

A top-down view of a person in a white lab coat and green pants sitting at a round wooden table, using a laptop. A smartphone is on the table. The floor is light-colored tiles.

Global Strategies of Qualcomm

A decorative graphic consisting of a series of white squares arranged in a stepped, staircase-like pattern.

Jun Yamada

Chairman and President

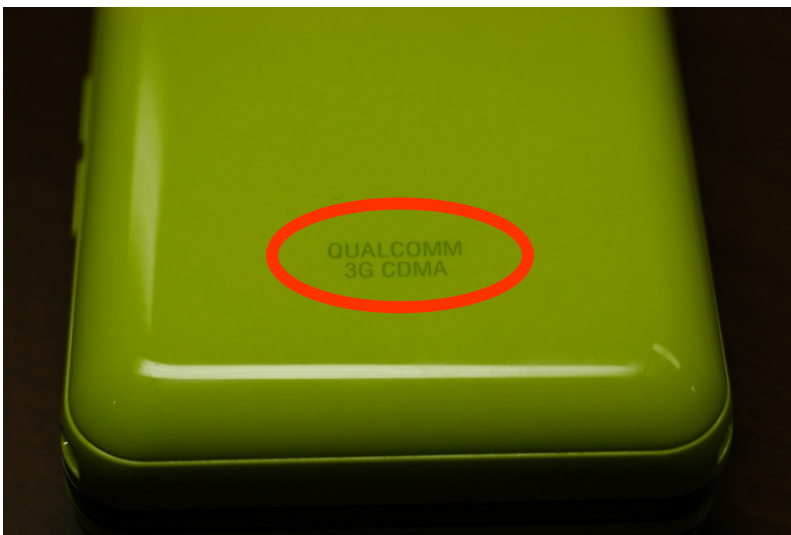
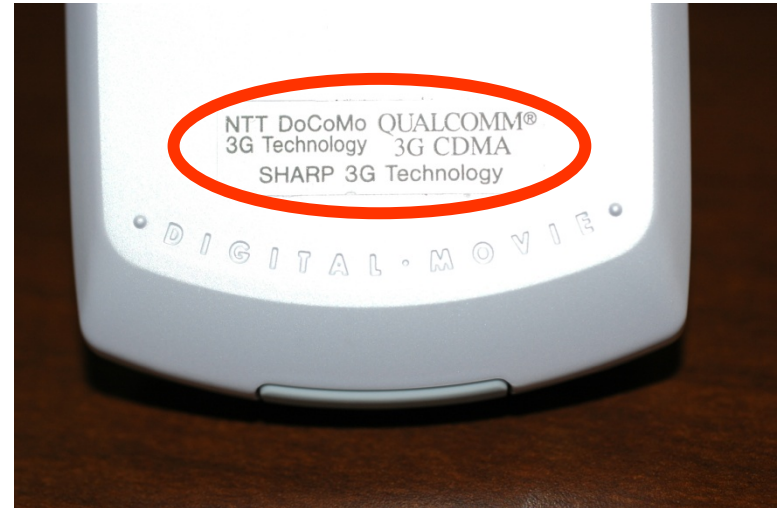
Qualcomm Japan Inc.

November 9, 2009



Why “QUALCOMM” logo on cellular phone?

License of IPR (Patents)



Qualcomm as a semiconductor company

- Generates more than 60% of revenues
- #1 in wireless
- #1 in fab-less



TOP

BASEBAND CHIP SUPPLIERS

iSupply Data as of Q4 2008	COMPANY
1	Qualcomm
2	Texas Instruments
3	STMicroelectronics
4	MediaTek
5	Infineon Technologies
6	Freescale Semiconductor



Qualcomm “today”

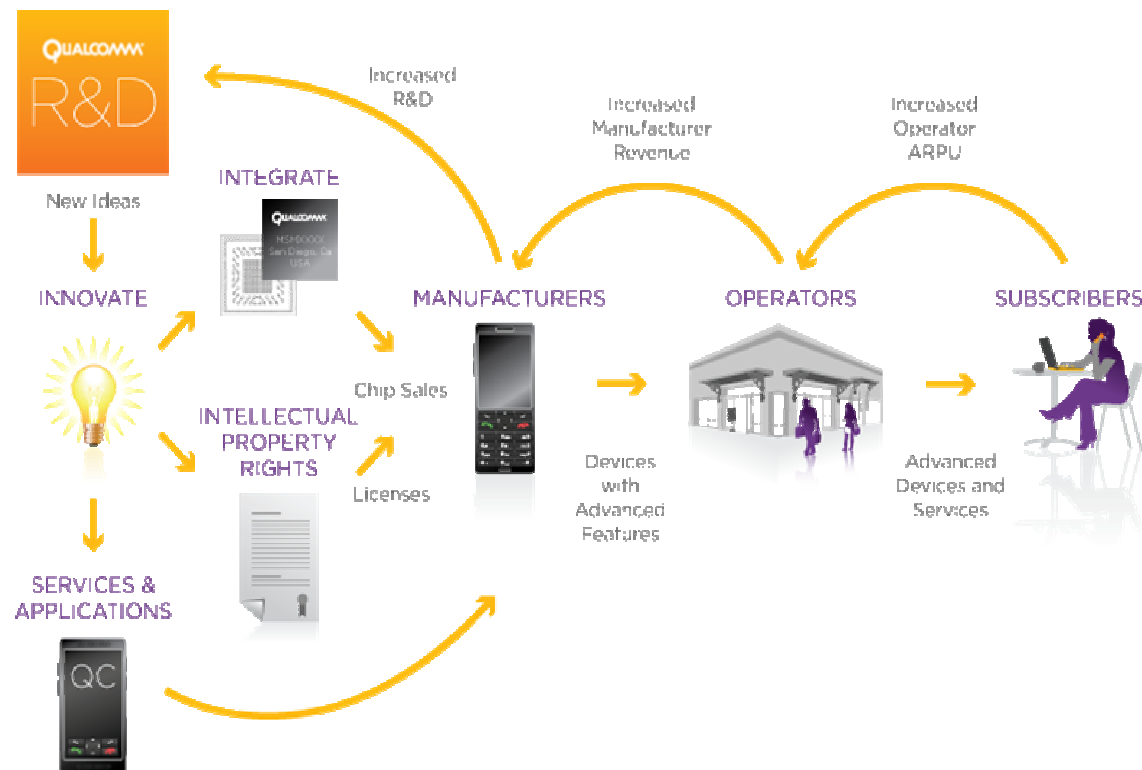
- 175+ CDMA licensees
 - 105+ licensed for WCDMA/TD-SCDMA
- 144 worldwide locations
- Number of employees : 16,100
- Revenues : \$10.4 billion
- Fortune 500 Company
- Member of the S&P 100 & 500 Indexes



“Current” Business Model

➤ “Enabler”

- Do not deliver end-products
- Offer outcome of R&D to partners worldwide through :
 - ✓ License
 - ✓ Semiconductor
 - ✓ Services
 - ✓ Applications



History and Evolution

- 1985 : Qualcomm founded
- 1988 : CDMA concept first introduced
- 1989 : Field demonstration in San Diego
- 1993 : TIA adopted CDMA as a wireless standard

R&D



- 1995 : 1st CDMA service launched in Hong Kong
- 1996 : Korea and USA started CDMA services
- 1998 : Japan (KDDI) launched CDMA service

Vertical
Integration



- 1999 : Infrastructure division sold to Ericsson
- 2000 : Handset division sold to Kyocera
- 2000 : 1st 3G service (CDMA2000) launched in Korea
- 2001 : 1st WCDMA service launched by NTT DOCOMO
- 2009 : Over 830 million 3G subscribers worldwide

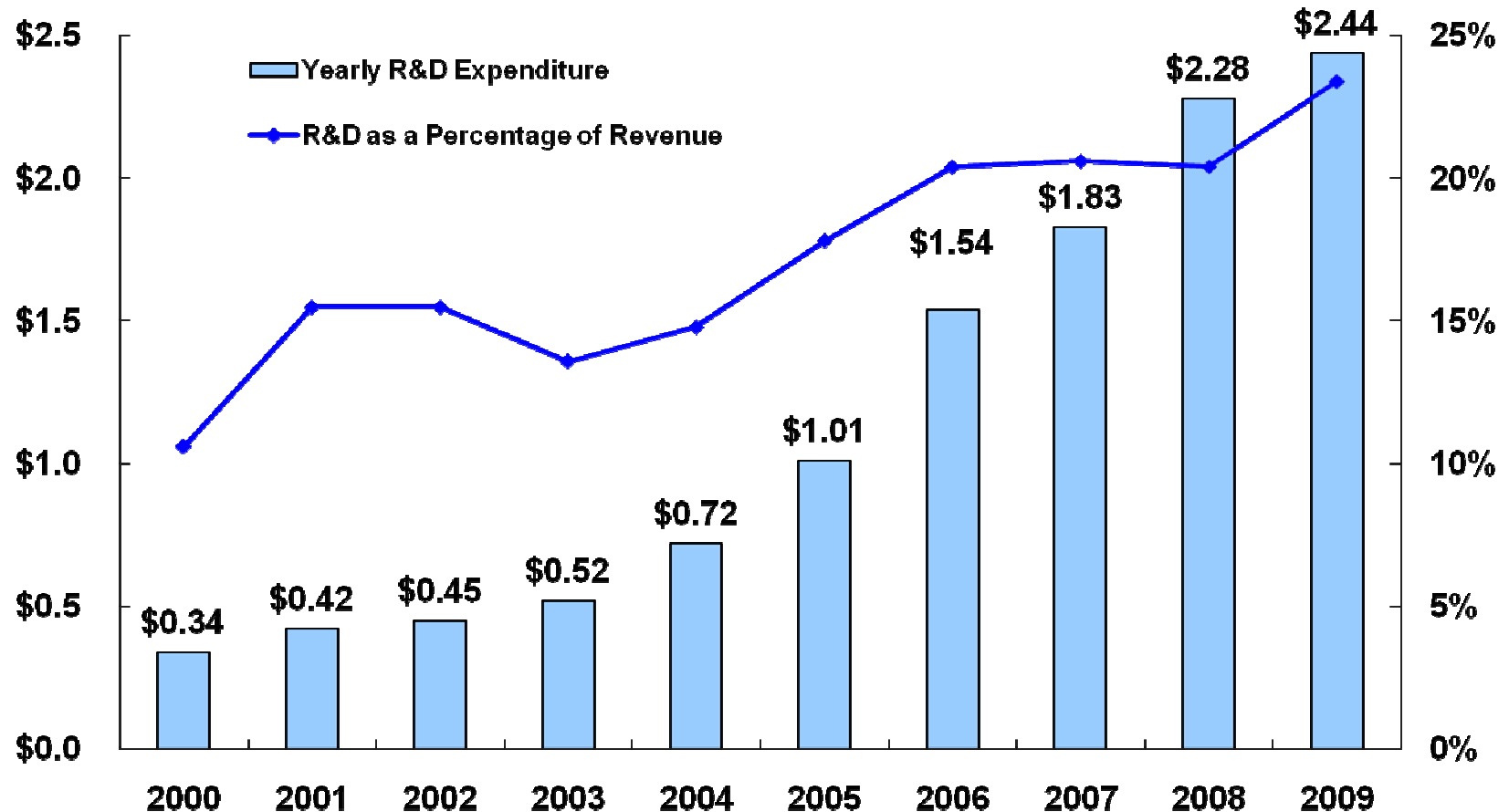
Enabler



Focus on Research & Development

Qualcomm Yearly R&D Expenditures

(Billions)



Qualcomm - Ericsson

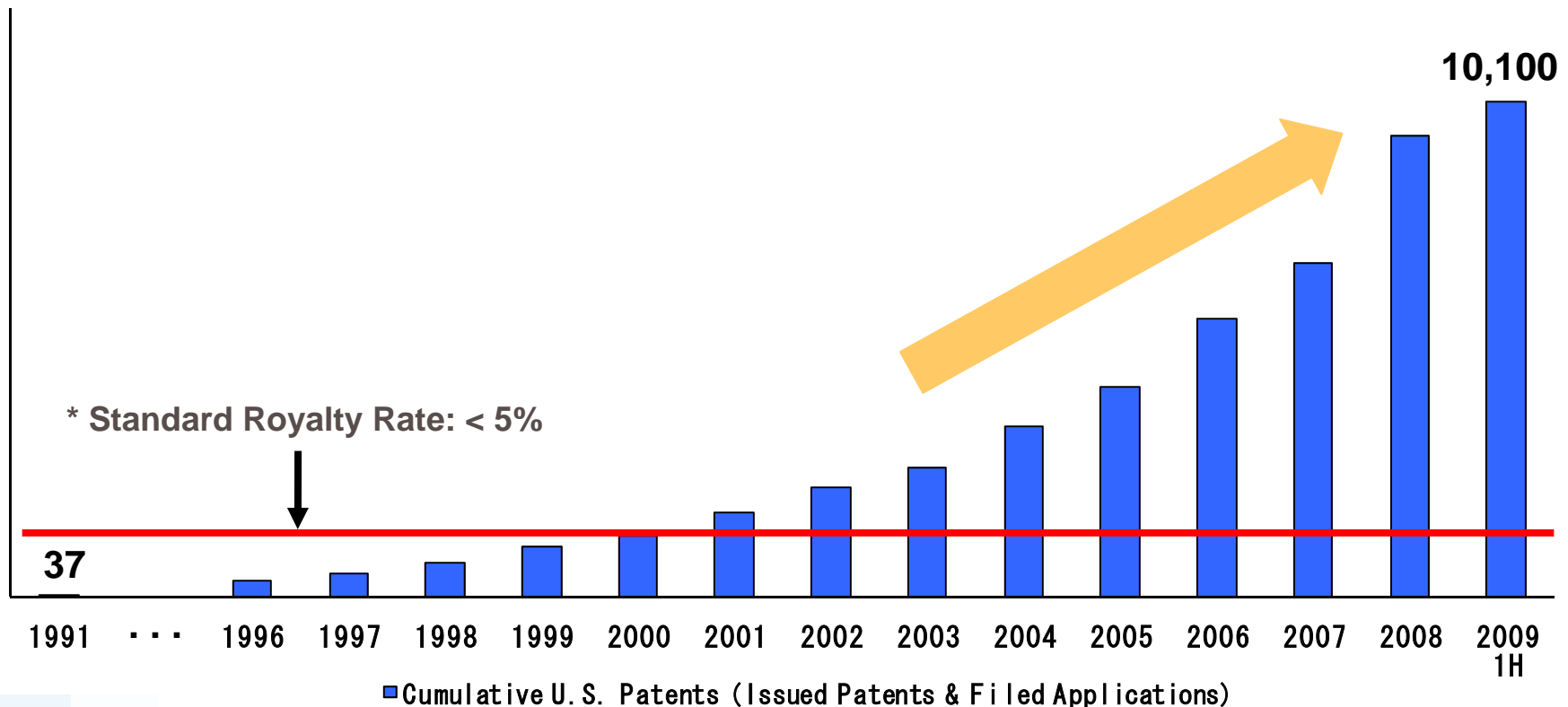
- Video
- NHK Special – April 25, 1999



March 1999 : Ericsson and Qualcomm Reach Global CDMA Resolution

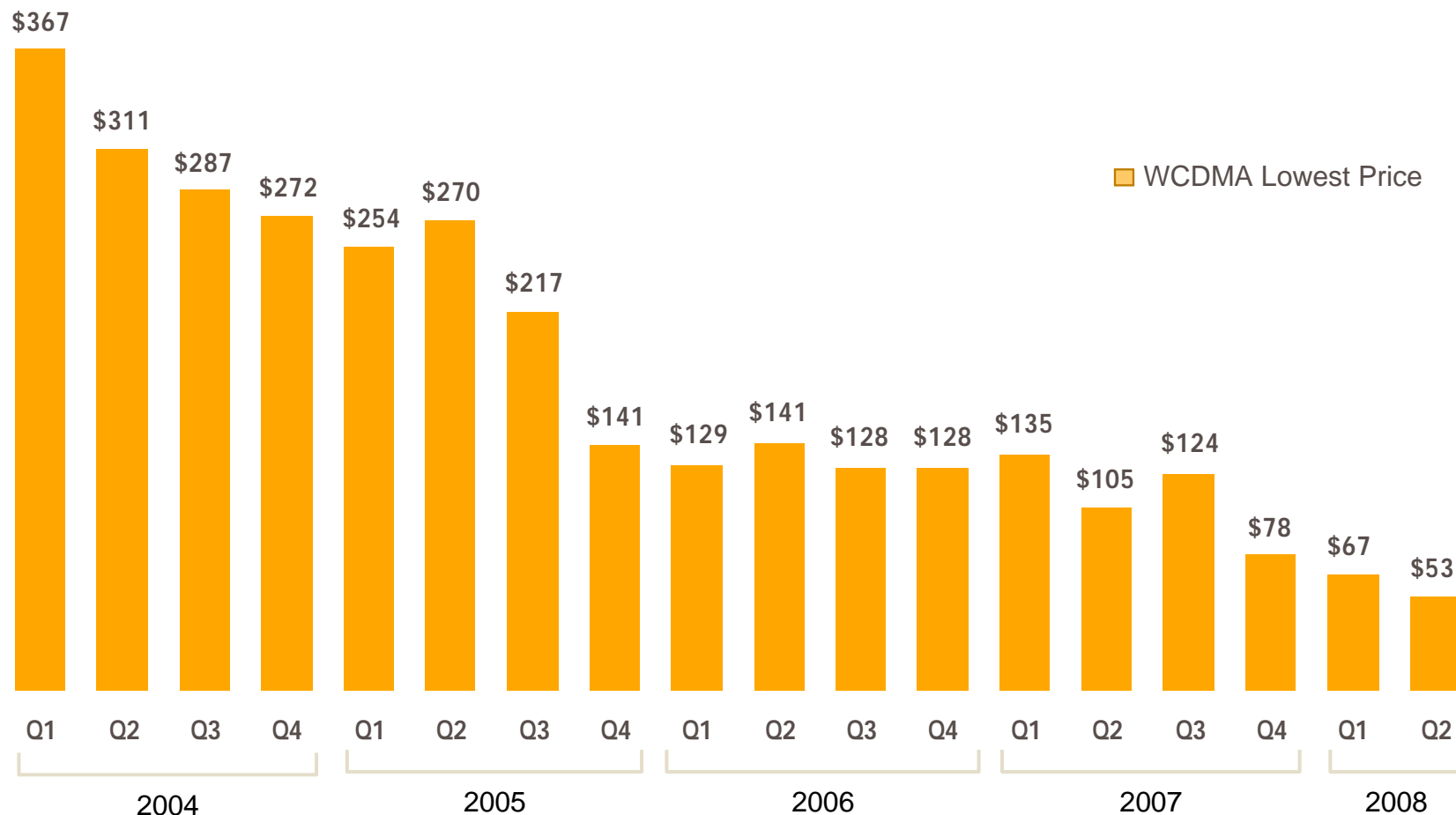
Qualcomm Patent Portfolio Grows Extensively While Royalty Rate Has Not Increased

- Standard CDMA royalty rate of $< 5\%$ has not increased
- Growing portfolio is licensed
- New licensed innovations may be incorporated into licensed products with no increase in standard rate



* Standard Royalty Rate: $< 5\%$ of the wholesale selling price of complete CDMA handsets in commercial volumes

Lower Priced Handsets – A Key Driver of Market Growth



Note: WCDMA Phones Sold per Calendar Quarter; lowest price represents complete phones sold in quantities of approx 50,000 units or higher
Data derived from licensee reports. Does not include modules or modems.
Source: QUALCOMM Incorporated

Subscriber Growth: Developing Markets



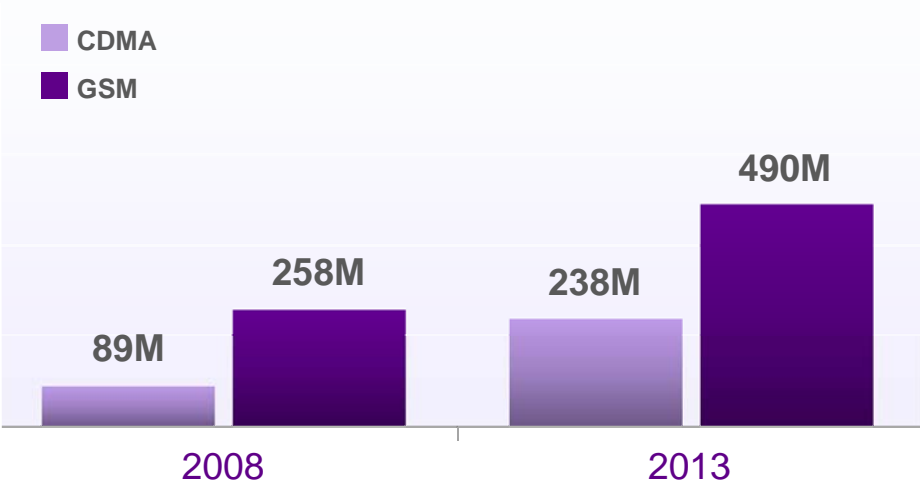
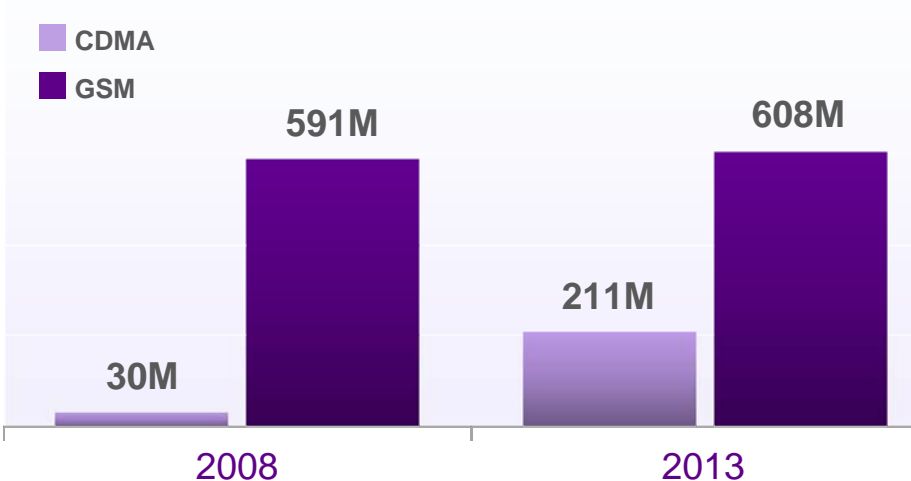
China

597% CDMA Growth



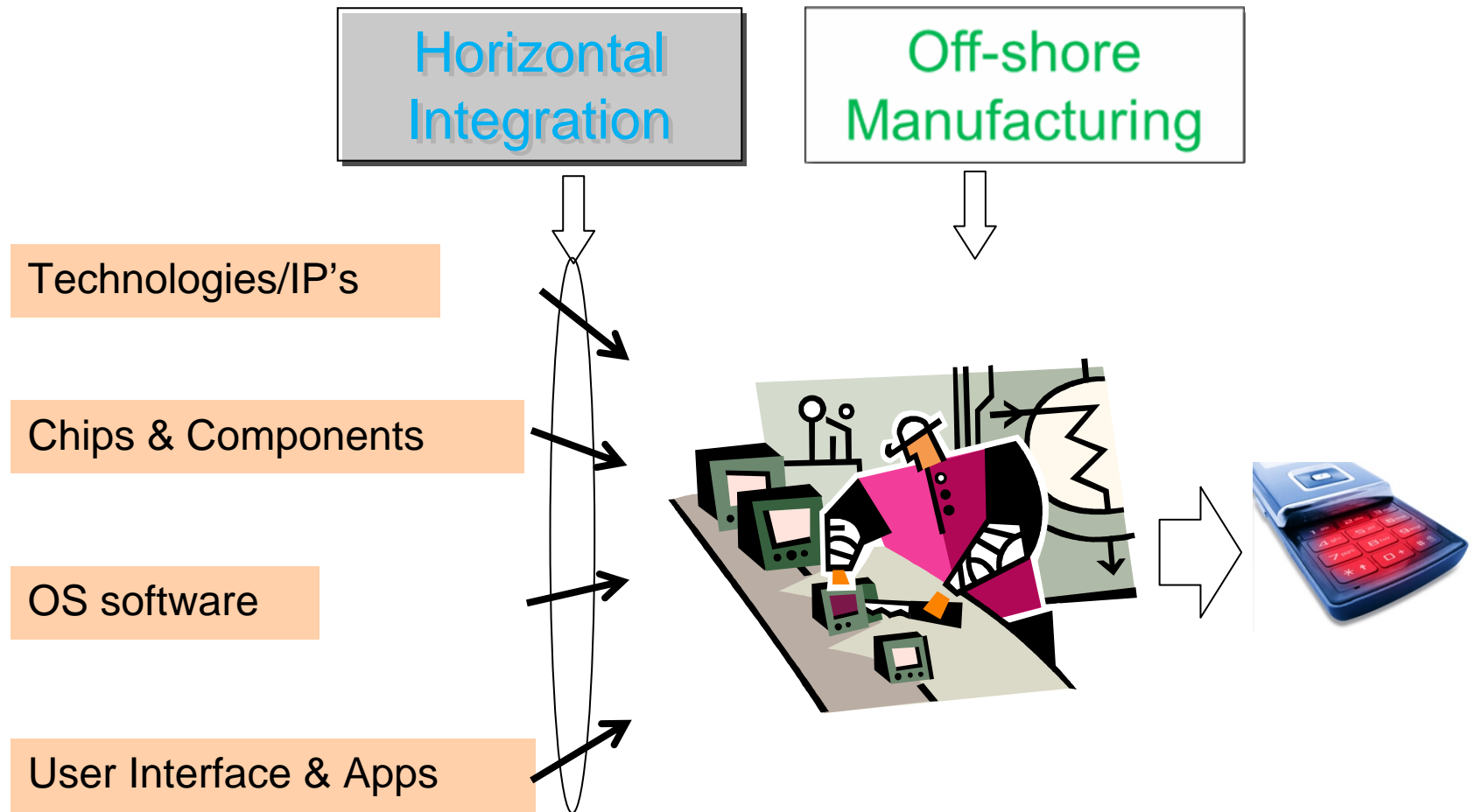
India

167% CDMA Growth



Sources: China subscribers: WCIS+ (Feb'09); India subscribers: 2008- COAI, TRAI and AUSPI (Jan'09); 2012- BDA 3G & BWA report, Jan 2009. CDMA subscribers presented above include evolutions of CDMA2000, WCDMA & TD-SCDMA.

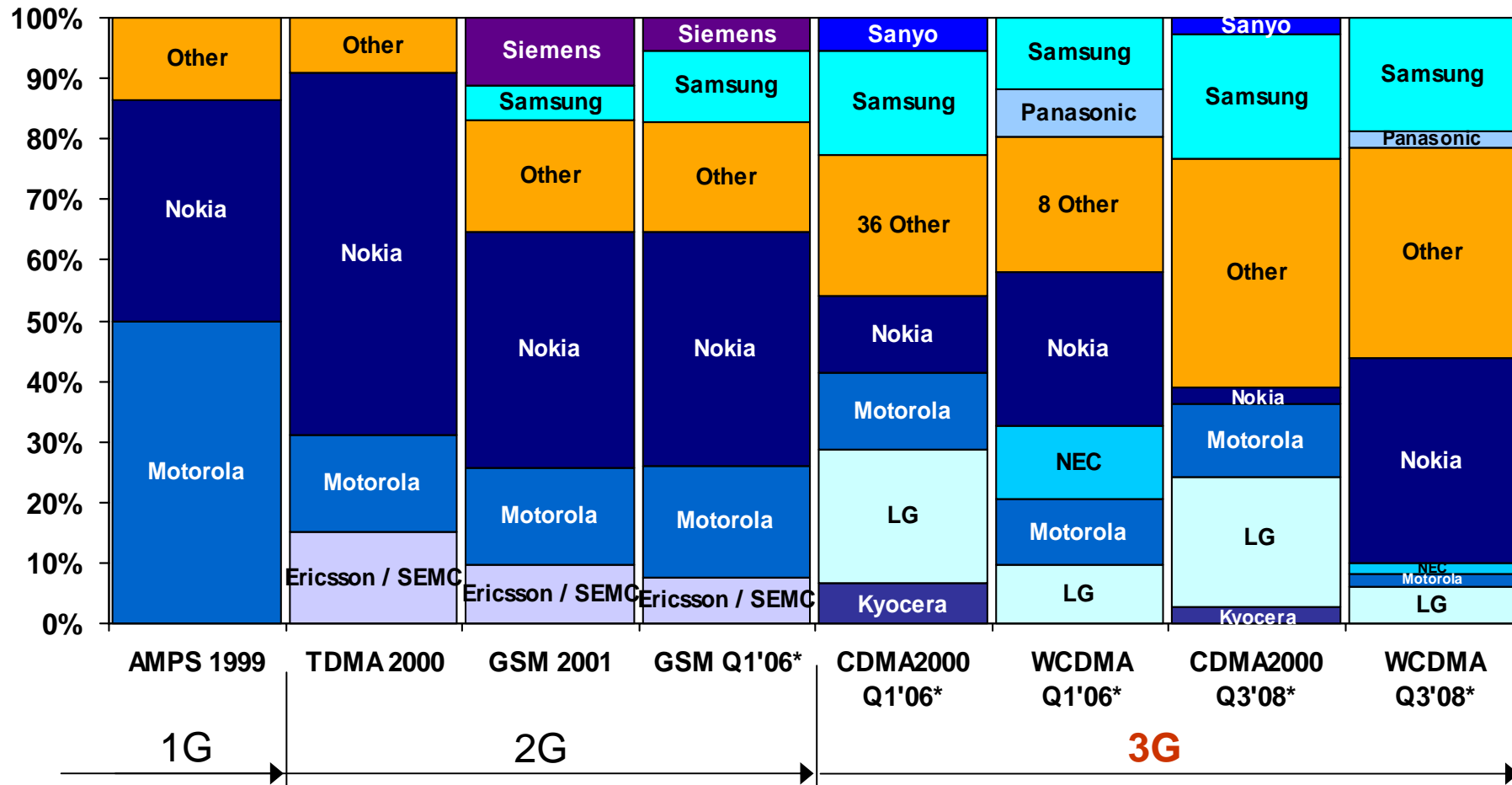
Now, cell phone is much like PC



1G/2G and 3G : Different Competitive Landscape

Qualcomm Business Model Promotes Global Competition

(Market Share)




* Based on a 4 quarter running average from Q2'05 to Q1'06

Note: Vendors with a market share under 5% have been placed in the "Other" category

Sources: Analog & TDMA – Gartner Group, 2000; CDMA, GSM (2001 & Current) & WCDMA - Strategy Analytics, May 2006, Vendor Share, Global Handset Market Update, Nov'08 Strategy - Analytics

“Now is Better”



QUALCOMM

Then

Now

Now is Better.

In the past, the mobile phone market offered little in terms of choice. Why? Because only the largest manufacturers could afford to invest in technology development—effectively locking out smaller, newer and more innovative companies.

Then QUALCOMM introduced a business model that focused on significant R&D investment, chipset and software development, and patent portfolio licensing to any manufacturer that wanted to enter the wireless arena. The effect was increased competition and innovation, faster time to market for manufacturers, and more choices for consumers. Everyone wins.

The future of wireless is now. Learn more at www.qualcomm.com

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Qualcomm - Nokia

- April 2007 : License agreement expired in part.
- July 2008 : Announced that Qualcomm and Nokia entered a new 15-year agreement.
 - ✓ New long term agreement through 2022
 - ✓ Settlement of all litigations
- February 2009 : Announced that Qualcomm and Nokia are planning to work together to develop advanced UMTS mobile devices.
 - ✓ Product launch in mid-2010, initially for North America



Expanding the Wireless Ecosystem

New Innovations

New Partners & Devices

New Services

