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QUALCOMM Announces Third Quarter Fiscal 2003 Results
Revenues \$922 Million, EPS \$0.23
Revenues \$891 Million, EPS \$0.33 Excluding QSI Segment

SAN DIEGO – July 23, 2003 – QUALCOMM Incorporated (NASDAQ: QCOM) today announced its third quarter fiscal 2003 results ended June 29, 2003. Revenues were \$922 million in the third fiscal quarter, up 20 percent year-over-year. Third quarter net income was \$192 million, compared to a loss of \$14 million year-over-year. Earnings per share were \$0.23, compared to a loss of \$0.02 per share year-over-year.

Revenues excluding the QUALCOMM Strategic Initiatives (QSI) segment were \$891 million in the third fiscal quarter, up 24 percent year-over-year. Net income excluding the QSI segment was \$267 million, up 38 percent year-over-year. Earnings per share excluding the QSI segment were \$0.33, up 38 percent year-over-year. Detailed reconciliations between total QUALCOMM results and results excluding QSI are included at the end of this news release. Prior period reconciliations are presented on our Investor Relations web page at www.qualcomm.com.

“Our business generates excellent positive cash flows at the same time revenues and earnings continue to grow. As a result, our Board approved a 40 percent increase in cash dividends to return value to our shareholders,” said Dr. Irwin Mark Jacobs, chairman and CEO of QUALCOMM.

“During the third quarter, we announced several new multimode chips and the industry-leading MSM7xxx family of chips to further strengthen our product road map and support our customers.”

“The China and India markets are gaining momentum, and we are encouraged by the performance of CDMA operators in the Americas, Japan and South Korea. During the quarter, Reliance Infocomm launched the first CDMA2000 1X nationwide commercial service in India, bringing advanced 3G wireless voice and data services to more than 250 cities. Reliance, Tata and the other CDMA operators in India totaled over three million subscribers at the end of June. China Unicom launched its prepaid service in several cities. VIVO in Brazil and China Unicom launched commercial

BREW™ services, and BellSouth International has announced plans to commercially launch BREW in Latin America. Verizon Wireless in the U.S. reported impressive data revenues with its BREW-based Get It Nowsm service. We believe these events, along with initial deployments of WCDMA in Japan and Europe, will set the stage for CDMA to capture a greater share of the total wireless market over the next year,” Jacobs said.

Research and development (R&D) expenses were \$136 million, including \$1 million for QSI, in the third fiscal quarter, up 15 percent year-over-year. The increase in R&D expenses compared to the year ago quarter was primarily related to QCT new product development efforts.

Selling, general and administrative (SG&A) expenses were \$117 million, including \$8 million for QSI, in the third fiscal quarter, down 23 percent year-over-year. The decrease in SG&A expense compared to the year ago quarter was primarily due to reduced expenses at Vesper, including the effects of foreign currency fluctuations.

Our fiscal 2003 effective income tax rate is now estimated to be 45 percent, compared to 22 percent in fiscal 2002. The change in the estimated 2003 effective tax rate from 43 percent used in the second quarter of fiscal 2003 results in a 48 percent effective tax rate in the third quarter of fiscal 2003. Excluding the QSI segment, our fiscal 2003 effective tax rate estimate remains at 33 percent, compared to 35 percent in fiscal 2002.

QUALCOMM Strategic Initiatives

The QUALCOMM Strategic Initiatives (QSI) segment includes our strategic investments and related income and expenses. Vesper losses before taxes were \$20 million in the third fiscal quarter compared to \$35 million in the year ago quarter. The balance of the net loss before taxes in QSI was \$7 million for the third fiscal quarter compared to \$250 million in the year ago quarter. The third quarter of fiscal 2003 net loss included asset impairment charges related to the valuation of our Australian wireless licenses, other-than-temporary losses on investments, our share of equity losses from our investment in Inquam and impairment of a note receivable. Significant offsetting gains included the realization of value of a portion of our Auction Discount Voucher transferred to two wireless operators, realized interest income from our Pegaso investment and realized gains on the sale of marketable securities.

Business Outlook

The following statements are forward-looking and actual results may differ materially. Please see Note Regarding Forward-Looking Statements at the end of this news release for a description of certain risk factors and QUALCOMM's annual and quarterly reports on file with the Securities and Exchange Commission (SEC) for a more complete description of risks.

Fourth Quarter Fiscal 2003

- Based on the current business outlook, we anticipate that revenues excluding the QSI segment in the fourth fiscal quarter will increase by approximately 2-6 percent year-over-year. We anticipate that earnings per share excluding the QSI segment will be approximately \$0.27-\$0.29 in the fourth fiscal quarter, compared to \$0.31 in the year ago quarter. This estimate assumes shipments of approximately 19-21 million MSM phone chips during the quarter.
- Based on the current business outlook, we anticipate that total QUALCOMM revenues in the fourth quarter will increase by approximately 2-6 percent year-over-year. We anticipate that total QUALCOMM earnings per share will be approximately \$0.19-\$0.21 in the fourth fiscal quarter, including an estimated \$0.08 loss per share attributed to the QSI segment, compared to \$0.23 per share in the year ago quarter. Due to their nature, certain income and expense items such as realized gains or losses, gains or losses on derivatives, income related to the use of our FCC Auction Discount Voucher and asset impairments cannot be accurately forecast. Accordingly, the Company excludes such items from its business outlook, and actual results may vary materially from the business outlook if the Company incurs any such income or expense items.

Fiscal 2003

- Based on the current business outlook, we anticipate that revenues excluding the QSI segment will grow by approximately 31-33 percent year-over-year and earnings per share excluding the QSI segment to be in the range of \$1.40-\$1.42 for fiscal 2003, up 43-45 percent year-over-year. We estimate the CDMA phone market to be 103-108 million units in calendar 2003, and we estimate a decrease of approximately five percent in

average selling prices of CDMA phones for fiscal 2003, upon which royalties are calculated.

- Based on the current business outlook, we anticipate that total QUALCOMM revenues will grow by approximately 30-31 percent year-over-year and total QUALCOMM earnings per share to be in the range of \$0.84-\$0.86 for fiscal 2003, up 91-95 percent year-over-year, including an estimated \$0.56 loss per share attributed to the QSI segment. Due to their nature, certain income and expense items such as realized gains or losses, gains or losses on derivatives, income related to the use of our FCC Auction Discount Voucher and asset impairments cannot be accurately forecast. Accordingly, the Company excludes such items from its business outlook, and actual results may vary materially from the business outlook if the Company incurs any such income or expense items.

Cash and Marketable Securities

QUALCOMM's cash, cash equivalents and marketable securities totaled approximately \$5.0 billion at the end of the third quarter of fiscal 2003, compared to \$4.4 billion on March 30, 2003, \$3.9 billion on December 29, 2002 and \$3.2 billion on September 29, 2002. We have invested \$158 million in net stock repurchases and have paid \$79 million in cash dividends since the inception of these programs in February 2003. QSI businesses required funding of \$40 million in the third quarter of fiscal 2003, consistent with the second quarter of fiscal 2003. Collection of finance receivables from our Pegaso investment totaled \$285 million in the third quarter of fiscal 2003. Detailed reconciliations between total QUALCOMM cash and cash equivalents and cash and cash equivalents including marketable securities and excluding the QSI segment are included at the end of this news release.

Results of Business Segments

The following tables present segment information (in thousands):

Third Quarter - Fiscal Year 2003

Segments	QCT	QIL	QWI	Reconciling Items (1)	QUALCOMM excluding QSI	QSI	Total QUALCOMM
Revenues	557,240	242,479	113,882	(22,334)	891,267	30,341	921,608
Change from prior quarter	(15%)	(7%)	(5%)	N/M	(12%)	16%	(12%)
Change from prior year	38%	22%	4%	N/M	24%	(39%)	20%
Earnings (loss) before taxes	163,114	218,363	6,396	10,181	398,054	(27,563)	370,491
Change from prior quarter	(27%)	(8%)	(13%)	N/M	(14%)	89%	72%
Change from prior year	39%	25%	308%	N/M	34%	90%	784%
Tax rates					33%	(172%)	48%
Net income (loss)					266,697	(75,008)	191,689
Change from prior quarter					(15%)	64%	86%
Change from prior year					38%	46%	1492%
Diluted net earnings (loss) per common share (3)					0.33	(0.09)	0.23
Change from prior quarter					(13%)	65%	77%
Change from prior year					38%	50%	1250%

Second Quarter - Fiscal Year 2003

Segments	QCT	QIL	QWI	Reconciling Items (1)	QUALCOMM excluding QSI	QSI	Total QUALCOMM
Revenues	652,873	260,110	119,319	(15,524)	1,016,778	26,265	1,043,043
Earnings (loss) before taxes	223,520	236,192	7,370	(6,431)	460,651	(245,775)	214,876
Tax rates					32%	14%	52%
Net income (loss)					313,858	(210,842)	103,016
Diluted net earnings (loss) per common share (3)					0.38	(0.26)	0.13

Third Quarter - Fiscal Year 2002

Segments	QCT	QIL	QWI	Reconciling Items (1)	QUALCOMM excluding QSI	QSI	Goodwill Amortization and Other (2)	Total QUALCOMM
Revenues	404,253	198,853	109,581	8,631	721,318	49,456	143	770,917
Earnings (loss) before taxes	117,524	174,450	(3,074)	8,906	297,806	(285,454)	(66,496)	(54,144)
Tax rates					35%	51%	(1%)	75%
Net income (loss)					193,574	(139,872)	(67,470)	(13,768)
Diluted net earnings (loss) per common share (3)					0.24	(0.18)	(0.09)	(0.02)

Nine Months - Fiscal Year 2003

Segments	QCT	QIL	QWI	Reconciling Items (1)	QUALCOMM excluding QSI	QSI	Total QUALCOMM
Revenues	1,919,794	758,012	342,182	(43,979)	2,976,009	85,811	3,061,820
Earnings (loss) before taxes	674,916	683,964	16,527	5,598	1,381,005	(406,389)	974,616
Tax rates					33%	4%	45%
Net income (loss)					925,273	(389,234)	536,039
Diluted net earnings (loss) per common share (3)					1.13	(0.48)	0.66

Nine Months - Fiscal Year 2002

Segments	QCT	QIL	QWI	Reconciling Items (1)	QUALCOMM excluding QSI	QSI	Goodwill Amortization and Other (2)	Total QUALCOMM
Revenues	1,107,212	603,611	329,140	33,306	2,073,269	92,262	143	2,165,674
Earnings (loss) before taxes	282,189	534,673	(8,271)	28,492	837,083	(409,241)	(195,794)	232,048
Tax rates					35%	56%	0%	27%
Net income (loss)					544,104	(178,370)	(196,339)	169,395
Diluted net earnings (loss) per common share (3)					0.67	(0.22)	(0.24)	0.21

- (1) 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 corporate expenses, 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.
- (2) Starting in fiscal 2003, the Company no longer records goodwill amortization, in accordance with Financial Accounting Standards No. 142. In the third quarter of fiscal 2002, goodwill amortization and other adjustments included \$61.5 million of amortization of goodwill, \$4.0 million of amortization of intangible assets and \$2.3 million of payroll expenses on stock option exercises, offset by \$1.0 million of credits related to the reduction of reserves established in connection with the Globalstar business and \$0.2 million of credits and \$0.1 million of revenues related to the sale of the terrestrial-based CDMA wireless infrastructure business. In the first nine months of fiscal 2002, goodwill amortization and other adjustments included \$183.8 million of amortization of goodwill, \$10.1 million of amortization of intangible assets and \$5.4 million of payroll expenses on stock option exercises, offset by \$3.1 million of credits related to the reduction of reserves established in connection with the Globalstar business and \$0.3 million of credits and \$0.1 million of revenue related to the sale of the terrestrial-based CDMA wireless infrastructure business. With the adoption of FAS 142 in 2003 and given the immateriality of the other adjustments, the Company no longer makes these adjustments to its results excluding QSI in fiscal 2003.
- (3) The sum of the earnings per share amounts may not equal total earnings per share due to rounding.

N/M – Not Meaningful

Business Segment Highlights

QUALCOMM CDMA Technologies (QCT)

- Shipped approximately 23 million MSM™ phone chips, 97 percent of which were 3G CDMA2000 1X/1xEV-DO, to customers worldwide during the third fiscal quarter, compared to approximately 28 million shipped in the second fiscal quarter and approximately 16 million units shipped in the year ago quarter.
- Shipped CSM infrastructure chips for 3G CDMA2000 1X/1xEV-DO to support more than 2.2 million equivalent voice channels, compared to 1.5 million in the second fiscal quarter and approximately 4 million in the year ago quarter. Equivalent voice channels are provided rather than actual chip shipments because our CSM infrastructure chips currently support from eight to 32 voice channels per chip.
- Shipped samples of the MSM6500™ chipset and system software. The MSM6500 chipset supports CDMA2000 1X/1xEV-DO and GSM/GPRS standards, allowing roaming between third-generation (3G) and second-generation (2G) networks. The MSM6500 solution will help accelerate the adoption of feature-rich multimedia applications on wireless consumer devices.
- Announced several chipset and system software products, including:
 - MSM6025™ - a cost-effective solution to drive CDMA2000 1X adoption in new markets worldwide.

- MSM6275[™] - a high-performance solution delivering High Speed Downlink Packet Access (HSDPA), a next-generation feature of the WCDMA (UMTS) standard, as well as roaming on GSM and GPRS systems.
- CSM6700[™] and MSM6700[™] - solutions supporting integrated voice and simultaneous high-speed packet data with support for CDMA2000 through Revision D and 1xEV-DO.
- MSM7xxx family - a new generation of powerful dual-Central Processing Unit (CPU) single chip solutions to address the growing need for more cost-effective, high-performance solutions that drive full-featured third-generation (3G) multimedia handsets for consumers and high data rate devices for enterprise customers.

QUALCOMM Technology Licensing (QTL)

- Signed a total of 14 CDMA license agreements during the third fiscal quarter, including ten new licenses and four amendments to existing license agreements. These royalty-bearing license agreements enable manufacturers to develop, make and sell products based on QUALCOMM's extensive CDMA patent portfolio.
- Reported that licensees around the world are participating in the growing 3G CDMA market:
 - Thirty-five subscriber licensees reported sales of CDMA2000 1X products and nine subscriber licensees reported sales of WCDMA products through the third fiscal quarter.
 - Fifteen infrastructure licensees reported sales of CDMA2000 1X products and eight infrastructure licensees reported sales of WCDMA products through the third fiscal quarter.

QUALCOMM Wireless & Internet Group (QWI)

QUALCOMM Internet Services (QIS)

- Announced several operator developments, including U.S. Cellular's commercial launch of BREW-based service across its CDMA2000 network; KTF, a leading wireless operator in South Korea, renewed its contract to offer its wireless application download service based on the BREW platform; and China Unicom launched commercial BREW-enabled services in Guangdong and Shanghai.

- Announced two additional operators have signed agreements to launch BREW-based wireless data services, Bell South International in Latin America and Midwest Wireless in the U.S. BellSouth International plans to roll-out BREW-based services in nine BellSouth operating companies in Latin America.
- Hosted the third annual BREW 2003 Developers Conference in San Diego, April 28-30, 2003. A number of announcements and demonstrations were made at the conference, including:
 - Verizon Wireless announced that in just six months consumers have downloaded 8.5 million Get It Nowsm games, ring tones, entertainment applications and more. Verizon Wireless also announced it has sold more than 3.2 million BREW-enabled handsets to date and expects to sell more than eight million of these handsets by the end of 2003. Verizon Wireless reported average incremental revenue per active Get It Nowsm user of more than \$7.50 monthly, not including additional airtime revenues.
 - esmertec demonstrated the world's first implementation of MIDP (Mobile Information Device Profile) 2.0 functionality with its Mobile Foundation Java[™] virtual machine (JVM) as an extension to the BREW platform.
 - Rocket Mobile demonstrated the industry's first Multimedia Messaging Services (MMS) message exchange between CDMA and GSM/GPRS networks with its RocketMMS[™] client, and also unveiled RocketMMS Extension, which enables BREW developers to create applications that take advantage of MMS technologies.
- Demonstrated with QUALCOMM's QChat push-to-talk (PTT) technology an initial call set-up performance of less than two seconds over CDMA2000 infrastructure and handsets between dormant mobiles. QUALCOMM's QChat solution uses voice over Internet protocol (VoIP) technologies to enable ubiquitous, efficient and virtually instantaneous PTT functionality on wireless devices based on CDMA2000 and other CDMA 3G networks.

QUALCOMM Wireless Business Solutions[®] (QWBS)

- Shipped approximately 8,400 OmniTRACS[®] units and related products in the third quarter, consistent with the second fiscal quarter. This brings the cumulative total to nearly 479,000 units shipped worldwide.

- Introduced several enhancements to the FleetAdvisor[®] and TrackingAdvisor[®] software for private fleet customers. These enhancements enable improved productivity and customer service, reduced operational costs, and improved operational efficiency.
- Commercially released GlobalTRACS[™] equipment management system in April 2003; announced an agreement with ACME Lift Company to deploy GlobalTRACS on its fleet of large aerial work platforms.

QUALCOMM Strategic Initiatives (QSI)

- Announced a commitment to invest up to \$100 million, as part of our \$500 million total commitment to QUALCOMM Ventures, in early- to mid-stage Chinese companies engaged in the development and commercialization of CDMA-based products, applications and services.

Conference Call

QUALCOMM's third quarter fiscal 2003 earnings conference call will be broadcast live on July 23, 2003 beginning at 2:30 p.m. Pacific Daylight Time on the Company's web site at www.qualcomm.com. This conference call may contain forward-looking financial information. The conference call will include a discussion of "non-GAAP financial measures" as that term is defined in Regulation G. The most directly comparable GAAP financial measures and information reconciling these non-GAAP financial measures to the company's financial results prepared in accordance with GAAP, as well as the other material financial and statistical information to be discussed in the conference call, will be posted on the Company's Investor Relations web site at www.qualcomm.com immediately prior to commencement of the call. A taped audio replay will be available via telephone on July 23, 2003 beginning at approximately 4:30 p.m. (PDT) through July 28, 2003 at 4:30 p.m. (PDT). To listen to the replay, U.S. callers may dial (800) 633-8284 and international callers may dial (402) 977-9140. U.S. and international callers should use reservation number 21153017. An audio replay of the conference call will be available on the Company's web site at www.qualcomm.com for two weeks following the live call.

QUALCOMM Incorporated (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. Headquartered in San Diego, Calif., QUALCOMM is included in the S&P 500

Index and is a 2003 FORTUNE 500® company traded on The Nasdaq Stock Market® under the ticker symbol QCOM.

Note Regarding Use of Non-GAAP Financial Measures

The Company presents financial information excluding the QUALCOMM Strategic Initiatives (QSI) segment to facilitate evaluation by management, investors and analysts of its ongoing core operating businesses, including QUALCOMM CDMA Technologies (QCT), QUALCOMM Technology Licensing (QTL) and QUALCOMM Wireless & Internet (QWI). QSI results relate to strategic investments for which the Company has exit strategies of varying durations.

Management believes that the information excluding QSI presents a more representative measure of the operating and liquidity performance of the Company because it excludes the effect of fluctuations in value of investments that are unrelated to the Company's operational performance. The financial information excluding QSI should be considered in addition, not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. Reconciliations between total QUALCOMM results and results excluding QSI and between total QUALCOMM cash flow and cash, cash equivalents and marketable securities excluding the QSI segment are presented herein.

Note Regarding Forward-Looking Statements

In addition to 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; the value realized on the sale of the Vesper Companies' business or assets; changes in the fair values of marketable securities and derivative instruments held; 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[®], QCT[®] QUALCOMM Wireless Business Solutions[®], OmniTRACS[®], MSM[™], MSM6500[™], MSM6025[™], MSM6275[™], CSM6700[™], MSM6700[™], FleetAdvisor[®], TrackingAdvisor[®], MPVc[®], GlobalTRACS[™] and BREW[™] are trademarks and/or service marks of QUALCOMM Incorporated. All other trademarks are the property of their respective owners.

QUALCOMM Incorporated
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
THIS SCHEDULE IS TO ASSIST THE READER IN RECONCILING FROM
RESULTS EXCLUDING QSI TO TOTAL QUALCOMM RESULTS

(In thousands, except per share data)

(Unaudited)

Three Months Ended June 29, 2003

	Excluding QSI	QSI	Total QUALCOMM
Revenues:			
Equipment and services	\$ 652,233	\$ 30,341	\$ 682,574
Licensing and royalty fees	239,034	-	239,034
	891,267	30,341	921,608
Operating expenses:			
Cost of equipment and services revenues	286,250	40,652	326,902
Research and development	134,436	1,254	135,690
Selling, general and administrative	109,294	8,192	117,486
Amortization of other acquisition-related intangible assets	1,951	-	1,951
Asset impairment charges	-	34,113	34,113
Other	-	(30,356)	(30,356)
Total operating expenses	531,931	53,855	585,786
Operating income (loss)	359,336	(23,514)	335,822
Interest expense	(260)	(9,503)	(9,763)
Investment income, net	38,978 (a)	5,454 (d)	44,432
Income (loss) before income taxes	398,054	(27,563) (b)	370,491
Income tax expense	(131,357) (c)	(47,445)	(178,802) (c)
Net income (loss)	\$ 266,697	\$ (75,008)	\$ 191,689
Net earnings (loss) per common share:			
Diluted	\$ 0.33 (e)	\$ (0.09) (e)	\$ 0.23 (e)
Shares used in per share calculations:			
Diluted	815,856	815,856	815,856

- (a) Includes \$29 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) Includes \$20 million loss, net of minority interest, of Vesper Holdings from March 1, 2003 through May 31, 2003 due to the Company's practice of consolidating foreign subsidiaries one month in arrears.
- (c) The estimated fiscal year 2003 effective tax rate for operations excluding QSI and total QUALCOMM are 33% and 45%, respectively. The change in the estimated 2003 effective tax rate for total QUALCOMM from 43% used in the second quarter of fiscal 2003 results in a 48% effective tax rate in the third quarter of fiscal 2003.
- (d) Includes \$30 million interest income, \$21 million other-than-temporary losses on investments, \$21 million equity losses in investees and \$18 million realized gains on marketable securities.
- (e) The sum of the earnings per share amounts may not equal total earnings per share due to rounding.

QUALCOMM Incorporated
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
THIS SCHEDULE IS TO ASSIST THE READER IN RECONCILING FROM
RESULTS EXCLUDING QSI TO TOTAL QUALCOMM RESULTS
(In thousands, except per share data)
(Unaudited)

Nine Months Ended June 29, 2003

	<u>Excluding QSI</u>	<u>QSI</u>	<u>Total QUALCOMM</u>
Revenues:			
Equipment and services	\$ 2,243,708	\$ 85,811	\$ 2,329,519
Licensing and royalty fees	732,301	-	732,301
	<u>2,976,009</u>	<u>85,811</u>	<u>3,061,820</u>
Operating expenses:			
Cost of equipment and services revenues	978,754	118,077	1,096,831
Research and development	374,440	5,530	379,970
Selling, general and administrative	333,050	68,159	401,209
Amortization of other acquisition-related intangible assets	5,888	-	5,888
Asset impairment charges	-	194,258	194,258
Other	-	<u>(30,356)</u>	<u>(30,356)</u>
Total operating expenses	<u>1,692,132</u>	<u>355,668</u>	<u>2,047,800</u>
Operating income (loss)	1,283,877	(269,857)	1,014,020
Interest expense	(1,974)	(18,549)	(20,523)
Investment income (expense), net	99,102 (a)	<u>(117,983) (d)</u>	<u>(18,881)</u>
Income (loss) before income taxes	1,381,005	(406,389) (b)	974,616
Income tax (expense) benefit	(455,732) (c)	<u>17,155</u>	<u>(438,577) (c)</u>
Net income (loss)	<u>\$ 925,273</u>	<u>\$ (389,234)</u>	<u>\$ 536,039</u>
Net earnings (loss) per common share:			
Diluted	<u>\$ 1.13 (e)</u>	<u>\$ (0.48) (e)</u>	<u>\$ 0.66 (e)</u>
Shares used in per share calculations:			
Diluted	<u>816,563</u>	<u>816,563</u>	<u>816,563</u>

- (a) Includes \$83 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) Includes \$212 million loss, net of minority interest, of Vesper Holdings from September 1, 2002 through May 31, 2003 due to the Company's practice of consolidating foreign subsidiaries one month in arrears.
- (c) The estimated fiscal year 2003 effective tax rate for operations excluding QSI and total QUALCOMM are 33% and 45%, respectively.
- (d) Includes \$111 million other-than-temporary losses on investments, \$110 million equity losses in investees, \$45 million interest income, \$37 million minority interest in loss of consolidated subsidiaries and \$23 million realized gains on marketable securities.
- (e) The sum of the earnings per share amounts may not equal total earnings per share due to rounding.

QUALCOMM Incorporated
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS AND MARKETABLE SECURITIES
THIS SCHEDULE IS TO ASSIST THE READER IN RECONCILING CASH FLOWS FROM CASH
CASH EQUIVALENTS AND MARKETABLE SECURITIES EXCLUDING QSI TO TOTAL QUALCOMM CASH FLOWS

(In thousands)

(Unaudited)

	Three Months Ended June 29, 2003 (c)		
	Excluding QSI	QSI	Total QUALCOMM
Earnings before taxes, depreciation, amortization and other adjustments (1)	\$ 424,137	\$ 26,714	\$ 450,851
Working capital changes and taxes paid (2)	<u>(110,163)</u>	<u>4,411</u>	<u>(105,752)</u>
Net cash provided by operating activities	313,974	31,125	345,099
Capital expenditures	<u>(44,176)</u>	<u>(10,859)</u>	<u>(55,035)</u>
Net cash provided by operating activities less capital expenditures	269,798	20,266	290,064
Net additional share capital	19,980	-	19,980
Repurchases of common stock	(42,047)	-	(42,047)
Dividends paid	(79,007)	-	(79,007)
Net collections of finance receivables	55	282,734	282,789
Other investments	-	(2,062)	(2,062)
Other items	(1,349)	(9,228)	(10,577)
Changes in fair value and other changes to marketable securities	17,766	32,823	50,589
Marketable securities pending settlement payment (receipt)	94,712	(4,830)	89,882
Transfer from QSI (3)	354,965	(354,965)	-
Transfer to QSI (4)	<u>(39,837)</u>	<u>39,837</u>	<u>-</u>
Net increase in cash, cash equivalents and marketable securities (5)	<u>\$ 595,036</u>	<u>\$ 4,575</u>	<u>\$ 599,611</u>
(1) Reconciliation to GAAP:			
Net income (loss)	\$ 266,697	\$ (75,008)	\$ 191,689
Non-cash adjustments (a)	153,547	119,969	273,516
Net realized gains on marketable securities and other investments	(9,892)	(18,247)	(28,139)
Plus: Taxes paid	13,785	-	13,785
Earnings before taxes, depreciation, amortization and other adjustments	<u>\$ 424,137</u>	<u>\$ 26,714</u>	<u>\$ 450,851</u>
(2) Reconciliation to GAAP:			
(Decrease) increase in cash resulting from changes in working capital	\$ (96,378)	\$ 4,411	\$ (91,967)
Minus: Taxes paid	(13,785)	-	(13,785)
Working capital changes and taxes paid	<u>\$ (110,163)</u>	<u>\$ 4,411</u>	<u>\$ (105,752)</u>
(3) Cash from loan payments and sale of equity securities.			
(4) Funding for strategic debt and equity investments, operations of Vesper and other QSI operating expenses.			
(5) Reconciliation to GAAP cash flow statement:			
Net decrease in cash and cash equivalents (GAAP)	\$ (185,846)	\$ (9,170)	\$ (195,016)
Plus: Net purchase (proceeds) of marketable securities	668,404	(14,248)	654,156
Plus: Net increase in fair value and other changes to marketable securities	17,766	32,823	50,589
Plus: Net increase in marketable securities pending settlement payment (receipt)	94,712	(4,830)	89,882
Net increase in cash, cash equivalents and marketable securities	<u>\$ 595,036</u>	<u>\$ 4,575</u>	<u>\$ 599,611</u>

(a) See detail following the nine month cash flow schedule.

QUALCOMM Incorporated
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS AND MARKETABLE SECURITIES
THIS SCHEDULE IS TO ASSIST THE READER IN RECONCILING CASH FLOWS FROM CASH,
CASH EQUIVALENTS AND MARKETABLE SECURITIES EXCLUDING QSI TO TOTAL QUALCOMM CASH FLOWS

(In thousands)

(Unaudited)

	Nine Months Ended June 29, 2003 (c)		
	Excluding QSI	QSI	Total QUALCOMM
Earnings before taxes, depreciation, amortization and other adjustments (1)	\$ 1,475,201	\$ (16,830)	\$ 1,458,371
Working capital changes and taxes paid (2)	(227,637)	23,692	(203,945)
Net cash provided by operating activities	1,247,564	6,862	1,254,426
Capital expenditures	(157,515)	(28,491)	(186,006)
Net cash provided by operating activities less capital expenditures	1,090,049	(21,629)	1,068,420
Net additional share capital	132,676	-	132,676
Repurchases of common stock	(158,488)	-	(158,488)
Dividends paid	(79,007)	-	(79,007)
Net collections of finance receivables	6,845	654,956	661,801
Other investments	-	(33,800)	(33,800)
Other items	(2,628)	(31,391)	(34,019)
Changes in fair value and other changes to marketable securities	42,123	46,151	88,274
Marketable securities pending settlement payment (receipt)	127,767	(9,542)	118,225
Transfer from QSI (3)	747,665	(747,665)	-
Transfer to QSI (4)	(149,330)	149,330	-
Net increase in cash, cash equivalents and marketable securities (5)	\$ 1,757,672	\$ 6,410	\$ 1,764,082
(1) Reconciliation to GAAP:			
Net income (loss)	\$ 925,273	\$ (389,234)	\$ 536,039
Non-cash adjustments (b)	487,992	395,800	883,792
Net realized gains on marketable securities and other investments	(16,011)	(23,396)	(39,407)
Plus: Taxes paid	77,947	-	77,947
Earnings (loss) before taxes, depreciation, amortization and other adjustments	<u>\$ 1,475,201</u>	<u>\$ (16,830)</u>	<u>\$ 1,458,371</u>
(2) Reconciliation to GAAP:			
(Decrease) increase in cash resulting from changes in working capital	\$ (149,690)	\$ 23,692	\$ (125,998)
Minus: Taxes paid	(77,947)	-	(77,947)
Working capital changes and taxes paid	<u>\$ (227,637)</u>	<u>\$ 23,692</u>	<u>\$ (203,945)</u>
(3) Cash from loan payments and sale of equity securities.			
(4) Funding for strategic debt and equity investments, operations of Vesper and other QSI operating expenses.			
(5) Reconciliation to GAAP cash flow statement:			
Net increase (decrease) in cash and cash equivalents (GAAP)	\$ 402,188	\$ (14,067)	\$ 388,121
Plus: Net purchase (proceeds) of marketable securities	1,187,679	(16,132)	1,171,547
Plus: Net increase in fair value and other changes to marketable securities	42,123	46,151	88,274
Plus: Net increase in marketable securities pending settlement payment (receipt)	127,767	(9,542)	118,225
Less: Proceeds from trading securities included in working capital change	(2,085)	-	(2,085)
Net increase in cash, cash equivalents and marketable securities	<u>\$ 1,757,672</u>	<u>\$ 6,410</u>	<u>\$ 1,764,082</u>

(b) See detail on the following page.

QUALCOMM Incorporated
SUPPLEMENTAL DETAIL TO THE
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS AND MARKETABLE SECURITIES

(In thousands)
(Unaudited)

	Three Months Ended June 29, 2003		
	Excluding QSI	QSI	Total QUALCOMM
(a) Non-cash adjustments are comprised of:			
Depreciation and amortization	\$ 35,476	\$ 7,567	\$ 43,043
Asset impairment and related charges	-	34,113	34,113
Change in fair values of derivative investments	-	1,381	1,381
Other-than-temporary losses on marketable securities and other investments	-	21,105	21,105
Minority interest in loss of consolidated subsidiaries	-	(242)	(242)
Equity in losses of investees	45	20,993	21,038
Non-cash income tax expense	117,571	47,446	165,017
Other non-cash charges and credits	455	(12,394)	(11,939)
Total non-cash adjustments	\$ 153,547	\$ 119,969	273,516

	Nine Months Ended June 29, 2003		
	Excluding QSI	QSI	Total QUALCOMM
(b) Non-cash adjustments are comprised of:			
Depreciation and amortization	\$ 101,216	\$ 31,353	\$ 132,569
Asset impairment and related charges	-	194,258	194,258
Change in fair values of derivative investments	-	1,261	1,261
Other-than-temporary losses on marketable securities and other investments	349	111,306	111,655
Minority interest in loss of consolidated subsidiaries	-	(36,795)	(36,795)
Equity in losses of investees	45	110,219	110,264
Non-cash income tax expense	377,785	(17,155)	360,630
Other non-cash charges and credits	8,597	1,353	9,950
Total non-cash adjustments	\$ 487,992	\$ 395,800	883,792

(c) The Company's management uses this non-GAAP presentation to analyze increases and decreases in certain of its liquid assets, comprised of cash, cash equivalents and marketable securities. Management views certain marketable debt securities as liquid assets available to fund operations, which result from cash management strategies designed to increase yields. However, these instruments do not meet the definition of cash equivalents in accordance with Statement of Financial Standards No. 95, "Statement of Cash Flows" and must be excluded from the GAAP statements of cash flows. Since the GAAP statements of cash flows reconcile the Company's beginning and ending cash and cash equivalents balances, the purchases and sales of marketable securities are presented as inflows and outflows. For internal analysis of the Company's cash position, management does not view these transactions as inflows and outflows from the business, but as cash management transactions. If required, such investments could be settled relatively quickly as additional cash resources are needed. The Company believes that this non-GAAP presentation is a helpful measure of the Company's liquidity.

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

ASSETS

	QUALCOMM Excluding QSI June 29, 2003	QSI (a) (b) June 29, 2003	QUALCOMM June 29, 2003	QUALCOMM September 29, 2002
Current assets:				
Cash and cash equivalents	\$ 1,785,824	\$ 9,001	\$ 1,794,825	\$ 1,406,704
Marketable securities	2,524,102	41,091	2,565,193	1,411,178
Accounts receivable, net	577,016	43,064	620,080	536,950
Finance receivables, net	3,505	382	3,887	388,396
Inventories, net	111,890	11,107	122,997	88,094
Deferred tax assets (b)	608,528	-	608,528	122
Other current assets	114,244	22,000	136,244	109,322
Total current assets	<u>5,725,109</u>	<u>126,645</u>	<u>5,851,754</u>	<u>3,940,766</u>
Marketable securities	469,903	133,673	603,576	381,630
Finance receivables, net	4,187	180,083	184,270	442,934
Other investments	4,722	133,952	138,674	276,414
Property, plant and equipment, net	508,918	110,471	619,389	686,283
Goodwill, net	344,753	1,865	346,618	344,803
Deferred tax assets (b)	309,314	-	309,314	7,493
Other assets	231,371	185,036	416,407	425,725
Total assets	<u>\$ 7,598,277</u>	<u>\$ 871,725</u>	<u>\$ 8,470,002</u>	<u>\$ 6,506,048</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:				
Trade accounts payable	\$ 108,258	\$ 64,834	\$ 173,092	\$ 209,418
Payroll and other benefits related liabilities	117,284	8,265	125,549	126,005
Unearned revenue	171,367	6,758	178,125	183,482
Current portion of long-term debt	-	98,416	98,416	19,355
Other current liabilities	243,210	28,936	272,146	136,726
Total current liabilities	<u>640,119</u>	<u>207,209</u>	<u>847,328</u>	<u>674,986</u>
Unearned revenue	258,147	135	258,282	259,995
Long-term debt	-	107,118	107,118	94,288
Other liabilities	48,552	3,127	51,679	40,283
Total liabilities	<u>946,818</u>	<u>317,589</u>	<u>1,264,407</u>	<u>1,069,552</u>
Minority interest in consolidated subsidiaries	50	-	50	44,540
Stockholders' equity:				
Preferred stock, \$0.0001 par value	-	-	-	-
Common stock, \$0.0001 par value	80	-	80	79
Paid-in capital	6,184,743	-	6,184,743	4,918,202
Retained earnings	1,061,656	-	1,061,656	604,624
Accumulated other comprehensive loss	(29,421)	(11,513)	(40,934)	(130,949)
Total stockholders' equity	<u>7,217,058</u>	<u>(11,513)</u>	<u>7,205,545</u>	<u>5,391,956</u>
Total liabilities and stockholders' equity	<u>\$ 8,163,926</u>	<u>\$ 306,076</u>	<u>\$ 8,470,002</u>	<u>\$ 6,506,048</u>

- (a) Includes the consolidated Vesper Holdings balance sheet at May 31, 2003. The Company consolidates foreign subsidiaries one month in arrears.
(b) Deferred tax assets and liabilities are not allocated to the Company's segments. A valuation allowance was provided on all net deferred tax assets of investments that are consolidated by QSI, including Vesper, because of uncertainty regarding their realization.

QUALCOMM Incorporated
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	June 29, 2003	June 30, 2002	June 29, 2003	June 30, 2002
Revenues:				
Equipment and services	\$ 682,574	\$ 575,434	\$ 2,329,519	\$ 1,568,656
Licensing and royalty fees	239,034	195,483	732,301	597,018
	921,608	770,917	3,061,820	2,165,674
Operating expenses:				
Cost of equipment and services revenues	326,902	288,162	1,096,831	825,273
Research and development	135,690	118,086	379,970	341,709
Selling, general and administrative	117,486	152,072	401,209	376,797
Amortization of goodwill and other acquisition-related intangible assets	1,951	65,024	5,888	192,437
Asset impairment charges	34,113	-	194,258	-
Other	(30,356)	8,955	(30,356)	8,955
Total operating expenses	585,786	632,299	2,047,800	1,745,171
Operating income	335,822	138,618	1,014,020	420,503
Interest expense	(9,763)	(8,639)	(20,523)	(17,357)
Investment income (expense), net	44,432	(184,123)	(18,881)	(171,098)
Income (loss) before income taxes	370,491	(54,144)	974,616	232,048
Income tax (expense) benefit	(178,802)	40,376	(438,577)	(62,653)
Net income (loss)	\$ 191,689	\$ (13,768)	\$ 536,039	\$ 169,395
Net earnings (loss) per common share:				
Basic	\$ 0.24	\$ (0.02)	\$ 0.68	\$ 0.22
Diluted	\$ 0.23	\$ (0.02)	\$ 0.66	\$ 0.21
Shares used in per share calculations:				
Basic	790,511	773,127	787,606	768,663
Diluted	815,856	773,127 (a)	816,563	809,169
Dividends declared per share	\$ 0.05	\$ -	\$ 0.10	\$ -

(a) The diluted share base 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.