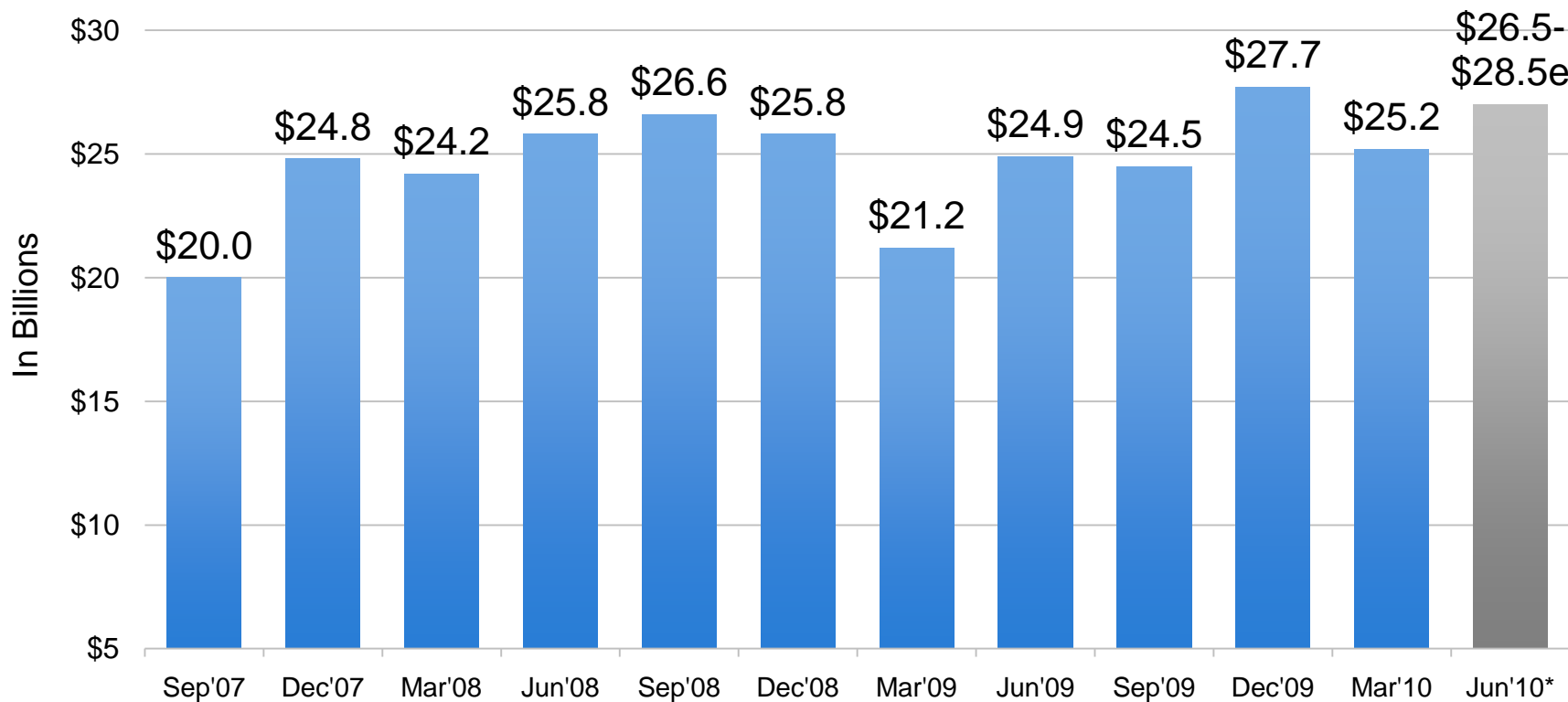
# Qualcomm MSM Shipments

CALENDAR YEAR, MILLIONS, AS OF JULY 21, 2010



# Quarterly Total Reported Device Sales<sup>(2)(3)</sup>

REPORTED BY QUALCOMM LICENSEES



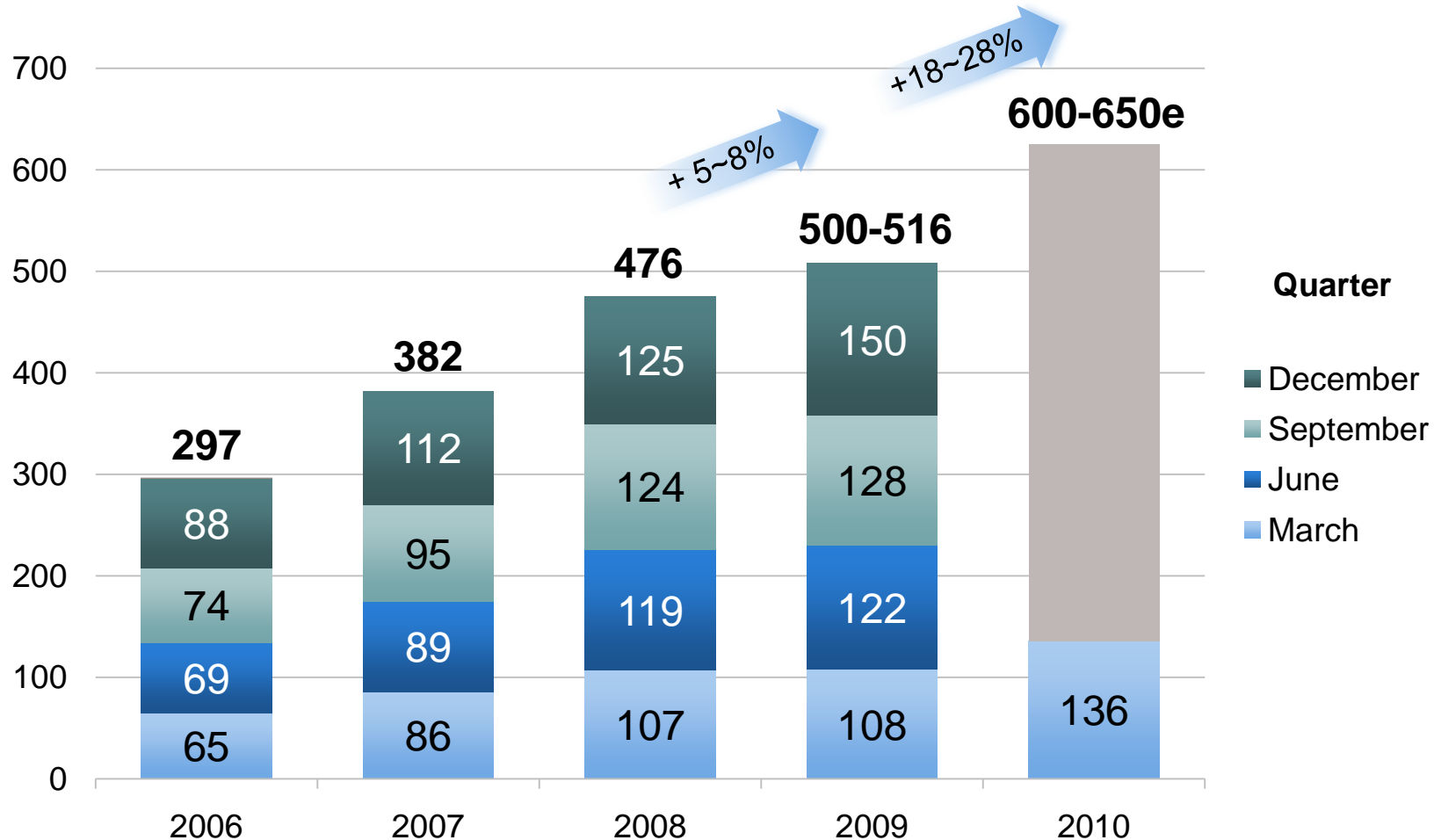
Est. ASP <sup>(2)(3)</sup>	\$211	\$222	\$226	\$216	\$211-217	\$203-209	\$193-199	\$200-206	\$189-195	\$182-188	\$183-189	Not Provided
Est. Shipment <sup>(2)(3)</sup>	95M	112M	107M	119M	122-126M	123-127M	106-110M	120-124M	126-130M	148-152M	134-138M	Not Provided

(2) & (3) See note on slide 18.

\* Guidance as of Jul. 21, 2010.

# Quarterly CDMA-Based Device Shipment Estimates<sup>(2)</sup>

CALENDAR YEAR, MILLIONS, MIDPOINTS<sup>(5)</sup>, AS OF JULY 21, 2010

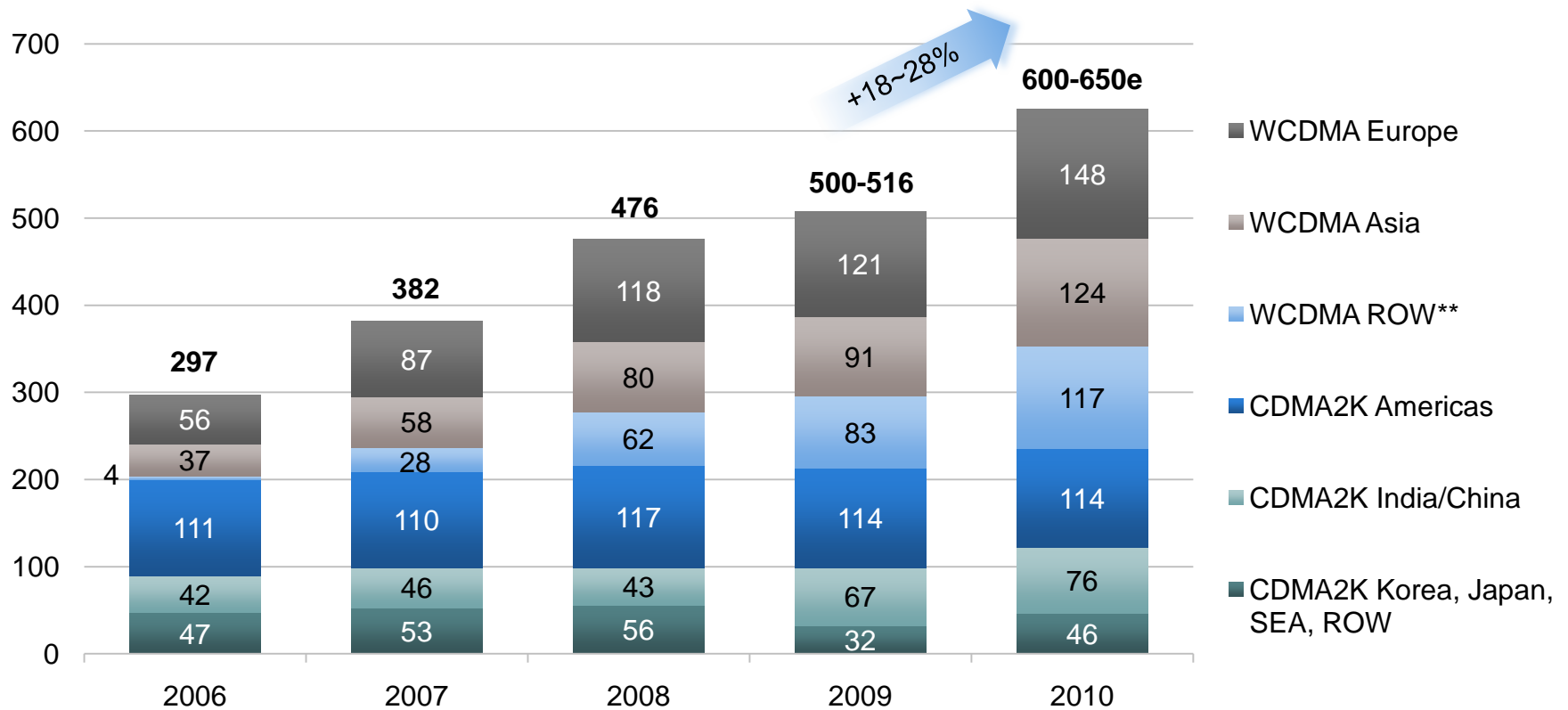


(2) & (5) See notes on slide 18.

Note: Sums of quarterly amounts may not equal totals due to rounding.

# Regional\* CDMA-Based Device Shipment Estimates<sup>(2)</sup>

CALENDAR YEAR, MILLIONS, MIDPOINTS<sup>(5)</sup>, AS OF JULY 21, 2010



WCDMA	97	173	260	295	389 est.
CDMA	<u>200</u>	<u>209</u>	<u>216</u>	<u>213</u>	<u>236 est.</u>
<b>Total</b>	<b>297</b>	<b>382</b>	<b>476</b>	<b>508</b>	<b>625 est.</b>

(2) & (5) See notes on slide 18.

\* Regional device shipments are Qualcomm estimates and include handsets, data devices, telematics, security devices and some quantity of channel inventory. WCDMA includes TD-SCDMA.

\*\* WCDMA ROW includes North America.

# Quarterly Estimated CDMA-Based Device Shipments & ASP Trend<sup>(2)(3)</sup>

	FY'08				FY'09				FY'10			
	Sep '07	Dec '07	Mar '08	Jun '08	Sep '08	Dec '08	Mar '09	Jun '09	Sep '09	Dec '09	Mar '10	Jun '10**
Qtr. Total Reported Device Sales (\$B)	\$20.0	\$24.8	\$24.2	\$25.8	\$26.6	\$25.8	\$21.2	\$24.9	\$24.5	\$27.7	\$25.2	\$26.5-28.5e
FY Total Reported Device Sales (\$B)				\$94.8				\$98.5				\$103.9-105.9e***
Qtr. Device Shipments* (M)	95	112	107	119	124	125	108	122	128	150	136	
CY Device Shipments* (M)		382				476				508		
FY Device Shipments* (M)				433				480				
Qtr. Device ASP*	\$211	\$222	\$226	\$216	\$214	\$206	\$196	\$203	\$192	\$185	\$186	
FY Device ASP*				\$219				\$205				\$184-188e

(2) & (3) See note on slide 18.

\* Midpoints, see note (5) on slide 18.

\*\* Guidance as of Jul. 21, 2010.

\*\*\* Implied based on Q4'FY10 guidance.

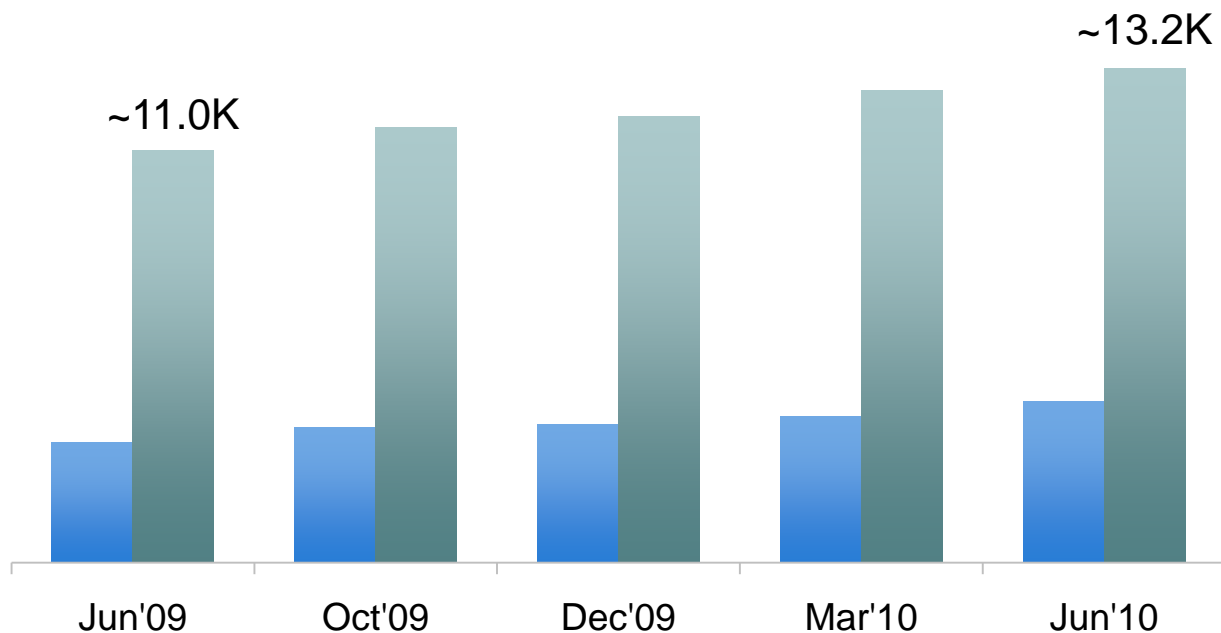
Note: Sums of quarterly amounts may not equal totals due to rounding.

# Industry's Most Widely Licensed Portfolio

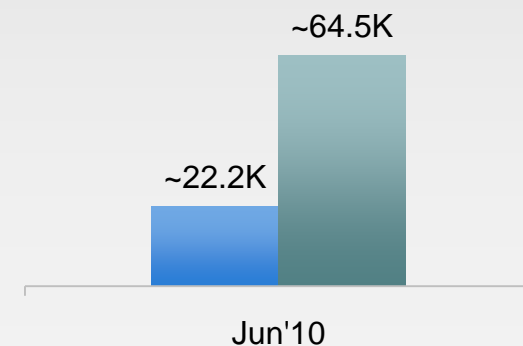
- 180+ CDMA-based licensees; 110+ licensed for WCDMA/TD-SCDMA.
- 9 royalty-bearing single-mode OFDM/OFDMA licensees.

## Total U.S. Granted Patents & Pending Patent Applications

■ Granted Patents    ■ Pending Patent Applications & Granted Patents



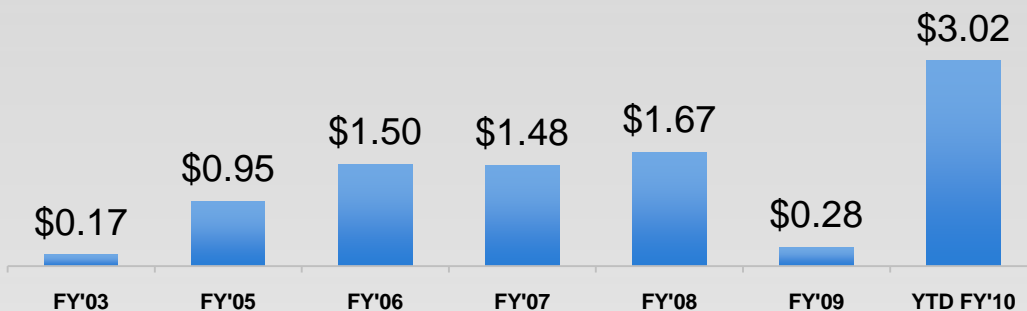
## Total Foreign Granted Patents & Pending Patent Applications



# Cumulative \$14.5B Capital Returned to Stockholders

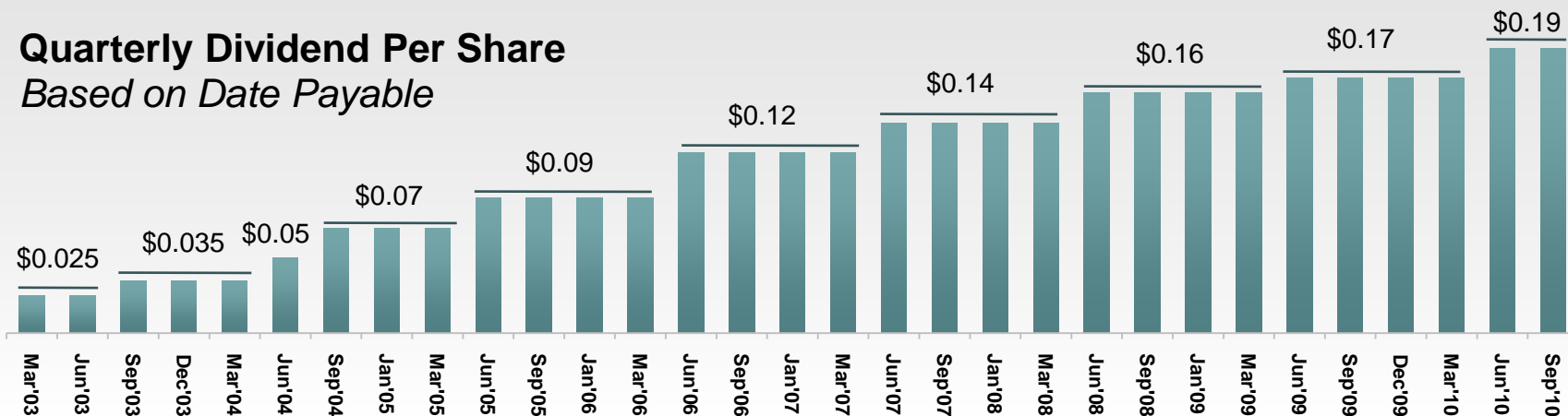
AS OF JULY 21, 2010

## Share Repurchases\* (Billions)



\$1.7 billion available for repurchase under current BOD authorization

## Quarterly Dividend Per Share Based on Date Payable



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.  
\*Gross Repurchases.



# Financial Strength

(\$ in Billions)	June 2009	June 2010	
Domestic	\$7.0	<b>\$5.9</b>	Cash Resources and Operating/Stock Repurchases Flexibility
Offshore	\$8.7	<b>\$11.7</b>	
Total Cash & Marketable Securities	\$15.7	<b>\$17.6</b>	
Total Assets	\$25.7	<b>\$29.4</b>	Solid Balance Sheet
Stockholders' Equity	\$18.7	<b>\$19.9</b>	
Debt*	\$0.2	<b>\$1.3</b>	
EBITDA	\$1.0	<b>\$1.0</b>	Cash Flow to Support Future Growth and Dividends
Pro Forma Free Cash Flow	\$1.0	<b>\$1.0</b>	

\* Includes capital leases and loan payable to banks related to India BWA spectrum purchase.

# Footnotes

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- (1) Pro forma results exclude the Qualcomm Strategic Initiatives (QSI) segment, certain share-based compensation, certain tax items that are not related to the current year and acquired in-process research and development (R&D) expense.
- (2) Total reported device sales is the sum of all reported sales in U.S. dollars (as reported to us by our licensees) of all licensed CDMA-based subscriber devices (including handsets, modules, modem cards and other subscriber devices) by our licensees during a particular period. The reported quarterly estimated ranges of ASPs and unit shipments are determined based on the information as reported to us by our licensees during the relevant period and our own estimates of the selling prices and unit shipments for licensees that do not provide such information. Not all licensees report sales, selling prices and/or unit shipments the same (e.g., some licensees report selling prices net of permitted deductions, such as transportation, insurance and packing costs, while other licensees report selling prices and then identify the amount of permitted deductions in their reports), and the way in which licensees report such information may change from time to time. Total reported device sales, estimated unit shipments and estimated ASPs for a particular period may include prior period activity that is reported with the activity for the particular period. For results using assumptions in effect for quarters prior to the second quarter of fiscal 2010, please refer to the “Changes to QTL Metrics” table of our April 21, 2010 earnings release that was furnished to the Securities and Exchange Commission on Form 8-K.
- (3) Estimated shipments in Sep. to Jun. quarters reported in Dec. to Sep. quarters.
- (4) Fiscal 2009 results included a \$783 million charge related to a litigation settlement and patent agreement with Broadcom Corporation, including \$748 million recorded in the second quarter of fiscal 2009 and \$35 million recorded in the fourth quarter of 2009. The fourth quarter of fiscal 2009 results also included a \$230 million charge related to a fine that had been announced by the Korea Fair Trade Commission.
- (5) The midpoints of the estimated ASP and device shipment ranges for the relevant periods are identified for comparison purposes only and do not indicate a higher degree of confidence in the midpoints.



## ➤ Reconciliations

# Pro Forma Results

IN MILLIONS EXCEPT PER SHARE DATA

SEGMENTS	Pro Forma (1)	Share-Based Compensation (2)	Tax Items (3)	In- Process R&D	QSI (4)	GAAP (1)
<b>Q3 - FISCAL 2010</b>						
<b>Revenues</b>	<b>\$2,700</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$6</b>	<b>\$2,706</b>
<i>Change from prior year</i>	(2%)				(33%)	(2%)
<i>Change from prior quarter</i>	1%				200%	2%
<b>Operating income (loss)</b>	<b>\$991</b>	<b>(\$149)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(\$50)</b>	<b>\$792</b>
<i>Change from prior year</i>	(12%)	1%		N/A	35%	(11%)
<i>Change from prior quarter</i>	(7%)	3%		N/M	62%	2%
<b>EBT</b>	<b>\$1,161</b>	<b>(\$149)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(\$41)</b>	<b>\$971</b>
<i>Change from prior year</i>	(3%)	1%		N/A	38%	(1%)
<i>Change from prior quarter</i>	(8%)	3%		N/M	70%	1%
<b>EBT as a % of revenues</b>	<b>43%</b>	<b>N/M</b>		<b>N/M</b>	<b>N/M</b>	<b>36%</b>
<b>Net income (loss)</b>	<b>\$936</b>	<b>(\$111)</b>	<b>(\$54)</b>	<b>\$ -</b>	<b>(\$4)</b>	<b>\$767</b>
<i>Change from prior year</i>	4%	13%	N/A	N/A	90%	4%
<i>Change from prior quarter</i>	(5%)	(13%)	N/M	N/M	95%	(1%)
<b>Diluted EPS</b>	<b>\$0.57</b>	<b>(\$0.07)</b>	<b>(\$0.03)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$0.47</b>
<i>Change from prior year</i>	6%	13%	N/A	N/A	N/M	7%
<i>Change from prior quarter</i>	(3%)	(17%)	N/M	N/M	N/M	2%
<b>Diluted shares used</b>	<b>1,642</b>	<b>1,642</b>	<b>1,642</b>	<b>1,642</b>	<b>1,642</b>	<b>1,642</b>

# Pro Forma Results, (cont.)

IN MILLIONS EXCEPT PER SHARE DATA

SEGMENTS	Pro Forma (1)	Share-Based Compensation (2)	Tax Items (3)	In- Process R&D	QSI (4)	GAAP (1)
<b>Q2 - FISCAL 2010</b>						
Revenues	\$2,661	\$ -	\$ -	\$ -	\$2	\$2,663
Operating income (loss)	1,065	(154)	-	(3)	(132)	776
EBT	1,258	(154)	-	(3)	(136)	965
Net income (loss)	989	(98)	(33)	(3)	(81)	774
Diluted EPS	\$0.59	(\$0.06)	(\$0.02)	\$ -	(\$0.05)	\$0.46
Diluted shares used	1,678	1,678	1,678	1,678	1,678	1,678
<b>Q3 - FISCAL 2009</b>						
Revenues	\$2,744	\$ -	\$ -	\$ -	\$9	\$2,753
Operating income (loss)	1,122	(151)	-	-	(77)	894
EBT	1,201	(151)	-	-	(66)	984
Net income (loss)	903	(127)	-	-	(39)	737
Diluted EPS	\$0.54	(\$0.08)	\$ -	\$ -	(\$0.02)	\$0.44
Diluted shares used	1,675	1,675	1,675	1,675	1,675	1,675
<b>Q4 - FISCAL 2009</b>						
Revenues	\$2,683	\$ -	\$ -	\$ -	\$7	\$2,690
Operating income (loss)	831	(148)	-	-	(86)	597
EBT	985	(148)	-	-	(95)	742
Net income (loss)	811	(85)	\$ 155	-	(78)	803
Diluted EPS	\$0.48	(\$0.05)	\$ 0.09	\$ -	(\$0.05)	\$0.48
Diluted shares used	1,688	1,688	1,688	1,688	1,688	1,688

# Pro Forma Results, (cont.)

## IN MILLIONS EXCEPT PER SHARE DATA

SEGMENTS	Pro Forma (1)	Share-Based Compensation (2)	Tax Items (3)	In- Process R&D	QSI (4)	GAAP (1)
<b>FISCAL YEAR 2009</b>						
Revenues	\$10,387	\$ -	\$ -	\$ -	\$29	\$10,416
Operating income (loss)	3,153	(584)	-	(6)	(337)	2,226
EBT	3,027	(584)	-	(6)	(361)	2,076
EBT as a % of revenues	29%	N/M	N/M	N/M	N/M	20%
Net income (loss)	2,187	(455)	118	(6)	(252)	1,592
Diluted EPS	\$1.31	(\$0.27)	\$0.07	\$ -	(\$0.15)	\$0.95
Diluted shares used	1,673	1,673	1,673	1,673	1,673	1,673

(1) Fiscal 2009 results included a \$783 million charge related to a litigation settlement and patent agreement with Broadcom Corporation, including \$748 million recorded in the second quarter of fiscal 2009 and \$35 million recorded in the fourth quarter of 2009. The fourth quarter of fiscal 2009 results also included a \$230 million charge related to a fine that had been announced by the Korea Fair Trade Commission.

(2) Certain share-based compensation is included in operating expenses as part of employee-related costs but is not allocated to the Company's segments as such costs are not considered relevant by management in evaluating segment performance.

(3) During the first, second and third quarters of fiscal 2010, the Company recorded \$32 million, \$33 million and \$32 million in state tax expense, respectively, or \$0.02 diluted loss per share for each quarter, that arises because deferred revenue related to the license and settlement agreements with Nokia is taxable in fiscal 2010 but the resulting deferred tax asset will reverse in future years when the Company's state tax rate will be lower. During the third quarter of fiscal 2010, the Company recorded \$22 million of tax expense, or \$0.01 diluted loss per share, as a result of prior year tax audits completed during the third quarter.

(4) At fiscal year-end, the sum of the quarterly tax provisions for each column, including QSI, equals the annual tax provisions for each column computed in accordance with GAAP. In interim quarters, the tax provision for the QSI operating segment is computed by subtracting the pro forma tax provision, the tax items column and the tax provision related to share-based compensation from the GAAP tax provision.

N/M - Not Meaningful

Sums may not equal totals due to rounding.

# Pro Forma Cash Flow

(In millions)  
(Unaudited)

## Three Months Ended June 27, 2010

	<b>Pro Forma</b>	<b>Share-Based Compensation</b>	<b>Tax Items</b>	<b>In-Process R&amp;D</b>	<b>QSI</b>	<b>GAAP</b>
Net cash provided (used) by operating activities	\$ 1,051	\$ (3) (a)	\$ -	\$ -	\$ (97)	\$ 951
Less: capital expenditures	(97)	-	-	-	(20)	(117)
Free cash flow	<u>\$ 954</u>	<u>\$ (3)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (117)</u>	<u>\$ 834</u>

## Three Months Ended June 28, 2009

	<b>Pro Forma</b>	<b>Share-Based Compensation</b>	<b>Tax Items</b>	<b>In-Process R&amp;D</b>	<b>QSI</b>	<b>GAAP</b>
Net cash provided (used) by operating activities	\$ 1,157	\$ (22) (a)	\$ -	\$ -	\$ (48)	\$ 1,087
Less: capital expenditures	(118)	-	-	-	(31)	(149)
Free cash flow	<u>\$ 1,039</u>	<u>\$ (22)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (79)</u>	<u>\$ 938</u>

(a) Incremental tax benefits from stock options exercised during the period.

# EBITDA

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Qualcomm Incorporated  
Reconciliation of EBITDA to Net Income (Loss)  
(In millions)  
(Unaudited)

	Three Months Ended	
	June 28, 2009	June 27, 2010
Net income	\$ 737	\$ 767
Plus: Income tax expense	247	204
Plus: Depreciation and amortization	154	166
Less: Interest income, net	(124)	(117)
<b>EBITDA</b>	<u>\$ 1,014</u>	<u>\$ 1,020</u>

*EBITDA is defined as Earnings (Loss) Before Interest, Taxes, Depreciation and Amortization*



# Business Outlook

AS OF JULY 21, 2010

<b>FOURTH FISCAL QUARTER</b>		
	<b>Q4 FY09 Results</b>	<b>Current Guidance Q4 FY10 Estimates</b>
<b>Pro Forma</b>		
Revenues	\$2.68B	\$2.67B - \$2.93B
<i>Year-over-year change</i>		<i>even - increase 9%</i>
Diluted earnings per share (EPS)	\$0.48	\$0.55 - \$0.59
<i>Year-over-year change</i>		<i>increase 15% - 23%</i>
<b>GAAP</b>		
Revenues	\$2.69B	\$2.67B - \$2.93B
<i>Year-over-year change</i>		<i>decrease 1% - increase 9%</i>
Diluted EPS	\$0.48	\$0.39 - \$0.43
<i>Year-over-year change</i>		<i>decrease 10% - 19%</i>
Diluted EPS attributable to QSI	(\$0.05)	(\$0.07)
Diluted EPS attributable to share-based compensation	(\$0.05)	(\$0.07)
Diluted EPS attributable to certain tax items (1)	\$0.09	(\$0.02)

(1) The estimate of our fiscal 2010 GAAP effective tax rate includes tax expense of approximately \$130 million that arises because deferred revenue related to the 2008 license and settlement agreements with Nokia is taxable in fiscal 2010 but the resulting deferred tax asset will reverse in future years when our state tax rate will be lower as a result of California tax legislation enacted in 2009.

Sums may not equal totals due to rounding.

# Business Outlook, (cont.)

AS OF JULY 21, 2010

<b>FISCAL YEAR</b>		
	<b>FY 2009 Results (1)</b>	<b>Current Guidance FY 2010 Estimates</b>
<b>Pro Forma</b>		
Revenues	\$10.39B	\$10.7B - \$11.0B
<i>Year-over-year change</i>		<i>increase 3% - 6%</i>
Diluted earnings per share (EPS)	\$1.31	\$2.33 - \$2.37
<i>Year-over-year change</i>		<i>increase 78% - 81%</i>
Effective income tax rate		20% - 21%
<b>GAAP</b>		
Revenues	\$10.42B	\$10.7B - \$11.0B
<i>Year-over-year change</i>		<i>increase 3% - 6%</i>
Diluted EPS	\$0.95	\$1.82 - \$1.86
<i>Year-over-year change</i>		<i>increase 92% - 96%</i>
Diluted EPS attributable to QSI	(\$0.15)	(\$0.15)
Diluted EPS attributable to share-based compensation	(\$0.27)	(\$0.27)
Diluted EPS attributable to certain tax items (2)	\$0.07	(\$0.09)
Diluted EPS attributable to in-process R&D	\$0.00	N/A
Effective income tax rate		20%

- (1) Fiscal 2009 results included a \$783 million charge related to a litigation settlement and patent agreement with Broadcom Corporation, including \$748 million recorded in the second quarter of fiscal 2009 and \$35 million recorded in the fourth quarter of 2009. The fourth quarter of fiscal 2009 results also included a \$230 million charge related to a fine that had been announced by the Korea Fair Trade Commission.
- (2) The estimate of our fiscal 2010 GAAP effective tax rate includes tax expense of approximately \$130 million that arises because deferred revenue related to the 2008 license and settlement agreements with Nokia is taxable in fiscal 2010 but the resulting deferred tax asset will reverse in future years when our state tax rate will be lower as a result of California tax legislation enacted in 2009.

Sums may not equal totals due to rounding.

# Q4 Combined R&D and SG&A Guidance

## Reconciliation of Pro Forma to GAAP

### Combination of R&D and SG&A

(\$ in millions)

	<u>Q3 FY2010 Results</u>	<u>Fiscal Q4 - 2010 Guidance*</u>
<b>Pro forma combined R&amp;D and SG&amp;A expenses</b> <sup>(1)</sup>	\$ 867	Increase approx. 1% - 2% sequentially (est.)
<b>QSI</b>	3	not provided
<b>Total combined R&amp;D and SG&amp;A expenses excluding certain share-based compensation</b>	<u>\$ 870</u>	Increase approx. 11% sequentially (est.)
<b>Share-based compensation allocated to SG&amp;A &amp; R&amp;D</b>	139	
<b>Total GAAP combined R&amp;D and SG&amp;A expenses</b> <sup>(2)</sup>	<u><u>\$ 1,009</u></u>	Increase approx. 11% sequentially (est.)

(1) Pro forma combined R&D and SG&A expenses guidance for Q4 FY10 excludes expenses related to the QSI segment, acquired in-process R&D, certain tax items and certain share-based compensation.

(2) Q4 FY10 total GAAP combined R&D and SG&A expenses guidance includes an estimate of the share-based compensation expense allocated to R&D and SG&A.

\* Guidance as of July 21, 2010

# FY'10 Combined R&D and SG&A Guidance

## Reconciliation of Pro Forma to GAAP

### Combination of R&D and SG&A

(\$ in millions)

	Fiscal 2009 Results	Fiscal 2010 Guidance*
<b>Pro forma combined R&amp;D and SG&amp;A expenses</b> <sup>(1)</sup>	\$ 3,238	Increase approx. 4% sequentially (est.)
<b>QSI</b>	209	not provided
<b>In-process R&amp;D</b>	6	not provided
<b>Total combined R&amp;D and SG&amp;A expenses excluding certain share-based compensation</b>	\$ 3,453	Increase approx. 5% sequentially (est.)
<b>Share-based compensation allocated to SG&amp;A &amp; R&amp;D</b>	543	
<b>Total GAAP combined R&amp;D and SG&amp;A expenses</b> <sup>(2)</sup>	\$ 3,996	Increase approx. 5% sequentially (est.)

(1) Pro forma combined R&D and SG&A expenses guidance for fiscal 2010 excludes expenses related to the QSI segment, acquired in-process R&D, certain tax items and certain share-based compensation.

(2) FY10 total GAAP combined R&D and SG&A expenses guidance includes an estimate of the share-based compensation expense allocated to R&D and SG&A.

\* Guidance as of July 21, 2010



➤ Thank You