



First Quarter Fiscal 2010 Earnings

JANUARY 27, 2010



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 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 Q1 FY'10 Earnings

FISCAL QUARTER ENDING DECEMBER 27, 2009

- Solid performance driven by healthy demand for our chipsets, strong shipments of 3G devices by our licensees and lower operating expenses;
- Encouraging customer traction around Qualcomm technologies, including Snapdragon chipset and Brew Mobile Platform;
- Fundamental drivers of our business remain strong;
- Continue to invest in innovative new products to enhance our leadership position and capitalize on 3G growth.



First Fiscal Quarter Results

- Pro Forma Financial Results:
 - Revenues of \$2.67 billion, up 6% year-over-year
 - Operating income of \$1.13 billion, up 15% year-over-year
 - Diluted EPS of \$0.62, up 100% year-over-year⁽¹⁾
- Operating Results:
 - ~92 million MSM chip shipments, up 46% year-over-year
 - ~133 million CDMA-based device shipments, up 6% year-over-year⁽²⁾
 - ~\$184 ASP of CDMA-based device shipments, down 13% year-over-year⁽²⁾
 - Operating cash flow of \$1.24 billion, down 65% year-over-year⁽³⁾
- Return of Capital to Shareholders:
 - Cash dividends paid of \$284 million, or \$0.17 per share

(1) The large increase in net income year-over-year was primarily due to a significant improvement in net investment income as our marketable securities recovered value and financial markets stabilized.

(2) CDMA-based device shipments and ASP are for estimated worldwide device shipments, including shipments not reported to Qualcomm.

(3) The significant decrease in operating cash flow year-over-year was primarily due to the receipt of a \$2.5 billion payment in the first quarter of fiscal 2009 related to the license and settlement agreements with Nokia.

First Quarter Results vs. Guidance

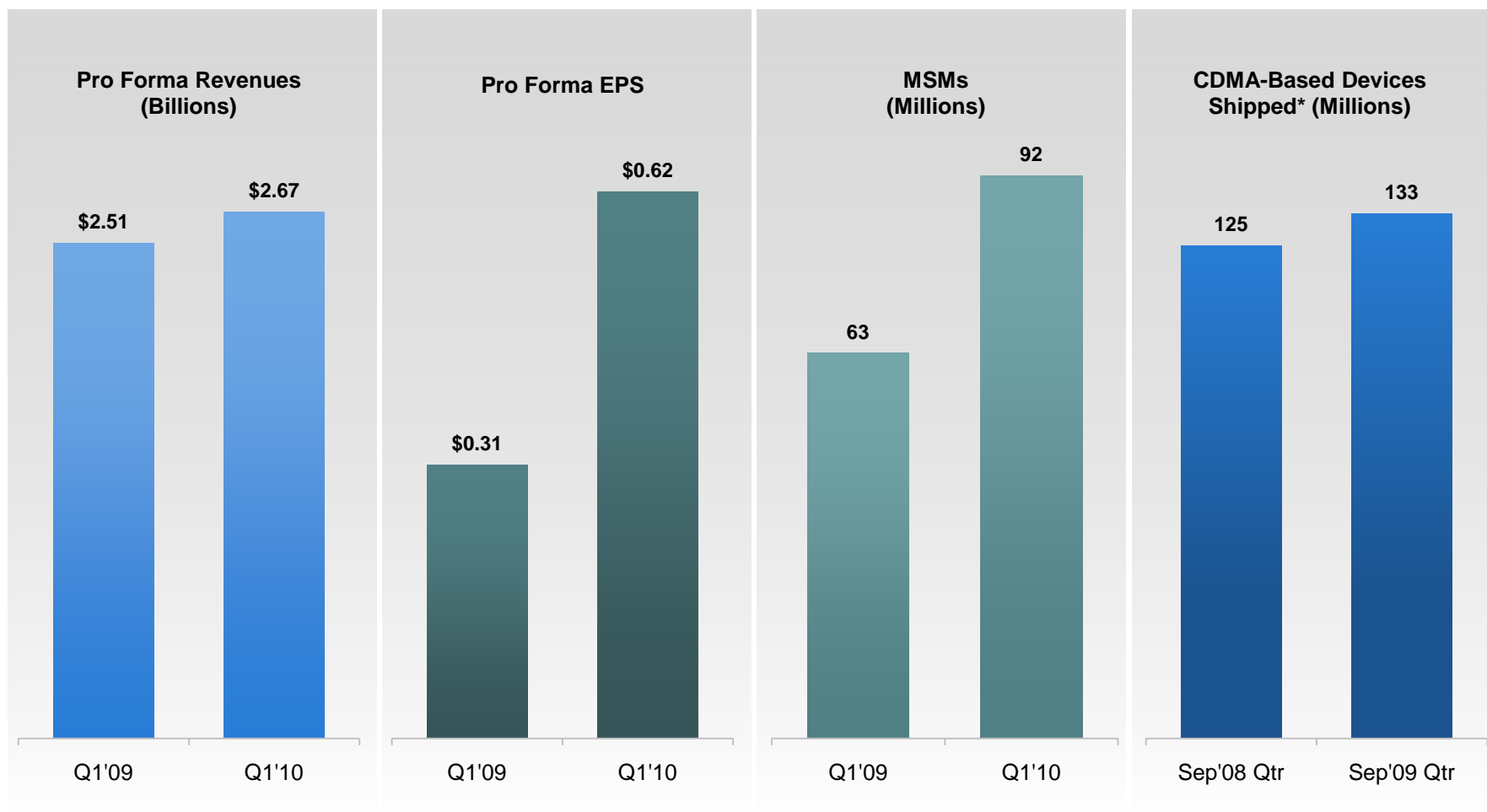
Qualcomm Pro Forma*	Q1'10 Prior Guidance**	Q1'10 Results
Revenues	~\$2.55 - \$2.75B	\$2.67B
Diluted EPS	~\$0.54 - \$0.58	\$0.62
MSM Shipments	~89 - 92M	92M
CDMA-Based Devices Shipped (Sep. Qtr) ^(a)	~130 - 135M	133M
CDMA-Based Device ASP (Sep. Qtr) ^(a)	~\$198	\$184

* 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.

** Guidance as of November 4, 2009.

(a) Shipments in Sep. quarter, reported in Dec. quarter. CDMA-based device shipments and ASP are for estimated worldwide device shipments, including shipments not reported to Qualcomm.

First Fiscal Quarter Results vs. Last Year



* Royalties are recognized when reported, generally one quarter following shipment. CDMA-based device shipments and ASP are for estimated worldwide device shipments, including shipments not reported to Qualcomm.

Samsung Renewal – Finalized GAAP Accounting

ACCOUNTING HIGHLIGHTS

- 15-year agreement
- Non-refundable lump sum payments, patent assignment and ongoing royalties
 - \$1.3 billion in 3 non-refundable lump sum payments over next ~2 years
 - Patents assigned (57 patent families/approx. 300 patent and applications)
 - \$136 million value recorded as intangible asset and deferred revenue
 - Straight-line revenue recognition (\$1.3 billion + \$136 million) over 15 years starting January 2009
- Ongoing royalties
- Patent intangible assets
 - Amortized to cost of goods sold over ~16 year estimated useful life of patents
- First quarter fiscal 2010 results include \$71 million in revenues attributable to fiscal 2009

Business Segment Highlights

- Qualcomm Technology Licensing (QTL)
 - 180+ CDMA-based licensees; 110+ licensed for WCDMA/TD-SCDMA;
 - 9 royalty-bearing single-mode OFDM/OFDMA licensees.
- Qualcomm CDMA Technologies (QCT)
 - ~92 million MSM chips shipped;
 - Sampled industry's first dual-carrier HSPA+ and multi-mode 3G/LTE chipsets;
 - Sampled new MSM7x30 family of chipsets, bringing gigahertz processing to mainstream smartphone tier;
 - Snapdragon gaining momentum, powering smartphones such as Google Nexus One, Lenovo's LePhone and HTC HD2;
 - First Snapdragon-based smartbook devices coming to market – Lenovo announces the Skylight, and HP announces work on an Android smartbook device;
 - AT&T announces intent to launch handsets with Brew Mobile Platform as QCT chipsets also power vast majority of next-generation Windows and Android phones.

Business Segment Highlights, (cont.)

- Qualcomm Wireless & Internet (QWI)
 - Qualcomm Internet Services (QIS)
 - TIM Brazil announced its plan to launch the first multi-platform wireless applications store in Latin America, powered by Plaza Retail.
 - Qualcomm Enterprise Services (QES)
 - Qualcomm and Wandering WiFi align to provide premium Wi-Fi service;
 - Announced Circle of Service Workflow to improve operational efficiency;
 - Announced Untethered Asset Management Service designated as Defense Transportation Tracking System II (DTTS) certified for trailer tracking.
 - Firethorn
 - Announced first direct-to-consumer offering, SWAGG, which lets consumers purchase, gift, access loyalty programs and more – straight from mobile devices. The solution will be available during the 2010 holiday season.

Business Segment Highlights, (cont.)

■ Reconciling Items (others)

■ MediaFLO Technologies (MFT)

- MediaFLO technology recognized by Japan's Ministry of Internal Affairs and Communications as an official technology for Mobile Multimedia Broadcasting.

■ Qualcomm MEMS Technologies (QMT)

- Announced plans to enter the e-reader space with 5.7" sized panels that support color and video.

■ Qualcomm Strategic Initiatives (QSI)

■ FLO TV

- Launched direct-to-consumer business: Personal Television debuts with Amazon.com, Best Buy, Radio Shack and other retailers;
- Expanded channel lineup: ABC Mobile and Disney Channel join ESPN on live mobile TV service.

Qualcomm 2010 Guidance

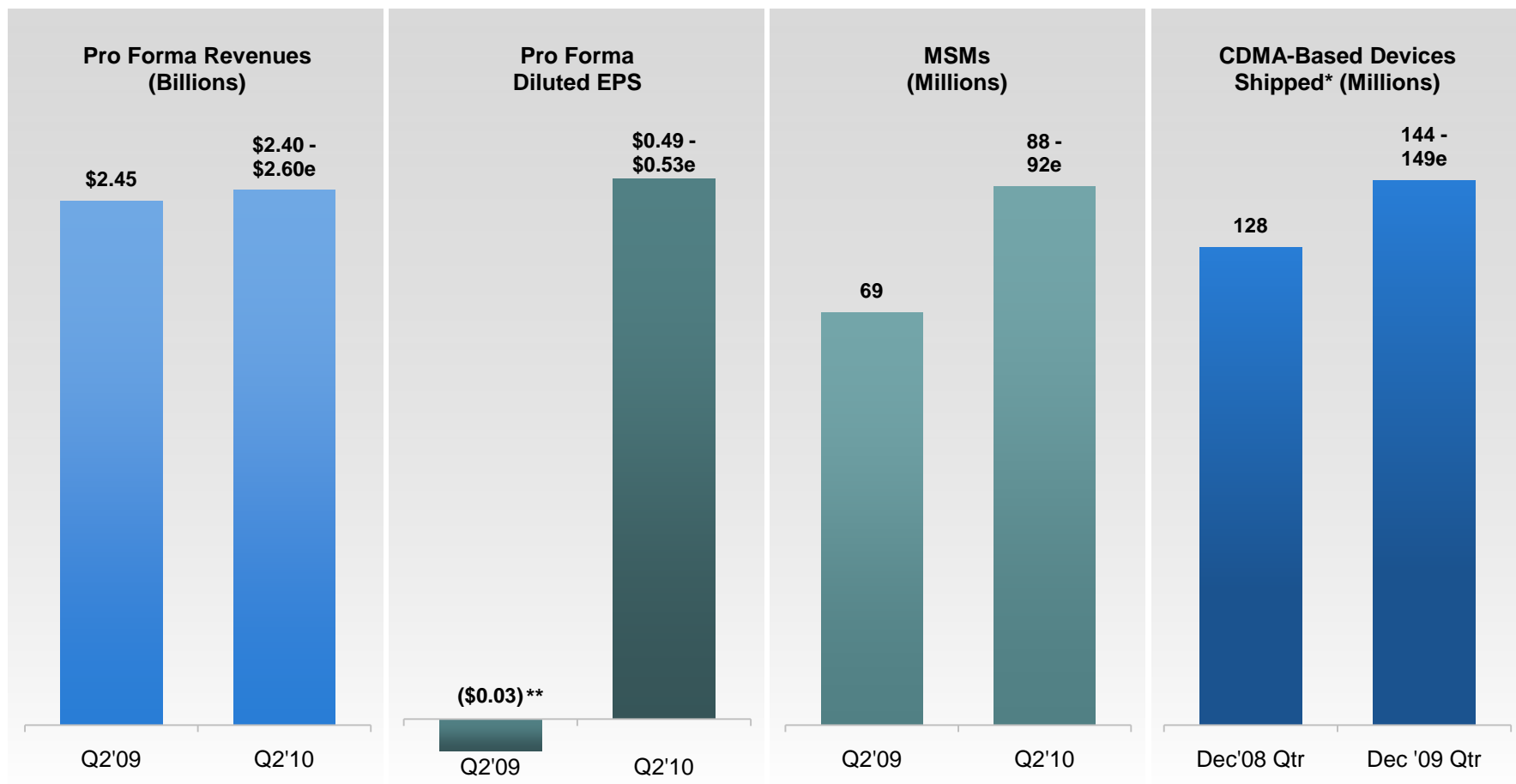
AS OF JANUARY 27, 2010

- Reaffirming calendar year 2010 3G device forecast, an increase of 21 percent year-over-year;
- As anticipated, have seen a competitive pricing environment in the chipset market; proactively managing within this dynamic to grow our market share;
- Subdued economic recovery in developed regions (including Europe and Japan) and relative strength at lower end are changing our fiscal year estimated 3G device ASP and chipset mix.
- Maintaining earnings per share guidance, modestly reducing fiscal year revenue estimates to reflect near-term market situation.



Second Fiscal Quarter Guidance

AS OF JANUARY 27, 2010

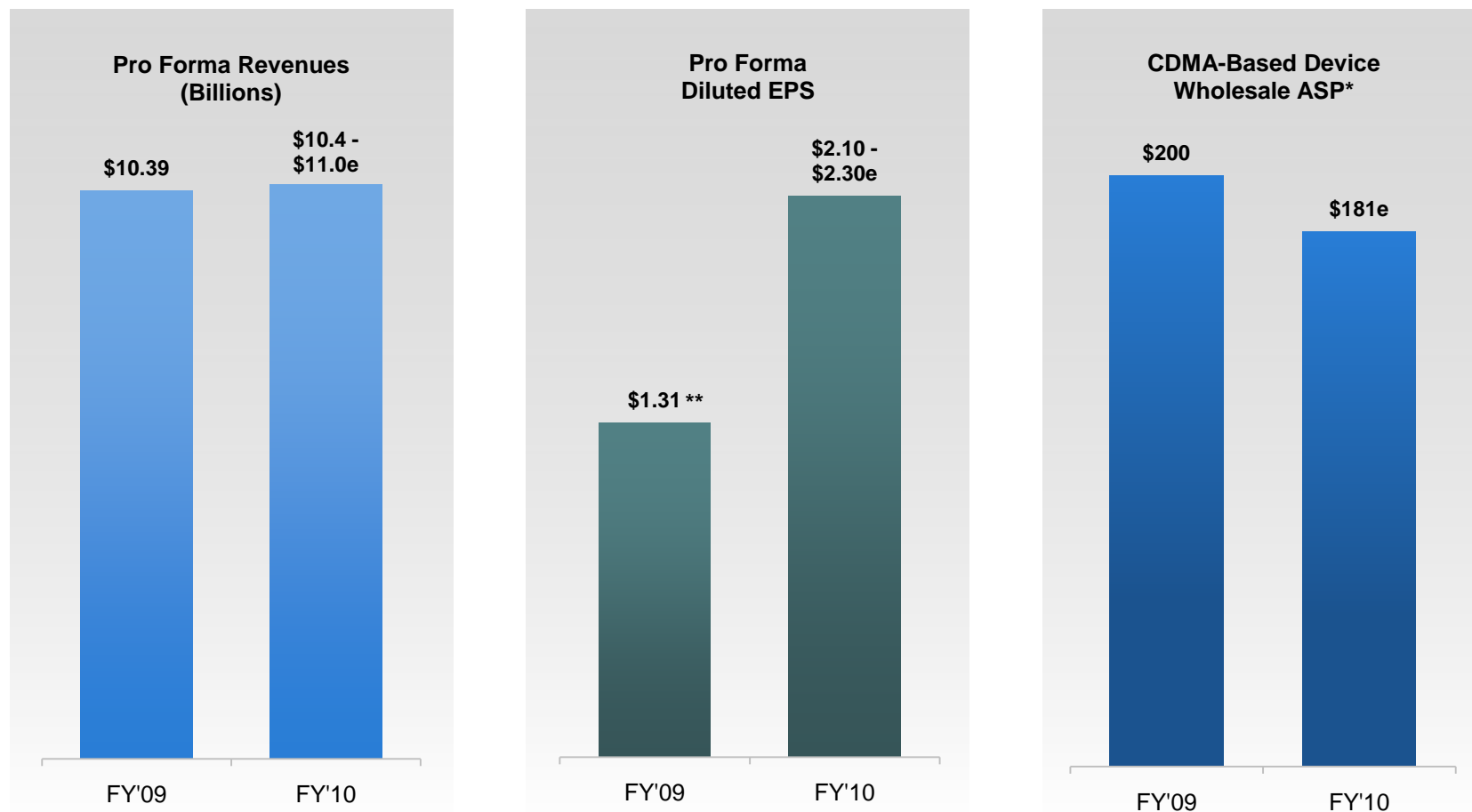


* Royalties are recognized when reported, generally one quarter following shipment. CDMA-based device shipments and ASP are for estimated worldwide device shipments, including shipments not reported to Qualcomm.

** Fiscal second quarter 2009 results included a \$748 million charge related to a litigation settlement and patent agreement with Broadcom Corporation.

Fiscal Year 2010 Guidance

AS OF JANUARY 27, 2010

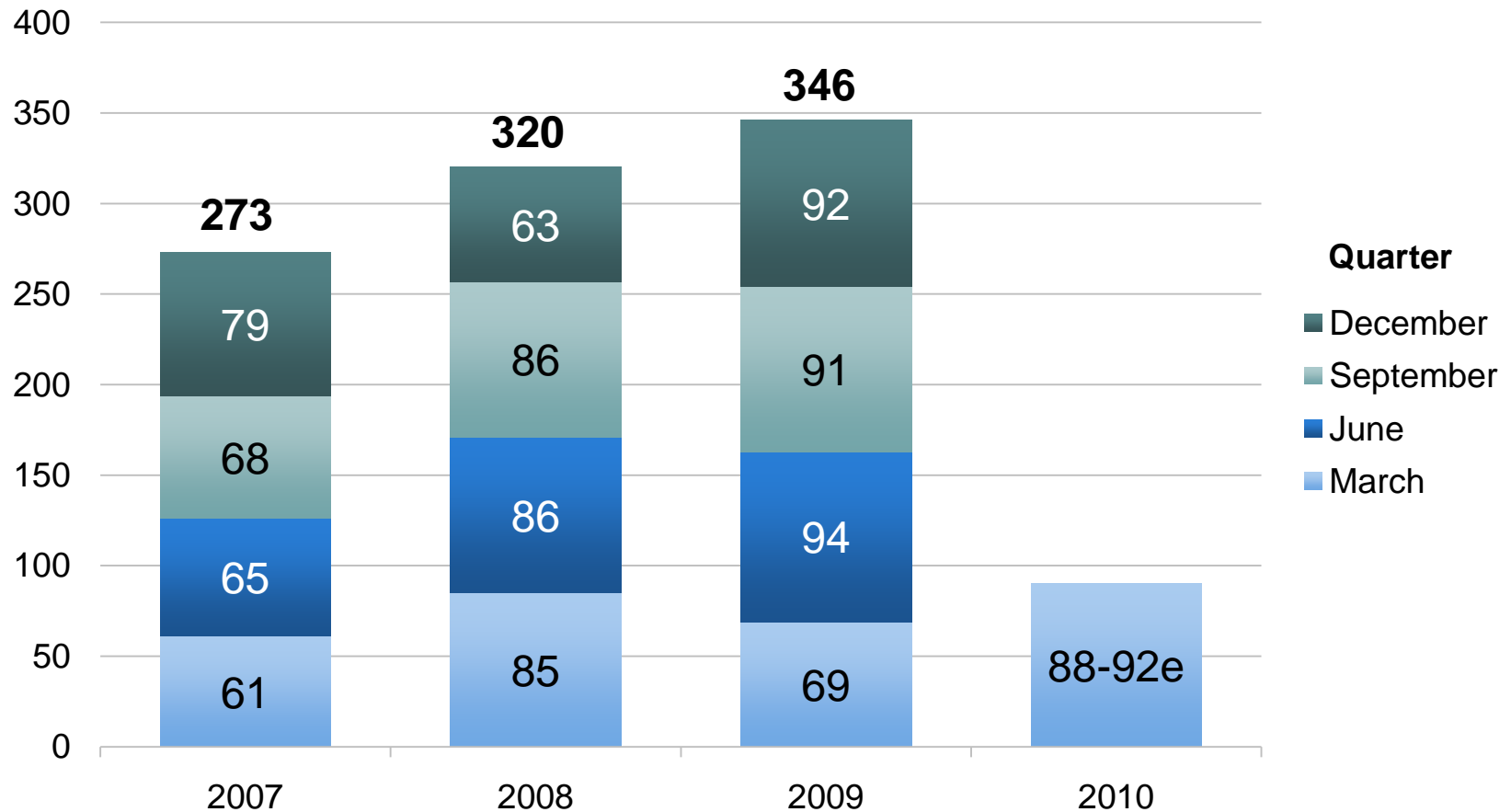


* CDMA-based device shipments and ASP are for estimated worldwide device shipments, including shipments not reported to Qualcomm.

** Fiscal 2009 results included a \$783 million charge related to a litigation settlement and patent agreement with Broadcom Corporation, as well as a \$230 million charge related to a fine that had been announced by the Korea Fair Trade Commission.

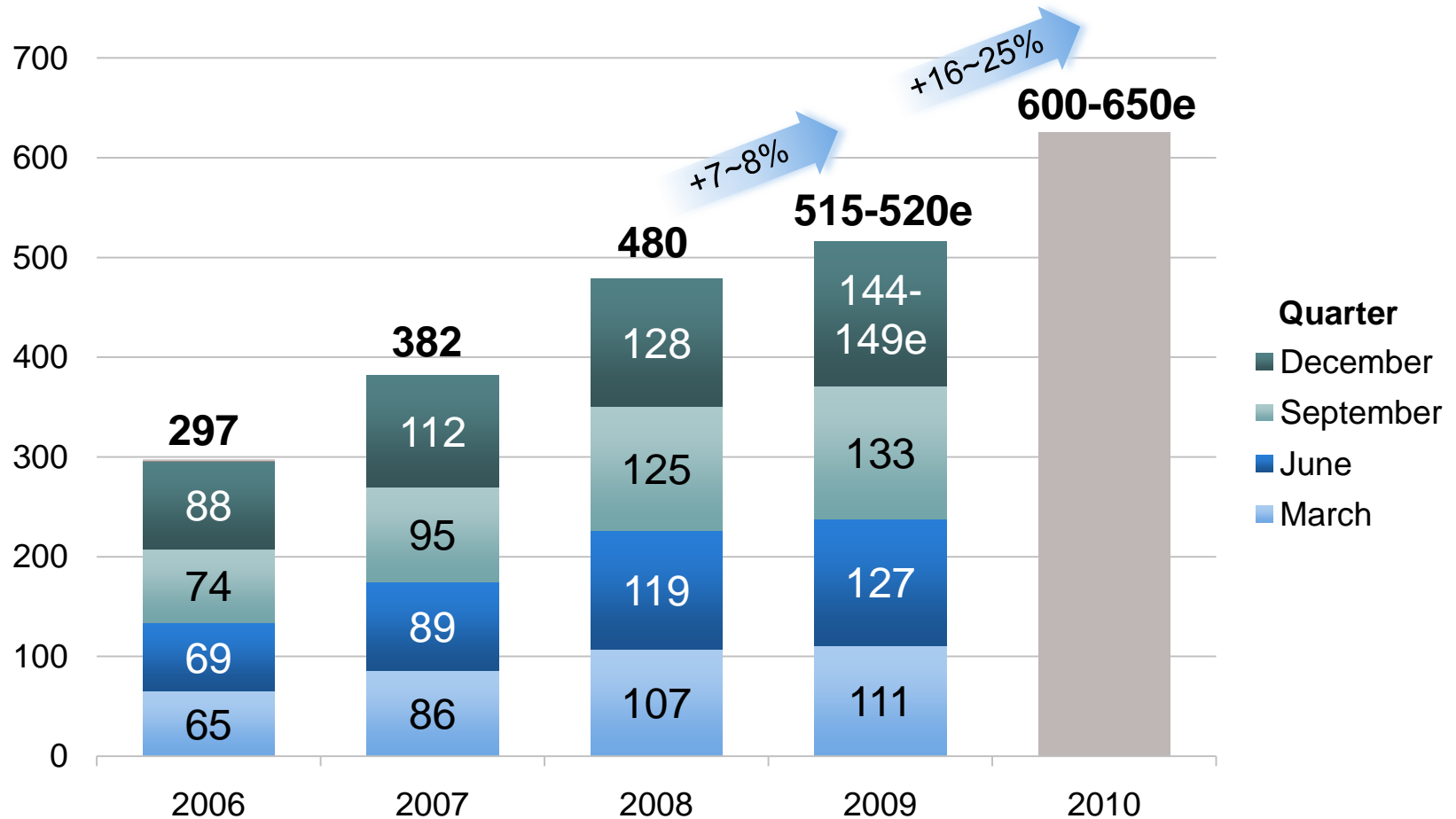
Qualcomm MSM Shipment Estimates

CALENDAR YEAR, MILLIONS, AS OF JANUARY 27, 2010



Quarterly CDMA-Based Device Shipment Estimates

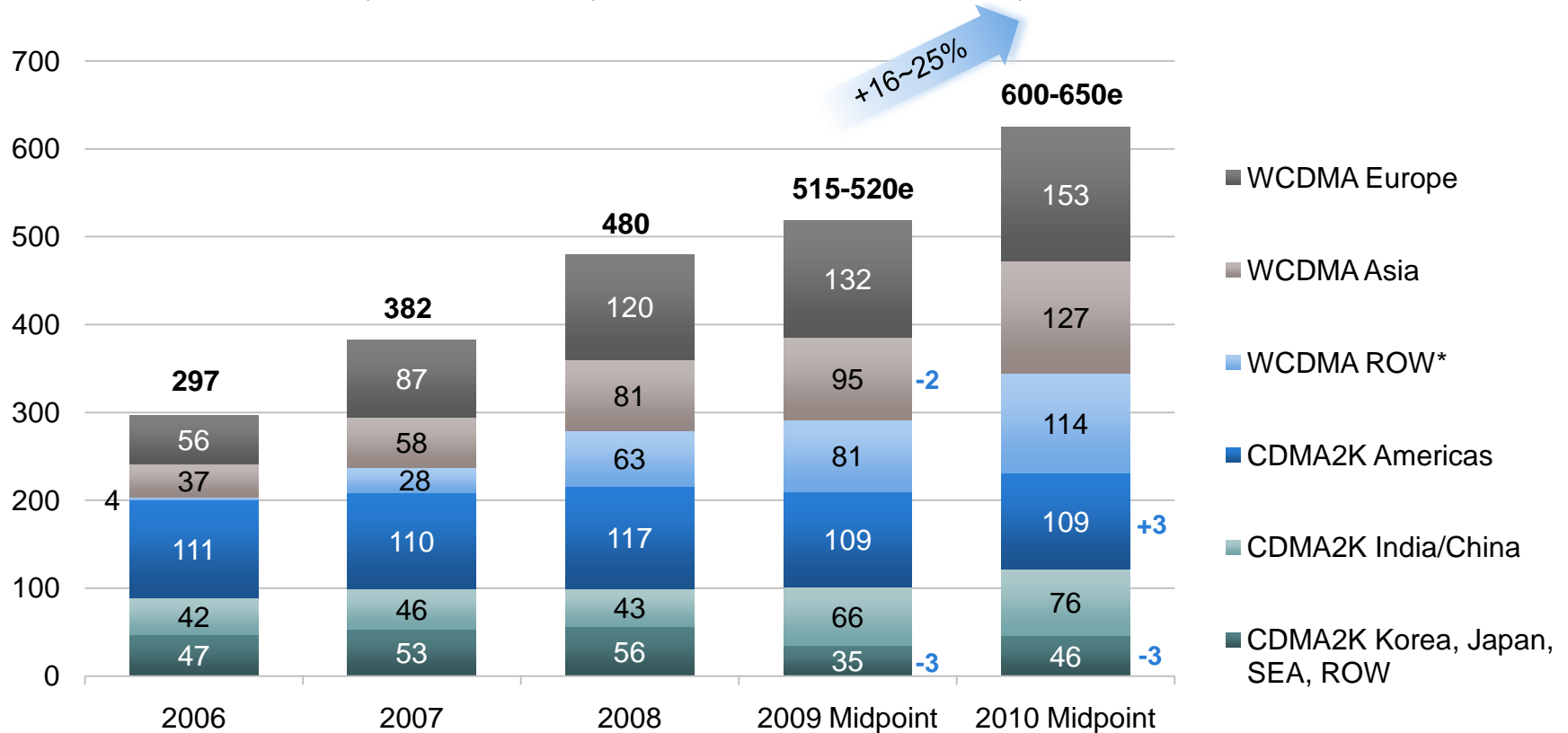
CALENDAR YEAR, MILLIONS, AS OF JANUARY 27, 2010



Note: Sums of quarterly amounts may not equal totals due to rounding. CDMA-based device shipments and ASP are for estimated worldwide device shipments, including shipments not reported to Qualcomm.

Regional CDMA-Based Device Shipment Estimates

CALENDAR YEAR, MILLIONS, AS OF JANUARY 27, 2010



WCDMA	97M	173M	264M	308M est.	394M est.
CDMA	<u>200M</u>	<u>209M</u>	<u>216M</u>	<u>210M est.</u>	<u>231M est.</u>
Total	297M	382M	480M	518M est.	625M est.

* WCDMA ROW includes North America

Change from prior guidance

Note: Regional device shipments are Qualcomm estimates and include handsets, data devices, telematics, security devices and some quantity of channel inventory. CDMA-based device shipment estimates are for estimated worldwide device shipments, including shipments not reported to Qualcomm. WCDMA includes TD-SCDMA.

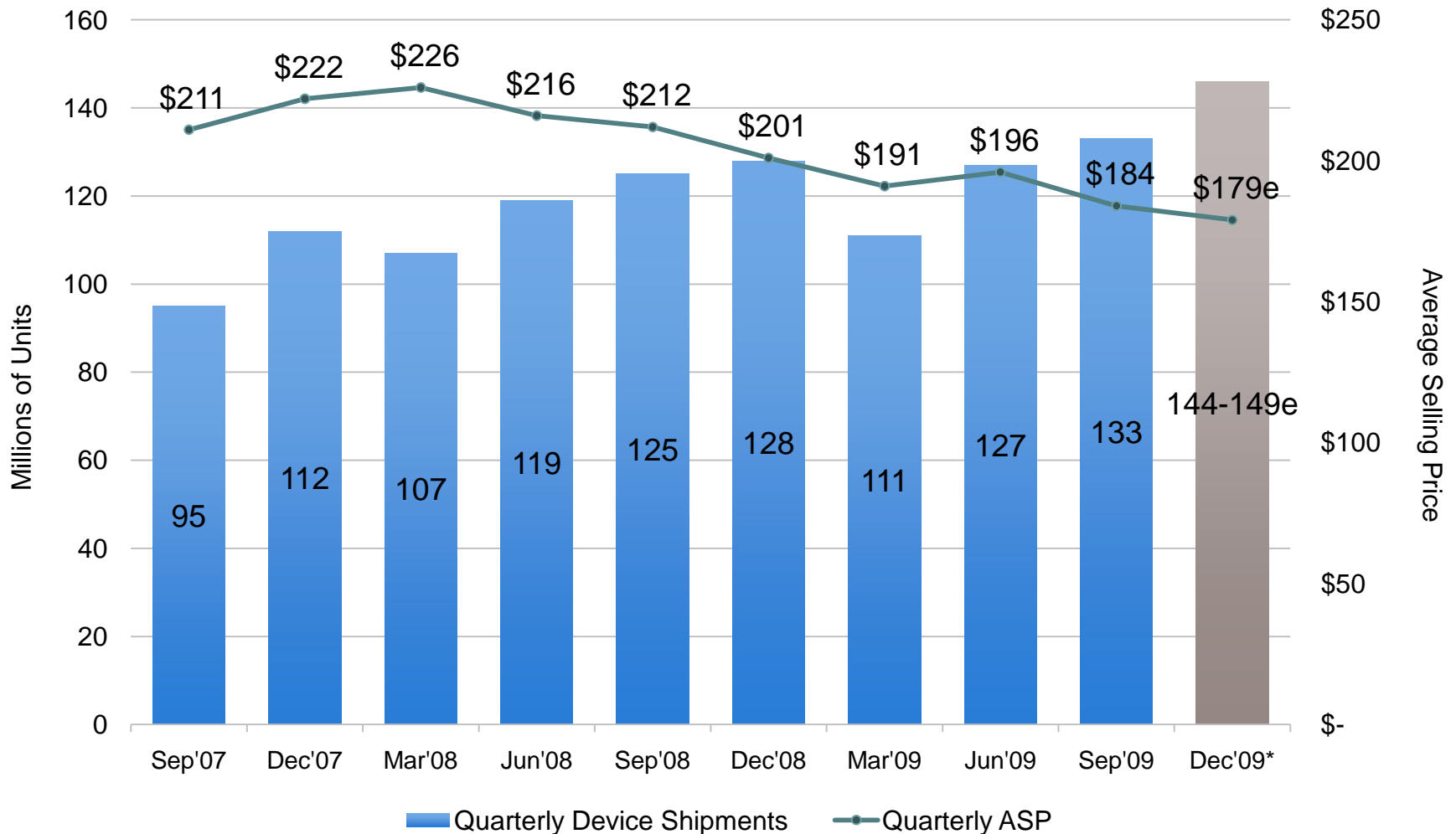
Quarterly Estimated CDMA-Based Device Shipments & ASP Trend

(Device shipments in millions of units)	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*
Qtr. Device Shipments	95	112	107	119	125	128	111	127	133	144-149e
Calendar Year		382				480				518e
Fiscal Year				433				492		
Qtr. Device ASP	\$211	\$222	\$226	\$216	\$212	\$201	\$191	\$196	\$184	\$179e
Fiscal Year ASP				\$219				\$200		\$181e

Note: Shipments from Sep. quarter to Jun. quarter are reported in Dec. quarter to Sep. quarter, Qualcomm's fiscal year. Reflects adjustments made as a result of the completion of licensee audits. CDMA-based device shipments and ASP are for estimated worldwide device shipments, including shipments not reported to Qualcomm.

* Guidance as of January 27, 2010.

Quarterly Estimated CDMA-Based Device Shipments & ASP Trend



Note: CDMA-based device shipments and ASP are for estimated worldwide device shipments, including shipments not reported to Qualcomm.

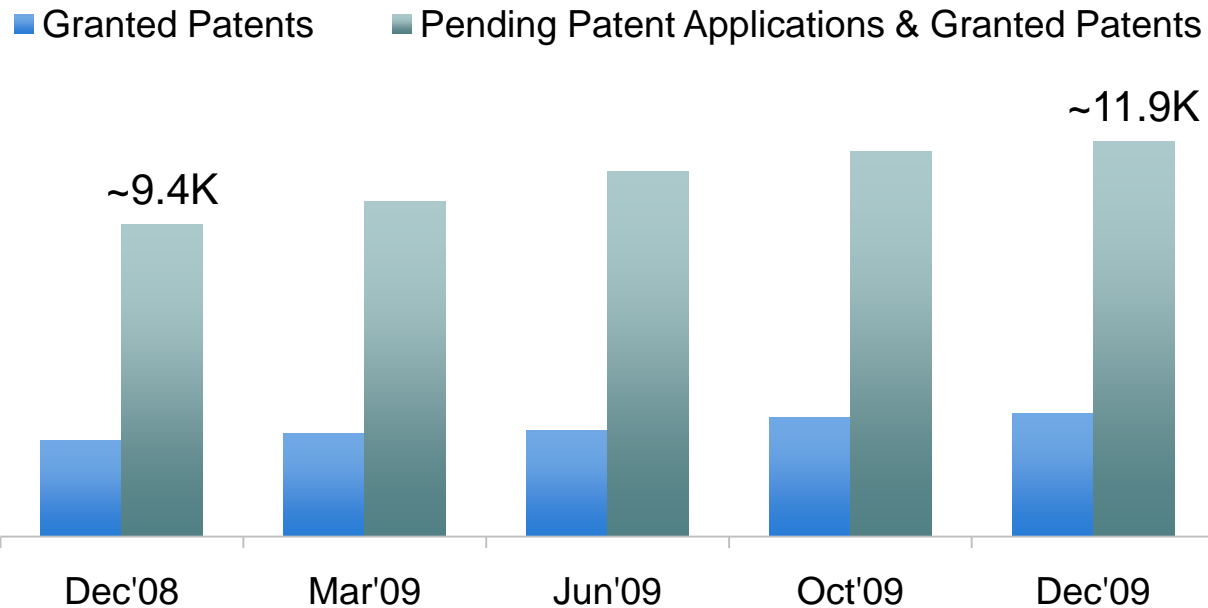
* Guidance as of January 27, 2010.

Qualcomm's Unique Patent Position

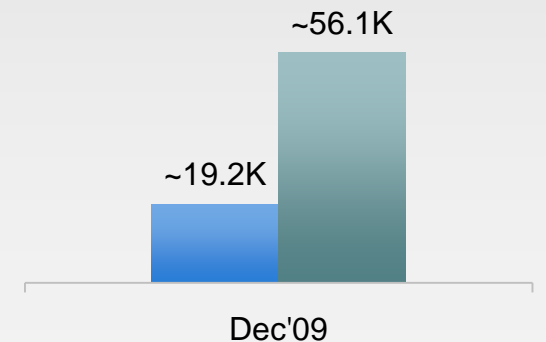
PATENT POSITION IS A STRONG ASSET VALUE

- Industry recognized patent portfolio for all 3G CDMA and 4G OFDMA standards
- Patents essential/applicable to GSM/GPRS/EDGE products

Total U.S. Pending Patent Applications & Granted Patents



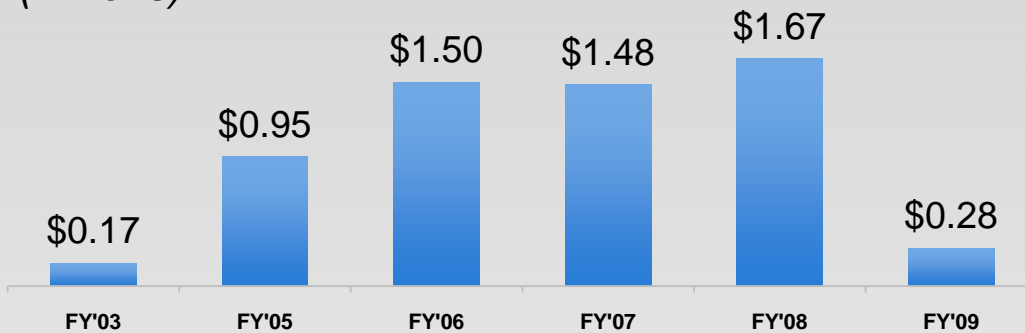
Total Foreign Pending Patent Applications & Granted Patents



Cumulative \$11B Capital Returned to Stockholders

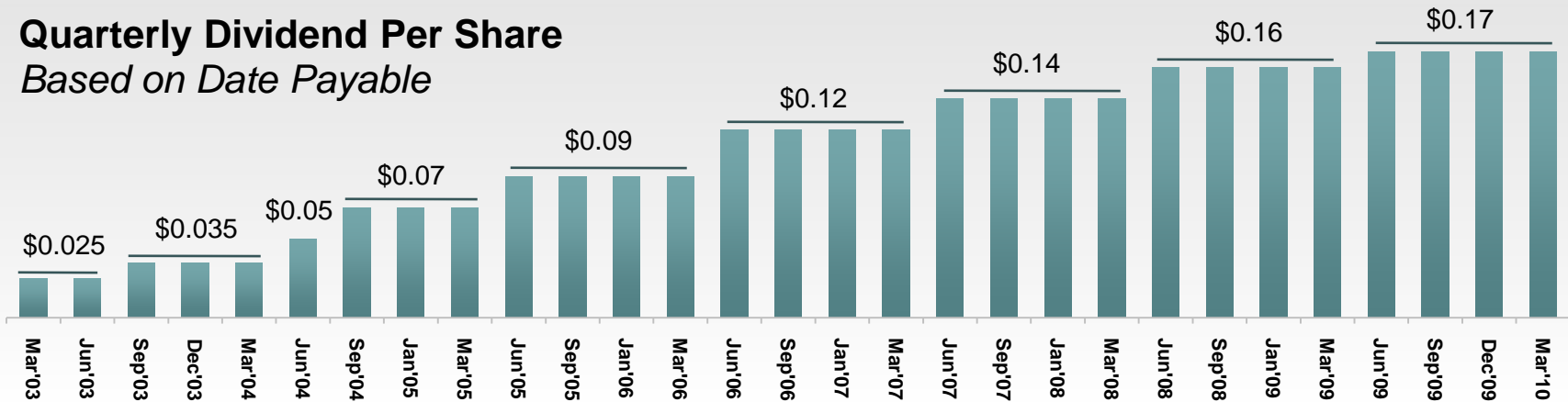
AS OF JANUARY 27, 2010

Share Repurchases* (Billions)



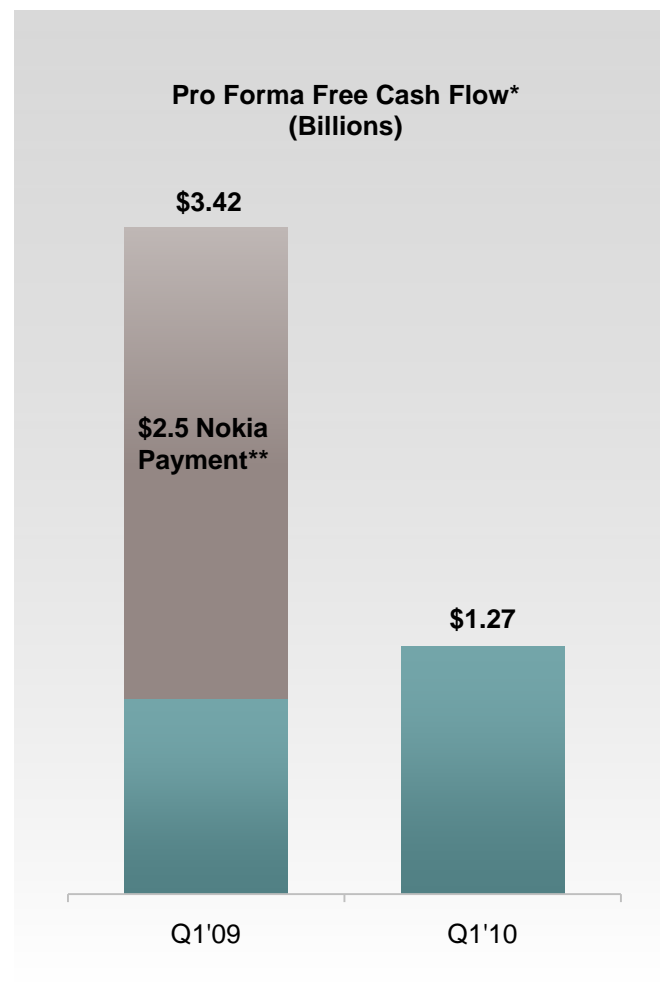
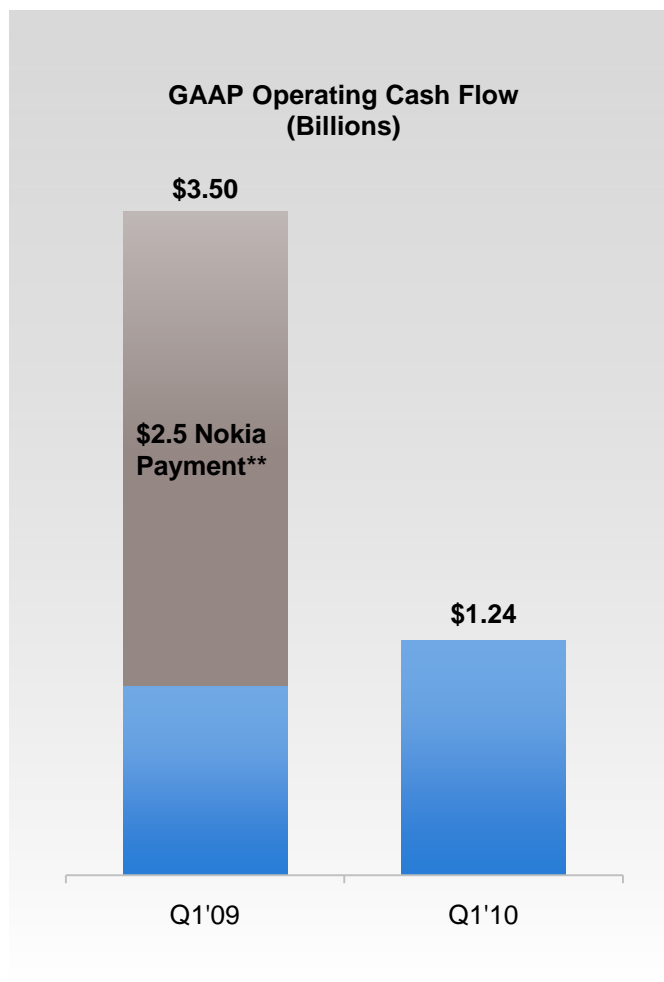
\$1.7 billion available for repurchase under current BOD authorization

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.

Qualcomm Business Model Continues to Generate Strong Cash Flow



* Defined as net cash flow from operating activities less capital expenditures.

** The significant decrease in operating cash flow year-over-year was primarily due to the receipt of a \$2.5 billion payment in the first quarter of fiscal 2009 related to the license and settlement agreements with Nokia.

Financial Strength

(\$ in Billions)	December 2008	December 2009	
Domestic	\$6.6	\$8.6	Cash Resources and Operating/Stock Repurchases Flexibility
Offshore	\$6.5	\$10.3	
Total Cash & Marketable Securities	\$13.1	\$18.9	
Total Assets	\$23.5	\$28.9	Solid Balance Sheet
Stockholders' Equity	\$17.1	\$21.4	
Debt*	\$0.2	\$0.2	
EBITDA	\$0.5	\$1.1	Cash Flow to Support Future Growth and Dividends
Pro Forma Free Cash Flow	\$3.4	\$1.3	

* Capital leases

Balance Sheets

(\$ in Billions)	December 2008	December 2009
Cash & Marketable Securities	\$13.1	\$18.9
Receivables & Inventory	\$1.4	\$1.0
Fixed Assets, Goodwill & Other Intangible Assets	\$6.8	\$7.0
Deferred Tax Assets & Other	\$2.2	\$2.0
Total Assets	\$23.5	\$28.9
Total Liabilities	\$6.4	\$7.5
Stockholders' Equity	\$17.1	\$21.4
Total Liabilities & Stockholders' Equity	\$23.5	\$28.9

Strength & Flexibility to Support Strong Growth & Stockholder Returns



➤ Reconciliations

Pro Forma Results

IN MILLIONS EXCEPT PER SHARE DATA

First Quarter - Fiscal Year 2010

Segments	Pro Forma	Share-Based Compensation (1)	Tax Items (2)	QSI (3)	GAAP
Revenues	\$ 2,668	\$ -	\$ -	\$ 2	\$ 2,670
<i>Change from prior year</i>	6%			(67%)	6%
<i>Change from prior quarter</i>	(1%)			(71%)	(1%)
Operating income (loss)	\$ 1,134	\$ (151)	\$ -	\$ (104)	\$ 879
<i>Change from prior year</i>	15%	(4%)		(8%)	18%
<i>Change from prior quarter</i>	36%	(2%)		(21%)	47%
EBT	\$ 1,310	\$ (151)	\$ -	\$ (107)	\$ 1,052
<i>Change from prior year</i>	89%	(4%)		(9%)	133%
<i>Change from prior quarter</i>	33%	(2%)		(13%)	42%
EBT as a % of revenues	49%	<i>N/M</i>		<i>N/M</i>	39%
Net income (loss)	\$ 1,041	\$ (114)	\$ (32)	\$ (54)	\$ 841
<i>Change from prior year</i>	100%	(15%)	<i>N/M</i>	33%	147%
<i>Change from prior quarter</i>	28%	(34%)	<i>N/M</i>	31%	5%
Diluted EPS	\$ 0.62	\$ (0.07)	\$ (0.02)	\$ (0.03)	\$ 0.50
<i>Change from prior year</i>	100%	(17%)	<i>N/M</i>	40%	150%
<i>Change from prior quarter</i>	29%	(40%)	<i>N/M</i>	40%	4%
Diluted shares used	1,691	1,691	1,691	1,691	1,691

Fourth Quarter - Fiscal Year 2009

Segments	Pro Forma	Share-Based Compensation (1)	Tax Items	QSI (3)	GAAP
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

Pro Forma Results, (cont.)

IN MILLIONS EXCEPT PER SHARE DATA

First Quarter - Fiscal Year 2009

Segments	Pro Forma	Share-Based Compensation (1)	QSI (3)	GAAP
Revenues	\$ 2,511	\$ -	\$ 6	\$ 2,517
Operating income (loss)	986	(145)	(96)	745
EBT	694	(145)	(98)	451
Net income (loss)	520	(99)	(80)	341
Diluted EPS	\$ 0.31	\$ (0.06)	\$ (0.05)	\$ 0.20
Diluted shares used	1,667	1,667	1,667	1,667

Second Quarter - Fiscal Year 2009

Segments	Pro Forma	Share-Based Compensation (1)	Tax Items	In-Process R&D	QSI (3)	GAAP
Revenues	\$ 2,447	\$ -	\$ -	\$ -	\$ 8	\$ 2,455
Operating income (loss)	214	(140)	-	(6)	(78)	(10)
EBT	147	(140)	-	(6)	(102)	(101)
Net (loss) income	(46)	(145)	(36)	(6)	(56)	(289)
Diluted EPS	\$ (0.03)	\$ (0.09)	\$ (0.02)	\$ -	\$ (0.03)	\$ (0.18)
Diluted shares used	1,651	1,651	1,651	1,651	1,651	1,651

Pro Forma Results, (cont.)

IN MILLIONS EXCEPT PER SHARE DATA

Twelve Months - Fiscal Year 2009

Segments	Pro Forma	Share-Based Compensation (1)	Tax Items	In-Process R&D	QSI	GAAP
Revenues	\$ 10,387	\$ -	\$ -	\$ -	\$ 29	\$ 10,416
Operating income (loss)	3,153	(584)	-	(6)	(337)	2,226
EBT	3,027	(584)	-	(6)	(361)	2,076
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) 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.

(2) During the first quarter of fiscal 2010, the Company recorded a \$32 million state tax expense, or \$0.02 diluted loss per share, 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.

(3) 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 December 27, 2009

	Pro Forma	Share-Based Compensation	QSI	GAAP
Net cash provided (used) by operating activities	\$ 1,338	\$ (13) (a)	\$ (86)	\$ 1,239
Less: capital expenditures	(67)	-	(21)	(88)
Free cash flow	<u>\$ 1,271</u>	<u>\$ (13)</u>	<u>\$ (107)</u>	<u>\$ 1,151</u>

Three Months Ended December 28, 2008

	Pro Forma	Share-Based Compensation	QSI	GAAP
Net cash provided (used) by operating activities	\$ 3,629	\$ (16) (a)	\$ (112)	\$ 3,501
Less: capital expenditures	(210)	-	(24)	(234)
Free cash flow	<u>\$ 3,419</u>	<u>\$ (16)</u>	<u>\$ (136)</u>	<u>\$ 3,267</u>

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

EBITDA

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

	Three Months Ended	
	December 28, 2008	December 27, 2009
Net income	\$ 341	\$ 841
Plus: Income tax expense	110	211
Plus: Depreciation and amortization	152	162
Less: Interest income, net	<u>(132)</u>	<u>(136)</u>
EBITDA	<u>\$ 471</u>	<u>\$ 1,078</u>

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

Pro Forma Combined SG&A and R&D Expenses

Reconciliation of Pro Forma to GAAP Combined R&D and SG&A expenses (\$ in millions)

Three Months Ended December 27, 2009				
	Pro Forma ⁽¹⁾	Share-Based Compensation	QSI	GAAP
Research and development	\$ 503	\$ 72	\$ 21	\$ 596
Selling, general and administrative	272	68	39	379
Total combined R&D and SG&A expenses	<u>\$ 775</u>	<u>\$ 140</u>	<u>\$ 60</u>	<u>\$ 975</u>
Combined R&D and SG&A change compared to prior quarter	(5%)			(3%)
Prior Guidance ⁽²⁾	(3%)			1%

Three Months Ended September 27, 2009				
	Pro Forma ⁽¹⁾	Share-Based Compensation	QSI	GAAP
Research and development	\$ 518	\$ 71	\$ 25	\$ 614
Selling, general and administrative	300	66	24	390
Total combined R&D and SG&A expenses	<u>\$ 818</u>	<u>\$ 137</u>	<u>\$ 49</u>	<u>\$ 1,004</u>

⁽¹⁾ Pro forma results exclude certain share-based compensation, certain tax items that are not related to the current year, acquired in-process R&D and the QSI segment.

⁽²⁾ Guidance as of November 4, 2009.

Business Outlook

AS OF JANUARY 27, 2010

SECOND FISCAL QUARTER		
	Q2 FY09 Results (1)	Current Guidance Q2 FY10 Estimates
Pro Forma		
Revenues	\$2.45B	\$2.40B - \$2.60B
<i>Year-over-year change</i>		<i>decrease 2% - increase 6%</i>
Diluted earnings per share (EPS)	(\$0.03)	\$0.49 - \$0.53
<i>Year-over-year change</i>		N/M
GAAP		
Revenues	\$2.46B	\$2.40B - \$2.60B
<i>Year-over-year change</i>		<i>decrease 2% - increase 6%</i>
Diluted EPS	(\$0.18)	\$0.35 - \$0.39
<i>Year-over-year change</i>		N/M
Diluted EPS attributable to QSI	(\$0.03)	(\$0.05)
Diluted EPS attributable to share-based compensation	(\$0.09)	(\$0.07)
Diluted EPS attributable to certain tax items (2)	(\$0.02)	(\$0.02)
Diluted EPS attributable to in-process R&D	\$0.00	N/A

- (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.

N/M - Not Meaningful

Sums may not equal totals due to rounding.

Business Outlook, (cont.)

AS OF JANUARY 27, 2010

FISCAL YEAR	FY 2009 Results (1)	Current Guidance FY 2010 Estimates
Pro Forma		
Revenues	\$10.39B	\$10.40B - \$11.00B
<i>Year-over-year change</i>		<i>even - increase 6%</i>
Diluted earnings per share (EPS)	\$1.31	\$2.10 - \$2.30
<i>Year-over-year change</i>		<i>increase 60% - 76%</i>
Effective income tax rate		21% - 22%
GAAP		
Revenues	\$10.42B	\$10.40B - \$11.00B
<i>Year-over-year change</i>		<i>even - increase 6%</i>
Diluted EPS	\$0.95	\$1.56 - \$1.76
<i>Year-over-year change</i>		<i>increase 64% - 85%</i>
Diluted EPS attributable to QSI	(\$0.15)	(\$0.18)
Diluted EPS attributable to share-based compensation	(\$0.27)	(\$0.28)
Diluted EPS attributable to in-process R&D	\$0.00	N/A
Diluted EPS attributable to certain tax items (2)	\$0.07	(\$0.08)
Effective income tax rate		21%

- (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.

Q2 Combined R&D and SG&A Guidance

Reconciliation of Pro Forma to GAAP

Combination of R&D and SG&A

(\$ in millions)

	Q1 FY2010 Results	Fiscal Q2 - 2010 Guidance*
Pro forma combined R&D and SG&A expenses ⁽¹⁾	\$ 775	Increase approx. 8% sequentially (est.)
QSI	60	not provided
Total combined R&D and SG&A expenses excluding certain share-based compensation	<u>\$ 835</u>	Increase approx. 10% sequentially (est.)
Share-based compensation allocated to SG&A & R&D	140	
Total GAAP combined R&D and SG&A expenses ⁽²⁾	<u>\$ 975</u>	Increase approx. 9% sequentially (est.)

(1) Pro forma combined R&D and SG&A expenses guidance for Q2 FY10 excludes expenses related to the QSI segment, acquired in-process R&D, certain tax items and certain share-based compensation.

(2) Q2 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 January 27, 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*
Pro forma combined R&D and SG&A expenses ⁽¹⁾	\$ 3,238	Increase approx. 3% sequentially (est.)
QSI	209	not provided
In-process R&D	6	not provided
Total combined R&D and SG&A expenses excluding certain share-based compensation	\$ 3,453	Increase approx. 5% sequentially (est.)
Share-based compensation allocated to SG&A & R&D	543	
Total GAAP combined R&D and SG&A expenses ⁽²⁾	\$ 3,996	Increase approx. 6% 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 January 27, 2010



➤ Thank You