

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 September 29, 2002

	<u>Excluding QSI</u>	<u>Goodwill Amortization and Other (a)</u>	<u>QSI</u>	<u>Total QUALCOMM</u>
Revenues:				
Equipment and services	\$ 601,964	\$ -	\$ 34,215	\$ 636,179
Licensing and royalty fees	237,707	-	-	237,707
	<u>839,671</u>	<u>-</u>	<u>34,215</u>	<u>873,886</u>
Operating expenses:				
Cost of equipment and services revenues	261,880	(3) (c)(d)(e)(f)	50,210	312,087
Research and development	107,365	267 (c)	2,337	109,969
Selling, general and administrative	102,284	(7,203) (c)(f)	36,766	131,847
Amortization of goodwill and other acquisition-related intangible assets	-	64,155 (d)	2,604	66,759
Other	-	-	459	459
Total operating expenses	<u>471,529</u>	<u>57,216</u>	<u>92,376</u>	<u>621,121</u>
Operating income (loss)	368,142	(57,216)	(58,161)	252,765
Interest expense	131	-	(8,505)	(8,374)
Investment income (expense), net	15,760 (b)	(3)	(31,071) (g)	(15,314)
Income (loss) before income taxes	384,033	(57,219)	(97,737) (h)	229,077
Income tax (expense) benefit	(134,412) (i)	(165)	95,782	(38,795) (i)
Net income (loss)	<u>\$ 249,621</u>	<u>\$ (57,384)</u>	<u>\$ (1,955)</u>	<u>\$ 190,282</u>
Net earnings (loss) per common share:				
Diluted	<u>\$ 0.31 (j)</u>	<u>\$ (0.07) (j)</u>	<u>\$ 0.00 (j)</u>	<u>\$ 0.23 (j)</u>
Shares used in per share calculations:				
Diluted	<u>809,810</u>	<u>809,810</u>	<u>809,810</u>	<u>809,810</u>

- (a) Starting in fiscal 2003, the Company no longer records goodwill amortization, in accordance with Financial Accounting Standards No. 142. 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.
- (b) Includes \$27 million in interest income related to cash, cash equivalents and marketable debt securities, which are not part of the Company's strategic investment portfolio.
- (c) Excludes employer payroll taxes payable for employee income from non-qualified stock option exercises, as follows: \$0.1 million in cost of revenues, \$0.3 million in R&D expenses and \$0.1 million in SG&A expenses.
- (d) 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 \$64.1 million in amortization of goodwill and other acquisition-related intangible assets.
- (e) Excludes certain credits related to the Globalstar business, including \$0.9 million in cost of revenues.
- (f) Excludes certain items related to the sale of the terrestrial-based CDMA wireless infrastructure business, including \$0.2 million in cost of revenues and \$7.3 million in selling, general and administrative credits.
- (g) Includes \$38 million in other-than-temporary losses on investments.
- (h) Includes \$42 million loss, net of minority interest, of Vesper Holding from June 1, 2002 through August 31, 2002 due to the Company's practice of consolidating foreign subsidiaries one month in arrears.
- (i) The fiscal year 2002 effective tax rate for pro forma results and GAAP reported results are 35% and 22%, respectively.
- (j) The sum of the earnings per share amounts may not equal total earnings per share due to rounding.

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Three Months Ended June 29, 2003

	<u>Excluding QSI</u>	<u>QSI</u>	<u>Total QUALCOMM</u>
Revenues:			
Equipment and services	\$ 652,233	\$ 30,341	\$ 682,574
Licensing and royalty fees	239,034	-	239,034
	<u>891,267</u>	<u>30,341</u>	<u>921,608</u>
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	<u>531,931</u>	<u>53,855</u>	<u>585,786</u>
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)	<u>\$ 266,697</u>	<u>\$ (75,008)</u>	<u>\$ 191,689</u>
Net earnings (loss) per common share:			
Diluted	<u>\$ 0.33 (e)</u>	<u>\$ (0.09) (e)</u>	<u>\$ 0.23 (e)</u>
Shares used in per share calculations:			
Diluted	<u>815,856</u>	<u>815,856</u>	<u>815,856</u>

- (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.

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Twelve Months Ended September 29, 2002

	<u>Excluding QSI</u>	<u>Goodwill Amortization and Other (a)</u>	<u>QSI</u>	<u>Total QUALCOMM</u>
Revenues:				
Equipment and services	\$ 2,078,215	\$ 143 (f)	\$ 126,477	\$ 2,204,835
Licensing and royalty fees	834,725	-	-	834,725
	<u>2,912,940</u>	<u>143</u>	<u>126,477</u>	<u>3,039,560</u>
Operating expenses:				
Cost of equipment and services revenues	954,230	(437) (c)(d)(e)	183,567	1,137,360
Research and development	440,077	3,030 (c)	8,571	451,678
Selling, general and administrative	389,057	(6,032) (c)(e)(f)	125,619	508,644
Amortization of goodwill and other acquisition-related intangible assets	-	256,592 (d)	2,604	259,196
Asset impairment and related charges	-	-	459	459
Other	-	-	8,955	8,955
Total operating expenses	<u>1,783,364</u>	<u>253,153</u>	<u>329,775</u>	<u>2,366,292</u>
Operating income (loss)	1,129,576	(253,010)	(203,298)	673,268
Interest expense	(792)	-	(24,939)	(25,731)
Investment income (expense), net	92,332 (b)	(3)	(278,741) (h)	(186,412)
Income (loss) before income taxes	1,221,116	(253,013)	(506,978) (g)	461,125
Income tax (expense) benefit	(427,391) (i)	(710)	326,653	(101,448) (i)
Net income (loss)	<u>\$ 793,725</u>	<u>\$ (253,723)</u>	<u>\$ (180,325)</u>	<u>\$ 359,677</u>
Net earnings (loss) per common share:				
Diluted	<u>\$ 0.98 (j)</u>	<u>\$ (0.31) (j)</u>	<u>\$ (0.22) (j)</u>	<u>\$ 0.44 (j)</u>
Shares used in per share calculations:				
Diluted	<u>809,329</u>	<u>809,329</u>	<u>809,329</u>	<u>809,329</u>

- (a) Starting in fiscal 2003, the Company no longer records goodwill amortization, in accordance with Financial Accounting Standards No. 142. 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.
- (b) Includes \$102 million in interest income related to cash, cash equivalents and marketable debt securities, which are not part of the Company's strategic investment portfolio.
- (c) Excludes employer payroll taxes payable for employee income from non-qualified stock option exercises, as follows: \$1.4 million in cost of revenues, \$3.0 million in R&D expenses and \$1.5 million in SG&A expenses.
- (d) Excludes the amortization of goodwill and other acquisition-related intangible assets primarily associated with the purchase of SnapTrack, as follows: \$2.0 million in cost of revenues and \$256.6 million in amortization of goodwill and other acquisition-related intangible assets.
- (e) Excludes credits related to the Globalstar business, including: \$3.8 million in cost of revenues and \$0.1 million in selling, general, and administrative.
- (f) Excludes certain items related to the sale of the terrestrial-based CDMA wireless infrastructure business, as follows: \$0.1 million in revenues and \$7.4 million in selling, general, and administrative credits.
- (g) Includes \$130 million loss, net of minority interest, of Vesper Holding from November 13, 2001 through August 31, 2002 due to the Company's practice of consolidating foreign subsidiaries one month in arrears.
- (h) Includes \$180 million in charges related to Leap Wireless stock and bonds, \$87 million in equity losses, and \$58 million in FAS 133 losses principally related to Leap Wireless warrants.
- (i) The fiscal year 2002 effective tax rate for pro forma results and GAAP reported results are 35% and 22%, respectively.
- (j) The sum of the earnings per share amounts may not equal total earnings per share due to rounding.

QUALCOMM Incorporated
Estimated FY04 Effective Tax Rates
Updated November 5, 2003

Excluding QSI	32%
GAAP	35%
QSI	0%