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**QUALCOMM Announces First Quarter Fiscal 2002 Results**  
**GAAP Reported Revenues \$699 Million and \$0.17 EPS**  
**Pro Forma Revenues \$693 Million and \$0.23 EPS**

QUALCOMM's first quarter fiscal 2002 earnings conference call will be broadcast live on January 24, 2002 beginning at 2:30 p.m. Pacific Standard Time on the Company's web site at: [www.qualcomm.com](http://www.qualcomm.com). This conference call may contain forward-looking financial information. The taped audio replay will be available for five business days. To listen to the replay, U.S. callers may dial (800) 633-8284 and international callers may dial (858) 812-6440. Both U.S. and international callers should use reservation number 20167073.

SAN DIEGO – January 24, 2002 – QUALCOMM Incorporated (NASDAQ: QCOM) today reported pro forma revenues in the first quarter of fiscal 2002 of \$693 million compared to \$655 million in the year ago quarter and \$651 million in the fourth quarter of fiscal 2001. Pro forma earnings per share were \$0.23 in the first quarter of fiscal 2002 compared to \$0.23 per share in the year ago quarter and \$0.19 per share in the fourth quarter of fiscal 2001 (see page 12 for pro forma adjustments). Pro forma earnings differ from reported earnings and include the Company's core operating businesses, QUALCOMM CDMA Technologies (QCT), QUALCOMM Technology Licensing (QTL) and QUALCOMM Wireless & Internet (QWI). Reported earnings include the new QUALCOMM Strategic Initiatives (QSI) segment and are presented in accordance with Generally Accepted Accounting Principles (GAAP).

GAAP reported revenues for the first quarter of fiscal 2002 were \$699 million compared to \$655 million in the year ago quarter, an increase of 7 percent. Reported income before taxes was \$218 million in the first quarter of fiscal 2002 compared to a loss before taxes of \$747 million in the year ago quarter (see page 12 for reconciliation of reported to pro forma results).

“QUALCOMM's technology licensing business increased its revenues and earnings before taxes for the third consecutive quarter. Our chip business also increased its revenues, earnings before taxes and profit margins from the September to December period, and 3G CDMA2000

1X chips represented 40 percent of total MSM shipments in the first quarter of fiscal 2002,” said Dr. Irwin M. Jacobs, chairman and CEO of QUALCOMM. “Continued weak global economic conditions are moderating our March quarter outlook to a range of \$0.19-\$0.21 pro forma earnings per share. However, 3G CDMA2000 1X momentum is continuing to build despite these factors and we expect that several recent developments will further strengthen the foundation for future CDMA market growth. CDMA2000 1X networks now support more than four million subscribers in South Korea and several operators will soon deploy CDMA2000 1X in the United States, Canada, Japan, and Latin and South America; South Korean operator KT FreeTel launched the first commercial BREW-enabled CDMA2000 1X network in November; China Unicom launched its large-scale CDMA network; and the Indian government awarded limited mobility licenses to several operators with CDMA networks planned or underway.”

“We will continue our support of CDMA manufacturers and operators showcasing and operating their 3G CDMA technology around the world, including the upcoming Winter Olympics in Salt Lake City and the World Cup soccer event in South Korea, which notably is the site of the world’s first CDMA2000 1xEV-DO commercial network,” said Dr. Jacobs. “We believe these first-to-market 3G systems clearly demonstrate CDMA’s enhanced voice capacity, always on and economical high-speed data performance, extensive BREW wireless Internet applications, and increasingly available precise GPS-based position location technology for many applications.”

Pro forma revenues increased to \$693 million in the first quarter of fiscal 2002 from \$655 million in the year ago quarter, and increased 6 percent from \$651 million in the fourth quarter of fiscal 2001. The increase in revenues compared to a year ago quarter is primarily related to higher royalties, increased shipments of 3G CDMA2000 1X MSM integrated circuits and higher software fees.

Pro forma gross margin for the first quarter of fiscal 2002 was 66 percent compared to 62 percent in the year ago quarter and 64 percent in the fourth quarter of fiscal 2001. The increase in pro forma gross margin resulted from higher royalties and improved gross profit margins in the QCT business segment.

Pro forma R&D expenses were \$104 million in the first quarter of fiscal 2002 compared to \$84 million in the year ago quarter and \$114 million in the fourth quarter of fiscal 2001. The increase in R&D investment compared to the year ago quarter was primarily due to increased integrated circuit product initiatives to support high-speed wireless Internet access and multi-mode, multi-band, multi-network products including cdmaOne™, CDMA2000 1X/1xEV-DO, GSM/GPRS, WCDMA and position location technologies. The sequential decrease in pro forma R&D expense was due to seasonal factors and timing of material purchases.

Pro forma selling, general and administrative expenses were \$91 million in the first quarter of fiscal 2002 compared to \$78 million in the year ago quarter and \$92 million in the fourth quarter of fiscal 2001. The increase in SG&A expense compared to the year ago quarter was primarily due to increased head count and related expenses for our support efforts related to the Binary Runtime Environment for Wireless™ (BREW™) application development platform and expansion of the QUALCOMM CDMA Technologies customer base.

Pro forma interest income was \$25 million for the first quarter of fiscal 2002 compared to \$42 million in the year ago quarter and \$26 million in the fourth quarter of fiscal 2001. The decline in interest income was a result of lower interest rates on cash and marketable securities.

The Company's pro forma annual effective income tax rate for fiscal 2002 is estimated to be 34 percent, consistent with the year ago period.

### **QUALCOMM Strategic Initiatives (QSI)**

The QSI segment includes the Company's strategic investments and other income such as the previously announced FCC credit. QSI losses before taxes for the first quarter of fiscal 2002 were \$5 million compared to losses before taxes of \$816 million in the year ago quarter. The reduction in losses compared to the year ago quarter was primarily due to a decrease in asset impairment and related charges from the same quarter in fiscal 2001. During the first quarter of fiscal 2001, we recorded \$586 million in such charges related to Globalstar. In addition, we recorded \$181 million lower net unrealized losses on derivative instruments, \$144 million lower unrealized losses related to other-than-temporary losses on marketable securities and other investments and a \$14 million decrease in equity in losses of investees, offset by a \$14 million

decrease in realized gains on marketable securities during the first quarter of fiscal 2002 as compared to the year ago period. QSI also included 17 days of consolidated results (\$9 million loss) and \$8 million of equity losses for the Vesper companies. We completed a restructuring of these companies on November 13, 2001, which resulted in QUALCOMM owning approximately 86 percent of the Vesper companies.

### **Business Outlook**

The following statements are forward-looking and actual results may differ materially. Please see page 10 of this press release for a description of certain risk factors and QUALCOMM's quarterly reports on file with the Securities and Exchange Commission (SEC) for a more complete description of risks. In response to SEC Regulation FD (Fair Disclosure), we will disseminate our quarterly business outlook, based on current expectations, in conjunction with our quarterly earnings release and conference call. We will not provide further material guidance on analysts' financial models beyond the information provided in our quarterly earnings release and conference call.

### **Outlook Information is Presented on a Pro Forma Basis and Excludes the QSI Segment. Second Quarter Fiscal 2002**

- Based on the current business outlook, we expect second fiscal quarter pro forma revenues to decrease by approximately 3-6 percent compared to the first quarter of fiscal 2002. We expect second fiscal quarter pro forma earnings per share to be approximately \$0.19-\$0.21 (excluding QSI). This estimate assumes shipments of approximately 13-14 million MSM phone chips during the quarter, including approximately 7 million 3G CDMA2000 1X MSM phone chips. Operating expenses are expected to increase due to seasonal factors such as employee payroll taxes and public company expenses.

### **Fiscal 2002**

- Previously pro forma earnings included interest income from our strategic investments, realized gains on the sales of investments, and other income such as income realized from the sale of an FCC credit. Under our new segment reporting format, these items are included in the QSI segment, which is excluded from pro forma results. This change reduced pro forma earnings by \$0.12 to \$0.16 earnings per share compared to the

estimate of \$1.10-\$1.20 under the previous segment reporting. Based on the current business outlook with continued global economic weakness, the Company expects revenue growth to be approximately 5-15 percent and pro forma earnings per share for fiscal 2002 to be in the range of \$0.90-\$0.97 (excluding QSI). This estimate assumes growth of the CDMA2000 1X market in the second half of fiscal 2002, and is based on the sale of 80-90 million CDMA phones in calendar 2002 with a 0-10 percent annual decrease in average selling prices of CDMA phones, upon which royalties are calculated.

**Cash Flow**

QUALCOMM’s cash, cash equivalents and marketable securities, excluding QSI, totaled approximately \$2.4 billion at the end of the first quarter of fiscal 2002. The following table presents selected cash flow information, including cash equivalents and marketable securities, for the first quarter of fiscal 2002 (in millions):

| <u>Selected Cash Flow Information</u>   | <u>First Quarter<br/>Fiscal 2002</u> |
|---|--------------------------------------|
| Earnings before taxes, depreciation,<br>amortization and asset impairments                    | \$ 311                               |
| Working capital changes and taxes paid  | (34)                                 |
| Additional share capital  | <u>18</u>                            |
| Net cash inflows  | 295                                  |
| Capital expenditures  | <u>(31)</u>                          |
| Net cash provided   | 264                                  |
| Decrease in fair value of marketable securities   | (6)                                  |
| Transfers to QSI  | (252)                                |
| Net increase in cash, cash equivalents and marketable<br>securities of QUALCOMM excluding QSI | <u><u>\$ 6</u></u>                   |

**Results of Business Segments**

As announced on January 17, 2002, the Company implemented its new financial segment reporting which includes two new segments, QUALCOMM Wireless & Internet (QWI) and QUALCOMM Strategic Initiatives (QSI). The QSI segment is excluded from pro forma results because the strategic investments are not viewed as part of the Company's core operating businesses.

**The following tables present pro forma segment information (in thousands):**

**First Quarter - Fiscal Year 2002**

| Segments                  | QCT     | QTL     | QWI     | Other/<br>Reconciling<br>Items (1) | Pro Forma |
|---------------------------|---------|---------|---------|------------------------------------|-----------|
| Revenues                  | 359,144 | 210,803 | 109,295 | 13,446                             | 692,688   |
| Change from prior quarter | 7%      | 11%     | (3%)    | N/M                                | 6%        |
| Change from prior year    | 9%      | 13%     | (1%)    | N/M                                | 6%        |
| Earnings before taxes     | 86,941  | 188,688 | (1,233) | 13,053                             | 287,449   |
| % of revenues             | 24%     | 90%     | (1%)    | N/M                                | 41%       |
| Change from prior quarter | 32%     | 10%     | (128%)  | N/M                                | 23%       |
| Change from prior year    | 3%      | 8%      | (107%)  | N/M                                | 2%        |

**Fourth Quarter - Fiscal Year 2001**

| Segments              | QCT     | QTL     | QWI     | Other/<br>Reconciling<br>Items (1) | Pro Forma |
|-----------------------|---------|---------|---------|------------------------------------|-----------|
| Revenues              | 336,881 | 189,340 | 112,240 | 12,370                             | 650,831   |
| Earnings before taxes | 65,917  | 172,102 | 4,403   | (7,981)                            | 234,441   |
| % of revenues         | 20%     | 91%     | 4%      | N/M                                | 36%       |

**First Quarter - Fiscal Year 2001**

| Segments              | QCT     | QTL     | QWI     | Other/<br>Reconciling<br>Items (1) | Pro Forma |
|-----------------------|---------|---------|---------|------------------------------------|-----------|
| Revenues              | 330,632 | 186,824 | 110,772 | 26,981                             | 655,209   |
| Earnings before taxes | 84,180  | 174,139 | 17,275  | 7,538                              | 283,132   |
| % of revenues         | 25%     | 93%     | 16%     | N/M                                | 43%       |

- (1) Other/Reconciling Items related to revenues consist primarily of other non-reportable segment revenues less intersegment eliminations. Reconciling Items related to earnings before taxes consist primarily of impairment and other charges that are not allocated to the segments for management reporting purposes, unallocated net investment income, non-reportable segment results, interest expense and the elimination of intercompany profit.

N/M – Not Meaningful

## **Business Segment Highlights**

### **QUALCOMM Technology Licensing (QTL)**

- Signed a total of 17 royalty-bearing CDMA license agreements during the first quarter of fiscal 2002, including 11 new licensees, three extensions to existing license agreements and three additional license agreements with existing licensees. Of the 17 agreements announced during the quarter, 14 were with Chinese manufacturers. This brings the total number of Chinese manufacturers licensed by QUALCOMM for CDMA to 17 (three infrastructure licensees, ten subscriber licensees and four companies licensed for both infrastructure and subscriber equipment).

### **QUALCOMM CDMA Technologies (QCT)**

- Shipped approximately 15 million MSM phone chips to customers worldwide during the first quarter of fiscal 2002 compared to approximately 15 million units in the year ago quarter and approximately 13 million units in the fourth quarter of fiscal 2001.
- Shipped approximately 6 million 3G CDMA2000 1X MSM phone chips during the first quarter of fiscal 2002 for a cumulative total of approximately 12 million 3G CDMA2000 1X MSM phone chips.
- Shipped CSM infrastructure chips to support approximately one million equivalent voice channels in the first quarter of fiscal 2002.
- Announced the first nationwide commercial position location system available anywhere in the world through mobile phone networks, launched in Japan by KDDI Corporation using gpsOne™ enabled handsets.
- Announced the first test samples of the Company's 3G MSM6050 device, the first wireless baseband chip produced using state-of-the-art 300mm (12-inch) complementary metal-oxide semiconductor (CMOS) fabrication from Taiwan Semiconductor Manufacturing Company Ltd. (TSMC).

**QUALCOMM Wireless & Internet Group (QWI)****QUALCOMM Internet Services (QIS)**

- Announced that KT FreeTel launched its enhanced *magic n multipack*<sup>™</sup> service based on QUALCOMM's BREW platform, becoming the first carrier in the world to offer its wireless subscribers commercial BREW-enabled products and services.
- Announced the selection of the IBM J9 "Java Powered" CLDC and MIDP-compliant Java virtual machine environment for QUALCOMM's BREW platform.
- Announced the signing of non-binding memoranda of understanding (MOUs) with leading wireless operators in Latin America including BellSouth in Guatemala, Telcel-Bellsouth in Venezuela, Iusacell in Mexico and Vesper in Brazil, to provide products and services based on the BREW platform.
- Announced the signing of non-binding MOUs with handset manufacturers SANYO and KTF Technologies to port the BREW platform to their wireless handsets.
- Announced collaboration with Comverse to bring next generation enhanced services, such as multimedia messaging, voice solutions and mobile Internet solutions, to BREW-enabled wireless devices.
- Announced that Mattel, Inc., the world's largest toy manufacturer, the World Wrestling Federation Entertainment, Inc., an integrated media and entertainment company, and leading targeted media company PRIMEDIA intend to develop applications for the BREW platform.

**QUALCOMM Wireless Business Solutions (QWBS)**

- Shipped approximately 9,400 OmniTRACS<sup>®</sup> units and related products in the first quarter of fiscal 2002, compared to approximately 10,000 units during the year ago quarter. Lower volumes of OmniTRACS unit shipments in the first quarter of fiscal 2002 primarily related to economic conditions affecting the long-haul trucking industries in Canada and Mexico.
- Announced a five-year agreement to bring high-value fleet management solutions to the European marketplace. QUALCOMM Wireless Business Solutions Europe, a wholly owned subsidiary of QUALCOMM and formerly named eQ-COM, will join with Eutelsat to bring the EutelTRACS<sup>®</sup> mobile communications system to Europe's fleet managers, helping them increase operating efficiencies, enhance customer service and



improve productivity. EutelTRACS is the European version of QUALCOMM Wireless Business Solutions' mobile communications solution, OmniTRACS.

- Announced that JB Hunt Transport, one of the nation's largest publicly held truckload carrier, has selected the CDMA-based OmniExpress™ terrestrial mobile communications system for its intermodal fleet.
- Announced OmniOne™, a low-cost transportation application for digital mobile phones that will provide trucking companies, affiliate fleets, and subcontractors a powerful, portable communications tool that enables drivers and dispatchers to receive and send load assignments, status updates and other information. The OmniOne application is designed to run on QUALCOMM's BREW platform.

#### **QUALCOMM Digital Media (QDM)**

- Technicolor Digital Cinema, a joint venture between Technicolor and QUALCOMM, was selected as the digital distribution partner for Warner Bros. Pictures' "Ocean's Eleven", which premiered digitally at selected theatres on December 7, 2001. "Ocean's Eleven" was the first movie to use Technicolor Digital Cinema's new digital delivery system utilizing QUALCOMM's ABSolute™ image compression technology.
- Announced the QDEC™ 1000 decoder, which forms the core of a digital cinema theatre presentation system. The QDEC 1000 decoder is the first cinema-quality product to offer the image and audio stream synchronization and formatting necessary for a digital cinema theatre system processor. In addition, digital projector manufacturers, Barco Digital Cinema and Christie Digital Systems announced plans to integrate the QDEC 1000 decoder into their respective digital cinema projectors.
- Received a contract to build several thousand secure cell phones for U.S. government users. Demand is expected to grow as these phones contribute to the Homeland Security initiative.

#### **QUALCOMM Strategic Initiatives (QSI)**

- Completed a series of transactions and created a newly formed holding company called Vesper Holding, Ltd. (Vesper Holding) to acquire interests in Vesper Sao Paulo S.A. and Vesper S.A., wireless carriers in Brazil. QUALCOMM agreed to invest \$266 million of a total \$346 million investment in Vesper Holding.

- Announced an agreement to provide a strategic investment of up to \$200 million in exchange for up to 4 percent of the common shares of Reliance Communications Limited (RCL), the only nationwide limited mobility wireless carrier in India. RCL intends to construct and operate a CDMA commercial network deploying CDMA2000 1X technology.

QUALCOMM Incorporated ([www.qualcomm.com](http://www.qualcomm.com)) is a leader in developing and delivering innovative digital wireless communications products and services based on the Company's CDMA digital technology. The Company's business areas include CDMA chipsets and system software; technology licensing; the Binary Runtime Environment for Wireless™ (BREW™) applications platform; Eudora® e-mail software; digital cinema systems; and satellite-based systems including portions of the Globalstar™ system and wireless fleet management systems, OmniTRACS® and OmniExpress®. QUALCOMM owns patents that are essential to all of the CDMA wireless telecommunications standards that have been adopted or proposed for adoption by standards-setting bodies worldwide. QUALCOMM has licensed its essential CDMA patent portfolio to more than 100 telecommunications equipment manufacturers worldwide. Headquartered in San Diego, Calif., QUALCOMM is included in the S&P 500 Index and is a 2001 FORTUNE 500® company traded on The Nasdaq Stock Market® under the ticker symbol QCOM.

Except for the historical information contained herein, this news release contains forward-looking statements that are subject to risks and uncertainties. Actual results may differ substantially from those referred to herein due to a number of factors, including but not limited to risks associated with: changing global economic conditions, particularly in the telecommunications and internet-related industries and the resulting uncertainty in forecasting future results; timing and receipt of license fees and royalties; integrated circuit inventory and order levels; the Company's ability to execute additional 3G licenses; the scale-up, acceptance and operations of CDMA systems, including CDMA2000 1xEV-DO and systems in new markets such as China and India; the ability to sustain or improve operational efficiency and profitability; decreases in the rate of growth in CDMA-based wireless data and internet access or the CDMA subscriber population; strategic investments, loans, acquisitions or divestitures the Company has or may pursue, including investments in and loans to Vesper Holding and Pegaso; changes in the

fair values of marketable securities and derivative instruments held; electricity outages or rolling blackouts; the development, deployment and commercial acceptance of evolving CDMA technology standards; developments in current or future litigation; customer receivables and performance guarantees; component shortages; and international business activities, as well as the other risks detailed from time to time in the Company's SEC reports.

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**QUALCOMM Incorporated**  
**PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS**  
**THIS SCHEDULE IS TO ASSIST THE READER IN RECONCILING FROM**  
**THE GAAP REPORTED RESULTS TO THE PRO FORMA RESULTS**

(In thousands, except per share data)

(Unaudited)

Three Months Ended

|   | December 31,<br>2000 | December 30,<br>2001 | %         |                          |            | December 30,<br>2001 |
|---|----------------------|----------------------|-----------|--------------------------|------------|----------------------|
|   | Pro Forma            | Pro Forma            | Change    | Pro Forma<br>Adjustments | QSI        | GAAP Reported        |
| Revenues  | \$ 655,209           | \$ 692,688           | 6%        | \$ -                     | \$ 5,954   | \$ 698,642           |
| Operating expenses:   |                      |                      |           |                          |            |                      |
| Cost of revenues  | 251,755              | 234,316              | (7%)      | (290)                    | (b)(c)(d)  | 245,197              |
| Research and development  | 83,745               | 104,369              | 25%       | 1,079                    | (b)        | 106,868              |
| Selling, general and administrative   | 78,234               | 90,891               | 16%       | 419                      | (b)(d)     | 100,765              |
| Amortization of goodwill and other<br>acquisition-related intangible assets | -                    | -                    |           | 63,731                   | (c)        | 63,731               |
| Asset impairment and related charges  | -                    | -                    |           | -                        | -          | -                    |
| Other   | -                    | -                    |           | -                        | -          | -                    |
| Total operating expenses  | 413,734              | 429,576              | 4%        | 64,939                   | 22,046     | 516,561              |
| Operating income (loss)   | 241,475              | 263,112              | 9%        | (64,939)                 | (16,092)   | 182,081              |
| Interest expense  | (761)                | (493)                | (35%)     | -                        | (2,069)    | (2,562)              |
| Investment income (expense), net  | 42,418               | 24,830               | (a) (41%) | -                        | 13,202     | 38,032               |
| Other   | -                    | -                    |           | -                        | -          | -                    |
| Income (loss) before income taxes   | 283,132              | 287,449              | 2%        | (64,939)                 | \$ (4,959) | (e) 217,551          |
| Income tax expense  | (96,265)             | (97,733)             | (f) 2%    | 19,415                   | (g) N/A    | (78,318) (f)         |
| Net income (loss)   | \$ 186,867           | \$ 189,716           | 2%        | \$ (45,524)              |            | \$ 139,233           |
| Net earnings (loss) per common share:                                       |                      |                      |           |                          |            |                      |
| Diluted   | \$ 0.23              | \$ 0.23              |           |                          |            | \$ 0.17              |
| Shares used in per share calculations:                                      |                      |                      |           |                          |            |                      |
| Diluted   | 806,049              | 809,574              |           |                          |            | 809,574              |

The Company generally excludes from pro forma results of certain non-operating items.

- (a) Includes \$23.8 million in interest income related to cash, cash equivalents and marketable debt securities, which are not part of the Company's strategic investment portfolio.
- (b) Excludes employer payroll taxes payable for employee income from non-qualified stock option exercises, as follows: \$0.5 million in cost of revenues, \$1.1 million in R&D expenses and \$0.5 million in SG&A expenses.
- (c) Excludes the amortization of goodwill and other acquisition-related intangible assets primarily associated with the purchase of SnapTrack, as follows: \$0.5 million in cost of revenues and \$63.7 million in amortization of goodwill and other acquisition-related intangible assets.
- (d) Excludes certain credits related to the reduction of reserves established in connection with the Globalstar business, as follows: \$1.3 million in cost of revenues and \$0.1 million in SG&A expenses.
- (e) Includes \$9.0 million loss, net of minority interest, of Vesper Holdings from November 13, 2001 through November 30, 2001 due to the Company's practice of consolidating foreign subsidiaries one month in arrears.
- (f) The estimated fiscal year 2002 effective tax rate for pro forma results and GAAP reported results are 34% and 36%, respectively.
- (g) Estimated effective tax rates by segments are not available. Hence the tax for QSI is included in the "Pro Forma Adjustments" column.

**QUALCOMM Incorporated**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(In thousands, except per share data)  
(Unaudited)

**ASSETS**

|                                    | <b>QUALCOMM<br/>Excluding<br/>QSI</b> | <b>QSI (a)</b>      | <b>QUALCOMM<br/>December 30,<br/>2001</b> | <b>QUALCOMM<br/>September 30,<br/>2001 (b)</b> |
|------------------------------------|---------------------------------------|---------------------|---|--|
| Current assets:                    |                                       |                     |   |  |
| Cash and cash equivalents          | \$ 1,434,335                          | \$ 51,519           | \$ 1,485,854                              | \$ 1,388,602                                   |
| Marketable securities              | 895,309                               | 24,345              | 919,654                                   | 894,577  |
| Accounts receivable, net           | 531,694                               | 44,229              | 575,923                                   | 517,557  |
| Finance receivables, net           | 3,505                                 | -                   | 3,505                                     | 10,345   |
| Inventories, net                   | 84,381                                | 1,675               | 86,056                                    | 95,863   |
| Other current assets               | 80,814                                | 65,276              | 146,090                                   | 147,814  |
| Total current assets               | <u>3,030,038</u>                      | <u>187,044</u>      | <u>3,217,082</u>                          | <u>3,054,758</u>                               |
| Marketable securities              | 58,165                                | 280,639             | 338,804                                   | 297,333  |
| Finance receivables, net           | 702                                   | 673,166             | 673,868                                   | 674,391  |
| Other investments                  | 5,536                                 | 340,989             | 346,525                                   | 245,220  |
| Property, plant and equipment, net | 438,724                               | 311,799             | 750,523                                   | 431,396  |
| Goodwill, net                      | 523,686                               | 5,240               | 528,926                                   | 585,046  |
| Other assets                       | 266,386                               | 210,339             | 476,725                                   | 381,589  |
| Total assets                       | <u>\$ 4,323,237</u>                   | <u>\$ 2,009,216</u> | <u>\$ 6,332,453</u>                       | <u>\$ 5,669,733</u>                            |

**LIABILITIES AND STOCKHOLDERS' EQUITY**

|  |                     |                   |                     |                     |
|--|---------------------|-------------------|---------------------|---------------------|
| Current liabilities:                           |                     |                   |                     |                     |
| Trade accounts payable                         | \$ 108,578          | \$ 105,133        | \$ 213,711          | \$ 106,433          |
| Payroll and other benefits related liabilities | 102,968             | 15,150            | 118,118             | 117,795             |
| Unearned revenue                               | 203,603             | 10,656            | 214,259             | 184,461             |
| Other current liabilities                      | 124,604             | 27,511            | 152,115             | 112,300             |
| Total current liabilities                      | <u>539,753</u>      | <u>158,450</u>    | <u>698,203</u>      | <u>520,989</u>      |
| Long-term unearned revenue                     | 278,621             | 1,659             | 280,280             | 295,005             |
| Other liabilities                              | 29,888              | 108,818           | 138,706             | 35,437              |
| Total liabilities                              | <u>848,262</u>      | <u>268,927</u>    | <u>1,117,189</u>    | <u>851,431</u>      |
| Minority interest in consolidated subsidiaries | <u>6,792</u>        | <u>97,490</u>     | <u>104,282</u>      | <u>5,887</u>        |
| Stockholders' equity:                          |                     |                   |                     |                     |
| Preferred stock, \$0.0001 par value            | -                   | -                 | -                   | -                   |
| Common stock, \$0.0001 par value               | 77                  | -                 | 77                  | 76                  |
| Paid-in capital                                | 4,862,076           | -                 | 4,862,076           | 4,791,559           |
| Retained earnings                              | 384,180             | -                 | 384,180             | 244,947             |
| Accumulated other comprehensive loss           | (52,104)            | (83,247)          | (135,351)           | (224,167)           |
| Total stockholders' equity                     | <u>5,194,229</u>    | <u>(83,247)</u>   | <u>5,110,982</u>    | <u>4,812,415</u>    |
| Total liabilities and stockholders' equity     | <u>\$ 6,049,283</u> | <u>\$ 283,170</u> | <u>\$ 6,332,453</u> | <u>\$ 5,669,733</u> |

- (a) Includes the consolidated Vesper Holdings balance sheet at November 30, 2001. The Company reports foreign subsidiaries one month in arrears.
- (b) As adjusted to reflect (1) the adoption of SAB 101 as of the beginning of fiscal 2001 and (2) use of the equity method of accounting for the Company's 16% ownership interest in the Vesper companies, as required under APB 18 due to the Company's acquisition of a controlling interest in the Vesper companies during the first quarter of fiscal 2002.

**QUALCOMM Incorporated**  
**GAAP REPORTED CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS**  
(In thousands, except per share data)  
(Unaudited)

|   | <u>Three Months Ended</u>          |  |
|---|------------------------------------|--|
|   | <u>December 30,</u><br><u>2001</u> | <u>December 31,</u><br><u>2000 (a)</u> |
| Revenues  | \$ 698,642                         | \$ 655,209                             |
| Operating expenses:   |                                    |  |
| Cost of revenues  | 245,197                            | 300,930                                |
| Research and development  | 106,868                            | 86,123                                 |
| Selling, general and administrative   | 100,765                            | 79,964                                 |
| Amortization of goodwill and other<br>acquisition-related intangible assets | 63,731                             | 62,995                                 |
| Asset impairment and related charges  | -                                  | 480,778                                |
| Other   | -                                  | 69,188                                 |
| Total operating expenses  | <u>516,561</u>                     | <u>1,079,978</u>                       |
| Operating income (loss)   | 182,081                            | (424,769)                              |
| Interest expense  | (2,562)                            | (8,568)                                |
| Investment income (expense), net  | 38,032                             | (257,409)                              |
| Other   | -                                  | (56,566)                               |
| Income (loss) before income taxes and accounting changes                    | <u>217,551</u>                     | <u>(747,312)</u>                       |
| Income tax (expense) benefit  | (78,318)                           | 346,024                                |
| Income (loss) before accounting changes                                     | <u>139,233</u>                     | <u>(401,288)</u>                       |
| Accounting changes, net of tax  | -                                  | (17,937)                               |
| Net income (loss)   | <u>\$ 139,233</u>                  | <u>\$ (419,225)</u>                    |
| Basic net earnings (loss) per common share:                                 |                                    |  |
| Income (loss) before accounting changes                                     | \$ 0.18                            | \$ (0.54)                              |
| Accounting changes, net of tax  | -                                  | (0.02)                                 |
| Net income (loss)   | <u>\$ 0.18</u>                     | <u>\$ (0.56)</u>                       |
| Diluted net earnings (loss) per common share:                               |                                    |  |
| Income (loss) before accounting changes                                     | \$ 0.17                            | \$ (0.54)                              |
| Accounting changes, net of tax  | -                                  | (0.02)                                 |
| Net income (loss)   | <u>\$ 0.17</u>                     | <u>\$ (0.56)</u>                       |
| Shares used in per share calculations:                                      |                                    |  |
| Basic   | <u>764,959</u>                     | <u>749,482</u>                         |
| Diluted   | <u>809,574</u>                     | <u>749,482 (b)</u>                     |

- (a) As adjusted to reflect (1) the adoption of SAB 101 as of the beginning of fiscal 2001 and (2) use of the equity method of accounting for the Company's 16% ownership interest in the Vesper companies, as required under APB 18 due to the Company's acquisition of a controlling interest in the Vesper companies during the first quarter of fiscal 2002.
- (b) The diluted share base used for the reported results excludes the potential dilutive effect of common share equivalents related to outstanding stock options, calculated using the treasury stock method, as these shares are anti-dilutive.