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**QUALCOMM Announces Second Quarter Fiscal 2003 Results**  
**Revenues \$1.0 Billion and EPS \$0.13**  
**Revenues \$1.0 Billion and EPS \$0.38, Excluding QSI Segment**

SAN DIEGO – April 23, 2003 – QUALCOMM Incorporated (NASDAQ: QCOM) today announced its second quarter fiscal 2003 results ended March 30, 2003. Revenues were \$1.0 billion in the second fiscal quarter, up 50 percent year-over-year, primarily due to increasing demand for CDMA products across global markets. Second quarter net income was \$103 million, up 135 percent year-over-year. Earnings per share were \$0.13, up 160 percent from \$0.05 in the second quarter of fiscal 2002.

Second quarter net income includes \$160 million in asset impairment charges related to Vesper. Following the recent denial of Vesper's request by the Brazilian regulator to use mobile service in the 1900 MHz frequencies band, we have decided to pursue an expedited exit strategy, including the sale or other disposition of Vesper and/or its assets. The impairment loss recognized is the difference between the carrying values of Vesper's long-lived assets and their estimated fair market values.

Revenues excluding the QUALCOMM Strategic Initiatives (QSI) segment were \$1.0 billion in the second fiscal quarter, up 54 percent year-over-year. Net income excluding the QSI segment was \$314 million, up 95 percent year-over-year. Earnings per share excluding the QSI segment were \$0.38, up 90 percent year-over-year. Reconciliations between total QUALCOMM results and results excluding QSI are listed on pages 5, 10 and 11 with more detailed information for the prior periods presented on our Investor Relations web page at [www.qualcomm.com](http://www.qualcomm.com).

“During the March quarter, we exceeded our earnings target and delivered excellent year-over-year growth. Our cash, cash equivalents and marketable securities increased by \$460 million in the second fiscal quarter including the effect of initiating our first-ever stock repurchase program,” said Dr. Irwin Mark Jacobs, chairman and CEO of QUALCOMM. “New CDMA2000 1X networks were

launched by operators in China, India, Thailand, Australia, Mexico, Puerto Rico and Brazil, and new WCDMA networks were recently launched in Japan, Italy, the U.K. and Australia. The highest-speed commercial 3G data networks, based on our CDMA2000 1xEV-DO technology, are generating substantial increases in subscriber revenues for operators in South Korea. Several new 1xEV-DO networks are expected to be launched in the coming months, together with exciting new applications, including streaming video. Seven operators in six nations have now commercially deployed a broad selection of BREW-based applications and services, including Vivo, the joint venture of Telefónica Móviles and Portugal Telecom in Brazil. Despite these many positive developments, we were disappointed by the Brazilian regulator's denial of Vesper's request to provide full mobility service, a request we believe was in accordance with previous regulation and one which would have greatly benefited subscribers in Brazil. As a result, we have initiated efforts to exit our Vesper investment and realize the maximum value possible from its assets."

Research and development (R&D) expenses were \$132 million, including \$2 million for QSI, in the second fiscal quarter, up 13 percent year-over-year. The increase in R&D expenses compared to the year ago quarter was primarily related to QCT product initiatives.

Selling, general and administrative (SG&A) expenses were \$136 million, including \$19 million for QSI, in the second fiscal quarter, up 9 percent year-over-year. The increase in SG&A expense compared to the year ago quarter was primarily due to an increase in employee and other expenses related to the expansion of the QCT customer base and our support and marketing efforts related to the BREW™ application development platform.

Our fiscal 2003 effective income tax rate is now estimated to be 43 percent, compared to 36 percent in fiscal 2002. Excluding the QSI segment, our fiscal 2003 effective tax rate is now estimated to be 33 percent, due to increased foreign sales at lower tax rates, compared to 35 percent in fiscal 2002. The change in the estimated 2003 effective tax rate excluding QSI required an adjustment from the 34 percent effective tax rate in the first quarter of fiscal 2003, resulting in a 32 percent effective tax rate in the second quarter of fiscal 2003. The Company also reversed approximately \$1.1 billion of its valuation allowance on substantially all of its U.S. deferred tax assets during the three months ended March 30, 2003 as a credit to stockholders' equity.

### **QUALCOMM Strategic Initiatives**

The QUALCOMM Strategic Initiatives (QSI) segment includes our strategic investments and related income and expenses, including the Vesper Companies in Brazil. QSI revenues, which are primarily related to the consolidation of the Vesper Companies, were \$26 million in the second fiscal quarter, down 10 percent sequentially. QSI losses before taxes were \$246 million in the second fiscal quarter. This includes Vesper related losses of \$188 million, which consist primarily of \$160 million of asset impairment charges and \$22 million of losses from operations (net of minority interest). The balance of the QSI losses before taxes is primarily our share of equity losses from our investment in Inquam of \$33 million and other-than-temporary losses on investments of \$24 million.

### **Business Outlook**

The following statements are forward-looking and actual results may differ materially. Please see page 8 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.

### **Third Quarter Fiscal 2003**

- Based on the current business outlook, we anticipate that revenues excluding the QSI segment in the third fiscal quarter will increase by approximately 27 percent year-over-year. We anticipate that earnings per share excluding the QSI segment will be approximately \$0.30-\$0.31 in the third fiscal quarter, an increase of approximately 25-29 percent year-over-year. This estimate assumes shipments of approximately 23 million MSM phone chips during the quarter. This would represent a 44 percent growth in MSM chip shipments year-over-year. Approximately 96 percent of chip shipments in the third fiscal quarter are expected to be 3G CDMA2000 MSM phone chips.
- Based on the current business outlook, we anticipate that total QUALCOMM revenues in the third quarter will increase by approximately 24 percent year-over-year. We anticipate that total QUALCOMM earnings per share will be approximately \$0.23 in the third fiscal quarter, including an estimated \$0.08 loss per share attributed to the QSI segment, compared to a \$0.02 loss 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 30-33 percent year-over-year and earnings per share excluding the QSI segment to be in the range of \$1.38-\$1.41 for fiscal 2003, up 41-44 percent year-over-year, exceeding our previous guidance. We estimate the CDMA phone market to be 103-110 million units in calendar 2003 with a decrease of approximately 10 percent in average selling prices of CDMA phones, upon which royalties are calculated.
- Based on the current business outlook, we anticipate that total QUALCOMM revenues will grow by approximately 27-30 percent year-over-year and total QUALCOMM earnings per share to be in the range of \$0.84-\$0.87 for fiscal 2003, up 91-98 percent year-over-year, including an estimated \$0.54 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 \$4.4 billion at the end of the second quarter of fiscal 2003, compared to \$3.9 billion on December 29, 2002 and \$3.2 billion on September 29, 2002. Our previously announced stock repurchase program was initiated in the second fiscal quarter utilizing \$124 million in the quarter. Detailed reconciliations between total QUALCOMM cash and cash equivalents and cash and cash equivalents including marketable securities and excluding the QSI segment are presented beginning on page 12.

## Results of Business Segments

The following tables present segment information (in thousands):

### Second Quarter - Fiscal Year 2003

Segments	QCT	QTL	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
Change from prior quarter	(8%)	2%	9%	N/M	(5%)	(10%)	(5%)
Change from prior year	90%	34%	8%	N/M	54%	(29%)	50%
Earnings (loss) before taxes	223,520	236,192	7,370	(6,431)	460,651	(245,775)	214,876
Change from prior quarter	(22%)	3%	167%	N/M	(12%)	(85%)	(45%)
Change from prior year	188%	38%	286%	N/M	83%	(107%)	213%
Tax rates					32%	14%	52%
Net income (loss)					313,858	(210,842)	103,016
Change from prior quarter					(9%)	(104%)	(57%)
Change from prior year					95%	(303%)	135%
Diluted net earnings (loss) per common share (3)					0.38	(0.26)	0.13
Change from prior quarter					(10%)	(100%)	(57%)
Change from prior year					90%	(333%)	160%

### First Quarter - Fiscal Year 2003

Segments	QCT	QTL	QWI	Reconciling Items (1)	QUALCOMM excluding QSI	QSI	Total QUALCOMM
Revenues	709,681	255,423	108,981	(6,121)	1,067,964	29,205	1,097,169
Earnings (loss) before taxes	288,282	229,409	2,761	1,848	522,300	(133,051)	389,249
Tax rates					34%	22%	38%
Net income (loss)					344,718	(103,384)	241,334
Diluted net earnings (loss) per common share (3)					0.42	(0.13)	0.30

### Second Quarter - Fiscal Year 2002

Segments	QCT	QTL	QWI	Reconciling Items (1)	QUALCOMM excluding QSI	QSI	Goodwill Amortization and Other (2)	Total QUALCOMM
Revenues	343,815	193,955	110,264	11,229	659,263	36,852	-	696,115
Earnings (loss) before taxes	77,724	171,535	(3,964)	6,533	251,828	(118,828)	(64,359)	68,641
Tax rates					36%	56%	0%	36%
Net income (loss)					160,814	(52,284)	(64,600)	43,930
Diluted net earnings (loss) per common share (3)					0.20	(0.06)	(0.08)	0.05

### Six Months - Fiscal Year 2003

Segments	QCT	QTL	QWI	Reconciling Items (1)	QUALCOMM excluding QSI	QSI	Total QUALCOMM
Revenues	1,362,554	515,533	228,300	(21,645)	2,084,742	55,470	2,140,212
Earnings (loss) before taxes	511,802	465,601	10,131	(4,583)	982,951	(378,826)	604,125
Tax rates					33%	17%	43%
Net income (loss)					658,576	(314,226)	344,350
Diluted net earnings (loss) per common share (3)					0.81	(0.38)	0.42

### Six Months - Fiscal Year 2002

Segments	QCT	QTL	QWI	Reconciling Items (1)	QUALCOMM excluding QSI	QSI	Goodwill Amortization and Other (2)	Total QUALCOMM
Revenues	702,959	404,758	219,559	24,675	1,351,951	42,806	-	1,394,757
Earnings (loss) before taxes	164,665	360,223	(5,197)	19,586	539,277	(123,787)	(129,298)	286,192
Tax rates					35%	69%	0%	36%
Net income (loss)					350,530	(38,498)	(128,869)	183,163
Diluted net earnings (loss) per common share (3)					0.43	(0.05)	(0.16)	0.23

- (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 second quarter of fiscal 2002, goodwill amortization and other adjustments included \$61.1 million of amortization of goodwill, \$3.1 million of amortization of intangible assets and \$1.0 million of payroll expenses on stock option exercises, offset by \$0.1 million of credits related to the sale of the terrestrial-based CDMA wireless infrastructure business and \$0.7 million of credits related to the reduction of reserves established in connection with the Globalstar business. In the first six months of fiscal 2002, goodwill amortization and other adjustments included \$122.3 million of amortization of goodwill, \$6.1 million of amortization of intangible assets and \$3.1 million of payroll expenses on stock option exercises, offset by \$0.1 million of credits related to the sale of the terrestrial-based CDMA wireless infrastructure business and \$2.1 million of credits related to the reduction of reserves established in connection with the Globalstar 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 28 million MSM™ phone chips to customers worldwide during the second fiscal quarter, up from approximately 14 million units in the year ago quarter.
- Shipped approximately 25 million 3G CDMA2000 1X/1xEV-DO MSM phone chips during the second fiscal quarter for a cumulative total of nearly 94 million 3G CDMA2000 MSM phone chips.
- Shipped CSM infrastructure chips for 3G CDMA2000 1X/1xEV-DO to support more than 1.5 million equivalent voice channels, down from approximately 2.5 million in the year ago quarter.
- Announced that more than 10 million gpsOne™-enabled devices are now in commercial use in Japan, South Korea and the United States, making QUALCOMM's gpsOne technology the world's most widely deployed personal location system.
- Announced strong market demand for the advanced multimedia MSM6100™ chipset solution. A total of eight handset manufacturers, including Curitel, Kyocera, LG Electronics, Motorola, Samsung Electronics, Sharp Corporation, Synertek and Toshiba, covering 22 separate planned device designs, have already begun to take receipt of shipments of the MSM6100 chipset in order to support rollouts of these new devices this year.

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

- Signed a total of ten CDMA license agreements during the second fiscal quarter, including six new licenses and four amendments to existing license agreements.
- Thirty-two subscriber licensees reported sales of CDMA2000 1X products and nine subscriber licensees reported sales of WCDMA products through the second fiscal quarter.
- Thirteen infrastructure licensees reported sales of CDMA2000 1X products and eight infrastructure licensees reported sales of WCDMA products through the second fiscal quarter.

### **QUALCOMM Wireless & Internet Group (QWI)**

#### **QUALCOMM Internet Services (QIS)**

- Announced two additional commercial BREW launches by operators, including the joint venture between Telefónica Móviles and Portugal Telecom (Vivo) in Brazil and Telstra in Australia. Also, KDDI in Japan launched over-the-air download capability for its BREW-based service.
- Announced that ALLTEL will be the first operator to offer BREW Shop software, a native PDA application which enables operators to use the BREW Distribution System to offer over-the-air PDA application download services.
- Announced the development of content for the BREW platform by leading game and entertainment companies, including SEGA Mobile, Sony Pictures Digital, Bandai, THQ, Sorrent and Mforma.
- Demonstrated over-the-air GPRS downloads of both native BREW and Java™ applications using the BREW distribution system at the 3GSM World Congress 2003 using the GSM/GPRS network of French wireless operator SFR and a Maxon GSM/GPRS phone.

#### **QUALCOMM Wireless Business Solutions® (QWBS)**

- Shipped approximately 8,400 OmniTRACS® units and related products in the second quarter, down 12 percent year-over-year largely due to a decline in sales in Brazil. This brings the cumulative total to over 470,000 units shipped worldwide.
- Commercially introduced GlobalTRACS™, an equipment management system that provides reliable, wireless access to equipment engine hours and location data, regardless of equipment type or manufacturer.

- Announced several new innovative technologies for fleet management solutions, including a high data rate technology, a portable computing solution for load management with electronic signature capture and transfer, and an untethered trailer monitoring system initiative.

### **Conference Call**

QUALCOMM's second quarter fiscal 2003 earnings conference call will be broadcast live on April 23, 2003 beginning at 2:30 p.m. Pacific Daylight 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 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](http://www.qualcomm.com) immediately prior to commencement of the call. The taped audio replay will be available for approximately two weeks. 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 21095067.

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. 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 are presented on pages 5, 10 and 11.

### **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 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 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 March 30, 2003**

	<u>Excluding QSI</u>	<u>QSI</u>	<u>Total QUALCOMM</u>
Revenues:			
Equipment and services	\$ 763,217	\$ 26,265	\$ 789,482
Licensing and royalty fees	253,561	-	253,561
	<u>1,016,778</u>	<u>26,265</u>	<u>1,043,043</u>
Operating expenses:			
Cost of equipment and services revenues	341,100	40,828	381,928
Research and development	129,757	2,044	131,801
Selling, general and administrative	116,954	18,770	135,724
Amortization of other acquisition-related intangible assets	1,965	-	1,965
Asset impairment charges	-	160,145	160,145
Total operating expenses	<u>589,776</u>	<u>221,787</u>	<u>811,563</u>
Operating income (loss)	427,002	(195,522)	231,480
Interest expense	(375)	(3,504)	(3,879)
Investment income (expense), net	34,024 (a)	(46,749) (d)	(12,725)
Income (loss) before income taxes	460,651	(245,775) (b)	214,876
Income tax (expense) benefit	(146,793) (c)	34,933	(111,860) (c)
Net income (loss)	<u>\$ 313,858</u>	<u>\$ (210,842)</u>	<u>\$ 103,016</u>
Net earnings (loss) per common share:			
Diluted	<u>\$ 0.38 (e)</u>	<u>\$ (0.26) (e)</u>	<u>\$ 0.13 (e)</u>
Shares used in per share calculations:			
Diluted	<u>818,088</u>	<u>818,088</u>	<u>818,088</u>

- (a) Includes \$28 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 \$162 million loss, net of minority interest, of Vesper Holdings from December 1, 2002 through February 28, 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 43%, respectively. The change in the estimated 2003 effective tax rate for operations excluding QSI from 34% used in the first quarter of fiscal 2003 results in a 32% effective tax rate in the second quarter of fiscal 2003. The change in the estimated 2003 effective tax rate for total QUALCOMM from 38% used in the first quarter of fiscal 2003 results in a 52% effective tax rate in the second quarter of fiscal 2003.
- (d) Includes \$57 million equity losses in investees, \$24 million other-than-temporary losses on investments, \$23 million minority interest in loss of consolidated subsidiaries and \$7 million interest income.
- (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)

**Six Months Ended March 30, 2003**

	<u>Excluding QSI</u>	<u>QSI</u>	<u>Total QUALCOMM</u>
Revenues:			
Equipment and services	\$ 1,591,475	\$ 55,470	\$ 1,646,945
Licensing and royalty fees	493,267	-	493,267
	<u>2,084,742</u>	<u>55,470</u>	<u>2,140,212</u>
Operating expenses:			
Cost of equipment and services revenues	692,504	77,425	769,929
Research and development	240,004	4,276	244,280
Selling, general and administrative	223,756	59,967	283,723
Amortization of other acquisition-related intangible assets	3,937	-	3,937
Asset impairment charges	-	160,145	160,145
Total operating expenses	<u>1,160,201</u>	<u>301,813</u>	<u>1,462,014</u>
Operating income (loss)	924,541	(246,343)	678,198
Interest expense	(1,714)	(9,046)	(10,760)
Investment income (expense), net	60,124 (a)	(123,437) (d)	(63,313)
Income (loss) before income taxes	982,951	(378,826) (b)	604,125
Income tax (expense) benefit	(324,375) (c)	64,600	(259,775) (c)
Net income (loss)	<u>\$ 658,576</u>	<u>\$ (314,226)</u>	<u>\$ 344,350</u>
Net earnings (loss) per common share:			
Diluted	<u>\$ 0.81 (e)</u>	<u>\$ (0.38) (e)</u>	<u>\$ 0.42 (e)</u>
Shares used in per share calculations:			
Diluted	<u>816,916</u>	<u>816,916</u>	<u>816,916</u>

- (a) Includes \$54 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 \$192 million loss, net of minority interest, of Vesper Holdings from September 1, 2002 through February 28, 2002 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 43%, respectively.
- (d) Includes \$90 million other-than-temporary losses on investments, \$89 million equity losses in investees, \$37 million minority interest in loss of consolidated subsidiaries and \$14 million interest income.
- (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)

	<b>Three Months Ended March 30, 2003</b>		
	<b>Excluding QSI</b>	<b>QSI</b>	<b>Total QUALCOMM</b>
Earnings before taxes, depreciation, amortization and asset impairments (1)	\$ 497,860	\$ (20,068)	\$ 477,792
Working capital changes and taxes paid (2)	85,886	15,166	101,052
<b>Net cash provided (used) by operating activities</b>	<b>583,746</b>	<b>(4,902)</b>	<b>578,844</b>
Net additional share capital	56,823	-	56,823
Repurchases of common stock	(123,577)	-	(123,577)
Capital expenditures	(37,120)	(12,290)	(49,410)
Net issuance of finance receivables	(245)	(6,035)	(6,280)
Other investments	-	(7,747)	(7,747)
Other items	416	(7,336)	(6,920)
Changes in fair value and other changes to marketable securities	9,403	(19,375)	(9,972)
Marketable securities pending settlement	33,055	(4,712)	28,343
Transfer from QSI (3)	3,183	(3,183)	-
Transfer to QSI (4)	(40,087)	40,087	-
<b>Net increase (decrease) in cash, cash equivalents and marketable securities (5)</b>	<b>\$ 485,597</b>	<b>\$ (25,493)</b>	<b>\$ 460,104</b>
(1) Reconciliation to GAAP:			
Net income (loss)	\$ 313,858	\$ (210,842)	\$ 103,016
Non-cash adjustments	131,127	190,774	321,901
Plus: Taxes paid	52,875	-	52,875
Earnings before taxes, depreciation, amortization and asset impairments	<u>\$ 497,860</u>	<u>\$ (20,068)</u>	<u>\$ 477,792</u>
(2) Reconciliation to GAAP:			
Increase in cash resulting from changes in working capital	\$ 138,761	\$ 15,166	\$ 153,927
Minus: Taxes paid	(52,875)	-	(52,875)
Working capital changes and taxes paid	<u>\$ 85,886</u>	<u>\$ 15,166</u>	<u>\$ 101,052</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)	\$ 370,874	\$ (1,326)	\$ 369,548
Plus: Net purchase (proceeds) of marketable securities	74,350	(80)	74,270
Plus: Net increase (decrease) in fair value and other changes to marketable securities	9,403	(19,375)	(9,972)
Plus: Net increase (decrease) in marketable securities pending settlement	33,055	(4,712)	28,343
Less: Proceeds from trading securities included in working capital change	(2,085)	-	(2,085)
Net increase (decrease) in cash, cash equivalents and marketable securities	<u>\$ 485,597</u>	<u>\$ (25,493)</u>	<u>\$ 460,104</u>

**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)

	<b>Six Months Ended March 30, 2003</b>		
	<b>Excluding QSI</b>	<b>QSI</b>	<b>Total QUALCOMM</b>
Earnings before taxes, depreciation, amortization and asset impairments (1)	\$ 1,051,064	\$ (43,544)	\$ 1,007,520
Working capital changes and taxes paid (2)	(117,474)	19,281	(98,193)
<b>Net cash provided (used) by operating activities</b>	<u>933,590</u>	<u>(24,263)</u>	<u>909,327</u>
Net additional share capital	112,696	-	112,696
Repurchases of common stock	(123,577)	-	(123,577)
Capital expenditures	(113,339)	(17,632)	(130,971)
Net collections of finance receivables	6,790	372,222	379,012
Other investments	-	(31,738)	(31,738)
Other items	5,857	(22,163)	(16,306)
Changes in fair value and other changes to marketable securities	24,357	13,328	37,685
Marketable securities pending settlement	33,055	(4,712)	28,343
Transfer from QSI (3)	392,700	(392,700)	-
Transfer to QSI (4)	(109,493)	109,493	-
<b>Net increase in cash, cash equivalents and marketable securities (5)</b>	<u>\$ 1,162,636</u>	<u>\$ 1,835</u>	<u>\$ 1,164,471</u>
(1) Reconciliation to GAAP:			
Net income (loss)	\$ 658,576	\$ (314,226)	\$ 344,350
Non-cash adjustments	328,326	270,682	599,008
Plus: Taxes paid	64,162	-	64,162
Earnings before taxes, depreciation, amortization and asset impairments	<u>\$ 1,051,064</u>	<u>\$ (43,544)</u>	<u>\$ 1,007,520</u>
(2) Reconciliation to GAAP:			
Increase (decrease) in cash resulting from changes in working capital	\$ (53,312)	\$ 19,281	\$ (34,031)
Minus: Taxes paid	(64,162)	-	(64,162)
Working capital changes and taxes paid	<u>\$ (117,474)</u>	<u>\$ 19,281</u>	<u>\$ (98,193)</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)	\$ 588,034	\$ (4,897)	\$ 583,137
Plus: Net purchase (proceeds) of marketable securities	519,275	(1,884)	517,391
Plus: Net increase in fair value and other changes to marketable securities	24,357	13,328	37,685
Plus: Net increase (decrease) in marketable securities pending settlement	33,055	(4,712)	28,343
Less: Proceeds from trading securities included in working capital change	(2,085)	-	(2,085)
Net increase in cash, cash equivalents and marketable securities	<u>\$ 1,162,636</u>	<u>\$ 1,835</u>	<u>\$ 1,164,471</u>

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

**ASSETS**

	<b>QUALCOMM Excluding QSI March 30, 2003</b>	<b>QSI (a) (b) March 30, 2003</b>	<b>QUALCOMM March 30, 2003</b>	<b>QUALCOMM September 29, 2002</b>
Current assets:				
Cash and cash equivalents	\$ 1,971,670	\$ 18,171	\$ 1,989,841	\$ 1,406,704
Marketable securities	1,732,454	18,150	1,750,604	1,411,178
Accounts receivable, net	507,748	26,466	534,214	536,950
Finance receivables, net	3,627	961	4,588	388,396
Inventories, net	139,663	11,419	151,082	88,094
Deferred tax assets (b)	459,241	-	459,241	122
Other current assets	110,954	24,108	135,062	109,322
Total current assets	<u>4,925,357</u>	<u>99,275</u>	<u>5,024,632</u>	<u>3,940,766</u>
Marketable securities	480,669	142,869	623,538	381,630
Finance receivables, net	4,272	449,101	453,373	442,934
Other investments	4,722	172,714	177,436	276,414
Property, plant and equipment, net	498,725	89,542	588,267	686,283
Goodwill, net	345,048	1,865	346,913	344,803
Deferred tax assets (b)	603,979	-	603,979	7,493
Other assets	218,212	181,832	400,044	425,725
Total assets	<u>\$ 7,080,984</u>	<u>\$ 1,137,198</u>	<u>\$ 8,218,182</u>	<u>\$ 6,506,048</u>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

Current liabilities:				
Trade accounts payable	\$ 141,041	\$ 44,635	\$ 185,676	\$ 209,418
Payroll and other benefits related liabilities	111,767	9,423	121,190	126,005
Unearned revenue	167,427	6,019	173,446	183,482
Dividends payable	39,475	-	39,475	-
Other current liabilities	184,355	28,855	213,210	156,081
Total current liabilities	<u>644,065</u>	<u>88,932</u>	<u>732,997</u>	<u>674,986</u>
Unearned revenue	266,156	252	266,408	259,995
Long-term debt	-	151,606	151,606	94,288
Other liabilities	29,294	17,058	46,352	40,283
Total liabilities	<u>939,515</u>	<u>257,848</u>	<u>1,197,363</u>	<u>1,069,552</u>
Minority interest in consolidated subsidiaries	<u>50</u>	<u>-</u>	<u>50</u>	<u>44,540</u>
Stockholders' equity:				
Preferred stock, \$0.0001 par value	-	-	-	-
Common stock, \$0.0001 par value	80	-	80	79
Paid-in capital	6,176,021	-	6,176,021	4,918,202
Retained earnings	909,513	-	909,513	604,624
Accumulated other comprehensive loss	(35,633)	(29,212)	(64,845)	(130,949)
Total stockholders' equity	<u>7,049,981</u>	<u>(29,212)</u>	<u>7,020,769</u>	<u>5,391,956</u>
Total liabilities and stockholders' equity	<u>\$ 7,989,546</u>	<u>\$ 228,636</u>	<u>\$ 8,218,182</u>	<u>\$ 6,506,048</u>

- (a) Includes the consolidated Vesper Holdings balance sheet at February 28, 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)

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>March 30,</u> <u>2003</u>	<u>March 31,</u> <u>2002</u>	<u>March 30,</u> <u>2003</u>	<u>March 31,</u> <u>2002</u>
Revenues:				
Equipment and services	\$ 789,482	\$ 504,130	\$ 1,646,945	\$ 993,222
Licensing and royalty fees	253,561	191,985	493,267	401,535
	<u>1,043,043</u>	<u>696,115</u>	<u>2,140,212</u>	<u>1,394,757</u>
Operating expenses:				
Cost of equipment and services revenues	381,928	291,914	769,929	537,111
Research and development	131,801	116,755	244,280	223,623
Selling, general and administrative	135,724	123,960	283,723	224,725
Amortization of goodwill and other acquisition-related intangible assets	1,965	63,682	3,937	127,413
Asset impairment charges	160,145	-	160,145	-
Total operating expenses	<u>811,563</u>	<u>596,311</u>	<u>1,462,014</u>	<u>1,112,872</u>
Operating income	231,480	99,804	678,198	281,885
Interest expense	(3,879)	(6,156)	(10,760)	(8,718)
Investment (expense) income, net	(12,725)	(25,007)	(63,313)	13,025
Income before income taxes	214,876	68,641	604,125	286,192
Income tax expense	(111,860)	(24,711)	(259,775)	(103,029)
Net income	<u>\$ 103,016</u>	<u>\$ 43,930</u>	<u>\$ 344,350</u>	<u>\$ 183,163</u>
Net earnings per common share:				
Basic	<u>\$ 0.13</u>	<u>\$ 0.06</u>	<u>\$ 0.44</u>	<u>\$ 0.24</u>
Diluted	<u>\$ 0.13</u>	<u>\$ 0.05</u>	<u>\$ 0.42</u>	<u>\$ 0.23</u>
Shares used in per share calculations:				
Basic	<u>789,026</u>	<u>767,903</u>	<u>786,153</u>	<u>766,431</u>
Diluted	<u>818,088</u>	<u>808,996</u>	<u>816,916</u>	<u>809,285</u>
Dividends declared per share	<u>\$ 0.05</u>	<u>\$ -</u>	<u>\$ 0.05</u>	<u>\$ -</u>

**QUALCOMM Incorporated**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(In thousands)  
(Unaudited)

	Three Months Ended		Six Months Ended
	March 30, 2003	December 29, 2002	March 30, 2003
<b>Operating Activities:</b>			
Net income	\$ 103,016	\$ 241,334	\$ 344,350
Depreciation and amortization	46,349	43,177	89,526
Asset impairment charges	160,145	-	160,145
Net realized gains on marketable securities and other investments	(9,972)	(1,296)	(11,268)
Change in fair values of derivative investments	(106)	(14)	(120)
Other-than-temporary losses on marketable securities and other investments	23,967	66,583	90,550
Minority interest in loss of consolidated subsidiaries	(22,733)	(13,820)	(36,553)
Equity in losses of investees	56,526	32,700	89,226
Non-cash income tax expense	58,986	136,627	195,613
Other non-cash charges and credits	8,739	13,150	21,889
Increase (decrease) in cash resulting from changes in:			
Proceeds of trading securities	2,085	-	2,085
Accounts receivable, net	133,020	(129,674)	3,346
Inventories, net	(43,335)	(20,866)	(64,201)
Other assets	21,416	(14,624)	6,792
Trade accounts payable	(9,269)	(9,663)	(18,932)
Payroll, benefits, and other liabilities	23,278	(1,545)	21,733
Unearned revenue	26,732	(11,586)	15,146
Net cash provided by operating activities	578,844	330,483	909,327
<b>Investing Activities:</b>			
Capital expenditures	(49,410)	(81,561)	(130,971)
Purchases of wireless licenses	-	(8,247)	(8,247)
Purchases of available-for-sale securities	(608,886)	(840,036)	(1,448,922)
Proceeds from sale of available-for-sale securities	600,539	415,046	1,015,585
Purchases of held-to-maturity securities	(93,595)	(66,611)	(160,206)
Maturities of held-to-maturity securities	27,672	48,480	76,152
Issuance of finance receivables	(7,281)	(140,740)	(148,021)
Collection of finance receivables	1,001	526,032	527,033
Issuance of notes receivable	(511)	(666)	(1,177)
Other investments and acquisitions	(7,747)	(23,991)	(31,738)
Other items, net	(4,013)	5,651	1,638
Net cash used by investing activities	(142,231)	(166,643)	(308,874)
<b>Financing Activities:</b>			
Net proceeds from issuance of common stock	56,823	55,873	112,696
Repurchase and retirement of common stock	(123,577)	-	(123,577)
Proceeds from put options	7,136	-	7,136
Proceeds from the issuance of long-term debt	3,856	1,764	5,620
Payments on long-term debt	(12,075)	(5,142)	(17,217)
Other items, net	-	20	20
Net cash (used) provided by financing activities	(67,837)	52,515	(15,322)
Effect of exchange rate changes on cash	772	(2,766)	(1,994)
<b>Net increase in cash and cash equivalents</b>	369,548	213,589	583,137
<b>Cash and cash equivalents at beginning of period</b>	1,620,293	1,406,704	1,406,704
<b>Cash and cash equivalents at end of period</b>	\$ 1,989,841	\$ 1,620,293	\$ 1,989,841