

QUALCOMM Contact:
Julie Cunningham
Sr. Vice President, Investor Relations
1-(858) 658-4224 (ph) 1-(858) 651-9303 (fax)
e-mail: juliec@qualcomm.com

QUALCOMM Announces Second Quarter Fiscal 2002 Results
Pro Forma Revenues \$659 Million and \$0.20 EPS
GAAP Reported Revenues \$696 Million and \$0.05 EPS

QUALCOMM's second quarter fiscal 2002 earnings conference call will be broadcast live on April 24, 2002 beginning at 5:30 a.m. Pacific Standard Time on the Company's web site at: 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 20558870.

SAN DIEGO – April 24, 2002 – QUALCOMM Incorporated (NASDAQ: QCOM) today announced its second quarter fiscal 2002 results. Pro forma revenues were \$659 million compared to \$717 million in the year ago quarter and \$693 million in the first quarter of fiscal 2002. Pro forma earnings per share were \$0.20 in the second quarter of fiscal 2002 compared to \$0.26 per share in the year ago quarter and \$0.23 per share in the first quarter of fiscal 2002¹ (see page 11 for pro forma adjustments). GAAP reported revenues for the second quarter of fiscal 2002 were \$696 million compared to \$717 million in the year ago quarter, a decrease of 3 percent. Reported income before taxes was \$69 million in the second quarter of fiscal 2002 compared to \$270 million in the year ago quarter.

“We’re excited that third generation CDMA networks are steadily growing in number. Fourteen wireless operators have launched commercial 3G CDMA systems in six countries with over 7 million reported subscribers,” said Dr. Irwin M. Jacobs, chairman and CEO of QUALCOMM. “We congratulate these operators on their launch of commercial CDMA2000 1X systems including SK Telecom, KT Freetel and LG Telecom in South Korea; Verizon

¹ The primary items excluded from pro forma earnings are amortization of goodwill, consolidated losses related to the Vesper Companies in Brazil, and fluctuations in the value of our Leap Wireless warrants. Pro forma earnings include the Company's core operating businesses, QUALCOMM CDMA Technologies (QCT), QUALCOMM Technology Licensing (QTL) and QUALCOMM Wireless & Internet (QWI). Reported earnings are presented in accordance with Generally Accepted Accounting Principles (GAAP) and include the QUALCOMM Strategic Initiatives (QSI) segment and other items excluded from pro forma.

Wireless, Leap Wireless, Monet Mobile and Metro Mobile in the United States; Bell Mobility in Canada; Zapp Mobile in Romania; KDDI in Japan; Centennial in Puerto Rico; and Telesp and Telefonica Cellular in Brazil. In addition, SK Telecom in South Korea officially launched the world's first commercial 3G CDMA2000 1xEV-DO network, NTT DoCoMo launched its WCDMA network in Japan, and China Unicom deployed its CDMA network throughout China.”

“In the second quarter of fiscal 2002, we shipped approximately 14 million MSM phone chips, over half of which were 3G CDMA2000 1X. We also held successful demonstrations in Europe and the U.S. of our GSM 1X technology, live wireless calls using our WCDMA/UMTS chipset, and the BREW platform operating over a GPRS network. As we look ahead to the second half of our fiscal year, we expect further positive momentum as additional 3G CDMA networks are deployed with a wide variety of color-screen handsets, many utilizing multimedia and position location capabilities as well as exciting new BREW-enabled applications,” said Dr. Jacobs.

Pro forma revenues decreased to \$659 million in the second quarter of fiscal 2002 from \$717 million in the year ago quarter, and decreased 5 percent from \$693 million in the first quarter of fiscal 2002. As announced on February 25, 2002, the decrease in revenues compared to the year ago quarter is primarily related to lower royalties and unit shipments of MSM chips as well as lower revenues from our business with Globalstar. The year ago period reflected higher-than-normal royalties due to a record number of phone shipments in the December 2000 quarter. The decrease in revenues in the second quarter of fiscal 2002 was partially offset by higher software development and services revenues related to our Binary Runtime Environment for Wireless™ (BREW™) application development platform and QChat™ product, and the effect of higher average selling prices of our 3G CDMA2000 1X MSM phone chips.

Pro forma gross margin for the second quarter of fiscal 2002 was 67 percent compared to 64 percent in the year ago quarter and 66 percent in the first quarter of fiscal 2002. The increase in pro forma gross margin resulted from improved gross margins in the QUALCOMM CDMA Technologies (QCT) business segment, primarily resulting from higher average selling prices of 3G CDMA2000 1X MSM phone chips.

Pro forma R&D expenses were \$114 million in the second quarter of fiscal 2002 compared to \$105 million in the year ago quarter and \$104 million in the first quarter of fiscal 2002. The increase in R&D expenses compared to the year ago quarter was primarily due to QCT product initiatives to support high-speed wireless Internet access and multi-mode, multi-band, multi-network chipsets including cdmaOne™, CDMA2000 1X/1xEV-DO, GSM/GPRS, WCDMA and position location technologies. The increase in pro forma R&D expenses from the first quarter of fiscal 2002 was primarily due to the resumption of employee payroll taxes in the new calendar year.

Pro forma selling, general and administrative expenses were \$97 million in the second quarter of fiscal 2002 compared to \$86 million in the year ago quarter and \$91 million in the first quarter of fiscal 2002. 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 and marketing efforts related to the BREW application development platform and expansion of the QCT customer base. The increase in pro forma selling, general and administrative expenses from the first quarter of fiscal 2002 was primarily due to payroll taxes and seasonal factors including public company and tradeshow marketing expenses.

Pro forma interest income on corporate cash and marketable securities was \$23 million for the second quarter of fiscal 2002 compared to \$40 million in the year ago quarter and \$25 million in the first quarter of fiscal 2002. The decline in interest income as compared to the year ago quarter 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 35 percent compared to the 34 percent estimated in the first quarter of fiscal 2002. This increase is attributed to total lower expected R&D tax credits for the year. As a result, the effective tax rate in the second quarter of fiscal 2002 is 36 percent.

QUALCOMM Strategic Initiatives (Excluded from Pro Forma Results)

The QUALCOMM Strategic Initiatives (QSI) segment includes our strategic investments and related income and expenses from non-core businesses including the Vesper Companies. QSI revenues were \$37 million in the second quarter of fiscal 2002 primarily related to the

consolidation of the Vesper Companies. QSI losses before taxes for the second quarter of fiscal 2002 were \$119 million compared to earnings before taxes of \$13 million in the year ago quarter. The increase in losses compared to the year ago quarter was primarily due to the consolidated results of the Vesper Companies (\$45 million loss net of minority interest.) In addition, QSI recorded a \$49 million unrealized loss on derivative instruments resulting from a decrease in the fair market value of our Leap Wireless warrants, compared to a \$12 million gain in the year ago period. QSI also recorded a \$42 million decrease in interest income and realized gains on marketable securities compared to the year ago quarter, offset by a \$28 million decrease in losses related to equity method investments.

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. 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.

Third Quarter Fiscal 2002

- Based on the current business outlook, we expect third fiscal quarter pro forma revenues to increase by approximately 3-6 percent compared to the second quarter of fiscal 2002. We expect third fiscal quarter pro forma earnings per share to be approximately \$0.21-\$0.23. This estimate assumes shipments of approximately 15-16 million MSM phone chips during the quarter, including approximately 10 million 3G CDMA2000 1X MSM phone chips.

Fiscal 2002

- Based on the current business outlook, we expect revenue growth for fiscal 2002 to be approximately 4-8 percent and pro forma earnings per share to be in the range of \$0.90-\$0.95. This estimate assumes growth of the CDMA2000 1X market in the second half of

fiscal 2002, and is based on the sale of 80-85 million CDMA phones in calendar 2002 with a 5-10 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 \$2.5 billion at the end of the second quarter of fiscal 2002. The following table presents selected cash flow information, including cash equivalents and marketable securities, for the second quarter and first six months of fiscal 2002 (in millions):

<u>Selected Cash Flow Information</u>	<u>Second Quarter Fiscal 2002</u>	<u>Six Months Fiscal 2002</u>
Earnings before taxes, depreciation, amortization and asset impairments	\$ 277	\$ 588
Working capital changes and taxes paid	41	7
Additional share capital	34	52
Net cash inflows	<u>352</u>	<u>647</u>
Capital expenditures	<u>(26)</u>	<u>(57)</u>
Net cash provided	326	590
Increase (decrease) in fair value of marketable securities	(11)	(17)
Transfers to QSI	(160)	(412)
Net increase in cash, cash equivalents and marketable securities of QUALCOMM, excluding QSI	<u>\$ 155</u>	<u>\$ 161</u>

Results of Business Segments

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

Second Quarter - Fiscal Year 2002

Segments	QCT	QTL	QWI	Other/ Reconciling Items (1)	Pro Forma
Revenues	343,815	193,955	110,264	11,229	659,263
Change from prior quarter	(4%)	(8%)	1%	N/M	(5%)
Change from prior year	(6%)	(14%)	11%	N/M	(8%)
Earnings before taxes	77,724	171,535	(3,964)	6,533	251,828
% of revenues	23%	88%	(4%)	N/M	38%
Change from prior quarter	(11%)	(9%)	221%	N/M	(12%)
Change from prior year	(8%)	(17%)	(159%)	N/M	(21%)

First Quarter - Fiscal Year 2002

Segments	QCT	QTL	QWI	Other/ Reconciling Items (1)	Pro Forma
Revenues	359,144	210,803	109,295	13,446	692,688
Earnings before taxes	86,941	188,688	(1,233)	13,053	287,449
% of revenues	24%	90%	(1%)	N/M	41%

Second Quarter - Fiscal Year 2001

Segments	QCT	QTL	QWI	Other/ Reconciling Items (1)	Pro Forma
Revenues	364,059	225,646	99,312	28,131	717,148
Earnings before taxes	84,866	206,663	6,705	19,871	318,105
% of revenues	23%	92%	7%	N/M	44%

Six Months - Fiscal Year 2002

Segments	QCT	QTL	QWI	Other/ Reconciling Items (1)	Pro Forma
Revenues	702,959	404,758	219,559	24,675	1,351,951
Change from prior year	1%	(2%)	5%	N/M	(1%)
Earnings before taxes	164,665	360,223	(5,197)	19,586	539,277
% of revenues	23%	89%	(2%)	N/M	40%
Change from prior year	(3%)	(5%)	(122%)	N/M	(10%)

Six Months - Fiscal Year 2001

Segments	QCT	QTL	QWI	Other/ Reconciling Items (1)	Pro Forma
Revenues	694,691	412,470	210,084	55,112	1,372,357
Earnings before taxes	169,046	380,802	23,980	27,409	601,237
% of revenues	24%	92%	11%	N/M	44%

- (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 five royalty-bearing CDMA license agreements during the second quarter of fiscal 2002, including two new licensees and three extensions to existing license agreements.
- Announced that patent offices in Europe, South Korea and Japan upheld the validity of four key patents covering important aspects of CDMA systems. The confirmation of these inventions further validates the value of QUALCOMM's patent portfolio in Europe, South Korea and Japan.

QUALCOMM CDMA Technologies (QCT)

- Shipped approximately 14 million MSM phone chips to customers worldwide during the second quarter of fiscal 2002 compared to approximately 16 million units in the year ago quarter and approximately 15 million units in the first quarter of fiscal 2002.
- Shipped approximately 8 million 3G CDMA2000 1X MSM phone chips during the second quarter of fiscal 2002 for a cumulative total of approximately 20 million units.
- Shipped CSM infrastructure chips to support approximately two and a half million equivalent voice channels compared to approximately one million equivalent voice channels in the year ago period. The increase is primarily attributable to the growth in CDMA2000 1X deployments.
- Announced complete radioOne™ solutions including CDMA2000 1X and WCDMA/UMTS multimode chipset solutions, which incorporate GSM/GPRS modes.
- Demonstrated WCDMA/UMTS wireless voice calls and world's first wireless GSM voice calls using our UMTS/GSM single-chip multimode solution in a small form factor handset.
- Shipped samples on-time of the world's first radioOne (Zero-IF) technology, and conducted live voice and data calls using our MSM6000 and MSM6050 chipsets.

QUALCOMM Wireless & Internet Group (QWI)

QUALCOMM Internet Services (QIS)

- Announced the licensing of our QChat voice-over Internet protocol (VoIP) push-to-talk technology for 3G CDMA networks to Nextel, the world's leading provider of push-to-talk services, which it markets under the Direct Connect brand.

- Signed a definitive agreement with Verizon Wireless, the largest wireless service provider in the U.S., for the support of our BREW platform. Verizon Wireless announced its plans to commercially launch BREW applications nationwide in late May 2002, and began its rollout with the successful launch of BREW services in San Diego on March 18, 2002.
- Announced the signing of a definitive agreement with KDDI, Japan's second largest wireless service provider, for the commercial launch of BREW-enabled services. KDDI began providing handsets, pre-loaded with applications on the BREW platform in March 2002.
- Announced the successful combination of the TTPCom Wireless Game Engine and the BREW platform in a GSM/GPRS handset, and demonstrated wireless downloads of BREW applications to the handset at the 3GSM World Congress in Cannes, France.
- Announced an agreement with Comverse, the leading supplier of software and systems enabling network-based multimedia-enhanced communications services, to develop BREW-enabled multimodal enhanced services for all types of third generation wireless networks.
- Announced an agreement with IBM to extend IBM WebSphere infrastructure software via the BREW platform, opening WebSphere to millions of wireless devices worldwide. In addition, IBM's WebSphere Studio Device Developer, a new development environment to create, test and deploy e-business applications, will include a BREW plug-in.
- Announced the signing of a non-binding memoranda of understanding (MOU) with U.S. Cellular, the nation's eighth largest wireless service provider, to offer products and services based on the BREW platform.
- Announced that Disney Interactive, Sony Online Entertainment, Inc., THQ, Inc., Monkeystone Games, nGame, NuvoStudios, CINEMAELECTRIC, Inc., Com2us Corp., and Mobliss Inc. signed agreements to develop applications for the BREW platform.

QUALCOMM Wireless Business Solutions (QWBS)

- Shipped approximately 9,500 OmniTRACS[®] units and related products in the second quarter of fiscal 2002, compared to approximately 9,400 units during the year ago quarter and the first quarter of fiscal 2002.

- Announced the commercial launch of FleetAdvisor[®], which has been successfully converted to the Windows[®] CE platform. FleetAdvisor is a powerful transportation logistics management system comprised of full-function on-board computing, vehicle tracking, highly integrated back-office software and real-time wireless communications.
- Announced the continued addition of new truckload and private fleet carriers and the renewal of a service contract with Swift Transportation, the nation's largest publicly held truckload carrier, for the OmniTRACS mobile communications system.
- Announced that Vos Logistics, a leading European truckload carrier based in the Netherlands, has signed a three-year service agreement to transfer from its existing supplier to QUALCOMM. Under the terms of the agreement, QUALCOMM Wireless Business Solutions Europe will provide robust, reliable satellite communications services to Vos Logistics' nearly 2,000-truckload fleet over the EutelTRACS[™] network.
- Announced an agreement with United Rentals, Inc., the largest equipment rental company in North America, to deploy OmniTRACS and OmniExpress[®] mobile communications system units on its fleet of up to 10,000 delivery, service, sales and highway technology vehicles.
- Announced with Wynne Systems, the leader in business software for the equipment rental industry, the launch of the integrated RentalMan[®] Dispatch Module with OmniTRACS and OmniExpress wireless fleet management systems

QUALCOMM Digital Media (QDM)

- Announced with Teranex, Inc., the availability of a complete digital cinema compression solution based on QUALCOMM's ABSolute[™] cinema-quality compression algorithm, providing a real-time, high quality, end-to-end encoding/mastering solution to the digital cinema market.

QUALCOMM Strategic Initiatives (QSI)

- Telefonica Moviles, one of the world's leading wireless companies, announced the execution of a Letter of Intent to acquire a controlling interest in Pegaso Telecomunicaciones, S.A. de C.V., a wireless operator in Mexico. Telefonica Moviles would leverage its international experience and is expected to combine Telefonica

Moviles' existing Mexican operations with Pegaso's into a nationwide CDMA network in Mexico.

- Brazilian operator Vesper increased its sales of portable CDMA phones, selling an average of 1,000 units per day.

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 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 Pegaso; the performance of the Vesper Companies business in Brazil; 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
PRO FORMA CONDENSED CONSOLIDATED STATEMENTS 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						
	April 1, 2001	March 31, 2002	%	Pro Forma		March 31, 2002	
	Pro Forma	Pro Forma	Change	Adjustments	QSI	GAAP Reported	
Revenues	\$ 717,148	\$ 659,263	(8%)	\$ -		\$ 36,852	\$ 696,115
Operating expenses:							
Cost of revenues	256,433	220,609	(14%)	(75)	(b)(c)(d)	71,380	291,914
Research and development	104,954	113,928	9%	500	(b)	2,327	116,755
Selling, general and administrative	85,568	96,582	13%	252	(b)	27,126	123,960
Amortization of goodwill and other acquisition-related intangible assets	-	-		63,682	(c)	-	63,682
Total operating expenses	446,955	431,119	(4%)	64,359		100,833	596,311
Operating income (loss)	270,193	228,144	(16%)	(64,359)		(63,981)	99,804
Interest expense	(1,516)	(205)	(86%)	-		(5,951)	(6,156)
Investment income (expense), net	49,428	23,889	(a) (52%)	-		(48,896)	(25,007)
Other	-	-		-		-	-
Income (loss) before income taxes	318,105	251,828	(21%)	(64,359)		\$ (118,828)	(e) 68,641
Income tax expense	(108,156)	(91,014)	(f) (16%)	66,303	(g)	N/A	(g) (24,711)
Net income	\$ 209,949	\$ 160,814	(23%)	\$ 1,944			\$ 43,930
Net earnings per common share:							
Diluted	\$ 0.26	\$ 0.20					\$ 0.05
Shares used in per share calculations:							
Diluted	806,846	808,996					808,996

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

- (a) Includes \$23 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: \$0.2 million in cost of revenues, \$0.5 million in R&D expenses and \$0.3 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 \$0.7 million in credits related to the reduction of reserves established in connection with the Globalstar business.
- (e) Includes \$45 million loss, net of minority interest, of Vesper Holding.
- (f) The estimated fiscal year 2002 effective tax rate for pro forma results and GAAP reported results are 35% and 36%, respectively. The change in the estimated 2002 effective tax rate from 34% used in the first quarter of fiscal 2002 results in a 36% effective tax rate in the second quarter of fiscal 2002.
- (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
PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
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THE GAAP REPORTED RESULTS TO THE PRO FORMA RESULTS
(In thousands, except per share data)
(Unaudited)

	Six Months Ended						
	April 1,	March 31,	%	Pro Forma	QSI	March 31,	
	2001	2002				2002	
	Pro Forma	Pro Forma	Change	Adjustments		GAAP Reported	
Revenues	\$ 1,372,357	\$ 1,351,951	(1%)	\$ -		\$ 42,806	\$ 1,394,757
Operating expenses:							
Cost of revenues	508,188	454,925	(10%)	(365) (b)(c)(d)		82,551	537,111
Research and development	188,699	218,297	16%	1,579 (b)		3,747	223,623
Selling, general and administrative	163,802	187,473	14%	671 (b)(d)		36,581	224,725
Amortization of goodwill and other acquisition-related intangible assets	-	-		127,413 (c)		-	127,413
Total operating expenses	860,689	860,695	0%	129,298		122,879	1,112,872
Operating income (loss)	511,668	491,256	(4%)	(129,298)		(80,073)	281,885
Interest expense	(2,277)	(698)	(69%)	-		(8,020)	(8,718)
Investment income (expense), net	91,846	48,719 (a)	(47%)	-		(35,694)	13,025
Other	-	-		-		-	-
Income (loss) before income taxes	601,237	539,277	(10%)	(129,298)		\$ (123,787) (e)	286,192
Income tax expense	(204,421)	(188,747) (f)	(8%)	85,718 (g)		N/A (g)	(103,029) (f)
Net income (loss)	\$ 396,816	\$ 350,530	(12%)	\$ (43,580)			\$ 183,163
Net earnings per common share:							
Diluted	\$ 0.49	\$ 0.43					\$ 0.23
Shares used in per share calculations:							
Diluted	806,448	809,285					809,285

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

- (a) Includes \$48 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: \$0.7 million in cost of revenues, \$1.6 million in R&D expenses and \$0.8 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: \$1 million in cost of revenues and \$127.4 million in amortization of goodwill and other acquisition-related intangible assets.
- (d) Excludes credits related to the reduction of reserves established in connection with the Globalstar business, as follows: \$2 million in cost of revenues and \$0.1 million in SG&A expenses.
- (e) Includes \$54 million loss, net of minority interest, of Vesper Holding from November 13, 2001 through February 28, 2002 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 35% 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

	QUALCOMM Excluding QSI	QSI (a)	QUALCOMM March 31, 2002	QUALCOMM September 30, 2001 (b)
Current assets:				
Cash and cash equivalents	\$ 1,233,489	\$ 34,186	\$ 1,267,675	\$ 1,388,602
Marketable securities	860,446	83,522	943,968	894,577
Accounts receivable, net	452,145	53,411	505,556	517,557
Finance receivables, net	3,635	-	3,635	10,345
Inventories, net	62,592	15,468	78,060	95,863
Other current assets	87,265	76,155	163,420	147,814
Total current assets	<u>2,699,572</u>	<u>262,742</u>	<u>2,962,314</u>	<u>3,054,758</u>
Marketable securities	448,786	244,109	692,895	297,333
Finance receivables, net	172	708,166	708,338	674,391
Other investments	5,074	297,381	302,455	245,220
Property, plant and equipment, net	443,867	328,930	772,797	431,396
Goodwill, net	462,491	5,465	467,956	585,046
Other assets	267,778	214,851	482,629	381,589
Total assets	<u>\$ 4,327,740</u>	<u>\$ 2,061,644</u>	<u>\$ 6,389,384</u>	<u>\$ 5,669,733</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:				
Trade accounts payable	\$ 82,072	\$ 95,366	\$ 177,438	\$ 106,433
Payroll and other benefits related liabilities	113,660	17,700	131,360	117,795
Unearned revenue	189,024	10,306	199,330	184,461
Other current liabilities	107,120	34,365	141,485	112,300
Total current liabilities	<u>491,876</u>	<u>157,737</u>	<u>649,613</u>	<u>520,989</u>
Long-term unearned revenue	263,811	2,589	266,400	295,005
Other liabilities	34,837	113,608	148,445	35,437
Total liabilities	<u>790,524</u>	<u>273,934</u>	<u>1,064,458</u>	<u>851,431</u>
Minority interest in consolidated subsidiaries	7,349	97,404	104,753	5,887
Stockholders' equity:				
Preferred stock, \$0.0001 par value	-	-	-	-
Common stock, \$0.0001 par value	77	-	77	76
Paid-in capital	4,901,967	-	4,901,967	4,791,559
Retained earnings	428,110	-	428,110	244,947
Accumulated other comprehensive loss	(57,383)	(52,598)	(109,981)	(224,167)
Total stockholders' equity	<u>5,272,771</u>	<u>(52,598)</u>	<u>5,220,173</u>	<u>4,812,415</u>
Total liabilities and stockholders' equity	<u>\$ 6,070,644</u>	<u>\$ 318,740</u>	<u>\$ 6,389,384</u>	<u>\$ 5,669,733</u>

- (a) Includes the consolidated Vesper Holdings balance sheet at February 28, 2002. 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 STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>March 31, 2002</u>	<u>April 1, 2001(a)</u>	<u>March 31, 2002</u>	<u>April 1, 2001(a)</u>
Revenues	\$ 696,115	\$ 717,148	\$ 1,394,757	\$ 1,372,357
Operating expenses:				
Cost of revenues	291,914	256,838	537,111	557,768
Research and development	116,755	106,253	223,623	192,376
Selling, general and administrative	123,960	87,272	224,725	167,236
Amortization of goodwill and other acquisition-related intangible assets	63,682	63,374	127,413	126,369
Asset impairment and related charges	-	(8,095)	-	472,683
Other	-	-	-	69,188
Total operating expenses	<u>596,311</u>	<u>505,642</u>	<u>1,112,872</u>	<u>1,585,620</u>
Operating income (loss)	99,804	211,506	281,885	(213,263)
Interest expense	(6,156)	(1,517)	(8,718)	(10,085)
Investment (expense) income, net	(25,007)	59,516	13,025	(197,893)
Other	-	-	-	(56,566)
Income (loss) before income taxes and accounting changes	68,641	269,505	286,192	(477,807)
Income tax (expense) benefit	(24,711)	(159,784)	(103,029)	186,240
Income (loss) before accounting changes	43,930	109,721	183,163	(291,567)
Accounting changes, net of tax	-	-	-	(17,937)
Net income (loss)	<u>\$ 43,930</u>	<u>\$ 109,721</u>	<u>\$ 183,163</u>	<u>\$ (309,504)</u>
Basic net earnings (loss) per common share:				
Income (loss) before accounting changes	\$ 0.06	\$ 0.15	\$ 0.24	\$ (0.39)
Accounting changes, net of tax	-	-	-	(0.02)
Net income (loss)	<u>\$ 0.06</u>	<u>\$ 0.15</u>	<u>\$ 0.24</u>	<u>\$ (0.41)</u>
Diluted net earnings (loss) per common share:				
Income (loss) before accounting changes	\$ 0.05	\$ 0.14	\$ 0.23	\$ (0.39)
Accounting changes, net of tax	-	-	-	(0.02)
Net income (loss)	<u>\$ 0.05</u>	<u>\$ 0.14</u>	<u>\$ 0.23</u>	<u>\$ (0.41)</u>
Shares used in per share calculations:				
Basic	<u>767,903</u>	<u>754,634</u>	<u>766,431</u>	<u>752,058</u>
Diluted	<u>808,996</u>	<u>806,846</u>	<u>809,285</u>	<u>752,058</u> (b)

- (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.