UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

(Mark one)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 30, 2003

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from________________ to ________________ .

Commission File Number 0-19528

QUALCOMM Incorporated

(Exact name of registrant as specified in its charter)

Delaware **(State or other jurisdiction of incorporation or organization)**	**95-3685934** **(I.R.S. Employer Identification No.)**
5775 Morehouse Dr., San Diego, California **(Address of principal executive offices)**	**92121-1714** **(Zip Code)**

(858) 587-1121

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past ninety days. Yes ☒ No ☐

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes☒ No ☐

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

The number of shares outstanding of each of the issuer's classes of common stock, as of the close of business on April 21, 2003:

Class	Number of Shares
Common Stock, $0.0001 per share par value	789,406,834

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PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

QUALCOMM Incorporated

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

ASSETS

	March 30, 2003	September 29, 2002
Current assets:		
Cash and cash equivalents	$1,989,841	$1,406,704
Marketable securities	1,750,604	1,411,178
Accounts receivable, net	534,214	536,950
Finance receivables, net	4,588	388,396
Inventories, net	151,082	88,094
Deferred tax assets	459,241	122
Other current assets	135,062	109,322
Total current assets	5,024,632	3,940,766
Marketable securities	623,538	381,630
Finance receivables, net	453,373	442,934
Other investments	177,436	276,414
Property, plant and equipment, net	588,267	686,283
Goodwill, net	346,913	344,803
Deferred tax assets	603,979	7,493
Other assets	400,044	425,725
Total assets	$8,218,182	$6,506,048

LIABILITIES AND STOCKHOLDERS' EQUITY

	March 30, 2003	September 29, 2002
Current liabilities:		
Trade accounts payable	$ 185,676	$ 209,418
Payroll and other benefits related liabilities	121,190	126,005
Unearned revenue	173,446	183,482
Dividends payable	39,475	—
Other current liabilities	213,210	156,081
Total current liabilities	732,997	674,986
Unearned revenue	266,408	259,995
Long-term debt	151,606	94,288
Other liabilities	46,352	40,283
Total liabilities	1,197,363	1,069,552
Commitments and contingencies (Notes 2, 3 and 7)		
Minority interest in consolidated subsidiaries	50	44,540
Stockholders' equity (Note 6):		
Preferred stock, $0.0001 par value; issuable in series; 8,000 shares authorized; none outstanding at March 30, 2003 and September 29, 2002	—	—
Common stock, $0.0001 par value; 3,000,000 shares authorized; 790,272 and 778,549 shares issued and outstanding at March 30, 2003 and September 29, 2002	80	79
Paid-in capital	6,176,021	4,918,202
Retained earnings	909,513	604,624
Accumulated other comprehensive loss	(64,845)	(130,949)
Total stockholders' equity	7,020,769	5,391,956
Total liabilities and stockholders' equity	$8,218,182	$6,506,048

See Notes to Condensed Consolidated Financial Statements.

QUALCOMM Incorporated

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

	Three Months Ended		Six Months Ended	
	March 30, 2003	March 31, 2002	March 30, 2003	March 31, 2002
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
	1,043,043	696,115	2,140,212	1,394,757
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 (Note 1)	1,965	63,682	3,937	127,413
Asset impairment charges (Note 9)	160,145	—	160,145	—
Total operating expenses	811,563	596,311	1,462,014	1,112,872
Operating income	231,480	99,804	678,198	281,885
Interest expense	(3,879)	(6,156)	(10,760)	(8,718)
Investment (expense) income, net (Note 4)	(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	$ 103,016	$ 43,930	$ 344,350	$ 183,163
Net earnings per common share:				
Basic	$ 0.13	$ 0.06	$ 0.44	$ 0.24
Diluted	$ 0.13	$ 0.05	$ 0.42	$ 0.23
Shares used in per share calculations:				
Basic	789,026	767,903	786,153	766,431
Diluted	818,088	808,996	816,916	809,285
Dividends declared per share	$ 0.05	$ —	$ 0.05	$ —

See Notes to Condensed Consolidated Financial Statements.

QUALCOMM Incorporated

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Six Months Ended	
	March 30, 2003	March 31, 2002
Operating Activities:		
Net income	$ 344,350	$ 183,163
Depreciation and amortization	89,526	180,440
Asset impairment charges	160,145	—
Net realized gains on marketable securities and other investments	(11,268)	(7,193)
Change in fair values of derivative investments	(120)	29,012
Other-than-temporary losses on marketable securities and other investments	90,550	10,635
Minority interest in loss of consolidated subsidiaries	(36,553)	(19,364)
Equity in losses of investees	89,226	38,889
Non-cash income tax expense	195,613	55,599
Other non-cash charges and credits	21,889	4,074
Increase (decrease) in cash resulting from changes in:		
Proceeds from (purchases of) trading securities	2,085	(2,007)
Accounts receivable, net	3,346	40,871
Inventories, net	(64,201)	22,478
Other assets	6,792	(2,901)
Trade accounts payable	(18,932)	(34,745)
Payroll, benefits, and other liabilities	21,733	6,824
Unearned revenue	15,146	(24,558)
Net cash provided by operating activities	909,327	481,217
Investing Activities:		
Capital expenditures	(130,971)	(73,001)
Purchase of wireless licenses	(8,247)	—
Purchases of available-for-sale securities	(1,448,922)	(661,838)
Proceeds from sale of available-for-sale securities	1,015,585	372,815
Purchases of held-to-maturity securities	(160,206)	(135,275)
Maturities of held-to-maturity securities	76,152	91,236
Issuance of finance receivables	(148,021)	(36,521)
Collection of finance receivables	527,033	6,393
Issuance of notes receivable	(1,177)	(2,000)
Other investments and acquisitions	(31,738)	(223,873)
Other items, net	1,638	814
Net cash used by investing activities	(308,874)	(661,250)
Financing Activities:		
Net proceeds from issuance of common stock	112,696	52,350
Repurchase and retirement of common stock	(123,577)	—
Proceeds from put options	7,136	—
Proceeds from minority shareholders	—	10,000
Proceeds from the issuance of long-term debt	5,620	13,705
Payments on long-term debt	(17,217)	(18,189)
Other items, net	20	557
Net cash (used) provided by financing activities	(15,322)	58,423
Effect of exchange rate changes on cash	(1,994)	683
Net increase (decrease) in cash and cash equivalents	583,137	(120,927)
Cash and cash equivalents at beginning of period	1,406,704	1,388,602
Cash and cash equivalents at end of period	$ 1,989,841	$1,267,675

See Notes to Condensed Consolidated Financial Statements.

QUALCOMM Incorporated

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1 — Basis of Presentation

Financial Statement Preparation

The accompanying interim condensed consolidated financial statements have been prepared by QUALCOMM Incorporated (the Company or QUALCOMM), without audit, in accordance with the instructions to Form 10-Q and, therefore, do not necessarily include all information and footnotes necessary for a fair presentation of its consolidated financial position, results of operations and cash flows in accordance with accounting principles generally accepted in the United States. The condensed consolidated balance sheet at September 29, 2002 was derived from the audited consolidated balance sheet at that date which is not presented herein. The Company operates and reports using a 52-53 week fiscal year ending on the last Sunday in September. The three month and six month periods ended March 30, 2003 and March 31, 2002 included 13 weeks and 26 weeks, respectively.

In the opinion of management, the unaudited financial information for the interim periods presented reflects all adjustments, which are only normal and recurring, necessary for a fair presentation. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended September 29, 2002. Operating results for interim periods are not necessarily indicative of operating results for an entire fiscal year.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts and the disclosure of contingent amounts in the Company's financial statements and the accompanying notes. Actual results could differ from those estimates. Certain prior year amounts have been reclassified to conform with the current year presentation.

Revenues

During the three months and six months ended March 30, 2003, the Company recognized $11 million and $24 million, respectively, in income before income taxes, as compared to $17 million and $36 million for the three months and six months ended March 31, 2002, respectively, related to revenue and expense recognized in prior years as a result of the adoption of Staff Accounting Bulletin No. 101 (SAB 101), "Revenue Recognition in Financial Statements," as of the beginning of fiscal 2001.

Net Earnings Per Common Share

Basic earnings per common share is calculated by dividing net income by the weighted average number of common shares outstanding during the reporting period. Diluted net earnings per common share (diluted EPS) for the three months and six months ended March 30, 2003 reflected the potential dilutive effect, calculated using the treasury stock method, of 29,062,000 and 30,763,000 additional common shares issuable upon exercise of outstanding stock options, respectively. The diluted base for the three months and six months ended March 31, 2002 reflected the potential dilutive effect, calculated using the treasury stock method, of 41,093,000 and 42,854,000 additional common shares issuable upon exercise of outstanding stock options.

Options outstanding during the three months and six months ended March 30, 2003 to purchase approximately 41,668,000 and 41,742,000 shares of common stock, respectively, and options outstanding during the three months and six months ended March 31, 2002 to purchase approximately 42,284,000 and 33,207,000 shares of common stock, respectively, were not included in the treasury stock computation because the options' exercise prices were greater than the average market price of the common stock during the period, and therefore, the effect on diluted EPS would be anti-dilutive. Put options outstanding to purchase 3,000,000 shares of common stock were not included in the treasury stock computation for the three months

QUALCOMM Incorporated
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

and six months ended March 30, 2003 because the put options' exercise prices were less than the average market price of the common stock during the period, and therefore, the effect on diluted EPS would be anti-dilutive (Note 6).

Accounting for Stock-Based Compensation

The Company records compensation expense for employee stock options based upon their intrinsic value on the date of grant pursuant to Accounting Principles Board Opinion No. 25 (APB 25), "Accounting for Stock Issued to Employees." Because the Company establishes the exercise price based on the fair market value of the Company's stock at the date of grant, the options have no intrinsic value upon grant, and therefore no expense is recorded. Each quarter, the Company reports the potential dilutive impact of stock options in its diluted earnings per share using the treasury-stock method. Out-of-the-money stock options (i.e., the average stock price during the period is below the strike price of the option) are not included in diluted earnings per share.

As required under Statement of Financial Accounting Standards No. 123 (FAS 123), "Accounting for Stock-Based Compensation," and Statement of Financial Accounting Standards No. 148 (FAS 148), "Accounting for Stock-Based Compensation Transition and Disclosure," the pro forma effects of stock-based compensation on net income and net earnings per common share have been estimated at the date of grant using the Black-Scholes option-pricing model.

The Black-Scholes option-pricing model was developed for use in estimating the fair value of traded options that have no restrictions and are fully transferable and negotiable in a free trading market. Black-Scholes does not consider the employment, transfer or vesting restrictions that are inherent in the Company's employee options. Use of an option valuation model, as required by FAS 123, includes highly subjective assumptions based on long-term predictions, including the expected stock price volatility and average life of each option grant. Because the Company's employee options have characteristics significantly different from those of freely traded options, and because changes in the subjective input assumptions can materially affect the Company's estimate of the fair value of those options, in the Company's opinion, the existing valuation models, including Black-Scholes, are not reliable single measures and may misstate the fair value of the Company's employee options. As required by FAS 123, the Black-Scholes weighted average estimated fair values of stock options granted during the three months and six months ended March 30, 2003 were $20.84 and $20.57 per share, respectively. The Black-Scholes weighted average estimated fair values of stock options granted during the three months and six months ended March 31, 2002 were $23.93 and $31.79 per share, respectively. The weighted average estimated fair value of shares granted under the Employee Stock Purchase Plans during the three months and six months ended March 30, 2003 was $10.37. The weighted average estimated fair value of shares granted under the Employee Stock Purchase Plans during the three months and six months ended March 31, 2002 was $16.90.

For purposes of pro forma disclosures, the estimated fair value of the options is assumed to be amortized to expense over the options' vesting periods. The pro forma effects of recognizing compensation expense under

QUALCOMM Incorporated
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

the fair value method on net income and net earnings per common share were as follows (in thousands, except for earnings per share):

	Three Months Ended		Six Months Ended	
	March 30, 2003	March 31, 2002	March 30, 2003	March 31, 2002
Net income, as reported	$103,016	$ 43,930	$ 344,350	$ 183,163
Add: Stock-based employee compensation expense included in reported net income, net of related tax benefits	148	392	465	835
Deduct: Stock-based employee compensation expense determined under the fair value based method for all awards, net of related tax effects	(63,614)	(60,301)	(129,530)	(112,655)
Pro forma net income (loss)	$ 39,550	$(15,979)	$ 215,285	$ 71,343
Earnings (loss) per share:				
Basic — as reported	$ 0.13	$ 0.06	$ 0.44	$ 0.24
Basic — pro forma	$ 0.05	$ (0.02)	$ 0.27	$ 0.09
Diluted — as reported	$ 0.13	$ 0.05	$ 0.42	$ 0.23
Diluted — pro forma	$ 0.05	$ (0.02)	$ 0.26	$ 0.09

Comprehensive Income

Components of accumulated other comprehensive loss consisted of the following (in thousands):

	March 30, 2003	September 29, 2002
Foreign currency translation	$(98,489)	$ (79,762)
Unrealized gain (loss) on marketable securities, net of tax	33,644	(51,187)
	$(64,845)	$ (130,949)

QUALCOMM Incorporated
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

Total comprehensive income consisted of the following (in thousands):

	Three Months Ended		Six Months Ended	
	March 30, 2003	March 31, 2002	March 30, 2003	March 31, 2002
Net income	$103,016	$43,930	$344,350	$183,163
Other comprehensive income:				
Foreign currency translation	1,836	21,929	(18,727)	31,047
Unrealized (losses) gains on marketable securities, net of tax	(3,665)	1,746	25,986	88,134
Reclassification adjustment for other-than-temporary losses on marketable securities included in net income, net of tax	11,069	2,311	65,927	2,311
Reclassification adjustment for net realized gains included in net income, net of tax	(5,917)	(616)	(7,082)	(7,306)
Total other comprehensive income	3,323	25,370	66,104	114,186
Total comprehensive income	$106,339	$69,300	$410,454	$297,349

The reclassification adjustment for other-than-temporary losses on marketable securities results from the recognition of unrealized losses in the statement of operations resulting from declines in the market prices of those securities deemed to be other than temporary. The reclassification adjustment for net realized gains results from the recognition of the net realized gains in the statement of operations when the marketable securities are sold.

Valuation of Long-Lived Assets

The Company adopted Statement of Financial Accounting Standards No. 144 (FAS 144), “Accounting for the Impairment or Disposal of Long-Lived Assets” as of the beginning of fiscal 2003. The adoption of this accounting standard did not have a material impact on the Company’s operating results and financial position. The Company assesses potential impairments to its long-lived assets when there is evidence that events or changes in circumstances indicate that the carrying amount of an asset may not be recovered. An impairment loss is recognized when the carrying amount of the long-lived asset is not recoverable and exceeds its fair value. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. Any required impairment loss is measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value and is recorded as a reduction in the carrying value of the related asset and a charge to operating results.

Goodwill and Other Intangible Assets

Goodwill represents the excess of purchase price and related costs over the value assigned to the net tangible and identifiable intangible assets of businesses acquired. Effective as of the beginning of fiscal 2003, the Company fully adopted Statement of Financial Accounting Standards No. 141 (FAS 141), “Business Combinations,” and Statement of Financial Accounting Standards No. 142 (FAS 142), “Goodwill and Other Intangible Assets.” The provisions of FAS 141 (1) require that the purchase method of accounting be used for all business combinations initiated after June 30, 2001, (2) provide specific criteria for the initial recognition and measurement of intangible assets apart from goodwill, and (3) require that unamortized negative goodwill be written off immediately as an extraordinary gain instead of being deferred and amortized. FAS 141 also required that, upon adoption of FAS 142, the Company reclassify the carrying amounts of certain intangible assets into or out of goodwill, based on certain criteria. Upon the adoption of FAS 142, the Company reclassified approximately $2 million of certain intangible assets into goodwill.

FAS 142 primarily addresses the accounting for goodwill and intangible assets subsequent to their initial recognition. The provisions of FAS 142 (1) prohibit the amortization of goodwill and indefinite-lived intangible assets, (2) require that goodwill and indefinite-lived intangible assets be tested annually for impairment (and in interim periods if certain events occur indicating that the carrying value of goodwill and/or indefinite-lived intangible assets may be impaired), (3) require that reporting units be identified for the purpose of assessing potential impairments of goodwill, and (4) remove the forty-year limitation on the amortization period of intangible assets that have finite lives. The Company completed its transitional testing for goodwill impairment upon adoption of FAS 142 and determined that its recorded goodwill as of the beginning of fiscal 2003 was not impaired.

Starting in fiscal 2003, the Company no longer records goodwill amortization. Goodwill is tested annually for impairment and in interim periods if certain events occur indicating that the carrying value of goodwill may be impaired. Other intangible assets are amortized on a straight-line basis over their useful lives, ranging from three to twenty-eight years. Software development costs are capitalized when a product's technological feasibility has been established through the date a product is available for general release to customers.

The unaudited pro forma results of operations and earnings per share, assuming FAS 142 had been adopted at the beginning of fiscal 2002, are as follows (in thousands, except per share data):

	Three Months Ended March 31, 2002	Six Months Ended March 31, 2002
Net income	$ 105,470	$ 306,246
Basic earnings per share	$ 0.14	$ 0.40
Diluted earnings per share	$ 0.13	$ 0.38

Warranty

Estimated future warranty obligations related to certain products are charged to operations in the period in which the related revenue is recognized. The Company establishes a reserve for warranty obligations based on its historical warranty experience.

Future Accounting Requirements

In November 2002, the EITF issued Issue No. 00-21, "Accounting for Revenue Arrangements with Multiple Deliverables." This issue addresses determination of whether an arrangement involving more than one deliverable contains more than one unit of accounting and how arrangement consideration should be measured and allocated to the separate units of accounting. EITF Issue No. 00-21 will be effective for revenue arrangements entered into in fiscal quarters beginning after June 15, 2003, or the Company may elect to report the change in accounting as a cumulative-effect adjustment. The Company is reviewing EITF Issue No. 00-21 and has not yet determined the impact this issue will have on its operating results and financial position.

QUALCOMM Incorporated
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

Note 2 — Composition of Certain Financial Statement Captions

Marketable Securities

Marketable securities were comprised as follows (in thousands):

	Current		Noncurrent	
	March 30, 2003	September 29, 2002	March 30, 2003	September 29, 2002
Held-to-maturity:				
Certificates of deposit	$ 61,813	$ 76,153	$ —	$ —
Commercial paper	—	—	6,200	6,200
Federal agencies	220	—	99,953	—
Corporate medium-term notes	128,575	97,669	75,771	89,418
	190,608	173,822	181,924	95,618
Available-for-sale:				
Federal agencies	290,826	270,896	—	—
U.S. government securities	271,151	238,286	—	—
Corporate medium-term notes	549,071	300,648	—	—
Mortgage and asset-backed securities	423,961	290,702	—	—
Non-investment grade debt securities	6,837	6,558	298,588	259,196
Equity securities	18,150	130,266	143,026	24,956
	1,559,996	1,237,356	441,614	284,152
Trading:				
Corporate convertible bonds	—	—	—	1,860
	—	—	—	1,860
	$1,750,604	$1,411,178	$623,538	$ 381,630

Accounts Receivable

	March 30, 2003	September 29, 2002
	(in thousands)	
Trade, net of allowance for doubtful accounts of $14,932 and $21,647, respectively	$490,590	$ 521,371
Long-term contracts:		
Billed	25,133	4,576
Unbilled	11,537	985
Other	6,954	10,018
	$534,214	$ 536,950

Finance Receivables

Finance receivables result from arrangements in which the Company has agreed to provide its customers or certain Code Division Multiple Access (CDMA) customers of Telefonaktiebolaget LM Ericsson (Erics-

QUALCOMM Incorporated
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

son) with long-term interest bearing debt financing for the purchase of equipment and/or services. Finance receivables were comprised as follows (in thousands):

	March 30, 2003	September 29, 2002
Finance receivables	$503,322	$ 881,859
Allowance for doubtful receivables	(45,361)	(50,529)
	457,961	831,330
Current maturities, net	4,588	388,396
Noncurrent finance receivables, net	$453,373	$ 442,934

The Company had various financing arrangements, including a bridge loan facility, an equipment loan facility and interim and additional interim loan facilities, with Pegaso Comunicaciones y Sistemas S.A. de C.V., a wholly owned subsidiary of Pegaso Telecomunicaciones, S.A. de C.V., a CDMA wireless operator in Mexico (collectively referred to as Pegaso). On September 10, 2002, Telefónica Móviles (Telefónica) acquired a 65% controlling interest in Pegaso. On October 10, 2002, Pegaso paid $82 million in full satisfaction of the interim and additional interim loans (Note 7). On November 8, 2002, Pegaso paid $435 million in full satisfaction of the bridge loan facility. The Company used approximately $139 million of the bridge loan proceeds to purchase outstanding vendor debt owed by Pegaso to other lenders. As a result of these transactions, finance receivables decreased by $378 million.

At March 30, 2003, amounts outstanding, net of unearned interest and fees, under the Pegaso equipment loan facility were $441 million, including the acquired vendor debt, as compared to $821 million outstanding under the various financing arrangements with Pegaso at September 29, 2002. On March 31, 2003, Pegaso paid $4 million on the equipment loan facility. The remaining equipment loan facility outstanding with Pegaso, including the acquired vendor debt, is payable quarterly starting in March 2006 through December 2008 and bears interest at the London Interbank Offered Rate (LIBOR) plus 1% for two years, LIBOR plus 3% for the next three years and LIBOR plus 6% thereafter. The Company recognized $6 million and $11 million in interest income during the three months and six months ended March 30, 2003. In the event that Pegaso were to initiate the commercialization of GSM or TDMA services in its spectrum, Pegaso would be obliged to prepay $285 million of the principal amount, plus accrued interest, outstanding under the equipment loan facility. Telefonica has indicated its intention to deploy GSM in Mexico.

At March 30, 2003, commitments to extend long-term financing by the Company to certain CDMA customers of Ericsson totaled approximately $464 million. The commitment to fund $346 million of this amount expires on November 6, 2003. The funding of the remaining $118 million, if it occurs, is not subject to a fixed expiration date. The financing commitments are subject to the CDMA customers meeting conditions prescribed in the financing arrangements and, in certain cases, to Ericsson also financing a portion of such sales and services. This financing is generally collateralized by the related equipment. Commitments represent the maximum amounts to be financed under these arrangements; actual financing may be in lesser amounts. The Company no longer has commitments to provide additional long-term financing to Pegaso under its arrangements with Ericsson (Note 7).

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Inventories

	March 30, 2003	September 29, 2002
	(in thousands)	
Raw materials	$ 15,012	$ 19,583
Work-in-process	1,936	4,315
Finished goods	134,134	64,196
	$151,082	$ 88,094

Property, Plant and Equipment

	March 30, 2003	September 29, 2002
	(in thousands)	
Land	$ 47,148	$ 41,668
Buildings and improvements	328,203	294,186
Computer equipment	349,805	348,208
Machinery and equipment	377,622	442,098
Furniture and office equipment	22,241	29,841
Leasehold improvements	45,500	53,769
	1,170,519	1,209,770
Less accumulated depreciation and amortization	(582,252)	(523,487)
	$ 588,267	$ 686,283

Depreciation and amortization expense related to property, plant and equipment for the three months and six months ended March 30, 2003 were $38 million and $73 million, respectively, as compared to $36 million and $61 million for the three months and six months ended March 31, 2002, respectively.

Intangible Assets

Starting in fiscal 2003, the Company no longer records goodwill amortization (Note 1). The Company's reportable segment assets do not include goodwill (Note 8). The Company allocated goodwill to its reporting units for transition testing purposes as of the date of its adoption of FAS 142. Goodwill was allocated to reporting units included in the Company's reportable segments as follows: $268 million in QUALCOMM CDMA Technologies, $73 million in QUALCOMM Technology Licensing, $4 million in QUALCOMM Wireless & Internet and $2 million in QUALCOMM Strategic Initiatives.

All of the Company's acquired intangible assets other than goodwill are subject to amortization. During the six months ended March 30, 2003, the Company acquired $82 million in wireless licenses in Brazil (Note 7), which will be amortized on a straight-line basis over their terms of approximately 15 years. No significant residual value is estimated for these intangible assets. During the three months ended March 30, 2003, the Company recorded a $160 million impairment loss on its long-lived assets related to Vésper (Note 9), including impairment of $34 million in wireless licenses, $12 million in marketing-related intangible assets and $5 million in customer-related intangible assets. Amortization expense for the three months and six months ended March 30, 2003 was $5 million and $11 million, respectively, as compared to $5 million and

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$9 million for the three months and six months ended March 31, 2002, respectively. The components of intangible assets were as follows (in thousands):

	March 30, 2003		September 29, 2002	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Wireless licenses	$ 174,479	$ (4,463)	$ 118,705	$ (1,429)
Marketing-related	20,499	(6,633)	34,673	(5,786)
Technology-based	33,493	(23,403)	31,846	(19,659)
Customer-related	15,841	(13,446)	22,806	(11,028)
Other	7,001	(213)	13,751	(4,881)
Total intangible assets	$ 251,313	$ (48,158)	$ 221,781	$ (42,783)

Amortization expense related to these intangible assets is expected to be $12 million for the remainder of fiscal 2003, $18 million in fiscal 2004, $14 million in fiscal 2005, $14 million in fiscal 2006 and $13 million in fiscal 2007.

Capitalized software development costs were $30 million and $24 million at March 30, 2003 and September 29, 2002, respectively. Accumulated amortization on capitalized software was $20 million and $14 million at March 30, 2003 and September 29, 2002, respectively. Amortization expense related to capitalized software for the three months and six months ended March 30, 2003 was $3 million and $6 million, respectively, as compared to $3 million and $4 million for the three months and six months ended March 31, 2002, respectively.

Note 3 — Investments in Other Entities

Inquam Limited

In October 2000, the Company agreed to invest $200 million in the convertible preferred shares of Inquam Limited (Inquam) for an approximate 42% ownership interest in Inquam. Inquam was formed to acquire, own, develop and manage wireless communications systems, either directly or indirectly, with the primary intent of deploying CDMA-based technology. The Company uses the equity method to account for its investment in Inquam. At March 30, 2003, the Company's investment in Inquam was $86 million, net of equity in losses. The Company provided $6 million and $27 million in funding during the three months and six months ended March 30, 2003, respectively. The Company had no remaining equity funding commitment at March 30, 2003; however, on March 26, 2003, the Company agreed to extend $25 million of bridge loan financing to Inquam, of which $10 million was funded on April 1, 2003. Another investor in Inquam also agreed to provide $25 million in bridge loan financing. The Company expects to fund the remaining bridge loan commitment through May 2003. The Company is considering additional investment and/or debt financing. Inquam's management expects to meet certain operational milestones necessary for expansion of Inquam's CDMA operations during 2003 and to raise additional funds required over the next nine months for Inquam to realize the value of its current operations. Total additional funding required by Inquam for calendar 2003 is estimated to be between $150 million and $170 million, and Inquam's management does not expect Inquam to be cash flow positive until calendar 2007 with its current business plan. If new investors cannot be found, or should existing investors decide not to provide additional funding, or if Inquam does not promptly meet certain operational milestones necessary for expansion, Inquam's growth potential and the value of the Company's investment in Inquam may be negatively affected.

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Reliance Infocomm Limited

In December 2001, QUALCOMM agreed to invest up to $200 million in exchange for up to 4% of the common shares of Reliance Infocomm Limited (RIL), formerly Reliance Communications Limited, a wireless operator in India. RIL intends to construct and operate a CDMA commercial network deploying CDMA2000 1X technology to provide basic telephone services, Wireless Local Loop with limited mobility, national long distance services and international long distance services in India. The Company's obligation to make this investment became non-binding during fiscal 2002 because certain conditions precedent under the agreement had not been satisfied by RIL by the required dates. RIL has since fulfilled those conditions. The Company has retained the right to purchase the shares. If the Company completes the investment, funding is likely to occur through September 2003. At March 30, 2003, the Company had not purchased any shares of RIL.

Other

Other strategic investments as of March 30, 2003 totaled $91 million, including $41 million accounted for using the cost method. At March 30, 2003, effective ownership interests in these investees ranged from 1% to 50%. Funding commitments related to other strategic investments totaled $28 million at March 30, 2003, which the Company expects to fund through fiscal 2009. Such commitments are generally subject to the investees meeting certain conditions; actual equity funding may be in lesser amounts. An investee's failure to successfully develop and provide competitive products and services due to lack of financing, market demand or an unfavorable economic environment could adversely affect the value of the Company's investment in the investee. There can be no assurance that the investees will be successful in their efforts.

The Company regularly monitors and evaluates the fair value of its investments. When assessing an investment for an other-than-temporary decline in value, the Company considers such factors as, among other things, the share price from the investee's latest financing round, the performance of the investee in relation to its own operating targets and its business plan, the investee's revenue and cost trends, as well as liquidity and cash position, market acceptance of the investee's products/services, as well as any new products or services that may be forthcoming, any significant news that has been released specific to the investee or the investee's competitors and/or industry, and the outlook for the overall industry in which the investee operates. From time to time, the Company may consider third party evaluations, valuation reports or advice from investment banks. If events and circumstances indicate that a decline in the value of these assets has occurred and is other than temporary, the Company records a charge to investment (expense) income.

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Note 4 — Investment (Expense) Income, Net

Investment (expense) income was comprised as follows (in thousands):

	Three Months Ended		Six Months Ended	
	March 30, 2003	March 31, 2002	March 30, 2003	March 31, 2002
Interest income	$ 34,957	$ 32,569	$ 68,522	$ 65,004
Net realized gains on marketable securities	9,972	959	11,268	7,193
Other-than-temporary losses on marketable securities	(18,458)	(2,345)	(73,349)	(2,345)
Other-than-temporary losses on other investments	(5,509)	(3,143)	(17,201)	(8,290)
Change in fair values of derivative investments	106	(49,264)	120	(29,012)
Minority interest in loss of consolidated subsidiaries	22,733	17,022	36,553	19,364
Equity in losses of investees	(56,526)	(20,805)	(89,226)	(38,889)
	$(12,725)	$(25,007)	$(63,313)	$ 13,025

During the second quarter of fiscal 2003, management determined that the decline in the market value of the Company's investment in a provider of semiconductor packaging, test and distribution services was other than temporary. In reaching this conclusion, the decline in stock value as a percentage of the original cost and the length of time in which the market value of the investment had been below its original cost were considered. As a result, the Company recorded $16 million in other-than-temporary losses on marketable securities during the three months ended March 30, 2003. The Company purchased the 2,008,000 common shares currently held in this company for $23 million in fiscal 2000. The fair value of these common shares was $7 million at March 30, 2003.

During the first quarter of fiscal 2003, the Company recorded $55 million in other-than-temporary losses on marketable securities on its investment in Korea Telecom Freetel Co., Ltd. (KTF), a wireless phone operator in South Korea.

Note 5 — Income Taxes

The Company currently estimates its annual effective income tax rate to be approximately 43% for fiscal 2003. This rate is higher than the U.S. federal statutory rate primarily due to state taxes and net capital losses for which no tax benefit is recorded, partially offset by the benefit of research tax credits and foreign earnings taxed at less than the U.S. federal rate. The prior fiscal year rate of 22% was lower than the U.S. federal statutory rate as a result of the reversal of a deferred tax valuation allowance that was charged to expense in fiscal 2001 and research and development credits, partially offset by the impact of nondeductible goodwill amortization, state taxes, and foreign losses not tax effected. The Company has not provided for U.S. income taxes and foreign withholding taxes on a cumulative total of approximately $785 million of undistributed earnings of certain non-U.S. subsidiaries. The Company considers the operating earnings of non-U.S. subsidiaries to be indefinitely invested outside the United States. Should the Company have to repatriate foreign earnings, the Company would have to adjust the income tax provision in the period in which the facts that give rise to the revision become known.

The Company 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. The Company now believes that it will more likely than not have sufficient taxable income after stock option deductions to utilize its deferred tax assets. The Company continues to provide a valuation allowance on substantially all of its foreign deferred tax assets because of uncertainty regarding their realization due to a history of losses from operations. The Company also provides a valuation allowance on all net capital losses generated after September 29, 2002 because of uncertainty regarding their realization. If capital losses are utilized and any portion of the $19 million valuation allowance is removed, the release would be accounted for as a reduction of the income tax provision. The net deferred tax assets decreased by $2 million, excluding the reversal of the valuation allowance, from September 29, 2002 to March 30, 2003.

Note 6 — Capital Stock

Changes in stockholders' equity for the six months ended March 30, 2003 were as follows (in thousands):

Balance at September 29, 2002	$5,391,956
Reversal of the valuation allowance on certain deferred tax assets (Note 5)	1,105,640
Net income	344,350
Tax benefit from the exercise of stock options	155,147
Net proceeds from the issuance of common stock	112,696
Other comprehensive income	66,104
Premiums received for put options on the Company's common stock	7,136
Repurchase and retirement of common stock	(123,577)
Accrued dividends	(39,461)
Other	778
Balance at March 30, 2003	$7,020,769

Stock Repurchase Program

On February 11, 2003, the Company's Board of Directors authorized the expenditure of up to $1 billion to repurchase shares of the Company's common stock over a two year period. During the three months ended March 30, 2003, the Company bought 3,615,000 shares at an aggregate cost of $124 million. At March 30, 2003, $876 million remains to be expended under the Board's authorization. Repurchased shares are retired upon repurchase.

In connection with the Company's stock repurchase program, the Company sold put options under three separate contracts with independent third parties during the three months ended March 30, 2003 that may require the Company to purchase three million shares of its common stock upon exercise. The Company accounts for the written put options in accordance with Emerging Issues Task Force (EITF) Issue No. 00-19, "Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock." In the event the put options are exercised, the contracts allow the Company to determine the settlement method, including net share settlement, and the Company has determined that the written put options should be classified as permanent equity as defined by EITF Issue No. 00-19. As such, the Company records the premiums received as additions to paid-in capital, and changes in fair value are not recognized in the Company's financial statements. The premiums received for the put options of $7 million were recorded as additions to paid-in capital. At March 30, 2003, all three contracts, with expiration dates ranging from June 23, 2003 to June 25, 2003, were outstanding. If the put options are exercised and physically settled, the Company's effective repurchase price (the strike price less the premiums received for the put options) will range from $28.96 to $31.74 per share. Any shares repurchased upon exercise of the options will be retired.

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Dividends

On February 11, 2003, the Company's Board of Directors declared a cash dividend of $0.05 per share on the Company's common stock, which was paid on March 31, 2003 to stockholders of record as of the close of business on March 14, 2003. The dividend was charged to retained earnings in the amount of $39 million.

Note 7 — Commitments and Contingencies

Litigation

Schwartz, et al v. QUALCOMM: On December 14, 2000, 77 former QUALCOMM employees filed a lawsuit against the Company in the District Court for Boulder County, Colorado, alleging claims for intentional misrepresentation, nondisclosure and concealment, violation of C.R.S. Section 8-2-104 (obtaining workers by misrepresentation), breach of contract, breach of the implied covenant of good faith and fair dealing, promissory estoppels, negligent misrepresentation, unjust enrichment, violation of California Labor Code Section 970, violation of California Civil Code Sections 1709-1710, rescission, violation of California Business & Professions Code Section 17200 and violation of California Civil Code Section 1575. Since then, 10 other individuals have joined the suit as plaintiffs. The complaint seeks economic, emotional distress and punitive damages and unspecified amounts of interest. On November 29, 2001, the Court granted the Company's motion to dismiss 17 of the plaintiffs from the lawsuit. Subsequently, the Court dismissed three other plaintiffs from the lawsuit. On November 18, 2002, the Court granted the Company's motion to dismiss 61 of the remaining 67 plaintiffs from the lawsuit. The Company subsequently resolved the matters with the remaining plaintiffs. The 61 plaintiffs whose claims were dismissed in November 2002 have moved the Court for reconsideration of its decision dismissing those claims. The Company has opposed the motion and a decision is pending. Although there can be no assurance that an unfavorable outcome of the dispute would not have a material adverse effect on the Company's operating results, liquidity or financial position, the Company believes the claims are without merit and will vigorously defend the action.

Boesel, et al v. QUALCOMM; Stone et al v. QUALCOMM. These cases were filed in San Diego County Superior Court in February 2003 by the 17 plaintiffs in the above-referenced *Schwartz* case whose claims were dismissed based upon forum non conveniens. Both complaints allege claims for declaratory relief, breach of contract, intentional/negligent fraud, concealment, rescission, specific performance, work, labor and services, breach of the implied covenant of good faith and fair dealing, violation of California Business & Professions Code Section 17200 and unjust enrichment, claiming that they were entitled to full vesting of unvested stock options as a result of the sale of the Company's infrastructure business to Ericsson in 1999. The Company has answered the complaints. Although there can be no assurance that an unfavorable outcome of the dispute would not have a material adverse effect on the Company's operating results, liquidity or financial position, the Company believes the claims are without merit and will vigorously defend the action.

Ortiz et al. v. QUALCOMM. On April 8, 2003, 20 former QUALCOMM employees filed a first amended complaint in San Diego County Superior Court, alleging causes of action for declaratory relief, breach of contract, breach of fiduciary duty, fraud, suppression of material facts, negligent fraud, rescission, specific performance and work, labor and services performed, claiming that they were entitled to full vesting of unvested stock options as a result of the sale of the Company's infrastructure business to Ericsson in 1999. Although there can be no assurance that an unfavorable outcome of the dispute would not have a material adverse effect on the Company's operating results, liquidity or financial position, the Company believes the claims are without merit and will vigorously defend the action.

Hanig, et al v. QUALCOMM: On March 13, 2001, 69 former QUALCOMM employees filed a lawsuit against the Company in San Diego County Superior Court, alleging claims for declaratory relief, breach of contract, fraud, rescission, specific performance and work, labor and services, claiming that they were entitled to full vesting of unvested stock options as a result of the sale of the Company's infrastructure business to

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Ericsson in 1999. The complaint seeks declaratory relief, economic damages, emotional distress damages and punitive damages. On August 3, 2001, the Superior Court granted summary judgment in the Company's favor on all claims as to all plaintiffs. On December 6, 2002, the Court of Appeal affirmed the Superior Court's ruling as to six of the plaintiffs and reversed the judgment as to the remaining plaintiffs, remanding the matter for litigation in Superior Court. Although there can be no assurance that an unfavorable outcome of the dispute would not have a material adverse effect on the Company's operating results, liquidity or financial position, the Company believes the claims are without merit and will vigorously defend the action.

Shannon, et al v. QUALCOMM: On January 17, 2003, 21 former employees filed a putative class action against the Company in San Diego Superior Court, ostensibly on behalf of themselves and other former employees of the Company who purportedly are similarly situated and who opted out of *Sprague, et al v. QUALCOMM*, a class action lawsuit previously filed against the Company that was resolved in April 2001. The complaint alleges claims for declaratory relief, breach of contract, breach of fiduciary duty, fraud, suppression of material facts, rescission, specific performance and work, labor and services. The complaint seeks declaratory relief, economic damages, punitive damages, attorneys' fees and unspecified amounts of interest. The Company removed the case to the federal district court for the Southern District of California. Although there can be no assurance that an unfavorable outcome of the dispute would not have a material adverse effect on the Company's operating results, liquidity or financial position, the Company believes the claims are without merit and will vigorously defend the action.

GTE Wireless Incorporated (GTE) v. QUALCOMM: On June 29, 1999, GTE filed an action against the Company in the United States District Court for the Eastern District of Virginia seeking damages and injunctive relief and asserting that wireless telephones sold by the Company infringe a single patent allegedly owned by GTE. On September 15, 1999, the Court granted the Company's motion to transfer the action to the United States District Court for the Southern District of California. On February 14, 2002, the District Court granted QUALCOMM's motion for summary judgment that QUALCOMM's products did not infringe GTE's asserted patent and denied GTE's motion seeking summary judgment of infringement. QUALCOMM's counterclaims that the patent is invalid or unenforceable remain pending in the District Court and have been stayed while the ruling granting QUALCOMM's motion and denying GTE's motion is on appeal. Although there can be no assurance that an unfavorable outcome of the dispute would not have a material adverse effect on the Company's operating results, liquidity or financial position, the Company believes the claims are without merit and will vigorously defend the action.

Durante, et al v. QUALCOMM: On February 2, 2000, three former QUALCOMM employees filed a putative class action against the Company, ostensibly on behalf of themselves and those former employees of the Company whose employment was terminated in April 1999. Virtually all of the purported class of plaintiffs received severance packages at the time of the termination of their employment, in exchange for a release of claims, other than federal age discrimination claims, against the Company. The complaint was filed in California Superior Court in and for the County of Los Angeles and purports to state ten causes of action including breach of contract, age discrimination, violation of Labor Code Section 200, violation of Labor Code Section 970, unfair business practices, intentional infliction of emotional distress, unjust enrichment, breach of the covenant of good faith and fair dealing, declaratory relief and undue influence. The complaint seeks an order accelerating all unvested stock options for the members of the class, plus economic and liquidated damages of an unspecified amount. On June 27, 2000, the case was ordered transferred from Los Angeles County Superior Court to San Diego County Superior Court. On July 3, 2000, the Company removed the case to the United States District Court for the Southern District of California, and discovery commenced. On May 29, 2001, the Court dismissed all plaintiffs' claims except for claims arising under the federal Age Discrimination in Employment Act. On July 16, 2001, the Court granted conditional class certification on the remaining claims, to be revisited by the Court at the end of the discovery period. Currently, there are 83 individuals included in the class. On April 15, 2003, the Court granted the Company's summary judgment motions as to all class members' disparate impact claims and set a hearing regarding decertificaiton of the class for May 27, 2003. Although there can be no assurance that an unfavorable outcome of the dispute would not have a material adverse effect on the Company's operating results, liquidity or financial position, the Company believes the claims are without merit and will vigorously defend the action.

Zoltar Satellite Alarm Systems, Inc. v. QUALCOMM and SnapTrack: On March 30, 2001, Zoltar Satellite Alarm Systems, Inc. (Zoltar) filed suit against QUALCOMM and SnapTrack, a QUALCOMM wholly-owned subsidiary, in the United States District Court for the Northern District of California seeking damages and injunctive relief and alleging infringement of three patents. On August 27, 2001, Zoltar filed an amended complaint adding Sprint Corp. as a named defendant and narrowing certain infringement claims against QUALCOMM and SnapTrack. Since then, Zoltar has dismissed Sprint Corp. as a defendant. On September 23, 2002, the court denied Zoltar's motion for summary judgment that the accused products infringe. QUALCOMM and SnapTrack withdrew pending motions for summary judgment so that the court could provide further construction of certain terms in the asserted patents and will now re-file motions for summary judgment of non-infringement and invalidity. Trial has been set for September 23, 2003. Although there can be no assurance that an unfavorable outcome of this dispute would not have a material adverse effect on QUALCOMM's operating results, liquidity or financial position, the Company believes the claims are without merit and will vigorously defend the action.

The Company has been named, along with many other manufacturers of wireless phones, wireless operators and industry-related organizations, as a defendant in purported class action lawsuits (In re Wireless Telephone Frequency Emissions Products Liability Litigation, United States District Court for the District of Maryland), and in several individually filed actions, seeking personal injury, economic and/or punitive damages arising out of its sale of cellular phones. On March 5, 2003, the Court granted the defendants motions to dismiss five of the consolidated cases (Pinney, Gimpleson, Gillian, Farina and Naquin) on the grounds that the claims were preempted by federal law. On April 2, 2003, the plaintiffs filed a notice of appeal of this order and the Court's order denying remand. All remaining cases filed against the Company allege personal injury as a result of their use of a wireless telephone. The courts that have reviewed similar claims against other companies to date have held that there was insufficient scientific basis for the plaintiffs' claims in those cases, and the judge responsible for the multi-district litigation proceedings recently made such a ruling in another case to which the Company is not a party. Although there can be no assurance that an unfavorable outcome of these and other disputes would not have a material adverse effect on the Company's operating results, liquidity or financial position, the Company believes the claims are without merit and will vigorously defend the actions.

The Company has not recorded any accrual for contingent liability associated with the legal proceedings described above based on the Company's belief that a liability, while possible, is not probable. Further, any possible range of loss cannot be estimated at this time. The Company is engaged in numerous other legal actions arising in the ordinary course of its business and believes that the ultimate outcome of these actions will not have a material adverse effect on its operating results, liquidity or financial position.

Long-Term Debt

The Company consolidates all assets and liabilities of Vésper Holding (Note 9), including bank loans and capital lease obligations. The balances of the bank loans and capital lease obligations, including accrued interest, at March 30, 2003 were $50 million and $44 million, respectively. The bank loans, which are denominated in Brazilian real, bear interest at the Certificate of Deposit Inter Bank (CDI) rate (the LIBOR rate equivalent in Brazil) plus 1.5% (approximately 27.72% at March 30, 2003). The lease obligations bear interest at rates ranging from 11.25% to 14.5%. These debt facilities are collateralized by certain assets of Vésper. The aggregate amounts of debt maturities and minimum capital lease payments for the remainder of fiscal 2003 and for each of the subsequent four years from fiscal 2004 through 2007 are $19 million,

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$17 million, $18 million, $35 million and $1 million, respectively, and $4 million thereafter. The current portions of these debt facilities are included in other current liabilities.

During the first quarter of fiscal 2003, the Company acquired wireless licenses in Brazil for approximately $82 million (Note 9). Approximately $8 million of the purchase price was paid in December 2002. The remaining Brazilian real-denominated wireless license obligation is financed by the Brazilian government at an interest rate of 12% per annum, plus an adjustment for inflation. At March 30, 2003, the license obligation was approximately $76 million, payable annually in $12 million installments starting in fiscal 2006, until the obligation is fully repaid.

Warranty

Changes in the Company's warranty liability were as follows (in thousands):

	Three Months Ended		Six Months Ended	
	March 30, 2003	March 31, 2002	March 30, 2003	March 31, 2002
Balance at beginning of period	$12,905	$18,441	$15,670	$19,748
Charges to expense	758	2,623	1,586	2,804
Release of warranty reserve	(4,620)	(127)	(4,620)	(127)
Usage	(1,250)	(2,224)	(4,843)	(3,712)
Balance at end of period	$ 7,793	$18,713	$ 7,793	$18,713

During fiscal 2000, the Company established an additional warranty reserve related to a specific warranty issue affecting a product sold by its QUALCOMM Wireless Business Solutions division. The Company offered a warranty program to its customers allowing them to return certain equipment to the Company for repair. The program was determined to be substantially completed during March 2003, and the Company adjusted its warranty reserve to reflect management's revised estimate of the cost to complete the program.

Operating Leases

The Company leases certain of its facilities and equipment under noncancelable operating leases, with terms ranging from two to ten years and with provisions for cost-of-living increases. Future minimum lease payments for the remainder of fiscal 2003 and for each of the subsequent four years from fiscal 2004 through 2007 are $20 million, $34 million, $27 million, $21 million and $17 million, respectively, and $19 million thereafter.

Letter of Credit and Other Financial Commitments

Pegaso Comunicaciones y Sistemas S.A. de C.V.

The Company had commitments to provide additional long-term financing to Pegaso under its interim financing and additional interim financing facilities with Pegaso and under its arrangements with Ericsson. As a result of a series of events that occurred in November 2002 (Note 2), the commitments under arrangements with Ericsson are no longer available to Pegaso, and the interim financing and additional interim financing commitments were cancelled.

Leap Wireless International, Inc.

The Company had a commitment to provide $125 million of cash loans under a senior secured credit facility with Leap Wireless International, Inc. (Leap Wireless) to facilitate Leap Wireless' purchase of licenses in the Federal Communications Commission's Auction No. 35. This commitment was terminated in December 2002.

Other

In addition to the financing commitments to Ericsson (Note 2), the Company had $3 million in letters of credit outstanding as of March 30, 2003, none of which were collateralized.

Note 8 — Segment Information

The Company is organized on the basis of products and services. The Company aggregates three of its divisions into the QUALCOMM Wireless & Internet segment. Reportable segments are as follows:

- QUALCOMM CDMA Technologies (QCT) — develops and supplies CDMA-based integrated circuits and system software for wireless voice and data communications and global positioning products;

- QUALCOMM Technology Licensing (QTL) — licenses third parties to design, manufacture, and sell products incorporating the Company's CDMA technology;

- QUALCOMM Wireless & Internet (QWI) — comprised of:

  - QUALCOMM Internet Services (QIS) — provides the BREW product and services for wireless operators, wireless device manufacturers and wireless application developers and software development services;

  - QUALCOMM Digital Media (QDM) — provides development, hardware and analytical expertise to United States government agencies involving wireless communications technologies and develops technologies and provides equipment to support the processing, transmission and management of content for a variety of media applications, including the delivery of digitized motion pictures (Digital Cinema).

  - QUALCOMM Wireless Business Solutions (QWBS) — provides satellite and terrestrial-based two-way data messaging and position reporting services to transportation companies, private fleets and construction fleets.

- QUALCOMM Strategic Initiatives (QSI) — manages the Company's strategic investment activities. QSI makes strategic investments to promote the worldwide adoption of CDMA products and services for wireless voice and Internet data communications, including CDMA wireless operators and licensed device manufacturers and companies that support the design and introduction of new CDMA-based products or possess unique capabilities or technology. QSI also provides financing to CDMA wireless operators to facilitate the marketing and sale of CDMA equipment by licensed manufacturers.

The Company evaluates the performance of its segments based on earnings (loss) before income taxes (EBT), excluding certain impairment and other charges that are not allocated to the segments for management reporting purposes. EBT includes the allocation of certain corporate expenses to the segments, including depreciation and amortization expense related to unallocated corporate assets. Segment data includes intersegment revenues.

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The table below presents revenues and EBT for reportable segments (in thousands):

	QCT	QTL	QWI	QSI	Reconciling Items	Total
For the three months ended:						
March 30, 2003						
Revenues	$ 652,873	$260,110	$119,319	$ 26,265	$ (15,524)	$1,043,043
EBT	223,520	236,192	7,370	(245,775)	(6,431)	$ 214,876
March 31, 2002						
Revenues	$ 343,815	$193,955	$110,264	$ 36,852	$ 11,229	$ 696,115
EBT	77,724	171,535	(3,964)	(118,828)	(57,826)	$ 68,641
For the six months ended:						
March 30, 2003						
Revenues	$1,362,554	$515,533	$228,300	$ 55,470	$ (21,645)	$2,140,212
EBT	511,802	465,601	10,131	(378,826)	(4,583)	$ 604,125
March 31, 2002						
Revenues	$ 702,959	$404,758	$219,559	$ 42,806	$ 24,675	$1,394,757
EBT	164,665	360,223	(5,197)	(123,787)	(109,712)	$ 286,192

Reconciling items in the previous table were comprised as follows (in thousands):

	Three Months Ended		Six Months Ended	
	March 30, 2003	March 31, 2002	March 30, 2003	March 31, 2002
Revenues				
Elimination of intersegment revenue	$(34,688)	$(18,714)	$(66,033)	$ (38,000)
Other products	19,164	29,943	44,388	62,675
Reconciling items	$(15,524)	$ 11,229	$(21,645)	$ 24,675
Earnings before income taxes				
Unallocated goodwill amortization (Note 1)	$ —	$(61,128)	$ —	$(122,278)
Unallocated amortization of other acquisition-related intangible assets	(1,807)	(3,049)	(3,622)	(6,125)
Other unallocated corporate expenses	(31,393)	(10,898)	(52,450)	(18,212)
Unallocated investment income, net	33,569	23,219	59,559	47,222
Unallocated interest expense	(232)	(127)	(1,525)	(158)
EBT from other products	(2,442)	(4,901)	(1,752)	(6,344)
Intracompany profit	(4,126)	(942)	(4,793)	(3,817)
Reconciling items	$ (6,431)	$(57,826)	$ (4,583)	$(109,712)

Generally, revenues between operating segments are based on prevailing market rates or an approximation thereof. Certain charges are allocated to the corporate functional department in the Company's management reports based on the decision that those charges should not be used to evaluate the segments' operating performance.

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(Unaudited)

Revenues from external customers and intersegment revenues were as follows (in thousands):

	QCT	QTL	QWI	QSI
For the three months ended:				
March 30, 2003				
Revenues from external customers	$ 652,449	$231,809	$113,356	$26,265
Intersegment revenues	424	28,301	5,963	—
March 31, 2002				
Revenues from external customers	$ 341,833	$179,458	$108,029	$36,852
Intersegment revenues	1,982	14,497	2,235	—
For the six months ended:				
March 30, 2003				
Revenues from external customers	$1,361,664	$457,271	$221,419	$55,470
Intersegment revenues	890	58,262	6,881	—
March 31, 2002				
Revenues from external customers	$ 700,172	$374,925	$214,179	$42,806
Intersegment revenues	2,787	29,833	5,380	—

Segment assets are comprised of accounts receivable, finance receivables and inventory for QCT, QTL and QWI. The QSI segment assets include marketable securities, accounts receivable, finance receivables, notes receivable, other investments and all assets of consolidated investees, including Vésper Holding (Note 9). Total segment assets differ from total assets on a consolidated basis as a result of unallocated corporate assets primarily comprised of cash, cash equivalents, marketable debt securities, property, plant and equipment, and goodwill. Segment assets were as follows (in thousands):

	March 30, 2003	September 29, 2002
QCT	$ 362,419	$ 290,598
QTL	166,039	168,777
QWI	114,792	107,453
QSI	1,137,198	1,754,957
Reconciling items	6,437,734	4,184,263
Total consolidated assets	$8,218,182	$6,506,048

Note 9 — Acquisitions

Vésper Holding, Ltd.

In fiscal 1999, the Company acquired an approximate 16% ownership interest in Vésper Sao Paulo S.A. and Vésper S.A. (the Vésper Operating Companies or collectively, Vésper). The Vésper Operating Companies were formed by a consortium of investors to provide wireless and wireline telephone services in the northern, northeast and eastern regions of Brazil and in the state of Sao Paulo. In addition, the Company extended long-term financing to the Vésper Operating Companies related to the Company's financing arrangement with Ericsson (Note 2). On November 13, 2001, QUALCOMM consummated a series of transactions as part of an overall financial restructuring (the Restructuring) of the Vésper Operating Companies.

Pursuant to the Restructuring, the Company and VeloCom, Inc. (VeloCom) invested $266 million and $80 million, respectively, in a newly formed holding company called Vésper Holding. Vésper Holding acquired

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certain liabilities of the Vésper Operating Companies from their vendors for $135 million and the issuance of warrants to purchase an approximate 7% interest in Vésper Holding, and the vendors released in full any claims that they might have against the Company, VeloCom, the Vésper Operating Companies and other related parties arising from or related to the acquired liabilities. In a series of related transactions, Vésper Holding agreed to contribute the acquired liabilities to the Vésper Operating Companies in exchange for equity securities and to cancel the contributed liabilities. At March 30, 2003, the Company directly owned 72% of the issued and outstanding equity of Vésper Holding, and the Company indirectly owned an additional 11.9% of Vésper Holding through its 49.9% ownership interest in VeloCom, totaling an 83.9% direct and indirect interest.

The purchase price allocation, based on the estimated fair values of acquired assets and liabilities assumed, included $308 million for property, plant and equipment, $39 million for licenses, and $31 million for other intangible assets. Property, plant and equipment are depreciated over useful lives ranging from 2 to 18 years. Licenses and other intangible assets are amortized over their useful lives of 15 to 18 years and 3 to 18 years, respectively.

On December 18, 2002, Vésper requested authorization from Anatel, the Brazilian telecommunications regulatory agency, for a secondary allocation for mobility pursuant to Regulation 314 and consistent with representations made to Vésper by Anatel in September 2002. The approval of such a request would allow Vésper to utilize its new/up-banded 1900MHz frequencies for full mobility and fixed services in the areas covered by the newly acquired SMP (mobile) wireless licenses (Note 7). On January 24, 2003, Anatel unexpectedly, and without explanation, denied Vésper's request. Vésper sought administrative recourse by appealing the decision to Anatel's Board of Directors, but on April 9, 2003, the Board of Anatel denied Vésper's appeal based on a strict interpretation of the Request for Proposal (RFP) for the SMP bid, holding that the RFP required mobile services under the SMP license be provided utilizing 1800MHz frequencies.

The Company is considering its options, including a legal challenge to this decision. While the Company strongly believes in the merits of its position, a legal challenge will take a significant amount of time to resolve, will be expensive and will not assure a favorable outcome. While such a legal challenge is ongoing, the Company believes Vésper will be denied the opportunity to compete and grow, given the uncertainties surrounding such a challenge and the significant impact on Vésper's business. Continuing to provide or obtain the significant funding required to maintain existing operations during an extended period while this case is adjudicated is not feasible. Consequently, the Company is pursuing an expedited exit strategy whereby Vésper and/or its assets will be sold or otherwise disposed of, although a formal plan of disposal has not been approved by management.

As a result of the recent actions by Anatel, and after an evaluation of the potential acquirers and the valuations that they may ascribe Vésper given the regulatory situation, the Company does not believe that the carrying value of Vésper's long-lived assets can be fully recovered through the estimated cash flows, including potential net sale proceeds. Accordingly, the Company recorded a $160 million impairment loss on its long-lived assets related to Vésper during the second quarter of fiscal 2003. The impairment loss recognized was the difference between the assets' carrying values and their estimated fair values. At March 30, 2003, the carrying values of assets and liabilities related to Vésper totaled $233 million and $234 million, respectively. The Company expects to realize cumulative translation losses as part of the gain or loss on a sale or other disposition of Vésper and/or its assets and its investment in VeloCom. The cumulative foreign currency translation losses related to Vésper and VeloCom were approximately $48 million and $9 million, respectively, at March 30, 2003.

Due to the Company's practice of consolidating foreign subsidiaries one month in arrears, the consolidated financial statements for the three months ended March 30, 2003 and March 31, 2002 included $162 million and $45 million in losses, net of minority interest, respectively, of Vésper Holding from

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December 1, 2002 and 2001 through February 28, 2003 and 2002, respectively. The consolidated financial statements for the six months ended March 30, 2003 and March 31, 2002 included $192 million and $54 million in losses, net of minority interest, respectively, of Vésper Holding from September 1, 2002 through February 28, 2003 and November 13, 2001 (the acquisition date) through February 28, 2002, respectively. The consolidated financial statements for the three months ended March 30, 2003 and March 31, 2002 also included $18 million and $8 million of equity losses, respectively, related to VeloCom. The consolidated financial statements for the six months ended March 30, 2003 and March 31, 2002 also included $24 million and $16 million of equity losses, respectively, related to VeloCom and Vésper Holding (pre-acquisition). Pro forma operating results for the Company, assuming the acquisition of Vésper Holding had been made at the beginning of the periods presented, are as follows (in thousands, except per share data):

	Six Months Ended March 31, 2002
Revenues	$ 1,414,595
Net income	$ 159,232
Basic earnings per common share	$ 0.21
Diluted earnings per common share	$ 0.20

These pro forma results have been prepared for comparative purposes only and may not be indicative of the results of operations that actually would have occurred had the combination been in effect at the beginning of the respective periods or of future results of operations of the consolidated entities.

Note 10 — Auction Discount Voucher

The Company was awarded a $125 million Auction Discount Voucher (ADV) by the Federal Communications Commission in June 2000 as the result of a legal ruling. The ADV is fully transferable and may, subject to certain conditions, be used in whole or in part by any entity in any Federal Communications Commission spectrum auction over a period of three years, including those in which QUALCOMM is not a participant. During November 2002, the Federal Communications Commission amended the terms of the ADV to allow the Company to use the ADV to satisfy existing Federal Communications Commission debt of other companies.

The Company transferred approximately $11 million of the ADV's value to a wireless operator during fiscal 2001. The remaining value of the ADV at March 30, 2003 was approximately $114 million. The ADV expires in June 2003. The Company filed a one year extension request with the Federal Communications Commission during the second quarter of fiscal 2003 which may not be approved. The Company had no cost basis in the ADV at March 30, 2003.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

This information should be read in conjunction with the condensed consolidated financial statements and the notes thereto included in Item 1 of Part I of this Quarterly Report and the audited consolidated financial statements and notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ended September 29, 2002 contained in our 2002 Annual Report on Form 10-K.

In addition to historical information, the following discussion 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 described in the section entitled Risk Factors and elsewhere in this Quarterly Report. Our consolidated financial data includes SnapTrack, Inc. (SnapTrack), Vésper Holding Ltd. (Vésper Holding) and other consolidated subsidiaries.

Overview

We design, manufacture and market digital wireless telecommunications products and services based on our CDMA and other technologies. We derive revenue principally from license fees and royalties from our intellectual property, from sales of integrated circuit products, from services and related hardware sales and from software development and related services. Operating expenses primarily consist of cost of equipment and services revenues, research and development, selling, general and administrative, amortization of goodwill and other acquisition-related intangible assets and asset impairment charges.

Our QUALCOMM CDMA Technologies (QCT) segment is a leading developer and supplier of CDMA-based integrated circuits and system software for wireless voice and data communications and global positioning system products. QCT software products are the interface link between the operating system that controls the phone and the functionality embedded in our integrated circuit products. QCT products are sold to many of the world's leading wireless phone and infrastructure manufacturers. QCT revenues comprised 63% and 49% of total consolidated revenues in the second quarter of fiscal 2003 and 2002, respectively. QCT revenues comprised 64% and 50% of total consolidated revenues in the first six months of fiscal 2003 and 2002, respectively.

Our QUALCOMM Technology Licensing (QTL) segment receives license fees and royalty payments for use of our CDMA technology by domestic and international wireless telecommunications equipment suppliers. QTL generates revenue from license fees for our patented CDMA (e.g., cdmaOne, CDMA2000, WCDMA and TD-SCDMA) technologies as well as ongoing royalties based on worldwide sales by licensees that design, manufacture and sell products incorporating our CDMA technology. QTL revenues comprised 25% and 28% of total consolidated revenues in the second quarter of fiscal 2003 and 2002, respectively. QTL revenues comprised 24% and 29% of total consolidated revenues in the first six months of fiscal 2003 and 2002, respectively.

Our QUALCOMM Wireless & Internet (QWI) segment, which includes QUALCOMM Wireless Business Solutions (QWBS), QUALCOMM Internet Services (QIS) and QUALCOMM Digital Media (QDM), generates revenue primarily through mobile communication products and services, software and software development aimed at support and delivery of wireless applications. QWBS provides satellite and terrestrial-based two-way data messaging and position reporting services to transportation companies, private fleets and construction fleets. QIS provides BREW, a complete product and business system for the development and over-the-air deployment of data services on wireless devices. QIS also provides QChat, which enables virtually instantaneous push-to-talk functionality on wireless devices. The QDM division is comprised of the Government Systems and Digital Cinema businesses. The Government Systems business provides development, hardware and analytical expertise to United States government agencies involving wireless communications technologies. The Digital Cinema business develops technologies and provides equipment to support the processing, transmission and management of content for a variety of media applications, including the delivery of digitized motion pictures. QWI revenues comprised 11% and 16% of total consolidated revenues in the second quarter of fiscal 2003 and 2002, respectively, and in the first six months of fiscal 2003 and 2002, respectively.

Our QUALCOMM Strategic Initiatives (QSI) segment makes strategic investments to promote the worldwide adoption of CDMA products and services for wireless voice and Internet data communications. Our strategy is to invest in CDMA wireless operators, licensed device manufacturers and start-up companies that we believe open new markets for CMDA technology, support the design and introduction of new CDMA-based products or possess unique capabilities or technology to promote Internet data communications. QSI's revenues relate primarily to the consolidation of our investment in Vésper. QSI revenues comprised 3% and 5% of total consolidated revenues in the second quarter of fiscal 2003 and 2002, respectively. QSI revenues comprised 3% of total consolidated revenues in the first six months of both fiscal 2003 and 2002.

Recent global economic weakness has had wide-ranging effects on markets that we serve, particularly wireless communications equipment manufacturers and network operators. We cannot predict whether a recovery will occur or what effects negative events, such as war, may have on the economy. Further, an economic recovery, if it occurs, may not benefit us in the near term. If it does not, our ability to increase or maintain our revenues and operating results may be impaired. To increase our revenues and market share in future periods, we are dependent upon the adoption and commercial deployment of 3G wireless communications equipment, products and services based on our CDMA technology. Although network operators have commercially deployed CDMA2000 1X, we cannot predict the timing or success of other commercial deployments. If existing deployments are not commercially successful, or if new commercial deployments of CDMA2000 1X are delayed or unsuccessful, our business and financial results may be harmed.

We currently face significant competition in our markets and expect that competition will continue. This competition may result in reduced average selling prices for our products and those of our customers and licensees. Reductions in the average selling price of our licensees' products generally result in reduced average royalties. While pricing pressures resulting from competition may, to a large extent, be mitigated by the introduction of new features and functionality in our licensees' products, there is no guarantee that such mitigation will occur.

The wireless communications industry has experienced consolidation of participants, and this trend may continue. If wireless operators consolidate with companies that utilize technologies that compete with CDMA, then CDMA may lose market share unless the surviving entity continues to deploy CDMA. This consolidation could also result in delays in or cancellation of purchasing decisions by the merged companies, negatively affecting our revenues and operating results.

We will continue to expand our international sales operations and enter new international markets. This expansion will require significant management attention and financial resources to successfully develop direct and indirect international sales and support channels, and we cannot assure you that we will be successful or that our expenditures in this effort will not exceed the amount of any resulting revenues. If we are not able to maintain or increase international market demand for our products and technologies, then we may not be able to maintain an acceptable rate of growth in our business.

Revenues from customers in South Korea, the United States and Japan comprised 47%, 21% and 14%, respectively, of total consolidated revenues in the first six months of fiscal 2003, as compared to 35%, 32% and 20%, respectively, in the first six months of fiscal 2002. We distinguish revenue from external customers by geographic areas based on customer location. The increase in revenues from customers in South Korea, as a percentage of the total, is primarily attributed to higher exports and the commercial deployment of our 3G CDMA2000 1X technology in October 2000 in South Korea where over 17 million subscribers were using this technology at the end of February 2003. The decrease in revenues from customers in the United States, as a percentage of the total, is primarily attributed to overall increases in revenues in geographic regions other than the United States. The general decrease in revenues from customers in Japan, as a percentage of the total, is primarily attributed to overall increases in revenues in geographic regions other than Japan.

Strategic Investments and Financing

Our QSI segment makes strategic investments to promote the worldwide adoption of CDMA products and services for wireless voice and Internet data communications. In general, we enter into strategic relationships with CDMA wireless operators and developers of innovative technologies or products for the wireless communications industry. As part of the agreement to sell our infrastructure equipment business to Ericsson in 1999, we have provided equipment financing to customers of Ericsson on a shared basis with respect to Ericsson's sale of CDMA infrastructure in Brazil, Mexico and elsewhere. Our QSI segment selects and manages strategic investments in early stage companies and, from time to time, venture funds or incubators, to support the adoption of CDMA and use of the wireless Internet. Most of our strategic investments entail a high degree of risk and will not become liquid until more than one year from the date of investment, if at all. To the extent such investments become liquid and meet strategic and price objectives, we may sell the investments and recognize the realized gain (loss) in investment (expense) income. We regularly monitor and evaluate the realizable value of our investments in both marketable and private securities. If events and circumstances indicate that a decline in the value of these assets has occurred and is other than temporary, we will record a charge to investment (expense) income. During the second quarter of fiscal 2003, we recognized $24 million in charges related to other-than-temporary losses on marketable and private securities, compared to $5 million in the second quarter of fiscal 2002. In some cases, we make strategic investments in early stage companies which require us to consolidate or record our equity in the losses of those companies. The consolidation of these losses can adversely affect our financial results until we exit from or reduce our exposure to the investments.

From time to time, we may accept an equity interest in a licensee as consideration for a portion or all of the license fee payable under our CDMA license agreement. We record license fee revenue based on the fair value of the equity instruments received, if determinable. The measurement date for determination of fair value is the earlier of the date on which the parties establish a commitment to perform or the date at which the performance is complete. The evaluation procedures used to determine fair value include, but are not limited to, examining the current market price for the shares if the licensee is publicly traded, examining recent rounds of financing and the licensee's business plan if not publicly traded, and performing other due diligence procedures. This equity program does not affect the licensees' obligations to pay royalties under their CDMA license agreements. The amount of cash consideration and the timing of revenue recognition vary depending on the terms of each agreement. As of March 30, 2003, nine licensees have participated in this equity program. We recognized $1 million of revenue in the second quarter of fiscal 2003, consistent with $1 million in the second quarter of fiscal 2002 related to equity received as consideration for license fees.

Vésper Holding, Ltd.

In fiscal 1999, we acquired an approximate 16% ownership interest in Vésper Sao Paulo S.A. and Vésper S.A. (the Vésper Operating Companies or collectively, Vésper). The Vésper Operating Companies were formed by a consortium of investors to provide fixed wireless and wireline telephone services in the northern, northeast and eastern regions of Brazil and in the state of Sao Paulo. In addition, we extended long-term financing to the Vésper Operating Companies related to our financing arrangement with Ericsson. On November 13, 2001, we consummated a series of transactions as part of an overall financial restructuring (the Restructuring) of the Vésper Operating Companies.

Pursuant to the Restructuring, we invested $266 million, and VeloCom, Inc. (VeloCom) invested $80 million, in a newly formed holding company called Vésper Holding, Ltd. (Vésper Holding). Vésper Holding acquired certain liabilities of the Vésper Operating Companies from their vendors for $135 million and the issuance of warrants to purchase an approximate 7% interest in Vésper Holding, and the vendors released in full any claims that they might have against us, VeloCom, Vésper, its direct and indirect parent companies and other related parties arising from or related to the acquired liabilities. In a series of related transactions, Vésper Holding agreed to contribute the acquired liabilities to the Vésper Operating Companies in exchange for equity securities and to cancel the contributed liabilities. At March 30, 2003, we directly owned approximately 72% of the issued and outstanding equity of Vésper Holding, and we indirectly owned an additional approximate 11.9% of Vésper Holding through our ownership interest in VeloCom, totaling an approximate 83.9% direct and indirect interest.

In July 2002, a group of Brazilian mobile operators sued the Vésper Operating Companies, claiming Vésper violated its STFC (fixed) license by allowing full mobility on its network. The court issued an order temporarily restraining Vésper from continued sales of its limited mobility product pending the trial. This order did not impact Vésper's existing customers, nor sales of other types of products. Subsequently, Anatel, the Brazilian telecommunications regulatory agency, placed a similar administrative hold on Vésper until such time as it could determine whether Vésper was in compliance with existing regulations. Vésper successfully appealed the court order, and the temporary restraint was lifted although the underlying court case remains to be tried. Additionally, Vésper and Anatel reviewed the issue from a technical and regulatory standpoint, and the parties reached an agreement which allowed Vésper to resume sales of its limited mobility product following Vésper's implementation in its network of certain technical adjustments to restrict broad mobility. Vésper subsequently made those technical adjustments.

In September 2002, Anatel issued Resolution 314, which modified certain current telecommunications regulations. As part of this resolution and prior resolutions, Vésper will be required to vacate its current spectrum in the 1900MHz frequency (analogous to United States Band A/ D) in the coming years to enable the frequency to be allotted to future Universal Mobile Telecommunications System (UMTS) license holders. In return, Vésper has been assigned new 1900MHz frequencies (analogous to United States PCS Band C). Pursuant to Resolution 314, upon completion of up-banding of its network, Vésper would be permitted to utilize the new 1900MHz frequencies for its primary allocation for fixed wireless services, as well as to apply for permission to use those frequencies for full mobility services offered under an SMP (mobile) license. Such secondary use of the new 1900 MHz frequencies for SMP (mobile) services would require Vésper to either obtain its own SMP license(s) or to enter into an arrangement with an SMP license holder whereby CDMA mobility at 1900MHz would be offered by the license holder utilizing Vésper's up-banded infrastructure.

On November 19, 2002, we won bids to acquire mobile licenses in the state of São Paulo (excluding São Paulo metro), the state of Minas Gerais, and in the Northeast region of Brazil (license Areas 2, 4, and 10, respectively). The new mobile licenses cover areas with a combined population in excess of 64 million people. The mobile licenses overlap with approximately 47% of Vésper's existing fixed wireless service areas. None of the mobile licenses cover an area outside of Vésper's current coverage areas. Two of three mobile licenses (areas 4 and 10) cover areas where there is currently no other CDMA operation, and thus are of strategic importance to us. Approximately $8 million of the approximate $82 million purchase price was paid in December 2002. The remaining Brazilian real-denominated obligation is financed by the Brazilian government at an interest rate of 12% per annum, plus an adjustment for inflation, payable in six equal annual installments starting in fiscal 2006. At March 30, 2003, the license obligation was approximately $76 million.

On December 18, 2002, Vésper requested authorization for a secondary allocation for mobility pursuant to Regulation 314 and consistent with representations made to Vésper by Anatel in September 2002. The approval of such a request would allow Vésper to utilize its new/up-banded 1900MHz frequencies for full mobility and fixed services in the areas covered by the newly acquired SMP (mobile) licenses. On January 24, 2003, Anatel unexpectedly, and without explanation, denied Vésper's request. Vésper sought administrative recourse by appealing the decision to Anatel's Board of Directors, but on April 9, 2003, the Board of Anatel denied Vésper's appeal based on a strict interpretation of the Request for Proposal (RFP) for the SMP bid, holding that the RFP required mobile services under the SMP license be provided utilizing 1800MHz frequencies.

We believe that the denial is arbitrary and without legal merit. We are considering our options, including a legal challenge to this decision. While we strongly believe in the merits of our position, we expect a legal challenge will take a significant amount of time to resolve, will be expensive and will not assure a favorable outcome. While such a legal challenge is ongoing, we believe Vésper will be denied the opportunity to compete and grow, given the uncertainties surrounding such a challenge and the significant impact on Vésper's business. Continuing to provide or obtain the significant funding required to maintain existing operations during an extended period while this case is adjudicated is not feasible. Consequently, we are pursuing an expedited exit strategy whereby Vésper and/or its assets will be sold or otherwise disposed of, although a formal plan of disposal has not been approved by management.

In the near term, as we develop this exit strategy, Vésper will continue to operate its existing fixed wireless and wireline network. The 1xEV-DO network covering metro São Paulo will be commercially launched at the end of April. We will continue to undertake significant cost cutting measures so as to preserve the value of the core assets and existing business while reducing cash expenditures. We are meeting with Vésper's lenders and key suppliers and seeking financial relief under their contracts. Furthermore, we are pursuing accelerated discussions with various parties who may be interested in acquiring the Vésper business and properties.

As a result of the recent actions by Anatel, and after an evaluation of the potential acquirers and the valuations that they may ascribe Vésper given the regulatory situation, we do not believe that the carrying value of Vésper's long-lived assets can be fully recovered through the estimated cash flows, including potential net sale proceeds. Accordingly, we recorded a $160 million impairment loss on our long-lived assets related to Vésper during the second quarter of fiscal 2003. The impairment loss recognized was the difference between the assets' carrying values and their estimated fair values. At March 30, 2003 the carrying values of assets and liabilities related to Vésper totaled $233 million and $234 million, respectively. We expect to realize cumulative translation losses as part of the gain or loss on a sale or other disposition of Vésper and/or its assets and our investment in VeloCom. The cumulative foreign currency translation losses related to Vésper and VeloCom were approximately $48 million and $9 million, respectively, at March 30, 2003. We expect Vésper to require approximately $14 million in cash funding over the next three months, and we may incur additional losses related to Vésper if we are not successful in realizing the estimated fair value of Vésper's assets upon their sale or other disposition or if we are unable to effect a sale or other disposition of Vésper and/or its assets quickly.

Pegaso Telecomunicaciones, S.A. de C.V.

We had various financing arrangements, including a bridge loan facility, an equipment loan facility and interim and additional interim loan facilities, with Pegaso Comunicaciones y Sistemas S.A. de C.V., a wholly owned subsidiary of Pegaso Telecomunicaciones, S.A. de C.V., a CDMA wireless operator in Mexico (collectively referred to as Pegaso). On September 10, 2002, Telefónica Móviles (Telefónica) acquired a 65% controlling interest in Pegaso. On October 10, 2002, Pegaso paid $82 million in full satisfaction of the interim and additional interim loans. On November 8, 2002, Pegaso paid $435 million in full satisfaction of the bridge loan facility. We used approximately $139 million of the bridge loan proceeds to purchase outstanding vendor debt owed by Pegaso to other lenders. As a result of these transactions, finance receivables decreased by $378 million.

At March 30, 2003, amounts outstanding, net of unearned interest and fees, under the equipment loan facility were $441 million, including the acquired vendor debt, as compared to $821 million outstanding under the various financing arrangements with Pegaso at September 29, 2002. On March 31, 2003, Pegaso paid $4 million on the equipment loan facility. The remaining equipment loan facility outstanding with Pegaso, including the acquired vendor debt, is payable quarterly starting in March 2006 through December 2008 and bears interest at the London Interbank Offered Rate (LIBOR) plus 1% for two years, LIBOR plus 3% for the next three years and LIBOR plus 6% thereafter. We recognized $11 million in interest income during the six months ended March 30, 2003. In the event that Pegaso were to initiate the commercialization of GSM or TDMA services in its spectrum, Pegaso would be obliged to prepay $285 million of the principal amount, plus accrued interest, outstanding under the equipment loan facility. Telefónica has indicated its intention to deploy GSM in Mexico.

Pegaso is at an early stage of development and may not be able to compete successfully. Competitors in Mexico have greater financial resources and more established operations than Pegaso. As is normal for early stage wireless operators, Pegaso is experiencing significant losses and negative cash flows from operations. Based on current information and available evidence, including the acquisition of Pegaso by Telefónica, we believe that we will ultimately be able to collect the remaining long-term financing due from Pegaso. Failure to collect our finance receivables could have a material adverse effect on our operating results and financial condition.

Inquam Ltd

In October 2000, we agreed to invest $200 million in the convertible preferred shares of Inquam Limited (Inquam) for an approximate 42% ownership interest in Inquam. Inquam was formed to acquire, own, develop and manage wireless communications systems, either directly or indirectly, with the primary intent of deploying CDMA-based technology. We use the equity method to account for our investment in Inquam. At March 30, 2003, our investment in Inquam was $86 million, net of equity in losses. We provided $27 million in funding during the six months ended March 30, 2003. We had no remaining equity funding commitment at March 30, 2003; however, on March 26, 2003, we agreed to extend $25 million of bridge loan financing to Inquam, of which $10 million was funded on April 1, 2003. Another investor in Inquam also agreed to provide $25 million of bridge loan financing. We expect to fund our remaining bridge loan commitment through May 2003. We are considering additional investment and/or debt financing. Inquam's management expects to meet certain operational milestones necessary for expansion of Inquam's CDMA operations during 2003 and to raise additional funds required over the next nine months for Inquam to realize the value of its current operations. Total additional funding required by Inquam for calendar 2003 is estimated to be between $150 million and $170 million, and Inquam's management does not expect Inquam to be cash flow positive until calendar 2007 with its current business plan. If new investors cannot be found, or should existing investors decide not to provide additional funding, or if Inquam does not promptly meet certain operational milestones necessary for expansion, Inquam's growth potential and the value of our investment in Inquam may be negatively affected.

Korea Telecom Freetel Co., Ltd.

In fiscal 2000, we purchased 2,565,000 common shares of Korea Telecom Freetel Co., Ltd. (KTF), a wireless phone operator in South Korea, for $110 million and an $86 million zero coupon bond with warrants to purchase approximately 1,851,000 additional shares. During fiscal 2002, we exercised the warrants by tendering the bond as payment in full. We hold 4,416,000 common shares of KTF, representing a 2.3% interest, as of March 30, 2003. The fair value of the common shares was $88 million at March 30, 2003. During the first quarter of fiscal 2003, we determined that the decline in the market value of our investment in KTF was other than temporary. As a result, we recorded $55 million in other-than-temporary losses on marketable securities. In total, $88 million has been charged to earnings and $20 million to other comprehensive loss since the investment was made in fiscal 2000.

We regularly monitor and evaluate the fair value of our marketable securities. When assessing our investment in KTF for an other-than-temporary decline in value, we considered such factors as, among other things, the decline in KTF's stock value as a percentage of the original cost, the length of time in which the market value of the investment had been below its original cost, the failure of information regarding the merger of KTF with KT-ICOM to positively impact KTF's stock price, and other news and events that may negatively affect the recovery of KTF's stock price. These events and circumstances indicated that a decline in the value of the investment that was other than temporary occurred in the first quarter of fiscal 2003.

Second Quarter of Fiscal 2003 Compared to Second Quarter of Fiscal 2002

Total revenues for the second quarter of fiscal 2003 were $1,043 million compared to $696 million for the second quarter of fiscal 2002.

Revenues from sales of equipment and services for the second quarter of fiscal 2003 were $789 million, compared to $504 million for the second quarter of fiscal 2002. Revenues from sales of equipment and services for the second quarter of fiscal 2003 included $26 million related to the consolidation of Vésper Holding compared to $36 million in the second quarter of fiscal 2002. Revenues from sales of integrated circuits increased $304 million, primarily due to an increase in unit shipments of Mobile Station Modem (MSM) and accompanying radio frequency (RF) integrated circuits.

Revenues from licensing and royalty fees for the second quarter of fiscal 2003 were $254 million, compared to $192 million for the second quarter of fiscal 2002. The increase resulted from higher QTL segment royalties, resulting primarily from an increase in phone sales by our licensees.

Cost of equipment and services revenues for the second quarter of fiscal 2003 were $382 million, compared to $292 million for the second quarter of fiscal 2002. Cost of equipment and services revenues as a percentage of equipment and services revenues was 48% for the second quarter of fiscal 2003, compared to 58% in the second quarter of fiscal 2002. The margin percentage improvement in the second quarter of fiscal 2003 compared to the second quarter of fiscal 2002 was primarily due to the increase in QCT revenues as a percentage of total equipment and services revenues, resulting in increased QCT margin relative to the total. Cost of equipment and services revenues for the second quarter of fiscal 2003 included $41 million related to the consolidation of Vésper Holding, compared to $71 million in the second quarter of fiscal 2002. Cost of equipment and services revenues as a percentage of equipment and services revenues may fluctuate in future quarters depending on the mix of products sold and services provided, competitive pricing, new product introduction costs and other factors.

For the second quarter of fiscal 2003, research and development expenses were $132 million or 13% of revenues, compared to $117 million or 17% of revenues for the second quarter of fiscal 2002. The dollar increase in research and development expenses was primarily due to a $21 million increase in costs related to integrated circuit product initiatives to support multimedia applications, high-speed wireless Internet access and multimode, multiband, multinetwork products including CDMA2000 1X/1xEV-DO, GSM/ GPRS, WCDMA and radioOne technologies, partially offset by a $4 million decrease in research and development efforts for the QWI segment.

For the second quarter of fiscal 2003, selling, general and administrative expenses were $136 million or 13% of revenues, compared to $124 million or 18% of revenues for the second quarter of fiscal 2002. The dollar increase was primarily due to a $7 million increase in employee related expenses and a $4 million increase in marketing and support efforts related to the BREW product, partially offset by a $7 million decrease in Vésper expenses, largely attributed to weakening of the Brazilian real against the U.S. dollar. Selling, general and administrative expenses for the second quarter of fiscal 2003 included $15 million related to the consolidation of Vésper Holding, compared to $22 million in the second quarter of fiscal 2002.

Amortization of goodwill and other acquisition-related intangible assets was $2 million for the second quarter of fiscal 2003, compared to $64 million in the second quarter of fiscal 2002. Starting in fiscal 2003, the Company no longer records goodwill amortization as a result of the adoption of FAS 142. Amortization in the second quarter of fiscal 2002 was primarily related to the acquisition of SnapTrack in March 2000.

For the second quarter of fiscal 2003, asset impairment charges were $160 million. There were no asset impairment charges in the second quarter of fiscal 2002. Asset impairment charges during the second quarter of fiscal 2003 were comprised of charges resulting from managements' belief that the carrying value of Vésper's long-lived assets cannot be fully recovered through the estimated cash flows, including net sale proceeds. The impairment loss recognized was the difference between the assets' carrying values and their estimated fair values.

Interest expense was $4 million for the second quarter of fiscal 2003, compared to $6 million for the second quarter of fiscal 2002. Interest expense was primarily related to the $170 million long-term debt of Vésper Holding.

Net investment expense was $13 million for the second quarter of fiscal 2003 compared to $25 million for the second quarter of fiscal 2002. The change was primarily comprised as follows (in millions):

	Three Months Ended		
	March 30, 2003	March 31, 2002	Change
Interest income:			
Corporate	$ 28	$ 23	$ 5
QSI	7	9	(2)
Net realized gains on investments:			
Corporate	6	1	5
QSI	4	—	4
Other-than-temporary losses on marketable securities	(18)	(2)	(16)
Other-than-temporary losses on other investments	(6)	(3)	(3)
Change in fair values of derivative investments	—	(49)	49
Minority interest in losses of consolidated subsidiaries	23	17	6
Equity in losses of investees	(57)	(21)	(36)
	$ (13)	$ (25)	$ 12

The increase in interest income on corporate cash and marketable securities was a result of higher average cash and marketable securities balances, partially offset by the impact of lower interest rates earned on these balances. The decline in QSI interest income was a result of the cessation of interest income recognition on Leap Wireless bonds starting in April 2002, partially offset by an increase in interest income on Pegaso debt facilities in fiscal 2003. The other-than-temporary losses on marketable securities during the second quarter of fiscal 2003 primarily related to a $16 million impairment of our investment in a provider of semiconductor packaging, test and distribution services. The change in fair values of derivative investments during the second quarter of fiscal 2002 primarily resulted from decreases in the price of Leap Wireless stock, which affected the fair values of our warrants to acquire Leap Wireless stock. Minority interest in losses of consolidated subsidiaries includes $23 million due to the consolidation of Vésper operating losses in the second quarter of fiscal 2003, as compared to $18 million in the second quarter of fiscal 2002. There was no remaining minority interest obligation related to Vésper Holding at March 30, 2003. Equity in losses of investees increased primarily due to a $23 million increase in our equity in losses incurred by Inquam and a $10 million increase in our equity in losses incurred by VeloCom.

Income tax expense was $112 million for the second quarter of fiscal 2003 compared to $25 million for the second quarter of fiscal 2002. The annual effective tax rate is estimated to be 43% for fiscal 2003, compared to the 36% annual effective tax rate recorded during the second quarter of fiscal 2002. The estimated annual effective tax rate for fiscal 2003 is higher than the U.S. federal statutory rate due to state taxes and net capital losses for which no tax benefit is recorded, partially offset by the benefit of research tax credits and foreign earnings taxed at less than the U.S. federal rate. The actual effective tax rate for fiscal 2002 was 22%. The primary difference between the expected 2003 tax rate and the actual 2002 tax rate is that 2002 included the reversal of a deferred tax valuation allowance that was previously charged to expense, partially offset by the impact of nondeductible goodwill amortization.

We removed the valuation allowance on substantially all of our U.S. deferred tax assets during the second quarter of fiscal 2003 since we now believe that we will have sufficient taxable income after stock option deductions to utilize these deferred tax assets. The removal of the valuation allowance was accounted for as an increase to stockholders' equity. We continue to provide a valuation allowance on substantially all of our foreign deferred tax assets because of uncertainty regarding their realization due to a history of losses from operations. We also provide a valuation allowance on all net capital losses generated after September 29, 2002 because of uncertainty regarding their realization for tax purposes. If capital losses are utilized and any portion of the $19 million valuation allowance is removed, the release would be accounted for as a reduction of the income tax provision.

First Six Months of Fiscal 2003 Compared to First Six Months of Fiscal 2002

Total revenues for the first six months of fiscal 2003 were $2,140 million, compared to $1,395 million for the first six months of fiscal 2002. Revenues from Samsung, LG Electronics, Motorola and Kyocera, customers of both QCT and QTL, comprised an aggregate of 18%, 13%, 11% and 10% of total consolidated revenues, respectively, in the first six months of fiscal 2003, as compared to 16%, 10%, 7% and 15%, respectively, in the first six months of fiscal 2002. The percentages for Kyocera included 2% and 4% in the first six months of fiscal 2003 and 2002, respectively, related to services provided to Kyocera by employees from our terrestrial-based CDMA wireless consumer phone business which was sold to Kyocera in February 2000. This arrangement with Kyocera terminated in February 2003.

Revenues from sales of equipment and services for the first six months of fiscal 2003 were $1,647 million, compared to $993 million for the first six months of fiscal 2002. Revenues from sales of equipment and services for the first six months of fiscal 2003 included $55 million related to the consolidation of Vésper Holding compared to $42 million in the first six months of fiscal 2002. Revenues from sales of integrated circuits increased $658 million, primarily due to an increase in unit shipments of MSM and accompanying RF integrated circuits.

Revenues from licensing and royalty fees for the first six months of fiscal 2003 were $493 million, compared to $402 million for the first six months of fiscal 2002. The increase resulted from higher QTL segment royalties, resulting primarily from an increase in phone sales by our licensees.

Cost of equipment and services revenues for the first six months of fiscal 2003 were $770 million, compared to $537 million for the first six months of fiscal 2002. Cost of equipment and services revenues as a percentage of equipment and services revenues was 47% for the first six months of fiscal 2003, compared to 54% in the first six months of fiscal 2002. The margin percentage improvement in the first six months of fiscal 2003 compared to the first six months of fiscal 2002 was primarily due to the increase in QCT revenues as a percentage of total equipment and services revenues, resulting in increased QCT margin relative to the total. Cost of equipment and services revenues for the first six months of fiscal 2003 included $77 million related to the consolidation of Vésper Holding, as compared to $82 million for the first six months of fiscal 2002. Cost of equipment and services revenues as a percentage of equipment and services revenues may fluctuate in future quarters depending on the mix of products sold and services provided, competitive pricing, new product introduction costs and other factors.

For the first six months of fiscal 2003, research and development expenses were $244 million or 11% of revenues, compared to $224 million or 16% of revenues for the first six months of fiscal 2002. The dollar increase in research and development expenses was primarily due to a $32 million increase in costs related to integrated circuit product initiatives to support multimedia applications, high-speed wireless Internet access and multimode, multiband, multinetwork products including CDMA2000 1X/1xEV-DO, GSM/ GPRS, WCDMA and radioOne technologies, partially offset by a $9 million reduction in research and development efforts supporting the QWI segment and a $3 million reduction of support efforts related to the Globalstar business.

For the first six months of fiscal 2003, selling, general and administrative expenses were $284 million or 13% of revenues, compared to $225 million or 16% of revenues for the first six months of fiscal 2002. The dollar increase was primarily due to a $20 million increase in Vésper expenses, an $8 million increase in employee expenses, a $10 million increase in marketing and support efforts related to the BREW product, and $5 million related to the write down of a note receivable from a development stage CDMA wireless operator. Selling, general and administrative expenses for the first six months of fiscal 2003 included $47 million related to the consolidation of Vésper Holding, compared to $27 million in the first six months of fiscal 2002.

Amortization of goodwill and other acquisition-related intangible assets was $4 million for the first six months of fiscal 2003, compared to $127 million in the first six months of fiscal 2002. Starting in fiscal 2003, the Company no longer records goodwill amortization as a result of the adoption of FAS 142. Amortization in the first six months of fiscal 2002 was primarily related to the acquisition of SnapTrack in March 2000.

For the first six months of fiscal 2003, asset impairment charges were $160 million. There were no asset impairment charges in the first six months of fiscal 2002. Asset impairment charges during the first six months of fiscal 2003 were comprised of charges resulting from managements' belief that the carrying value of Vésper's long-lived assets cannot be fully recovered through the estimated cash flows, including net sale proceeds. The impairment loss recognized was the difference between the assets' carrying values and their estimated fair values.

Interest expense was $11 million for the first six months of fiscal 2003, compared to $9 million for the first six months of fiscal 2002. Interest expense was primarily related to the $170 million and $125 million long-term debt of Vésper at March 30, 2003 and March 31, 2002, respectively.

Net investment expense was $63 million for the first six months of fiscal 2003 compared to $13 million in investment income for the first six months of fiscal 2002. The change was primarily comprised as follows (in millions):

	Six Months Ended		
	March 30, 2003	March 31, 2002	Change
Interest income:			
Corporate	$ 55	$ 48	$ 7
QSI	14	17	(3)
Net realized gains on investments:			
Corporate	6	3	3
QSI	5	4	1
Other-than-temporary losses on marketable securities	(73)	(2)	(71)
Other-than-temporary losses on other investments	(17)	(8)	(9)
Change in fair values of derivative investments	—	(29)	29
Minority interest in losses of consolidated subsidiaries	37	19	18
Equity in losses of investees	(90)	(39)	(51)
	$ (63)	$ 13	$ (76)

The increase in interest income on corporate cash and marketable securities was a result of higher average cash and marketable securities balances, partially offset by the impact of lower interest rates earned on these balances. The decline in QSI interest income was a result of the cessation of interest income recognition of Leap Wireless bonds starting in April 2002, partially offset by an increase in interest income on Pegaso debt facilities in fiscal 2003. The other-than-temporary losses on marketable securities during the first six months of fiscal 2003 primarily related to a $55 million impairment of our investment in KTF and a $16 million impairment of our investment in a provider of semiconductor packaging, test and distribution services. The change in fair values of derivative investments during the first six months of fiscal 2002 primarily resulted from movements in the price of Leap Wireless stock, which affected the fair values of our warrants to acquire Leap Wireless stock. The increase in minority interest in losses of consolidated subsidiaries included $16 million due to the consolidation of six months of Vésper operating losses in the first six months of fiscal 2003, as compared to three months and two weeks in the first six months of fiscal 2002. There was no remaining minority interest obligation related to Vésper Holding at March 30, 2003. Equity in losses of investees primarily increased due to a $38 million increase in our equity in losses incurred by Inquam and a $14 million increase in our equity in losses incurred by VeloCom.

Income tax expense was $260 million for the first six months of fiscal 2003 compared to $103 million for the first six months of fiscal 2002. The annual effective tax rate is estimated to be 43% for fiscal 2003, compared to the 36% annual effective tax rate recorded during the first six months of fiscal 2002. The estimated annual effective tax rate for fiscal 2003 is higher than the U.S. federal statutory rate due to state taxes and net capital losses for which no tax benefit is recorded, partially offset by the benefit of research tax credits and foreign earnings taxed at less than the U.S. federal rate. The actual effective tax rate for fiscal 2002 was 22%. The primary difference between the expected 2003 tax rate and the actual 2002 tax rate is that 2002 included the reversal of a deferred tax valuation allowance that was previously charged to expense, partially offset by the impact of nondeductible goodwill amortization.

We removed the valuation allowance on substantially all of our U.S. deferred tax assets during the second quarter of fiscal 2003 since we now believe that we will have sufficient taxable income after stock option deductions to utilize these deferred tax assets. The removal of the valuation allowance was accounted for as an increase to stockholders' equity. We continue to provide a valuation allowance on substantially all of our foreign deferred tax assets because of uncertainty regarding their realization due to a history of losses from operations. We also provide a valuation allowance on all net capital losses generated after September 29, 2002 because of uncertainty regarding their realization for tax purposes. If capital losses are utilized and any portion of the $19 million valuation allowance is removed, the release would be accounted for as a reduction of the income tax provision.

Our Segment Results for the Second Quarter of Fiscal 2003 Compared to Second Quarter of Fiscal 2002

The following should be read in conjunction with the second quarter financial results of fiscal 2003 for each reporting segment. See "Notes to Condensed Consolidated Financial Statements — Note 8 — Segment Information."

QUALCOMM CDMA Technologies Segment (QCT)

QCT segment revenues for the second quarter of fiscal 2003 were $653 million, compared to $344 million for the second quarter of fiscal 2002. Earnings before taxes for the second quarter of fiscal 2003 were $224 million, compared to $78 million for the second quarter of fiscal 2002. QCT's operating margin percentage was 34% in the second quarter of fiscal 2003, compared to 22% in the second quarter of fiscal 2002. Revenues and earnings before taxes increased primarily due to an increase in unit shipments of MSM and accompanying RF integrated circuits. Approximately 28 million MSM integrated circuits were sold during the second quarter of fiscal 2003, compared to approximately 14 million for the second quarter of fiscal 2002. Research and development and selling, general and administrative expenses were $12 million higher and $5 million higher, respectively, for the second quarter of fiscal 2003 as compared to the second quarter of fiscal 2002 primarily associated with new integrated circuit product and technology initiatives to support multimedia applications, high-speed wireless Internet access and multiband, multimode, multinetwork products including CDMA2000 1X/1xEV-DO, GSM/ GPRS, WCDMA and radioOne technologies. The increase in operating margin percentage in the second quarter of fiscal 2003 as compared to the second quarter of fiscal 2002 was primarily related to the 90% increase in revenue as compared to the 15% increase in research and development and selling, general and administrative expenses. QCT inventories increased by 56% compared to the prior quarter, primarily as a result of anticipated future demand for 1X products, to $114 million at March 30, 2003.

QCT segment revenues for the first six months of fiscal 2003 were $1,363 million, compared to $703 million for the first six months of fiscal 2002. Earnings before taxes for the first six months of fiscal 2003 were $512 million, compared to $165 million for the first six months of fiscal 2002. QCT's operating margin percentage was 38% in the first six months of fiscal 2003, compared to 23% in the first six months of fiscal 2002. Revenues and earnings before taxes increased primarily due to an increase in unit shipments of MSM and accompanying RF integrated circuits. Approximately 56 million MSM integrated circuits were sold during the first six months of fiscal 2003, compared to approximately 29 million for the first six months of fiscal 2002. Research and development and selling, general and administrative expenses were $16 million higher and $9 million higher, respectively, for the first six months of fiscal 2003 as compared to the first six months of fiscal 2002 primarily associated with new integrated circuit product and technology initiatives to support multimedia applications, high-speed wireless Internet access and multiband, multimode, multinetwork products including CDMA2000 1X/1xEV-DO, GSM/ GPRS, WCDMA and radioOne technologies. The increase in operating margin percentage in the first six months of fiscal 2003 as compared to the first six months of fiscal 2002 was primarily related to the 94% increase in revenue as compared to the 11% increase in research and development and selling, general and administrative expenses. QCT inventories increased by

241% compared to the year ago quarter, primarily as a result of anticipated future demand for 1X products, to $114 million at March 30, 2003.

QUALCOMM Technology Licensing Segment (QTL)

QTL segment revenues for the second quarter of fiscal 2003 were $260 million, compared to $194 million for the second quarter of fiscal 2002. Royalty revenues from unrelated licensees were $217 million in the second quarter of fiscal 2003, compared to $166 million in the second quarter of fiscal 2002. Revenues from license fees were $15 million in the second quarter of fiscal 2003, compared to $13 million in the second quarter of fiscal 2002. Earnings before taxes for the second quarter of fiscal 2003 were $236 million, compared to $172 million for the second quarter of fiscal 2002. QTL's operating margin percentage was 91% in the second quarter of fiscal 2003, compared to 88% in the second quarter of fiscal 2002. The increase in revenues and earnings before taxes was primarily due to an increase in sales of CDMA products by licensees resulting from higher demand for CDMA products across all major regions of CDMA deployment. During the second quarter of both fiscal 2003 and 2002, we recognized $1 million in revenue related to equity received as consideration for license fees.

QTL segment revenues for the first six months of fiscal 2003 were $516 million, compared to $405 million for the first six months of fiscal 2002. Royalty revenues from third party licensees were $428 million in the first six months of fiscal 2003, compared to $348 million in the first six months of fiscal 2002. Revenues from license fees were $29 million in the first six months of fiscal 2003, compared to $27 million in the first six months of fiscal 2002. Earnings before taxes for the first six months of fiscal 2003 were $466 million, compared to $360 million for the first six months of fiscal 2002. QTL's operating margin percentage was 90% in the first six months of fiscal 2003, compared to 89% in the first six months of fiscal 2002. The increase in revenues and earnings before taxes was primarily due to an increase in sales of CDMA products by licensees resulting from higher demand for CDMA products across all major regions of CDMA deployment. During the first six months of both fiscal 2003 and 2002, we recognized $3 million in revenue related to equity received as consideration for license fees.

QUALCOMM Wireless & Internet Segment (QWI)

QWI segment revenues for the second quarter of fiscal 2003 were $119 million, compared to $110 million for the second quarter of fiscal 2002. Earnings before taxes for the second quarter of fiscal 2003 were $7 million, compared to losses before taxes of $4 million for the second quarter of fiscal 2002. QWI's operating margin was 6% in the second quarter of fiscal 2003, compared to negative 3% in the second quarter of fiscal 2002. Revenues increased primarily due to a $4 million increase in QWBS revenue and a $3 million increase in software development and services revenues related to our QChat and BREW products. Earnings before taxes increased primarily due to an $11 million increase in QWBS gross margin, including the effect of a $4 million release of warranty reserves resulting from the substantial completion of a QWBS warranty program. The increase in operating margin in the second quarter of fiscal 2003 as compared to the second quarter of fiscal 2002 was primarily due to improvements in QWBS gross margin percentages. We shipped approximately 8,400 OmniTRACS and other related communications systems during the second quarter of fiscal 2003, compared to approximately 9,500 in the second quarter of fiscal 2002. The majority of equipment sales revenue recorded by QWBS is recognized ratably over five years.

QWI segment revenues for the first six months of fiscal 2003 were $228 million, compared to $220 million for the first six months of fiscal 2002. Earnings before taxes for the first six months of fiscal 2003 were $10 million, compared to losses before taxes of $5 million for the first six months of fiscal 2002. QWI's operating margin was 4% in the first six months of fiscal 2003, compared to negative 2% in the first six months of fiscal 2002. Revenues increased primarily due to a $7 million increase in software development and services revenues related to our QChat and BREW products and a $5 million increase in QWBS revenue, partially offset by a $3 million decrease in QDM revenue. Earnings before taxes increased primarily due to a $16 million increase in QWBS gross margin, including the effect of a $4 million release of warranty reserves resulting from the substantial completion of a QWBS warranty program, and a $9 million decrease in research and development spending, partially offset by an $7 million increase in selling, general and administrative expenses. The increase in operating margin in the first six months of fiscal 2003 as compared to the first six months of fiscal 2002 was primarily due to improvements in QWBS gross margin percentages. We shipped approximately 19,000 OmniTRACS and other related communications systems during the first six months of both fiscal 2003 and 2002.

QUALCOMM Strategic Initiatives (QSI)

QSI segment revenues for the second quarter of fiscal 2003 were $26 million, compared to $37 million in the second quarter of fiscal 2002. QSI segment revenues were primarily related to the consolidation of Vésper Holding. QSI segment losses before taxes for the second quarter of fiscal 2003 were $246 million, compared to $119 million for the second quarter of fiscal 2002. The increase in losses before taxes was primarily due to $160 million in asset impairment charges related to Vésper recorded in the second quarter of fiscal 2003. During the second quarter of fiscal 2003, we recorded a $162 million loss, net of minority interest, due to the consolidation of Vésper Holding and $18 million of equity in losses of VeloCom, as compared with a $45 million loss, net of minority interest, due to the consolidation of Vésper Holding and $8 million of equity in losses of VeloCom in the second quarter of fiscal 2002. We also recorded a $23 million increase in our equity in losses incurred by Inquam and a $16 million increase in other-than-temporary losses on marketable securities, offset by a $49 million increase in the fair values of derivative investments, during the second quarter of fiscal 2003 as compared to the second quarter of fiscal 2002.

QSI segment revenues for the first six months of fiscal 2003 were $55 million, compared to $43 million in the first six months of fiscal 2002. QSI segment revenues were primarily related to the consolidation of Vésper Holding. QSI segment losses before taxes for the first six months of fiscal 2003 were $379 million, compared to $124 million for the first six months of fiscal 2002. The increase in losses before taxes was primarily due to $160 million in asset impairment charges recorded in the second quarter of fiscal 2003. During the first six months of fiscal 2003, we recorded a $192 million loss, net of minority interest, due to the consolidation of Vésper Holding and $24 million of equity in losses of VeloCom, as compared with a $54 million loss, net of minority interest, due to the consolidation of Vésper Holding and $16 million of equity in losses of VeloCom and the Vésper Operating Companies (pre-acquisition) in the first six months of fiscal 2002. We also recorded a $38 million increase in our equity in losses incurred by Inquam and a $71 million increase in other-than-temporary losses on marketable securities, offset by a $29 million increase in the fair values of derivative investments, during the first six months of fiscal 2003 as compared to the first six months of fiscal 2002.

Liquidity and Capital Resources

Cash and cash equivalents and marketable securities were $4,364 million at March 30, 2003, an increase of $1,164 million from September 29, 2002. The increase during the first six months of fiscal 2003 was primarily the result of $909 million in cash provided by operating activities, $379 million in net payments received on finance receivables, mainly comprised of payments from Pegaso, $113 million in net proceeds from the issuance of common stock under our stock option and employee stock purchase plans, a $34 million increase in the fair value of marketable securities and $7 million in proceeds received from put options, offset by $131 million in capital expenditures, $124 million in repurchases of the Company’s common stock, $32 million in cash used for other investments, $12 million in net payments of Vésper related bank loans and capital lease obligations and $8 million used to purchase wireless licenses. The current ratio increased from 5.8 at September 29, 2002 to 6.9 at March 30, 2003 primarily as a result of the effect of cash provided by operations and the reversal of our valuation allowance on our U.S. deferred tax assets. We expect Vésper Holding to require approximately $14 million in cash funding during the third quarter of fiscal 2003.

Accounts receivable decreased by 19% during the second quarter of fiscal 2003. The decrease in accounts receivable was primarily due to consistent revenues compared to the prior quarter and increased cash receipts for royalty receivables and integrated circuit receivables. Days sales outstanding for the QCT, QTL and QWI segments on a combined basis were 45 days at March 30, 2003 compared to 54 days at December 29, 2002. The change in days sales outstanding reflects an increase in cash receipts while sales remained consistent with the previous quarter.

In February 2003, our Board of Directors authorized the expenditure of up to $1 billion to repurchase shares of our common stock over a two year period. During the three months ended March 30, 2003, we bought 3,615,000 shares at an aggregate cost of $124 million. At March 30, 2003, $876 million remains to be expended under the Board's authorization. Repurchased shares are retired upon repurchase. In connection with our stock repurchase program, we sold put options during the three months ended March 30, 2003 that may require us to purchase three million shares of our common stock upon exercise. We recorded $7 million in premiums received for the put options as additions to paid-in capital. We did not repurchase any shares under the put options during the three months ended March 30, 2003. We declared dividends totaling approximately $39 million or $0.05 per share during the three months ended March 30, 2003.

We believe our current cash and cash equivalents, marketable securities and cash generated from operations will satisfy our expected working and other capital requirements, including our stock repurchase program, stock dividends, investments in other companies and other assets to support the growth of our business, financing for customers of CDMA infrastructure products in accordance with the agreement with Ericsson, financing under agreements with CDMA telecommunications carriers, and other commitments. We intend to continue our strategic investment activities to promote the worldwide adoption of CDMA products and the growth of CDMA-based wireless data and wireless Internet products and solutions. As part of these investment activities, we may provide financing to facilitate the marketing and sale of CDMA equipment by authorized suppliers. In the event additional needs for cash arise, we may raise additional funds from a combination of sources including potential debt and equity issuance.

At March 30, 2003, our outstanding commitments included (in millions):

Long-term financing under Ericsson arrangement	$464
Equity investments:	
Inquam	25
Other	28
Total debt and equity commitments	517
Long-term purchase commitments	70
Operating leases	138
Other	3
	$728

Information regarding our long-term purchase commitments is provided in the Consolidated Financial Statements for the fiscal year ended September 29, 2002. See "Notes to Consolidated Financial Statements, Note 11 — Commitments and Contingencies." Information regarding our operating leases at March 30, 2003 is provided in the Notes to the Condensed Consolidated Financial Statements. See "Notes to Condensed Consolidated Financial Statements, Note 7 — Commitments and Contingencies."

Commitments to extend long-term financing to certain CDMA customers of Ericsson totaled approximately $464 million. The commitment to fund $346 million of this amount expires on November 6, 2003. The funding of the remaining $118 million, if it occurs, is not subject to a fixed expiration date. The financing commitments are subject to the CDMA customers meeting conditions prescribed in the financing arrangements and, in certain cases, to Ericsson also financing a portion of such sales and services. Such financing is generally collateralized by the related equipment. Commitments represent the maximum amounts to be financed under these arrangements; actual financing may be in lesser amounts. We no longer have commitments to provide additional long-term financing to Pegaso under our arrangements with Ericsson.

In December 2001, we agreed to invest up to $200 million in exchange for up to 4% of the common shares of Reliance Infocomm Limited (RIL), formerly Reliance Communications Limited, a wireless operator in India. RIL intends to construct and operate a CDMA commercial network deploying CDMA2000 1X technology to provide basic telephone service, Wireless Local Loop with limited mobility, national long distance services and international long distance services in India. Our obligation to make this investment became non-binding during fiscal 2002 because certain conditions precedent under the agreement had not been satisfied by RIL by the required dates. RIL has since fulfilled those conditions. We have retained the right to purchase the shares. If we complete the investment, funding is likely to occur through September 2003. At March 30, 2003, we had not purchased any shares of RIL.

Information regarding our other financial commitments at March 30, 2003 is provided in the Notes to the Condensed Consolidated Financial Statements. See "Notes to Condensed Consolidated Financial Statements, Note 2 — Composition of Certain Financial Statement Captions, Note 3 — Investments in Other Entities and Note 7 — Commitments and Contingencies."

Future Accounting Requirements

In November 2002, the Emerging Issues Task Force (EITF) issued Issue No. 00-21, "Accounting for Revenue Arrangements with Multiple Deliverables." This issue addresses determination of whether an arrangement involving more than one deliverable contains more than one unit of accounting and how arrangement consideration should be measured and allocated to the separate units of accounting. EITF Issue No. 00-21 will be effective for revenue arrangements entered into in fiscal quarters beginning after June 15, 2003 or we may elect to report the change in accounting as a cumulative-effect adjustment. We are reviewing EITF Issue No. 00-21 and have not yet determined the impact this issue will have on our operating results and financial position.

RISK FACTORS

You should consider each of the following factors as well as the other information in this Quarterly Report in evaluating our business and our prospects. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently consider immaterial may also impair our business operations. If any of the following risks actually occur, our business and financial results could be harmed. In that case the trading price of our common stock could decline. You should also refer to the other information set forth in this Quarterly Report and in our Annual Report on Form 10-K for the fiscal year ended September 29, 2002, including our financial statements and the related notes.

Risks Related to Our Businesses

Global economic weakness that impacts the wireless communications industry could negatively affect our revenues and operating results.

Recent global economic weakness has had wide-ranging effects on markets that we serve, particularly wireless communications equipment manufacturers and network operators. We cannot predict whether a recovery will occur or what effects negative events, such as war, may have on the economy. Further, an economic recovery, if it occurs, may not benefit us in the near term. If it does not, our ability to increase or maintain our revenues and operating results may be impaired. In addition, because we intend to continue to make significant investments in research and development and to maintain extensive ongoing customer service and support capability, any decline in the rate of growth of our revenues will have a significant adverse impact on our operating results.

If CDMA technology is not widely deployed, our revenues may not grow as anticipated.

We focus our business primarily on developing, patenting and commercializing CDMA technology for wireless telecommunications applications. Other digital wireless communications technologies, particularly GSM technology, have been more widely deployed than CDMA technology. If CDMA technology does not become the preferred wireless communications industry standard in the countries where our products and those of our customers and licensees are sold, or if wireless operators do not deploy networks that utilize CDMA technology, our business and financial results could suffer.

To increase our revenues and market share in future periods, we are dependent upon the commercial deployment of 3G wireless communications equipment, products and services based on our CDMA technology. Although network operators have commercially deployed CDMA2000 1X, we cannot predict the timing or success of other commercial deployments. If existing deployments are not commercially successful, or if new commercial deployments of CDMA2000 1X are delayed or unsuccessful, our business and financial results may be harmed. In addition, our business could be harmed if network operators deploy competing technologies, such as GPRS, or switch existing networks from CDMA to GSM.

Because we have made significant investments in and loans to CDMA wireless operators, our financial condition may be harmed if those CDMA wireless operators are not successful.

We provide significant financing to CDMA wireless operators to promote the worldwide adoption of CDMA products and services. Due to financial and competitive challenges facing CDMA wireless operators, we cannot assure you that our investments will generate financial returns or that they will result in increased adoption or continued use of CDMA technologies. Many domestic and international CDMA wireless operators to whom we have provided financing have limited operating histories, are faced with significant capital requirements, are highly leveraged or have limited financial resources. If these CDMA wireless operators are not successful, we may have to write down our investments in or loans to these wireless operators. Certain wireless operators to whom we have provided financing have defaulted on their obligations to us, and it is possible that others will default on their obligations to us in the future. Any such write-downs or defaults could have a material adverse effect on our financial condition and operating results. Due to currency fluctuations and international risks, foreign borrowers may become unable to pay their debts to us from revenues generated by their projects that are denominated in local currencies. Further, we may not be permitted to retain a security interest in any spectrum licenses held by foreign wireless operators that we finance. These spectrum licenses initially may constitute the primary asset of the wireless operators. The amount of financing that we currently are providing and that we expect to provide in the future is substantial. See “Notes to Condensed Consolidated Financial Statements, Note 3 — Investments in Other Entities.” If we are unable to recover our investments in or loans to these wireless operators, our financial condition may be harmed.

Our financial condition may be harmed if we are not successful in realizing the estimated fair value for Vésper’s assets upon their sale or other disposition or if we are unable to effect a sale or other disposition of Vésper and/or its assets quickly.

We own Vésper Holding, which owns two CDMA wireless operators in Brazil, (collectively, Vésper). See “Notes to Condensed Consolidated Financial Statements, Note 9 — Acquisitions.” Vésper continues to incur operating losses and negative cash flows from operations As a result of recent negative events related to Vésper’s regulatory situation, we are pursuing an expedited exit strategy whereby Vésper and/or its assets will be sold or otherwise disposed of, although a formal plan of disposal has not been approved by management. In the near term, as we develop this exit strategy, Vésper will continue to operate its existing fixed wireless and wireline network.

After an evaluation of the potential acquirers and the valuations that they may ascribe Vésper given the regulatory situation, we do not believe that the carrying value of Vésper’s long-lived assets can be fully recovered through the estimated cash flows, including potential net sale proceeds. Accordingly, we recorded a $160 million impairment loss on our long-lived assets related to Vésper during the second quarter of fiscal 2003. We expect to realize cumulative translation losses as part of the gain or loss on a sale or other disposition of Vésper and our investment in VeloCom, Inc., an investor in Vésper. The cumulative foreign currency translation losses related to Vésper and VeloCom were approximately $48 million and $9 million, respectively, at March 30, 2003. We expect Vésper to require approximately $14 million in cash funding over the next three months, and we may incur additional losses related to Vésper if we are not successful in realizing the estimated fair value of Vésper’s assets upon their sale or other disposition or if we are unable to effect a sale or other disposition of Vésper and/or its assets quickly. Additional risks and uncertainties specific to Vésper include risks associated with:

- the liquidity and fair market value of the assets, which may be diminished in an expedited sale/disposition process;
- continuing regulatory uncertainty and further adverse rulings, and uncertainty of success on any related legal challenges, increasing risk and reducing our ability to execute an orderly and fair market disposition;
- additional operating costs associated with a sale/disposition process;
- the inability to retain key employees during the sale/disposition process;
- the inability to maintain certain services, and quality of service levels during or prior to any sale/disposition arrangement that may lead to increased pressure related to regulatory compliance;
- the inability to secure immediate financial relief in the form of adjustments in current key contracts and/or loan provisions that may lead to reduced valuations.

We have a significant equity method investment in Inquam Limited (Inquam). Our financial condition may be harmed if Inquam is not successful.

We agreed to invest $200 million in the convertible preferred shares of Inquam. Inquam was formed to acquire, own, develop and manage wireless communications systems, either directly or indirectly, with the primary intent of deploying CDMA-based technology. At March 30, 2003, our investment in Inquam was $86 million, net of equity in losses. We provided $6 million and $27 million in funding during the three months and six months ended March 30, 2003, respectively. We had no remaining equity funding commitment at March 30, 2003; however, on March 26, 2003, we agreed to extend $25 million of bridge loan financing to Inquam, of which $10 million was funded on April 1, 2003. Another investor in Inquam also agreed to provide $25 million in bridge loan financing. We expect to fund our remaining bridge loan commitment through May 2003. We are considering additional investment and/or debt financing. Inquam's management expects to meet certain operational milestones necessary for expansion of Inquam's CDMA operations during 2003 and to raise additional funds required over the next nine months for Inquam to realize the full value of its current operations. Total additional funding required by Inquam for calendar 2003 is estimated to be between $150 million and $170 million, and Inquam's management does not expect Inquam to be cash flow positive until calendar 2007 with its current business plan. If new investors cannot be found or should existing investors decide not to provide additional funding, or if Inquam does not promptly meet certain operational milestones necessary for expansion, Inquam's growth potential and the value of our investment in Inquam may be negatively affected.

Our four largest customers as of March 30, 2003 accounted for 52% and 48% of consolidated revenues in the first six months of fiscal 2003 and 2002, respectively. The loss of any one of our major customers or licensees could reduce our revenues and harm our ability to achieve or sustain acceptable levels of operating results.

QCT Segment

The loss of any one of our QCT segment's significant customers or the delay, even if only temporary, or cancellation of significant orders from any of these customers would reduce our revenues in the period of the cancellation or deferral and could harm our ability to achieve or sustain acceptable levels of profitability. Accordingly, unless and until our QCT segment diversifies and expands its customer base, our future success will significantly depend upon the timing and size of future purchase orders, if any, from these customers. Factors that may impact the size and timing of orders from customers of our QCT segment include, among others, the following:

- the product requirements of these customers;
- the financial and operational success of these customers;
- the success of these customers' products that incorporate our products;
- the extent to which certain customers successfully develop and produce CDMA-based integrated circuits and system software to meet their own needs;
- general economic conditions;
- normal systemic fluctuations in channel inventory levels;
- the success of products sold to our customers by licensed competitors;
- changes in governmental regulations in countries where we or our customers currently operate or plan to operate; and
- the rate of deployment of new technology by the network operators and the rate of adoption of new technology by end consumers.

QTL Segment

Our QTL segment derives royalty revenues from shipments by our licensees. We derive a significant portion of our royalty revenue from a limited number of licensees. Our future success depends upon the ability of our licensees to develop, introduce and deliver high volume products that achieve and sustain market acceptance. We have little or no control over the sales efforts of our licensees, and we cannot assure you that our licensees will be successful or that the demand for wireless communications devices and services offered by our licensees will continue to increase. Any reduction in the demand for or any delay in the development, introduction or delivery of wireless communications devices utilizing our CDMA technology could have a material adverse effect on our business. Weakness in the value of foreign currencies in which our customers' products are sold may reduce the amount of royalties payable to us in U.S. dollars.

QWI Segment

Our QIS division derives revenue primarily from software development and services revenues related to our BREW product and services and a QChat licensing agreement with Nextel. We derive a significant portion of our QIS revenue from network operators offering BREW services. The future success of our QIS division depends in part upon the ability of network operators, wireless device manufacturers and developers to continue the momentum in wireless data and sustain market acceptance for quality wireless applications and services. We cannot assure you that they will be successful or that the demand for BREW services will continue to increase. Any reduction in the demand for these services could have a material adverse effect on our business.

We derive a majority of our revenues from sales outside the United States, and numerous factors related to international business activities subject us to risks that could reduce the demand for our licensees' products or our products, negatively affecting our operating results.

A significant part of our strategy involves our continued pursuit of growth opportunities in a number of international markets. We market, sell and service our products internationally. We have established sales offices around the world. We will continue to expand our international sales operations and enter new international markets. This expansion will require significant management attention and financial resources to successfully develop direct and indirect international sales and support channels, and we cannot assure you that we will be successful or that our expenditures in this effort will not exceed the amount of any resulting revenues. If we are not able to maintain or increase international market demand for our products and technologies, then we may not be able to maintain an acceptable rate of growth in our business.

Consolidated revenues from international customers as a percentage of total revenues were 79% in the first six months of fiscal 2003 and 68% in the first six months of fiscal 2002. Because most of our foreign sales are denominated in U.S. dollars, our products and those of our customers and licensees that are sold in U.S. dollars become less price-competitive in international markets if the value of the U.S. dollar increases relative to foreign currencies.

In many international markets, barriers to entry are created by long-standing relationships between our potential customers and their local providers and protective regulations, including local content and service requirements. In addition, our pursuit of international growth opportunities may require significant investments for an extended period before we realize returns, if any, on our investments. Our business could be adversely affected by a variety of uncontrollable and changing factors, including:

- unexpected changes in legal or regulatory requirements;
- difficulty in protecting our intellectual property rights in a particular foreign jurisdiction;
- our inability to succeed in significant foreign markets, such as China or India;
- cultural differences in the conduct of business;
- difficulty in attracting qualified personnel and managing foreign activities;
- recessions in economies outside the United States;
- longer payment cycles for and greater difficulties collecting accounts receivable;
- export controls, tariffs and other trade protection measures;
- fluctuations in currency exchange rates;
- nationalization, expropriation and limitations on repatriation of cash;
- social, economic and political instability;

- natural disasters, acts of terrorism and war;
- taxation; and
- changes in laws and policies affecting trade, foreign investment and loans.

In addition to general risks associated with our international sales, licensing activities and operations, we are also subject to risks specific to the individual countries in which we do business. During the first six months of fiscal 2003, 47% and 14% of our revenues were from customers and licensees based in South Korea and Japan, respectively, as compared to 35% and 20% during the first six months of fiscal 2002, respectively. A significant downturn in the economies of Asian countries where many of our customers and licensees are located, particularly the economies of South Korea and Japan, would materially harm our business. The wireless market in China represents a significant growth opportunity for us. In January 2002, China Unicom launched its nationwide CDMA network, and China Unicom had more than 9.5 million subscribers at the end of March 2003. If China Unicom or the government of China make technology deployment or other decisions that result in actions that are adverse to the expansion of CDMA technologies in China, our business could be harmed.

In November 2001, we acquired a controlling interest in Vésper, a CDMA wireless operator in Brazil. A significant downturn in the economy of Brazil could materially harm our business and limit our strategic alternatives related to this investment.

We are subject to risks in certain global markets in which wireless operators provide subsidies on phone sales to their customers. For example, the South Korean government imposed a ban on phone subsidies in June 2000. This regulatory change required South Korean wireless operators to sell phones at substantially higher unsubsidized prices and, as a result, sales were negatively impacted in the domestic South Korean market for a period of time. Further limitations or changes in policy on phone subsidies in South Korea, Japan, China and other countries may have additional negative impacts on our revenues.

We expect that royalty revenues derived from international licensees will continue to represent a significant portion of our total revenues in the future. To date, all of the revenues from international licensees have been denominated in U.S. dollars. However, to the extent that such licensees' sales to their customers are not denominated in U.S. dollars, any royalties that we receive as a result of such sales are subject to fluctuations in currency exchange rates. In addition, if the effective price of products sold by our customers were to increase as a result of fluctuations in the exchange rate of the relevant currencies, demand for the products could fall, which in turn would reduce our royalty revenues.

We may engage in strategic transactions that could result in significant charges or management disruption and fail to enhance stockholder value.

From time to time, we engage in strategic transactions with the goal of maximizing stockholder value. In the past we have acquired businesses, entered into joint ventures and made strategic investments in early stage companies and venture funds or incubators to support global adoption of CDMA and the use of the wireless Internet. Most of our strategic investments entail a high degree of risk and will not become liquid until more than one year from the date of investment, if at all.

We will continue to evaluate potential strategic transactions and alternatives that we believe may enhance stockholder value. These potential future transactions may include a variety of different business arrangements, including acquisitions, spin-offs, strategic partnerships, joint ventures, restructurings, divestitures, business combinations and investments. Although our goal is to maximize stockholder value, such transactions may impair stockholder value or otherwise adversely affect our business and the trading price of our stock. Any such transaction may require us to incur non-recurring or other charges and/or to consolidate or record our equity in losses and may pose significant integration challenges and/or management and business disruptions, any of which could harm our operating results and business.

The fair values of our strategic investments are subject to substantial quarterly and annual fluctuations and to market downturns. Downward fluctuations and market trends could adversely affect our operating results.

We maintain strategic holdings of various issuers and types. These securities include available-for-sale equity securities and derivative investments that are recorded on the balance sheet at fair value. We strategically invest in companies in the high-technology industry and typically do not attempt to reduce or eliminate our exposure to market risks in these investments. Available-for-sale equity securities and derivative investments recorded at fair value subject us to equity price risk. The fair market values of these securities and derivative investments are subject to significant market price volatility and, in general, suffered significant decreases in market value during fiscal 2002 and 2001. In addition, the realizable value of these securities and derivative investments is subject to market and other conditions. Our strategic investments in specific companies and industry segments may vary over time, and changes in concentrations may affect price volatility. We also make strategic investments in privately-held companies, including early stage companies, venture funds or incubators. These investments are recorded at cost or under the equity method, but the recorded values may be written down due to changes in the companies' conditions or prospects. Our strategic investments are inherently risky as the market for the technologies or products the investees have under development may never materialize. As a result, we could lose all or a portion of our investments in these companies, which could negatively affect our financial position and operating results. See "Notes to Condensed Consolidated Financial Statements, Note 2 — Composition of Certain Financial Statement Captions, and Note 3 — Investments in Other Entities" and "Item 3. Quantitative and Qualitative Disclosure About Market Risk."

We depend upon a limited number of third party manufacturers to provide subassemblies and parts for our products. Any disruptions in the operations of, or the loss of, any of these third parties could harm our ability to meet our delivery obligations to our customers and increase our cost of sales.

QCT Segment

We subcontract all of the manufacturing and assembly, and most of the testing, of our integrated circuits. We depend upon a limited number of third parties to perform these functions, some of which are only available from single sources with which we do not have long-term contracts. IBM, Taiwan Semiconductor Manufacturing Co. and United Microelectronics are the primary foundry partners for our family of baseband integrated circuits. IBM, Motorola and Texas Instruments are the primary foundry partners for our family of radio frequency and analog integrated circuits. Our reliance on a sole-source vendor primarily occurs during the start-up phase of a new product. Once a new product reaches a significant volume level, we typically establish alternative suppliers for technologies that we consider critical. Our reliance on sole or limited-source vendors involves risks. These risks include possible shortages of capacity, product performance shortfalls, and reduced controls over delivery schedules, manufacturing capability, quality assurance, quantity and costs. We have no firm long-term commitments from our manufacturers to supply products to us for any specific period, or in any specific quantity, except as may be provided in a particular purchase order. As a result, these manufacturers may allocate, and in the past have allocated, capacity to the production of other products while reducing deliveries to us on short notice.

Our operations also may be harmed by lengthy or recurring disruptions at any of the facilities of our manufacturers and may be harmed by disruptions in the distribution channels from our suppliers and to our customers. These disruptions may include labor strikes, work stoppages, widespread illness, terrorism, war, fire, earthquake, flooding or other natural disasters. These disruptions could cause significant delays in shipments until we are able to shift the products from an affected manufacturer to another manufacturer. The loss of a significant third-party manufacturer or the inability of a third-party manufacturer to meet performance and quality specifications or delivery schedules could harm our ability to meet our delivery obligations to our customers.

In addition, one or more of our manufacturers may obtain licenses from us to manufacture CDMA integrated circuits that compete with our products. In this event, the manufacturer could elect to allocate scarce components and manufacturing capacity to their own products and reduce deliveries to us. In the event of a loss of, or a decision to change, a key third-party manufacturer, qualifying a new manufacturer and commencing volume production or testing could involve delay and expense, resulting in lost revenues, reduced operating margins and possible loss of customers.

QWI Segment

Several of the critical subassemblies and parts used in our QWBS division's existing and proposed products are currently available only from third-party single or limited sources. These include items such as electronic and radio frequency components, and other sophisticated parts and subassemblies which are used in the OmniTRACS, OmniExpress and OmniOne products. These third parties include companies such as Tyco International (M/ A Com), Rakon, Mini-Circuits, Cambridge Tool & Mfg., Andrew Corporation, American Design, Deutsch ECD, PCI Limited, KeyTronic EMS, Seavey Engineering Associates, Symbol Technologies, Navman NZ, Thomson-Airpax Mechatronics and Eagle-Picher Industries. Our reliance on sole or limited source vendors involves risks. These risks include possible shortages of certain key components, product performance shortfalls, and reduced control over delivery schedules, manufacturing capability, quality and costs. In the event of a long-term supply interruption, alternate sources could be developed in a majority of the cases. The inability to obtain adequate quantities of significant compliant materials on a timely basis could have a material adverse effect on our business, operating results, liquidity and financial position.

A reduction or interruption in component supply or a significant increase in component prices could have a material adverse effect on our business or profitability.

Our ability to meet customer demands depends, in part, on our ability to obtain timely and adequate delivery of parts and components from our suppliers and internal manufacturing capacity. We have experienced component shortages in the past, including components for our integrated circuit products, that have adversely affected our operations. Although we work closely with our suppliers to avoid these types of shortages, we may continue to encounter these problems in the future. Component shortages could adversely affect our ability and that of our customers and licensees to ship products on a timely basis and our customers' or licensees' demand for our products. Any such shipment delays or declines in demand could reduce our revenues and harm our ability to achieve or sustain acceptable levels of profitability. Additionally, failure to meet customer demand in a timely manner could damage our reputation and harm our customer relationships.

Defects or errors in our products or in those made by our suppliers could harm our relations with our customers and expose us to liability. Similar problems related to the products of our customers or licensees would harm our business.

Our software and integrated circuit products are inherently complex and may contain defects and errors that are detected only when the products are in use. Further, because our products perform critical functions in our customers' products and networks, such defects or errors could have a serious impact on our customers, which could damage our reputation, harm our customer relationships and expose us to liability. Defects or impurities in our components, materials or software or those used by our customers or licensees, equipment failures or other difficulties could adversely affect our ability and that of our customers and licensees to ship products on a timely basis as well as customer or licensee demand for our products. Any such shipment delays or declines in demand could reduce our revenues and harm our ability to achieve or sustain acceptable levels of profitability. We and our customers or licensees may also experience component or software failures or defects which could require significant product recalls, reworks and/or repairs which are not covered by warranty reserves and which could consume a substantial portion of the capacity of our third-party manufacturers or those of our customers or licensees. Resolving any defect or failure related issues could consume financial and/or engineering resources that could affect future product release schedules.

Our operating results are subject to substantial quarterly and annual fluctuations and to market downturns.

Our revenues, earnings and other operating results have fluctuated significantly in the past and may fluctuate significantly in the future. General economic or other conditions causing a downturn in the market for our products or technology, affecting the timing of customer orders or causing cancellations or rescheduling of orders could also adversely affect our operating results. Moreover, our customers may change delivery schedules or cancel or reduce orders without incurring significant penalties and generally are not subject to minimum purchase requirements.

Our future operating results will be affected by many factors, including the following:

- the success and rate of global CDMA technology deployment;
- delays in the adoption of 3G CDMA standards;
- changes in the growth rate of the wireless communications industry;
- consolidation in the wireless communications industry;
- strategic transactions, such as acquisitions, divestitures and investments, including investments in new ventures and CDMA wireless operators;
- the collectibility of our trade and finance receivables;
- changes in the fair values of our strategic equity and derivative investments;
- our ability to realize the fair values of our investments in thinly-traded public and private markets;
- the success of our strategic investments;
- the performance of our Vésper Holding subsidiary;
- our ability to retain existing or secure anticipated customers, licensees or orders, both domestically and internationally;
- the availability and cost of products and services from our third-party suppliers;
- our ability to develop, introduce and market new technology, products and services on a timely basis;
- foreign currency fluctuations, inflation and deflation;
- decreases in average selling prices for our products and our customers' products that use our technology;
- decreases in demand for our products and our customers' products that use our technology;
- intellectual property disputes and litigation;
- government regulations;
- product defects;
- changes in accounting standards or practices;
- changes to existing rules or practice regarding stock option accounting and taxation;
- management of inventory by us and our customers and their customers in response to shifts in market demand;
- energy blackouts and system failures;
- changes in the mix of technology and products developed, licensed, produced and sold; and
- seasonal customer demand.

The foregoing factors are difficult to forecast and these, as well as other factors, could harm our quarterly or annual operating results. If our operating results fail to meet the expectations of investment analysts or investors in any period, the market price of our common stock may decline.

Our industry is subject to competition that could result in declining average selling prices for our licensees' products and our products, negatively affecting our revenues and operating results.

We currently face significant competition in our markets and expect that competition will continue. Competition in the telecommunications market is affected by various factors including:

- comprehensiveness of products and technologies;
- manufacturing capability;
- scalability and the ability of the system technology to meet customers' immediate and future network requirements;
- product performance and quality;
- design and engineering capabilities;
- compliance with industry standards;
- time to market;
- system cost; and
- customer support.

This competition may result in reduced average selling prices for our products and those of our customers and licensees. Reductions in the average selling price of our licensees' products generally result in reduced average royalties. While pricing pressures from competition may, to a large extent, be mitigated by the introduction of new features and functionality in our licensees' products, there is no guarantee that such mitigation will occur. We anticipate that additional competitors will enter our markets as a result of growth opportunities in wireless telecommunications, the trend toward global expansion by foreign and domestic competitors, technological and public policy changes and relatively low barriers to entry in selected segments of the industry.

Our competitors include companies that promote non-CDMA technologies and companies that design competing CDMA integrated circuits, such as Nokia, Motorola, Philips, Ericsson, Texas Instruments, Intel, NEC, Nortel, Samsung, Matsushita and Siemens, all of whom are also our licensees with the exception of Intel. With respect to our OmniTRACS, EutalTRACS, OmniExpress and OmniOne products and services, our existing competitors are aggressively pricing their products and services and could continue to do so in the future. In addition, these competitors are offering new value-added products and services similar in many cases to those we have developed or are developing. Emergence of new competitors, particularly those offering low cost terrestrial-based products and current as well as future satellite-based systems, may impact margins and intensify competition in new markets.

Many of these current and potential competitors have advantages over us, including:

- longer operating histories and presence in key markets;
- greater name recognition;
- access to larger customer bases; and
- greater sales and marketing, manufacturing, distribution, technical and other resources than we have.

As a result of these and other factors, our competitors may be more successful than us. In addition, we anticipate additional competitors will enter the market for products based on 3G standards. These competitors may have more established relationships and distribution channels in markets not currently deploying wireless communications technology. These competitors also have established or may establish financial or strategic relationships among themselves or with our existing or potential customers, resellers or other third parties. These relationships may affect customers' decisions to purchase products or license technology from us. Accordingly, new competitors or alliances among competitors could emerge and rapidly acquire significant market share to our detriment.

Currency fluctuations could negatively affect future product sales or royalty revenue, harm our ability to collect receivables, or increase the U.S. dollar cost of the activities of our foreign subsidiaries and international strategic investments.

We are exposed to risk from fluctuations in currencies, which may change over time as our business practices evolve, that could impact our operating results, liquidity and financial condition. We operate and invest globally. Adverse movements in currency exchange rates may negatively affect our business due to a number of situations, including the following:

- Assets or liabilities of our consolidated subsidiaries and our foreign investees that are not denominated in the functional currency of those entities are subject to the effects of currency fluctuations, which may affect our reported earnings. Our exposure to emerging market currencies may increase as we expand into those markets.
- Investments in our consolidated foreign subsidiaries and in other foreign entities that use the local currency as the functional currency may decline in value as a result of declines in local currency values.
- Average selling prices for our customers' products may be denominated in local currencies, and declines in local currency values may adversely affect future royalty revenue.
- Declines in currency values in selected regions may adversely affect our operating results because our products and those of our customers and licensees may become more expensive to purchase in the countries of the affected currencies.
- Our trade receivables are generally United States dollar denominated. Any significant change in the value of the dollar against our customers' or licensees' functional currencies could result in an increase in our customers' or licensees' cash flow requirements and could consequently affect our ability to collect receivables.
- Foreign CDMA wireless operators to whom we have provided financing may be unable to pay their debts to us, which are denominated in U.S. dollars, from revenues generated by their projects, which are denominated in local currencies.
- Strengthening of currency values in selected regions may adversely affect our operating results because the activities of our foreign subsidiaries may become more expensive in U.S. dollars.
- Strengthening of currency values in selected regions may adversely affect our cash flows and investment results because strategic investment obligations denominated in foreign currencies may become more expensive, and the U.S. dollar cost of equity in losses of foreign investees may increase.

Our stock price is volatile.

The stock market in general, and the stock prices of technology-based and wireless communications companies in particular, have experienced extreme volatility that often has been unrelated to the operating performance of any specific public company. The market price of our common stock has fluctuated in the past and is likely to fluctuate in the future as well. Factors that may have a significant impact on the market price of our stock include:

- announcements concerning us or our competitors, including the selection of wireless communications technology by wireless operators and the timing of the roll-out of those systems;

- receipt of substantial orders for integrated circuits and system software products;

- quality deficiencies in services or products;

- announcements regarding financial developments or technological innovations;

- international developments, such as technology mandates, political developments or changes in economic policies;

- lack of capital to invest in 3G networks;

- new commercial products;

- changes in recommendations of securities analysts;

- government regulations, including stock option accounting and tax regulations;

- acts of terrorism and war;

- proprietary rights or product or patent litigation;

- strategic transactions, such as acquisitions and divestitures; or

- rumors or allegations regarding our financial disclosures or practices.

Our future earnings and stock price may be subject to significant volatility, particularly on a quarterly basis. Shortfalls in our revenues or earnings in any given period relative to the levels expected by securities analysts could immediately, significantly and adversely affect the trading price of our common stock.

Our industry is subject to rapid technological change that we must keep pace with to successfully compete.

New technological innovations generally require a substantial investment before they are commercially viable. We intend to continue to make substantial investments in developing new products and technologies, and it is possible that our development efforts will not be successful and that our new technologies will not result in meaningful revenues. In particular, we intend to continue to invest significant resources in developing integrated circuit products to support multimedia applications, high-speed wireless Internet access and multimode, multiband, multinetwork operation including CDMA2000 1X/1xEV-DO, GSM/ GPRS, WCDMA and GPS position location technologies. We will also continue our significant development efforts with respect to our BREW applications development platform, providing applications developers with an open standard platform for wireless devices on which to develop their products. An open standard platform means that BREW can be made to interface with many software applications, including those developed by others. In January 2002, we announced a multi-year licensing agreement with Nextel for QChat, a technology developed to provide a reliable method of instant connection and two-way communication between users via their mobile phones. We cannot assure you that the revenues generated from these products will meet our expectations.

The market for our products and technology is characterized by many factors, including:

- rapid technological advances and evolving industry standards;

- changes in customer requirements;

- frequent introductions of new products and enhancements; and

- evolving methods of building and operating telecommunications systems.

Our future success will depend on our ability to continue to develop and introduce new products, technology and enhancements on a timely basis. Our future success will also depend on our ability to keep pace with technological developments, protect our intellectual property, satisfy varying customer requirements, price our products competitively and achieve market acceptance. The introduction of products embodying new technologies and the emergence of new industry standards could render our existing products and technology, and products and technology currently under development, obsolete and unmarketable. If we fail to anticipate or respond adequately to technological developments or customer requirements, or experience any significant delays in development, introduction or shipment of our products and technology in commercial quantities, our competitive position could be damaged.

Consolidations in the wireless communications industry could adversely affect our business.

The wireless communications industry has experienced consolidation of participants, and this trend may continue. If wireless operators consolidate with companies that utilize technologies that compete with CDMA, then CDMA may lose market share unless the surviving entity continues to deploy CDMA. This consolidation could also result in delays in or cancellation of purchasing decisions by the merged companies, negatively affecting our revenues and operating results.

The enforcement and protection of our intellectual property rights may be expensive and could divert our valuable resources.

We rely primarily on patent, copyright, trademark and trade secret laws, as well as nondisclosure and confidentiality agreements and other methods, to protect our proprietary information, technologies and processes, including our patent portfolio. Policing unauthorized use of our products and technologies is difficult. We cannot be certain that the steps we have taken will prevent the misappropriation or unauthorized use of our proprietary information and technologies, particularly in foreign countries where the laws may not protect our proprietary rights as fully as United States laws.

The vast majority of our patents and patent applications relate to our CDMA digital wireless communications technology and much of the remainder of our patents and patent applications relate to our gpsOne, BREW, OmniTRACS, Digital Cinema, Globalstar and Eudora products. Litigation may be required to enforce our intellectual property rights, protect our trade secrets or determine the validity and scope of proprietary rights of others. As a result of any such litigation, we could lose our proprietary rights or incur substantial unexpected operating costs. Any action we take to protect our intellectual property rights could be costly and could absorb significant management time and attention, which, in turn, could negatively impact our operating results. In addition, failure to protect our trademark rights could impair our brand identity.

Claims by third parties that we infringe their intellectual property or that patents on which we rely are invalid could adversely affect our business.

From time to time, companies may assert patent, copyright and other intellectual proprietary rights to our technologies or technologies used in our industry. These claims may result in our involvement in litigation. We may not prevail in such litigation given the complex technical issues and inherent uncertainties in intellectual property litigation. If any of our products were found to infringe on protected technology, we could be required to redesign or license such technology and/or pay damages or other compensation to the infringed party. If we were unable to license protected technology used in our products, we could be prohibited from making and selling such products.

In addition, as the number of competitors in our market increases and the functionality of our products is enhanced and overlaps with the products of other companies, we may become subject to claims of infringement or misappropriation of the intellectual property rights of others. Any claims, with or without merit, could be time consuming, result in costly litigation, divert the efforts of our technical and management personnel or cause product release or shipment delays, any of which could have a material adverse effect upon our operating results. In any potential dispute involving our patents or other intellectual property, our licensees could also become the targets of litigation. Any such litigation could severely disrupt the business of our licensees, which in turn could hurt our relations with our licensees and cause our revenues to decrease.

A number of third parties have claimed to own patents essential to various proposed 3G CDMA standards. If we or other product manufacturers are required to obtain additional licenses and/or pay royalties to one or more patent holders, this could have a material adverse effect on the commercial implementation of our CDMA products and technologies and our profitability.

Third parties also may commence actions seeking to establish the invalidity of our patents. In the event that a third party challenges a patent, a court may invalidate the patent or determine that the patent is not enforceable, which would harm our competitive position. If any of our key patents are invalidated, or if the scope of the claims in any of these patents is limited by court decision, we could be prevented from licensing the invalidated or limited portion of our technology and our licensees may be prevented from manufacturing and selling the products that incorporate such technology without obtaining a license to use a third party's technology. Even if a third-party challenge is not successful, it could be expensive and time consuming, divert management attention from our business and harm our reputation.

The high amount of capital required to obtain radio frequencies licenses could slow the growth of the wireless communications industry and adversely affect our business.

Our growth is dependent upon the increased use of wireless communications services that utilize our CDMA technology. In order to provide wireless communications services, wireless operators must obtain rights to use specific radio frequencies. The allocation of frequencies is regulated in the United States and other countries throughout the world and limited spectrum space is allocated to wireless communications services. Industry growth may be affected by the amount of capital required to obtain licenses to use new frequencies. Typically, governments sell these licenses at auctions. Over the last several years, the amount paid for these licenses has increased significantly, particularly for frequencies used in connection with 3G technology. In addition, litigation and disputes involving companies bidding to acquire spectrum has delayed the expansion of wireless networks in the United States, and it is possible that this delay could continue for a significant amount of time. The significant cost of licenses and delays associated with disputes over license auctions may slow the growth of the industry if wireless operators are unable to obtain or service the additional capital necessary to implement infrastructure to support 3G technology. Our growth could be adversely affected if this occurs.

Our business and operating results may be harmed by inflation and deflation.

Inflation has had and may continue to have adverse effects on the economies and securities markets of certain countries and could have adverse effects on our customers, licensees and the projects of CDMA wireless operators in those countries, including their ability to obtain financing and repay debts. Brazil and Mexico, for example, have periodically experienced relatively high rates of inflation and currency devaluation. Significant inflation or deflation could have a material adverse effect on our business, operating results, liquidity and financial position.

If we experience product liability claims or recalls, we may incur significant expenses and experience decreased demand for our products.

Testing, manufacturing, marketing and use of our products and those of our licensees and customers entails the risk of product liability. Although we believe our product liability insurance will be adequate to protect against product liability claims, we cannot assure you that we will be able to continue to maintain such insurance at a reasonable cost or in sufficient amounts to protect us against losses due to product liability. Our inability to maintain insurance at an acceptable cost or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of our products and those of our licensees and customers and harm our future operating results. In addition, a product liability claim or recall could harm our reputation and result in decreased demand for our products.

Our business depends on the availability of satellite and other networks for our OmniTRACS, EutalTRACS, OmniExpress and OmniOne systems and other communications products.

Our OmniTRACS system currently operates in the United States market on leased Ku-band satellite transponders. Our data satellite transponder and position reporting satellite transponder lease runs through October 2006. Based on system capacity analysis, we believe that the United States OmniTRACS operations will not require additional transponder capacity through 2003. We believe that in the event additional transponder capacity would be required in fiscal 2003 or in future years, additional capacity will be available on acceptable terms. However, we cannot assure you that we will be able to acquire additional transponder capacity on acceptable terms in a timely manner. A failure to maintain adequate satellite capacity would harm our business, operating results, liquidity and financial position.

Our OmniExpress and OmniOne systems are terrestrial-based products and thus rely on various wireless terrestrial communications networks operated by third parties. We believe these terrestrial networks will be available for our products; however, we cannot assure you that these networks will continue to be available to us or that they will perform adequately for our needs. The unavailability or nonperformance of these network systems could harm our business.

Our business and operations would suffer in the event of system failures.

Despite the implementation of security measures and the existence of a Disaster Recovery Plan for our internal information technology networking systems, our systems are vulnerable to damages from computer viruses, unauthorized access, natural disasters, terrorism, war and telecommunication failures. Any system failure, accident or security breach that causes interruptions in our operations could result in a material disruption to our business. To the extent that any disruption or security breach results in a loss or damage to our customers' data or applications, or inappropriate disclosure of confidential information, we may incur liability as a result. In addition, we may incur additional costs to remedy the damages caused by these disruptions or security breaches.

Message transmissions for domestic OmniTRACS, OmniExpress and OmniOne operations are formatted and processed at the Network Management Center in San Diego, California, which we operate, with a fully redundant backup Network Management Center located in Las Vegas, Nevada. Our Network Management Center operations are subject to system failures, which could interrupt the services and have a material adverse effect on our operating results.

From time to time, we install new or upgraded business management systems. To the extent such systems fail or are not properly implemented, we may experience material disruptions to our business that could have a material adverse effect on our results of operations.

Government regulation may adversely affect our business.

Our products and those of our customers and licensees are subject to various Federal Communications Commission (FCC) regulations in the United States and other international regulations. These regulations require that these products meet certain radio frequency emission standards, not cause unallowable interference to other services, and in some cases accept interference from other services. We are also subject to government regulations and requirements of local standards bodies outside the United States, where we are less prominent than local competitors and have less opportunity to participate in the establishment of regulatory and standards policies. We are also subject to state and federal health, safety and environmental regulations, as well as regulations related to the handling of and access to classified information. Changes in the regulation of our activities, including changes in the allocation of available spectrum by the United States government and other governments or exclusion of our technology by a standards body, could have a material adverse effect on our business, operating results, liquidity and financial position.

If wireless phones pose safety risks, we may be subject to new regulations, and demand for our products and those of our licensees and customers may decrease.

Concerns over the effects of radio frequency emissions, even if unfounded, may have the effect of discouraging the use of wireless phones, which would decrease demand for our products and those of our licensees and customers. In recent years, the FCC and foreign regulatory agencies have updated the guidelines and methods they use for evaluating radio frequency emissions from radio equipment, including wireless phones. In addition, interest groups have requested that the FCC investigate claims that wireless communications technologies pose health concerns and cause interference with airbags, hearing aids and medical devices. There also may be some safety risks associated with the use of wireless phones while driving. Concerns over these safety risks and the effect of any legislation that may be adopted in response to these risks could reduce demand for our products and those of our licensees and customers in the United States as well as foreign countries.

Our business and operating results will be harmed if we are unable to manage growth in our business.

Certain of our businesses have experienced periods of rapid growth that have placed, and may continue to place, significant demands on our managerial, operational and financial resources. In order to manage this growth, we must continue to improve and expand our management, operational and financial systems and controls, including quality control and delivery and service capabilities. We also need to continue to expand, train and manage our employee base. We must carefully manage research and development capabilities and production and inventory levels to meet product demand, new product introductions and product and technology transitions. We cannot assure you that we will be able to timely and effectively meet that demand and maintain the quality standards required by our existing and potential customers and licensees.

In addition, inaccuracies in our demand forecasts, or failure of the systems used to develop the forecasts, could quickly result in either insufficient or excessive inventories and disproportionate overhead expenses. If we ineffectively manage our growth or are unsuccessful in recruiting and retaining personnel, our business and operating results will be harmed.

We may not be able to attract and retain qualified employees.

Our future success depends largely upon the continued service of our Board members, executive officers and other key management and technical personnel. Our success also depends on our ability to continue to attract, retain and motivate qualified personnel. In addition, implementing our product and business strategy requires specialized engineering and other talent, and our revenues are highly dependent on technological and product innovations. Key employees represent a significant asset, and the competition for these employees is intense in the wireless communications industry.

We may have particular difficulty attracting and retaining key personnel in periods of poor operating performance given the significant use of incentive compensation by our competitors. We do not have employment agreements with our key management personnel and do not maintain key person life insurance on any of our personnel. The loss of one or more of our key employees or our inability to attract, retain and motivate qualified personnel could negatively impact our ability to design, develop and commercialize our products and technology.

Future changes in financial accounting standards may cause adverse unexpected revenue fluctuations and affect our reported results of operations.

A change in accounting standards can have a significant effect on our reported results and may even affect our reporting of transactions completed before the change is effective. Any changes requiring that we record compensation expense in the statement of operations for employee stock options using the fair value method could have a significant negative effect on our reported results. New pronouncements and varying interpretations of pronouncements have occurred and may occur in the future. Changes to existing rules or the questioning of current practices may adversely affect our reported financial results or the way we conduct our business.

Compliance with changing regulation of corporate governance and public disclosure may result in additional expenses.

Changing laws, regulations and standards relating to corporate governance and public disclosure, including the Sarbanes-Oxley Act of 2002, new SEC regulations and Nasdaq Stock Market rules, are creating uncertainty for companies such as ours. These new or changed laws, regulations and standards are subject to varying interpretations in many cases due to their lack of specificity, and as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies, which could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We are committed to maintaining high standards of corporate governance and public disclosure. As a result, we intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new or changed laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to practice, our reputation may be harmed.

Actual results may differ from estimates made in prior periods, causing adverse unexpected fluctuations affecting our reported financial results.

The preparation of our financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and disclosure of contingent assets and liabilities. By their nature, estimates are subject to an inherent degree of uncertainty. We base our estimates on historical and anticipated results and trends and on various other assumptions that we believe are reasonable under the circumstances, including assumptions as to future events. These estimates form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results that differ from our estimates could have a significant adverse effect on our operating results and financial position.

Our stockholder rights plan, certificate of incorporation and Delaware law could adversely affect the performance of our stock.

Our certificate of incorporation provides for cumulative voting in the election of directors. In addition, our certificate of incorporation provides for a classified board of directors and includes a provision that requires the approval of holders of at least 66 2/3% of our voting stock as a condition to a merger or certain other business transactions with, or proposed by, a holder of 15% or more of our voting stock. This approval is not required in cases where certain of our directors approve the transaction or where certain minimum price criteria and other procedural requirements are met. Our certificate of incorporation also requires the approval of holders of at least 66 2/3% of our voting stock to amend or change the provisions mentioned relating to the classified board, cumulative voting or the transaction approval. Under our bylaws, stockholders are not permitted to call special meetings of our stockholders. Finally, our certificate of incorporation provides that any action required or permitted to be taken by our stockholders must be effected at a duly called annual or special meeting rather than by any consent in writing.

The classified board, transaction approval, special meeting and other charter provisions may discourage certain types of transactions involving an actual or potential change in our control. These provisions may also discourage certain types of transactions in which our stockholders might otherwise receive a premium for their shares over then current market prices and may limit our stockholders' ability to approve transactions that they may deem to be in their best interests.

Further, we have distributed a dividend of one right for each outstanding share of our common stock pursuant to the terms of our preferred share purchase rights plan. These rights will cause substantial dilution to the ownership of a person or group that attempts to acquire us on terms not approved by our board of directors and may have the effect of deterring hostile takeover attempts. In addition, our board of directors has the authority to fix the rights and preferences of and issue shares of preferred stock. This right may have the effect of delaying or preventing a change in our control without action by our stockholders.

We are at risk of securities class action litigation that could result in substantial costs and divert management's attention and resources.

In the past, securities class action litigation has often been brought against a company following periods of volatility in the market price of its securities. Due to the volatility of our stock price, we may be the target of securities litigation in the future. Securities litigation could result in substantial costs and divert management's attention and resources.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Financial market risks related to interest rates, foreign currency exchange rates and equity prices are described in our 2002 Annual Report on Form 10-K.

We have fixed income securities consisting of cash equivalents and investments in marketable debt securities. Changes in the general level of United States interest rates can affect the principal values and yields of fixed income investments. Finance receivables bear interest at both fixed and variable rates. Interest earned on certain finance receivables is at variable interest rates and is affected by changes in the general level of United States interest rates and/or LIBOR. Fair values will vary as interest rates change. The following table provides comparative information about our fixed income securities and finance receivables, including principal cash flows, weighted average yield and contractual maturity dates:

Interest Rate Sensitivity

Principal Amount by Expected Maturity

Average Interest Rate

(Dollars in millions)

	2003	2004	2005	2006	2007	Thereafter	No Single Maturity	Total	Fair Value
March 30, 2003:									
Fixed income securities	$362	$534	$423	$297	$ 86	$ 284	$428	$2,414	$ 2,417
Interest rate	2.7%	3.2%	2.8%	2.9%	4.6%	9.1%	3.4%		
Finance receivables:									
Fixed rate	$ 6	$ 3	$ 1	$ —	$ —	$ 15	$ —	$ 25	$ 12
Interest rate	7.5%	8.0%	8.0%			0.0%			
Variable rate (LIBOR)	$ 1	$ —	$ —	$119	$159	$ 199	$ —	$ 478	$ 436
Margin over LIBOR	0.0%			5.1%	5.3%	4.5%			
September 29, 2002:									
Fixed income securities	$295	$548	$209	$ 61	$ 51	$ 230	$296	$1,690	$ 1,692
Interest rate	4.1%	3.6%	3.7%	4.8%	6.4%	9.3%	4.0%		
Finance receivables:									
Fixed rate	$392	$ 2	$ 1	$ —	$ —	$ 148	$ —	$ 543	$ 533
Interest rate	0.5%	8.9%	8.0%			0.3%			
Variable rate (LIBOR)	$ —	$ —	$ —	$ 85	$113	$ 141	$ —	$ 339	$ 293
Margin over LIBOR				5.9%	6.1%	5.6%			

We consolidate all assets and liabilities of the Vésper Operating Companies. During the first quarter of fiscal 2003, the Vésper Operating Companies acquired wireless licenses for $82 million. After our initial $8 million payment, the remaining Brazilian real-denominated obligation financed by the Brazilian government totaled $76 million at March 30, 2003. We will make annual payments of $12 million per year starting in fiscal 2006, until the obligation is fully repaid. The debt bears interest at 12%, plus an adjustment for inflation.

We are exposed to foreign exchange risk related to our consolidation of the Vésper Operating Companies. We report our financial statements in U.S. dollars. The Vésper Operating companies account for the majority of their transactions in Brazilian real, and their results are translated into U.S. dollars during and at the end of the fiscal quarter. In addition, the Vésper Operating Companies' capital lease commitments are denominated in U.S. dollars. As a result, a significant change in the value of the U.S. dollar against the Brazilian real could have material effect on the Vésper Operating companies and on us. A significant devaluation of the Brazilian real has occurred in the past and may occur again in the future.

We hold marketable securities and derivative investments subject to equity price risk. The recorded values of marketable securities increased to $161 million at March 30, 2003 from $155 million at September 29, 2002.

As of March 30, 2003, one equity position constituted approximately 55% of the fair value of the marketable securities portfolio. The recorded value of derivative investment assets, mainly comprised of warrants, subject to FAS 133 at March 30, 2003 was $1 million. We generally invest in companies in the high-technology industry, and typically do not attempt to reduce or eliminate our market exposure on these securities. The portfolio's concentrations in specific companies and industry segments may vary over time, and changes in concentrations may affect the portfolio's price volatility.

We sold put options that may require us to purchase three million shares of our common stock upon exercise. The put options are classified as permanent equity. If the fair value of our common stock decreases by 30%, the amount required to physically settle the contracts would exceed the fair value of the shares repurchased by approximately $11 million, net of the $7 million in premiums received.

At March 30, 2003, there have been no other material changes to the market risks described at September 29, 2002. Additionally, we do not anticipate any other near-term changes in the nature of our market risk exposures or in management's objectives and strategies with respect to managing such exposures.

ITEM 4. CONTROLS AND PROCEDURES

(a) Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-14(c) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), within 90 days of the filing date of this report. Based on their evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures are effective.

(b) There have been no significant changes (including corrective actions with regard to significant deficiencies or material weaknesses) in our internal controls or in other factors that could significantly affect these controls subsequent to the date of the evaluation referenced in paragraph (a) above.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

A review of the Company's current litigation is disclosed in the Notes to Condensed Consolidated Financial Statements. See "Notes to Condensed Consolidated Financial Statements — Note 7 — Commitments and Contingencies." We are also engaged in other legal actions arising in the ordinary course of our business and believe that the ultimate outcome of these actions will not have a material adverse effect on our results of operations, liquidity or financial position.

ITEM 2. CHANGES IN SECURITIES

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Our Annual Meeting of Stockholders was held on February 11, 2003. Two proposals were considered. The first proposal was to elect four directors to hold office for three years or until their successors are elected and qualified, and each candidate received the following votes:

	For	Withheld
Richard C. Atkinson	661,707,485	8,291,688
Diana Lady Dougan	643,814,663	26,184,510
Peter M. Sacerdote	661,807,171	8,192,002
Marc I. Stern	643,830,403	26,168,770

All of the foregoing candidates were elected. The following directors were not elected at the meeting but have terms continuing after the meeting, as set forth below:

	Elected Through
Robert E. Kahn	2005 Annual Meeting
Duane A. Nelles	2005 Annual Meeting
Frank Savage	2005 Annual Meeting
Brent Scowcroft	2005 Annual Meeting
Irwin Mark Jacobs	2004 Annual Meeting
Adelia A. Coffman	2004 Annual Meeting
Raymond V. Dittamore	2004 Annual Meeting
Richard Sulpizio	2004 Annual Meeting

The second proposal was to ratify the appointment of PricewaterhouseCoopers LLP as the Company's independent accountants for the 2003 fiscal year. This proposal received the following votes:

For	Against	Abstain
617,606,068	48,226,830	4,166,275

The foregoing proposal was approved and accordingly ratified.

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

Exhibits

2.1	Restructuring Agreement, dated as of November 9, 2001, by and among the Company, Vésper Sao Paulo S.A., Vésper S.A., Vésper Holding Sao Paulo S.A., Vésper Holding S.A., VeloCom Cayman Brasil Holdings, QUALCOMM do Brasil Ltda., Bell Canada International (Brazil Telecom I) Limited, Bell Canada International (Megatel) Limited, VeloCom Inc., Nortel Networks Limited, Lucent Technologies Inc., Telefonaktiebolaget LM Ericsson (Publ.), Harris Corporation, VeloCom do Brasil Ltda., Vésper Sao Paulo Cayman and Vésper Holding, Ltd.(1)
2.2	The Subscription and Shareholders Agreement, dated as of November 9, 2001, by and among the Company, VeloCom Inc., Bell Canada International (Brazil Telecom I) Limited, Bell Canada International (Megatel) Limited, Bell Canada International (Espelho Sul) Limited, Nortel Networks Limited, Lucent Technologies Inc., Telefonaktiebolaget LM Ericsson (Publ.), Harris Corporation and Vésper Holding, Ltd.(1)
3.5	Restated Certificate of Incorporation.
3.6	Certificate of Amendment of Restated Certificate of Incorporation.
3.7	Certificate of Designation of Preferences.
3.8	Bylaws.
3.9	Amendment of the Bylaws.
99.1	Certification pursuant to 18 USC. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002 for Irwin Mark Jacobs.
99.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002 for William E. Keitel.

(1) Filed as an exhibit to the Registrant's Current Report on Form 8-K filed on November 28, 2001.

Reports on Form 8-K

None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

QUALCOMM Incorporated

/s/ WILLIAM E. KEITEL

William E. Keitel
Senior Vice President and
Chief Financial Officer

Dated: April 23, 2003

CERTIFICATIONS

I, Irwin Mark Jacobs, certify that:

1. I have reviewed this quarterly report on Form 10-Q of QUALCOMM Incorporated;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

/s/ IRWIN MARK JACOBS

Irwin Mark Jacobs,
Chief Executive Officer and Chairman

Dated: April 23, 2003

I, William E. Keitel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of QUALCOMM Incorporated;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

/s/ WILLIAM E. KEITEL

William E. Keitel,
Chief Financial Officer

Dated: April 23, 2003

EXHIBIT 3.5

RESTATED CERTIFICATE OF INCORPORATION
OF
QUALCOMM INCORPORATED

QUALCOMM Incorporated, a corporation organized and existing under the General Corporation Law of the State of Delaware, DOES HEREBY CERTIFY:

FIRST: The Certificate of Incorporation of QUALCOMM, Inc. was filed with the Secretary of State of the State of Delaware on August 15, 1991. A Restated Certificate of Incorporation was filed on September 10, 1991 changing the name of the corporation to QUALCOMM Incorporated.

SECOND: The Restated Certificate of Incorporation of QUALCOMM Incorporated, in the form attached hereto as Exhibit A, has been duly adopted in accordance with the provisions of Section 242 and 245 of the General Corporation Law of the State of Delaware.

THIRD: The Restated Certificate of Incorporation so adopted reads in full as set forth on Exhibit A attached hereto and hereby incorporated by reference.

IN WITNESS WHEREOF, QUALCOMM Incorporated has caused this certificate to be signed by the Chairman of the Board of Directors this 22nd day of March, 1993.

QUALCOMM Incorporated

By: /s/ Irwin Mark Jacobs

Irwin M. Jacobs
Chairman of the Board of Directors

ATTEST:

/s/Adelia A. Coffman
- --------------------
Adelia A. Coffman
Assistant Secretary

EXHIBIT A

RESTATED CERTIFICATE OF INCORPORATION

OF

QUALCOMM INCORPORATED

I.

The name of this corporation is QUALCOMM Incorporated.

II.

The address of the registered office of the corporation in the State of Delaware is 32 Loockerman Square, Suite L-100, City of Dover, County of Kent, and the name of the registered agent of the corporation in the State of Delaware as such address is The Prentice-Hall Corporation System, Inc.

III.

The purpose of this corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of the State of Delaware.

IV.

This corporation is authorized to issue two classes of stock to be designated, respectively, "Common Stock" and "Preferred Stock." The total number of shares which the corporation is authorized to issue is fifty-eight million (58,000,000) shares. Fifty million (50,000,000) shares shall be Common Stock, each having a par value of one-one hundredth of one cent ($0.0001). Eight million (8,000,000) shares shall be Preferred Stock, each having a par value of one-one hundredth of one cent ($0.0001).

V.

The relative rights, preferences, privileges and restrictions granted to or imposed upon the respective classes and series of shares are as follows:

A. COMMON STOCK.

The voting, dividend and liquidation rights of the Common

Stock are subject to and qualified by the rights of the holders of the Preferred Stock of any series as designated herein and as may be designated by the Board of Directors of the corporation upon any issuance of the Preferred Stock of any series.

B. PREFERRED STOCK.

The Preferred Stock may be issued from time to time in one or more series. The Board of Directors is hereby authorized, by filing a certificate pursuant to the Delaware General Corporation Law, to fix or alter from time to time the designation, powers, preferences and rights of the shares of each such series and the qualifications, limitations or restrictions thereof, including without limitation the dividend rights, dividend rate, conversion rights, voting rights, rights and terms of redemption (including sinking fund provisions), redemption price or prices, and the liquidation preferences of any wholly unissued series of Preferred Stock, and to establish from time to time the number of shares constituting any such series and the designation thereof, or any of them (a "Preferred Stock Designation"); and to increase or decrease the number of shares of any series subsequent to the issuance of shares of that series, but not below the number of shares of such series then outstanding. In case the number of shares of any series shall be decreased in accordance with the foregoing sentence, the shares constituting such decrease shall resume the status that they had prior to the adoption of the resolution originally fixing the number of shares of such series.

VI.

For the management of the business and for the conduct of the affairs of the corporation, and in further definition, limitation and regulation of the powers of the corporation, of its directors and of its stockholders or any class thereof, as the case may be, it is further provided that:

A. The management of the business and the conduct of the affairs of the corporation shall be vested in its Board of Directors. The number of directors which shall constitute the whole Board of Directors shall be fixed exclusively by one or more resolutions adopted from time to time by the Board of Directors. Every stockholder entitled to vote in any election of directors of this corporation may cumulate such stockholder's votes and give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which the stockholder's shares are otherwise entitled, or distribute the stockholder's votes on the same principle among as many candidates as such stockholder thinks fit. The candidates receiving the highest number of votes of the shares entitled to be voted for them up to the number of directors to be elected by such shares shall be declared elected.

The Board of Directors shall be divided into three classes designated as Class I, Class II and Class III, respectively. Directors shall be assigned to each class in accordance with a resolution or resolutions adopted by the Board of Directors. At the first annual meeting of stockholders following September 11, 1991 (the "Initial Election Date"), the term of office of the Class I directors shall expire and Class I directors shall be elected for a full term of three years. At the second annual meeting of stockholders following the Initial Election Date, the term of office of the Class II directors shall expire and Class II directors shall be elected for a full term of three years. At the third annual meeting of stockholders following the Initial Election Date, the term of office of the Class III directors shall expire and Class III directors shall be elected for a full term of three years. At each succeeding annual meeting of stockholders, directors shall be elected for a full term of three years to succeed the directors of the class whose terms expire at such annual meeting.

Notwithstanding the foregoing provisions of this Article, each director shall serve until his successor is duly elected and qualified or until his death, resignation or removal. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

Any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other causes shall be filled by either (i) the affirmative vote of the holders of a majority of the voting power of the then-outstanding shares of voting stock of the corporation entitled to vote generally in the election of directors (the "Voting Stock") voting together as a single class; or (ii) by the affirmative vote of a majority of the remaining directors then in office, even though less than a quorum of the Board of Directors. Newly created directorships resulting from any increase in the number of directors shall, unless the Board of Directors determines by resolution that any such newly created directorship shall be filled by the stockholders, be filled only by the affirmative vote of the directors then in office, even though less than a quorum of the Board of Directors. Any director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the class of directors in which the new directorship was created or the vacancy occurred and until such director's successor shall have been elected and qualified.

B. The Bylaws may be altered or amended or new Bylaws adopted by the affirmative vote of at least sixty-six and two-thirds percent (66-2/3%) of the `voting power of all of the then-outstanding shares of the Voting Stock. In furtherance and not in limitation of the power conferred by statute, the Board of Directors is expressly authorized to adopt, amend, supplement or repeal the Bylaws.

C. The directors of the corporation need not be elected by written ballot unless the Bylaws so provide.

D. Following the closing of the initial public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended (the "1933 Act"), covering the offer and sale of Common Stock to the public (the "Initial Public Offering"), no action shall be taken by the stockholders of the corporation except at an annual or special meeting of stockholders called in accordance with the Bylaws and no action shall be taken by the stockholders by written consent.

E. Advance notice of stockholder nominations for the election of directors and of business to be brought by stockholders before any meeting of the stockholders of the corporation shall be given in the manner provided in the Bylaws of the corporation.

F. Any director, or the entire Board of Directors, may be removed from office at any time (i) with cause by the affirmative vote of the holders of at least a majority of the voting power of all of the then-outstanding shares of the Voting Stock, voting together as a single class; or (ii) without cause by the affirmative vote of the holders of at least sixty-six and two-thirds percent (66-2/3%) of the voting power of all of the then-outstanding shares of the Voting Stock. So long as shareholders may cumulate their votes in the election of directors, if less than the entire Board of Directors is to be removed, no director may be removed without cause if the votes cast against his removal would be sufficient to elect him if then cumulatively voted at an

election of the entire Board of Directors, or, if there be classes of directors, at an election of the class of directors of which he is a part. Furthermore, if the holders of any class or series of capital stock are entitled to elect one (1) or more directors by this certificate of incorporation, as amended from time to time, the removal of such directors without cause shall be by a vote of the outstanding shares of that series or class of capital stock and not the outstanding shares of capital stock as a whole.

VII.

A director of the corporation shall, to the full extent not prohibited by the General Corporation Law of the State of Delaware, as the same exists or may hereafter be amended, not be liable to the corporation or its stockholders for monetary damages for breach of his or her fiduciary duty as a director.

VIII.

A. (1) Following the closing of the Initial Public Offering, in addition to any affirmative vote required by law, by this Certificate of Incorporation or by any Preferred Stock Designation, and except as otherwise expressly provided in Section B of this Article VIII:

(i) any merger or consolidation of the corporation or any Subsidiary (as hereinafter defined) with (a) any Interested Stockholder (as hereinafter defined) or (b) any other corporation (whether or not itself an Interested Stockholder) which is, or after such merger or consolidation would be, an Affiliate (as hereinafter defined) of an Interested Stockholder; or

(ii) any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions) to or with any Interested Stockholder or any Affiliate of any Interested Stockholder of any assets of the corporation or any Subsidiary having an aggregate Fair Market Value (as hereinafter defined) equal to or greater than 15% of the Corporation's assets as set forth on the Corporation's most recent audited consolidated financial statements; or

(iii) the issuance or transfer by the corporation or any Subsidiary (in one transaction or a series of transactions) of any securities of the corporation or any Subsidiary to any Interested Stockholder or any Affiliate of any Interested Stockholder in exchange for cash, securities or other property (or a combination thereof) having an aggregate Fair Market Value equal to or greater than 15% of the Corporation's assets as set forth on the Corporation's most recent audited consolidated financial statements; or

(iv) the adoption of any plan or proposal for the liquidation or dissolution of the corporation proposed by or on behalf of any Interested Stockholder or any Affiliate of any Interested Stockholder; or

(v) any reclassification of securities (including any reverse stock split), or recapitalization of the corporation, or any merger or consolidation of the corporation with any of its Subsidiaries or any other transaction (whether or not with or into or otherwise involving any Interested Stockholder) which has the effect, directly or

indirectly, of increasing the proportionate share of the outstanding shares of any class of equity or convertible securities of the corporation or any Subsidiary which is Beneficially Owned (as hereinafter defined) by any Interested Stockholder or any Affiliate of any Interested Stockholder;

shall require the affirmative vote of the holders of at least sixty-six and two-thirds percent (66-2/3%) of voting power of all of the then-outstanding shares of the Voting Stock, voting together as a single class. Such affirmative vote shall be required notwithstanding any other provisions of this Certificate of Incorporation or any provision of law or of any agreement with any national securities exchange or otherwise which might otherwise permit a lesser vote or no vote.

(2) The term "Business Combination" as used in this Article VIII shall mean any transaction which is referred to in any one or more of subparagraphs (i) through (v) of paragraph (1) of this Section A.

B. The provisions of Section A of this Article VIII shall not be applicable to any particular Business Combination, and such business Combination shall require only such affirmative vote as is required by law, any other provision of this Certificate of Incorporation and any Preferred Stock Designation, if, in the case of a Business Combination that does not involve any cash or other consideration being received by the stockholders of the corporation, solely in their respective capacities as stockholders of the corporation, the condition specified in the following paragraph (1) is met, or, in the case of any other Business Combination, the conditions specified in either of the following paragraph (1) or paragraph (2) are met:

(1) The Business Combination shall have been approved by a majority of the Continuing Directors (as hereinafter defined); provided however, that this condition shall not be capable of satisfaction unless there are at least two Continuing Directors.

(2) All of the following conditions shall have been met:

(i) The consideration to be received by holders of shares of a particular class (or series) of outstanding Voting Stock (including Common Stock and other than Excluded Preferred Stock (as hereinafter defined)) shall be in cash or in the same form as the Interested Stockholder or any of its Affiliates has previously paid for shares of such class (or series) of Voting Stock. If the Interested Stockholder or any of its Affiliates have paid for shares of any class (or series) of Voting Stock with varying forms of consideration, the form of consideration to be received per share by holders of shares of such class (or series) of Voting Stock shall be either cash or the form used to acquire the largest number of shares of such class (or series) of Voting Stock previously acquired by the Interested Stockholder.

(ii) The aggregate amount of (x) the cash and (y) the Fair Market Value, as of the date (the "Consummation Date") of the consummation of the Business Combination, of the consideration other than cash to be received per share by holders of Common Stock in such Business Combination shall be at least equal to the higher of the following (in each case appropriately adjusted in the event of any stock dividend, stock split, combination of shares or similar event):

(a) (if applicable) the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid by the Interested Stockholder or any of its Affiliates for any shares of Common Stock acquired by them within the two-year period immediately prior to the date of the first public announcement of the proposal of the Business Combination (the "Announcement Date") or in any transaction in which the Interested

Stockholder became an Interested Stockholder, whichever is higher, plus interest compounded annually from the first date on which the Interested Stockholder became an Interested Stockholder (the "Determination Date") through the Consummation Date at the publicly announced reference rate of interest of Bank of America, N.T. & S.A. (or such other major bank headquartered in the State of California as may be selected by the Continuing Directors) from time to time in effect in the City of San Francisco less the aggregate amount of any cash dividends paid, and the Fair Market Value of any dividends paid in other than cash, on each share of Common Stock from the Determination Date through the Consummation Date in an amount up to but not exceeding the amount of interest so payable per share of Common Stock; and

(b) the Fair Market Value per share of Common Stock on the Announcement Date or the Determination Date, whichever is higher.

(iii) The aggregate amount of (x) the cash and (y) the Fair Market Value, as of the Consummation Date, of the consideration other than cash to be received per share by holders of shares of any class (or series), other than Stock or Excluded Preferred Stock, of outstanding Voting Stock shall be at least equal to the highest of the following (in each case appropriately adjusted in the event of any stock dividend, stock split, combination of shares or similar event), it being intended that the requirements of this paragraph (2)(iii) shall be required to be met with respect to every such class (or series) of outstanding Voting Stock whether or not the Interested Stockholder or any of its Affiliates has previously acquired any shares of a particular class (or series) of Voting Stock):

(a) (if applicable) the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid by the Interested Stockholder or any of its Affiliates for any shares of such class (or series) of Voting Stock acquired by them within the two-year period immediately prior to the Announcement Date or in any transaction in which it became an Interested Stockholder, whichever is higher, plus interest compounded annually from the Determination Date through the Consummation Date at the publicly announced reference rate of interest of Bank of America, N.T. & S.A. (or such other major bank headquartered in the State of California as may be selected by the Continuing Directors) from time to time in effect in the City of San Francisco less the aggregate amount of any cash dividends paid, and the Fair Market Value of any dividends paid in other than cash, on each share of such class (or series) of Voting Stock from the Determination Date through the Consummation Date in an amount up to but not exceeding the amount of interest so payable per share of such class (or series) of Voting Stock;

(b) the Fair Market Value per share of such class (or series) of Voting Stock on the Announcement Date or on the Determination Date, whichever is higher; and

(c) the highest preferential amount per share, if any, to which the holders of shares of such class (or series) of Voting Stock would be entitled in the event of any voluntary or involuntary liquidation, dissolution or winding up of the corporation.

(iv) After such Interested Stockholder has become an Interested Stockholder and prior to the consummation of such Business Combination: (a) except as approved by a majority of the Continuing Directors, there shall have been no failure to declare and pay at the regular date therefor any full quarterly dividends (whether or not cumulative) on any outstanding Preferred Stock; (b) there shall have been (I) no reduction in the annual rate of dividends paid on the Common Stock (except as necessary to reflect any subdivision of the Common Stock), except as approved by a majority of the Continuing Directors, and (II) an increase in such annual rate of dividends as necessary to reflect any reclassification (including any reverse stock split), recapitalization, reorganization or any similar transaction which has the effect of reducing the number of outstanding shares of the Common Stock, unless the failure so to increase such annual rate is approved by a majority of the Continuing Directors; and (c) neither such Interested Stockholder nor any of its Affiliates shall have become the beneficial owner of any additional shares of Voting Stock except as part of the transaction which results in such Interested Stockholder becoming an Interested Stockholder; provided, however, that no approval by Continuing Directors shall satisfy the requirements of this subparagraph (iv) unless at the time of such approval there are at least two Continuing Directors.

(v) After such Interested Stockholder has become an Interested Stockholder, such Interested Stockholder and any of its Affiliates shall not have received the benefit, directly or indirectly (except proportionately, solely in such Interested Stockholder's or Affiliate's capacity as a stockholder of the corporation), of any loans, advances, guarantees, pledges or other financial assistance or any tax credits or other tax advantages provided by the corporation, whether in anticipation of or in connection with such Business Combination or otherwise.

(vi) A proxy or information statement describing the proposed Business Combination and complying with the requirements of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder (or any subsequent provisions replacing such Act, rules or regulations) shall be mailed to all stockholders of the corporation at least 30 days prior to the consummation of such Business Combination (whether or not such proxy or information statement is required to be mailed pursuant to such Act or subsequent provisions).

(vii) Such Interested Stockholder shall have supplied the corporation with such information as shall have been requested pursuant to Section E of this Article VIII within the time period set forth therein.

C. For the purposes of this Article VIII:

(1) A "person" means any individual, limited partnership, general partnership, corporation or other firm or entity.

(2) "Interested Stockholder" means any person (other than the corporation or any Subsidiary) who or which:

(i) is the Beneficial Owner (as hereinafter defined), directly or indirectly, of fifteen percent (15%) or more of the voting power of all of the then-outstanding shares of the Voting Stock; or

(ii) if an Affiliate of the corporation and at any time within the two-year period immediately prior to the date in question was the Beneficial Owner, directly or indirectly, of fifteen percent (15%) or more of the voting power of all of the then-outstanding shares of the Voting Stock; or

(iii) is an assignee of or has otherwise succeeded to any shares of Voting Stock which were at any time within the two-year period immediately prior to the date in question beneficially owned by an Interested Stockholder, if such assignment or succession shall have occurred in the course of a transaction or series of transactions not involving a public offering within the meaning of the 1933 Act.

(3) A person shall be a "Beneficial Owner" of, or shall "Beneficially Own," any Voting Stock:

(i) which such person or any of its Affiliates or Associates (as hereinafter defined) beneficially owns, directly or indirectly within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as in effect on the adoption date of this Certificate of Incorporation; or

(ii) which such person or any of its Affiliates or Associates has (a) the right to acquire (whether such right is exercisable immediately or only after the passage of time), pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise, or (b) the right to vote pursuant to any agreement, arrangement or understanding (but shall not be deemed to be the Beneficial Owner of any shares of Voting Stock solely by reason of a revocable proxy granted for a particular meeting of stockholders, pursuant to a public solicitation of proxies for such meeting, and with respect to which shares neither such person nor any such Affiliate or Associate is otherwise deemed the Beneficial Owner); or

(iii) which is beneficially owned, directly or indirectly, within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as in effect on the adoption date of this Certificate of Incorporation, by any other person with which such person or any of its Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting (other than solely by reason of a revocable proxy as described in subparagraph (ii) of this paragraph (3) or disposing of any shares of Voting Stock;

provided, however, that in case of any employee stock ownership or similar plan of the corporation or of any Subsidiary in which the beneficiaries thereof possess the right to vote any shares of Voting Stock held by such plan, no such plan nor any trustee with respect thereto (nor any Affiliate of such trustee), solely by reason of such capacity of such trustee, shall be deemed, for any purposes hereof, to beneficially own any shares of Voting Stock held under any such plan.

(4) For the purposes of determining whether a person is an Interested Stockholder pursuant to paragraph (2) of this Section C, the number of shares of Voting Stock deemed to be outstanding shall include shares deemed owned through application of paragraph (3) of this Section C but shall not include any other unissued shares of Voting Stock which may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise.

(5) "Affiliate" or "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as in effect on the adoption date of this Certificate of Incorporation.

(6) "Subsidiary" means any corporation of which a majority of any class of equity security is owned, directly or indirectly, by the corporation; provided, however, that for the purposes of the definition of Interested Stockholder set forth in paragraph (2) of this Section C, the term "Subsidiary" shall mean only a corporation of which a majority of each class of equity security is owned directly or indirectly, by the corporation.

(7) "Continuing Director" means any member of the Board of Directors of the corporation who is unaffiliated with the Interested Stockholder and was a member of the Board of Directors prior to the time that the Interested Stockholder became an Interested Stockholder and any director who is thereafter chosen to fill any vacancy on the Board of Directors or who is elected and who, in either event, is unaffiliated with the Interested Stockholder and in connection with his or her initial assumption of office is recommended for an appointment or election by a majority of Continuing Directors then on the Board.

(8) "Fair Market Value" means: (i) in the case of stock, the highest closing sale price during the 30-day period immediately preceding the date in question of a share of such stock on the Composite Tape for New York Stock Exchange-Listed Stocks, or, if such stock is not quoted on the Composite Tape, on the New York Stock Exchange, or, if such stock is not listed on such Exchange, on the principal United States securities exchange registered under the Securities Exchange Act of 1934 on which such stock is listed, or, if such stock is not listed on any such exchange, the highest closing sale price quotation with respect to a share of such stock during the 30-day period preceding the date in question on the National Association of Securities Dealers, Inc. Automated Quotations System or any system then in use, or if no such quotations are available, the fair market value on the date in question of a share of such stock as determined by the Board in accordance with Section D of this Article VIII; and (ii) in the case of property other than cash or stock, the fair market value of such property on the date in question as determined by the Board in accordance with Section D of this Article VIII.

(9) In the event of any Business Combination in which the corporation survives, the phrase "consideration other than cash to be received" as used in paragraphs (2)(ii) and (2)(iii) of Section B of this Article VIII shall include the shares of Common Stock and/or the shares of any other class (or series) of outstanding Voting Stock retained by the holders of such shares.

(10) "Whole Board" means the total number of directors which this corporation would have if there were no vacancies.

(11) "Excluded Preferred Stock" means any series of Preferred Stock with respect to which the Preferred Stock Designation creating such series expressly provides that the provisions of this Article VIII shall not apply.

D. A majority of the Whole Board but only if a majority of the Whole Board shall then consist of Continuing Directors or, if a majority of the Whole Board shall not then consist of Continuing Directors, a majority of the then Continuing Directors, shall have the power and duty to determine, on the basis of information known to them after reasonable inquiry, all facts necessary to determine compliance with this Article VIII, including, without limitation, (i) whether a person is an Interested Stockholder, (ii) the number of shares of

Voting Stock beneficially owned by any person, (iii) whether a person is an Affiliate or Associate of another, (iv) whether the applicable conditions set forth in paragraph (2) of Section B have been met with respect to any Business Combination, (v) the Fair Market Value of stock or other property in accordance with paragraph (8) of Section C of this Article VIII, and (vi) whether the assets which are the subject of any Business Combination referred to in paragraph (1)(ii) of Section A have or the consideration to be received for the issuance or transfer of securities by the corporation or any Subsidiary in any Business Combination referred to in paragraph (1)(iii) of Section A has, an aggregate Fair Market Value equal to or greater than 15% of the Corporation's assets as set forth on the Corporation's most recent audited consolidated financial statements.

E. A majority of the Whole Board shall have the right to demand, but only if a majority of the Whole Board shall then consist of Continuing Directors, or, if a majority of the Whole Board shall not then consist of Continuing Directors, a majority of the then Continuing Directors shall have the right to demand, that any person who it is reasonably believed is an Interested Stockholder (or holds of record shares of Voting Stock Beneficially Owned by any Interested Stockholder) supply this corporation with complete information as to (i) the record owner(s) of all shares Beneficially Owned by such person who it is reasonably believed is an Interested Stockholder, (ii) the number of, and class or series of, shares Beneficially Owned by such person who it is reasonably believed is an Interested Stockholder and held of record by each such record owner and the number(s) of the stock certificate(s) evidencing such shares, and (iii) any other factual matter relating to the applicability of effect of this Article VIII, as may be reasonably requested of such person, and such person shall furnish such information within 10 days after receipt of such demand.

F. Nothing contained in this Article VIII shall be construed to relieve any Interested Stockholder from any fiduciary obligation imposed by law.

IX.

Notwithstanding any other provisions of this Certificate of Incorporation or any provision of law which might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of any particular class or series of the Voting Stock required by law, this Certificate of Incorporation or any Preferred Stock Designation, the affirmative vote of the holders of at least sixty-six and two-thirds percent (66-2/3%) of the voting power of all of the then-outstanding shares of the Voting Stock, voting together as a single class, shall be required to alter, amend or repeal Article VI, Article VII, Article VIII or this Article IX.

X.

The corporation is to have perpetual existence.

XI.

The corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, except as provided in Article IX of this Certificate, and all rights conferred upon the stockholders herein are granted subject to this right.

EXHIBIT 3.6

CERTIFICATE OF AMENDMENT OF RESTATED CERTIFICATE OF INCORPORATION OF QUALCOMM INCORPORATED

QUALCOMM Incorporated, a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, does hereby certify:

FIRST: The name of the Corporation is QUALCOMM Incorporated (the "Corporation").

SECOND: The date on which the Corporation's original Certificate of Incorporation was filed with the Secretary of State of the State of Delaware is August 15, 1991.

THIRD: The Board of Directors of the Corporation, acting in accordance with the provisions of Sections 141 and 242 of the General Corporation Law of the State of Delaware, adopted resolutions at a meeting held on November 2, 1999 to amend Article IV of the Restated Certificate of Incorporation of the Corporation to read in its entirety as follows:

"This corporation is authorized to issue two classes of stock to be designated, respectively, "Common Stock" and "Preferred Stock." The total number of shares which the corporation is authorized to issue is three billion eight million (3,008,000,000) shares. Three billion (3,000,000,000) shares shall be Common Stock, each having a par value of one one-hundredth of one cent ($0.0001). Eight million (8,000,000) shares shall be Preferred Stock, each having a par value of one one-hundredth of one cent ($0.0001). Effective at the time of filing with the Secretary of State of the State of Delaware of this Certificate of Amendment (the "Effective Time"), each share of the corporation's Common Stock, par value $0.0001 per share, issued and outstanding shall, automatically and without any action on the part of the respective holders thereof, be split into four (4) shares of Common Stock, par value $0.0001 per share, of the corporation."

FOURTH: The foregoing amendment was submitted to the stockholders of the Corporation for their approval and was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, QUALCOMM Incorporated has caused this Certificate of Amendment to be signed by its duly authorized officers this 20th day of December, 1999.

By: /s/ Irwin Mark Jacobs

Irwin Mark Jacobs

Chairman of the Board of Directors

ATTEST: By: /s/ Steven R. Altman

Steven R. Altman Assistant Secretary

EXHIBIT 3.7

CERTIFICATE OF DESIGNATION

OF

SERIES A JUNIOR PARTICIPATING PREFERRED STOCK

OF

QUALCOMM INCORPORATED

(Pursuant to Section 151 of the
Delaware General Corporation Law)

QUALCOMM INCORPORATED, a corporation organized and existing under the General Corporation Law of the State of Delaware (hereinafter called the "Corporation"), hereby certifies that the following resolution was adopted by the Board of Directors of the Corporation as required by Section 151 of the General Corporation Law at a meeting duly called and held on September 26, 1995:

RESOLVED, that pursuant to the authority granted to and vested in the Board of Directors of the Corporation in accordance with the provisions of its Certificate of Incorporation, the Board of Directors hereby creates a series of Preferred Stock, par value $.0001 per share, of the Corporation and hereby states the designation and number of shares, and fixes the relative designations and the powers, preferences and rights, and the qualifications, limitations and restrictions thereof (in addition to the provisions set forth in the Certificate of Incorporation of the Corporation, which are applicable to the Preferred Stock of all classes and series), as follows:

Series A Junior Participating Preferred Stock:

SECTION 1. DESIGNATION AND AMOUNT. One Million Five Hundred Thousand (1,500,000) shares of Preferred Stock, $.0001 par value, are designated "Series A Junior Participating Preferred Stock" with the designations and the powers, preferences and rights, and the qualifications, limitations and restrictions specified herein (the "Junior Preferred Stock"). Such number of shares may be increased or decreased by resolution of the Board of Directors; provided, that no decrease shall reduce the number of shares of Junior Preferred Stock to a number less than the number of shares then outstanding plus the number of shares

reserved for issuance upon the exercise of outstanding options, rights or warrants or upon the conversion of any outstanding securities issued by the Corporation convertible into Junior Preferred Stock.

SECTION 2. DIVIDENDS AND DISTRIBUTIONS

(A) Subject to the rights of the holders of any shares of any series of Preferred Stock (or any similar stock) ranking prior and superior to the Junior Preferred Stock with respect to dividends, the holders of shares of Junior Preferred Stock, in preference to the holders of Common Stock, par value $.0001 per share (the "Common Stock"), of the Corporation, and of any other junior stock, shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the first day of April, July, October and January in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Junior Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) $1.00 or (b) subject to the provision for adjustment hereinafter set forth, 100 times the aggregate per share amount of all cash dividends, and 100 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions, other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise) declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Junior Preferred Stock. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount to which holders of shares of Junior Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) The Corporation shall declare a dividend or distribution on the Junior Preferred Stock as provided in paragraph (A) of this Section immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of $1.00 per share on the Junior Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(C) Dividends shall begin to accrue and be cumulative on outstanding shares of Junior Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Junior Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued by unpaid dividends shall not bear interest. Dividends paid on the shares of Junior Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Junior Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be not more than 60 days prior to the date fixed for the payment thereof.

SECTION 3. VOTING RIGHTS. The holders of shares of Junior Preferred Stock shall have the following voting rights:

(A) Subject to the provision for adjustment hereinafter set forth, each share of Junior Preferred Stock shall entitle the holder thereof to 100 votes on all matters submitted to a vote of the stockholders of the Corporation. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the number of votes per share to which holders of shares of Junior Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) Except as otherwise provided herein, in any other Certificate of Designation creating a series of Preferred Stock or any similar stock, or by law, the holders of shares of Junior Preferred Stock and the holders of shares of Common Stock and any other capital stock of the Corporation having general voting rights shall vote together as one class on all matters submitted to a vote of stockholders of the Corporation.

(C) Except as set forth herein, or as otherwise provided by law, holders of Junior Preferred Stock shall have no special voting rights and their

consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

SECTION 4. CERTAIN RESTRICTIONS.

(A) Whenever quarterly dividends or other dividends or distributions payable on the Junior Preferred Stock as provided in

Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Junior Preferred Stock outstanding shall have been paid in full, the Corporation shall not:

(i) declare or pay dividends, or make any other distributions, on any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Junior Preferred Stock;

(ii) declare or pay dividends, or make any other distributions, on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Junior Preferred Stock, except dividends paid ratably on the Junior Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration shares of any stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Junior Preferred stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such junior stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Junior Preferred Stock; or

(iv) redeem or purchase or otherwise acquire for consideration any shares of Junior Preferred Stock, or any shares of stock ranking on a parity with the Junior Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (A) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

SECTION 5. REACQUIRED SHARES. Any shares of Junior Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof. All such

shares shall upon their cancellation become authorized but unissued shares of Preferred Stock and may by reissued as part of a new series of Preferred Stock subject to the conditions and restrictions on issuance set forth herein, in the Restated Certificate of Incorporation, or in any other Certificate of Designation creating a series of Preferred Stock or any similar stock or as otherwise required by law.

SECTION 6. LIQUIDATION, DISSOLUTION OR WINDING UP. Upon any liquidation, dissolution or winding up of the Corporation, no distribution shall be made (1) to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Junior Preferred stock unless, prior thereto, the holders of shares of Junior Preferred Stock shall have received $100 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, provided that the holders of shares of Junior Preferred Stock shall be entitled to receive an aggregate amount per share, subject to the provision for adjustment hereinafter set forth, equal to 100 times the aggregate amount to be distributed per share to holders of shares of Common Stock, or (2) to the holders of shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Junior Preferred Stock, except distributions made ratably on the Junior Preferred Stock and all such parity stock in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the aggregate amount to which holders of shares of Junior Preferred Stock were entitled immediately prior to such event under the proviso in clause (1) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

SECTION 7. CONSOLIDATION, MERGER, ETC. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case each share of Junior Preferred stock shall at the same time be similarly exchanged or changed into an amount per share, subject to the provision for adjustment hereinafter set forth, equal to 100 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or

otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Junior Preferred Stock shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

SECTION 8. NO REDEMPTION. The shares of Junior Preferred Stock shall not be redeemable.

SECTION 9. RANK. The Junior Preferred Stock shall rank, with respect to the payment of dividends and the distribution of assets, junior to all series of any other class of the Corporation's Preferred Stock.

SECTION 10. AMENDMENT. The Restated Certificate of Incorporation of the Corporation shall not be amended in any manner which would materially alter or change the powers, preferences or special rights of the Junior Preferred Stock so as to affect them adversely without the affirmative vote of the holders of at least two-thirds of the outstanding shares of Junior Preferred Stock, voting together as a single class.

IN WITNESS WHEREOF, the undersigned have executed this certificate as of September 26, 1995.

/s/ Harvey P. White

HARVEY P. WHITE
PRESIDENT

/s/ Frank Rogozienki

FRANK ROGOZIENKI
SECRETARY

EXHIBIT 3.8

BYLAWS

OF

QUALCOMM Incorporated

(a Delaware corporation)

BYLAWS

OF

QUALCOMM Incorporated

(a Delaware corporation)

ARTICLE I

Offices

Section 1. Registered Office. The registered office of the corporation in the State of Delaware shall be in the City of Dover, County of Kent. (Del. Code Ann., tit. 8. Section 131)

Section 2. Other Offices. The corporation shall also have and maintain an office or principal place of business in California, at such place as may be fixed by the Board of Directors, and may also have offices at such other places, both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the corporation may require. (Del. Code Ann., tit. 8, Section 122(8))

ARTICLE II

Corporate Seal

Section 3. Corporate Seal. The corporate seal shall consist of a die bearing the name of the corporation and the inscription, "Corporate Seal-Delaware." Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise. (Del. Code Ann., tit. 8, Section 122(3))

ARTICLE III

Stockholders' Meetings

Section 4. Place of Meetings. Meetings of the stockholders of the corporation shall be held at such place, either within or without the State of Delaware, as may be designated from time to time by the Board of Directors, or, if not so designated, then at the office of the corporation required to be maintained pursuant to Section 2 hereof. (Del. Code Ann., tit. 8, Section 211(a))

Section 5. Annual Meeting. (a) The annual meeting of the stockholders of the corporation, for the purpose of election of Directors and for such other business as may lawfully come before it, shall be held on such date and at such time as may be designated from time to time by the Board of Directors. (Del. Code Ann., tit. 8, Section 211(b))

(b) At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought

before an annual meeting, business must be: (A) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (B) otherwise properly brought before the meeting by or at the direction of the Board of Directors, or (C) otherwise properly brought before the meeting by a stockholder. For business to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of the corporation. To be timely, a stockholder's notice must be delivered to or mailed and received at the principal executive offices of the corporation not less than one hundred twenty (120) calendar days in advance of the date specified in the corporation's proxy statement released to stockholders in connection with the previous year's annual meeting of stockholders; provided, however, that in the event that no annual meeting was held in the previous year or the date of the annual meeting has been changed by more than thirty (30) days from the date contemplated at the time of the previous year's proxy statement, notice by the stockholder to be timely must be so received a reasonable time before the solicitation is made. A stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the annual meeting: (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and address, as they appear on the corporation's books, of the stockholder proposing such business, (iii) the class and number of shares of the corporation which are beneficially owned by the stockholder, (iv) any material interest of the stockholder in such business and (v) any other information that is required to be provided by the stockholder pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "1934 Act"), in his capacity as a proponent to a stockholder proposal. Notwithstanding the foregoing, in order to include information with respect to a stockholder proposal in the proxy statement and form of proxy for a stockholder's meeting, stockholders must provide notice as required by the regulations promulgated under the 1934 Act. Notwithstanding anything in these Bylaws to the contrary, no business shall be conducted at any annual meeting except in accordance with the procedures set forth in this paragraph (b). The chairman of the annual meeting shall, if the facts warrant, determine and declare at the meeting that business was not properly brought before the meeting and in accordance with the provisions of this paragraph (b), and, if he should so determine, he shall so declare at the meeting that any such business not properly brought before the meeting shall not be transacted. (Del. Code Ann., tit. 8: Section 211(b))

(c) Subject to any applicable provisions of the Certificate of Incorporation of the corporation, only persons who are nominated in accordance with the procedures set forth in this paragraph (c) shall be eligible for election as Directors. Nominations of persons for election to the Board of Directors of the corporation may be made at a meeting of stockholders by or at the direction of the Board of Directors or by any stockholder of the corporation entitled to vote in the election of Directors at the meeting who complies with the notice procedures set forth in this paragraph (c). Such nominations, other than those made by or at the direction of the Board of Directors, shall be made pursuant to timely notice in writing to the Secretary of the corporation in accordance with the provisions of paragraph (b) of this Section 5. Timely notice shall also be given of any stockholder's intention to cumulate votes in the election of directors at a meeting. Such stockholder's notice shall set forth (i) as to each person, if any, whom the stockholder proposes to nominate for election or re-election as a Director: (A) the name, age, business address and residence address of such person, (B) the principal occupation or employment of such person, (C) the class and number of shares of the corporation which are beneficially owned

by such person, (D) a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nominations are to be made by the stockholder, and (E) any other information relating to such person that is required to be disclosed in solicitations of proxies for election of Directors, or is otherwise required, in each case pursuant to Regulation 14A under the 1934 Act (including without limitation such person's written consent to being named in the proxy statement, if any, as a nominee and to serving as a Director if elected); and (ii) as to such stockholder giving notice, the information required to be provided pursuant to paragraph (b) of this Section 5 and whether such stockholder intends to request cumulative voting in the election of Directors at the meeting. At the request of the Board of Directors, any person nominated by a stockholder for election as a Director shall furnish to the Secretary of the corporation that information required to be set forth in the stockholder's notice of nomination which pertains to the nominee. No person shall be eligible for election as a Director of the corporation unless nominated in accordance with the procedures set forth in this paragraph (c). The chairman of the meeting shall, if the facts warrant, determine and declare at the meeting that a nomination was not made in accordance with the procedures prescribed by these Bylaws, and if he should so determine, he shall so declare at the meeting, and the defective nomination shall be disregarded. (Del. Code Ann., tit. 8, Sections 212, 214).

Section 6. Special Meetings. (a) Special meetings of the stockholders of the corporation may be called, for any purpose or purposes, by (i) the Chairman of the Board of Directors, (ii) the President, (iii) the Board of Directors pursuant to a resolution adopted by a majority of the total number of authorized directors (whether or not there exist any vacancies in previously authorized directorships at the time any such resolutions is presented to the Board of Directors for adoption) or (iv) by the holders of shares entitled to cast not less than ten percent (10%) of the votes at the meeting, and shall be held at such place, on such date, and at such time as the President or the Board of Directors, as the case may be, shall fix.

(b) If a special meeting is called by any person or persons other than the Board of Directors, the request shall be in writing, specifying the general nature of the business proposed to be transacted, and shall be delivered personally or sent by registered mail or by telegraphic or other facsimile transmission to the Chairman of the Board of Directors, the President, or the Secretary of the corporation. No business may be transacted at such special meeting otherwise than specified in such notice. The Board of Directors shall determine the time and place of such special meeting, which shall be held not less than thirty-five (35) nor more than one hundred twenty (120) days after the date of the receipt of the request. Upon determination of the time and place of the meeting, the officer receiving the request shall cause notice to be given to the stockholders entitled to vote, in accordance with the provisions of Section 7 of these Bylaws. If the notice is not given within sixty (60) days after the receipt of the request, the person or persons requesting the meeting may set the time and place of the meeting and give the notice. Nothing contained in this paragraph (b) shall be construed as limiting, fixing, or affecting the time when a meeting of stockholders called by action of the Board of Directors may be held.

Section 7. Notice of Meetings. Except as otherwise provided by law or the Certificate of Incorporation, written notice of each meeting of stockholders shall be given not

less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at such meeting, such notice to specify the place, date and hour and purpose or purposes of the meeting. Notice of the time, place and purpose of any meeting of stockholders may be waived in writing, signed by the person entitled to notice thereof, either before or after such meeting, and will be waived by any stockholder by his attendance thereat in person or by proxy, except when the stockholder attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Any stockholder so waiving notice of such meeting shall be bound by the proceedings of any such meeting in all respects as if due notice thereof had been given. (Del. Code Ann., tit. 8, Sections 222, 229)

Section 8. Quorum. At all meetings of stockholders, except where otherwise provided by statute or by the Certificate of Incorporation, or by these Bylaws, the presence, in person or by proxy duly authorized, of the holders of a majority of the outstanding shares of stock entitled to vote shall constitute a quorum for the transaction of business. In the absence of a quorum, any meeting of stockholders may be adjourned, from time to time, either by the chairman of the meeting or by vote of the holders of a majority of the shares represented thereat, but no other business shall be transacted at such meeting. The stockholders present at a duly called or convened meeting, at which a quorum is present, may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum. Except as otherwise provided by law, the Certificate of Incorporation or these Bylaws, all action taken by the holders of a majority of the vote cast, excluding abstentions, at any meeting at which a quorum is present shall be valid and binding upon the corporation; provided, however, that except as provided in the Certificate of Incorporation, Directors shall be elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of Directors. Where a separate vote by a class or classes is required, a majority of the outstanding shares of such class or classes, present in person or represented by proxy, shall constitute a quorum entitled to take action with respect to that vote on that matter and the affirmative vote of the majority (plurality, in the case of the election of Directors) of shares of such class or classes present in person or represented by proxy at the meeting shall be the act of such class. (Del. Code Ann., tit. 8, Section 216)

Section 9. Adjournment and Notice of Adjourned Meetings. Any meeting of stockholders, whether annual or special, may be adjourned from time to time either by the chairman of the meeting or by the vote of a majority of the shares casting votes, excluding abstentions. When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. (Del. Code Ann., tit. 8, Section 222(c))

Section 10. Voting Rights. (a) For the purpose of determining those stockholders entitled to vote at any meeting of the stockholders, except as otherwise provided by law, only persons in whose names shares stand on the stock records of the corporation on the record date,

as provided in Section 12 of these Bylaws, shall be entitled to vote ay any meeting of stockholders. Every person entitled to vote or execute consents shall have the right to do so either in person or by an agent or agents authorized by a written proxy executed by such person or his duly authorized agent, which proxy shall be filed with the Secretary at or before the meeting at which it is to be used. An agent so appointed need not be a stockholder. No proxy shall be voted after three (3) years from its date of creation unless the proxy provides for a longer period. All elections of Directors shall be by written ballot, unless otherwise provided in the Certificate of Incorporation. (Del. Code Ann., tit. 8, Sections 211(e), 212(b))

(b) Every stockholder entitled to vote in any election of Directors of this corporation may cumulate such stockholder's votes and give one candidate a number of votes equal to the number of Directors to be elected multiplied by the number of votes to which the stockholder's shares are otherwise entitled, or distribute the stockholder's votes on the same principle among as many candidates as such stockholder thinks fit. The candidates receiving the highest number of votes of the shares entitled to be voted for them up to the number of Directors to be elected by such shares shall be declared elected. (Del. Code Ann., tit. 8, Section 214)

Section 11. Joint Owners of Stock. If shares or other securities having voting power stand of record in the names of two (2) or more persons, whether fiduciaries, members of a partnership, joint tenants, tenants in common, tenants by the entirety, or otherwise, or if two (2) or more persons have the same fiduciary relationship respecting the same shares, unless the Secretary is given written notice to the contrary and is furnished with a copy of the instrument or order appointing them or creating the relationship wherein it is so provided, their acts with respect to voting shall have the following effect: (a) if only one (1) votes, his act binds all; (b) if more than one (1) votes, the act of the majority so voting binds all; (c) if more than one (1) votes, but the vote is evenly split on any particular matter, each faction may vote the securities in question proportionally, or may apply to the Delaware Court of Chancery for relief as provided in the General Corporation Law of Delaware, Section 217(b). If the instrument filed with the Secretary shows that any such tenancy is held in unequal interests, a majority or even-split for the purpose of subsection (c) shall be a majority or even-split in interest. (Del. Code Ann., tit. 8, Section 217(b))

Section 12. List of Stockholders. The Secretary shall prepare and make, at least ten (10) days before every-meeting of stockholders, a complete list of the stockholders entitled to vote at said meeting, arranged in alphabetical order, showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not specified, at the place where the meeting is to be held. The list shall be produced and kept at the time and place of meeting during the whole time thereof and may be inspected by any stockholder who is present. (Del. Code Ann., tit. 8, Section 219(a))

Section 13. Action Without Meeting. (a) Unless otherwise provided in the Certificate of Incorporation, any action required by statute to be taken at any annual or special meeting of the stockholders, or any action which may be taken at any annual or special meeting of the stockholders, may be taken without a meeting, without prior notice and without a vote, if a

consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted.

(b) Every written consent shall bear the date of signature of each stockholder who signs the consent, and no written consent shall be effective to take the corporate action referred to therein unless, within sixty (60) days of the earliest dated consent delivered to the corporation in the manner herein required, written consents signed by a sufficient number of stockholders to take action are delivered to the corporation by delivery to its registered office in the State of Delaware, its principal place of business or an officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to a corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. (Del. Code Ann., tit. 8, Section 228)

(c) Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing. If the action which is consented to is such as would have required the filing of a certificate under any section of the General Corporation Law of the State of Delaware if such action had been voted on by stockholders at a meeting thereof, then the certificate filed under such section shall state, in lieu of any statement required by such section concerning any vote of stockholders, that written notice and written consent have been given as provided in Section 228 of the General Corporation Law of Delaware.

(d) Notwithstanding the foregoing, no such action by written consent may be taken following the closing of the initial public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended (the "1933 Act"), covering the offer and sale of Common Stock of the corporation (the "Initial Public Offering").

Section 14. Organization. (a) At every meeting of stockholders, the Chairman of the Board of Directors, or, if a Chairman has not been appointed or is absent, the Chief Executive Officer, or, if the Chief Executive Officer is absent, the President, or if the President is absent, the most senior Vice President present, or in the absence of any such officer, a chairman of the meeting chosen by a majority in interest of the stockholders entitled to vote, present in person or by proxy, shall act as chairman. The Secretary, or, in his absence, an Assistant Secretary directed to do so by the President, shall act as secretary of the meeting.

(b) The Board of Directors of the corporation shall be entitled to make such rules or regulations for the conduct of meetings of stockholders as it shall deem necessary, appropriate or convenient. Subject to such rules and regulations of the Board of Directors, if any, the chairman of the meeting shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are necessary, appropriate or convenient for the proper conduct of the meeting, including, without limitation, establishing an agenda or order of business for the meeting, rules and procedures for maintaining order at the meeting and the safety of those present, limitations on participation in such meeting to stockholders of record of the corporation and their duly authorized and constituted proxies and such other persons as the chairman shall permit, restrictions on entry to the meeting after the time fixed for the commencement thereof, limitations on the time allotted to

questions or comments by participants and regulation of the opening and closing of the polls for balloting on matters which are to be voted on by ballot. Unless and to the extent determined by the Board of Directors or the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with rules of parliamentary procedure.

ARTICLE IV

Directors

Section 15. Number and Term of Office. Subject to any limitations imposed by the Certificate of Incorporation, the authorized number of Directors of the corporation shall be fixed from time to time by the Board of Directors by a resolution duly adopted by the Board of Directors. Directors need not be stockholders unless so required by the Certificate of Incorporation. If for any cause, the Directors shall not have been elected at an annual meeting, they may be elected as soon thereafter as convenient at a special meeting of the stockholders called for that purpose in the manner provided in these Bylaws. (Del. Code Ann., tit. 8, Sections 141(b), 211(b), (c))

Section 16. Powers. The powers of the corporation shall be exercised, its business conducted and its property controlled by the Board of Directors, except as may be otherwise provided by statute or by the Certificate of Incorporation. (Del. Code Ann., tit. 8, Section 141(a))

Section 17. Classes of Directors. The Board of Directors shall be divided into three classes designated as Class I, Class II and Class III, respectively. Directors shall be assigned to each class in accordance with a resolution or resolutions adopted by the Board of Directors. At the first annual meeting of stockholders following the date these Bylaws are adopted, the term of office of the Class I directors shall expire and Class I directors shall be elected for a full term of three years. At the second annual meeting of stockholders following the date these Bylaws are adopted, the term of office of the Class II directors shall expire and Class II directors shall be elected for a full term of three years. At the third annual meeting of stockholders following the date these Bylaws are adopted, the term of office of the Class III directors shall expire and Class III directors shall be elected for a full term of three years. At each succeeding annual meeting of stockholders, directors shall be elected for a full term of three years to succeed the directors of the class whose terms expire at such annual meeting.

Notwithstanding the foregoing provisions of this Article, each director shall serve until his successor is duly elected and qualified or until his death, resignation or removal. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

Section 18. Vacancies. Unless otherwise provided in the Certificate of Incorporation, any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other causes shall be filled by either (i) the affirmative vote of the holders of a majority of the voting power of the then-outstanding shares of voting stock of the corporation entitled to vote generally in the election of directors (the "Voting Stock") voting together as a single class; or (ii) by the affirmative vote of a majority of the remaining directors then in office, even though less than a quorum of the Board of Directors. Newly created directorships resulting

from any increase in the number of directors shall, unless the Board of Directors determines by resolution that any such newly created directorship shall be filled by the stockholders, be filled only by the affirmative vote of the directors then in office, even though less than a quorum of the Board of Directors. Any director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the class of directors in which the new directorship was created or the vacancy occurred and until such director's successor shall have been elected and qualified. A vacancy in the Board of Directors shall be deemed to exist under this Bylaw in the case of the death, removal or resignation of any Director, or if the stockholders fail at any meeting of stockholders at which Directors are to be elected (including any meeting referred to in Section 21 below) to elect the number of Directors then constituting the whole Board of Directors. (Del. Code Ann., tit. 8, Section 223(a), (b))

Section 19. Resignation. Any Director may resign at any time by delivering his written resignation to the Secretary, such resignation to specify whether it will be effective at a particular time, upon receipt by the Secretary or at the pleasure of the Board of Directors. If no such specification is made, it shall be deemed effective at the pleasure of the Board of Directors. When one or more Directors shall resign from the Board of Directors, effective at a future date, a majority of the Directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, and each Director so chosen shall hold office for the unexpired portion of the term of the Director whose place shall be vacated and until his successor shall have been duly elected and qualified. (Del. Code Ann., tit. 8, Sections 141(b), 223(d))

Section 20. Removal. Subject to any limitations imposed by law or the Certificate of Incorporation, the Board of Directors, or any individual Director, may be removed from office at any time (a) with cause by the affirmative vote of the holders of at least a majority of the then outstanding shares of the capital stock of the corporation entitled to vote at an election of Directors; or (b) without cause by an affirmative vote of the holders of at least sixty-six and two-thirds percent (66-2/3%) of such outstanding shares. So long as shareholders may cumulate their votes in the election of Directors, if less than the entire Board of Directors is to be removed, no Director may be removed without cause if the votes cast against his removal would be sufficient to elect him if then cumulatively voted at an election of the entire Board of Directors, or, if there be classes of Directors, at an election of the class of Directors of which he is a part. Furthermore, if the holders of any class or series of capital stock are entitled to elect one (1) or more Directors by this certificate of incorporation, as amended from time to time, the removal of such Directors without cause shall be by a vote of the outstanding shares of that series or class of capital stock and not the outstanding shares of capital stock as a whole. (Del. Code Ann., tit. 8, Section 141(k))

Section 21. Meetings.

(a) Annual Meetings. The annual meeting of the Board of Directors shall be held immediately before or after the annual meeting of stockholders and at the place where such meeting is held. No notice of an annual meeting of the Board of Directors shall be necessary and such meeting shall be held for the purpose of electing officers and transacting such other business as may lawfully come before it.

(b) Regular Meetings. Except as hereinafter otherwise provided, regular meetings of the Board of Directors shall be held in the office of the corporation required to be maintained pursuant to Section 2 hereof. Unless otherwise restricted by the Certificate of Incorporation, regular meetings of the Board of Directors may also be held at any place within or without the State of Delaware which has been designated by resolution of the Board of Directors or the written consent of all directors. (Del. Code Ann., tit. 8, Section 141(g))

(c) Special Meetings. Unless otherwise restricted by the Certificate of Incorporation, special meetings of the Board of Directors may be held at any time and place within or without the State of Delaware whenever called by the Chairman of the Board, the President or any two of the Directors. (Del. Code Ann., tit. 8, Section 141(g))

(d) Telephone Meetings. Any member of the Board of Directors, or of any committee thereof, may participate in a meeting by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting by such means shall constitute presence in person at such meeting. (Del. Code Ann., tit. 8, Section 141(i))

(e) Notice of Meetings. Written notice of the time and place of all special meetings of the Board of Directors shall be given at least one (1) day before the date of the meeting. Notice of any meeting may be waived in writing at any time before or after the meeting and will be waived by any Director by attendance thereat, except when the Director attends the meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. (Del. Code Ann., tit. 8, Section 229)

(f) Waiver of Notice. The transaction of all business at any meeting of the Board of Directors, or any committee thereof, however called or noticed, or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present and if, either before or after the meeting, each of the Directors not present shall sign a written waiver of notice, or a consent to holding such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting. (Del. Code Ann., tit. 8, Section 229)

Section 22. Quorum and Voting. (a) Unless the Certificate of Incorporation requires a greater number and except with respect to indemnification questions arising under Section 43 hereof, for which a quorum shall be one-third of the exact number of Directors fixed from time to time in accordance with the Certificate of Incorporation, but not less than one (1), a quorum of the Board of Directors shall consist of a majority of the exact number of Directors fixed from time to time by the Board of Directors in accordance with the Certificate of Incorporation, but not less than one (1); provided, however, at any meeting whether a quorum be present or otherwise, a majority of the Directors present may adjourn from time to time until the time fixed for the next regular meeting of the Board of Directors, without notice other than by announcement at the meeting. (Del. Code Ann., tit. 8, Section 141(b))

(b) At each meeting of the Board of Directors at which a quorum is present, all questions and business shall be determined by a vote of a majority of the Directors present,

unless a different vote be required by law, the Certificate of Incorporation or these Bylaws. (Del. Code Ann., tit. 8, Section 141(b))

Section 23. Action Without Meeting. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board of Directors or committee, as the case may be, consent thereto in writing, and such writing or writings are filed with the minutes of proceedings of the Board of Directors or committee. (Del. Code Ann., tit. 8, Section 141(f))

Section 24. Fees and Compensation. Directors shall be entitled to such compensation for their services as may be approved by the Board of Directors, including, if so approved, by resolution of the Board of Directors, a fixed sum and expenses of attendance, if any, for attendance at each regular or special meeting of the Board of Directors and at any meeting of a committee of the Board of Directors. Nothing herein contained shall be construed to preclude any Director from serving the corporation in any other capacity as an officer, agent, employee, or otherwise and receiving compensation therefor. (Del. Code Ann., tit. 8, Section 141(h))

Section 25. Committees.

(a) Executive Committee. The Board of Directors may by resolution passed by a majority of the whole Board of Directors appoint an Executive Committee to consist of one (1) or more members of the Board of Directors. The Executive Committee, to the extent permitted by law and specifically granted by the Board of Directors, shall have and may exercise when the Board of Directors is not in session all powers of the Board of Directors in the management of the business and affairs of the corporation, including, without limitation, the power and authority to declare a dividend or to authorize the issuance of stock, except such committee shall not have the power or authority to amend the Certificate of Incorporation, to adopt an agreement of merger or consolidation, to recommend to the stockholders the sale, lease or exchange of all or substantially all of the corporation's property and assets, to recommend to the stockholders of the corporation a dissolution of the corporation or a revocation of a dissolution or to amend these Bylaws. (Del. Code Ann., tit. 8, Section 141(c))

(b) Other Committees. The Board of Directors may, by resolution passed by a majority of the whole Board of Directors, from time to time appoint such other committees as may be permitted by law. Such other committees appointed by the Board of Directors shall consist of one (1) or more members of the Board of Directors and shall have such powers and perform such duties as may be prescribed by the resolution or resolutions creating such committees, but in no event shall such committee have the powers denied to the Executive Committee in these Bylaws. (Del. Code Ann., tit. 8, Section 141(c))

(c) Term. Each member of a committee of the Board of Directors shall serve a term on the committee coexistent with such member's term on the Board of Directors. The Board of Directors, subject to the provisions of subsections (a) or (b) of this Bylaw, may at any time increase or decrease the number of members of a committee or terminate the existence of a committee. The membership of a committee member shall terminate on the date of his death or voluntary resignation from the committee or from the Board of Directors. The Board of

Directors may at any time for any reason remove any individual committee member and the Board of Directors may fill any committee vacancy created by death, resignation, removal or increase in the number of members of the committee. The Board of Directors may designate one or more Directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee, and, in addition, in the absence or disqualification of any member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. (Del. Code Ann., tit. 8, Section 141(c))

(d) Meetings. Unless the Board of Directors shall otherwise provide, regular meetings of the Executive Committee or any other committee appointed pursuant to this Section 25 shall be held at such times and places as are determined by the Board of Directors, or by any such committee, and when notice thereof has been given to each member of such committee, no further notice of such regular meetings need be given thereafter. Special meetings of any such committee may be held at any place which has been determined from time to time by such committee, and may be called by any Director who is a member of such committee, upon written notice to the members of such committee of the time and place of such special meeting given in the manner provided for the giving of written notice to members of the Board of Directors of the time and place of special meetings of the Board of Directors. Notice of any special meeting of any committee may be waived in writing at any time before or after the meeting and will be waived by any Director by attendance thereat, except when the Director attends such special meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. A majority of the authorized number of members of any such committee shall constitute a quorum for the transaction of business, and the act of a majority of those present at any meeting at which a quorum is present shall be the act of such committee. (Del. Code Ann., tit. 8, Sections 141(c), 229)

Section 26. Organization. At every meeting of the Directors, the Chairman of the Board of Directors, or, if a Chairman has not been appointed or is absent, the Chief Executive Officer, or if the Chief Executive Officer is absent, the President, or if the President is absent, the most senior Vice President, or, in the absence of any such officer, a chairman of the meeting chosen by a majority of the Directors present, shall preside over the meeting. The Secretary, or in his absence, an Assistant Secretary directed to do so by the President, shall act as secretary of the meeting.

ARTICLE V

Officers

Section 27. Officers Designated. The officers of the corporation shall include, if and when designated by the Board of Directors, the Chairman of the Board of Directors, the Chief Executive Officer, the President, one or more Vice Presidents, the Chief Technical Officer, the Chief Financial Officer, the Secretary, the Treasurer, the Controller, all of whom shall be elected at the annual organizational meeting of the Board of Directors. The order of the seniority of the Vice Presidents shall be in the order of their nomination, unless otherwise determined by the Board of Directors. The Board of Directors may also appoint one or more Assistant Secretaries,

Assistant Treasurers, Assistant Controllers and such other officers and agents with such powers and duties as it shall deem necessary. The Board of Directors may assign such additional titles to one or more of the officers as it shall deem appropriate. Any one person may hold any number of offices of the corporation at any one time unless specifically prohibited therefrom by law. The salaries and other compensation of the officers of the corporation shall be fixed by or in the manner designated by the Board of Directors. (Del. Code Ann., tit. 8, Sections 122(5), 142(a), (b))

Section 28. Tenure and Duties of Officers.

(a) General. All officers shall hold office at the pleasure of the Board of Directors and until their successors shall have been duly elected and qualified, unless sooner removed. Any officer elected or appointed by the Board of Directors may be removed at any time by the Board of Directors. If the office of any officer becomes vacant for any reason, the vacancy may be filled by the Board of Directors. (Del. Code Ann., tit. 8, Section 141(b), (e))

(b) Duties of Chairman of the Board of Directors. The Chairman of the Board of Directors, when present, shall preside at all meetings of the stockholders and the Board of Directors. The Chairman of the Board of Directors shall perform other duties commonly incident to his office and shall also perform such other duties and have such other powers as the Board of Directors shall designate from time to time. (Del. Code Ann., tit. 8, Section 142(a))

(c) Chief Executive Officer. The Chief Executive Officer, if such an officer be elected, shall, subject to the control of the Board, have general supervision, direction and control of the business and the officers of the Corporation. In the absence of the Chairman of the Board, or if there be none, the Chief Executive Officer shall preside at all meetings of the Stockholders and at all meetings of the Board. The Chief Executive Officer shall exercise and perform such other powers and duties as may from time to time be assigned to him by the Board.

(d) Duties of President. Unless the Chairman of the Board of Directors has been appointed and is present, and in the absence of the Chief Executive Officer, or if there be none, the President shall preside at all meetings of the stockholders and at all meetings of the Board of Directors. The President shall perform other duties commonly incident to his office and shall also perform such other duties and have such other powers as the Board of Directors shall designate from time to time. (Del. Code Ann., tit. 8, Section 142(a))

(e) Duties of Vice Presidents. The Vice Presidents, in the order of their seniority, may assume and perform the duties of the President in the absence or disability of the President or whenever the office of President is vacant. The Vice Presidents shall perform other duties commonly incident to their office and shall also perform such other duties and have such other powers as the Board of Directors or the President shall designate from time to time. (Del. Code Ann., tit. 8, Section 142(a))

(f) Duties of Chief Technical Officer. The Chief Technical Officer shall be responsible for overall technical direction, strategic planning for technology, insuring basic technology exists to meet corporate objectives and insuring technical superiority of staff by, among other things, setting technical standards and other related activities as from time to time determined by the president. The Chief Technical Officer shall report directly to the President.

(g) Duties of Chief Financial Officer. The Chief Financial Officer shall keep or cause to be kept the books of account of the corporation in a thorough and proper manner and shall render statements of the financial affairs of the corporation in such form and as often as required by the Board of Directors or the President. The Chief Financial Officer, subject to the order of the Board of Directors, shall have the custody of all funds and securities of the corporation. The Chief Financial Officer shall perform other duties commonly incident to his office and shall also perform such other duties and have such other powers as the Board of Directors or the President shall designate from time to time. The President may direct the Treasurer or any Assistant Treasurer, or the Controller or any Assistant Controller to assume and perform the duties of the Chief Financial Officer in the absence or disability of the Chief Financial Officer, and each Assistant Treasurer shall perform other duties commonly incident to his office and shall also perform such other duties and have such other powers as the Board of Directors or the President shall designate from time to time. (Del. Code Ann., tit. 8, Section 142(a))

(h) Duties of Secretary. The Secretary shall attend all meetings of the stockholders and of the Board of Directors and shall record all acts and proceedings thereof in the minute book of the corporation. The Secretary shall give notice in conformity with these Bylaws of all meetings of the stockholders and of all meetings of the Board of Directors and any committee thereof requiring notice. The Secretary shall perform all other duties given him in these Bylaws and other duties commonly incident to his office and shall also perform such other duties and have such other powers as the Board of Directors shall designate from time to time. The President may direct any Assistant Secretary to assume and perform the duties of the Secretary in the absence or disability of the Secretary, and each Assistant Secretary shall perform other duties commonly incident to his office and shall also perform such other duties and have such other powers as the Board of Directors or the President shall designate from time to time. (Del. Code Ann., tit. 8, Section 142(a))

Section 29. Delegation of Authority. The Board of Directors may from time to time delegate the powers or duties of any officer to any other officer or agent, notwithstanding any provision hereof.

Section 30. Resignations. Any officer may resign at any time by giving written notice to the Board of Directors or to the President or to the Secretary. Any such resignation shall be effective when received by the person or persons to whom such notice is given, unless a later time is specified therein, in which event the resignation shall become effective at such later time. Unless otherwise specified in such notice, the acceptance of any such resignation shall not be necessary to make it effective. Any resignation shall be without prejudice to the rights, if any, of the corporation under any contract with the resigning officer. (Del. Code Ann., tit. 8, Section 142(b))

Section 31. Removal. Any officer may be removed from office at any time, either with or without cause, by the vote or written consent of a majority of the Directors in office at the time, or by any committee or superior officers upon whom such power of removal may have been conferred by the Board of Directors.

ARTICLE VI

Execution of Corporate Instruments and Voting of Securities Owned by the Corporation

Section 32. Execution of Corporate Instruments. The Board of Directors may, in its discretion, determine the method and designate the signatory officer or officers, or other person or persons, to execute on behalf of the corporation any corporate instrument or document, or to sign on behalf of the corporation the corporate name without limitation, or to enter into contracts on behalf of the corporation, except where otherwise provided by law or these Bylaws, and such execution or signature shall be binding upon the corporation. (Del. Code Ann., tit. 8, Sections 103(a), 142(a), 158)

Unless otherwise specifically determined by the Board of Directors or otherwise required by law, promissory notes, deeds of trust, mortgages and other evidences of indebtedness of the corporation, and other corporate instruments or documents requiring the corporate seal, and certificates of shares of stock owned by the corporation, shall be executed, signed or endorsed by the Chairman of the Board of Directors, or the President or any Vice President, and by the Secretary or Chief Financial Officer or Treasurer or any Assistant Secretary or Assistant Treasurer. All other instruments and documents requiring the corporate signature, but not requiring the corporate seal, may be executed as aforesaid or in such other manner as may be directed by the Board of Directors. (Del. Code Ann., tit. 8, Sections 103(a), 142(a), 158)

All checks and drafts drawn on banks or other depositories on funds to the credit of the corporation or in special accounts of the corporation shall be signed by such person or persons as the Board of Directors shall authorize so to do.

Unless authorized or ratified by the Board of Directors or within the agency power of an officer, no officer, agent or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount. (Del. Code Ann., tit. 8, Sections 103(a), 142(a), 158)

Section 33. Voting of Securities Owned by the Corporation. All stock and other securities of other corporations owned or held by the corporation for itself, or for other parties in any capacity, shall be voted, and all proxies with respect thereto shall be executed, by the person authorized so to do by resolution of the Board of Directors, or, in the absence of such authorization, by the Chairman of the Board of Directors, the President, or any Vice President. (Del. Code Ann., tit. 8, Section 123)

ARTICLE VII

Shares of Stock

Section 34. Form and Execution of Certificates. Certificates for the shares of stock of the corporation shall be in such form as is consistent with the Certificate of Incorporation and applicable law. Every holder of stock in the corporation shall be entitled to have a certificate signed by or in the name of the corporation by the Chairman of the Board of Directors, or the

President or any Vice President and by the Treasurer or Assistant Treasurer or the Secretary or Assistant Secretary, certifying the number of shares owned by him in the corporation. Where such certificate is countersigned by a transfer agent other than the corporation or its employee, or by a registrar other than the corporation or its employee, any other signature on the certificate may be a facsimile. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued with the same effect as if he were such officer transfer agent, or registrar at the date of issue. Each certificate shall state upon the face or back thereof, in full or in summary, all of the designations, preferences, limitations, restrictions on transfer and relative rights of the shares authorized to be issued. (Del. Code Ann., tit. 8, Section 158)

Section 35. Lost Certificates. A new certificate or certificates shall be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen, or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen, or destroyed. The corporation may require, as a condition precedent to the issuance of a new certificate or certificates, the owner of such lost, stolen, or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require or to give the corporation a surety bond in such form and amount as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen, or destroyed. (Del. Code Ann., tit. 8, Section 167)

Section 36. Transfers. (a) Transfers of record of shares of stock of the corporation shall be made only upon its books by the holders thereof, in person or by attorney duly authorized, and upon the surrender of a properly endorsed certificate or certificates for a like number of shares. (Del. Code Ann., tit. 8, Section 201, tit. 6, Section 8-401(1))

(b) The corporation shall have power to enter into and perform any agreement with any number of stockholders of any one or more classes of stock of the corporation to restrict the transfer of shares of stock of the corporation of any one or more classes owned by such stockholders in any manner not prohibited by the General Corporation Law of Delaware. (Del. Code Ann., tit. 8, Section 160(a))

Section 37. Fixing Record Dates. (a) In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix, in advance, a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

(b) In order that the corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which date shall not be more than 10 days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. Any stockholder of record seeking to have the stockholders authorize or take corporate action by written consent shall, by written notice to the Secretary, request the Board of Directors to fix a record date. The Board of Directors shall promptly, but in all events within 10 days after the date on which such a request is received, adopt a resolution fixing the record date. If no record date has been fixed by the Board of Directors within 10 days of the date on which such a request is received, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is required by applicable law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the corporation by delivery to its registered office in the State of Delaware, its principal place of business or an officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of

Directors is required by law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

(c) In order that the corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty (60) days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto. (Del. Code Ann., tit. 8, Section 213)

Section 38. Registered Stockholders. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware. (Del. Code Ann., tit. 8; Sections 213(a), 219)

ARTICLE VIII

Other Securities of the Corporation

Section 39. Execution of Other Securities. All bonds, debentures and other corporate securities of the corporation, other than stock certificates (covered in Section 34), may be signed by the Chairman of the Board of Directors, the President or any Vice President, or such other

person as may be authorized by the Board of Directors, and the corporate seal impressed thereon or a facsimile of such seal imprinted thereon and attested by the signature of the Secretary or an Assistant Secretary, or the Chief Financial Officer or Treasurer or an Assistant Treasurer; provided, however, that where any such bond, debenture or other corporate security shall be authenticated by the manual signature of a trustee under an indenture pursuant to which such bond, debenture or other corporate security shall be issued, the signatures of the persons signing and attesting the corporate seal on such bond, debenture or other corporate security may be the imprinted facsimile of the signatures of such persons. Interest coupons appertaining to any such bond, debenture or other corporate security, authenticated by a trustee as aforesaid, shall be signed by the Treasurer or an Assistant Treasurer of the corporation or such other person as may be authorized by the Board of Directors, or bear imprinted thereon the facsimile signature of such person. In case any officer who shall have signed or attested any bond, debenture or other corporate security, or whose facsimile signature shall appear thereon or on any such interest coupon, shall have ceased to be such officer before the bond, debenture or other corporate security so signed or attested shall have been delivered, such bond, debenture or other corporate security nevertheless may be adopted by the corporation and issued and delivered as though the person who signed the same or whose facsimile signature shall have been used thereon had not ceased to be such officer of the corporation.

ARTICLE IX

Dividends

Section 40. Declaration of Dividends. Dividends upon the capital stock of the corporation, subject to the provisions of the Certificate of Incorporation, if any, may be declared by the Board of Directors pursuant to law at any regular or special meeting. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the Certificate of Incorporation. (Del. Code Ann., tit. 8, Sections 170, 173)

Section 41. Dividend Reserve. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the Board of Directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the Board of Directors shall think conducive to the interests of the corporation, and the Board of Directors may modify or abolish any such reserve in the manner in which it was created. (Del. Code Ann., tit. 8, Section 171)

ARTICLE X

Fiscal Year

Section 42. Fiscal Year. The fiscal year of the corporation shall be fixed by resolution of the Board of Directors.

ARTICLE XI

Indemnification

Section 43. Indemnification of Directors, Officers, Employees and Other Agents.

(a) Directors and Executive Officers. The corporation shall indemnify its Directors and executive officers to the fullest extent not prohibited by the Delaware General Corporation Law; provided, however, that the corporation may limit the extent of such indemnification by individual contracts with its Directors and executive officers; and, provided, further, that the corporation shall not be required to indemnify any Director or executive officer in connection with any proceeding (or part thereof) initiated by such person or any proceeding by such person against the corporation or its Directors, officers, employees or other agents unless (i) such indemnification is expressly required to be made by law, (ii) the proceeding was authorized by the Board of Directors of the corporation or (iii) such indemnification is provided by the corporation, in its sole discretion, pursuant to the powers vested in the corporation under the Delaware General Corporation Law.

(b) Other Officers, Employees and Other Agents. The corporation shall have power to indemnify its other officers, employees and other agents as set forth in the Delaware General Corporation Law.

(c) Good Faith.

(i) For purposes of any determination under this Bylaw, a Director or executive officer shall be deemed to have acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, to have had no reasonable cause to believe that his conduct was unlawful, if his action is based on information, opinions, reports and statements, including financial statements and other financial data, in each case prepared or presented by:

(A) one or more officers or employees of the corporation whom the matters the Director or executive officer believed to be reliable and competent in the matters presented;

(B) counsel, independent accountants or other persons as to matters which the Director or executive officer believed to be within such person's professional competence; and

(C) with respect to a Director, a committee of the Board upon which such Director does not serve, as to matters within such Committee's designated authority, which committee the Director believes to merit confidence; so long as, in each case, the Director or executive officer acts without knowledge that would cause such reliance to be unwarranted.

(ii) The termination of any proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably

believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal proceeding, that he had reasonable cause to believe that his conduct was unlawful.

(iii) The provisions of this paragraph (c) shall not be deemed to be exclusive or to limit in any way the circumstances in which a person may be deemed to have met the applicable standard of conduct set forth by the Delaware General Corporation Law.

(d) Expenses. The corporation shall advance, prior to the final disposition of any proceeding, promptly following request therefor, all expenses incurred by any Director or executive officer in connection with such proceeding upon receipt of an undertaking by or on behalf of such person to repay said amounts if it should be determined ultimately that such person is not entitled to be indemnified under this Bylaw or otherwise.

Notwithstanding the foregoing, unless otherwise determined pursuant to paragraph (e) of this Bylaw, no advance shall be made by the corporation if a determination is reasonably and promptly made (i) by the Board of Directors by a majority vote of a quorum consisting of Directors who were not parties to the proceeding, or (ii) if such quorum is not obtainable, or, even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, that the facts known to the decision-making party at the time such determination is made demonstrate clearly and convincingly that such person acted in bad faith or in a manner that such person did not believe to be in or not opposed to the best interests of the corporation.

(e) Enforcement. Without the necessity of entering into an express contract, all rights to indemnification and advances to Directors and executive officers under this Bylaw shall be deemed to be contractual rights and be effective to the same extent and as if provided for in a contract between the corporation and the Director or executive officer. Any right to indemnification or advances granted by this Bylaw to a Director or executive officer shall be enforceable by or on behalf of the person holding such right in any court of competent jurisdiction if (i) the claim for indemnification or advances is denied, in whole or in part, or (ii) no disposition of such claim is made within ninety (90) days of request therefor. The claimant in such enforcement action, if successful in whole or in part, shall be entitled to be paid also the expense of prosecuting his claim. The corporation shall be entitled to raise as a defense to any such action that the claimant has not met the standards of conduct that make it permissible under the Delaware General Corporation Law for the corporation to indemnify the claimant for, the amount claimed. Neither the failure of the corporation (including its Board of Directors, independent legal counsel or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the corporation (including its Board of Directors, independent legal counsel or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that claimant has not met the applicable standard of conduct.

(f) Non-Exclusivity of Rights. The rights conferred on any person by this Bylaw shall not be exclusive of any other right which such person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, Bylaws, agreement, vote of

stockholders or disinterested Directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding office. The corporation is specifically authorized to enter into individual contracts with any or all of its Directors, officers, employees or agents respecting indemnification and advances, to the fullest extent not prohibited by the Delaware General Corporation Law.

(g) Survival of Rights. The rights conferred on any person by this Bylaw shall continue as to a person who has ceased to be a Director, officer, employee or other agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

(h) Insurance. To the fullest extent permitted by the Delaware General Corporation Law, the corporation, upon approval by the Board of Directors, may purchase insurance on behalf of any person required or permitted to be indemnified pursuant to this Bylaw.

(i) Amendments. Any repeal or modification of this Bylaw shall only be prospective and shall not affect the rights under this Bylaw in effect at the time of the alleged occurrence of any action or omission to act that is the cause of any proceeding against any agent of the corporation.

(j) Saving Clause. If this Bylaw or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the corporation shall nevertheless indemnify each Director and executive officer to the full extent not prohibited by any applicable portion of this Bylaw that shall not have been invalidated, or by any other applicable law.

(k) Certain Definitions. For the purposes of this Bylaw, the following definitions shall apply:

(i) The term "proceeding" shall be broadly construed and shall include, without limitation, the investigation, preparation, prosecution, defense, settlement, arbitration and appeal of, and the giving of testimony in, any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative.

(ii) The term "expenses" shall be broadly construed and shall include, without limitation, court costs, attorneys' fees, witness fees, fines, amounts paid in settlement or judgment and any other costs and expenses of any nature or kind incurred in connection with any proceeding.

(iii) The term the "corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Bylaw with respect to the resulting or surviving

corporation as he would have with respect to such constituent corporation if its separate existence had continued.

(iv) References to a "director," "officer," "employee," or "agent" of the corporation shall include, without limitation, situations where such person is serving at the request of the corporation as a director, officer, employee, trustee or agent of another corporation, partnership, joint venture, trust or other enterprise.

(v) References to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the corporation" shall include any service as a director, officer, employee or agent of the corporation which imposes duties on, or involves services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants, or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the corporation" as referred to in this Bylaw.

ARTICLE XII

Notices

Section 44. Notices.

(a) Notice to Stockholders. Whenever, under any provisions of these Bylaws, notice is required to be given to any stockholder, it shall be given in writing, timely and duly deposited in the United States mail, postage prepaid, and addressed to his last known post office address as shown by the stock record of the corporation or its transfer agent. (Del. Code Ann., tit. 8, Section 222)

(b) Notice to Directors. Any notice required to be given to any Director may be given by the method stated in subsection (a), or by facsimile, telex or telegram, except that such notice other than one which is delivered personally shall be sent to such address as such Director shall have filed in writing with the Secretary, or, in the absence of such filing, to the last known post office address of such Director.

(c) Address Unknown. If no address of a stockholder or Director be known, notice may be sent to the office of the corporation required to be maintained pursuant to Section 2 hereof.

(d) Affidavit of Mailing. An affidavit of mailing, executed by a duly authorized and competent employee of the corporation or its transfer agent appointed with respect to the class of stock affected, specifying the name and address or the names and addresses of the stockholder or stockholders, or Director or Directors, to whom any such notice or notices was or were given, and the time and method of giving the same, shall be conclusive evidence of the statements therein contained. (Del. Code Ann., tit. 8, Section 222)

(e) Time Notices Deemed Given. All notices given by mail, as above provided, shall be deemed to have been given as at the time of mailing, and all notices given by facsimile, telex or telegram shall be deemed to have been given as of the sending time recorded at time of transmission.

(f) Methods of Notice. It shall not be necessary that the same method of giving notice be employed in respect of all Directors, but one permissible method may be employed in respect of any one or more, and any other permissible method or methods may be employed in respect of any other or others.

(g) Failure to Receive Notice. The period or limitation of time within which any stockholder may exercise any option or right, or enjoy any privilege or benefit, or be required to act, or within which any Director may exercise any power or right, or enjoy any privilege, pursuant to any notice sent him in the manner above provided, shall not be affected or extended in any manner by the failure of such stockholder or such Director to receive such notice.

(h) Notice to Person with Whom Communication Is Unlawful. Whenever notice is required to be given, under any provision of law or of the Certificate of Incorporation or Bylaws of the corporation, to any person with whom communication is unlawful, the giving of such notice to such person shall not be required and there shall be no duty to apply to any governmental authority or agency for a license or permit to give such notice to such person. Any action or meeting which shall be taken or held without notice to any such person with whom communication is unlawful shall have the same force and effect as if such notice had been duly given. In the event that the action taken by the corporation is such as to require the filing of a certificate under any provision of the Delaware General Corporation Law, the certificate shall state, if such is the fact and if notice is required, that notice was given to all persons entitled to receive notice except such persons with whom communication is unlawful.

(i) Notice to Person with Undeliverable Address. Whenever notice is required to be given, under any provision of law or the Certificate of Incorporation or Bylaws of the corporation, to any stockholder to whom (i) notice of two consecutive annual meetings, and all notices of meetings or of the taking of action by written consent without a meeting to such person during the period between such two consecutive annual meetings, or (ii) all, and at least two, payments (if sent by first class mail) of dividends or interest on securities during a twelve- month period, have been mailed addressed to such person at his address as shown on the records of the corporation and have been returned undeliverable, the giving of such notice to such person shall not be required. Any action or meeting which shall be taken or held without notice to such person shall have the same force and effect as if such notice had been duly given. If any such person shall deliver to the corporation a written notice setting forth his then current address, the requirement that notice be given to such person shall be reinstated. In the event that the action taken by the corporation is such as to require the filing of a certificate under any provision of the Delaware General Corporation Law, the certificate need not state that notice was not given to persons to whom notice was not required to be given pursuant to this paragraph. (Del. Code Ann., tit. 8, Section 230)

ARTICLE XIII

Amendments

Section 45. Amendments. Except as otherwise set forth in paragraph (i) of Section 43 of these Bylaws, the Bylaws may be altered or amended or new Bylaws adopted by the affirmative vote of at least sixty-six and two-thirds percent (66-2/3%) of the voting power of all of the then-outstanding shares of the Voting Stock. The Board of Directors shall also have the power, if such power is conferred upon the Board of Directors by the Certificate of Incorporation, to adopt, amend or repeal Bylaws. (Del. Code Ann., tit. 8, Sections 109(a), 122(6))

ARTICLE XIV

Loans to Officers

Section 46. Loans to Officers. The corporation may lend money to, or guarantee any obligation of, or otherwise assist any officer or other employee of the corporation or of its subsidiaries, including any officer or employee who is a Director of the corporation or its subsidiaries, whenever, in the judgment of the Board of Directors, such loan, guarantee or assistance may reasonably be expected to benefit the corporation. The loan, guarantee or other assistance may be with or without interest and may be unsecured, or secured in such manner as the Board of Directors shall approve, including, without limitation, a pledge of shares of stock of the corporation. Nothing in this Bylaw shall be deemed to deny, limit or restrict the powers of guaranty or warranty of the corporation at common law or under any statute. (Del. Code Ann., tit. 8, Section 143)

ARTICLE XV

Miscellaneous

Section 47. Annual Report. (a) Subject to the provisions of paragraph (b) of this Bylaw, the Board of Directors shall cause an annual report to be sent to each stockholder of the corporation not later than one hundred twenty (120) days after the close of the corporation's fiscal year. Such report shall include a balance sheet as of the end of such fiscal year and an income statement and statement of changes in financial position for such fiscal year, accompanied by any report thereon of independent accounts or, if there is no such report, the certificate of an authorized officer of the corporation that such statements were prepared without audit from the books and records of the corporation. When there are more than 100 stockholders of record of the corporation's shares, as determined by Section 605 of the California Corporations Code, additional information as required by Section 1501(b) of the

California Corporations Code shall also be contained in such report, provided that if the corporation has a class of securities registered under Section 12 of the 1934 Act, that Act shall take precedence. Such report shall be sent to stockholders at least fifteen (15) days prior to the next annual meeting of stockholders after the end of the fiscal year to which it relates.

(b) If and so long as there are fewer than 100 holders of record of the corporation's shares, the requirement of sending of an annual report to the stockholders of the corporation is hereby expressly waived.

EXHIBIT 3.9

AMENDMENT OF THE BYLAWS OF QUALCOMM INCORPORATED

Upon a resolution duly adopted at a meeting of the Board of Directors of QUALCOMM Incorporated, a Delaware corporation, (the "Corporation") held on November 17, 1997, the corporation's Bylaws are amended in accordance with Article XIII, Section 45 of the Bylaws as follows: 1. Article III, Section 6, paragraph (a) is amended and restated to read in its entirety as follows: "Section 6. Special Meetings. (a) Special meetings of the stockholders of the corporation may be called, for any purpose or purposes, by (i) the Chairman of the Board of Directors, (ii) the President, or (iii) the Board of Directors pursuant to a resolution adopted by a majority of the total number of authorized directors (whether or not there exist any vacancies in previously authorized directorships at the time any such resolution is presented to the Board of Directors for adoption), and shall be held at such place, on such date, and at such time as the President or Board of Directors, as the case may be, shall fix."

CERTIFICATE OF SECRETARY

I, the undersigned, certify that I am the presently elected and acting Secretary of QUALCOMM, Incorporated, a Delaware corporation, and the above amendment to the corporation's Bylaws, consisting of one (1) page was adopted by resolution passed at a meeting of the Board of Directors held on November 17, 1997.

/S/ FRANK ROGOZIENSKI

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Secretary

EXHIBIT 99.1

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)

In connection with the accompanying Quarterly Report of QUALCOMM Incorporated (the "Company") on Form 10-Q for the fiscal quarter ended March 30, 2003 (the "Report"), I, Irwin Mark Jacobs, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: April 23, 2003

/s/ Irwin Mark Jacobs

Irwin Mark Jacobs,
Chief Executive Officer and Chairman

A signed original of this written statement required by Section 906 has been provided to QUALCOMM Incorporated and will be retained by QUALCOMM Incorporated and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 99.2

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)

In connection with the accompanying Quarterly Report of QUALCOMM Incorporated (the "Company") on Form 10-Q for the fiscal year ended March 30, 2003 (the "Report"), I, William E. Keitel, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: April 23, 2003

/s/ William E. Keitel
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William E. Keitel,
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to QUALCOMM Incorporated and will be retained by QUALCOMM Incorporated and furnished to the Securities and Exchange Commission or its staff upon request.