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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

(MARK ONE)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED MARCH 28, 1999

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	95-3685934
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(I.R.S. EMPLOYER IDENTIFICATION NO)
6455 LUSK BLVD., SAN DIEGO, CALIFORNIA	92121-2779
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	(ZIP CODE)

(619) 587-1121
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)
NOT APPLICABLE
(FORMER NAME, FORMER ADDRESS AND FORMER FISCAL YEAR, IF CHANGED SINCE LAST REPORTED)

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 [X] No [ ]

The number of shares outstanding of each of the issuer's classes of common stock, as of the close of business on May 5, 1999:

Class	Number of Shares
Common Stock; $0.0001 per share par value	75,322,920

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/ ANTHONY S. THORNLEY

Anthony S. Thornley
Executive Vice President
& Chief Financial Officer

Dated: May 10, 1999

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PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

QUALCOMM INCORPORATED
CONDENSED CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

ASSETS

<TABLE>
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	MARCH 28, 1999	SEPTEMBER 27, 1998
<S>	<C>	<C>
CURRENT ASSETS:		
Cash and cash equivalents	$ 121,253	$ 175,846
Investments	83,395	127,478
Accounts receivable, net	814,213	612,209
Finance receivables	59,457	56,201
Inventories, net	254,477	386,536
Other current assets	215,514	178,950
Total current assets	1,548,309	1,537,220
PROPERTY, PLANT AND EQUIPMENT, NET	557,899	609,682
FINANCE RECEIVABLES, NET	352,525	287,751
OTHER ASSETS	162,663	132,060
TOTAL ASSETS	$ 2,621,396	$ 2,566,713
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$ 662,781	$ 660,428
Unearned revenue	62,858	67,123
Bank lines of credit	64,000	151,000
Current portion of long-term debt	3,062	3,058
Total current liabilities	792,701	881,609
LONG-TERM DEBT	2,360	3,863
OTHER LIABILITIES	44,411	25,115
Total liabilities	839,472	910,587
COMMITMENTS AND CONTINGENCIES (NOTES 3 AND 9)		
MINORITY INTEREST IN CONSOLIDATED SUBSIDIARIES	45,073	38,530
COMPANY-OBLIGATED MANDATORILY REDEEMABLE TRUST CONVERTIBLE PREFERRED SECURITIES OF A SUBSIDIARY TRUST HOLDING SOLELY DEBT SECURITIES OF THE COMPANY	660,000	660,000
STOCKHOLDERS' EQUITY:		
Preferred stock, $0.0001 par value	--	--
Common stock, $0.0001 par value	7	7
</TABLE>

Paid-in capital	1,102,313	959,267
Retained earnings	5,910	--
Accumulated other comprehensive loss	(31,379)	(1,678)
Total stockholders' equity	1,076,851	957,596
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 2,621,396	$ 2,566,713

</TABLE>

See Notes to Condensed Consolidated Financial Statements.

QUALCOMM INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

<TABLE>
<CAPTION>

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	MARCH 28, 1999	MARCH 29, 1998	MARCH 28, 1999	MARCH 29, 1998
<S>	<C>	<C>	<C>	<C>
REVENUES:				
Communications systems	$ 774,308	$ 625,572	$ 1,591,362	$ 1,302,457
Contract services	81,452	64,927	161,266	128,958
License, royalty and development fees	76,635	70,054	120,990	114,992
Total revenues	932,395	760,553	1,873,618	1,546,407
OPERATING EXPENSES:				
Communications systems	568,441	485,279	1,153,365	992,618
Contract services	55,334	49,053	112,800	95,329
Research and development	102,713	76,946	203,075	151,747
Selling and marketing	53,628	59,728	123,364	115,826
General and administrative	51,266	38,246	102,053	74,715
Other (Notes 6 and 7)	95,824	--	95,824	11,976
Total operating expenses	927,206	709,252	1,790,481	1,442,211
OPERATING INCOME	5,189	51,301	83,137	104,196
INTEREST INCOME	8,229	9,573	14,035	21,763
INTEREST EXPENSE	(5,459)	(1,685)	(8,774)	(4,374)
NET GAIN ON SALE OF INVESTMENTS	--	--	5,663	2,950
LOSS ON CANCELLATION OF WARRANTS (NOTE 2)	(3,273)	--	(3,273)	--
OTHER (NOTES 2 AND 7)	(52,531)	--	(52,531)	--
DISTRIBUTIONS ON TRUST CONVERTIBLE PREFERRED SECURITIES OF SUBSIDIARY				

TRUST	(9,904)	(9,972)	(19,703)	(19,725)
MINORITY INTEREST IN INCOME OF CONSOLIDATED SUBSIDIARIES	(2,845)	(21,642)	(6,543)	(17,861)
EQUITY IN LOSSES OF INVESTEES	(4,974)	(1,398)	(5,995)	(4,170)
INCOME (LOSS) BEFORE INCOME TAXES	(65,568)	26,222	6,016	82,779
INCOME TAX BENEFIT (EXPENSE)	22,948	(211)	(106)	(20,006)
NET INCOME (LOSS)	$ (42,620)	$ 26,011	$ 5,910	$ 62,773
NET EARNINGS (LOSS) PER COMMON SHARE:				
Basic	$ (0.59)	$ 0.38	$ 0.08	$ 0.91
Diluted	$ (0.59)	$ 0.36	$ 0.08	$ 0.85
SHARES USED IN PER SHARE CALCULATION:				
Basic	72,307	68,934	71,515	68,705
Diluted	72,307	73,143	73,263	73,643

See Notes to Condensed Consolidated Financial Statements.

QUALCOMM INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)
(UNAUDITED)

	SIX MONTHS ENDED	
	MARCH 28, 1999	MARCH 29, 1998
OPERATING ACTIVITIES:		
Net income	$ 5,910	$ 62,773
Depreciation and amortization	86,719	65,119
Other non-cash operating expenses	102,151	11,976
Other non-cash non-operating expenses	42,204	--
Gain on sale of available-for-sale securities	(5,663)	--
Minority interest in income of consolidated subsidiaries	6,543	17,861
Equity in losses of investees	5,995	4,170
Increase (decrease) in cash resulting from changes in:		
Accounts receivable, net	(207,641)	(153,967)
Finance receivables, net	(68,030)	(39,990)
Inventories, net	126,024	(134,539)
Other assets	(24,944)	(29,243)
Accounts payable and accrued liabilities	(50,046)	121,733
Unearned revenue	(4,265)	7,628
Other liabilities	8,329	5,654
Net cash provided (used) by operating activities	23,286	(60,825)
INVESTING ACTIVITIES:		
Capital expenditures	(95,048)	(154,221)
Purchases of investments	(15,894)	(254,954)
Maturities of investments	59,977	454,208
Issuance of notes receivable	(55,374)	--

Collection of notes receivable	22,475	--
Purchases of intangible assets	--	(11,548)
Proceeds from sale of available-for-sale securities and cancellation of warrants	10,163	--
Investments in other entities	(9,939)	(4,052)
Net cash (used) provided by investing activities	(83,640)	29,433
FINANCING ACTIVITIES:		
Net repayments under bank lines of credit	(87,000)	(54,000)
Principal payments on long-term debt	(1,499)	(2,520)
Net proceeds from issuance of common stock	106,339	25,447
Other items, net	(703)	602
Net cash provided (used) by financing activities	17,137	(30,471)
Effect of exchange rate changes on cash	(11,376)	--
NET DECREASE IN CASH AND CASH EQUIVALENTS	(54,593)	(61,863)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	175,846	248,837
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 121,253	$ 186,974

</TABLE>

See Notes to Condensed Consolidated Financial Statements.

QUALCOMM INCORPORATED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 - BASIS OF PRESENTATION

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 financial position, results of operations and cash flows in accordance with generally accepted accounting principles. The condensed consolidated balance sheet at September 27, 1998 was derived from the audited consolidated balance sheet at that date which is not presented herein. The Company operates and reports using a period ending on the last Sunday of each month.

In the opinion of management, the unaudited financial information for the interim periods presented reflects all adjustments (which include only normal, recurring adjustments) necessary for a fair presentation. These condensed consolidated financial statements and notes thereto should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended September 27, 1998. 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 generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue from communications systems and products is generally recognized at the time the units are shipped and over the period during which message and warranty services are provided, except for shipments under arrangements involving significant acceptance requirements. Under such arrangements, revenue is recognized when the Company has substantially met its performance obligations. Other criteria considered for the purpose of revenue recognition include the customer's financial condition, the amount and quality of financial support provided by the customer's investors, and the political and economic environment in which the customer operates. Revenue from long-term contracts and revenue earned under license and development agreements with continuing performance obligations is recognized using the percentage-of-completion method, based either on costs incurred to date compared with total estimated costs at completion or using a units of delivery methodology. Billings on uncompleted contracts in excess of incurred cost and accrued profits are classified as unearned revenue. Estimated contract losses are recognized when determined. Non-refundable license fees are recognized when there is no material continuing performance obligation under the agreement and collection is probable.

Royalty revenue is recorded as earned in accordance with the specific terms

of each license agreement when reasonable estimates of such amounts can be made. Beginning with the second quarter of fiscal 1998, the Company began to accrue its estimate of certain royalty revenues earned that previously could not be reasonably estimated prior to being reported by its licensees.

Basic earnings (loss) per common share are calculated by dividing net income (loss) by the weighted average number of common shares outstanding during the reporting period. Diluted earnings (loss) per common share reflect the potential dilutive effect, determined by the treasury stock method, of additional common shares that are issuable upon exercise of outstanding stock options and warrants, as follows (in thousands):

<TABLE>
<CAPTION>

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	MARCH 28, 1999	MARCH 29, 1998	MARCH 28, 1999	MARCH 29, 1998
<S>	<C>	<C>	<C>	<C>
Options	--	3,514	1,748	4,234
Warrants	--	695	--	704
	--	4,209	1,748	4,938

</TABLE>

The computation of the diluted loss per share for the three months ended March 28, 1999 excludes approximately 5,515,000 additional common shares that are issuable upon exercise of outstanding stock options, calculated using the treasury stock method, because the effect would be anti-dilutive. Options outstanding during the three months ended March 28, 1999 and March 29, 1998 to purchase approximately 77,000 and 4,181,000 shares of common stock, respectively, and options outstanding during the six months ended March 28, 1999 and March 29, 1998 to purchase approximately 3,358,000 and 2,662,000 shares of common stock, respectively, were not included in the computation of diluted EPS because the options' exercise price was greater than the average market price of the common stock during the period and, therefore, the effect would be anti-dilutive. The conversion of the Trust Convertible Preferred Securities is not assumed for all periods presented since its effect would be anti-dilutive.

The Company adopted Statement of Financial Accounting Standards No. 130 ("FAS 130"), "Reporting Comprehensive Income," in the first quarter of fiscal 1999. As required by the statement, the Company displays the accumulated balance of other comprehensive income or loss separately in the equity section of the consolidated balance sheets. Prior year financial statements have been reclassified to conform to the current period presentation. Total comprehensive income (loss), which was comprised of net income (loss) and foreign currency adjustments, amounted to approximately ($71.9) million and $25.8 million for the three months ended March 28, 1999 and March 29, 1998, respectively, and ($23.8) million and $62.4 million for the six months ended March 28, 1999 and March 29, 1998, respectively.

In June 1997, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 131 ("FAS 131"), "Disclosures about Segments of an Enterprise and Related Information," which the Company will be required to adopt for fiscal year 1999. This statement establishes standards for reporting information about operating segments in annual financial statements and requires selected information about operating segments in interim financial reports issued to shareholders. It also establishes standards for related disclosures about products and services, geographic areas and major customers. Under FAS 131, operating segments are to be determined consistent with the way that management organizes and evaluates financial information internally for making operating decisions and assessing performance. The Company has not completed its determination of the impact of the adoption of this new accounting standard on its consolidated financial statement disclosures.

In June 1998, the FASB issued Statement of Financial Accounting Standards No. 133 ("FAS 133"), "Accounting for Derivative Instruments and Hedging Activities," which the Company will be required to adopt for fiscal year 2000. This statement establishes a new model for accounting for derivatives and hedging activities. Under FAS 133, all derivatives must be recognized as assets and liabilities and measured at fair value. The Company has not determined the impact of the adoption of this new accounting standard on its consolidated financial position or results of operations.

NOTE 2 - SPIN-OFF OF LEAP WIRELESS INTERNATIONAL, INC.

On September 23, 1998, the Company completed the spin-off and distribution (the "Distribution" or "Leap Wireless Spin-off") to its stockholders of shares of Leap Wireless International, Inc., a Delaware corporation ("Leap Wireless") and

recorded a $17.1 million liability in connection with its agreement to transfer its ownership interest in Telesystems of Ukraine ("TOU") and its working capital loan receivable from TOU ("TOU assets") to Leap Wireless if certain events occurred within 18 months of the Leap Wireless Spin-off. During the first six months of fiscal 1999, the Company provided an additional $1.7 million working capital loan to TOU and recorded 100% of the losses of TOU, net of eliminations, because the other investors' equity interests are depleted. During March 1999, the Company reassessed the recoverability of TOU assets in light of recent developments affecting the TOU business and the disposition of other assets related to the terrestrial CDMA wireless infrastructure business (Note 7). As a result, the Company recorded a $15.1 million non-operating charge to write off the TOU assets, as well as a $12.0 million charge to operations to write off other assets related to the TOU contract (Note 7), and the adjusted liability to transfer TOU to Leap Wireless of $15.1 million was reversed against equity as an adjustment to the Distribution.

In connection with the Distribution, Leap Wireless issued to QUALCOMM a warrant to purchase 5,500,000 shares of Leap Wireless common stock at $6.10625 per share. The Company recorded the warrant at its predecessor basis of $24.2 million net of the related deferred tax liability. In March 1999, the Company agreed to reduce the number of shares under warrant to 4,500,000 in exchange for $3.0 million in consideration from Leap Wireless, resulting in a pre-tax loss of $3.3 million. The cancellation was done to give further assurance that Leap Wireless will meet the FCC criteria for designated entity status.

NOTE 3 - COMPOSITION OF CERTAIN BALANCE SHEET CAPTIONS

ACCOUNTS RECEIVABLE (IN THOUSANDS):

<TABLE>
<CAPTION>

	MARCH 28, 1999	SEPTEMBER 27, 1998
<S>	<C>	<C>
Accounts receivable, net:		
Trade, net of allowance for doubtful accounts of $22,231 and $21,933, respectively	$543,580	$459,324
Long-term contracts:		
Billed	177,901	101,868
Unbilled	92,328	49,784
Other	404	1,233
	$814,213	$612,209

</TABLE>

Unbilled receivables represent costs and profits recorded in excess of amounts billable pursuant to contract provisions and are expected to be realized within one year.

FINANCE RECEIVABLES (IN THOUSANDS):

<TABLE>
<CAPTION>

	MARCH 28, 1999	SEPTEMBER 27, 1998
<S>	<C>	<C>
Finance receivables	$ 420,430	$ 348,907
Allowance for doubtful receivables	(8,448)	(4,955)
	411,982	343,952
Current maturities	59,457	56,201
Non-current finance receivables, net	$ 352,525	$ 287,751

</TABLE>

Finance receivables result from sales under arrangements in which the Company has agreed to provide customers with long-term interest bearing debt financing for the purchase of equipment and/or services. Such financing is generally collateralized by the related equipment.

At March 28, 1999, commitments to extend long-term financing for possible future sales to customers totaled approximately $276 million through fiscal 2003. Such commitments are subject to the customers meeting certain conditions established in the financing arrangements. Commitments represent the estimated amounts to be financed under these arrangements; actual financing may be in

lesser amounts. These commitments will be included in the total finance commitments provided in connection with the disposition of assets (Note 7).

INVENTORIES (IN THOUSANDS):

<TABLE>
<CAPTION>

	MARCH 28, 1999	SEPTEMBER 27, 1998
<S>	<C>	<C>
Inventories, net:		
Raw materials	$152,067	$180,957
Work-in-progress	74,246	81,479
Finished goods	28,164	124,100
	$254,477	$386,536

</TABLE>

NOTE 4 - INVESTMENTS IN OTHER ENTITIES

In November 1998, the Company and Microsoft Corporation entered into a joint venture agreement pursuant to which each company obtained a 50% ownership interest in a newly formed development stage entity, Wireless Knowledge LLC, a Delaware limited liability company. Wireless Knowledge intends to form strategic partnerships with computing, software and telecommunications companies, as well as with wireless carriers, for the purpose of enabling secure and airlink-independent internet access to mobile users. Pursuant to the joint venture agreement, QUALCOMM made a capital contribution of $7.5 million during the first quarter of fiscal 1999 and will be required to provide $17.5 million in additional equity contributions through June 2000.

In January 1999, Canbra Holdings S.A. ("Canbra"), a Brazilian company formed by a consortium, comprised of Bell Canada International Ltd., WLL International, SLI Wireless S.A., Taquari Participacoes S.A., and the Company, won a bid for an operating license to provide wireless and wireline telephone services in the northern region of Brazil. The Company invested $2.4 million during the second quarter of fiscal 1999 in connection with its 16.2% ownership interest in Canbra. The Company expects to make additional equity contributions of approximately $46 million over the next three years.

During the first six months of fiscal 1999, the Company recognized a gain of $5.7 million from the sale of available-for-sale securities.

NOTE 5 - BANK LINES OF CREDIT

On March 11, 1998, the Company and a group of banks entered into a $400 million unsecured revolving credit agreement ("Credit Facility I") under which the banks are committed to make loans to the Company and to extend letters of credit on behalf of the Company. Credit Facility I expires in March 2001 and may be extended on an annual basis thereafter, subject to approval of a requisite percentage of the lenders. At the Company's option, interest is at the applicable LIBOR rate or the greater of the administrative agent's reference rate or 0.5% plus the Federal Funds effective rate, each plus an applicable margin. The amount available for borrowing is reduced by letters of credit outstanding. The Company is currently obligated to pay commitment fees equal to 0.2% per annum on the unused amount of the $400 million credit commitment. Credit Facility I includes certain restrictive financial and operating covenants. As of March 28, 1999, there were $7.7 million letters of credit issued, and no amounts outstanding, under Credit Facility I.

On March 4, 1999, the Company and a group of banks entered into a $200 million unsecured revolving credit agreement ("Credit Facility II") under which the banks are committed to make loans to the Company. Credit Facility II expires in March 2000. At the Company's option, amounts outstanding in March 2000 may be converted to a one-year term loan with a final maturity of March 2001. Interest is payable at the greater of the administrative agent's reference rate or 0.5% plus the Federal Funds effective rate, each plus an applicable margin. The Company is currently obligated to pay commitment fees equal to 0.2% per annum on the unused amount of the $200 million credit commitment. Credit Facility II includes certain restrictive financial and operating covenants. As of March 28, 1999, there were no amounts outstanding under Credit Facility II.

NOTE 6 - RESTRUCTURING

During January 1999, the Company completed a review of its operating structure to identify opportunities to improve operating effectiveness. As a result of this review, management approved a formal restructuring plan, and the Company recorded a pretax restructuring charge to operations of $14.6 million. The restructuring charge was comprised of employee termination benefits and

facility exit costs resulting primarily from the Company's plan to exit certain activities in its infrastructure business. Facility exit costs include $3.5 million of asset impairments and $0.9 million of estimated net losses on subleases or lease cancellation penalties.

The employee termination benefits included in the restructuring charge reflect the immediate elimination of approximately 650 positions identified in the restructuring plan. Severance payments will continue beyond the end of the second quarter of fiscal 1999 due to the provisions of the severance program.

The restructuring plan specifically identified seven facilities to be closed, including one administrative office and six international sales offices. The Company expects to complete implementation of the plan by the end of the second quarter of fiscal 2000.

The following table sets forth the restructuring provision and related activity as of March 28, 1999 (in thousands):

<TABLE>
<CAPTION>

	ACTIVITY TO DATE		
	PROVISION RECORDED	COSTS INCURRED	ACCRUAL AS OF MARCH 28, 1999
<S>	<C>	<C>	<C>
Employee termination benefits	$ 10,162	$ (7,982)	$ 2,180
Facility exit costs	4,397	(3,526)	871
Total	$ 14,559	$(11,508)	$ 3,051

</TABLE>

NOTE 7 - DISPOSITION OF ASSETS AND OTHER CHARGES

On March 24, 1999 the Company and Telefonaktiebolaget LM Ericsson ("Ericsson") entered into an Asset Purchase Agreement (the "Agreement") for the sale by the Company to Ericsson of certain assets related to the Company's terrestrial CDMA wireless infrastructure business. The Company and Ericsson also entered into various license and settlement agreements in connection therewith, all of which are effective upon the closing of the sale (the "Closing"). The Closing is subject to certain customary closing conditions. The Company recorded a charge of $60.4 million in other operating expenses to reflect the difference between the carrying value of the net assets and the consideration to be received from Ericsson, less costs to sell. The estimated loss before income taxes for the business to be disposed of included in the results of operations for the six months ended March 28, 1999 was approximately $110 million.

In addition, the Company and Ericsson agreed to jointly support a single worldwide CDMA standard with three optional modes for the next generation of wireless communications and have agreed to settle all of the existing litigation between the companies and enter into cross-licenses for portions of their respective CDMA patent portfolios. As part of the agreements, the Company and Ericsson will each commit to the International Telecommunication Union ("ITU") and to other standard bodies to license their essential patents for the single CDMA standard or any of its modes to the rest of the industry on a fair and reasonable basis free from unfair discrimination.

Pursuant to the Agreement, the Company will extend up to $400 million in financing for possible future sales by Ericsson of cdmaOne or cdma2000 infrastructure equipment and related services to specific customers in certain geographic areas, including Brazil, Chile, Russia, and Mexico or in other areas selected by Ericsson. Such commitments are subject to the customers meeting certain conditions established in the financing arrangements and, in most cases, to Ericsson also financing a portion of such cdmaOne or cdma2000 sales. Commitments represent the estimated amounts to be financed under these arrangements, however, actual financing may be in lesser amounts.

As a result of the Ericsson transaction, the Company reassessed the recoverability of the carrying value of remaining assets relating to its terrestrial CDMA wireless infrastructure business. The Company recorded a charge of $20.8 million in other operating expenses to reduce the carrying value of certain other assets to their approximate net realizable value, including $12.0 million in other assets related to the TOU contract (Note 2). The Company also recorded $52.5 million in non-operating charges, including $37.4 million in reserves provided for financial guarantees on projects which the Company will no longer pursue as a result of the Ericsson transaction and $15.1 million related to the write-off of TOU assets (Note 2). The Company estimates that additional

charges in the third quarter of fiscal 1999 relating to the disposition of the terrestrial CDMA wireless infrastructure business will total approximately $100 million (Note 10).

NOTE 8 - INCOME TAXES

The Company's income tax provision for the six months ended March 28, 1999 reflects an adjustment for the retroactive reinstatement of the R&D tax credit in the first quarter of fiscal 1999. Excluding this adjustment, the Company currently estimates its annual effective income tax rate to be approximately 35% for fiscal 1999.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

LITIGATION

On September 23, 1996, Ericsson Inc. and Telefonaktiebolaget LM Ericsson ("Ericsson") filed suit against the Company in Marshall, Texas and on December 17, 1996, Ericsson also filed suit against the Company's subsidiary QUALCOMM Personal Electronics ("QPE") in Dallas, Texas with both complaints alleging that the Company's or QPE's CDMA products infringe one or more patents owned by Ericsson. The suits were later amended to include a total of eleven Ericsson patents. By order dated July 24, 1998, the Dallas action was transferred to Marshall, Texas. In December 1996, QUALCOMM filed a countersuit alleging, among other things, breach of a nondisclosure agreement by Ericsson and a pattern of conduct intended to impede the acceptance and commercial deployment of QUALCOMM's CDMA technology and is seeking a judicial declaration that certain of Ericsson's patents are not infringed by QUALCOMM and are invalid. That countersuit has been consolidated with the Marshall, Texas action. On September 10, 1996, OKI America, Inc. ("OKI") filed a complaint against Ericsson seeking a judicial declaration that certain of OKI's CDMA subscriber products do not infringe nine patents of Ericsson and that such patents are invalid. The nine patents are among the eleven patents at issue in the litigation between the Company and Ericsson. The OKI case has not yet been set for trial. On October 14, 1998, Ericsson filed a dismissal with prejudice of all of its claims under three of the patents at issue in the Marshall, Texas case. On March 24, 1999, the Company and Ericsson entered into an Asset Purchase Agreement (Note 7) for the sale by the Company to Ericsson of certain assets related to the Company's terrestrial CDMA wireless infrastructure business and also entered into various license and settlement agreements in connection therewith, all of which are effective upon the Closing. The Closing is subject to certain customary closing conditions, including receipt of required regulatory approvals. Upon the Closing, the Company, QPE and Ericsson will dismiss with prejudice all of their respective claims and counterclaims against each other. Pending the Closing, the Company and Ericsson have agreed to a stay of all litigation effective March 25, 1999. In the event the Closing does not occur by July 25, 1999, the stay will be lifted.

On March 5, 1997, the Company filed a complaint against Motorola, Inc. ("Motorola"). The complaint was filed in response to allegations by Motorola that the Company's then, recently announced, Q phone infringes design and utility patents held by Motorola as well as trade dress and common law rights relating to the appearance of certain Motorola wireless telephone products. The complaint denies such allegations and seeks a judicial declaration that the Company's products do not infringe any patents held by Motorola. On March 10, 1997, Motorola filed a complaint against the Company (the "Motorola Complaint"), alleging claims based primarily on the above-alleged infringement. The Company's motion to transfer the Motorola Complaint to the U.S. District Court for the Southern District of California was granted on April 3, 1997. On April 24, 1997, the court denied Motorola's motion for a preliminary injunction thereby permitting the Company to continue to manufacture, market and sell the Q phone. On April 25, 1997, Motorola appealed the denial of its motion for a preliminary injunction. On January 16, 1998 the U.S. Court of Appeals for the Federal Circuit denied Motorola's appeal and affirmed the decision of the U.S. District Court for the Southern District of California refusing Motorola's request to enjoin QUALCOMM from manufacturing and selling the Q phone. On June 4, 1997, Motorola filed another lawsuit alleging infringement by QUALCOMM of 4 patents. Three of the patents had already been alleged in previous litigation between the parties. On August 18, 1997, Motorola filed another complaint against the Company alleging infringement by the Company of 7 additional patents. All of the Motorola cases have been consolidated for pretrial proceedings. The cases have been set for a final pretrial conference on August 1, 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 results of operations, liquidity or financial position, the Company believes Motorola's claims are without merit and will continue to vigorously defend the action.

On October 27, 1998, the Electronics and Telecommunications Research Institute of Korea ("ETRI") submitted to the International Chamber of Commerce a Request for Arbitration (the "Request") of a dispute with the Company

arising out of a Joint Development Agreement dated April 30, 1992 ("JDA") between ETRI and the Company. In the Request, ETRI alleges that the Company has breached certain provisions of the JDA and seeks monetary damages and an accounting. The Company filed an answer and counterclaims denying the allegations, seeking a declaration establishing the termination of the JDA, and for monetary damages and injunctive relief against ETRI. In accordance with the JDA, the arbitration will take place in San Diego. No schedule for the arbitration proceedings has been established. Although the ultimate resolution of this dispute is subject to the uncertainties inherent in litigation or arbitration, the Company does not believe that the resolution of these claims will have a material adverse effect on the Company's results of operations, liquidity or financial position. The Company believes that ETRI's claims are without merit and will vigorously defend the action.

On February 26, 1999, the Lemelson Medical, Education & Research Foundation, Limited Partnership ("Lemelson"), filed an industry-wide action in the United States District Court for the District of Arizona. The complaint names a total of 88 parties, including the Company, as defendants and purports to assert claims for infringement of 15 patents. The complaint alleges that application specific integrated circuit ("ASIC") devices sold by the Company, or the processes by which such devices are manufactured, infringe the asserted patents. Because all of the ASICs sold by the Company are manufactured for the Company by others, the Company will likely be entitled to be defended and indemnified by its vendors with respect to many, and perhaps all, of its ASIC products. The Company believes that the Lemelson claims will not have a material adverse effect on the Company's results of operations, liquidity or financial position. The Company believes the Lemelson claims are without merit and will vigorously defend the action.

On May 6, 1999, Thomas Sprague, an employee of the Company, filed a putative class action against the Company, ostensibly on behalf of himself and those of the Company's employees who have been offered employment with Ericsson in conjunction with the sale to Ericsson of certain of the Company's infrastructure division assets and liabilities (Note 7) and who have elected not to participate in a Retention Bonus Plan being offered to such employees. The complaint was filed in California Superior Court in and for the County of San Diego and purports to state eight causes of action arising primarily out of alleged breaches of the terms of the Company's 1991 Stock Option Plan, as amended from time to time. The putative class seeks to include employees of the Company who (among other things) "have not or will not execute the Bonus Retention Plan and accompanying full and complete release of QUALCOMM." The complaint seeks an order accelerating all unvested stock options for the members of the class. As of May 7, 1999, 94 percent or more of the 1,053 transitioning employees who have unvested stock options had chosen not to join the lawsuit and to participate instead in the Retention Bonus Plan offered by QUALCOMM and Ericsson, which provides several benefits including cash compensation based upon a portion of the value of their unvested options. Although the Company believes the complaint has no merit and intends to defend the action vigorously, there can be no assurance that an unfavorable outcome of the action would not have a material adverse impact on the Company's results of operations, liquidity or financial position.

The Company is engaged in 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 results of operations, liquidity or financial position.

LETTERS OF CREDIT AND FINANCIAL GUARANTEES

The Company has issued a letter of credit on behalf of its equity investee Globalstar, L.P. ("Globalstar") to support a guarantee of up to $22.5 million of borrowings under an existing bank financing agreement. The guarantee will expire in December 2000. The letter of credit is collateralized by a commensurate amount of the Company's investments in debt securities. As of March 28, 1999, Globalstar had no borrowings outstanding under the existing bank financing agreement.

In addition to the letter of credit on behalf of Globalstar, the Company has $33.0 million of letters of credit and $4.7 million of other financial guarantees outstanding, excluding those against which a reserve has been taken as of March 28, 1999, none of which are collateralized.

PERFORMANCE GUARANTEES

The Company and its subsidiary, QPE, have entered into contracts that provide for performance guarantees to protect customers against late delivery or failure to perform. These performance guarantees, and any future commitments for performance guarantees, are obligations entered into separately, and in some cases jointly, with partners to supply CDMA subscriber and infrastructure equipment. Certain of these obligations provide for substantial performance guarantees that accrue at a daily rate based on percentages of the contract value to the extent the equipment is not delivered by scheduled delivery dates or the systems fail to meet certain performance criteria by such dates. The

Company is dependent in part on the performance of its suppliers and strategic partners in order to provide equipment, which is the subject of the guarantees. Thus, the ability to timely deliver such equipment may be outside of the Company's control. If the Company and QPE are unable to meet their performance obligations, the payment of the performance guarantees could amount to a significant portion of the contract value and would have a material adverse effect on product margins and the Company's results of operations, liquidity or financial position.

LEAP WIRELESS CREDIT FACILITY

The Company has a funding commitment to Leap Wireless in the form of a $265 million secured credit facility. The credit facility consists of two sub-facilities. The first sub-facility enables Leap Wireless to borrow up to $35.2

million from QUALCOMM, solely to meet the normal working capital and operating expenses of Leap Wireless, including salaries, overhead and credit facility fees, but excluding, among other things, strategic capital investments in wireless operators, substantial acquisitions of capital products, and/or the acquisition of telecommunications licenses. The other sub-facility enables Leap Wireless to borrow up to $229.8 million from QUALCOMM, solely to use as investment capital to make certain identified portfolio investments. Amounts borrowed under the credit facility will be due September 23, 2006. QUALCOMM will have a first priority security interest in, subject to minor exceptions, substantially all of the assets of Leap Wireless for so long as any amounts are outstanding under the credit facility. Amounts borrowed under the credit facility will bear interest at a variable rate equal to LIBOR plus 5.25% per annum. Interest will be payable quarterly beginning September 30, 2001; and prior to such time, accrued interest shall be added to the principal amount outstanding. At March 28, 1999, $45.2 million is outstanding under this facility.

NOTE 10 - SUBSEQUENT EVENTS

In April 1999, the Company announced that it will provide certain compensation benefits to employees being transferred to Ericsson in connection with the proposed sale of assets related to the Company's terrestrial CDMA wireless infrastructure business (Note 7). The Company estimates that additional charges in the third quarter of fiscal 1999 relating to the disposition of the terrestrial CDMA wireless infrastructure business will total approximately $100 million, primarily related to employee compensation benefits. This estimate is largely based on the fair market value of the Company's common stock, and therefore is subject to market fluctuations.

On April 14, 1999, the Company's Board of Directors declared a two-for-one stock split of the Company's common stock. The stock dividend will be distributed on May 10, 1999 to stockholders of record on April 21, 1999. Pro forma earnings (loss) per common share, giving retroactive effect to the stock split, are as follows:

<TABLE>
<CAPTION>

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	MARCH 28, 1999	MARCH 29, 1998	MARCH 28, 1999	MARCH 29, 1998
<S>	<C>	<C>	<C>	<C>
NET EARNINGS (LOSS) PER COMMON SHARE:				
Basic	$ (0.29)	$ 0.19	$ 0.04	$ 0.46
Diluted	$ (0.29)	$ 0.18	$ 0.04	$ 0.43
SHARES USED IN PER SHARE CALCULATION:				
Basic	144,614	137,868	143,030	137,410
Diluted	144,614	146,286	146,526	147,285

</TABLE>

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 Results of Operations and Financial Condition for the year ended September 27, 1998

contained in the Company's 1998 Annual Report on Form 10-K.

Except for the historical information contained herein, the following discussion contains forward-looking statements that involve risks and uncertainties. QUALCOMM Incorporated's ("QUALCOMM" or the "Company") future results could differ materially from those discussed here. Factors that could cause or contribute to such differences include, but are not specifically limited to: risks relating to the closing of the proposed Ericsson transaction, including the occurrence of required closing conditions; the ability to develop and introduce cost effective new products in a timely manner, avoiding delays in the commercial implementation of the Code Division Multiple Access ("CDMA") technology; continued growth in the CDMA subscriber population and the scale-up and operations of CDMA systems; risks relating to the success of the Globalstar system; developments in current or future litigation; the Company's ability to effectively manage growth and the intense competition in the wireless communications industry; risks associated with vendor financing; timing and receipt of license fees and royalties; failure to satisfy performance obligations; as well as the other risks detailed in this section, in the sections entitled Results of Operations and Liquidity and Capital Resources, and in the Company's 1998 Annual Report on Form 10-K.

OVERVIEW

QUALCOMM is a leading provider of digital wireless communications products, technologies and services. The Company generates revenues primarily from: license fees and royalties paid by licensees of the Company's CDMA technology; sales of CDMA subscriber, infrastructure and Application Specific Integrated Circuits ("ASICs") products to domestic and international wireless communications equipment suppliers and service providers; sales of OmniTRACS terminals and related software and services to OmniTRACS users; and contract development services, including the design and development of subscriber and ground communications equipment for Globalstar L.P. ("Globalstar"), a low-Earth-orbit satellite system utilizing CDMA technology (the "Globalstar System"). In addition, the Company generates revenues from the design, development, manufacture and sale of a variety of other communications products and services.

The Company generates revenue from its CDMA licensees in the form of up-front licenses as well as ongoing royalties based on worldwide sales by such licensees of CDMA subscriber and infrastructure equipment. License fees are generally nonrefundable and may be paid in one or more installments. Revenues generated from license fees and royalties are subject to quarterly and annual fluctuations. This is due to variations in the amount and timing of recognition of CDMA license fees, pricing and amount of sales by the Company's licensees and the Company's ability to estimate such sales, and the impact of currency fluctuations, and risks associated with royalties generated from international licensees.

The Company has manufactured CDMA infrastructure products for sale to wireless network operators worldwide. On March 24, 1999, QUALCOMM and Telefonaktiebolaget LM Ericsson ("Ericsson") entered into an Asset Purchase Agreement for the sale by the Company to Ericsson of certain assets related to the Company's terrestrial CDMA wireless infrastructure business, subject to certain customary closing conditions, including receipt of required regulatory approvals.

The Company manufactures its CDMA subscriber products primarily through QUALCOMM Personal Electronics ("QPE"), a joint venture between the Company and a subsidiary of Sony Electronics, Inc. The Company, through QPE, is one of the largest manufacturers of CDMA handsets. The Company also generates substantial revenue from the design and sale of CDMA ASICs to its licensees for incorporation into their subscriber and infrastructure products.

The Company generates revenues from its domestic OmniTRACS business by manufacturing and selling OmniTRACS terminals and related application software packages and by providing ongoing messaging and maintenance services to domestic OmniTRACS users. The Company generates revenues from its international OmniTRACS business through license fees, sales of network products and terminals, and service fees. International messaging services are provided by service providers that operate network management centers for a region under licenses granted by the Company.

The Company has entered into a number of development and manufacturing contracts involving the Globalstar System. The Company's development agreement provides for the design and development of the ground communications stations ("gateways") and user terminals of the Globalstar System. Under the agreement, the Company is reimbursed for its development services on a cost-plus basis. In addition, in April 1997 the Company was awarded a contract to manufacture and supply commercial gateways for deployment in the Globalstar System. In March 1998, the Company entered into an agreement with Globalstar to manufacture and supply portable and fixed CDMA handsets that will operate on the Globalstar System. The Globalstar system is still being deployed, and cannot begin

commercial operations until at least 32 satellites are working in orbit, the necessary ground equipment and user terminals are in place and service providers are licensed in the countries to be served. Satellite launches are risky, with about 15% of attempts ending in failure. Globalstar has already had one launch failure, and more failures may occur within the course of its launch campaign. If another launch fails, the resulting increased costs, including those associated with delay, could have a material adverse effect on the financial condition and results of operations of Globalstar. The cost of installing the Globalstar system has been revised upward from the original estimates, and further increases are possible. Until the system is fully deployed and tested, it is not certain that it will perform as designed. Even if the system operates as it should, there is no certainty that the anticipated market will develop.

Barring unexpected adverse developments, Globalstar will need approximately $600 million more capital before it can begin commercial service in September 1999 as planned. Any delay in raising the necessary funds will delay the start of commercial service. If the start of service is significantly delayed, a larger proportion of Globalstar's debt services requirements will become due before Globalstar has positive cash flow, which will increase the amount of money Globalstar needs.

The value of the Company's investment in and future business with Globalstar, as well as its ability to collect outstanding receivables from Globalstar, depends on the success of Globalstar and the Globalstar System. Globalstar is a development stage company and has no operating history. From its inception, Globalstar has incurred net losses and losses are expected to continue at least until commercial operations of the Globalstar System commence, which is expected to be in calendar 1999. A substantial shortfall in meeting Globalstar's capital needs could prevent completion of the Globalstar System and could materially and adversely affect the Company's results of operations, liquidity and financial position. In addition, Globalstar can terminate its development agreement with the Company if Globalstar abandons its efforts to develop the Globalstar System.

The manufacture of wireless communications products is a complex and precise process involving specialized material, manufacturing and testing equipment and processes. The majority of the Company's products are manufactured based upon a forecast of market demand. The Company cannot assure the accuracy of its market forecast or that it will be able to effectively meet customer demand in a timely manner. Factors that could materially and adversely affect the Company's ability to meet customer demand include defects or impurities in the components or materials used, delays in the delivery of such components or materials, equipment failures or other difficulties. The Company may experience component 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 Company's manufacturing capacity.

Revenues from customers outside of the U.S. accounted for approximately 32% and 34% of total revenues for the six months ended March 28, 1999 and in fiscal 1998, respectively. Sales of subscriber, infrastructure and ASICs products, internationally, are subject to a number of risks, including delays in opening of foreign markets to new competitors, exchange controls, currency fluctuations, investment policies, repatriation of cash, nationalization, social and political risks, taxation and other factors, depending on the country in which such opportunity arises.

Wireless and satellite network operators, both domestic and international, increasingly have required their suppliers to arrange or provide long-term financing for them as a condition to obtaining or bidding on infrastructure projects. In providing such financing, the Company is exposed to risk from fluctuations in foreign currency and interest rates, which could impact the Company's results of operations and financial condition. QUALCOMM's financing on products and services is denominated in dollars and any significant change in the value of the dollar against the national currency where QUALCOMM is lending could result in the increase of costs to the debtors and could restrict the debtors from fulfilling their contractual obligations. Any devaluation in the local currency relative to the currencies in which such liabilities are payable could have a material adverse effect on the Company. In some developing countries, including Chile, Mexico, Brazil, and Russia, significant currency devaluations relative to the U.S. dollar have occurred and may occur again in the future. In such circumstances, the Company may experience economic loss with respect to the collectability of its receivables and the value of inventories as a result of exchange rate fluctuations.

During the commercial start-up of its system in Chile with Chilesat Telefonia Personal, S.A. ("Chilesat PCS"), the Company's equipment experienced certain problems relating to the performance of the system. As a result, Chilesat PCS has claimed that the Company is in breach of warranty. The Company has tested and delivered a processor upgrade, which the Company believes resolves the claim. Although there can be no assurance that the Company's processor upgrade will resolve the claim until the system is at specified capacity, the Company does not believe that the resolution of this claim will

have a material adverse effect on the Company. Subsequent to quarter end, Chilesat PCS became a wholly-owned subsidiary of Leap Wireless.

The Russian economic environment has experienced severe volatility, which could negatively impact the Company's prospects and have a material adverse effect on the Company's business, results of operations, liquidity and financial position. The Company currently has approximately $17 million in Russian receivables and an additional $26 million in products and deployment services placed with carriers for which the Company has not yet recognized revenues. The Company cannot guarantee that these carriers will have sufficient resources to complete their planned projects. The failure of any of these emerging service carriers to obtain sufficient financing to meet their regulatory obligations could adversely affect the value of the Company's receivables and inventories relating to these customers.

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 9 Commitments and Contingencies). The Company is also engaged in 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 results of operations, liquidity or financial position.

RECENT DEVELOPMENTS

The Company's terrestrial CDMA wireless infrastructure business has continued to incur losses, and the recent financial crisis in developing markets has materially impacted infrastructure products sales in fiscal 1999. In January 1999, management approved a formal restructuring plan. As a result, the Company recorded a pretax restructuring charge to operations of $15 million. The charge was comprised of employee termination benefits and facility exit costs resulting primarily from the Company's plan to exit certain activities in its infrastructure business.

On March 24, 1999, QUALCOMM and Ericsson entered into an Asset Purchase Agreement (the "Agreement") for the sale by the Company to Ericsson of certain assets related to the Company's terrestrial CDMA wireless infrastructure business. The Company and Ericsson also entered into various license and settlement agreements in connection therewith, all of which are effective upon the closing of the sale (the "Closing"). The Closing is subject to certain customary closing conditions. The Closing is expected to occur during the Company's third fiscal quarter of 1999. Under the Agreement, (a) QUALCOMM agreed to sell certain assets relating to its terrestrial CDMA wireless infrastructure business to Ericsson in exchange for cash and the assumption of certain liabilities, (b) QUALCOMM and Ericsson agreed to jointly support a single worldwide CDMA standard with three optional modes for the next generation of wireless communications and (c) all of the existing litigation between the companies will be settled and the companies will enter into royalty-bearing cross-licenses for their respective CDMA patent portfolios.

Pursuant to the Agreement, Ericsson will purchase certain assets of QUALCOMM's terrestrial CDMA wireless infrastructure business, including its R&D resources, located in San Diego, Calif. and Boulder, Colo., and will assume selected customer commitments, including a portion of future vendor financing obligations, related assets and personnel. The Company recorded a charge of $60 million to reflect the difference between the carrying value of the net assets and the consideration to be received from Ericsson, less costs to sell. As part of the Agreement, the Company agreed to jointly finance with Ericsson certain sales by Ericsson of cdmaOne and cdma2000 infrastructure equipment and services (the "cdmaOne/2000 Sales").

Pursuant to the Agreement, the Company will extend up to $400 million in financing for possible future sales by Ericsson of cdmaOne or cdma2000 infrastructure equipment and related services to specific customers in certain geographic areas, including Brazil, Chile, Russia, and Mexico, or in other areas selected by Ericsson. Such commitments are subject to the customers meeting certain conditions established in the financing arrangements and, in most cases to Ericsson also financing a portion of such cdmaOne or cdma2000 sales. Commitments represent the estimated amounts to be financed under these arrangements, however, actual financing may be in lesser amounts.

Effective upon the closing, the Agreement will settle the litigation between Ericsson and QUALCOMM and provide for cross-licensing of patents for all CDMA technologies, including cdmaOne, WCDMA and cdma2000. The cross-licenses are royalty bearing for CDMA subscriber units sold by Ericsson and QUALCOMM. QUALCOMM also will receive rights to sublicense certain Ericsson patents, including the patents asserted in the litigation, to QUALCOMM's Application Specific Integrated Circuits ("ASIC") customers.

The Company expects to incur additional charges in the third quarter of fiscal 1999 relating to the disposition of the terrestrial CDMA wireless infrastructure business. The Company currently estimates these charges to be approximately $100 million, primarily related to compensation for employees

being transferred to Ericsson in connection with the proposed sale of the Company's terrestrial CDMA wireless infrastructure business. This estimate is largely based on the fair market value of the Company's common stock, and therefore is subject to market fluctuations.

As part of the Agreement, QUALCOMM and Ericsson have also agreed to jointly support approval by the International Telecommunications Union ("ITU") and the other standards bodies, including the U.S. Telecommunications Industry Association ("TIA") and the European Telecommunications Standards Institute ("ETSI"), of a single CDMA third generation ("3G") standard that encompasses three optional modes of operation: 1) direct sequence Frequency Division Duplex ("FDD"), 2) multi-carrier FDD, and 3) Time Division Duplex ("TDD"). Each mode supports operation with both GSM MAP and ANSI-41 networks. The Company believes that rapid adoption of the single CDMA standard is in the best interests of the industry and will allow each operator to select which mode of operation to deploy based on marketplace needs. As part of the Agreements, QUALCOMM and Ericsson will each commit to the ITU and to other standards bodies to license their essential patents for the single CDMA standard or any of its modes to the rest of the industry on a fair and reasonable basis free from unfair discrimination. Upon the Closing, each of the companies have agreed to notify the ITU and other relevant standards bodies that any intellectual property rights blocking currently in force will be immediately withdrawn.

There can be no assurance that the Closing will occur or that the transactions contemplated under the Agreement will be consummated. There can be no assurance that the industry or any country will adopt such a single CDMA standard or that such a standard, if adopted, will be commercially deployed. The extent to which it is commercially deployed may have a material affect on the Company. The Company believes that its CDMA patent portfolio provides broad coverage and is applicable to any commercially viable CDMA wireless system, including modes of CDMA recommended for the proposed single CDMA 3G standard. The Company has informed standards bodies, including the ITU, TIA, ETSI and the Association of Radio Industries and Business ("ARIB"), that it holds essential patents for third generation CDMA systems that have been submitted to such standards bodies. Further, the Company intends to vigorously enforce and protect its intellectual property position against any infringement. However, despite the Company's position and the license agreements entered into by the Company with Ericsson and others which provide for royalties payable to the Company for certain products employing such CDMA standards, there can be no assurance that the Company's CDMA patents will be determined to be applicable to any proposed standard. The adoption of next generation CDMA standards, if any, which are determined not to rely on the

Company's intellectual property could have a material adverse effect on the Company's business, results of operations, liquidity and financial position.

Upon consummation of the transaction with Ericsson, the Company will retain certain terrestrial CDMA wireless infrastructure business contracts. Equipment sales and deployment services under these contracts may be subcontracted to Ericsson. The Company will no longer develop terrestrial infrastructure products. Accordingly, the Company reassessed the recoverability of the carrying value of remaining assets relating to its terrestrial CDMA wireless infrastructure business.

The Company had intended to transfer its equity ownership interest in Telesystems of Ukraine ("TOU") to Leap Wireless International ("Leap Wireless"). During March 1999, the Company reassessed the recoverability of its ownership interest in TOU and its working capital receivable from TOU ("TOU assets") in light of recent developments affecting the TOU business and the disposition of other assets related to the terrestrial CDMA wireless infrastructure business. As a result, the Company recorded a $15 million non-operating charge to write off the TOU assets, as well as a $12 million charge to operations to write off other assets related to the TOU contract.

The Company recorded a charge of $21 million during the second quarter to reduce the carrying value of certain other assets to their approximate net realizable value, including the $12 million in other assets related to the TOU contract. The Company also recorded $52 million in non-operating charges, including $37 million in reserves provided for financial guarantees on projects which the Company will no longer pursue as a result of the Ericsson transaction and $15 million related to the write-off of TOU assets.

RESULTS OF OPERATIONS

The following table sets forth, for the periods indicated, the percentages of total revenues represented by certain consolidated statements of operations data:

<TABLE>
<CAPTION>

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	MARCH 28, 1999	MARCH 29, 1998	MARCH 28, 1999	MARCH 29, 1998
<S>	<C>	<C>	<C>	<C>
Revenues:				
Communications systems	83%	82%	85%	84%
Contract services	9	9	9	8
License, royalty and development fees	8	9	6	8
Total revenues	100%	100%	100%	100%
Operating expenses:				
Communications systems	61%	64%	62%	64%
Contract services	6	6	6	6
Research and development	11	10	11	10
Selling and marketing	6	8	7	7
General and administrative	5	5	5	5
Other	10	--	5	1
Total operating expenses	99%	93%	96%	93%
Operating income	1	7	4	7
Interest income, net	--	--	--	--
Net gain on sale of investments	--	--	--	--
Loss on cancellation of warrants	--	--	--	--
Other	(6)	--	(3)	--
Distributions on trust convertible preferred securities of subsidiary trust	(1)	(1)	(1)	(1)
Minority interest in income of consolidated subsidiaries	--	(3)	--	(1)
Equity in losses of investees	(1)	--	--	--
Income (loss) before income taxes	(7)	3	--	5
Income tax benefit (expense)	2	--	--	(1)
Net income (loss)	(5)%	3%	--%	4%
Communications systems costs as a percentage of communications systems revenues	73%	78%	72%	76%
Contract services costs as a percentage of contract services revenues	68%	76%	70%	74%

</TABLE>

SECOND QUARTER OF FISCAL 1999 COMPARED TO SECOND QUARTER OF FISCAL 1998

Total revenues for the second quarter of fiscal 1999 were $932 million, an increase of $171 million or 22% compared to total revenues of $761 million for the second quarter of fiscal 1998. Revenue growth was primarily due to the significant growth in the revenue related to communications systems.

Communications systems revenues were $774 million in the second quarter of fiscal 1999, an increase of $148 million or 24% compared to $626 million for the same period in fiscal 1998. The increase represents the higher volume of sales of CDMA subscriber and ASICs products.

Contract services revenues for the second quarter of fiscal 1999 were $81 million, a 25% increase compared to $65 million for the same period in fiscal 1998. The dollar increase resulted primarily from revenues from the development agreement with Globalstar.

License, royalty and development fees for the second quarter of fiscal 1999 were $77 million, compared with revenues of $70 million for the same period in fiscal 1998. In the second quarter of 1999, shipments of CDMA equipment by licensees increased, resulting in increased royalty payments due to the Company. The increase in royalties was partially offset by a decline in up-front license payments. License, royalty and development fees may continue to fluctuate quarterly due to the timing and amount of up-front fees on new licenses, royalties from sales by the Company's licensees and changes in foreign currency exchange rates. Beginning with the second quarter of fiscal 1998, the Company began to accrue its estimate of certain royalty revenues earned that previously could not be reasonably estimated prior to being reported by its licensees.

Costs of communications systems were $568 million or 73% of communications systems revenues for the second quarter of fiscal 1999 compared to $485 million or 78% of communications systems revenues for the second quarter of fiscal 1998.

Costs of communications systems for the second quarter of fiscal 1999 include $10 million in non-recurring charges primarily related to additional infrastructure equipment contract costs to be incurred as a result of the Company's decision to sell its terrestrial CDMA wireless infrastructure business. Costs of communications systems as a percentage of communications systems revenues for the second quarter of fiscal 1999 decreased primarily as a result of cost improvements related to ASICs products. Communications systems costs as a percentage of communications systems revenues may fluctuate in future quarters depending on mix of products sold, competitive pricing, new product introduction costs and other factors.

Contract services costs for the second quarter of fiscal 1999 were $55 million or 68% of contract services revenues, compared to $49 million or 76% of contract services revenues for the second quarter of fiscal 1998. The dollar increase in contract services costs was primarily related to increased sales under the Globalstar development contract. Contract service costs as a percentage of contract services revenue decreased due to a change in the mix of labor and materials incurred on the Globalstar development contract.

Research and development expenses were $103 million or 11% of revenues for the second quarter of fiscal 1999, compared to $77 million or 10% of revenues for the same period in fiscal 1998.

Selling and marketing expenses were $54 million or 6% of revenues for the second quarter of fiscal 1999, compared to $60 million or 8% of revenues for the same period in fiscal 1998. The dollar decline in selling and marketing expense was due primarily to a decrease in marketing expense for infrastructure products, including reduced headcount and proposal activity.

General and administrative expenses for the second quarter of fiscal 1999 were $51 million or 5% of revenues, compared to $38 million or 5% of revenues for the second quarter of fiscal 1998. The dollar increase was attributable to growth in personnel and associated overhead expenses necessary to support the overall growth in the Company's operations and increased legal, patent, and information technology expenses.

Other operating expenses for the second quarter of fiscal 1999 were $96 million. During the second quarter of fiscal 1999, the Company recorded a pretax restructuring charge to operations of $15 million. The restructuring charge was comprised of employee termination benefits and facility exit costs resulting primarily from the Company's plan to exit certain activities in its infrastructure business. In March 1999, the Company entered into the Agreement with Ericsson to sell certain assets related to its terrestrial CDMA wireless infrastructure business and various license and settlement agreements in connection therewith. As a result, the Company recorded charges of $60 million to reflect the difference between the carrying value of the net assets to be sold and the consideration to be received, less costs to sell, and $21 million to reduce the carrying value of certain other assets relating to its terrestrial CDMA wireless infrastructure business.

Interest income was $8 million for the second quarter of fiscal 1999, compared to $10 million for the same period in fiscal 1998 due to lower cash and investment balances.

Interest expense was $5 million for the second quarter of fiscal 1999, compared to $2 million for the same period in fiscal 1998. The higher interest expense is due to higher average balances on the bank lines of credit.

During the second quarter of fiscal 1999, the Company recorded a loss of $3 million in connection with the cancellation of warrants to purchase 1,000,000 common shares of Leap Wireless. The cancellation was done to give further assurance that Leap Wireless will meet the FCC criteria for designated entity status.

During the second quarter of fiscal 1999, the Company recorded $52 million in non-operating charges, including $37 million in reserves provided for financial guarantees on projects which the Company will no longer pursue as a result of the Ericsson transaction and $15 million related to the write-off of TOU assets.

Distributions on Trust Convertible Preferred Securities of $10 million for the second quarter of fiscal 1999 and 1998 relate to the private placement of $660 million of 5 3/4% Trust Convertible Preferred Securities by QUALCOMM in February 1997.

The minority interest represents other parties' or stockholders' share of the income or losses of consolidated subsidiaries, including QPE, a joint venture with a subsidiary of Sony. The minority interest for the second quarter of 1998 includes the impact of restructuring QPE.

The second quarter loss resulted in an income tax benefit of $23 million for the second quarter of fiscal 1999 compared to an income tax expense of $0.2

million for the same period in fiscal 1998. The annual effective tax rate for fiscal 1999 is currently estimated to be 35%, excluding the effect of the reinstatement of the R&D tax credit, compared to 30% for fiscal 1998, excluding an increase in certain estimated tax credits.

FIRST SIX MONTHS OF FISCAL 1999 COMPARED TO FIRST SIX MONTHS OF FISCAL 1998

Total revenues for the first six months of fiscal 1999 were $1,874 million, an increase of $328 million or 21% over total revenues of $1,546 million for the first six months of fiscal 1999.

Communications systems revenues for the first six months of fiscal 1999 were $1,591 million, a 22% increase compared to revenues of $1,302 million for the same period in fiscal 1998. The increase for the first six months of fiscal 1999 represents the higher volumes of sales of CDMA subscriber and ASICs products, increased revenues from the expansion of the installed OmniTRACS base in the U.S., and sales of commercial gateways for deployment in the Globalstar system.

Contract services revenues for the first six months of fiscal 1999 increased to $161 million from $129 million for the same period in fiscal 1998, an increase of 25%. The increase of $32 million resulted primarily from the development agreement with Globalstar.

License, royalty and development fees for the first six months of fiscal 1999 were $121 million, compared to $115 million for the same period in fiscal 1998, an increase of 5%. The increase was driven by increased royalties recognized in conjunction with the worldwide sales of subscriber units utilizing the Company's CDMA technology by the Company's licensees, partially offset by lower up front license fees. Beginning with the second quarter of fiscal 1998, the Company began to accrue its estimate of certain royalty revenues earned that previously could not be reasonably estimated prior to being reported by its licensees.

Costs of communications systems for the first six months of fiscal 1999 were $1,153 million or 72% of communications systems revenues, compared to $993 million or 76% of communications systems revenues for the same period in fiscal 1998. The dollar increase in costs primarily reflects increased shipments of CDMA subscriber and ASICs products, and sales of commercial gateways. Communications systems costs as a percentage of communications systems revenues decreased primarily as a result of cost improvements related to ASICs products. Communications systems costs as a percentage of communications systems revenues may fluctuate in future quarters depending on the mix of products sold, competitive pricing, new product introduction costs and other factors.

Contract services costs for the first six months of fiscal 1999 were $113 million or 70% of contract services revenues, compared to $95 million or 74% of contract services revenues for the same period in fiscal 1998. The dollar increase in contract services costs was primarily related to the Globalstar development contract. Contract

service costs as a percentage of contract services revenue decreased due to a change in the mix of labor and materials incurred on the Globalstar development contract.

For the first six months of fiscal 1999, research and development expenses were $203 million or 11 % of revenues, compared to $152 million or 10% of revenues for the first six months of fiscal 1998.

For the first six months of fiscal 1999, selling and marketing expenses were $123 million or 7% of revenues, compared to $116 million or 7% of revenues for the same period in fiscal 1998.

General and administrative expenses for the first six months of fiscal 1999 were $102 million or 5% of revenues, compared to $75 million or 5% of revenues for the same period in fiscal 1998. The dollar increase for the first six months of fiscal year 1999 was attributable to continued growth in personnel and associated overhead expenses necessary to support the overall growth in the Company's operations, increased litigation, patent and information technology expenses.

During the first six months of fiscal 1999, other operating expenses were $96 million, compared to $12 million for the same period in fiscal 1998. During the first six months of fiscal 1999, the Company recorded a pretax restructuring charge to operations of $15 million. The restructuring charge was comprised of employee termination benefits and facility exit costs resulting primarily from the Company's plan to exit certain activities in its infrastructure business. In March 1999, the Company entered into the Agreement with Ericsson to sell certain assets related to its terrestrial CDMA wireless infrastructure business, and various license and settlement agreements in connection therewith. As a result, the Company recorded charges of $60 million to reflect the difference between the carrying value of the net assets to be sold and the consideration to be received, less costs to sell, and $21 million to reduce the carrying value of

certain other assets relating to its terrestrial CDMA wireless infrastructure business and various license and settlement agreements in connection therewith.

During the first six months of fiscal 1998, the Company acquired, for $10 million, substantially all of the assets of Now Software, Inc. In connection with this asset purchase, acquired in-process research and development of $7 million, representing the fair value of software products still in the development stage that had not yet reached technological feasibility, was expensed at the acquisition date. This expense was included in other operating expenses. Also during the same period, the Company recorded a $5 million non-cash charge to operations relating to the impairment of leased manufacturing equipment that is no longer used in the manufacturing process. The $5 million charge represented the estimated total cost of related lease obligations, net of estimated recoveries.

For the first six months of fiscal 1999, interest income was $14 million compared to $22 million for the same period in fiscal 1998. The higher interest income for the first six months of fiscal 1998 was related to the interest earned on the proceeds from the private placement of Trust Convertible Preferred Securities which occurred during February 1997.

For the first six months of fiscal 1999, interest expense was $9 million compared to $4 million for the same period in fiscal 1998, as a result of the interest charged on the higher average balances on the bank lines of credit.

During the first six months of fiscal 1999, the Company recognized a gain of $6 million on the sale of available-for-sale securities, as compared to a net gain of $3 million during the same period in fiscal 1998, from the sale of, and other investing activities related to, investments in other entities.

During the first six months of fiscal 1999, the Company recorded a loss of $3 million in connection with the cancellation of warrants to purchase 1,000,000 common shares of Leap Wireless. The cancellation was done to give further assurance that Leap Wireless will meet the FCC criteria for designated entity status.

During the first six months of fiscal 1999, the Company recorded $52 million in non-operating charges, including $37 million in reserves provided for financial guarantees on projects which the Company will no longer pursue as a result of the Ericsson transaction and $15 million related to the write off of TOU assets.

Distributions on Trust Convertible Preferred Securities of $20 million for the first six months of fiscal 1999 and 1998 relate to the private placement of $660 million of 5 3/4% Trust Convertible Preferred Securities by QUALCOMM in February 1997.

The minority interest represents other parties' or stockholders' share of the income or losses of consolidated subsidiaries, including QPE, a joint venture with a subsidiary of Sony.

Income tax expense was $0.1 million for the first six months of fiscal 1999 compared to $20 million for the same period in fiscal 1998, resulting primarily from the non-recurring charges for the first six months of fiscal 1999. The income tax expense for the first six months of fiscal 1999 reflects the benefit for the reinstatement of the R&D tax credit retroactive to July 1, 1998. The annual effective tax rate for fiscal 1999 is currently estimated to be 35%, excluding the effect of the reinstatement of the R&D tax credit, compared to 30% for fiscal 1998, excluding an increase in certain estimated tax credits.

LIQUIDITY AND CAPITAL RESOURCES

The Company anticipates that the cash and cash equivalents and investments balances of $205 million at March 28, 1999, including interest earned thereon, will be used to fund working and fixed capital requirements, financing for customers of its CDMA infrastructure products and investment in joint ventures or other companies and other assets to support the growth of its business. The Company contemplates raising additional funds from a combination of sources including potential debt and equity issuances. There can be no assurance that additional financing will be available on acceptable terms or at all. In addition, the Company's Credit Facilities as well as notes and indentures, place restrictions on the Company's ability to incur additional indebtedness which could adversely affect its ability to raise additional capital through debt financing.

The Company has two unsecured credit facilities ("Credit Facilities") under which banks are committed to make up to $400 million and $200 million in revolving loans to the Company. The Credit Facilities expire in March 2001 and 2000, respectively. The $400 million facility may be extended on an annual basis upon maturity. At the Company's option, amounts outstanding under the $200 million facility may be converted to a one year term loan with a final maturity of March 2001. The Company is currently obligated to pay commitment fees equal

to 0.2% per annum on the unused amount of the Credit Facilities. The Credit Facilities include certain restrictive financial and operating covenants. At March 28, 1999, there were $8 million letters of credit issued, and no amounts outstanding, under the Credit Facilities.

In the first six months of fiscal 1999, $23 million in cash was provided by operating activities, compared to the use of $61 million for operating activities the first six months of fiscal 1998. Cash used by operating activities in the first six months of fiscal 1999 and 1998 includes $221 million and $223 million, respectively, of net working capital requirements offset by $244 million and $162 million, respectively, of net cash flow provided by operations. Net working capital requirements of $221 million during the first six months of fiscal 1999 primarily reflect increases in accounts receivable and finance receivables and reductions in accounts payable and accrued liabilities, offset by a decrease in inventories. The increase in accounts receivable and finance receivables, and the decrease in accounts payable and accrued liabilities, during the first six months of fiscal 1999 primarily reflects the continued growth in products and component sales. The reduction in total inventory is primarily the result of inventory management programs.

The Company has entered into strategic alliance agreements to support the design and manufacture of CDMA infrastructure products. In one of these agreements, in which QUALCOMM participates on a percentage basis with the prime contractor, outstanding finance receivables of $20 million from the prime contractor are being withheld subject to the end-customer's complete acceptance of the total system. There is currently a dispute between the prime contractor and the end-customer as to the contract language of the acceptance criteria. The Company believes it has met its obligations and is entitled to payment under the contract. The Company may be exposed to the extent the prime contractor is not successful in obtaining the customer's acceptance or negotiates a reduced payment.

Investments in capital expenditures, intangible assets and other entities totaled $105 million in the first six months of fiscal 1999, compared to $170 million in the same period of fiscal 1998. Significant components in the first six months of fiscal 1999 consisted of the purchase of $95 million of capital assets, and the investment of $10 million in newly formed development stage entities. The Company expects to continue making investments in capital assets throughout fiscal 1999.

In the first six months of fiscal 1999, the Company's financing activities provided $17 million. The Company and QPE repaid net amounts of $80 million and $7 million, respectively, on their outstanding credit facilities, and the Company realized $106 million in proceeds from the issuance of common stock under the Company's stock option and employee stock purchase plans. In the first six months of fiscal 1998, the Company's financing activities used net cash of $30 million. The first six months of fiscal 1998 included $25 million from the issuance of common stock under the Company's stock option and employee stock purchase plans, offset by $54 million in net repayments on outstanding bank lines of credit.

During March 1998, the Company agreed to defer up to $100 million of contract payments, with interest accruing at 5-3/4% capitalized quarterly, as customer financing under its development contract with Globalstar. Financed amounts outstanding as of January 1, 2000, will be repaid in eight equal quarterly installments commencing as of that date, with final payment due October 1, 2001, accompanied by all then unpaid accrued interest. At March 28, 1999, of approximately $105 million in interest bearing financed amounts and approximately $246 million in accounts receivable, including $80 million not yet billed, were outstanding from Globalstar.

At March 28, 1999, commitments to extend long-term financing for possible future sales to customers totaled approximately $276 million through fiscal 2003. Such commitments are subject to the customers meeting certain conditions established in the financing arrangements. Commitments represent the estimated amounts to be financed under these arrangements; actual financing may be in lesser amounts. Pursuant to the Ericsson Agreement, the Company will extend up to $400 million in financing for possible future sales by Ericsson. Commitments outstanding at March 28, 1999 will be included in the $400 million.

The Company has committed to provide a guarantee of a working capital bank loan of $100 million to its customer, Pegaso Telecommunicaciones, S.A. de C.V. ("Pegaso"), to facilitate its network launch and purchase of equipment from the Company. In April 1999, the Company provided a $10 million working capital loan to Pegaso repayable within 30 days.

The Company has issued a letter of credit to support a guarantee of up to $22.5 million of Globalstar borrowings under an existing bank financing agreement. The guarantee will expire in December 2000. The letter of credit is collateralized by a commensurate amount of the Company's investments in debt securities. As of March 28, 1999, Globalstar had no borrowings outstanding under the existing bank financing agreement.

As part of the Company's strategy of supporting the commercialization and sale of its CDMA technology and products, the Company may from time to time enter into strategic alliances with domestic and international emerging wireless telecommunications operating companies. These alliances often involve the investment by QUALCOMM of substantial equity in the operating company. At March 28, 1999, the Company has investments in Shinsegi Telecomm, Inc. (Korea) and Canbra Holdings, S. A. (Brazil).

Canbra Holdings, S. A., a consortium comprised of Bell Canada International Inc. (34.4%), QUALCOMM Incorporated (16.2%), SLI Wireless S.A. (12.5%), Taquari Participaoes S.A. (2.5%) and WLL International (34.4%), announced on January 15, 1999 that it has won an operating license to provide wireless and wireline telephone services in the northeast region of Brazil. QUALCOMM invested $2.4 million during the second quarter of fiscal 1999 and expects to make additional equity contributions over the next three years in amounts approximating $46 million.

A second consortium comprised of Bell Canada International Inc. (35.3%), QUALCOMM Incorporated (16.6%), SLI Wireless S.A. (12.8%), and WLL International (34.3%) announced on April 23, 1999 that it has won an operating license to provide wireless and wireline telephone services in the Sao Paulo State of Brazil. QUALCOMM will invest approximately $8 million over the next two years related to its interest in the consortium.

In November 1998, the Company and Microsoft Corporation entered into a joint venture agreement pursuant to which each company obtained a 50% ownership interest in a newly formed development stage entity, Wireless Knowledge LLC, a Delaware limited liability company. Wireless Knowledge intends to form strategic partnerships with computing, software and telecommunications companies, as well as with wireless carriers, for the purpose of enabling secure and airlink-independent internet access to mobile users. Pursuant to the joint venture agreement, QUALCOMM made a capital contribution of $7.5 million during the first quarter of fiscal 1999 and will be required to provide an additional $17.5 million in equity contributions through June 2000.

QUALCOMM has a substantial funding commitment to Leap Wireless in the form of a $265 million secured credit facility. The credit facility consists of two sub-facilities. The first sub-facility enables Leap Wireless to borrow up to $35.2 million from QUALCOMM, solely to meet the normal working capital and operating expenses of Leap Wireless, including salaries, overhead and credit facility fees, but excluding, among other things, strategic capital investments in wireless operators, substantial acquisitions of capital products, and/or the acquisition of telecommunications licenses. The other sub-facility enables Leap Wireless to borrow up to $229.8 million from QUALCOMM, solely to use as investment capital to make certain identified portfolio investments. Amounts borrowed under the credit facility will be due on September 23, 2006. QUALCOMM will have a first priority security interest in, subject to minor exceptions, substantially all of the assets of Leap Wireless for so long as any amounts are outstanding under the credit facility. Amounts borrowed under the credit facility will bear interest at a variable rate equal to LIBOR plus 5.25% per annum. Interest will be payable quarterly beginning September 30, 2001; and prior to such time, accrued interest shall be added to the principal amount outstanding. At March 28, 1999, $45.2 million was outstanding under this facility.

YEAR 2000 READINESS

The Year 2000 ("Y2K") issue relates to the way computer systems and programs define calendar dates. A system could fail or miscalculate a date including "00" to mean 1900 rather than 2000. Also, other systems and products that are not typically recognized as computer or information technology related may contain embedded hardware or software that would be affected by this issue.

The Company has been working on correcting Y2K problems since 1997. As part of this strategy, a Y2K Program Office was formed consisting of a Program Director and key individuals. In February 1999, the Company reorganized the Program Office and it is now led by the Company's Chief Information Officer ("CIO"). It is sponsored by each division President and is composed of Senior IT Managers / Directors within each division. These leaders are responsible for working within their divisions to ensure Y2K readiness with a primary focus on products and customers. Functional areas which support all divisions are also members of the Program Office. These include Supply Chain, Corporate Human Resources and Accounting, Logistics, Facilities, and certain elements of Information Technology. All Program Office members are focusing attention and required resources on the Company's Y2K issues. The Company has also engaged outside consulting firms to assist with the effort. All Y2K efforts are being tracked through the Program Office though plans have been developed and are being executed at the division and functional area levels. This strategy is expected to reduce the Company's level of uncertainty about the Y2K problem, and in particular, about the Y2K readiness of the Company's critical customers and suppliers. The Company believes that with the completion of the Project as

scheduled, the possibility of significant interruptions of normal operations will be reduced.

As of March 28, 1999, the Company's Y2K Project ("Project"), designed to minimize the impact of Y2K problems on operations, is proceeding on the revised schedule. However, the Company is unable to completely determine at this time whether the consequences of Y2K failures will have a material impact on the Company's results of operations, liquidity or financial condition. The failure to correct a material Y2K problem could result in an interruption in, or a failure of, certain normal business activities or operations. Such failures could materially and adversely affect the Company's results of operations, liquidity and financial condition. This is due to the general uncertainty inherent in the Y2K problems, resulting in part from the uncertainty of the Y2K readiness of third-party suppliers, customers and utility services.

The members of the Company's Y2K Program Office are addressing the issues under four major sections: Internal Readiness, Supply Chain Assessment, Product Readiness and Customer Readiness. Each section is evaluated

through four phases: Discovery, Assessment, Remediation and Post-Remediation. Discovery is the process of identifying potential Y2K issues throughout the Company's critical business process. Assessment is the process of categorizing issues that were identified in the Discovery phase into "ready," "not ready" or "needs more study." Remediation is the process of fixing and testing those items that must be ready for the Y2K. Post-Remediation is the process of addressing Y2K issues that were not previously or not adequately corrected.

Internal Readiness addresses the computing and communications infrastructure, the tools and systems used to develop products and run the business, and internal service organizations. The Company has identified the majority of the critical systems and non-computer related items that are required to be Y2K ready. Using supplier data and internal discovery methods, remediation or replacement efforts have begun. Those items considered most critical to continuing operations are given the highest priority, and testing on these items is scheduled to be complete by October 1999. The Company has established a dedicated Y2K readiness testing lab for testing the Company's computing and communications infrastructure as well as the Company's critical business tools. The majority of non-ready critical systems are scheduled to be retired, replaced, or repaired by October 1999. At this time, no critical issues have been identified that will not be made ready by calendar year-end 1999.

Supply Chain Assessment involves evaluating the Y2K readiness of QUALCOMM's suppliers and their ability to continue delivering materials and services after 1999. The Company has initiated formal communications with critical suppliers to determine the Company's vulnerability to suppliers' Y2K issues. The Company has requested that critical suppliers represent their products and services to be Y2K ready and that they have a program to test for that readiness. The Company has received initial Y2K readiness information from the majority of critical suppliers. On-site visits of key suppliers for the purpose of verifying Y2K readiness status are being conducted during the first two calendar quarters of 1999. Based on knowledge gained through communication with critical suppliers and in parallel with the supplier assessment process, the Company is developing contingency plans to ensure minimal interruption of supply. The Company is scheduled to assess the majority of its critical suppliers' state-of-readiness for Y2K by June 30, 1999. If the Company determines a critical supplier is not on track to be Y2K ready, the Company will solidify contingency plans relevant to those suppliers, while in parallel initiating a search for alternate solutions to avoid supply chain interruptions. At this time, no critical suppliers have been identified as not being Y2K ready, however, the assessment is not complete. In addition, the Company is participating in the High Technology Consortium - Year 2000 and Beyond, and leveraging that organization and resource pool to augment the Company's efforts.

Product Readiness includes the review of QUALCOMM's products for Y2K readiness. The Company's program office has been working with individual business unit managers to review all QUALCOMM products for Y2K readiness. The Company believes the majority of its products are Y2K ready with further formal verification being initiated where required. The majority of testing for Y2K product readiness is scheduled for completion by September 1999. The Company expects to verify Y2K readiness for the majority of products and to have an upgrade or migration path available for legacy products by November 1999.

Customer Readiness is the review of QUALCOMM's major customers for Y2K readiness. The Program Office has organized a review targeted to cover a significant portion of the Company's customers. Customer lists are being generated and survey work has begun. The Company does not currently have sufficient information concerning the Y2K readiness status of major customers. The Company is requesting information from customers to understand their state of Y2K readiness and has scheduled this process for completion by September 1999.

While the Company expects these efforts will provide reasonable assurance

that material disruptions will not occur due to internal failure, the potential for interruption still exists. The need for a contingency plan is recognized and plans will be developed to deal with issues such as "at risk" suppliers and interruption of utility and other services. The response of certain third parties is beyond the control of the Company. If the Company does not receive adequate Y2K readiness responses from its critical suppliers or customers prior to June 1999, contingency plans will be developed by September 1999. Contingency plans may include increasing inventory levels, securing alternate sources of supply, adjusting alternate shutdown and start-up schedules and other appropriate measures. At this time, the Company cannot estimate the additional cost, if any, from the implementation of such contingency plans.

The Company believes its critical systems will be Y2K ready by October 1999. However, there is no guarantee that these results will be achieved. Specific factors contributing to this uncertainty include failure to identify all susceptible systems, non-readiness by third parties whose systems and operations impact the Company and other similar uncertainties. A worst case scenario might include one or more of the Company's internal systems, suppliers, products or customers not being Y2K ready. An event such as this could result in a material disruption to the Company's operations. Specifically, the Company could experience software application, computer network, manufacturing products and telephone system failures. Supply chain and product non-readiness could result in the failure of the Company to perform on contracts, delayed delivery of products to customers and inadequate customer service. Customer non-readiness could result in delayed payments for products and services and build up of inventories. Should a worst case scenario occur, it could, depending on its duration, have a material adverse effect on the Company's business, results of operations, liquidity and financial position.

To date the Company has spent an estimated $10 million on this Project. Total budgeted cost at this time is estimated at $28 million. The funding for this Project comes from operations and working capital. The Company does not have a project tracking system that tracks the cost and time that its employees spend on the Y2K project. However, the Company estimates the allocable time of employees using average hourly rates for each class of employee. None of the Company's other mission critical information projects have been delayed due to the implementation of the Y2K Project.

FUTURE ACCOUNTING REQUIREMENTS

In June 1997, the FASB issued Statement of Financial Accounting Standards No. 131 ("FAS 131"), "Disclosures about Segments of an Enterprise and Related Information," which the Company will be required to adopt for fiscal year 1999. This statement establishes standards for reporting information about operating segments in annual financial statements and requires selected information about operating segments in interim financial reports issued to shareholders. It also establishes standards for related disclosures about products and services, geographic areas and major customers. Under FAS 131, operating segments are to be determined consistent with the way that management organizes and evaluates financial information internally for making operating decisions and assessing performance. The Company has not completed its determination of the impact of the adoption of this new accounting standard on its consolidated financial statement disclosures.

In June 1998, the FASB issued Statement of Financial Accounting Standards No. 133 ("FAS 133"), "Accounting for Derivative Instruments and Hedging Activities," which the Company will be required to adopt for fiscal year 2000. This statement establishes a new model for accounting for derivatives and hedging activities. Under FAS 133, all derivatives must be recognized as assets and liabilities and measured at fair value. The Company has not completed its determination of the impact of the adoption of this new accounting standard on its consolidated financial position or results of operations.

MARKET RISK

A complete discussion and analysis of the Company's market risks is described in the Company's 1998 Annual Report on Form 10-K. Such risks include unfavorable movements in interest rates, equity prices, and foreign currency exchange rates. In regard to foreign exchange risk, foreign exchange financial instruments that are subject to the effects of currency fluctuations which may affect reported earnings include financial instruments which are not denominated in the currency of the legal entity holding the instruments. Such risk exists in connection with both equity investees and wholly-owned subsidiaries. Because of the rapid ramp up in operations during the first six months of fiscal 1999 by the Company's wholly-owned subsidiary, QUALCOMM do Brazil (QdB), accounts payable and receivable not denominated in the currency of QdB have increased dramatically since September 27, 1998. QdB uses the local currency, the Brazilian real, as its functional currency. During the second quarter of fiscal 1999, a significant devaluation occurred in the Brazilian real. As a result, the Company recorded a $29 million translation loss in equity. The Company also recorded a $2 million transaction gain which affected earnings as a result of local currency denominated price protection agreements. At March 28, 1999, the

Company has $1 million in net payables at QdB which are not denominated in the local currency. The fair value of those net payables would increase by $0.1 million if the U.S. dollar were to depreciate against the Brazilian real by 10%. This hypothetical amount is suggestive of the effect on fair value, but not on future cash flows assuming that the Company does not

sell QdB. At March 28, 1999, there have been no other material changes to the market risks described at September 27, 1998. Additionally, the Company does not anticipate any near-term changes in the nature of its market risk exposures or in management's objectives and strategies with respect to managing such exposures.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

See Note 9 of Notes to Condensed Consolidated Financial Statements.

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

The Company's Annual Meeting of Stockholders (the "Annual Meeting") was held on February 23, 1999. At the Annual Meeting, the stockholders of the Company (i) elected five directors to hold office until the 2002 Annual Meeting of Stockholders or until his/her successor is elected, as listed below; (ii) approved the Company's 1991 Stock Option Plan, as amended; and (iii) ratified the selection of PricewaterhouseCoopers LLP as the Company's independent accountants for the fiscal year ending September 26, 1999. The Company had 70,864,528 shares of Common Stock outstanding as of December 28, 1998, the record date for the Annual Meeting. At the Annual Meeting, holders of a total of 63,012,349 shares of Common Stock were present in person or represented by proxy. The following sets forth information regarding the results of the voting at the Annual Meeting:

Proposal 1: Election of Directors

<TABLE>
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Director	Shares Voting In Favor	Shares Withheld
<S>	<C>	<C>
Robert E. Kahn	62,864,307	148,921
Jerome S. Katzin	62,861,454	148,921
Duane A. Nelles	62,864,235	148,921
Frank Savage	62,863,974	148,921
Brent Scowcroft	62,863,170	148,921

</TABLE>

Directors whose term of office continued after the annual meeting are: Richard C. Atkinson, Peter M. Sacerdote, Diana Lady Dougan, Marc I. Stern, Irwin Mark Jacobs, Andrew J. Viterbi, Adelia A. Coffman, and Neil Kadisha.

Proposal 2: Approval of the 1991 Stock Option Plan, as Amended

Votes in favor:	52,188,524
Votes against:	10,628,365
Abstentions:	195,460
Broker non-votes:	0

Proposal 3: Ratification of Selection of Independent Accountants

Votes in favor:	62,856,912
Votes against:	73,717
Abstentions:	81,720

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

2.1 - Asset Purchase Agreement between QUALCOMM Incorporated and Telefonaktiebolaget LM Ericsson dated as of March 24, 1999. (1) (2)

10.1 - Credit Agreement dated as of March 4, 1999, among QUALCOMM Incorporated, as Borrower, the Lender Parties, Bank of America National Trust & Savings Association as Administrative Agent and Syndication Agent, and Citibank N.A., as Documentation Agent and Syndication Agent. (1)

10.2 - Multi-Product License Agreement between QUALCOMM Incorporated and Telefonaktiebolaget LM Ericsson dated March 24, 1999. (1)

10.3 - Subscriber Unit License Agreement between QUALCOMM Incorporated and Telefonaktiebolaget LM Ericsson dated March 24, 1999. (1)

10.4 - Settlement Agreement and Mutual Release between QUALCOMM Incorporated and Telefonaktiebolaget LM Ericsson dated March 24, 1999.

10.5 - First Amendment to Revolving Credit Agreement between QUALCOMM Incorporated, Bank of America National Trust & Savings Association, et al, and Citibank N.A. dated March 24, 1999.

27.0 - Financial Data Schedule.

(b) Reports on Form 8-K

No reports on Form 8-K have been filed during the quarter for which this report is filed.

(1) Certain portions of this exhibit have been omitted pursuant to a request for confidential treatment. Omitted portions will be filed separately with the Securities and Exchange Commission.

(2) Schedules omitted pursuant to Rule 601(b)(2) of Regulation S-K of the Securities and Exchange Commission. Registrant undertakes to furnish such schedules and attachments thereto to the Securities and Exchange Commission upon request.

EXHIBIT 2.1

*** Text Omitted and Filed Separately
Confidential Treatment Requested Under
17 C.F.R. Sections 200.80(b)(4), 200.83 and
240.24b-2

- ---

ASSET PURCHASE AGREEMENT

---

between

QUALCOMM INCORPORATED

and

TELEFONAKTIEBOLAGET LM ERICSSON (publ)

Dated as of March 24, 1999

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Exhibits
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A	Form of the License Agreements
B	Principal Terms of the ASICS Supply Agreements
C	Form of Assumption Agreements
D	Form of Bills of Sale and Assignment
E	Principal Terms of the Infrastructure Supply Agreement
F	Principal Terms of the Interim Services Agreement
G	Principal Terms of the Lease Agreements
H	Principal Terms of the Vendor Financing Agreement
2.01(a)(i)	Transferred Customer Contracts
2.01(a)(iii)	Other Transferred Contracts
2.01(a)(vi)	Physical Assets
2.01(b)(i)	Excluded Contracts
2.09	Allocation of Purchase Price
7.01(f)(i)	Form of Opinion of the Purchaser's General Counsel
7.01(f)(ii)	Form of Opinion of the Purchaser's U.S. Counsel
7.02(g)	Form of Opinion of Seller's Counsel

ASSET PURCHASE AGREEMENT

ASSET PURCHASE AGREEMENT, dated as of March 24, 1999, between QUALCOMM INCORPORATED, a Delaware corporation (the "SELLER"), and TELEFONAKTIEBOLAGET LM ERICSSON (publ), a company organized under the laws of Sweden (the "PURCHASER").

W I T N E S S E T H:

WHEREAS, the Seller, through its Wireless Systems Division, is engaged in the business of designing, developing, manufacturing, marketing, selling and servicing CDMA terrestrial-based cellular, personal communications services ("PCS"), and wireless local loop ("WLL") network infrastructure products, at various locations in the United States and other countries (the "BUSINESS");

WHEREAS, in connection with the conduct of the Business and other businesses conducted by the Seller, the Purchaser and the Seller have engaged in certain disputes relating to the use by the Seller of certain intellectual property rights of the Purchaser and its subsidiaries;

WHEREAS, as a result of such disputes, the Seller and an affiliate of the Seller and the Purchaser and an affiliate of the Purchaser are currently engaged in litigation styled "Ericsson Inc. et al. v. QUALCOMM Inc. et al.", Civil Action No. 2:96cv183-DF/HWM (Consolidated) in the United States District Court for the Eastern District of Texas, Marshall Division (the "CURRENT LITIGATION");

WHEREAS, the Seller and the Purchaser desire to resolve such intellectual property disputes and to settle the Current Litigation;

WHEREAS, coincident with such settlement and the resolution of such intellectual property disputes, concurrently with the execution and delivery of this Agreement, the Seller and the Purchaser are entering into a Subscriber Unit License Agreement and a Multi-Product License Agreement, in the respective forms attached hereto as Exhibit A (the "LICENSE AGREEMENTS"), pursuant to which the parties are agreeing to license certain intellectual property rights to each other;

WHEREAS, the Seller and the Purchaser desire to jointly support the adoption of a single CDMA third generation standard;

WHEREAS, the Seller also desires to sell to the Purchaser, and the Purchaser desires to purchase from the Seller, a significant portion of the

Business, including, without limitation, all right, title and interest of the Seller in and to certain properties and assets of the Business, and in connection therewith the Purchaser is willing to assume certain liabilities of the Seller relating thereto, all upon the terms and subject to the conditions set forth herein; and

WHEREAS, in connection with the closing of the transactions contemplated by this Agreement, the Seller and the Purchaser intend to enter into certain other related agreements.

NOW, THEREFORE, in consideration of the premises and the mutual agreements and covenants hereinafter set forth, and intending to be legally bound hereby, the Purchaser and the Seller hereby agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings:

"ACTION" means any action, suit, arbitration, inquiry, proceeding or investigation by or before any Governmental Authority.

"ACQUIRED BUSINESS" means the Business as conducted by the Seller's Wireless Systems Division as of the Closing Date, which shall be comprised of the Assets, the Assumed Liabilities and the Transferred Customer Contracts but which shall not include (a) the Excluded Contracts or Excluded Liabilities, (b) chips or chipsets which the Seller has developed or is developing for sale to other network infrastructure equipment licensees, nor the component designs, mask sets and associated software and developmental hardware, (c) the design, development, manufacture, marketing and sale of network infrastructure products to United States governmental entities or for use in satellite-based applications or (d) activities conducted by the Seller which are not part of the Seller's Wireless Systems Division (including, without limitation, subscriber units, OmniTRACs, etc.).

"AFFILIATE" means, with respect to any specified Person, any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such specified Person.

"AGREEMENT" or "THIS AGREEMENT" means this Asset Purchase Agreement, dated as of March 24, 1999, between the Seller and the Purchaser (including the Exhibits hereto and

the Disclosure Schedule) and all amendments hereto made in accordance with the provisions of Section 10.09.

"ANCILLARY AGREEMENTS" means the ASICS Supply Agreements, the Assumption Agreements, the Bills of Sale, the Infrastructure Supply Agreement, the Interim Services Agreement, the Lease Agreements, the License Agreements, the Settlement Agreement and the Vendor Financing Agreement.

"ANNUAL FINANCIAL STATEMENTS" means the audited consolidated balance sheets of the Seller as of September 30, 1997 and September 30, 1998, together with the related statements of income and cash flows for the fiscal years then ended, included in the Seller's Annual Report on Form 10-K for the fiscal year ended September 30, 1998.

"ASICS SUPPLY AGREEMENTS" means the ASICS Supply Agreements to be entered into between the Seller and the Purchaser at the Closing containing the principal terms set forth on Exhibit B.

"ASSUMPTION AGREEMENTS" means the Assumption Agreements to be entered into between the Seller and the Purchaser or Affiliates of the Purchaser at the Closing substantially in the form of Exhibit C.

"BILLS OF SALE" means the Bills of Sale and Assignment to be executed by the Seller at the Closing substantially in the form of Exhibit D.

"BUSINESS DAY" means any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by Law to be closed in The City of New York.

"BUSINESS EMPLOYEE" means any employee of the Seller who is employed in the Business.

"CODE" means the Internal Revenue Code of 1986, as amended through the date hereof.

"CONFIDENTIALITY AGREEMENT" means the letter agreement dated as of July 27, 1998, between the Seller and the Purchaser.

"CONTROL" (including the terms "CONTROLLED BY" and "UNDER COMMON CONTROL WITH"), with respect to the relationship between or among two or more Persons, means the possession, directly or indirectly or as trustee, personal representative or executor, of the power to direct or cause the direction of the affairs or management of a Person, whether through the ownership of voting securities, as trustee, personal representative or executor, by contract or otherwise, including, without limitation, the ownership, directly or indirectly, of

securities having the power to elect a majority of the board of directors or similar body governing the affairs of such Person.

"DISCLOSURE SCHEDULE" means the Disclosure Schedule, dated as of the date hereof, delivered by the Seller to the Purchaser.

"ENCUMBRANCE" means any security interest, pledge, mortgage, lien, charge, encumbrance, adverse claim, preferential arrangement, or restriction of any kind, including, without limitation, any restriction on the use, voting, transfer, receipt of income or other exercise of any attributes of ownership.

"ENVIRONMENTAL CLAIMS" means any and all administrative, regulatory or judicial actions, suits, demands, claims, liens, notices of non-compliance or violation, investigations, proceedings, consent orders or consent agreements relating in any way to any Environmental Law or any permit under any Environmental Law (hereinafter "Claims"), including, without limitation, (a) any and all Claims by Governmental Authorities for enforcement, cleanup or other actions or damages pursuant to any applicable Environmental Law and (b) any and all Claims by any Person seeking damages, contribution, indemnification, cost recovery, compensation or injunctive relief resulting from Hazardous Materials or arising from alleged injury or threat of injury to health, safety or the environment.

"ENVIRONMENTAL CONDITION" means a condition relating to or arising or resulting from a failure to comply with any applicable Environmental Law or any permit under any Environmental Law or a release or discharge of a Hazardous Material into the environment.

"ENVIRONMENTAL LAW" means any Law, now or hereafter in effect and as amended, and any judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree or judgment, relating to the environment, health, safety or Hazardous Materials.

"GOVERNMENTAL AUTHORITY" means any United States federal, state or local or any foreign government, governmental, regulatory or administrative authority, agency or commission or any court, tribunal, or judicial or arbitral body.

"GOVERNMENTAL ORDER" means any order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority.

"HAZARDOUS MATERIALS" means (a) petroleum and petroleum products, radioactive materials, asbestos in any form that is or could become friable, urea formaldehyde foam insulation, transformers or other equipment that contain polychlorinated biphenyls, and radon gas, (b) any other chemicals, materials or substances defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials", "toxic

substances", "contaminants" or "pollutants", or words of similar import, under any applicable Environmental Law, and (c) any other chemical, material or substance exposure to which is regulated by any Governmental Authority. "HSR ACT" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.

"INDEBTEDNESS" means, with respect to any Person, (a) all indebtedness of such Person, whether or not contingent, for borrowed money, (b) all obligations of such Person for the deferred purchase price of property or services, (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all obligations of such Person as lessee under leases that have been or should be, in accordance with U.S. GAAP, recorded as capital leases, (f) all obligations, contingent or otherwise, of such Person under acceptance, letter of credit or similar facilities, (g) all

Indebtedness of others referred to in clauses (a) through (f) above guaranteed directly or indirectly in any manner by such Person, or in effect guaranteed directly or indirectly by such Person through an agreement (i) to pay or purchase such Indebtedness or to advance or supply funds for the payment or purchase of such Indebtedness, (ii) to purchase, sell or lease (as lessee or lessor) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Indebtedness or to assure the holder of such Indebtedness against loss, (iii) to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether such property is received or such services are rendered) or (iv) otherwise to assure a creditor against loss, and (h) all Indebtedness referred to in clauses (a) through (f) above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Encumbrance on property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness.

"INFRASTRUCTURE SUPPLY AGREEMENT" means the Infrastructure Supply Agreement to be entered into between the Seller and the Purchaser at the Closing containing the principal terms set forth on Exhibit E.

"INTERIM FINANCIAL STATEMENTS" means the unaudited consolidated balance sheets of the Seller as of December 31, 1997 and December 31, 1998, together with the related statements of income and cash flows for the fiscal quarters then ended, included in the Seller's Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 1998.

"INTERIM SERVICES AGREEMENT" means the Interim Services Agreement to be entered into between the Seller and the Purchaser at the Closing containing the principal terms set forth on Exhibit F.

"INTELLECTUAL PROPERTY" means the Seller's and its Affiliates' (a) inventions, ideas and conceptions of inventions, whether or not patentable, whether or not reduced to practice, and whether or not yet made the subject of a pending patent application or applications, (b) all United States, international and foreign statutory invention registrations, patents, patent registrations and patent applications (including, without limitation, all reissues, divisions, continuations, continuations-in-part, extensions and reexaminations thereof) and all rights therein provided by international treaties or conventions and all improvements to the inventions disclosed in each such registration, patent or application, (c) trademarks, service marks, certification marks, collective marks, trade dress, logos, domain names, product configurations, trade names, business names, corporate names and other source identifiers, whether or not registered and whether or not currently in use, including all common law rights, and registrations and applications for registration thereof, including, but not limited to, all marks registered in the United States Patent and Trademark Office or in any office or agency of any State or Territory thereof or of any foreign country, and all rights therein provided by international treaties or conventions, and all reissues, extensions and renewals of any of the foregoing, (d) copyrighted works, copyrights, whether or not registered, and registrations and applications for registration thereof in the United States and any foreign country, and all rights therein provided by international treaties or conventions, (e) moral rights (including, without limitation, rights of paternity and integrity), and waivers of such rights by others, (f) computer software, including, without limitation, source code, object code, objects, comments, screens, user interfaces, report formats, templates, menus, buttons and icons, and all files, data, documentation and other materials related thereto, (g) confidential and proprietary information, including know-how, trade secrets, manufacturing and production processes and techniques, research and development information, technical data, financial, marketing and business data, pricing and cost information, business and marketing plans, and customer and supplier lists and information, (h) copies and tangible embodiments of all the foregoing, in whatever form or medium, (i) all rights to obtain and rights to register trademarks and copyrights, and (j) all rights to sue or recover and retain damages and costs and attorneys' fees for past, present and future infringement of any of the foregoing.

"INVENTORIES" means all inventory, merchandise, finished goods, works in process, raw materials, packaging, supplies and other personal property intended to be used in the Acquired Business, maintained, held or stored by or for the Seller on the Closing Date and any prepaid deposits for any of the same.

"IRS" means the Internal Revenue Service of the United States.

"LAW" means any federal, state, local or foreign statute, law, ordinance, regulation, rule, code, order, requirement or rule of common law.

"LEASE AGREEMENTS" means (a) the Lease Agreements to be entered into between the Seller and the Purchaser at the Closing containing the principal

terms set forth on Exhibit G and (b) the assignments and subleases of the leases to be entered into pursuant to Section 2.01(a)(ii).

"LIABILITIES" means any and all debts, liabilities and obligations, whether accrued or fixed, absolute or contingent, matured or unmatured or determined or determinable, including, without limitation, those arising under any Law (including, without limitation, any Environmental Law), Action or Governmental Order and those arising under any contract, agreement, arrangement, commitment or undertaking.

"MATERIAL ADVERSE EFFECT" means any circumstance, change in, or effect on, the Acquired Business that, individually or in the aggregate with any other circumstances, changes in, or effects on, the Acquired Business is, or could reasonably be expected to be, materially adverse to the Assets or Assumed Liabilities or the operations, employee relationships, customer or supplier relationships, results of operations or the condition (financial or otherwise) of the Acquired Business. Notwithstanding the foregoing, in no event shall any of the following constitute a Material Adverse Effect: (a) any circumstance, change or effect generally affecting the industry in which the Seller operates the Acquired Business or arising from changes in general business or economic conditions, (b) any circumstance, change or effect (including, without limitation, delays in customer orders, a reduction in sales, a disruption in supplier, distributor or similar relationships or loss of employees) resulting from the fact that the Purchaser (rather than another party) is the purchaser of the Acquired Business, or (c) any circumstance, change or effect resulting from actions taken by the Seller that are required by this Agreement or any of the Ancillary Agreements.

"PERMITTED ENCUMBRANCES" means such of the following as to which no enforcement, collection, execution, levy or foreclosure proceeding shall have been commenced: (a) liens for taxes, assessments and governmental charges or levies not yet due and payable; (b) Encumbrances imposed by Law, such as materialmen's, mechanics', carriers', workmen's and repairmen's liens and other similar liens arising in the ordinary course of business securing obligations that (i) are not overdue for a period of more than 30 days and (ii) are not in excess of $100,000 in the case of a single property or $250,000 in the aggregate at any time; (c) pledges or deposits to secure obligations under workers' compensation laws or similar legislation or to secure public or statutory obligations; and (d) minor survey exceptions, reciprocal easement agreements and other customary encumbrances on title to real property that (i) do not render title to the property encumbered thereby unmarketable and (ii) do not, individually or in the aggregate, materially adversely affect the value of such property or the use of such property for its present purposes.

"PERSON" means any individual, partnership, limited liability company, firm, corporation, association, trust, unincorporated organization or other entity, as well as any syndicate or group that would be deemed to be a person under Section 13(d)(3) of the Securities Exchange Act of 1934, as amended.

"PURCHASER'S ACCOUNTANTS" means PricewaterhouseCoopers LLP, independent accountants of the Purchaser.

"RECEIVABLES" means any and all accounts receivable (but not notes receivable) arising from the conduct of the Business before the Closing Date, whether or not in the ordinary course, together with any unpaid financing charges accrued thereon.

"REGULATIONS" means the Treasury Regulations (including Temporary Regulations) promulgated by the United States Department of Treasury with respect to the Code or other federal tax statutes.

"SELLER'S ACCOUNTANTS" means PricewaterhouseCoopers LLP, independent accountants of the Seller.

"SETTLEMENT AGREEMENT" means the Settlement Agreement and Mutual Release, dated as of the date hereof, among the Seller, Qualcomm Personal Electronics, the Purchaser and Ericsson Inc.

"TAX" or "TAXES" means any and all taxes, fees, levies, duties, tariffs, imposts, and other charges of any kind (together with any and all interest, penalties, additions to tax and additional amounts imposed with respect thereto) imposed by any government or taxing authority, including, without limitation: taxes or other charges on or with respect to income, franchises, windfall or other profits, gross receipts, property, sales, use, capital stock, payroll, employment, social security, workers' compensation, unemployment compensation, or net worth; taxes or other charges in the nature of excise, withholding, ad valorem, stamp, transfer, value added, or gains taxes; license, registration and documentation fees; and customs' duties, tariffs, and similar charges.

"U.S. GAAP" means United States generally accepted accounting

principles and practices in effect from time to time applied consistently by the Seller throughout the periods involved.

"VENDOR FINANCING AGREEMENT" means the Vendor Financing Agreement to be entered into between the Seller and the Purchaser at the Closing containing the principal terms set forth on Exhibit H.

SECTION 1.02. Other Defined Terms. The following terms shall have the meanings defined for such terms in the Sections of this Agreement set forth below:

Term	Section
Adjustment Threshold	2.07(b)(ii)
Assets	2.01(a)
Assumed Liabilities	2.02(a)
Business	Recitals
Business Financial Statements	3.04
Business Intellectual Property	3.20(b)
Business Systems	3.12
Closing	2.04
Closing Date	2.04
Closing Net Book Value	2.08(a)
Closing Statement of Net Assets	2.08(a)
COBRA	6.05(c)
Competitive Activities	5.08(a)
Competitive Entity	5.08(a)
Current Litigation	Recitals
Employee Amounts	6.09
ERISA	3.24(a)
Excluded Assets	2.01(b)
Excluded Contracts	2.01(b)(i)
Excluded Intellectual Property	2.01(b)(viii)
Excluded Liabilities	2.02(b)
FMLA	6.01
Independent Accounting Firm	2.07(b)(ii)
ITU	5.17
IP Licenses	3.20(e)
January Net Book Value	2.07(a)
January Statement of Net Assets	2.07(a)
Leased Real Property	3.21(b)
Leases	3.21(b)
License Agreements	Recitals
Licensed Intellectual Property	3.20(b)
Loss	8.02(a)
Material Contracts	3.19(a)
Multiemployer Plan	3.24(b)
Multiple Employer Plan	3.24(b)
Owned Intellectual Property	3.20(a)
Owned Real Property	3.21(a)

PCS	Recitals
Permits	3.17
Permitted Percentage	5.08(a)
Plans	3.24(a)
Purchase Price	2.03
Purchaser	Preamble
Purchaser Non-Solicit Period	5.08(c)
Purchaser's DCP	6.04
Real Property	3.21(b)
Restricted Period	5.08(a)
Selected Business Employees	6.01
Seller	Preamble
Seller Non-Solicit Period	5.08(b)
Seller's DCP	6.04
Single CDMA Standard	5.17
Supplier Systems	3.12
Tangible Personal Property	3.22
Third Party Claims	8.04
Transferred Customer Contracts	2.01(a)(i)
Transferred Employees	6.01
Vendor Financing Commitments	3.13
WARN	3.24(g)

WLL	Recitals
Year 2000 Plan	3.12
Year 2000 Ready	3.12

</TABLE>

SECTION 1.03. Other Definitional Provisions. (a) The terms "dollars" and "$" shall mean United States dollars.

(b) Terms defined in the singular shall have a comparable meaning when used in the plural and vice versa.

ARTICLE II

PURCHASE AND SALE

SECTION 2.01. Assets to Be Sold. (a) On the terms and subject to the conditions of this Agreement, the Seller shall, on the Closing Date, sell, assign, transfer, convey and deliver to the Purchaser, or cause to be sold, assigned, transferred, conveyed and delivered to the Purchaser (or to one or more Affiliates of the Purchaser designated by the Purchaser at or prior to the Closing), and the Purchaser shall (or shall cause one or more Affiliates of the Purchaser designated by the Purchaser at or prior to the Closing to) purchase from the Seller, on the Closing Date, all the assets, properties, goodwill and business of every kind and description and wherever located, whether tangible or intangible, real, personal or mixed, directly or indirectly owned by the Seller or to which it is directly or indirectly entitled and, in any case, primarily used or intended to be primarily used in the Business as conducted by the Seller as of the Closing Date, other than the Excluded Assets (the assets to be purchased by the Purchaser or Affiliates of the Purchaser being referred to as the "ASSETS"), including, without limitation, the following:

(i) all rights of the Seller in, to and under the contracts listed on Exhibit 2.01(a)(i) (the "TRANSFERRED CUSTOMER CONTRACTS") (which, other than the Transferred Customer Contracts with US West Wireless LLC and Mauritius Telecom Limited, shall not include rights or obligations related to the provision of handsets or other subscriber equipment);

(ii) all rights of the Seller in, to and under the leases to be assigned or subleased pursuant to Exhibit G;

(iii) except for the Excluded Assets, all rights of the Seller under all other contracts, agreements, leases, commitments, and sales and purchase orders, and under all commitments, bids and offers (to the extent such offers are transferable) to the extent primarily used or intended to be primarily used in the Acquired Business, including, without limitation, such items as are set forth on Exhibit 2.01(a)(iii);

(iv) all Inventories primarily used or intended to be used in the Business, except for Inventories that cannot be used in connection with the Transferred Customer Contracts without significant expense incurred other than in the ordinary course of business;

(v) all Receivables to the extent related to the Acquired Business;

(vi) all rights of the Seller in and to the furniture, equipment, machinery, vehicles and other tangible personal property primarily used or held for use by the Seller at the locations at which the Acquired Business is conducted, or otherwise owned or held by the Seller primarily for use in the conduct of the Acquired Business, including, without limitation, the assets listed on Exhibit 2.01(a)(vi), other than such assets primarily used or intended to be used in connection with the Excluded Contracts;

(vii) all the Seller's right, title and interest in, to and under the Business Intellectual Property;

(viii) all municipal, state and federal franchises, permits, licenses, agreements, waivers and authorizations primarily held or used by the Seller in connection with the Acquired Business, to the extent transferable;

(ix) all claims, causes of action, choices in action, rights of recovery and rights of set-off of any kind (including rights to insurance proceeds and rights under and pursuant to all warranties, representations and guarantees made by suppliers of products, materials or equipment, or components thereof), primarily pertaining to or primarily arising out of the Business, except to the extent any of the foregoing relates to the Excluded Assets or the Excluded Liabilities;

(x) all books of account, general, financial, tax and personnel records, invoices, shipping records, supplier lists, correspondence and other documents, records and files and all computer software and programs and any rights thereto primarily used in, or primarily relating to, the Acquired Business;

(xi) all sales and promotional literature, customer lists and other sales-related materials designed for and intended to be used in the Acquired Business by the Seller;

(xii) the Acquired Business as a going concern and the goodwill of the Seller relating to the Acquired Business; and

(xiii) except for the Excluded Assets, all the Seller's right, title and interest in, to and under all other assets, rights and claims of every kind and nature primarily used or intended to be primarily used in the operation of the Acquired Business.

(b) The Assets shall exclude the following assets owned by the Seller (the "EXCLUDED ASSETS"):

(i) all rights of the Seller in, to and under the contracts listed on Exhibit 2.01(b)(i) and all other similar telecommunication system sales and financing contracts with customers not included in the Transferred Customer Contracts (the "EXCLUDED CONTRACTS");

(ii) all rights of the Seller in, to and under the Transferred Customer Contracts (other than the Transferred Customer Contracts with US West Wireless LLC and Mauritius Telecom Limited) to the extent related to the provision of handsets or other subscriber equipment;

(iii) all Owned Real Property;

(iv) all cash, cash equivalents and bank accounts owned by the Seller;

(v) all Inventories not primarily used or intended to be used in the Business and all Inventories that cannot be used in connection with the Transferred Customer Contracts without significant expense incurred other than in the ordinary course of business;

(vi) all Receivables not related to the Acquired Business;

(vii) the capital stock, notes and other securities of, and all other interests of the Seller in, any Person, including, without limitation, all subsidiaries of the Seller and all investments of the Seller in telecommunications operators or other entities;

(viii) all right, title and interest of the Seller in or to (A) the name "Qualcomm", (B) any Intellectual Property described in clause (a) or (b) of the definition of Intellectual Property, (C) patent cross-license agreements and other intellectual property licenses entered into as part of such cross-license agreements or related to such cross-license agreements, and (D) all Intellectual Property other than that described in clauses (A), (B) and (C) used both in the Acquired Business and in businesses of the Seller other than the Acquired Business (collectively, the "EXCLUDED INTELLECTUAL PROPERTY");

(ix) all federal, state and local income and franchise tax credits and tax refund claims (and any foreign equivalents thereof) relating to or arising out of the Business prior to the Closing;

(x) all rights of the Seller under this Agreement and the Ancillary Agreements; and

(xi) all the Seller's right, title and interest on the Closing Date in, to and under all other assets, properties, goodwill and business of every kind, wherever located, whether tangible or intangible, real, personal or mixed, not primarily used or intended to be primarily used in the operation of the Acquired Business.

(c) Subject to the Purchaser's right to assign its rights under this Agreement in accordance with Section 10.07 of this Agreement, Assets (other than Business Intellectual Property) located in the United States shall be purchased by Ericsson Inc., a wholly owned subsidiary of the Purchaser (or another Affiliate of the Purchaser incorporated in the United States and designated by the Purchaser at or prior to the Closing), and Assets located outside

the United States shall be purchased by the Purchaser or an Affiliate of the Purchaser incorporated outside the United States designated by the Purchaser at or prior to the Closing.

SECTION 2.02. Assumption and Exclusion of Liabilities. (a) On the terms and subject to the conditions of this Agreement, the Purchaser shall, on the Closing Date, assume and shall pay, perform and discharge when due only the following and no other Liabilities of the Seller as at the Closing Date, other than the Excluded Liabilities (the "ASSUMED LIABILITIES"):

(i) Liabilities primarily arising out of or relating to the Acquired Business to the extent such Liabilities are reflected on the Closing Statement of Net Assets, including all accrued liabilities (other than liabilities for accrued salary and benefits and accrued vacation) to the extent reflected or reserved for on the Closing Statement of Net Assets;

(ii) all Liabilities arising out of the Transferred Customer Contracts, and other contracts, agreements, leases, commitments, sales and purchase orders, bids and offers that are included in the Assets (whether such obligations arise before or after the Closing Date);

(iii) those employment-related Liabilities expressly assumed by the Purchaser pursuant to Article VI; and

(iv) all Liabilities for accounts payable for goods and services received or rendered following the Closing Date.

(b) The Seller shall retain, and shall be responsible for paying, performing and discharging when due, and the Purchaser shall not assume or have any responsibility for, all Liabilities of the Seller as of the Closing Date other than the Assumed Liabilities (the "EXCLUDED LIABILITIES"), including, without limitation:

(i) all Taxes now or hereafter owed by the Seller or any Affiliate of the Seller, or attributable to the Assets or the Business, relating to any period, or any portion of any period, ending on or prior to the Closing Date;

(ii) all Liabilities to the extent relating to or arising out of the Excluded Assets;

(iii) those employment-related Liabilities expressly retained by the Seller pursuant to Article VI; and

(iv) all Liabilities for accounts payable for goods and services received or rendered on or prior to the Closing Date.

SECTION 2.03. Purchase Price. Subject to the adjustments set forth in Sections 2.07 and 2.08, if any, the purchase price for the Assets shall be [*] (the "PURCHASE PRICE").

SECTION 2.04. Closing. Subject to the terms and conditions of this Agreement, the sale and purchase of the Assets and the assumption of the Assumed Liabilities contemplated by this Agreement shall take place at a closing (the "CLOSING") to be held at the offices of Shearman & Sterling, 599 Lexington Avenue, New York, New York at 9:00 A.M. New York time on the later to occur of (i) May 24, 1999 or (ii) the third Business Day following the satisfaction or waiver of all conditions to the obligations of the parties set forth in Article VII, or at such other place or at such other time or on such other date as the Seller and the Purchaser may mutually agree upon in writing (the day on which the Closing takes place being the "CLOSING DATE").

SECTION 2.05. Closing Deliveries by the Seller. At the Closing, the Seller shall deliver or cause to be delivered to the Purchaser:

(a) one or more Bills of Sale and such other instruments, in form and substance reasonably satisfactory to the Purchaser, as may be requested by the Purchaser to transfer the Assets to the Purchaser (or to Affiliates of the Purchaser designated by the Purchaser) or to evidence such transfer on the public records;

(b) an executed counterpart of one or more Assumption Agreements, the ASICS Supply Agreements, the Infrastructure Supply Agreement, the Interim Services Agreement, the Lease Agreements and the Vendor Financing Agreement;

(c) a receipt for the Purchase Price; and

(d) the opinions, certificates and other documents required to be delivered pursuant to Section 7.02.

SECTION 2.06. Closing Deliveries by the Purchaser. At the Closing, the Purchaser shall deliver or cause to be delivered to the Seller:

(a) the Purchase Price, as may be adjusted prior to the Closing pursuant to Section 2.07, by wire transfer in immediately available funds to a bank account in the United States to be designated by the Seller in a written notice to the Purchaser at least two Business Days prior to the Closing;

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(b) an executed counterpart of one or more Assumption Agreements, the ASICS Supply Agreements, the Infrastructure Supply Agreement, the Interim Services Agreement, the Lease Agreements and the Vendor Financing Agreement; and

(c) the opinions, certificates and other documents required to be delivered pursuant to Section 7.01.

SECTION 2.07. Pre-Closing Adjustment of the Purchase Price. The Purchase Price shall be subject to adjustment as specified in this Section 2.07:

(a) January Statement of Net Assets. The Seller has prepared and delivered to the Purchaser an audited schedule of specified assets and liabilities of the Acquired Business as of the close of business on January 24, 1999 (the "JANUARY STATEMENT OF NET ASSETS"), which the Seller represents was prepared in accordance with U.S. GAAP applied on a basis consistent with the preparation of the Annual Financial Statements and the Interim Financial Statements, reflecting only the book value of the Assets and the Assumed Liabilities (as the same shall exist as of January 24, 1999) and eliminating the book value of the Excluded Assets and the Excluded Liabilities (as the same shall exist as of January 24, 1999), together with a report thereon of the Seller's Accountants stating that the January Statement of Net Assets fairly presents the financial position of the Acquired Business as of January 24, 1999 in accordance with U.S. GAAP. The specified net assets of the Acquired Business as of January 24, 1999 (the "JANUARY NET BOOK VALUE") shall be calculated as the excess of the book value of the Assets as of January 24, 1999 over the book value of the Assumed Liabilities as of January 24, 1999.

(b) Disputes. (i) Subject to clause (ii) of this Section 2.07(b), the January Statement of Net Assets delivered by the Seller to the Purchaser shall be deemed to be and shall be final, binding and conclusive on the parties hereto.

(ii) The Purchaser may dispute any amounts reflected on the January Statement of Net Assets to the extent the net effect of such disputed amounts in the aggregate would affect the January Net Book Value reflected on the January Statement of Net Assets by more than [*] (the "ADJUSTMENT THRESHOLD"), but only on the basis that the amounts reflected on the January Statement of Net Assets were not arrived at in accordance with U.S. GAAP applied on a basis consistent with the preparation of the Annual Financial Statements and Interim Financial Statements or that the amounts reflected thereon do not properly adjust to include only the book value of the Assets and the Assumed Liabilities and to eliminate the book value of the Excluded Assets and the Excluded Liabilities; provided, however, that the Purchaser shall have notified the Seller and the Seller's Accountants in writing of each disputed item, specifying the amount thereof in dispute and setting forth, in reasonable detail, the basis

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for such dispute, within 15 Business Days of the date hereof. In the event of such a dispute, the Seller's Accountants and the Purchaser's Accountants shall attempt to reconcile their differences, and any resolution by them as to any disputed amounts shall be final, binding and conclusive on the parties hereto. If any such resolution by the Purchaser's Accountants and the Seller's Accountants leaves in dispute amounts the net effect of which in the aggregate would not affect the January Net Book Value reflected on the January Statement of Net Assets by more than the Adjustment Threshold, all such amounts remaining in dispute shall then be deemed to have been resolved in favor of the January Statement of Net Assets delivered by the Seller to the Purchaser. If the Seller's Accountants and the Purchaser's Accountants are unable to reach a resolution with such effect within ten Business Days after receipt by the Seller and the Seller's Accountants of the Purchaser's written notice of dispute, the Seller's Accountants and the Purchaser's Accountants shall submit the items remaining in dispute for resolution to an independent accounting firm of international reputation mutually acceptable to the Purchaser and the Seller (such accounting firm being referred to herein as

the "INDEPENDENT ACCOUNTING FIRM"), which shall, within ten Business Days after such submission, determine and report to the Purchaser and the Seller upon such remaining disputed items, and such report shall be final, binding and conclusive on the Seller and the Purchaser. The fees and disbursements of the Independent Accounting Firm shall be allocated between the Seller and the Purchaser in the same proportion that the aggregate amount of such remaining disputed items so submitted to the Independent Accounting Firm that is unsuccessfully disputed by each such party (as finally determined by the Independent Accounting Firm) bears to the total amount of such remaining disputed items so submitted.

(iii) In acting under this Agreement, the Purchaser's Accountants, the Seller's Accountants and the Independent Accounting Firm shall be entitled to the privileges and immunities of arbitrators.

(c) Purchase Price Adjustment. The January Statement of Net Assets shall be deemed final for the purposes of this Section 2.07 upon the earlier of (A) the failure of the Purchaser to notify the Seller of a dispute within 15 Business Days of the date hereof, (B) the resolution of all disputes, pursuant to Section 2.07(b)(ii), by the Purchaser's Accountants and the Seller's Accountants and (C) the resolution of all disputes, pursuant to Section 2.07(b)(ii), by the Independent Accounting Firm. Prior to the Closing, a Purchase Price adjustment shall be made as follows:

(i) in the event that the January Net Book Value reflected on the final January Statement of Net Assets exceeds the January Net Book Value reflected on the January Statement of Net Assets delivered by the Seller to the Purchaser by at least the Adjustment Threshold, then the Purchase Price shall be adjusted upward in an amount equal to such excess over the Adjustment Threshold; and

(ii) in the event that the January Net Book Value reflected on the January Statement of Net Assets delivered by the Seller to the Purchaser exceeds the January Book Value reflected on the final January Statement of Net Assets by at least the Adjustment Threshold, then the Purchase Price shall be adjusted downward in an amount equal to such excess over the Adjustment Threshold.

(d) If the January Statement of Net Assets is not deemed final in accordance with Section 2.07(c) on or prior to the Closing, (i) the Purchase Price shall be [*], and (ii) the Purchase Price shall be further adjusted pursuant to Section 2.07(c) as soon as the January Statement of Net Assets is deemed final in accordance with Section 2.07(c), with the Seller or the Purchaser, as the case may be, making a cash payment to the other to reflect such adjustment, by wire transfer in immediately available funds.

SECTION 2.08. Post-Closing Adjustment of the Purchase Price. The Purchase Price shall be subject to adjustment after the Closing as specified in this Section 2.08:

(a) Closing Statement Of Net Assets. As promptly as practicable, but in any event within 45 calendar days following the Closing Date, the Seller shall at its expense prepare and deliver to the Purchaser an audited schedule of specified assets and liabilities of the Acquired Business as of the close of business on the Closing Date (the "CLOSING STATEMENT OF NET ASSETS") prepared in accordance with U.S. GAAP applied on a basis consistent with the preparation of the January Statement of Net Assets (except that it shall include an appropriate reserve for deferred costs or deferred revenues from vendor financing contracts, if appropriate under U.S. GAAP), reflecting only the book value of the Assets and the Assumed Liabilities (as the same shall exist as of the Closing) and eliminating the book value of the Excluded Assets and the Excluded Liabilities (as the same shall exist as of the Closing), together with (i) a report thereon of the Seller's Accountants stating that the January Statement of Net Assets fairly presents the financial position of the Acquired Business at the Closing Date in accordance with U.S. GAAP, and (ii) a certification of the chief financial officer or chief accounting officer of the Seller to the effect that the Closing Statement of Net Assets has been prepared in compliance with the requirements of this Section 2.08. The specified net assets of the Acquired Business as of the Closing (the "CLOSING NET BOOK VALUE") shall be calculated as the excess of the book value of the Assets reflected on the Closing Statement of Net Assets over the book value of the Assumed Liabilities reflected on the Closing Statement of Net Assets.

(b) Disputes. (i) Subject to clause (ii) of this Section 2.08(b), the Closing Statement of Net Assets delivered by the Seller to the Purchaser shall be deemed to be and shall be final, binding and conclusive on the parties hereto.

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(ii) The Purchaser may dispute any amounts reflected on the Closing Statement of Net Assets to the extent the net effect of such disputed amounts in the aggregate would affect the Closing Net Book Value reflected on the Closing Statement of Net Assets by more than the Adjustment Threshold, but only on the basis that the amounts reflected on the Closing Statement of Net Assets were not arrived at in accordance with U.S. GAAP applied on a basis consistent with the preparation of the January Statement of Net Assets or that the amounts reflected thereon do not properly adjust to include only the book value of the Assets and the Assumed Liabilities and to eliminate the book value of the Excluded Assets and the Excluded Liabilities; provided, however, that the Purchaser shall have notified the Seller and the Seller's Accountants in writing of each disputed item, specifying the amount thereof in dispute and setting forth, in reasonable detail, the basis for such dispute, within 15 Business Days of the Seller's delivery of the Closing Statement of Net Assets to the Purchaser. In the event of such a dispute, the Seller's Accountants and the Purchaser's Accountants shall attempt to reconcile their differences, and any resolution by them as to any disputed amounts shall be final, binding and conclusive on the parties hereto. If any such resolution by the Purchaser's Accountants and the Seller's Accountants leaves in dispute amounts the net effect of which in the aggregate would not affect the Closing Net Book Value reflected on the Closing Statement of Net Assets by more than the Adjustment Threshold, all such amounts remaining in dispute shall then be deemed to have been resolved in favor of the Closing Statement of Net Assets delivered by the Seller to the Purchaser. If the Seller's Accountants and the Purchaser's Accountants are unable to reach a resolution with such effect within ten Business Days after receipt by the Purchaser and the Purchaser's Accountants of the Seller's written notice of dispute, the Seller's Accountants and the Purchaser's Accountants shall submit the items remaining in dispute for resolution to the Independent Accounting Firm, which shall, within ten Business Days after such submission, determine and report to the Purchaser and the Seller upon such remaining disputed items, and such report shall be final, binding and conclusive on the Seller and the Purchaser. The fees and disbursements of the Independent Accounting Firm shall be allocated between the Seller and the Purchaser in the same proportion that the aggregate amount of such remaining disputed items so submitted to the Independent Accounting Firm that is unsuccessfully disputed by each such party (as finally determined by the Independent Accounting Firm) bears to the total amount of such remaining disputed items so submitted.

(iii) In acting under this Agreement, the Purchaser's Accountants, the Seller's Accountants and the Independent Accounting Firm shall be entitled to the privileges and immunities of arbitrators.

(iv) No adjustment to the Purchase Price pursuant to Section 2.08(c) shall be made with respect to amounts disputed by the Purchaser pursuant to this Section

2.08(b), unless the net effect of the amounts successfully disputed by the Purchaser in the aggregate is to decrease the Closing Net Book Value reflected on the Closing Statement of Net Assets by at least the Adjustment Threshold, in which case such adjustment shall only be made in an amount equal to any excess over the Adjustment Threshold.

(c) Purchase Price Adjustment. The Closing Statement of Net Assets shall be deemed final for the purposes of this Section 2.08 upon the earlier of (A) the failure of the Purchaser to notify the Seller of a dispute within 15 Business Days of the Seller's delivery of the Closing Statement of Net Assets to the Purchaser, (B) the resolution of all disputes, pursuant to Section 2.08(b)(ii), by the Purchaser's and the Seller's Accountants and (C) the resolution of all disputes, pursuant to Section 2.08(b)(ii), by the Independent Accounting Firm. Subject to the limitation set forth in Section 2.08(b)(iv), within three Business Days of the Closing Statement of Net Assets being deemed final, a Purchase Price adjustment shall be made as follows:

(i) in the event that the January Net Book Value reflected on the final January Statement of Net Assets exceeds the Closing Net Book Value by at least the Adjustment Threshold, then the Purchase Price shall be adjusted downward in an amount equal to such excess over the Adjustment Threshold, and the Seller shall, within three Business Days of such determination, pay such amount, together with interest thereon, from the Closing Date through the date of payment at the rate of interest publicly announced by Citibank, N.A. or any successor thereto in New York, New York from time to time as its reference rate from the Closing Date to the date of such payment, to the Purchaser by wire transfer in immediately available funds; and

(ii) in the event that the Closing Net Book Value exceeds the January Net Book Value reflected on the final January Statement of Net Assets by at least the Adjustment Threshold, then the Purchase Price shall

be adjusted upward in an amount equal to such excess over the Adjustment Threshold and the Purchaser shall, within three Business Days of such determination, pay the amount of such excess together with interest thereon, from the Closing Date through the date of payment at the rate of interest publicly announced by Citibank, N.A. or any successor thereto in New York, New York from time to time as its reference rate from the Closing Date to the date of such payment, to the Seller by wire transfer in immediately available funds.

SECTION 2.09. Allocation of the Purchase Price. The sum of the Purchase Price and the Assumed Liabilities shall be allocated among the Assets as of the Closing Date in accordance with Exhibit 2.09. Any subsequent adjustments to the sum of the Purchase Price and Assumed Liabilities shall be reflected in the allocation hereunder in a manner consistent

with Treasury Regulation Section 1.1060-1T(f). For all Tax purposes, the Purchaser and the Seller agree to report the transactions contemplated in this Agreement in a manner consistent with the terms of this Agreement, including the allocation under Exhibit 2.09, and that neither of them will take any position inconsistent therewith in any Tax return, in any refund claim, in any litigation, or otherwise without the consent of the other party, which consent shall not be unreasonably withheld or delayed.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE SELLER

As an inducement to the Purchaser to enter into this Agreement, the Seller hereby represents and warrants to the Purchaser as follows:

SECTION 3.01. Organization, Authority and Qualification of the Seller. The Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all necessary corporate power and authority to enter into this Agreement and the Ancillary Agreements, to carry out its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The Seller is duly licensed or qualified to do business and is in good standing in each jurisdiction in which the Assets owned or leased by it or the operation of the Acquired Business makes such licensing or qualification necessary, except to the extent that the failure to be so licensed or qualified would not adversely affect (i) the ability of the Seller to carry out its obligations under, and to consummate the transactions contemplated by, this Agreement and the Ancillary Agreements and (ii) the ability of the Seller to conduct the Acquired Business as it is currently being conducted. The execution and delivery of this Agreement and the Ancillary Agreements by the Seller, the performance by the Seller of its obligations hereunder and thereunder and the consummation by the Seller of the transactions contemplated hereby and thereby have been duly authorized by all requisite action on the part of the Seller. No approval of the stockholders of the Seller is required in connection with the execution and delivery of this Agreement or the Ancillary Agreements by the Seller, the performance by the Seller of its obligations hereunder or thereunder or the consummation by the Seller of the transactions contemplated hereby or thereby. This Agreement has been, and upon their execution the Ancillary Agreements will be, duly executed and delivered by the Seller, and (assuming due authorization, execution and delivery by the Purchaser) this Agreement constitutes, and upon their execution the Ancillary Agreements will constitute, legal, valid and binding obligations of the Seller enforceable against the Seller in accordance with their respective terms, except as enforceability may be limited by (i) bankruptcy, insolvency, reorganization, debtor relief or similar laws affecting the rights of creditors generally, and (ii) general principles of equity, including specific performance, injunctive relief and other equitable remedies.

SECTION 3.02. No Conflict. Assuming that all consents, approvals, authorizations and other actions described in Section 3.03 have been obtained and all filings and notifications listed in Section 3.03 of the Disclosure Schedule have been made, the execution, delivery and performance of this Agreement and the Ancillary Agreements by the Seller do not and will not (a) violate, conflict with or result in the breach of any provision of the charter or by-laws (or similar organizational documents) of the Seller, (b) conflict with or violate (or cause an event which could have a Material Adverse Effect as a result of) any Law or Governmental Order applicable to the Seller or the Assets or the Acquired Business, or (c) except as set forth in Section 3.02(c) of the Disclosure Schedule, conflict with, result in any breach of, constitute a default (or event which with the giving of notice or lapse of time, or both, would become a default) under, require any consent under, or give to others any rights of termination, amendment, acceleration, suspension, revocation or cancellation of, or result in the creation of any Encumbrance on any of the Assets pursuant to, any note, bond, mortgage or indenture, contract, agreement,

lease, sublease, license, permit, franchise or other instrument or arrangement to which the Seller is a party or by which any of the Assets is bound or affected, except, in the case of clauses (b) and (c), as would not have a Material Adverse Effect and would not prevent or materially delay consummation by the Seller of the transactions contemplated by this Agreement.

SECTION 3.03. Governmental Consents and Approvals. The execution, delivery and performance of this Agreement and each Ancillary Agreement by the Seller do not and will not require any consent, approval, authorization or other order of, action by, filing with or notification to, any Governmental Authority, except (a) as described in Section 3.03 of the Disclosure Schedule, (b) the notification requirements of the HSR Act and (c) where the failure to obtain such consent, approval, authorization or order would not have a Material Adverse Effect and would not prevent or materially delay consummation of the transactions contemplated by this Agreement and the Ancillary Agreements.

SECTION 3.04. Financial Information. Section 3.04 of the Disclosure Schedule contains true and complete copies of (i) the unaudited statements of income of the Business for each of the two fiscal years ended as of September 30, 1997 and September 30, 1998 (the "BUSINESS FINANCIAL STATEMENTS") and (ii) the January Statement of Net Assets. The Business Financial Statements and the January Statement of Net Assets (i) were prepared in accordance with the books of account and other financial records of the Business, (ii) present fairly the financial condition and results of operations of the Business or the Acquired Business, as the case may be, as of the dates thereof or for the periods covered thereby, (iii) have been prepared in accordance with U.S. GAAP applied on a basis consistent with the past practices of the Business throughout the periods involved (except that the unaudited financial statements may not contain footnotes) and (iv) include or will include all adjustments (consisting only of normal recurring accruals) that are necessary for a fair presentation of the financial condition of the Business or the Acquired Business, as the case may be, and the

results of the operations of the Business or the Acquired Business, as the case may be, as of the dates thereof or for the periods covered thereby.

SECTION 3.05. No Undisclosed Liabilities. There are no Liabilities of the Seller related to the Acquired Business other than Liabilities (i) reflected or reserved against on the January Statement of Net Assets, (ii) disclosed in Section 3.05 of the Disclosure Schedule, (iii) incurred since the date of this Agreement in the ordinary course of business, consistent with past practice, of the Business and which do not and could not reasonably be expected to have a Material Adverse Effect, (iv) employment-related Liabilities expressly assumed by the Seller pursuant to Article VI, or (v) arising in the ordinary course under contracts assumed by the Purchaser under this Agreement. Reserves are reflected on the January Statement of Net Assets against all Liabilities of the Seller related to the Acquired Business, other than Liabilities relating to the Excluded Assets and Excluded Liabilities, in amounts that have been established on a basis consistent with the past practices of the Business and in accordance with U.S. GAAP.

SECTION 3.06. Receivables. Section 3.06 of the Disclosure Schedule is an aged list of the Receivables which are included in the Assets as of the date of the January Statement of Net Assets. Except to the extent, if any, reserved for on the January Statement of Net Assets, all Receivables reflected on the January Statement of Net Assets arose from, and the Receivables existing on the Closing Date will have arisen from, the sale of Inventory or services to Persons not affiliated with the Seller and in the ordinary course of the Business consistent with past practice and, except as reserved against on the January Statement of Net Assets, constitute or will constitute, as the case may be, only valid, undisputed claims of the Business not subject to valid claims of set-off or other defenses or counterclaims other than normal cash discounts accrued in the ordinary course of the Business consistent with past practice.

SECTION 3.07. Inventories. Subject to amounts reserved therefor on the January Statement of Net Assets, the values at which all Inventories are carried on the January Statement of Net Assets reflect the historical inventory valuation policy of the Business of stating such Inventories at the lower of cost (determined on the first-in, first-out method) or market value. The Seller has good and marketable title to the Inventories free and clear of all Encumbrances except Permitted Encumbrances. The Inventories are in good and merchantable condition in all material respects, are suitable and usable for the purposes for which they are intended and are in a condition such that they can be sold in the ordinary course of the Business consistent with past practice. The Inventories do not consist of, in any material amount, items that are obsolete, damaged or slow-moving. The Inventories do not consist of any items held on consignment. The Seller is not under any obligation or liability with respect to accepting returns of items of Inventory or merchandise in the possession of its customers, except to the extent consistent with past return policies of the Business. No clearance or extraordinary sale of the Inventories has been conducted since the date of the January

Statement of Net Assets. The Seller has not acquired or committed to acquire or manufactured Inventory for sale which is not of a quality and quantity usable in the ordinary course of the Business within a reasonable period of time and consistent with past practice nor has the Seller changed the price of any Inventory except for (i) reductions to reflect any reduction in the cost thereof to the Seller, (ii) reductions and increases responsive to normal competitive conditions and consistent with the past sales practices of the Business, and (iii) increases to reflect any increase in the cost thereof to the Seller. Section 3.07 of the Disclosure Schedule contains a complete list of the addresses of all warehouses and other facilities in which any significant portion of the Inventories are located.

SECTION 3.08. Sales and Purchase Order Backlog. (a) As of March 22, 1999, open sales orders accepted by the Seller related to the Acquired Business as to which the unshipped portion exceeds [*] (as measured by standard cost). Section 3.08(a) of the Disclosure Schedule lists all such sales orders.

(b) As of March 17, 1999, open purchase orders (other than purchase orders relating to deployment projects) issued by the Seller related to the Business totaled [*]. As of March 18, 1999, open purchase orders relating to deployment projects issued by the Seller related to the Business totaled [*]. Section 3.08(b) of the Disclosure Schedule lists all purchase orders (other than purchase orders relating to deployment projects) relating to the Business exceeding $100,000 per order, which have been issued by the Seller and which are open as of March 17, 1999, and all purchase orders relating to deployment projects relating to the Business, exceeding $100,000 per order, which have been issued by the Seller and which are open as of March 18, 1999.

SECTION 3.09. Customers. Section 3.09 of the Disclosure Schedule lists the five most significant customers (by revenue) of the Acquired Business for the twelve-month period ended September 30, 1998 and the amount of such revenues from each such customer during such period. Except as disclosed in Section 3.09 of the Disclosure Schedule, as of the date hereof the Seller has not received any notice and has no reason to believe that any significant customer of the Acquired Business has ceased, or will cease, to use the products, equipment, goods or services of the Acquired Business or has substantially reduced, or will substantially reduce, the use of such products, equipment, goods or services at any time.

SECTION 3.10. Suppliers. Section 3.10 of the Disclosure Schedule lists the ten most significant suppliers of raw materials, supplies, merchandise and other goods for the Acquired Business for the twelve-month period ended September 30, 1998 and the amount of such raw materials, supplies, merchandise and other goods received from each such supplier related to the Acquired Business during such period. Except as disclosed in Section 3.10 of the Disclosure Schedule, as of the date hereof the Seller has not received any notice and has no reason to believe that any such supplier will not sell raw materials, supplies, merchandise and other goods to the Acquired Business at any time after the Closing Date on terms and

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conditions similar to those imposed on current sales to the Acquired Business, subject only to general and customary price increases.

SECTION 3.11. Products and Services. Except as described in Section 3.11 of the Disclosure Schedule, there is no material defect in design, materials, manufacture or otherwise in any products designed, manufactured, distributed or sold by the Business, or any material defect in repair to, or replacement of, any such products. Section 3.11 of the Disclosure Schedule sets forth a true and complete list of all products designed, manufactured, marketed or sold by the Business that have been recalled or withdrawn (whether voluntarily or otherwise) as of the date hereof. The aggregate expense of all product recalls and withdrawals performed by the Business has not exceeded [*] in any of the four fiscal quarters prior to the date hereof. The January Statement of Net Assets includes, and the Closing Statement of Net Assets will include, adequate reserves in accordance with U.S. GAAP for all product warranty obligations of the Business.

SECTION 3.12. Year 2000 Readiness. The Seller has (i) undertaken an assessment of all significant computer hardware, software, networks, systems and equipment embedded within products of the Business and/or used in the conduct of the Business as currently conducted ("BUSINESS SYSTEMS") that could be adversely affected by a failure to accurately adapt, accommodate, process or respond to the Year 2000 and thereafter ("YEAR 2000 READY"), (ii) developed a plan and time line for rendering all significant Business Systems Year 2000 Compliant (the "YEAR 2000 PLAN"), and (iii) to date, implemented such plan in accordance with such timetable in all material respects. Assuming the Purchaser continues to

implement the Year 2000 Plan following the Closing in accordance with such timetable, there are no Business Systems which will not be Year 2000 Ready in all material respects. The Seller has also (i) requested all significant suppliers to the Business to provide to the Seller assessments of the Year 2000 Readiness of all material computer hardware, software, networks, systems and equipment of such suppliers used in providing products or services to the Business ("SUPPLIER SYSTEMS"), (ii) is receiving assessments from all such suppliers and (iii) based on such assessments to date, has no reason to believe that any material Supplier Systems will not be Year 2000 Ready in all material respects.

SECTION 3.13. Vendor Financing Obligations. Section 3.13 of the Disclosure Schedule lists (i) all contracts or arrangements pursuant to which the Seller has agreed to extend financing to any Person with respect to projects in Mexico, Brazil Region 1, Chile and Russia (the "VENDOR FINANCING COMMITMENTS"), (ii) the potential financing required in the next three months under each Vendor Financing Commitment and (iii) the maximum financing commitments of the Seller under each Vendor Financing Commitment. To the Seller's best knowledge, the Seller has provided true and accurate information to the Purchaser with respect to the financial condition and results of operations of the borrower under each Vendor Financing Commitment.

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SECTION 3.14. Litigation. Except as described in Section 3.14 of the Disclosure Schedule, there are no Actions by or against the Seller relating to the Acquired Business, or affecting or that could reasonably be expected to affect any of the Assets or the Acquired Business, pending before any Governmental Authority (or, to the best knowledge of the Seller, threatened in writing to be brought by or before any Governmental Authority). None of the matters disclosed in Section 3.14 of the Disclosure Schedule has had or could

reasonably be expected to have a Material Adverse Effect or could affect the legality, validity or enforceability of this Agreement or any Ancillary Agreement or the consummation of the transactions contemplated hereby or thereby. Except as set forth in Section 3.14 of the Disclosure Schedule, the Seller is not subject to any Governmental Order relating to the Acquired Business, or affecting or that could reasonably be expected to affect any of the Assets or the Acquired Business (nor, to the best knowledge of the Seller, are there any such Governmental Orders threatened in writing to be imposed by any Governmental Authority).

SECTION 3.15. Compliance with Laws. The Seller has conducted and continues to conduct the Business in all material respects in accordance with all Laws and Governmental Orders applicable to the Seller, the Assets and the Business (including, without limitation, the Foreign Corrupt Practices Act and the anti-boycott laws and regulations promulgated under the Export Administration Act of 1979), and the Seller is not in violation of any such Law or Governmental Order in any material respect.

SECTION 3.16. Conduct in the Ordinary Course; Absence of Certain Changes, Events and Conditions. From the date of the January Statement of Net Assets through the date hereof, except as disclosed in Section 3.16 of the Disclosure Schedule, the Acquired Business has been conducted in the ordinary course and consistent with past practice. Except as disclosed in Section 3.16 of the Disclosure Schedule, from the date of the January Statement of Net Assets through the date hereof, the Seller has not:

(i) made any material changes in the customary methods of operations of the Acquired Business, including, without limitation, practices and policies relating to manufacturing, purchasing, Inventories, marketing, selling and pricing;

(ii) sold, transferred, leased or otherwise disposed of any assets of the Acquired Business, other than the sale of Inventories or the disposition of immaterial amounts of obsolete assets in the ordinary course of the Business consistent with past practice;

(iii) acquired any material assets related to the Acquired Business other than in the ordinary course of the Business consistent with past practice;

(iv) permitted or allowed any of the assets of the Acquired Business to be subjected to any Encumbrance, other than Permitted Encumbrances and Encumbrances that will be released at or prior to the Closing;

(v) except in the ordinary course of the Business consistent with

past practice, discharged or otherwise obtained the release of any Encumbrance or paid or otherwise discharged any Liability, other than current liabilities reflected on the January Statement of Net Assets and current liabilities incurred in the ordinary course

of the Business consistent with past practice since the date of the January Statement of Net Assets;

(vi) written down or written up (or failed to write down or write up in accordance with U.S. GAAP consistent with past practice) the value of any Inventories or Receivables related to the Acquired Business or revalued any assets of the Acquired Business other than in the ordinary course of the Business consistent with past practice and in accordance with U.S. GAAP;

(vii) made any change in any method of accounting or accounting practice or policy used by the Business, other than such changes required by U.S. GAAP and disclosed in Section 3.16 of the Disclosure Schedule;

(viii) made any capital expenditure or commitment for any capital expenditure related to the Acquired Business in excess of [*];

(ix) incurred any indebtedness for borrowed money related to the Acquired Business;

(x) other than in the ordinary course of Business, (A) granted any increase, or announced any increase, in the wages, salaries, compensation, bonuses, incentives, pension or other benefits payable by the Seller to any employees of the Business, including, without limitation, any increase or change pursuant to any Plan, (B) established or increased or promised to increase any benefits under any Plan, in either case except as required by Law or any collective bargaining agreement and involving ordinary increases consistent with the past practice of the Business, or (C) entered into any agreement, arrangement or transaction with any employees of the Business;

(xi) terminated, discontinued, closed or disposed of any plant, facility or other operation of the Acquired Business, or laid off any employees of the Business or implemented any early retirement, separation or program providing early retirement window benefits to employees of the Business within the meaning of Section 1.401(a)-4 of the Regulations or announced or planned any such action or program for the future;

(xii) suffered any material casualty loss or damage with respect to any of the Assets;

(xiii) amended, modified or consented to the termination of any Material Contract or the Seller's rights thereunder;

* Confidential Treatment Requested

(xiv) suffered any Material Adverse Effect; or

(xv) agreed, whether in writing or otherwise, to take any of the actions specified in this Section 3.16, except as expressly contemplated by this Agreement and the Ancillary Agreements.

SECTION 3.17. Permits and Licenses. Except as disclosed in Section 3.17 of the Disclosure Schedule, the Seller currently holds all the health and safety and other permits, licenses, authorizations, certificates, exemptions and approvals of Governmental Authorities (collectively, "PERMITS") necessary or proper for the current use, occupancy and operation of the Assets and the conduct of the Acquired Business, except for such Permits the failure of which to hold has not had and could not reasonably be expected to have a Material Adverse Effect, and all such Permits are in full force and effect. The Seller has not received any written notice from any Governmental Authority revoking, cancelling, rescinding, materially modifying or refusing to renew any material Permit or providing notice of material violations under any Law or Permit. Except as disclosed in Section 3.17 of the Disclosure Schedule, the Seller is in all material respects in compliance with the Permits. The Seller has no reason to believe that any consent of any Governmental Authority required in order to transfer any Permit to the Purchaser in the event of the consummation of the transactions contemplated by this Agreement will not be obtained, or if not obtained that the Purchaser will not be able to obtain a replacement or substitute Permit sufficient to conduct the Acquired Business as it is currently conducted.

SECTION 3.18. Environmental Matters. (a) Except as disclosed in

Section 3.18(a) of the Disclosure Schedule, (i) Hazardous Materials have not been generated, used, treated, handled or stored on, or transported to or from, or released or discharged on any Real Property; (ii) the Seller has disposed of all wastes in compliance with all applicable Environmental Laws and permits required under Environmental Laws; (iii) there are no past, pending or threatened Environmental Claims against the Seller or any Real Property; (iv) no Real Property is listed or proposed for listing on the National Priorities List under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, or on the Comprehensive Environmental Response, Compensation and Liability Information System or any analogous state list of sites requiring investigation or cleanup; and (v) the Seller has not transported or arranged for the transportation of any Hazardous Materials to any location that is listed or proposed for listing on the National Priorities List under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, or on the Comprehensive Environmental Response, Compensation and Liability Information System or any analogous state list or which is the subject of any Environmental Claim.

(b) Except as disclosed in Section 3.18(b) of the Disclosure Schedule, there are no circumstances with respect to any Real Property or any Asset or the operation of the

Acquired Business which could reasonably be anticipated (i) to form the basis of an Environmental Claim against the Seller or any Real Property or Asset or (ii) to cause such Real Property or Asset to be subject to any restrictions on ownership, occupancy, use or transferability under any applicable Environmental Law.

SECTION 3.19. Material Contracts. (a) Section 3.19(a) of the Disclosure Schedule lists each of the following contracts and agreements (including, without limitation, oral and informal arrangements) of the Seller related to the Acquired Business and that are in effect as of the date hereof, other than Excluded Contracts (such contracts and agreements, together with the Leases, the Transferred Customer Contracts, the Vendor Financing Commitments and the IP Licenses, being "MATERIAL CONTRACTS"):

(i) each contract, agreement, invoice, purchase order, sales order and other arrangement, for the purchase or sale of Inventory or other products or equipment with any supplier or for the furnishing of services by or to the Acquired Business under the terms of which the Seller: (A) is obligated to pay or entitled to receive consideration of more than $100,000 in the aggregate during the fiscal year ended September 30, 1999 or (B) is obligated to pay or entitled to receive consideration of more than $100,000 in the aggregate over the remaining term of such contract;

(ii) all material broker, distributor, dealer, manufacturer's representative, franchise, agency, sales promotion, market research, marketing consulting and advertising contracts and agreements to which the Seller is a party and which are primarily related to the Acquired Business;

(iii) all material contracts with independent contractors or consultants (or similar arrangements) to which the Seller is a party and which are primarily related to the Acquired Business;

(iv) all contracts and agreements that involve Indebtedness of the Seller in excess of $500,000 and that are related to the Acquired Business;

(v) all contracts and agreements with any Governmental Authority to which the Seller is a party and which are primarily related to the Acquired Business;

(vi) all contracts and agreements that limit or purport to limit the ability of the Seller to engage in any Competitive Activity in any geographic area or during any period of time;

(vii) all contracts and agreements between or among the Seller or any Affiliate of the Seller which are primarily related to the Acquired Business; and

(viii) all other contracts and agreements, whether or not made in the ordinary course of the Business, which are material to the conduct of the Acquired Business.

(b) The Seller has made available to the Purchaser true and complete copies of all Material Contracts. Each Material Contract (i) is a legal, valid and binding obligation of the Seller, and to the Seller's knowledge, the other parties thereto, and is in full force and effect, (ii)

represents the entire agreement between the parties thereto with respect to the subject matter thereof, (iii) is freely and fully assignable to the Purchaser without penalty or other adverse consequences and (iv) upon consummation of the transactions contemplated by this Agreement and the Ancillary Agreements, except in any case to the extent that any consents set forth in Section 3.02(c) of the Disclosure Schedule are not obtained, shall continue in full force and effect without penalty or other adverse consequence. Except as disclosed in Section 3.19(b) of the Disclosure Schedule, the Seller is not in breach of, or default under, any Material Contract, and, to the best knowledge of the Seller, no event has occurred that, with notice or lapse of time would constitute such a breach or default or permit termination, modification or acceleration under any Material Contract. The Seller has not received any notice of uncured breach or default under, or termination of, any Material Contract. Except as disclosed in Section 3.19(b) of the Disclosure Schedule, to the best knowledge of the Seller, no other party to any Material Contract is in breach thereof or default thereunder.

SECTION 3.20. Intellectual Property. (a) Section 3.20(a) of the Disclosure Schedule sets forth a true and complete list of all trademarks, service marks, trade names, registered copyrights and applications therefor primarily used or intended to be primarily used in the conduct of the Acquired Business as of the date hereof and which are owned by the Seller or subsidiaries of the Seller, other than Excluded Intellectual Property (together with all other Intellectual Property which exists on the Closing Date primarily used or intended to be primarily used in the conduct of the Acquired Business and owned by the Seller or subsidiaries of the Seller other than Excluded Intellectual Property, the "OWNED INTELLECTUAL PROPERTY"). All Owned Intellectual Property is owned by the Seller, free and clear of any Encumbrance other than Permitted Encumbrances. Except for Excluded Contracts, the Seller has not granted any license or other right to any other Person with respect to any material portion of the Owned Intellectual Property.

(b) Section 3.20(b) of the Disclosure Schedule sets forth a true and complete list of all trademarks, service marks, trade names, registered copyrights and applications therefor and software primarily used or intended to be primarily used in the conduct of the Acquired Business and which is licensed or sublicensed by the Seller from a third party("IP LICENSES"), other than Excluded Intellectual Property (the "LICENSED INTELLECTUAL PROPERTY", and, together with the Owned Intellectual Property, the "BUSINESS INTELLECTUAL PROPERTY").

(c) The Business Intellectual Property and the Intellectual Property to be licensed to the Purchaser pursuant to the License Agreements and Section 5.13 constitute all the material Intellectual Property primarily used or intended to be used in, and all such Intellectual Property necessary in the conduct of, the Acquired Business and there are no other items of Intellectual Property that are material to the Acquired Business.

(d) Except as disclosed in Section 3.02(c) of the Disclosure Schedule, all rights of the Seller in each item of Business Intellectual Property are transferable to the Purchaser as contemplated by this Agreement. As a result of the transactions contemplated by this Agreement and the License Agreements, upon the Closing, the Purchaser shall own, or have adequate and enforceable licenses, sublicenses or other rights to use, without payment of any fee other than fees payable to third party licensors under such licenses or fees disclosed in the License Agreements, all the Business Intellectual Property.

(e) There are no contracts pursuant to which the Seller licenses or sublicenses Owned Intellectual Property or Licensed Intellectual Property to a third party, other than Excluded Contracts and Transferred Customer Contracts.

(f) Except as otherwise described in Section 3.20(f) of the Disclosure Schedule, to the best knowledge of the Seller, the rights of the Seller in or to the Business Intellectual Property do not infringe on the rights of any other Person and the Seller has not received any written notice from any Person to such effect. Except as otherwise described in Section 3.20(f) of the Disclosure Schedule, no Actions have been made or asserted or are pending (nor, to the best knowledge of the Seller has any such Action been threatened in writing) against the Seller either (A) based upon or challenging or seeking to deny or restrict the use by the Seller of any of the Business Intellectual Property or (B) alleging that any services provided, or products manufactured or sold by the Business are being provided, manufactured or sold in violation of any patents or trademarks, or any other rights of any Person. To the best knowledge of the Seller, no Person is using any copyrights, trademarks, service marks, trade names, trade secrets or similar property that infringe upon the Business Intellectual Property or upon the rights of the Seller therein.

(g) Except as set forth in Section 3.02(c) of the Disclosure Schedule, the consummation of the transactions contemplated by this Agreement and the License Agreements will not result in the termination or impairment of any of the Business Intellectual Property.

SECTION 3.21. Real Property. (a) Section 3.21(a) of the Disclosure Schedule lists the address of each plant, office, warehouse and other parcels of real property at which significant Assets are located or from which the Acquired Business is conducted and which are owned by the Seller or subsidiaries of the Seller (together with all buildings and other structures, facilities or improvements located thereon and all fixtures attached or appurtenant

thereto, the "OWNED REAL PROPERTY") and the current use of each such parcel of Owned Real Property.

(b) Section 3.21(b) of the Disclosure Schedule lists the address of each plant, office, warehouse and other parcels of real property at which significant Assets are located or from which the Acquired Business is conducted and which are leased by the Seller or subsidiaries of the Seller as tenant (together with all buildings and other structures, facilities or improvements located thereon and all fixtures attached or appurtenant thereto, the "LEASED REAL PROPERTY", and, together with the Owned Real Property, the "REAL PROPERTY") and the current use of each such parcel of Leased Real Property and all applicable lease agreements related thereto (collectively, the "LEASES").

(c) Except as described in Sections 3.21(c) of the Disclosure Schedule, there is no material violation of any Law relating to any of the Real Property. The Seller is in peaceful and undisturbed possession of each parcel of Real Property and there are no contractual or legal restrictions that preclude or restrict the ability to use the premises for the purposes for which they are currently being used. All existing water, sewer, steam, gas, electricity, telephone and other utilities required for the use, occupancy and operation of the Real Property are adequate for the conduct of the Acquired Business as it has been and currently is conducted. Except as set forth in Section 3.21(c) of the Disclosure Schedule, the Seller has not leased or subleased any parcel or any portion of any parcel of Real Property to any other Person, nor has the Seller assigned its interest under any Lease to any third party.

(d) The real property set forth in Sections 3.21(a) and 3.21(b) of the Disclosure Schedule constitutes all the real property used or intended to be used by the Seller in, and all such real property necessary in the conduct by the Seller of, the Acquired Business and there are no other parcels of real property that are material to the Acquired Business. As a result of the transactions contemplated by this Agreement and the Lease Agreements, upon the Closing, the Purchaser shall possess adequate and enforceable leases or other rights to use, without payment of any fee other than fees disclosed in the Leases and the Lease Agreements, all the Real Property. To the best knowledge of the Seller, there are no facts that would prevent the Real Property from being occupied by the Purchaser after the Closing in the same manner as immediately prior to the Closing.

SECTION 3.22. Tangible Personal Property. Exhibit 2.01(a)(vi) lists each item or distinct group of machinery, equipment, tools, supplies, furniture, fixtures, personalty, vehicles and other tangible personal property (the "TANGIBLE PERSONAL PROPERTY") primarily used in the Acquired Business. Prior to the Closing Date, the Seller will deliver to the Purchaser a revised list of Tangible Personal Property, specifying the jurisdiction in which each group of Tangible Personal Property is located.

SECTION 3.23. Right, Title and Interest in Assets. (a) Except as disclosed in Section 3.23(a) of the Disclosure Schedule, the Seller owns, leases or has the legal right to use all the Assets and, with respect to rights under contracts included within the Assets, is a party to and enjoys the right to the benefits of all such contracts, agreements and other arrangements. The Seller has good and marketable title to, or, in the case of leased or subleased Assets, valid and subsisting leasehold interests in, all the Assets, free and clear of all Encumbrances, except (i) as disclosed in the Disclosure Schedule and (ii) Permitted Encumbrances.

(b) The Assets and the other assets and properties licensed to the Purchaser under the License Agreements or made available to the Purchaser under the Interim Services Agreement constitute all the properties, assets and rights primarily used or intended to be primarily used in, and all such properties, assets and rights as are necessary in the conduct of, the Acquired Business. All the Assets are in good operating condition and repair (normal wear and tear excepted) and are suitable for the purposes for which they are used and intended.

(c) Except as set forth in the Disclosure Schedule, the Seller has the complete and unrestricted power and unqualified right to sell, assign, transfer, convey and deliver the Assets to the Purchaser without penalty or other adverse consequences. Following the consummation of the transactions contemplated by this Agreement and the Ancillary Agreements and the execution of the instruments of transfer contemplated by this Agreement and the Ancillary

Agreements, the Purchaser will own, with good, valid and marketable title, or lease, under valid and subsisting leases, or otherwise acquire the interests of the Seller in the Assets, free and clear of any Encumbrances, other than Permitted Encumbrances, and without incurring any penalty or other adverse consequence, including, without limitation, any increase in rentals, royalties, or license or other fees imposed as a result of, or arising from, the consummation of the transactions contemplated by this Agreement and the Ancillary Agreements.

SECTION 3.24. Employee Benefit Matters. (a) Plans and Material Documents. Section 3.24(a) of the Disclosure Schedule lists (i) all employee benefit plans (as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")) and all bonus, stock option, stock purchase, restricted stock, incentive, deferred compensation, retiree medical or life insurance, supplemental retirement, severance or other benefit plans, programs or arrangements, and all employment, termination, severance or other contracts or agreements, whether legally enforceable or not, to which the Seller is a party, with respect to which the Seller has any obligation or which are maintained, contributed to or sponsored by the Seller for the benefit of any current or former employee, officer or director of the Seller, (ii) each employee benefit plan for which the Seller could incur liability under Section 4069 of ERISA in the event such plan has been or were to be terminated, (iii) any plan in respect of which the Seller could incur liability under Section 4212(c) of ERISA and (iv) any contracts, arrangements or

understandings between the Seller or any of its Affiliates and any employee of the Seller including, without limitation, any contracts, arrangements or understandings relating to a sale of the Business (collectively, the "PLANS"). Each Plan is in writing and the Seller has furnished the Purchaser with a true and complete copy of each Plan and a true and complete copy of each material document prepared in connection with each such Plan as follows: (i) a copy of each trust or other funding arrangement, (ii) each summary plan description and summary of material modifications, (iii) the most recently filed IRS Form 5500, (iv) the most recently received IRS determination letter for each such Plan, and (v) the most recently prepared actuarial report and financial statement in connection with each such Plan. Except as disclosed on Section 3.24(a) of the Disclosure Schedule, there are no other employee benefit plans, programs, arrangements or agreements, whether formal or informal, whether in writing or not, to which the Seller is a party, with respect to which the Seller has any obligation or which are maintained, contributed to or sponsored by the Seller for the benefit of any current or former employee, officer or director of the Seller. The Seller has no express or implied commitment, whether legally enforceable or not, (i) to create, incur liability with respect to or cause to exist any other employee benefit plan, program or arrangement, (ii) to enter into any contract or agreement to provide compensation or benefits to any individual or (iii) to modify, change or terminate any Plan, other than with respect to a modification, change or termination required by ERISA or the Code.

(b) Absence of Certain Types of Plans. None of the Plans is a multiemployer plan (within the meaning of Section 3(37) or 4001(a)(3) of ERISA) (a "MULTIEMPLOYER PLAN") or a single employer pension plan (within the meaning of Section 4001(a)(15) of ERISA) for which the Seller could incur liability under Section 4063 or 4064 of ERISA (a "MULTIPLE EMPLOYER PLAN"). None of the Plans is subject to Title IV of ERISA. None of the Plans provides for the payment of separation, severance, termination or similar-type benefits to any Person or obligates the Seller to pay separation, severance, termination or similar-type benefits solely as a result of any transaction contemplated by this Agreement and the Ancillary Agreements or as a result of a "change in the ownership or effective control" or a "change in the ownership of a substantial portion of the assets" of the Seller, within the meaning of such term under Section 280G of the Code. None of the Plans provides for or promises retiree medical, retiree disability or retiree life insurance benefits to any current or former employee, officer or director of the Seller. Each of the Plans is subject only to the laws of the United States or a political subdivision thereof.

(c) Compliance with Applicable Law. Each Plan is now and always has been operated in all material respects in accordance with the requirements of all applicable Laws, including, without limitation, ERISA and the Code, and all persons who participate in the operation of such Plans and all Plan "fiduciaries" (within the meaning of Section 3(21) of ERISA) have always acted in material compliance with the provisions of all applicable Laws, including, without limitation, ERISA and the Code. The Seller has performed all material obligations required to be performed by it under, is not in any material respect in default under or in violation of, and has no knowledge of any material default or violation by any party to, any Plan. No Action is pending or threatened with respect to any Plan (other than claims for

benefits in the ordinary course) and no fact or event exists that could give rise to any such Action.

(d) Qualification of Certain Plans. Each Plan which is intended to be qualified under Section 401(a) of the Code or Section 401(k) of the Code has received a favorable determination letter from the IRS that it is so qualified and each trust established in connection with any Plan which is intended to be exempt from federal income taxation under Section 501(a) of the Code has received a determination letter from the IRS that it is so exempt, and, to the knowledge of the Seller, no fact or event has occurred since the date of such determination letter from the IRS to adversely affect the qualified status of any such Plan or the exempt status of any such trust. Each trust maintained or contributed to by the Seller which is intended to be qualified as a voluntary employees' beneficiary association and which is intended to be exempt from federal income taxation under Section 501(c)(9) of the Code has received a favorable determination letter from the IRS that it is so qualified and so exempt, and, to the knowledge of the Seller, no fact or event has occurred since the date of such determination by the IRS to adversely affect such qualified or exempt status.

(e) Absence of Certain Liabilities and Events. There has been no material prohibited transaction (within the meaning of Section 406 or 407 of ERISA or Section 4975 of the Code) with respect to any Plan. The Seller has not incurred any material liability for any excise tax arising under Section 4971, 4972, 4980 or 4980B of the Code and no fact or event exists which could give rise to any such liability. The Seller has not incurred any liability under, arising out of or by operation of Title IV of ERISA (other than liability for premiums to the Pension Benefit Guaranty Corporation arising in the ordinary course), including, without limitation, any liability in connection with (i) the termination or reorganization of any employee benefit plan subject to Title IV of ERISA or (ii) the withdrawal from any Multiemployer Plan or Multiple Employer Plan, and no fact or event exists which could give rise to any such liability.

(f) Plan Contributions and Funding. All contributions, premiums or payments required to be made with respect to any Plan have been made on or before their due dates. All such contributions have been fully deducted for income tax purposes and no such deduction has been challenged or disallowed by any Governmental Authority and, to the knowledge of the Seller, no fact or event exists which could give rise to any such challenge or disallowance.

(g) Warn Act. The Seller is in compliance with the requirements of the Worker Adjustment and Retraining Notification Act ("WARN") and has no liabilities pursuant to WARN.

SECTION 3.25. Labor Matters. Except as set forth in Section 3.25 of the Disclosure Schedule, (a) the Seller is not a party to any collective bargaining agreement or

other labor union contract applicable to any Business Employee, and currently there are no organizational campaigns, petitions or other unionization activities seeking recognition of a collective bargaining unit; (b) there are no controversies, strikes, slowdowns or work stoppages pending or, to the best knowledge of the Seller, threatened between the Seller and any of the Business Employees, and the Seller has not experienced any such controversy, strike, slowdown or work stoppage within the past three years; (c) the Seller has not breached or otherwise failed to comply with the provisions of any collective bargaining or union contract covering Business Employees and there are no grievances outstanding against the Seller under any such agreement or contract; (d) there are no unfair labor practice complaints pending against the Seller before the National Labor Relations Board or any other Governmental Authority or any current union representation questions involving Business Employees; (e) the Seller is currently in compliance with all applicable Laws relating to the employment of labor, including those related to wages, hours, collective bargaining and the payment and withholding of taxes and other sums as required by the appropriate Governmental Authority and has withheld and paid to the appropriate Governmental Authority or is holding for payment not yet due to such Governmental Authority all amounts required to be withheld from Business Employees and is not liable for any arrears of wages, taxes, penalties or other sums for failure to comply with any of the foregoing; (f) the Seller has paid in full to all Business Employees or adequately accrued for in accordance with U.S. GAAP consistently applied all wages, salaries, commissions, bonuses, benefits and other compensation due to or on behalf of such employees; (g) there is no claim with respect to payment of wages, salary or overtime pay that has been asserted or is now pending or threatened before any Governmental Authority with respect to any Persons currently or formerly employed by the Seller in the Business; (h) the Seller is not a party to, or otherwise bound by, any consent decree with, or citation by, any Governmental Authority relating to employees of the Business or employment practices; (i) there is no charge or proceeding with respect to a violation of any occupational safety or health standards that has been asserted or is now pending or threatened with respect to the Seller; (j) there is no charge of discrimination in employment or employment practices, for any reason, including, without limitation, age, gender, race, religion or other legally protected category, which has been asserted or is now pending or threatened before the United States Equal Employment Opportunity Commission, or

any other Governmental Authority in any jurisdiction in which the Seller has employed or currently employs any Person in the Business; (k) to the knowledge of the Seller, the Seller has properly classified independent contractors to the Business for federal income tax purposes; and (l) to the knowledge of the Seller, no Business Employee is in violation of the terms of any employment contract, nondisclosure agreement, noncompetition agreement or nonsolicitation agreement by which such Business Employee is bound due to the activities in which such Business Employee engages for the Seller.

SECTION 3.26. Key Employees. (a) Section 3.26(a) of the Disclosure Schedule lists the name, the place of employment, the current annual salary rates, bonuses, deferred or contingent compensation, pension, accrued vacation, "golden parachute" and other like benefits paid or payable (in cash or otherwise), the date of employment and job title of

each current salaried employee, officer, director, consultant or agent of the Business whose current annual compensation as of March 17, 1999 exceeded $60,000.

(b) All Business Employees who are officers, management employees or technical or professional employees are under written obligation to the Seller to maintain in confidence all confidential or proprietary information acquired by them in the course of their employment and to assign to the Seller all inventions made by them within the scope of their employment during such employment and for a reasonable period thereafter. All such agreements are assignable by the Seller to the Purchaser without the consent of any Business Employee.

SECTION 3.27. Taxes. (a) All returns and reports in respect of Taxes required to be filed with respect to the Seller or the Acquired Business have been timely filed; (b) all Taxes required to be shown on such returns and reports or otherwise due have been timely paid; (c) all such returns and reports are true, correct and complete in all material respects; (d) no adjustment relating to such returns has been proposed formally or informally by any Tax authority; (e) there are no pending or, to the best knowledge of the Seller, threatened Actions for the assessment or collection of Taxes against the Seller or (insofar as either relates to the activities or income of the Seller or the Business or could result in liability of the Seller on the basis of joint and/or several liability) any corporation that was includible in the filing of a return with the Seller on a consolidated or combined basis; (f) no consent under Section 341(f) of the Code has been filed with respect to the Seller; (g) there are no Tax liens on any properties or assets of the Seller, including, without limitation, the Assets and the Acquired Business; and (h) there are no proposed reassessments of any property owned by the Seller that could increase the amount of any Tax to which the Seller or the Business would be subject.

SECTION 3.28. Insurance. All material assets, properties and risks of the Business and the Seller are, and for the past five years have been, covered by valid and, except for policies that have expired under their terms in the ordinary course, currently effective insurance policies or binders of insurance (including, without limitation, general liability, property workers, compensation, automobile liability, excess liability, fiduciary liability, professional errors and omissions, directors and officers liability and fidelity insurance) issued in favor of the Seller, in each case with responsible insurance companies, in such types and amounts and covering such risks as are consistent with customary practices and standards of companies engaged in businesses and operations similar to those of the Seller.

SECTION 3.29. Brokers. Except for Lehman Brothers, no broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement or the Ancillary Agreements based upon arrangements made by or on behalf of the Seller. The Seller is solely responsible for the fees and expenses of Lehman Brothers.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

As an inducement to the Seller to enter into this Agreement, the Purchaser hereby represents and warrants to the Seller as follows:

SECTION 4.01. Organization and Authority of the Purchaser. The Purchaser is a company duly organized and validly existing under the laws of Sweden and has all necessary corporate power and authority to enter into this Agreement and the Ancillary Agreements, to carry out its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and the Ancillary

Agreements by the Purchaser, the performance by the Purchaser of its obligations hereunder and thereunder and the consummation by the Purchaser of the transactions contemplated hereby and thereby have been duly authorized by all requisite action on the part of the Purchaser. This Agreement has been, and upon their execution the Ancillary Agreements will be, duly executed and delivered by the Purchaser (or Affiliates of the Purchaser in the case of Ancillary Agreements), and (assuming due authorization, execution and delivery by the Seller) this Agreement constitutes, and upon their execution the Ancillary Agreements will constitute, legal, valid and binding obligations of the Purchaser (or such Affiliates), enforceable against the Purchaser (or such Affiliates) in accordance with their respective terms, except as enforceability may be limited by (i) bankruptcy, insolvency, reorganization, debtor relief or similar laws affecting the rights of creditors generally, and (ii) general principles of equity, including specific performance, injunctive relief and other equitable remedies.

SECTION 4.02. No Conflict. Assuming compliance with the notification requirements of the HSR Act and the making and obtaining of all filings, notifications, consents, approvals, authorizations and other actions referred to in Section 4.03, except as may result from any facts or circumstances relating solely to the Seller, the execution, delivery and performance of this Agreement and the Ancillary Agreements by the Purchaser do not and will not (a) violate, conflict with or result in the breach of any provision of the charter or by-laws (or other organizational documents) of the Purchaser, (b) conflict with or violate any Law or Governmental Order applicable to the Purchaser or (c) conflict with, or result in any breach of, constitute a default (or event which with the giving of notice or lapse of time, or both, would become a default) under, require any consent under, or give to others any rights of termination, amendment, acceleration, suspension, revocation or cancellation of, or result in the creation of any Encumbrance on any of the assets or properties of the Purchaser pursuant to, any note, bond, mortgage or indenture, contract, agreement, lease, sublease, license, permit, franchise or other instrument or arrangement to which the Purchaser is a party or by

which any of such assets or properties is bound or affected, except, in the case of clauses (b) and (c), as would not prevent or materially delay consummation by the Purchaser of the transactions contemplated by this Agreement.

SECTION 4.03. Governmental Consents and Approvals. The execution, delivery and performance of this Agreement and each Ancillary Agreement to which it is a party by the Purchaser do not and will not require any consent, approval, authorization or other order of, action by, filing with, or notification to, any Governmental Authority, except (a) the notification requirements of the HSR Act and (b) where the failure to obtain such consent, approval, authorization or order would not prevent or materially delay consummation of the transactions contemplated by this Agreement and the Ancillary Agreements.

SECTION 4.04. Litigation. No claim, action, proceeding or investigation is pending or, to the best knowledge of the Purchaser, threatened in writing, which seeks to delay or prevent the consummation of, or which would be reasonably likely to materially adversely affect the Purchaser's ability to consummate the transactions contemplated by this Agreement and the Ancillary Agreements.

SECTION 4.05. Brokers. Except for Merrill Lynch & Co., no broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of the Purchaser. The Purchaser is solely responsible for payment of the fees and expenses of Merrill Lynch & Co.

ARTICLE V

ADDITIONAL AGREEMENTS

SECTION 5.01. Conduct of Business Prior to the Closing. The Seller covenants and agrees that, except (i) to the extent the Purchaser shall otherwise consent in writing (which consent shall not be unreasonably withheld), (ii) as set forth in Section 5.01 of the Disclosure Schedule, (iii) as permitted or contemplated by this Agreement or the License Agreements, (iv) as may be necessary or appropriate to carry out the transactions contemplated by this Agreement or the License Agreements or (v) as may be required to facilitate compliance with any legal requirement, between the date hereof and the Closing, the Seller shall not conduct the Business other than in the ordinary course and consistent with the Seller's past practice. Without limiting the generality of the foregoing, the Seller shall (i) continue its advertising and promotional activities, and pricing and purchasing policies, related to the Acquired Business in accordance with past practice; (ii) not shorten or lengthen the

customary payment cycles for any of the payables or receivables of the Acquired Business; (iii) use its reasonable best efforts to (A) preserve intact the Assets and the organization of the Acquired Business, (B) keep available to the Purchaser the services of the Selected Business Employees and (C) preserve the Acquired Business' current relationships with its customers, suppliers and other persons with which it has significant business relationships; and (iv) use its reasonable best efforts to not engage in any practice, take any action, fail to take any action or enter into any transaction which could reasonably be expected to cause any representation or warranty of the Seller to be untrue or result in a breach of any covenant made by the Seller in this Agreement. The Seller covenants and agrees that, prior to the Closing, without the prior written consent of the Purchaser, the Seller will not (x) do any of the things enumerated in the second sentence of Section 3.16 or (y) enter into any new Material Contract. Notwithstanding the preceding sentence, the Seller may enter into contracts relating to Brazil Regions 1 and 3 without the Purchaser's consent, provided, however, that such contracts shall not become Transferred Customer Contracts unless the Purchaser has consented thereto, and if the Purchaser does not so consent, the infrastructure equipment required thereunder shall be manufactured and supplied by a third party and not by the Seller.

SECTION 5.02. Access to Information. (a) From the date hereof until the Closing, upon reasonable notice, the Seller shall and shall cause each of the Seller's officers, employees, agents, accountants and counsel to: (i) afford the officers, employees and authorized agents, accountants, counsel and representatives of the Purchaser reasonable access, during normal business hours, to the offices, properties, plants, other facilities, books and records of the Acquired Business and to those officers, employees, agents, accountants and counsel of the Seller who have any knowledge relating to the Acquired Business and (ii) furnish to the officers, employees and authorized agents, accountants, counsel and representatives of the Purchaser such additional financial and operating data and other information regarding the Acquired Business as the Purchaser may from time to time reasonably request.

(b) In order to facilitate the resolution of any claims made against or incurred by the Seller prior to or following the Closing, for a period of seven years after the

Closing, the Purchaser shall (i) retain the books and records of the Seller which are transferred to the Purchaser pursuant to this Agreement relating to periods prior to or following the Closing in a manner reasonably consistent with the prior practices of the Seller and (ii) upon reasonable notice, afford the officers, employees, authorized agents, accountants, counsel and representatives of the Seller reasonable access (including the right to make photocopies at the Seller's expense), during normal business hours, to such books and records.

(c) In order to facilitate the resolution of any claims made by or against or incurred by the Purchaser after the Closing, for a period of seven years following the Closing, the Seller shall (i) retain all books and records of the Seller which are not transferred to the Purchaser pursuant to this Agreement and which relate to the Acquired Business for periods prior to the Closing and which shall not otherwise have been delivered to the Purchaser and (ii) upon reasonable notice, afford the officers, employees, authorized agents, accountants, counsel and representatives of the Purchaser, reasonable access (including the right to make photocopies at the Purchaser's expense), during normal business hours, to such books and records.

SECTION 5.03. Confidentiality. (a) The Seller agrees to, and shall cause its agents, representatives, Affiliates, employees, officers and directors to: (i) treat and hold as confidential (and not disclose or provide access to any Person to) all information relating to trade secrets, processes, patent or trademark applications, product development, price, customer and supplier lists, pricing and marketing plans, policies and strategies, operations methods, product development techniques, business acquisition plans, new personnel acquisition plans and any other confidential information with respect to the Acquired Business, (ii) in the event that the Seller or any such agent, representative, Affiliate, employee, officer or director becomes legally compelled to disclose any such information, provide the Purchaser with prompt written notice of such requirement so that the Purchaser may seek a protective order or other remedy or waive compliance with this Section 5.03, (iii) in the event that such protective order or other remedy is not obtained, or the Purchaser waives compliance with this Section 5.03, furnish only that portion of such confidential information which is legally required to be provided and exercise its reasonable best efforts to obtain assurances that confidential treatment will be accorded such information, and (iv) promptly furnish (prior to, at, or as soon as practicable following, the Closing) to the Purchaser any and all copies (in whatever form or medium) of all such confidential information then in the possession of the Seller or any of its agents, representatives, Affiliates, employees, officers and directors and destroy any and all additional copies then in the possession of the Seller or any of its agents, representatives, Affiliates, employees, officers and directors of such information and of any analyses, compilations, studies or other documents

prepared, in whole or in part, on the basis thereof; provided, however, that this sentence shall not apply to any information that, at the time of disclosure, is available publicly and was not disclosed in breach of this Agreement by the Seller, its agents, representatives, Affiliates, employees, officers or directors; provided further that specific information shall not be deemed to be within the foregoing exception

merely because it is embraced in general disclosures in the public domain. In addition, any combination of features shall not be deemed to be within the foregoing exception merely because the individual features are in the public domain unless the combination itself and its principle of operation are in the public domain.

(b) The Purchaser agrees to, and shall cause its agents, representatives, Affiliates, employees, officers and directors to: (i) treat and hold as confidential (and not disclose or provide access to any Person to) all information relating to trade secrets, processes, patent or trademark applications, product development, price, customer and supplier lists, pricing and marketing plans, policies and strategies, operations methods, product development techniques, business acquisition plans, new personnel acquisition plans and any other confidential information obtained by the Purchaser pursuant to the Confidentiality Agreement and not related to the Acquired Business, (ii) in the event that the Purchaser or any such agent, representative, Affiliate, employee, officer or director becomes legally compelled to disclose any such information, provide the Seller with prompt written notice of such requirement so that the Seller may seek a protective order or other remedy or waive compliance with this Section 5.03, (iii) in the event that such protective order or other remedy is not obtained, or the Seller waives compliance with this Section 5.03, furnish only that portion of such confidential information which is legally required to be provided and exercise its reasonable best efforts to obtain assurances that confidential treatment will be accorded such information, and (iv) promptly furnish (prior to, at, or as soon as practicable following, the Closing) to the Seller any and all copies (in whatever form or medium) of all such confidential information then in the possession of the Purchaser or any of its agents, representatives, Affiliates, employees, officers and directors and destroy any and all additional copies then in the possession of the Purchaser or any of its agents, representatives, Affiliates, employees, officers and directors of such information and of any analyses, compilations, studies or other documents prepared, in whole or in part, on the basis thereof; provided, however, that this sentence shall not apply to any information that, at the time of disclosure, is available publicly and was not disclosed in breach of this Agreement by the Purchaser, its agents, representatives, Affiliates, employees, officers or directors; provided further that specific information shall not be deemed to be within the foregoing exception merely because it is embraced in general disclosures in the public domain. In addition, any combination of features shall not be deemed to be within the foregoing exception merely because the individual features are in the public domain unless the combination itself and its principle of operation are in the public domain.

(c) Each of the Seller and the Purchaser agrees and acknowledges that remedies at Law for any breach of its obligations under this Section 5.03 are inadequate and that in addition thereto a party shall be entitled to seek equitable relief, including injunction and specific performance, in the event of any such breach, without the necessity of demonstrating the inadequacy of money damages.

(d) Upon consummation of the Closing, the Confidentiality Agreement shall terminate without any further action on the part of the Purchaser or the Seller.

SECTION 5.04. Regulatory and Other Authorizations; Notices and Consents. (a) Each of the Seller and the Purchaser shall use its reasonable best efforts to obtain all authorizations, consents, orders and approvals of all Governmental Authorities and officials that may be or become necessary for its execution and delivery of, and the performance of its obligations pursuant to, this Agreement and the Ancillary Agreements and will cooperate fully with the other party in promptly seeking to obtain all such authorizations, consents, orders and approvals. Each party hereto agrees to make an appropriate filing, if necessary, pursuant to the HSR Act with respect to the transactions contemplated by this Agreement as promptly as practicable, but in any event within ten Business Days of the date hereof, and to supply as promptly as practicable to the appropriate Governmental Authorities any additional information and documentary material that may be requested pursuant to the HSR Act.

(b) The Seller shall give promptly such notices to third parties and use its reasonable best efforts to obtain all such third party consents that are necessary or desirable in connection with the transfer of the Material Contracts. The Purchaser shall cooperate and use its reasonable best efforts to assist the Seller in giving such notices and obtaining such consents; provided,

however, that the Purchaser shall have no obligation to give any guarantee or other consideration of any nature in connection with any such notice or consent or to consent to any change in the terms of any Material Contract which the Purchaser in its sole discretion may deem adverse to the interests of the Purchaser or the Acquired Business.

(c) The Seller and the Purchaser agree that, in the event any consent, approval or authorization necessary or desirable to preserve for the Acquired Business or the Purchaser any right or benefit under any lease, license, contract, commitment or other agreement or arrangement to which the Seller is a party is not obtained prior to the Closing, the Seller will, subsequent to the Closing, cooperate with the Purchaser in attempting to obtain such consent, approval or authorization as promptly thereafter as practicable. If such consent, approval or authorization cannot be obtained, the Seller will use its reasonable best efforts to provide the Purchaser with the rights and benefits of the affected lease, license, contract, commitment or other agreement or arrangement for the term of such lease, license, contract or other agreement or arrangement, and, if the Seller provides such rights and benefits, the Purchaser shall assume the obligations and burdens thereunder.

(d) The Seller and the Purchaser agree to cooperate with each other (i) in providing to the Purchaser, on commercially reasonable terms and for purposes of conducting the Acquired Business, the benefit of any asset or right that is currently used in the Acquired Business and that is not effectively transferred to the Purchaser under this Agreement or the Ancillary Agreements and (ii) in providing to the Seller, on commercially reasonable terms and for purposes of conducting the businesses of the Seller as of the date hereof other than the

Acquired Business, the benefit of any asset or right that is currently used in such businesses and that is transferred to the Purchaser under this Agreement or the Ancillary Agreements.

(e) The Seller and the Purchaser shall cooperate in preparing a comprehensive list prior to the Closing of all Permits that are non-transferable or which will require the consent of any Governmental Authority in order to be transferred to the Purchaser in the event of the consummation of the transactions contemplated by this Agreement.

SECTION 5.05. Notice of Developments. (a) Prior to the Closing, the Seller shall promptly notify the Purchaser in writing of (i) all events, circumstances, facts and occurrences arising subsequent to the date of this Agreement which could reasonably be expected to result in any material breach of a representation or warranty or covenant of the Seller in this Agreement or which could reasonably be expected to have the effect of making any representation or warranty of the Seller in this Agreement untrue or incorrect in any material respect and (ii) all other material adverse developments affecting the Assets, Liabilities, business, financial condition, operations, results of operations, customer or supplier relations, employee relations, projections or prospects of the Seller or the Business.

(b) Prior to the Closing, the Purchaser shall promptly notify the Seller in writing of all events, circumstances, facts and occurrences arising subsequent to the date of this Agreement which could reasonably be expected to result in any material breach of a representation or warranty or covenant of the Purchaser in this Agreement or which could reasonably be expected to have the effect of making any representation or warranty of the Purchaser in this Agreement untrue or incorrect in any material respect.

SECTION 5.06. No Solicitation or Negotiation. The Seller agrees that between the date of this Agreement and the earlier of (i) the Closing and (ii) the termination of this Agreement, neither the Seller nor any of its respective Affiliates, officers, directors, representatives or agents will (a) solicit, initiate, consider, encourage or accept any other proposals or offers from any Person relating to any acquisition or purchase of all or any portion of the Assets or the Acquired Business (other than (i) Inventory to be sold in the ordinary course of the Business consistent with past practice and (ii) proposals or offers related to the acquisition of all or substantially all of the assets or capital stock of the Seller in a transaction subject to the prior rights of the Purchaser under this Agreement related to the acquisition of the Assets and the Acquired Business), or (b) participate in any discussions, conversations, negotiations or other communications regarding, or furnish to any other Person any information with respect to, or otherwise cooperate in any way, assist or participate in, facilitate or encourage any effort or attempt by any other Person to seek to do any of the foregoing. The Seller immediately shall cease and cause to be terminated all existing discussions, conversations, negotiations and other communications with any Persons conducted heretofore with respect to any of the foregoing. Subject to confidentiality agreements binding upon the Seller as of the date hereof, the Seller shall notify the Purchaser promptly if any such

proposal or offer, or any inquiry or other contact with any Person with respect thereto, is made and shall, in any such notice to the Purchaser, indicate in reasonable detail the identity of the Person making such proposal, offer, inquiry or contact and the material terms and conditions of such proposal, offer, inquiry or other contact. The Seller agrees not to, without the prior written consent of the Purchaser, release any Person from, or waive any provision of, any confidentiality or standstill agreement to which the Seller is a party and which is primarily related to a potential acquisition of all or any portion of the Assets or the Acquired Business, and the Seller agrees to send, promptly after the date of this Agreement, requests to all parties under such agreements to return or destroy confidential information obtained from the Seller thereunder related to the Assets or the Business.

SECTION 5.07. Use of Intellectual Property. (a) Except as reasonably necessary for the Seller to commercially exploit the Excluded Assets or to fulfill its obligations under the Excluded Liabilities and Excluded Contracts, from and after the Closing, the Seller shall not use any of the Business Intellectual Property (other than software not customized for the Acquired Business), other than as contemplated pursuant to the Ancillary Agreements. The Purchaser hereby grants to the Seller a perpetual, royalty-free license to use such Business Intellectual Property as it exists at the Closing Date to commercially exploit the Excluded Assets and to fulfill its obligations under the Excluded Liabilities and Excluded Contracts.

(b) The Seller shall not use or put into use after the Closing any materials that bear any trademark, service mark, trade dress, logo or trade name contained in the Business Intellectual Property transferred to the Purchaser pursuant to this Agreement or any trademark, service mark, trade dress, logo or trade name similar or related thereto.

(c) After the Closing, the Purchaser shall not use any advertising or promotional materials or other paper goods or supplies that state or otherwise indicate thereon that the Acquired Business is a division or unit of the Seller; provided, that to the extent that any such materials or supplies included in the Assets so indicate, the Purchaser may use such materials and supplies for a period of six months after the Closing Date.

SECTION 5.08. [*]

* Confidential Treatment Requested

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* Confidential Treatment Requested

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SECTION 5.09. Excluded Liabilities. The Seller shall pay and discharge the Excluded Liabilities as and when the same become due and payable.

SECTION 5.10. Bulk Transfer Laws. The Purchaser hereby acknowledges that the Seller has not taken, and does not intend to take, any action required to comply with any applicable bulk sale or bulk transfer laws or similar laws, and the Purchaser hereby waives compliance by the Seller with any applicable bulk sale or bulk transfer laws of any jurisdiction in connection with the sale of the Assets to the Purchaser (other than any obligations with respect to the application of the proceeds herefrom). Pursuant to Article VIII, the Seller has agreed to indemnify the Purchaser against any and all liabilities which may be asserted by third parties (including with respect to Taxes) against the Purchaser as a result of the Seller's noncompliance with any such law.

SECTION 5.11. Tax Matters. (a) The Seller agrees to indemnify and hold harmless the Purchaser against any loss, damage, liability or expense, including reasonable fees for attorneys and other outside consultants, incurred in contesting or otherwise in connection with Taxes imposed on the Seller or the Acquired Business with respect to taxable periods or portions thereof ending on or before the Closing Date and Taxes imposed on the Purchaser as a result of any breach of warranty or misrepresentation under Section 3.27 of this Agreement.

(b) Payment by the Seller of any amounts due under this Section 5.11 in respect of Taxes shall be made (i) at least three Business Days before the due date of the

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applicable estimated or final tax return required to be filed by the Purchaser on which is required to be reported income for a period ending after the Closing Date for which the Seller is responsible under Section 5.11(a) without regard to whether the tax return shows overall net income or loss for such period, and (ii) within three Business Days following an agreement between the Seller and the Purchaser that an indemnity amount is payable, an assessment of a Tax by a taxing authority, or a "determination" as defined in Section 1313(a) of the Code. If liability under this Section 5.11 is in respect of costs or expenses other than Taxes, payment by the Seller of any amounts due under this Section 5.11 shall be made within five Business Days after the date when the Seller has been notified by the Purchaser that the Seller has a liability for a determinable amount under this Section 5.11 and is provided with calculations or other materials supporting such liability.

(c) The Seller and the Purchaser shall share equally any real property transfer or gains, sales, use, transfer, value added, stock transfer, and stamp taxes, any transfer, recording, registration, and other fees, and any similar Taxes which become payable in connection with the transactions contemplated by this Agreement and the Ancillary Agreements. The Seller, after review and consent by the Purchaser, shall file such applications and documents as shall permit any such Tax to be assessed and paid on or prior to the Closing Date in accordance with any available pre-sale filing procedure. The Purchaser shall execute and deliver all instruments and certificates necessary to enable the Seller to comply with the foregoing. The Purchaser shall complete and execute a resale or other exemption certificate with respect to the inventory items sold hereunder, and shall provide the Seller with an executed copy thereof. The Seller shall provide to the Purchaser such information regarding the location of tangible property of the Acquired Business sufficient to support the filing of complete and accurate Tax returns and reports by the Purchaser.

(d) At the request of the Purchaser, the Seller shall file with all applicable Tax authorities any statements, certificates or forms provided for under federal, state, local or foreign Tax laws to prevent the Purchaser from being liable as a transferee for Taxes of the Seller.

(e) The Seller and the Purchaser agree to treat all payments made by either to or for the benefit of the other under this Section 5.11 and any other indemnity provisions of this Agreement and for any misrepresentations or breach of warranties or covenants, as adjustments to the Purchase Price for Tax purposes and that such treatment shall govern for purposes hereof except to the extent that the laws of a particular jurisdiction provide otherwise, in which case such payments shall be made in an amount sufficient to indemnify the relevant party on an after-Tax basis.

(f) The Seller shall, on or before September 30, 1999, provide to the Purchaser such information and substantiating documentation, as required under Section 41(f)(3) of the Code, regarding "qualified research expense" and "gross receipts" of the

Acquired Business for purposes of computing the credit for increasing research activities under Section 41 of the Code.

SECTION 5.12. Letters of Credit, Etc. (a) Set forth on Section 5.12 of the Disclosure Schedule is a true and complete list of all letters of credit, performance bonds and similar obligations arising under any Transferred Customer Contracts. The Purchaser shall use all reasonable efforts to cause the Seller to be released, as of or as promptly as practicable following the Closing, from all such letters of credit, performance bond and similar obligations (whether through the provision of a replacement letter of credit, guaranty or otherwise).

(b) The Seller shall use all reasonable efforts to cause the Purchaser to receive the benefits following the Closing of all letters of credit, performance bonds and similar obligations that have been issued in favor of or for the benefit of the Seller under any Transferred Customer Contracts (whether through the assignment thereof, the issuance of a replacement letter of credit, guaranty or otherwise).

SECTION 5.13. License of Excluded Intellectual Property. The Seller hereby grants to the Purchaser a perpetual, exclusive (subject to license agreements existing as of the date hereof) royalty-free license to use the Intellectual Property described in clause (D) of the definition of Excluded Intellectual Property as it exists at the Closing Date in the conduct of the Acquired Business.

SECTION 5.14. Ancillary Agreements. The parties shall cooperate in good faith to prepare, negotiate and finalize the Ancillary Agreements as promptly as practicable after the date hereof. Notwithstanding anything to the contrary contained in this Agreement, in the event the parties cooperate in good faith but are nevertheless unable to finalize any Ancillary Agreement by the time otherwise scheduled for the Closing, the term sheet attached hereto which

sets forth the principal terms of such Ancillary Agreement shall be binding on the parties and shall govern the relationship of the parties following the Closing with respect to the matters covered thereby until such time as the parties shall execute and deliver the applicable Ancillary Agreement.

SECTION 5.15. Other Matters. (a) The Purchaser agrees that San Diego shall be the Purchaser's principal research and development center for IS-95 and CDMA 2000 applications for the foreseeable future.

(b) The Seller shall, to the extent and in the manner it deems commercially reasonable, cause wireless system operators in which it has an existing equity investment to purchase their IS-95 and CDMA 2000 infrastructure products from the Purchaser if the Purchaser offers products competitive as to quality and price with other products then available in the market.

(c) The Purchaser agrees to actively promote and support IS-95-based products, to the extent and in the manner it deems commercially reasonable. The Purchaser represents to the Seller that it will exercise commercially reasonable efforts to sell IS-95 equipment under the Transferred Customer Contracts.

(d) The Purchaser and the Seller each agree to actively promote the high data rate project currently under development by the Seller as each deems commercially reasonable.

SECTION 5.16. Provision of Subscriber Units. In order for the Purchaser to comply with its obligations to provide subscriber units under the Transferred Customer Contracts with US West Wireless LLC and Mauritius Telecom Limited, the Seller shall, if the Purchaser so requests, sell subscriber units to the Purchaser in the quantities required by such Transferred Customer Contracts and on the other terms set forth therein, [*].

SECTION 5.17. Joint Support of Third Generation Standard. The Seller and the Purchaser hereby agree to jointly support approval by the International Telecommunications Union (the "ITU") and other standards bodies, including the U.S. Telecommunications Industry Association and the European Telecommunication Standards Institute, of a single CDMA third generation standard that encompasses three optional modes of operation: (i) direct sequence FDD, (2) multi-carrier FDD and (3) TDD (the "SINGLE CDMA STANDARD"). Each mode supports operation with both GSM MAP and ANSI-41 networks. The Seller and the Purchaser believe that rapid adoption of the Single CDMA Standard is in the best interests of the industry and allows each operator to select which mode of operation to deploy based on marketplace needs. The Seller and the Purchaser shall commit to the ITU and to other standards bodies to license their essential patents for the single CDMA Standard or any of its modes on a fair and reasonable basis free from unfair discrimination. Accordingly, both parties shall, on the Closing Date, notify the ITU and other relevant standards bodies that any intellectual property rights blocking currently in force will be immediately withdrawn.

SECTION 5.18. Further Action. Each of the parties hereto shall use all reasonable efforts to take, or cause to be taken, all appropriate action, do or cause to be done all things necessary, proper or advisable under applicable Laws, and execute and deliver such documents and other papers, as may be required to carry out the provisions of this Agreement and consummate and make effective the transactions contemplated by this Agreement, including, without limitation, delivering, or causing to be delivered, the certificates, opinions and other documents to be delivered to the other party as a condition to such other party's obligations under Article VII of this Agreement.

* Confidential Treatment Requested

ARTICLE VI

EMPLOYEE MATTERS

SECTION 6.01. Offer of Employment. Section 6.01 of the Disclosure Schedule sets forth a list of the Business Employees as of the date of this Agreement. On or prior to the 30th calendar day after the date of this Agreement, the Purchaser shall deliver to the Seller a list of Business Employees to which it intends to extend an offer of employment (the "SELECTED BUSINESS EMPLOYEES"), [*]. On the Closing Date, the Purchaser shall offer to employ on an "at-will" basis and subject to the Purchaser's standard terms, conditions and policies of employment, each of the Selected Business Employees on the same basis (i.e., full- or part-time) as such Selected Business Employees were employed by the Seller immediately prior to the Closing Date; provided, however, that any Selected Business Employee who is on vacation at the Closing Date shall be offered employment only if his return date is within 30 days of the Closing Date; provided, further, however, that any Selected Business

Employee who is on short-term disability or on an approved leave of absence shall be offered employment hereunder upon the employee obtaining a medical release or other documentation reasonably satisfactory to the Purchaser which evidences the employee's ability to perform the essential functions of his regular work, with or without reasonable accommodation, and the employee returns to active employment with the Purchaser (i) if on short-term disability or on an approved leave of absence under the Family Medical Leave Act of 1993, as amended ("FMLA"), no later than the last day on which the employee may return to work under the provisions of the applicable Seller short-term disability plan or FMLA, or (ii) for all other approved leaves of absence, within 30 days of the Closing Date. Those Selected Business Employees who accept such offers prior to the Closing Date shall become employees of the Purchaser as of the Closing Date, or, for individuals on leave, as of their return from leave as described in the previous sentence (the "TRANSFERRED EMPLOYEES"). The Purchaser shall be responsible for obtaining any necessary visas for Transferred Employees.

SECTION 6.02. Transferred Employee Liabilities. Except as otherwise provided herein, the Purchaser shall assume all employer or employment related obligations to the Transferred Employees arising after the Closing Date. The Seller shall retain, and the Purchaser shall not assume, all obligations (i) relating to any Business Employees who do not become Transferred Business Employees and (ii) relating to any Business Employees arising on or prior to the Closing Date.

SECTION 6.03. Participation in Certain Retirement Plans. All Transferred Employees shall be eligible to participate in the Purchaser's CAP & Savings Plan and the Purchaser's defined benefit pension plan as of the Closing Date, or, for individuals on leave as of the Closing Date, as of the date such individuals become Transferred Employees in

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accordance with Section 6.01, and service credit under such plans shall be provided pursuant to Section 6.06.

SECTION 6.04. Executive Plan. Prior to the Closing Date, the Purchaser shall have established a separate non-qualified deferred compensation plan (the "PURCHASER'S DCP") providing for the payment of deferred benefits to the executives of the Business who are Transferred Employees who have previously deferred income under the terms of the Seller's Voluntary Executive Retirement Contribution Plan (the "SELLER'S DCP"). On the Closing Date, the Seller shall transfer the benefit obligations to Transferred Employees under Seller's DCP to Purchaser's DCP and shall transfer the assets in any trusts established to fund the Seller's obligations under the Seller's DCP to trusts established for this purpose by the Purchaser. The Purchaser's DCP shall contain substantially identical provisions to the Seller's DCP, provided that (i) the Purchaser shall not be obligated to provide identical investment opportunities to participants and (ii) the Purchaser's DCP shall be maintained on a frozen basis after the Closing Date (i.e., no further participant deferrals or employer matching contributions shall be permitted). The Purchaser agrees that it shall honor the terms of the distribution elections previously made by Transferred Employees who are participants in the Seller's DCP. The Purchaser shall indemnify and hold the Seller harmless in respect of all obligations to pay benefits under the Seller's DCP that have been transferred to the Purchaser under the Purchaser's DCP.

SECTION 6.05. Welfare Benefit Plans. (a) Benefits related to any Transferred Employee or an eligible dependent under any Seller-sponsored welfare benefit plan in which the employee or eligible dependent participated prior to the Closing Date shall cease as of the Closing Date; provided, however, that liabilities relating to claims of Transferred Employees or eligible dependents for medical benefits incurred for medical services rendered to, and purchases of prescription drugs and other health care products made by, such persons while actively employed by the Seller (or while an eligible dependent of such a person) shall be retained by the Seller (including but not limited to the cost of hospitalization and any related charges for any such person hospitalized before the Closing Date and who remains continuously hospitalized after the Closing Date, until such persons's date of discharge from the hospital). The Purchaser agrees to recognize any deductibles and co-payments paid by Transferred Employees and their eligible dependents under the Seller's welfare benefit plans in the calendar year in which the Closing Date occurs toward any applicable calendar year deductibles and co-payments under the Purchaser's welfare benefit plans.

(b) All Transferred Employees and their eligible dependents who are participating in the Seller's welfare benefit plans on the Closing Date shall become participants in the Purchaser's welfare benefit plans on the Closing Date. The Purchaser agrees to waive any pre-existing medical condition restrictions and similar restrictions contained in the Purchaser's welfare benefit plans. The Purchaser further agrees to permit all dependents of Transferred Employees who were participating in any Seller-sponsored welfare benefit plan on

the Closing Date to participate in the Purchaser's welfare benefit plans on the Closing Date, regardless of whether such dependents are currently eligible to participate in the Purchaser's welfare benefit plans under their terms of dependent eligibility. The eligibility of all other dependents of Transferred Employees to participate in the Purchaser's welfare benefit plans will be determined in accordance with the dependent eligibility provisions of such plans. The Purchaser shall, as of the Closing Date, be solely responsible for the cost of any and all benefits to which Transferred Employees and their eligible dependents become entitled under the terms of the Purchaser's welfare benefit plans, as in effect from time to time.

(c) The Seller agrees that it shall be and remain liable for continuing group health benefits under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), for all Business Employees (and their "qualified beneficiaries" as defined in COBRA) who do not become Transferred Employees. The Purchaser shall assume all liability under COBRA in respect of all Transferred Employees, including, without limitation, any COBRA liability arising as a result of the termination of a Transferred Employee's employment with the Seller on the Closing Date.

SECTION 6.06. Service Credit. Transferred Employees shall receive credit for their service with the Seller or any of its Affiliates (including service with any predecessor company) for all purposes under the Purchaser's employee plans, programs and arrangements (other than for purposes of benefit accrual under the Purchaser's defined benefit pension plans).

SECTION 6.07. Indemnity. Without limiting in any way the scope of Article VIII or the applicability of such Article to employment-related and benefit-related matters, the Seller shall indemnify and hold harmless the Purchaser from any and all claims (including reasonable attorneys' fees and expenses incurred in defending such claims) against the Purchaser by Transferred Employees or other Business Employees (including former Business Employees) (i) that arise from representations made by the Seller to such employees regarding their future employment, (ii) that pertain to the payment of any bonus or other incentive compensation accrued or earned by any Transferred Employee prior to the Closing Date or (iii) that arise from the termination of employment (through layoff or otherwise) of any Business Employee prior to the Closing Date. The Seller shall further indemnify and hold harmless the Purchaser against any and all claims against the Purchaser by any Selected Business Employee who does not accept the Purchaser's offer of employment or who otherwise fails to become a Transferred Employee.

SECTION 6.08. Employee Information. No later than 10 calendar days after the Closing Date, the Seller shall furnish to the Purchaser the following information with respect to each Transferred Employee, as applicable:

(a) social security number;

(b) accrued and unused vacation as of the Closing Date;

(c) years and months of service as of the Closing Date; and

(d) base salary and bonus for the three calendar years immediately preceding the Closing Date and current base salary.

SECTION 6.09. Certain Other Employee-Related Costs. Within five Business Days after the Closing Date, the Seller shall provide the Purchaser with a complete and accurate statement of any amounts expected to be payable by the Purchaser following the Closing that relate to any service by any Transferred Employee with the Seller through the Closing Date, including, without limitation, any salary or wages, any accrued vacation, sick or personal days or any bonuses, except to the extent that such amounts will be reflected as Liabilities on the Closing Statement of Net Assets (the "EMPLOYEE AMOUNTS"). The Seller shall retain liability for the Employee Amounts and shall pay an amount of cash to the Purchaser equal to the Employee Amounts within ten Business Days after the Closing Date.

ARTICLE VII

CONDITIONS TO CLOSING

SECTION 7.01. Conditions to Obligations of the Seller. The obligations of the Seller to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or waiver, at or prior to the Closing, of each of the following conditions:

(a) Representations and Warranties. The representations and

warranties of the Purchaser contained in this Agreement that are not qualified as to materiality shall be true and correct in all material respects, and the representations and warranties of the Purchaser contained in this Agreement that are qualified as to materiality shall be true and correct, in each case of the date of this Agreement and, except to the extent that such representations and warranties speak specifically as of an earlier date, as of the Closing Date as though made on and as of the Closing Date, and the Seller shall have received a certificate from the Purchaser to such effect signed by a duly authorized officer thereof;

(b) Covenants. The covenants and agreements contained in this Agreement to be complied with by the Purchaser on or before the Closing shall have been complied with in all material respects, and the Seller shall have received a certificate from the Purchaser to such effect signed by a duly authorized officer thereof;

(c) HSR Act. Any waiting period (and any extension thereof) under the HSR Act applicable to the purchase of the Assets contemplated by this Agreement shall have expired or shall have been terminated;

(d) No Proceeding or Litigation. No Action shall have been commenced by or before any Governmental Authority against either the Seller or the Purchaser, seeking to restrain or materially and adversely alter the transactions contemplated by this Agreement which is likely to render it impossible or unlawful to consummate such transactions; provided, however, that the provisions of this Section 7.01(d) shall not apply if the Seller has directly or indirectly solicited or encouraged any such Action;

(e) Incumbency Certificate. The Seller shall have received a certificate of the Secretary or an Assistant Secretary of the Purchaser certifying the names and signatures of the officers of the Purchaser authorized to sign this Agreement and the Ancillary Agreements to which it is a party and the other documents to be delivered hereunder and thereunder;

(f) Legal Opinion. The Seller shall have received from the General Counsel of the Purchaser and Shearman & Sterling legal opinions, addressed to the Seller and dated the Closing Date, covering the matters set forth in Exhibit 7.01(f)(i) and Exhibit 7.01(f)(ii), respectively; and

(g) Ancillary Agreements. The Purchaser shall have executed and delivered to the Seller each of the Ancillary Agreements to which it is a party and all Ancillary Agreements shall be in force and effect (or, in the event all Ancillary Agreements have not been executed and delivered, the Purchaser shall have complied with its obligations under Section 5.14).

SECTION 7.02. Conditions to Obligations of the Purchaser. The obligations of the Purchaser to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or waiver, at or prior to the Closing, of each of the following conditions:

(a) Representations and Warranties. The representations and warranties of the Seller contained in this Agreement shall be true and correct, in each case of the date of this Agreement and, except to the extent that such representations and warranties speak specifically as of an earlier date, as of the Closing Date as though made on and as of the Closing Date (in each case determined without respect to any qualification as to "materiality," "Material Adverse Effect" or similar qualification), in all such respects as would not, individually or in the aggregate, have a Material Adverse Effect, and the Purchaser shall have received a certificate from the Seller to such effect signed by a duly authorized officer thereof;

(b) Covenants. The covenants and agreements contained in this Agreement to be complied with by the Seller on or before the Closing (other than Section 5.01) shall have been complied with in all material respects, the covenants and agreements contained in Section 5.01 shall have been complied with in all respects as would not, individually or in the aggregate, have a Material Adverse Effect, and the Purchaser shall have received a certificate from the Purchaser to such effect signed by a duly authorized officer thereof;

(c) HSR Act. Any waiting period (and any extension thereof) under the HSR Act applicable to the purchase of the Assets contemplated hereby shall have expired or shall have been terminated;

(d) No Proceeding or Litigation. No Action shall have been commenced by or before any Governmental Authority against either the Seller or the Purchaser, seeking to restrain or materially and adversely alter the transactions contemplated hereby which is likely to render it impossible or unlawful to consummate the transactions contemplated by this Agreement or which could reasonably be expected to have a Material Adverse Effect; provided,

however, that the provisions of this Section 7.02(d) shall not apply if the Purchaser has solicited or encouraged any such Action;

(e) Resolutions of the Seller. The Purchaser shall have received a true and complete copy, certified by the Secretary or an Assistant Secretary of the Seller, of the resolutions duly and validly adopted by the Board of Directors of the Seller evidencing its authorization of the execution and delivery of this Agreement and the Ancillary Agreements and the consummation of the transactions contemplated hereby and thereby;

(f) Incumbency Certificate. The Purchaser shall have received a certificate of the Secretary or an Assistant Secretary of the Seller certifying the names and signatures of the officers of the Seller authorized to sign this Agreement and the Ancillary Agreements and the other documents to be delivered hereunder and thereunder;

(g) Legal Opinion. The Purchaser shall have received from Cooley Godward LLP a legal opinion, addressed to the Purchaser and dated the Closing Date, covering the matters set forth in Exhibit 7.02(g);

(h) Consents and Approvals. The Purchaser and the Seller shall have received, each in form and substance reasonably satisfactory to the Purchaser, all authorizations, consents, orders and approvals of all Governmental Authorities and officials reasonably necessary for the consummation of the transactions contemplated by

this Agreement and the Ancillary Agreements, other than such authorizations, consents, orders, approvals or consents the absence of which could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect (taking into account in any such determination any rights or benefits conveyed on the Purchaser pursuant to Sections 5.04(c) and (d));

(i) Ancillary Agreements. The Seller shall have executed and delivered to the Purchaser each of the Ancillary Agreements to which it is a party and all Ancillary Agreements shall be in force and effect (or, in the event all Ancillary Agreements have not been executed and delivered, the Seller shall have complied with its obligations under Section 5.14);

(j) No Material Adverse Effect. No circumstance, change in, or effect on the Acquired Business shall have occurred which has a Material Adverse Effect as of the Closing Date; and

(k) Certificate of Non-Foreign Status. The Purchaser shall have received a certificate from the Seller (which complies with Section 1445 of the Code) of non-foreign status executed in accordance with the provisions of the Foreign Investment in Real Property Tax Act.

ARTICLE VIII

INDEMNIFICATION

SECTION 8.01. Survival of Representations and Warranties. The representations and warranties of the Seller contained in this Agreement shall survive the Closing [*]. Neither the period of survival nor the liability of the Seller with respect to the Seller's representations and warranties shall be reduced by any investigation made at any time by or on behalf of the Purchaser. If written notice of a claim has been given prior to the expiration of the applicable representations and warranties, then the relevant representations and warranties shall survive as to such claim until the claim has been finally resolved.

SECTION 8.02. Indemnification by the Seller. (a) Following the Closing, the Purchaser and its Affiliates, officers, directors, employees, agents, successors and assigns shall be indemnified and held harmless by the Seller for any and all Liabilities, losses, damages, diminution in value, claims, costs and expenses, interest, awards, judgments and penalties (including, without limitation, attorneys' and consultants' fees and expenses) actually suffered or incurred by them (including, without limitation, any Action brought or otherwise initiated by any of them) (hereinafter a "LOSS"), arising out of or resulting from:

(i) the breach of any representation or warranty made by the Seller contained in this Agreement (provided that solely for purposes of this Article VIII, each such representation and warranty shall be read as if all qualifications as to materiality, "Material Adverse Effect" and similar qualifications were deleted therefrom); or

(ii) the breach of any covenant or agreement by the Seller contained in this Agreement; or

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(iii) Liabilities of the Seller, whether arising before or after the Closing Date, that are not expressly assumed by the Purchaser pursuant to this Agreement, including, without limitation: (A) Liabilities arising from or related to any failure to comply with laws relating to bulk transfers or bulk sales with respect to the transactions contemplated by this Agreement (notwithstanding the waiver contained in Section 5.10); and (B) the Excluded Liabilities.

To the extent that the Seller's undertakings set forth in this Section 8.02 may be unenforceable, the Seller shall contribute the maximum amount that it is permitted to contribute under applicable Law to the payment and satisfaction of all Losses incurred by the Purchaser.

(b) Notwithstanding anything to the contrary contained in this Agreement, (i) the maximum aggregate amount of indemnifiable Losses which may be recovered from the Seller arising out of or resulting from the causes enumerated in Section 8.02(a)(i), or in Section 8.02(a)(ii) with respect to covenants and agreements which by their terms are required to be complied with by the Seller on or prior to the Closing Date, shall be an amount equal to [*] and (ii) the Seller shall not be liable to indemnify the Purchaser for any indemnifiable Losses otherwise payable thereunder until such time as all such indemnifiable Losses shall aggregate to more than [*], after which time the Seller shall be liable to indemnify the Purchaser only for the aggregate amount of all Losses in excess of [*].

SECTION 8.03. Indemnification by the Purchaser. (a) Following the Closing, the Seller and its Affiliates, officers, directors, employees, agents, successors and assigns shall be indemnified and held harmless by the Purchaser for any and all Losses, arising out of or resulting from:

(i) the breach of any representation or warranty made by the Purchaser contained in this Agreement (provided that solely for purposes of this Article VIII, each such representation and warranty shall be read as if all qualifications as to materiality and similar qualifications were deleted therefrom); or

(ii) the breach of any covenant or agreement by the Purchaser contained in this Agreement; or

(iii) the Assumed Liabilities.

To the extent that the Purchaser's undertakings set forth in this Section 8.03 may be unenforceable, the Purchaser shall contribute the maximum amount that it is permitted to contribute under applicable Law to the payment and satisfaction of all Losses incurred by the Seller.

* Confidential Treatment Requested

(b) Notwithstanding anything to the contrary contained in this Agreement, (i) the maximum aggregate amount of indemnifiable Losses which may be recovered from the Purchaser arising out of or resulting from the causes enumerated in Section 8.03(a)(i), or in Section 8.03(a)(ii) with respect to covenants and agreements which by their terms are required to be complied with by the Purchaser on or prior to the Closing Date, shall be an amount equal to [*] and (ii) the Purchaser shall not be liable to indemnify the Seller for any indemnifiable Losses otherwise payable thereunder until such time as all such indemnifiable Losses shall aggregate to more than [*], after which time the Purchaser shall be liable to indemnify the Seller only for the aggregate amount of all Losses in excess of $[*].

SECTION 8.04. Indemnification Procedures. An indemnified party shall give the indemnifying party notice of any matter which an indemnified party has determined has given or could give rise to a right of indemnification under this Agreement, within 60 days of such determination, stating the amount of the Loss, if known, and method of computation thereof, and containing a reference to the provisions of this Agreement in respect of which such right of indemnification is claimed or arises. The obligations and Liabilities of the indemnifying party under this Article VIII with respect to Losses arising from claims of any third party which are subject to the indemnification provided for in this Article VIII ("THIRD PARTY CLAIMS") shall be governed by and contingent upon the following additional terms and conditions: if an indemnified party shall receive notice of any Third Party Claim, the indemnified party shall give the indemnifying party notice of such Third Party Claim within 30 days of the receipt by the indemnified party of such notice; provided, however, that the failure to provide such notice shall not release the indemnifying party from any of its obligations

under this Article VIII except to the extent the indemnifying party is materially prejudiced by such failure and shall not relieve the indemnifying party from any other obligation or liability that it may have to any indemnified party otherwise than under this Article VIII. If the indemnifying party acknowledges in writing its obligation to indemnify the indemnified party hereunder against any Losses (subject to the limitations in Section 8.02(b) or 8.03(b), as appropriate) that may result from such Third Party Claim, then the indemnifying party shall be entitled to assume and control the defense of such Third Party Claim at its expense and through counsel of its choice if it gives notice of its intention to do so to the indemnified party within five days of the receipt of such notice from the indemnified party; provided, however, that if there exists or is reasonably likely to exist a conflict of interest that would make it inappropriate in the judgment of the indemnified party for the same counsel to represent both the indemnified party and the indemnifying party, then the indemnified party shall be entitled to retain its own counsel, in each jurisdiction for which the indemnified party determines counsel is required, at the expense of the indemnifying party. In the event the indemnifying party exercises the right to undertake any such defense against any such Third Party Claim as provided above, the indemnified party shall cooperate with the indemnifying party in such defense and make available to the indemnifying party, at the indemnifying party's expense, all witnesses, pertinent records, materials and information in the indemnified party's possession or

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under the indemnified party's control relating thereto as is reasonably required by the indemnifying party. Similarly, in the event the indemnified party is, directly or indirectly, conducting the defense against any such Third Party Claim, the indemnifying party shall cooperate with the indemnified party in such defense and make available to the indemnified party, at the indemnifying party's expense, all such witnesses, records, materials and information in the indemnifying party's possession or under the indemnifying party's control relating thereto as is reasonably required by the indemnified party. No such Third Party Claim may be settled by the indemnifying party without the written consent of the indemnified party, unless such settlement only requires payment of money damages which will be indemnified.

SECTION 8.05. Tax Matters. Anything in this Article VIII (except for the specific reference to Tax matters in Section 8.01) to the contrary notwithstanding, the rights and obligations of the parties with respect to indemnification for any and all Tax matters shall be governed by Section 5.11.

ARTICLE IX

TERMINATION AND WAIVER

SECTION 9.01. Termination. This Agreement may be terminated at any time prior to the Closing:

(a) by the Purchaser if, between the date hereof and the time scheduled for the Closing: (i) an event or condition occurs that has resulted in or that could reasonably be expected to result in a Material Adverse Effect; or (ii) the Seller makes a general assignment for the benefit of creditors, or any proceeding shall be instituted by or against the Seller seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up or reorganization, arrangement, adjustment, protection, relief or composition of its debts under any Law relating to bankruptcy, insolvency or reorganization; or

(b) by either the Seller or the Purchaser if the Closing shall not have occurred by July 31, 1999; provided, however, that the right to terminate this Agreement under this Section 9.01(b) shall not be available to any party whose failure to fulfill any obligation under this Agreement shall have been the cause of, or shall have resulted in, the failure of the Closing to occur on or prior to such date; or

(c) by either the Purchaser or the Seller in the event that any Governmental Authority shall have issued an order, decree or ruling or taken any other action restraining, enjoining or otherwise prohibiting the transactions contemplated by this

Agreement and such order, decree, ruling or other action shall have become final and nonappealable; or

(d) by the mutual written consent of the Seller and the Purchaser.

SECTION 9.02. Effect of Termination. In the event of termination of this Agreement as provided in Section 9.01, this Agreement shall forthwith

become void and there shall be no liability on the part of either party hereto except (a) as set forth in Section 5.03 and Article X and (b) that nothing herein shall relieve either party from liability for any breach of this Agreement.

SECTION 9.03. Waiver. Either party to this Agreement may (a) extend the time for the performance of any of the obligations or other acts of the other party, (b) waive any inaccuracies in the representations and warranties of the other party contained herein or in any document delivered by the other party pursuant hereto or (c) waive compliance with any of the agreements or conditions of the other party contained herein. Any such extension or waiver shall be valid only if set forth in an instrument in writing signed by the party to be bound thereby. Any waiver of any term or condition shall not be construed as a waiver of any subsequent breach or a subsequent waiver of the same term or condition, or a waiver of any other term or condition, of this Agreement. The failure of any party to assert any of its rights hereunder shall not constitute a waiver of any of such rights.

ARTICLE X

GENERAL PROVISIONS

SECTION 10.01. Expenses. Except as otherwise specified in this Agreement, all costs and expenses, including, without limitation, fees and disbursements of counsel, financial advisors and accountants, incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses, whether or not the Closing shall have occurred.

SECTION 10.02. Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by courier service, by telecopy or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 10.02):

(a) if to the Seller:

QUALCOMM Incorporated
6455 Lusk Boulevard
San Diego, California 92121
Telecopy: (619) 658-2500
Attention: General Counsel

with a copy to:

Cooley Godward LLP
4365 Executive Drive
Suite 1100
San Diego, CA 92121-2128
Telecopy: (619) 453-3555
Attention: Frederick T. Muto

(b) if to the Purchaser:

Telefonaktiebolaget LM Ericsson
Telefonvagen 30
S-126 25 Stockholm
Sweden
Telecopy: (46-8) 719-9527
Attention: General Counsel

with copies to:

Ericsson Inc.
740 East Campbell Road
Richardson, Texas 75081
Telecopy: (972) 583-1839
Attention: General Counsel

and

Shearman & Sterling
599 Lexington Avenue
New York, NY 10022
Telecopy: (212) 848-7179
Attention: Spencer D. Klein

SECTION 10.03. Public Announcements. No party to this Agreement shall make, or cause to be made, any press release or public announcement in respect of this Agreement or the transactions contemplated hereby or otherwise communicate with any news media without the prior written consent of the other party (which consent shall not be unreasonably withheld), and the parties shall cooperate as to the timing and contents of any such press release or public announcement. Notwithstanding the foregoing, following the announcement of the execution of this Agreement, either party may disclose the contents of Section 5.17.

SECTION 10.04. Headings. The descriptive headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

SECTION 10.05. Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any Law or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not

affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

SECTION 10.06. Entire Agreement. This Agreement constitutes the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and undertakings, both written and oral, between the Seller and the Purchaser with respect to the subject matter hereof, including, without limitation, the Confidentiality Agreement.

SECTION 10.07. Assignment. This Agreement may not be assigned by operation of Law or otherwise without the express written consent of the Seller and the Purchaser (which consent may be granted or withheld in the sole discretion of the Seller and the Purchaser); provided, however, that (i) the Purchaser may assign this Agreement in whole or in part, or any of its rights hereunder, to an Affiliate of the Purchaser, without the consent of the Seller (provided that the Purchaser shall nevertheless remain obligated to perform its obligations hereunder following any such assignment), and (ii) the Seller may assign this Agreement, in whole and not in part, to a Person who acquires all or substantially all of the capital stock or assets and liabilities of the Seller, without the consent of the Purchaser.

SECTION 10.08. No Third Party Beneficiaries. This Agreement shall be binding upon and inure solely to the benefit of the parties hereto and their permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person, including, without limitation, any union or any employee or former employee of the Seller, any legal or equitable right, benefit or remedy of any nature whatsoever, including, without limitation, any rights of employment for any specified period, under or by reason of this Agreement.

SECTION 10.09. Amendment. This Agreement may not be amended or modified except (a) by an instrument in writing signed by, or on behalf of, the Seller and the Purchaser or (b) by a waiver in accordance with Section 9.03.

SECTION 10.10. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, applicable to contracts executed in and to be performed entirely within that state. All actions and proceedings arising out of or relating to this Agreement shall be heard and determined in any New York state or federal court sitting in the City of New York.

SECTION 10.11. Counterparts. This Agreement may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

SECTION 10.12. Specific Performance. The parties hereto agree that irreparable damage would occur in the event any provision of this Agreement was not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy at Law or equity, without the necessity of demonstrating the inadequacy of money damages.

IN WITNESS WHEREOF, the Seller and the Purchaser have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

QUALCOMM INCORPORATED

/s/ illegible
By_____
Name:
Title:

TELEFONAKTIEBOLAGET LM ERICSSON (publ)

/s/ illegible
By_____
Name:
Title:

/s/ illegible
By_____
Name:
Title:

EXHIBIT A

FORMS OF THE LICENSE AGREEMENTS

EXHIBIT B

PRINCIPAL TERMS OF THE ASICS SUPPLY AGREEMENTS

CONTRACT:	The parties shall enter into an Infrastructure ASIC Supply Agreement and a Subscriber Unit ASIC Supply Agreement containing normal and customary terms and conditions to be mutually agreed to and not otherwise inconsistent with this Term Sheet (the "Agreements"). The Purchaser shall have the right to purchase infrastructure ASICs and subscriber unit ASICs under the Agreements, which shall be used in CDMA infrastructure equipment and CDMA subscriber unit equipment, respectively, manufactured and sold by Ericsson.
PRICING:	[*]
TERM:	Five years.
PAYMENT TERMS:	Cash, net 30 days from date of invoice.
CURRENCY:	United States Dollars

* Confidential Treatment Requested

EXHIBIT C

FORM OF ASSUMPTION AGREEMENTS

ASSUMPTION AGREEMENT, dated as of [_____], 1999 (this "ASSUMPTION AGREEMENT"), between QUALCOMM INCORPORATED, a Delaware corporation (the "SELLER"), and [__], a [_____] corporation (the "PURCHASER").

W I T N E S S E T H:

WHEREAS, the Seller and [the Purchaser] [Telefonaktiebolaget LM Ericsson] have entered into an Asset Purchase Agreement, dated as of March 24, 1999 (the "ASSET PURCHASE AGREEMENT"; unless otherwise defined herein, capitalized terms shall be used herein as defined in the Asset Purchase Agreement);

WHEREAS, pursuant to the Asset Purchase Agreement, the Purchaser has agreed to assume certain liabilities and obligations of the Seller with respect to the Business; and

WHEREAS, the execution and delivery of this Assumption Agreement by the Purchaser is a condition to the obligations of the Seller to consummate the transactions contemplated by the Asset Purchase Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual agreements and covenants set forth herein and in the Asset Purchase Agreement, and intending to be legally bound hereby, the Purchaser and the Seller hereby agree as follows:

1. Assumption of Liabilities. Subject to Section 2 hereof, the Purchaser hereby assumes and agrees to pay, perform and discharge when due only the following and no other Liabilities of the Seller as at the date hereof, other than the Excluded Liabilities (the "ASSUMED LIABILITIES"):

(i) Liabilities primarily arising out of or relating to the Acquired Business to the extent such Liabilities are reflected on the Closing Statement of Net Assets, including all accrued liabilities (other than liabilities for accrued salary and benefits and accrued vacation) to the extent reflected or reserved for on the Closing Statement of Net Assets;

(ii) all Liabilities arising out of the Transferred Customer Contracts, and other contracts, agreements, leases, commitments, sales and purchase

orders, bids and offers that are included in the Assets (whether such obligations arise before or after the date hereof);

(iii) those employment-related Liabilities expressly assumed by the Purchaser pursuant to Article VI of the Asset Purchase Agreement; and

(iv) all Liabilities for accounts payable for goods and services received or rendered following the date hereof.

2. Excluded Liabilities. Notwithstanding the provisions of Section 1 hereof, the Seller shall retain, and shall be responsible for paying, performing and discharging when due, and the Purchaser shall not assume or have any responsibility for, all Liabilities of the Seller as of the date hereof other than the Assumed Liabilities (the "EXCLUDED LIABILITIES"), including, without limitation:

(i) all Taxes now or hereafter owed by the Seller or any Affiliate of the Seller, or attributable to the Assets or the Business, relating to any period, or any portion of any period, ending on or prior to the date hereof (as provided in Section 7.01 of the Asset Purchase Agreement);

(ii) all Liabilities to the extent relating to or arising out of the Excluded Assets;

(iii) those employment-related Liabilities expressly retained by the Seller pursuant to Article VI of the Asset Purchase Agreement; and

(iv) all Liabilities for accounts payable for goods and services received or rendered on or prior to the date hereof.

3. No Third Party Beneficiaries. This Assumption Agreement shall be binding upon and inure solely to the benefit of the parties hereto and their permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever, under or by reason of this Assumption Agreement.

4. Assignment. This Assumption Agreement may not be assigned by operation of Law or otherwise without the express written consent of the Seller and the Purchaser (which consent may be granted or withheld in the sole discretion of the Seller or the Purchaser).

5. Counterparts. This Assumption Agreement may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which

when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

6. Governing Law. This Assumption Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, applicable to contracts executed in and to be performed entirely within that state.

IN WITNESS WHEREOF, the Seller and the Purchaser have caused this Assumption Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

QUALCOMM INCORPORATED

By_____
Name:
Title:

[ ]

By_____
Name:
Title:

EXHIBIT D

FORM OF BILLS OF SALE AND ASSIGNMENT

BILL OF SALE AND ASSIGNMENT, dated as of [_____], 1999 (this "BILL OF SALE AND ASSIGNMENT"), from [QUALCOMM INCORPORATED, a Delaware corporation] (the "SELLER"), to [ ], a [_____] corporation (the "PURCHASER").

W I T N E S S E T H:

WHEREAS, the Seller and [the Purchaser] [Telefonaktiebolaget LM Ericsson] have entered into an Asset Purchase Agreement, dated as of March 24, 1999 (the "ASSET PURCHASE AGREEMENT"; unless otherwise defined herein, capitalized terms shall be used herein as defined in the Asset Purchase Agreement); and

WHEREAS, the execution and delivery of this Bill of Sale and Assignment by the Seller is a condition to the obligations of the Purchaser to consummate the transactions contemplated by the Asset Purchase Agreement.

NOW, THEREFORE, for good and valuable consideration to the Seller, the receipt and sufficiency of which is hereby acknowledged, and pursuant to the Asset Purchase Agreement, the Seller, intending to be legally bound hereby, does hereby agree as follows:

1. Sale and Assignment of Assets and Properties. (a) The Seller does hereby sell, assign, transfer, convey, grant, bargain, set over, release, deliver, vest and confirm unto the Purchaser, its successors and assigns, forever, the entire right, title and interest of the Seller in and to all the assets, properties, goodwill and business of every kind and nature and wherever located, whether tangible or intangible, real, personal or mixed, directly or indirectly owned by the Seller or to which it is directly or indirectly entitled and, in any case, primarily used or intended to be used in the Business as conducted by the Seller as of the date hereof, other than the Excluded Assets (as defined below), including, without limitation, the following property and assets (the "ASSETS"):

[TO BE CONFORMED TO SECTION 2.01(a) OF ASSET PURCHASE AGREEMENT]

The Seller warrants that upon delivery to the Purchaser of the Assets sold, assigned, transferred, conveyed, granted, bargained, set over, released, delivered, vested and confirmed from the Seller to the Purchaser pursuant to this Bill of Sale and Assignment, the Purchaser will own, with good and marketable title, or lease, under valid and

subsisting leasehold interests, the Assets, free and clear of all Encumbrances, except as expressly contemplated by the Asset Purchase Agreement, including, without limitation, the Exhibits and the Disclosure Schedule that are a part thereof.

2. Assets and Properties Not Sold and Assigned. The Assets shall exclude the following assets owned by the Seller (the "EXCLUDED ASSETS"):

[TO BE CONFORMED TO SECTION 2.01(b) OF ASSET PURCHASE AGREEMENT]

3. Power of Attorney. The Seller hereby constitutes and appoints the Purchaser, its successors and assigns, the true and lawful attorney

and attorneys of the Seller, with full power of substitution, in the name of the Purchaser or in the name and stead of the Seller, but on behalf of, for the benefit and at the expense of the Purchaser, its successors and assigns:

(i) to collect, demand and receive any and all Assets hereby sold and assigned to the Purchaser or intended so to be and to give receipts and releases for and in respect of the same;

(ii) to institute and prosecute any and all actions, suits or proceedings, at law, in equity or otherwise, which the Purchaser may deem proper in order to collect, assert or enforce any claim, right or title of any kind in or to the Assets hereby sold and assigned to the Purchaser or intended so to be, to defend or compromise any and all actions, suits or proceedings in respect of any of the Assets, and to do all such acts and things in relation thereto as the Purchaser shall deem advisable;

(iii) to take any and all other reasonable action designed to vest more fully in the Purchaser the Assets hereby sold and assigned to the Purchaser or intended so to be and in order to provide for the Purchaser the benefit, use, enjoyment and possession of such Assets; and

(iv) to do all reasonable acts and things in relation to the Assets hereby sold and assigned.

The Seller acknowledges that the foregoing powers are coupled with an interest and shall be irrevocable by it or upon its subsequent dissolution or in any manner or for any reason. The Purchaser shall be entitled to retain for its own account any amounts collected pursuant to the foregoing powers, including any amounts payable as interest with respect thereto. The Seller shall from time to time pay to the Purchaser, when received, any amounts which shall be received directly or indirectly by the Seller

(including amounts received as interest) in respect of any Assets sold and assigned to the Purchaser pursuant hereto.

4. Obligations and Liabilities Not Assumed. Nothing expressed or implied in this Bill of Sale and Assignment shall be deemed to be an assumption by the Purchaser of any Liabilities of the Seller. The Purchaser does not by this Bill of Sale and Assignment assume or agree to pay, perform or discharge any Liabilities of the Seller of any nature, kind or description whatsoever. The terms and provisions of the assumption of Liabilities by the Purchaser are set forth in the Assumption Agreement dated as of the date hereof between the Purchaser and the Seller.

5. No Third Party Beneficiaries. This Bill of Sale and Assignment shall be binding upon and inure solely to the benefit of the parties hereto and their permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever, under or by reason of this Bill of Sale and Assignment.

6. Assignment. This Bill of Sale and Assignment may not be assigned by operation of Law or otherwise without the express written consent of the Seller and the Purchaser (which consent may be granted or withheld in the sole discretion of the Seller or the Purchaser); provided, however, that the Purchaser may assign this Bill of Sale and Assignment to an Affiliate of the Purchaser without the consent of the Seller.

7. Governing Law. This Bill of Sale and Assignment shall be governed by, and construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, the Seller has caused this Bill of Sale and Assignment to be executed as of the date first written above by its officer thereunto duly authorized.

[QUALCOMM INCORPORATED]

By_____
Name:
Title:

[NEW YORK])
) ss.:
COUNTY OF [NEW YORK])

On that _____ day of _____ 1999, before me personally came [name of executing officer] to me known, who, being by me duly sworn, did depose and say he resides at [address of executing officer]; and that he is [title of executing officer] of [QUALCOMM Incorporated, a Delaware corporation] and the corporation described in and which executed the foregoing instrument, and that he had the authority to sign his name thereto on behalf of said corporation.

Notary Public

[Notarial Seal]

EXHIBIT E

PRINCIPAL TERMS OF THE INFRASTRUCTURE SUPPLY AGREEMENT

CONTRACT:	The parties shall enter into an infrastructure equipment and services supply agreement containing normal and customary terms and conditions to be mutually agreed to and not otherwise inconsistent with this Term Sheet (the "Agreement").
EQUIPMENT:	Equipment that may be procured under the Agreement includes any cdmaOne or CDMA 2000 infrastructure equipment manufactured and sold by Ericsson at such time including: (i) cdmaOne and CDMA 2000 base station transceiver subsystems ("BTSs"), (ii) base station controllers ("BSCs"), (iii) mobile switches ("MSCs") and (iv) subassemblies and field replaceable units for BTSs, BSCs and MSCs.
SERVICES:	Services that may be procured under the Agreement include (i) normal and customary design, engineering, configuration, installation, testing and optimization services relating to the deployment of wireless terrestrial telecommunications systems, (ii) warranty support for equipment and software for such systems, (iii) "hotline" support for equipment and software, (iv) software maintenance support under software maintenance agreements, and (v) in general, such other services as QUALCOMM is obligated to perform with respect to "Category II" customers.
AVAILABILITY OF EQUIPMENT AND SERVICES:	[*]

* Confidential Treatment Requested

[*]

PRICING: [*]

* Confidential Treatment Requested

TERM:	The term shall extend as long as obligations exist on the part of QUALCOMM to supply such equipment and to perform such services.
PAYMENT TERMS:	Cash, net 30 days from date of invoice.
CURRENCY:	United States Dollars.
WARRANTY:	One year for workmanship (but not for design).

EXHIBIT F

PRINCIPAL TERMS OF THE INTERIM SERVICES AGREEMENT

TERM:	QUALCOMM shall provide Ericsson with the Services (as defined below) for a period of between six (6) and twelve (12) months (depending on the nature of the Service, which time frame for any given Service shall be specified in greater detail in the subject agreement), or for that longer period of time as is mutually agreed to by the parties or that shorter period of time as is directed by Ericsson for any particular Service (the "Term").
SERVICES:	The type and scope of such services which QUALCOMM shall make available to Ericsson shall consist of those services which QUALCOMM currently provides in support of the Acquired Business (except to the extent providing such services compromises or could reasonably be expected to compromise QUALCOMM's confidential information), including the following services and technical support (collectively, the "Services"):

Manufacturing: QUALCOMM may provide services relating to the manufacture and assembly of infrastructure equipment.

MIS Services: QUALCOMM may provide management information services to Ericsson related to the Acquired Business, including coordination of procurement of hardware and software and software development and sales and manufacturing.

Accounting Services: QUALCOMM may provide bookkeeping, accounting services, internal audit and financial analytical support services, each as related to the Acquired Business.

Human Resources and Payroll Services: QUALCOMM may provide services related to human resources as well as administration of employee payroll matters and maintenance of general employee insurance and benefit obligations and advice on employee relations and similar issues, each as related to the Acquired Business.

Facilities Services: QUALCOMM may provide services related to facilities to be leased by Ericsson from QUALCOMM such as security, mail services, etc.

Engineering Services: QUALCOMM may provide engineering and technical services (for example, RF testing services).

Upon the earlier to occur of May 15, 1999 and the closing of the transactions contemplated by the Asset Purchase Agreement, Ericsson shall have designated to QUALCOMM the specific type and scope of the Services requested by Ericsson.

PERFORMANCE OF SERVICES:	QUALCOMM shall provide the Services on an ongoing basis during the Term.
CHARGE FOR SERVICES:	[*]
OTHER TERMS:	The Interim Services Agreement shall contain other customary terms and conditions.

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EXHIBIT G

PRINCIPAL TERMS OF THE LEASE AGREEMENTS

Leased Facilities:	Ericsson agrees to lease or sublease, as the case may be, certain facilities "as-is" from QUALCOMM as follows (collectively, the "Leases") for use by Ericsson in continuing the Acquired Business:

[*]

[*]

[*]

* Confidential Treatment Requested

[*]

SPACE DETERMINATION: The foregoing list of properties represents the parties' current expectations and may change to the extent set forth in the following sentence based on the personnel plan finally developed by Ericsson. Upon the parties' mutual agreement, this list may be adjusted to exclude Building CC.

LEASE TERM: Other than for the six above-referenced foreign office leases ("Offshore Leases"), each of the foregoing facilities leases or subleases shall have an initial term of [*] (unless the master lease has a shorter term, in which case the term shall be concurrent with the master lease), commencing on consummation of the sale of the Acquired Business; provided, however, that in the event the sale transaction does not close, QUALCOMM and Ericsson shall be under no obligation to lease the facilities or enter into subleases. As used herein, the term "Facilities Leases" shall refer to the above-referenced domestic leases located in Boulder and San Diego.

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OFFSHORE LEASES: QUALCOMM shall sublease the Offshore Leases to Ericsson. Each sublease shall contain customary terms and conditions consistent with the sublease of commercial property.

[*] [*]

LEASE RATE: [*]

DEFAULTS; REMEDIES: Each Lease shall contain customary default provisions, including without limitation, failure to pay rent, failure to perform the terms of the Leases, bankruptcy of Ericsson. In addition, each Lease shall contain customary remedies for defaults, including the right to terminate Ericsson's possession of the leased premises and the right to seek damages.

ASSIGNMENT: None of the Leases shall be assigned by Ericsson (except to Ericsson's subsidiaries or affiliates as long as Ericsson agrees to remain primarily liable for the Lease payments) without the prior written consent of QUALCOMM, which consent shall not be unreasonably withheld.

SUBLEASING: None of the Leases for facilities located in San Diego shall be subleased by Ericsson (except to Ericsson's subsidiaries or affiliates as long as Ericsson agrees to remain primarily liable for the Lease payments) during the first three years of the initial lease term, without the prior written consent of QUALCOMM, which consent shall not be unreasonably withheld. The Leases for facilities located outside San Diego can be subleased by

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Ericsson without obtaining the consent of QUALCOMM.

OTHER TERMS: Each Lease shall contain a requirement that E maintain

adequate insurance and other customary terms and conditions consistent with the lease of commercial property.

EXHIBIT H

PRINCIPAL TERMS OF THE VENDOR FINANCING AGREEMENT

ITEMS SUBJECT TO FINANCING:	cdmaOne basestation equipment, CDMA 2000 basestation equipment and related infrastructure equipment (the "Equipment"), together with associated services ("Services"), in each instance (i) supplied or provided by Ericsson to the customers specified below, (ii) as to whom Ericsson has assumed the contract obligation as prime contractor, and (iii) as to which Ericsson invoices the subject customer(s) for Ericsson's account. With respect to the financing of Equipment and Services for projects as to which there are no current procurement arrangements, the relative proportion of Equipment and Services to be financed shall be substantially the same as the relative proportion of Equipment and Services financed under the subject current procurement arrangements.
STRUCTURE OF FINANCING PROVIDED:	As to those financing facilities pursuant to which QUALCOMM and Ericsson are both providing financing, the structure shall be mutually agreed to by QUALCOMM and Ericsson on a case by case basis (for example, (i) as co-lenders under a credit facility; (ii) by means of assignments of loans for cash under a credit facility, and/or (iii) by means of sales of participation interests for cash under a credit facility). Related intercreditor arrangements and collateral sharing arrangements shall be mutually agreed to on a case by case basis as to such facilities. As to those financing facilities pursuant to which only QUALCOMM is providing financing [*], QUALCOMM can structure the financing in QUALCOMM's reasonable discretion.
ECONOMIC TERMS AND CONDITIONS:	As to those financing facilities pursuant to which QUALCOMM and Ericsson are both providing financing, the economic terms and conditions of such financing shall be mutually agreed to by QUALCOMM and Ericsson on a case by case basis, but in any case on reasonable terms and conditions for vendor financing transactions of a similar nature. As to those financing facilities pursuant to which only QUALCOMM is providing financing [*], the economic terms and conditions of such financing shall be in QUALCOMM's reasonable discretion.

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PARI PASSU; RISK OF LOSS SHARING:	For any particular project, the Equipment and Services financing provided by QUALCOMM shall rank pari passu with the corresponding financing, if any, provided by Ericsson. The financing shall be structured such that both QUALCOMM and Ericsson shall have immediate concurrent risk of loss (in their relative percentages), without either party having a "first loss" exposure and without either party providing its relative percentage by means of a back-up guaranty or other "make-whole" arrangement.
QUALIFIED PROJECTS; AMOUNT:	[*]

* Confidential Treatment Requested

[*]

* Confidential Treatment Requested

EXHIBIT 10.1

*** Text Omitted and Filed Separately
Confidential Treatment Requested Under
17 C.F.R. Sections 200.80(b)(4), 200.83 and
240.24b-2

==========

U.S. $200,000,000

Credit Agreement

(364-Day)

Dated as of March 4, 1999

Among

QUALCOMM Incorporated

as Borrower

and

The Initial Lenders Named Herein

as Initial Lenders

and

Bank of America NATIONAL TRUST & SAVINGS ASSOCIATION

as Administrative Agent and Syndication Agent

and

Citibank, N.A.

as Syndication Agent and Documentation Agent

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</TABLE>

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CREDIT AGREEMENT

Dated as of March 4, 1999

QUALCOMM Incorporated, a Delaware corporation (the "Borrower"), the banks, financial institutions and other institutional lenders (the "Initial Lenders") listed on the signature pages hereof, Bank of America NATIONAL TRUST & SAVINGS ASSOCIATION ("Bank of America"), as administrative agent (the

"Administrative Agent") and syndication agent, and Citibank, N.A. ("Citibank"), as documentation agent (the "Documentation Agent") and syndication agent (together with Bank of America, the "Syndication Agents"), for the Lender Parties (as hereinafter defined), agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.01. Certain Defined Terms.

As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Administrative Agent" has the meaning specified in the recitals of parties to this Agreement.

"Administrative Agent's Account" means the account of the Administrative Agent maintained by the Administrative Agent at Bank of America National Trust and Savings Association with its office at 1850 Gateway Blvd. Concord, California 94520, ABA No. 1210-0035-8, Attention: Agency Administrative Services #5596 For Credit to Bancontrol A/C No. 12332-16560 QUALCOMM Incorporated.

"Advance" means a Revolving Credit Advance.

"Affiliate" means, as to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person or is a director or officer of such Person. For purposes of this definition, the term "control" (including the terms "controlling", "controlled by" and "under common control with") of a Person means the possession, direct or indirect, of the power to vote 10% or more of the Voting Stock of such Person or to direct or cause the direction of the management and policies of such Person, whether through the ownership of Voting Stock, by contract or otherwise.

"Agent Related Persons" means each of Bank of America and Citibank and any successor agent arising under Section 7.09 hereunder, together with their respective Affiliates (including, in the case of each of Bank of America and Citibank, the Lead Arrangers), and the officers, directors, employees, agents and attorneys-in-fact of such Persons and Affiliates.

"Agents" means each of the Administrative Agent, the Documentation Agent and the Syndication Agents.

"Agreement" means this Credit Agreement.

"Applicable Lending Office" means, with respect to each Lender Party, such Lender Party's Domestic Lending Office in the case of a Base Rate Advance and such Lender Party's Eurodollar Lending Office in the case of a Eurodollar Rate Advance.

"Applicable Margin" means, as of any date of determination, a percentage per annum determined by reference to the Public Debt Rating (which, on the date hereof, is BB-) and the Leverage Ratio in effect on such date (which, until delivery of the first financial statements pursuant to Section 5.01(i), shall be deemed to be less than 1.5:1.0) as set forth below:

<table>
<caption></caption>
<tr><th rowspan="2">Public Debt Rating S&P/Moody's</th><th colspan="4">Applicable Margin for Base Rate Advances</th><th colspan="4">Applicable Margin for Eurodollar Rate Advances</th></tr>
<tr><th colspan="4">Leverage Ratio</th><th colspan="4">Leverage Ratio</th></tr>
<tr><td>Less than 1.5:1.0</td><td>Equal to or greater than 1.5:1.0 but less than</td><td>Equal to or greater than 2.0:1.0 but less than</td><td>Equal to or greater than 2.5:1.0</td><td>Less than 1.5:1.0</td><td>Equal to or greater than 1.5:1.0 but less than</td><td>Equal to or greater than 2.0:1.0 but less than</td><td>Equal to or greater than 2.5:1.0</td></tr>
</table>

	2.0:1.0	2.5:1.0			2.0:1.0	2.5:1.0		
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Level 1								
At least BBB- or Baa3	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
Level 2								
At least BB+ or Ba1 but less than Level 1	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
Level 3								
At least BB or Ba2 but less than Level 2	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
Level 4								
At least BB- and Ba3 but less than Level 3	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
Level 5								
Less than Level 4 or no rating	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]

</TABLE>

* Confidential Treatment Requested

"Applicable Percentage" means, as of any date of determination, a percentage per annum determined by reference to the Public Debt Rating in effect on such date (which, at the date hereof, is BB-) as set forth below:

<TABLE>
<CAPTION>

Public Debt Rating S&P/Moody's	Applicable Percentage
<S>	<C>
Level 1	
At least BBB- or Baa3	0.150%
Level 2	
At least BB+ or Ba1 but less than Level 1	0.175%
Level 3	
At least BB or Ba2 but less than Level 2	0.200%
Level 4	
At least BB- and Ba3 but less than Level 3	0.300%
Level 5	
Less than Level 4	0.375%

	or no rating

</TABLE>

"Assignment and Acceptance" means an assignment and acceptance entered into by a Lender Party and an Eligible Assignee, and accepted by the Administrative Agent, in substantially the form of Exhibit C hereto.

"Attorney Costs" means and includes all reasonable fees and services of any law firm or other external counsel.

"Bank of America" has the meaning specified in the recital of parties to this Agreement.

"Base Rate" means, for any day, the higher of: (a) 0.50% per annum above the latest Federal Funds Rate; and (b) the rate of interest in effect for such day as publicly announced from time to time by Bank of America in San Francisco, California, as its "reference rate", or, if announced, its "prime rate". The "reference rate" or, as applicable, the prime rate, is a rate set by Bank of America based upon various factors including Bank of America's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate.) Any change in the reference rate or prime rate announced by Bank of America shall take effect at the opening of business on the day specified in the public announcement of such change.

"Base Rate Advance" means an Advance that bears interest as provided in Section 2.07(a)(i).

"Borrower's Designated Account" has the meaning set forth in Section 2.02(a).

"Borrowing" means a borrowing consisting of Revolving Credit Advances of the same Type made on the same day by the Lenders.

"Business Day" means a day of the year on which banks are not required or authorized by law to close in New York City or San Francisco and, if the applicable Business Day relates to any Eurodollar Rate Advances, on which dealings are carried on in the London interbank market.

"Capitalized Leases" has the meaning set forth in the definition of "Debt".

"Cash Equivalents" means: (a) direct obligations of the Government of the United States or any agency or instrumentality thereof or obligations unconditionally guaranteed by the full faith and credit of the Government of the United States, (b) money market funds with assets in excess of $1,000,000,000, (c) certificates of deposit ("CDs"), bankers acceptances, eurodollar CDs or Yankee CDs with (i) U.S. commercial banks with capital of at least $200,000,000 and a senior long-term dollar denominated debt rating of at least "A" by Moody's and S&P or (ii) foreign commercial banks with assets of at least $1,000,000,000 and a Thompson Bankwatch rating of at least TBW-1, (d) eurodollar time deposits with the Nassau or Cayman offshore branches of U.S. commercial banks with capital of at least $200,000,000 and a senior long-term dollar denominated debt rating of at least "A" by Moody's and S&P, (e) commercial paper rated at least "P2" by Moody's and "A2" by S&P, (f) medium term, fixed or floating rate notes issued by U.S. corporations in offerings of at least $100,000,000 with a maximum tenor of five years and a senior long-term dollar denominated debt rating of at least "A" by Moody's and S&P, and (g) repurchase agreements, provided that (w) the market value of the collateral securing any such repurchase agreement must be equal to at least 102% of the repurchase value plus accrued interest, (x) the collateral (A) has a maturity of three years or less, (B) is issued by the Government of the United States or any agency or instrumentality thereof or U.S. commercial banks with capital of at least $200,000,000 and a senior long-term dollar denominated debt rating of at least "A" by Moody's and S&P and (C) has pricing information that is available on the Bloomberg Reporting Service, (y) must be executed with primary dealers listed by the New York Federal Reserve Board and rated at least "P1" by Moody's and "A1" by S&P, and (z) such collateral must be delivered to the Borrower's custodian.

"Co-Agents" means ABN AMRO Bank N.V., The Bank of New York, Banque Nationale de Paris, and Fleet National Bank.

"Commitment" means a Revolving Credit Commitment.

"Compliance Certificate" means a certificate from a Responsible Officer of the Borrower, in the form of Exhibit E hereto, setting forth in reasonable detail the calculations necessary to demonstrate pro forma or actual, as applicable, compliance with Section 5.03 and duly certifying as to the truth and accuracy of such information.

"Confidential Information" means information that the Borrower furnishes to any Agent or any Lender Party in a writing designated as confidential, but does not include any such information that is or becomes generally available to the public or that is or becomes available to any Agent or such Lender from a source other than the Borrower.

"Consolidated" refers to the consolidation of accounts in accordance with GAAP.

"Convert", "Conversion" and "Converted" each refers to a conversion of Advances of one Type into Advances of the other Type pursuant to Section 2.08 or 2.09.

"Convertible Subordinated Debt Securities" means the 5 3/4% Convertible Subordinated Debentures due February 24, 2012 issued by the Borrower, as amended, supplemented or otherwise modified from time to time, to the extent permitted in accordance with the Loan Documents.

"Convertible Subordinated Debt Securities Indenture" means the Indenture dated as of February 25, 1997, between the Borrower and Wilmington Trust Company, as Trustee for the holders of the Convertible Subordinated Debt Securities issued pursuant thereto.

"Debt" of any Person means, without duplication, (a) all indebtedness of such Person for borrowed money (including, without limitation, the Convertible Subordinated Debt Securities, indebtedness incurred in connection with securitizations or sale and leaseback transactions), (b) all payment obligations, contingent or otherwise, of such Person for the deferred purchase price of property or services (other than trade payables not overdue by more than 60 days incurred in the ordinary course of such Person's business), (c) all payment obligations, contingent or otherwise, of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all payment obligations, contingent or otherwise, of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all payment obligations, contingent or otherwise, of such Person as lessee under leases that have been or should be, in accordance with GAAP, recorded as capital leases ("Capitalized Leases"), (f) all payment obligations, contingent or otherwise, of such Person in respect of acceptances, letters of credit or similar extensions of credit, (g) all payment obligations, contingent or otherwise, of such Person in respect of Hedge Agreements, (h) all payment obligations, contingent or otherwise, of such Person to purchase, redeem, retire, defease or otherwise make any payment in respect of capital stock or other ownership or profit interest in such Person or any other Person or any warrants, rights or options to acquire such capital stock, valued, in the case of redeemable preferred stock, at the greater of its voluntary or involuntary liquidation preference plus accrued and unpaid dividends, (i) all Debt of others referred to in clauses (a) through (h) above or clause (j) below guaranteed directly or indirectly in any manner by such Person, or in effect guaranteed directly or indirectly by such Person through an agreement (1) to pay or purchase such Debt or to advance or supply funds for the payment or purchase of such Debt (other than an obligation to acquire, purchase or advance or supply funds for the payment or purchase of such Debt which constitutes an indirect obligation to provide vendor financing to a customer), (2) to purchase, sell or lease (as lessee or lessor) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Debt or to assure the holder of such Debt against loss, (3) to supply funds to or in any other manner invest in the debtor in connection with the Debt

guaranteed, or in effect, guaranteed under such agreement or (4)

otherwise to assure a creditor against loss to the extent of the Debt guaranteed, or in effect, guaranteed, and (j) all Debt referred to in clauses (a) through (i) above secured by (or for which the holder of such Debt has an existing right, contingent or otherwise, to be secured by) any Lien on property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Debt.

"Default" means any Event of Default or any event that would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

"Defaulting Lender" means at any time any Lender with respect to which a Lender Default is in effect at such time.

"Documentation Agent" shall have the meaning specified in the recital of parties to this Agreement.

"Domestic Lending Office" means, with respect to any Lender Party, the office of such Lender Party specified as its "Domestic Lending Office" opposite its name on Schedule I hereto or in the Assignment and Acceptance pursuant to which it became a Lender Party, or such other office of such Lender Party as such Lender Party may from time to time specify to the Borrower and the Administrative Agent.

"EBITDA" means, for any period, an amount equal to Consolidated net income (or net loss) of the Borrower and its Restricted Subsidiaries (determined without giving effect to extraordinary non-cash gains or losses) plus the sum of (a) Interest Expense, (b) income tax expense, (c) depreciation expense and (d) amortization expense, in each case of the Borrower and its Restricted Subsidiaries to the extent deducted in computing such net income or loss, and in each case determined in accordance with GAAP for such period.

"Effective Date" has the meaning specified in Section 3.01.

"Eligible Assignee" means with respect to the Revolving Credit Facility, (i) a commercial bank organized under the laws of the United States, or any state thereof, (ii) a commercial bank organized under the laws of any other country which is a member of the Organization for Economic Cooperation and Development (the "OECD"), or a political subdivision of any such country, which is acting through a branch or agency located in the United States; which, in each case (under clauses (i) and (ii) above) has a combined capital and surplus of at least two hundred million dollars ($200,000,000); (iii) a Person that is primarily engaged in the business of commercial banking and that is (x) a Subsidiary of a Lender, (y) a Subsidiary of a Person of which a Lender is a Subsidiary, or (z) a Person of which a Lender is a Subsidiary, (iv) a Lender, or (v) a finance company, financial institution, fund or any other Person that has a combined capital and surplus of at least two hundred million dollars ($200,000,000) and is approved in writing by the Administrative Agent and the Borrower (which approval shall not be unreasonably

withheld or delayed); provided, however, that neither the Borrower nor an Affiliate of the Borrower shall qualify as an Eligible Assignee.

"Environmental Action" means any action, suit, demand, demand letter, claim, notice of non-compliance or violation, notice of liability or potential liability, investigation, proceeding, consent order or consent agreement relating in any way to any violation of an Environmental Law, violation of an Environmental Permit or Hazardous Materials or arising from alleged injury or threat of injury to health, safety or the environment, including, without limitation, (a) by any governmental or regulatory authority for enforcement, cleanup, removal, response, remedial or other actions or damages and (b) by any governmental or regulatory authority or any third party for damages, contribution, indemnification, cost recovery, compensation or injunctive relief.

"Environmental Law" means any federal, state, local or foreign statute, law, ordinance, rule, regulation, code, order, judgment, decree or judicial or agency interpretation, policy or guidance that has the force or effect of law relating to pollution or protection of the environment, health, safety or natural resources, including, without limitation, those relating to the use, handling, transportation, treatment, storage, disposal, release or discharge of Hazardous Materials.

"Environmental Permit" means any permit, approval, identification number, license or other authorization required under any Environmental Law.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"ERISA Affiliate" means any Person that for purposes of Title IV of ERISA is a member of the Borrower's controlled group, or under common control with the Borrower, within the meaning of Section 414 of the Internal Revenue Code.

"ERISA Event" means (a) (i) the occurrence of a reportable event, within the meaning of Section 4043 of ERISA, with respect to any Plan unless the 30-day notice requirement with respect to such event has been waived by the PBGC, or (ii) the requirements of subsection (1) of Section 4043(b) of ERISA are met with respect to a contributing sponsor, as defined in Section 4001(a)(13) of ERISA, of a Plan, and an event described in paragraph (9), (10), (11), (12) or (13) of Section 4043(c) of ERISA is reasonably expected to occur with respect to such Plan within the following 30 days but only if the PBGC has not waived the requirements of Section 4043(b) of ERISA with respect to a contributing sponsor; (b) the application for a minimum funding waiver with respect to a Plan; (c) the provision by the administrator of any Plan of a notice of intent to terminate such Plan in a distress termination pursuant to Section 4041(a)(2) of ERISA (including any such notice with respect to a plan amendment referred to in Section 4041(e) of ERISA); (d) the cessation of operations at a facility of the Borrower or any ERISA Affiliate in the circumstances described in Section 4062(e) of ERISA; (e) the withdrawal by the Borrower or any ERISA Affiliate from a Multiple Employer Plan during a plan year for which it was a substantial employer, as defined in

Section 4001(a)(2) of ERISA; (f) the conditions for the imposition of a lien under Section 302(f) of ERISA shall have been met with respect to any Plan; (g) the adoption of an amendment to a Plan requiring the provision of security to such Plan pursuant to Section 307 of ERISA; or (h) the institution by the PBGC of proceedings to terminate a Plan pursuant to Section 4042 of ERISA, or the occurrence of any event or condition described in Section 4042 of ERISA that constitutes grounds for the termination of, or the appointment of a trustee to administer, a Plan.

"Eurocurrency Liabilities" has the meaning assigned to that term in Regulation D of the FRB, as in effect from time to time.

"Eurodollar Lending Office" means, with respect to any Lender Party, the office of such Lender Party specified as its "Eurodollar Lending Office" opposite its name on Schedule I hereto or in the Assignment and Acceptance pursuant to which it became a Lender Party (or, if no such office is specified, its Domestic Lending Office), or such other office of such Lender Party as such Lender Party may from time to time specify to the Borrower and the Administrative Agent.

"Eurodollar Rate" means, for any Interest Period for each Eurodollar Rate Advance comprising part of the same Borrowing, an interest rate per annum (rounded upward to the nearest 1/100th of 1%) equal to the rate for deposits in Dollars for the period commencing on the first day of such Interest Period and ending on the last day of such Interest Period which appears on Telerate Page 3750 as of 11:00 A.M., London time, two Business Days prior to the beginning of such Interest Period. If at least two rates appear on such Telerate Page for such Interest Period, the "Eurodollar Rate" shall be the arithmetic mean of such rates. If the "Eurodollar Rate" cannot be determined in accordance with the immediately preceding sentences with respect to any Interest Period, the "Eurodollar Rate" with respect to each day during such Interest Period shall be determined by reference to such other publicly available service for displaying eurodollar rates as may be agreed upon by the Administrative Agent and the Borrower or, in the absence of such agreement, the "Eurodollar Rate" shall instead be the rate per annum equal to the arithmetic mean (rounded upwards to the nearest 1/100th of 1%) of the respective rates notified to the Administrative Agent by each of the Reference Lenders as the rate at which such Reference Lender is offered Dollar deposits at or about 11:00 A.M., San Francisco time, two Business Days prior to the beginning of such Interest Period in the interbank eurodollar market where the eurodollar and foreign currency and exchange operations in respect of its Eurodollar Loans are then being conducted for delivery on the first day of such Interest Period for the number of days comprised therein and in an amount comparable to the amount of its Eurodollar Rate Advance to be outstanding during such

Interest Period.

"Eurodollar Rate Advance" means an Advance that bears interest as provided in Section 2.07(a)(ii).

"Eurodollar Rate Reserve Percentage" of any Lender for any Interest Period for any Eurodollar Rate Advance means the reserve percentage applicable during such Interest Period (or if more than one such percentage shall be so applicable, the daily

average of such percentages for those days in such Interest Period during which any such percentage shall be so applicable) under regulations issued from time to time by the FRB for determining the maximum reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) for such Lender with respect to liabilities or assets consisting of or including Eurocurrency Liabilities having a term equal to such Interest Period.

"Events of Default" has the meaning specified in Section 6.01.

"Existing Credit Agreement" means the U.S. $400,000,000 Credit Agreement dated as of March 11, 1998 among the Borrower, the initial lenders named therein, Bank of America National Trust & Savings Association as Administrative Agent, and Syndication Agent and Citibank, N.A. as Syndication Agent and Documentation Agent, and as amended by the First Amendment thereto of even date herewith.

"Existing Debt" means Debt of the Borrower and its Subsidiaries outstanding immediately before the effectiveness of the Existing Credit Agreement.

"Facility" means the Revolving Credit Facility.

"Federal Funds Rate" means, for any day, the rate set forth in the weekly statistical release designated as H.15(519), or any successor publication, published by the Federal Reserve Bank of New York (including any such successor, "H.15(519)") for such day opposite the caption "Federal Funds (Effective)"; or, if for any relevant day such rate is not yet published in H.15(519), the rate for such day will be the rate set forth in the daily statistical release designated as the Composite 3:30 P.M. Quotations for U.S. Government Securities, or any successor publication, published by the Federal Reserve Bank of New York (including any such successor, the "Composite 3:30 P.M. Quotation") for such day under the caption "Federal Funds Effective Rate." If on any relevant day the appropriate rate for such day is not yet published in either H.15(519) or the Composite 3:30 P.M. Quotations, the rate for such day will be the arithmetic mean of the rates for the last transaction in overnight Federal funds arranged prior to 9:00 A.M. (New York City time) on that day by each of three leading brokers of Federal funds transactions in New York City selected by the Administrative Agent.

"FRB" means the Board of Governors of the Federal Reserve System, and any Governmental Authority succeeding to any of its principal functions.

"Further Taxes" means any and all present or future taxes, levies, assessments, imposts, duties, deductions, fees, withholdings or similar charges (excluding net income taxes and franchise taxes), and all liabilities with respect thereto, imposed by any jurisdiction on account of amounts payable or paid pursuant to Section 2.14.

"GAAP" has the meaning specified in Section 1.03.

"Hazardous Materials" means (a) petroleum and petroleum products, byproducts or breakdown products, radioactive materials, asbestos-containing materials, polychlorinated biphenyls and radon gas and (b) any other chemicals, materials or

substances designated, classified or regulated as hazardous or toxic or as a pollutant or contaminant under any Environmental Law.

"Hedge Agreements" means interest rate swap, cap or collar agreements, interest rate future or option contracts, currency swap agreements, currency future or option contracts and other similar agreements.

"Indemnified Liabilities" has the meaning specified in Section 8.04.

"Information Memorandum" means the information memorandum dated February 1999 used by the Syndication Agents in connection with the syndication of the Commitments.

"Initial Lenders" has the meaning specified in the recital of parties to this Agreement.

"Insufficiency" means, with respect to any Plan, the amount, if any, of its unfunded benefit liabilities, as defined in Section 4001(a)(18) of ERISA.

"Interest Expense" means, for any period, the excess, if any, of (i) all interest expense determined on a Consolidated basis for the Borrower and its Restricted Subsidiaries determined for such period in accordance with GAAP, including in any event, without duplication or limitation, amortization of debt discount, commitment fees and letter of credit fees, interest and commitment fees paid in connection with a securitization, and distributions paid or accrued in respect of the Trust Convertible Preferred Securities determined in accordance with GAAP, over (ii) cash interest income determined on a Consolidated basis for the Borrower and its Restricted Subsidiaries determined for such period in accordance with GAAP.

"Interest Period" means, as to any Eurodollar Rate Advance, the period commencing on the date of such Eurodollar Rate Advance or on the date of Conversion of any Base Rate Advance into such Eurodollar Rate Advance, and ending on the date one, two, three or six months thereafter (and any other period that is 12 months or less and is consented to by the Required Lenders in the given instance) as selected by the Borrower in its Notice of Borrowing or notice of Conversion and, thereafter, each subsequent period commencing on the last day of the immediately preceding Interest Period and ending on the last day of the period selected by the Borrower pursuant to the provisions below;

provided that:

(i) if any Interest Period would otherwise end on a day that is not a Business Day, that Interest Period shall be extended to the following Business Day unless, in the case of a Eurodollar Rate Advance, the result of such extension would be to carry such Interest Period into another calendar month, in which event such Interest Period shall end on the preceding Business Day;

(ii) any Interest Period pertaining to a Eurodollar Rate Advance that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period;

(iii) no Interest Period shall end after the Termination Date;

(iv) no Interest Period commencing before the Maturity Date shall end after the Maturity Date; and

(v) Interest Periods commencing on the same date for Eurodollar Rate Advances comprising part of the same Borrowing shall be of the same duration.

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"Investment" in any Person, means any loan or advance to such Person, any purchase or other acquisition of all or substantially all of the assets of such Person or a business unit of such Person or any capital stock or other ownership or profit interest, warrants, rights, options, obligations or other securities of such Person, any capital contribution to such Person or any other investment in such Person, including, without limitation, any arrangement pursuant to which the investor incurs Debt of the types referred to in clause (i) or (j) of the definition of "Debt" in respect of such Person.

"Lead Arrangers" means each of NationsBanc Montgomery Securities, LLC and Salomon Smith Barney Inc.

"Lender Default" means (i) the failure of any Lender to make any Advance it is obligated to make under the terms of this Agreement, or (ii) the appointment of a receiver or conservator with respect to such Lender at the direction or request of any regulatory agency or authority.

"Lender Party" means any Lender.

"Lenders" means the Initial Lenders and each Person that shall become a party hereto pursuant to Section 8.07.

"Leverage Ratio" means, at any time of determination, the ratio of (a) Total Debt as at the date of the most recent financial statements delivered to the Lender Parties pursuant to Section 5.01(i) to (b) EBITDA for the four quarter period ended on such date.

"Lien" means any lien, security interest or other charge or encumbrance of any kind, or any other type of preferential arrangement, including, without limitation, the lien or retained security title of a conditional vendor and any easement, right of way or other encumbrance on title to real property.

"Loan Documents" means this Agreement and the Notes, if any, in each case as amended, supplemented or otherwise modified from time to time.

"Material Adverse Change" means any material adverse change in the business, condition (financial or otherwise), operations, performance or properties of the Borrower or the Borrower and its Restricted Subsidiaries taken as a whole.

"Material Adverse Effect" means a material adverse effect on (a) the business, condition (financial or otherwise), operations, performance or properties of the Borrower or the Borrower and its Restricted Subsidiaries taken as a whole, (b) the legality, validity, binding effect, or enforceability of this Agreement or any Note, if any, or (c) the ability of the Borrower to perform its obligations in any material respect under any Loan Document.

"Maturity Date" means March 3, 2000.

"Moody's" means Moody's Investors Service, Inc.

"Multiemployer Plan" means a multiemployer plan, as defined in Section 4001(a)(3) of ERISA, to which the Borrower or any ERISA Affiliate is making or accruing an obligation to make contributions, or has within any of the preceding five plan years made or accrued an obligation to make contributions.

"Multiple Employer Plan" means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (a) is maintained for employees of the Borrower or any ERISA Affiliate and at least one Person other than the Borrower and the ERISA Affiliates or (b) was so maintained and in respect of which the Borrower or any ERISA Affiliate could have liability under Section 4064 or 4069 of ERISA in the event such plan has been or were to be terminated.

"Note" has the meaning specified in Section 2.19.

"Notice of Borrowing" has the meaning specified in Section 2.02.

"Other Taxes" means any present or future stamp, court or documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or from the execution, delivery, performance, enforcement or registration of, or otherwise with respect to, this Agreement or any other Loan Documents.

"PBGC" means the Pension Benefit Guaranty Corporation (or any successor).

"Permitted Debt" means Debt consisting of (a) surety bonds and standby letters of credit to the extent issued in connection with the Borrower's competitive bidding for commercial business (including reimbursement obligations in respect thereof); (b) trade letters of credit (including reimbursement obligations in respect thereof) and bankers' acceptances incurred in the ordinary course of business; (c)

guaranty obligations or letters of credit to the extent incurred in connection with the performance by the Borrower or

any of its Restricted Subsidiaries under commercial vendor contracts to which the Borrower or any of its Restricted Subsidiaries are parties; (d) guaranty obligations and letters of credit issued in respect of indebtedness of customers for borrowed money but only to the extent that the proceeds of such customers' indebtedness are used to finance (i) a telecommunications project for which the Borrower or a Restricted Subsidiary is a primary contractor, (ii) a wireless infrastructure or (iii) a supplier of handsets; (e) guaranty obligations to the extent incurred in connection with the sale, transfer or other disposition of Vendor Loans, provided that such guaranty and any agreement entered into in connection therewith or instrument issued in connection therewith provides that concurrently upon payment by the Borrower of such guaranteed obligations, such Vendor Loans shall be returned or assigned to the Borrower, as guarantor, and (f) Debt consisting of payment obligations for licenses granted by the Federal Communications Commission or other governmental agencies, in which licenses the Borrower or any of its Restricted Subsidiaries have an interest.

"Permitted Liens" means such of the following as to which no enforcement, collection, execution, levy or foreclosure proceeding shall have been commenced: (a) Liens for taxes, assessments and governmental charges or levies to the extent not required to be paid under Section 5.01(b) hereof; (b) Liens imposed by law, such as materialmen's, mechanics', carriers', workmen's and repairmen's Liens and other similar Liens arising in the ordinary course of business securing obligations that (i) are not overdue for a period of more than 90 days or (ii) that are being contested in good faith by appropriate proceedings, which proceedings have the effect of preventing the forfeiture or sale of the property or asset subject to such lien, and for which adequate reserves (in the good faith judgment of the Borrower) have been established; (c) pledges or deposits to secure obligations under workers' compensation laws, unemployment insurance laws or similar legislation or to secure public or statutory obligations; (d) easements, rights of way and other encumbrances on title to real property that do not render title to the property encumbered thereby unmarketable or materially adversely affect the use of such property for its present purposes; (e) good faith deposits in connection with bids, tenders, contracts or leases to which such Person is a party; (f) deposits or United States government bonds to secure surety or appeal bonds; (g) deposits as security for import duties or for the payment of rent, in each case in the ordinary course of business; (h) Liens in favor of issuers of surety bonds or letters of credit issued pursuant to the request of and for the account of such issuers in the ordinary course of business; (i) Liens securing payments for licenses granted by the Federal Communications Commission or other governmental agencies, in which licenses the Borrower or any of its Restricted Subsidiaries have rights; (j) Liens securing rights to payments or otherwise and in respect of any obligations of the applicable counterparty arising under or in connection with Hedge Agreements permitted hereunder; (k) bankers' Liens and similar Liens (including set-off rights) in respect of bank deposits; and (l) Liens on insurance proceeds in favor of insurance companies with respect to the financing of premiums.

"Person" means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture, limited liability company or other entity, or a government or any political subdivision or agency thereof.

"Plan" means a Single Employer Plan or a Multiple Employer Plan.

"Preferred Share Purchase Rights Plan" means the Borrower's Preferred Share Purchase Rights Plan dated as of September 27, 1995.

"Pro Rata Share" means, as to any Lender at any time, the percentage equivalent (expressed as a decimal, rounded to the ninth decimal place) at such time of such Lender's Revolving Credit Commitment divided by the aggregate Revolving Credit Commitments, or, if the Revolving Credit Commitments have expired or been terminated, the percentage equivalent (expressed as a decimal, rounded to the ninth decimal place) at such time of the outstanding amount of such Lender's

Advances divided by the aggregate outstanding amount of all Advances.

"Public Debt Rating" means, as of any date, the lowest rating that has been most recently announced by either S&P or Moody's, as the case may be, for any class of non-credit enhanced long-term senior unsecured debt issued by the Borrower. For purposes of the foregoing, (a) if only one of S&P and Moody's shall have in effect a Public Debt Rating, the Applicable Margin and the Applicable Percentage shall be determined by reference to the available rating; (b) if neither S&P nor Moody's shall have in effect a Public Debt Rating, the Applicable Margin and the Applicable Percentage will be set in accordance with Level 5 under the definition of "Applicable Margin" or "Applicable Percentage", as the case may be; (c) if the ratings established by S&P and Moody's shall fall within levels that are one level apart, the Applicable Margin and the Applicable Percentage shall be based upon the higher rating; (d) if the ratings established by S&P and Moody's shall fall within levels that are more than one level apart, the Applicable Margin and the Applicable Percentage shall be set at the level that is one level below the level for the higher of the two ratings; (e) if any rating established by S&P or Moody's shall be changed, such change shall be effective as of the date on which such change is first announced publicly by the rating agency making such change; and (f) if S&P or Moody's shall change the basis on which ratings are established, each reference to the Public Debt Rating announced by S&P or Moody's, as the case may be, shall refer to the then equivalent rating by S&P or Moody's, as the case may be.

"Reference Lenders" means Bank of America and Citibank or each such other Lender Party as may be agreed by the Borrower and the Administrative Agent from time to time.

"Register" has the meaning specified in Section 8.07(d).

"Related Documents" means the Preferred Share Purchase Rights Plan, the Convertible Subordinated Debt Securities, the Convertible Subordinated Debt Securities Indenture, the Trust Convertible Preferred Securities and the Amended and Restated Declaration of Trust.

"Required Lenders" means at any time (a) for all purposes hereunder except Section 2.08(b), Lenders owed at least a majority in interest of the then aggregate unpaid principal amount of the Advances owing to Lenders, or, if no such principal amount is

then outstanding, Lenders having at least a majority in interest of the Commitments and (b) solely for purposes of Section 2.08(b) of this Agreement, Lenders holding at least 66G% of the then aggregate unpaid principal amount of the Advances owing to such Lenders, or, if no such principal amount is then outstanding, Lenders holding at least 66G% of the Commitments.

"Responsible Officer" means the chief financial officer, treasurer or controller of the Borrower.

"Restricted Subsidiary" means, as of the Effective Date (as defined in the Existing Credit Agreement), the Subsidiaries of the Borrower listed on Schedule 4.01(b) hereto and thereafter all other Subsidiaries of the Borrower other than the Unrestricted Subsidiaries, provided, however, that no Restricted Subsidiary shall be a Subsidiary of an Unrestricted Subsidiary.

"Revolving Credit Advance" has the meaning specified in Section 2.01(a).

"Revolving Credit Commitment" means, with respect to any Lender at any time, the amount set forth opposite such Lender's name on Schedule I hereto under the caption "Revolving Credit Commitment" or, if such Lender has entered into one or more Assignments and Acceptances, set forth for such Lender in the Register maintained by the Administrative Agent pursuant to Section 8.07(d) as such Lender's "Revolving Credit Commitment", as such amount may be reduced at or prior to such time pursuant to Section 2.05.

"Revolving Credit Facility" means, at any time, the aggregate amount of the Lenders' Revolving Credit Commitments at such time.

"SEC" means the Securities and Exchange Commission.

"S&P" means Standard & Poor's, a division of The McGraw-Hill Companies, Inc.

"Single Employer Plan" means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (a) is maintained for employees of the Borrower or any ERISA Affiliate and no Person other than the Borrower and the ERISA Affiliates or (b) was so maintained and in respect of which the Borrower or any ERISA Affiliate could have liability under Section 4069 of ERISA in the event such plan has been or were to be terminated.

"Special Event of Default" means the occurrence or continuance of any of the following events: (i) any proceeding shall be instituted by or against the QUALCOMM Financial Trust I seeking a voluntary or involuntary liquidation, termination, winding-up or dissolution of the QUALCOMM Financial Trust I or the Borrower shall take any corporate action to authorize any of the actions set forth above; or (ii) any event of default under the Convertible Subordinated Debt Securities Indenture shall have occurred or be continuing.

"Subsidiary" of any Person means any corporation, partnership, joint venture, limited liability company, trust or estate of which (or in which) more than 50% of (a) the issued and outstanding capital stock having ordinary voting power to elect a majority of the Board of Directors of such corporation (irrespective of whether at the time capital stock of any other class or classes of such corporation shall or might have voting power upon the occurrence of any contingency), (b) the interest in the capital or profits of such limited liability company, partnership or joint venture or (c) the beneficial interest in such trust or estate is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more of its other Subsidiaries or by one or more of such Person's other Subsidiaries.

"Syndication Agents" has the meaning specified in the recital of parties to this Agreement.

"Taxes" means any and all present or future taxes, levies, assessments, imposts, duties, deductions, fees, withholdings or similar charges, and all liabilities with respect thereto, excluding, in the case of each Lender Party and each Agent, respectively, taxes imposed on or measured by its overall net income by the jurisdiction (or any political subdivision thereof) under the laws of which such Lender Party or such Agent, as the case may be, is organized and, in the case of each Lender Party, where an Applicable Lending Office is maintained.

"Termination Date" means the earlier of (a) the date of termination in whole of the aggregate Commitments pursuant to Section 2.05 or 6.01 and (b) the Maturity Date or, if extended pursuant to Section 2.17, the date that is one year after the Maturity Date.

"Total Capitalization" of the Borrower and its Restricted Subsidiaries means, at any time, the sum of (i) Total Debt, (ii) the aggregate principal amount (including, without limitation, capitalized or paid-in-kind interest) of the Trust Convertible Preferred Securities or similar instruments to the extent not included in Total Debt, and (iii) the Consolidated shareholders' equity (including preferred stock) in each case of the Borrower and its Restricted Subsidiaries determined in accordance with GAAP.

"Total Debt" means, at any time of determination, (a) all Debt of the Borrower and its Restricted Subsidiaries at such time less (b) the sum of (i) so long as no Special Event of Default shall have occurred and be continuing at such time, the Trust Convertible Preferred Securities outstanding at such time, (ii) cash and Cash Equivalents to the extent beneficially owned by the Borrower or any of its Restricted Subsidiaries and held in U.S. deposit or investment accounts free and clear of any Liens at such time, (iii) cash and Cash Equivalents to the extent beneficially owned by the Borrower or any of its Restricted Subsidiaries and held in U.S. deposit or investment accounts subject to a Lien or Liens at such time less the excess of (x) such cash and Cash Equivalents over (y) the aggregate amount of Debt of the Borrower and any of its Restricted Subsidiaries which such cash and Cash Equivalents were pledged to secure, and (iv) to the extent otherwise included in the definition of "Debt", Debt consisting of obligations of the Borrower and its Restricted Subsidiaries to make capital contributions to a Person other than the Borrower and its Restricted Subsidiaries, but only to the extent permitted by

Section 5.02(g) of this Agreement and solely in connection with such Investments (other than any arrangement pursuant to which the investor incurs Debt of the types referred to in clause (i) or (j) of the definition of "Debt" in respect of such Person), in each case, calculated on a Consolidated basis and determined in accordance with GAAP.

"Total Tangible Assets" means total assets minus goodwill and intangibles, in each case of the Borrower and its Restricted Subsidiaries determined on a Consolidated basis in accordance with GAAP.

"Triggering Event" has the meaning specified in Section 2.21.

"Trust Convertible Preferred Securities" means the 5 3/4% Trust Convertible Preferred Securities, guaranteed by the Borrower and convertible into common stock of the Borrower, which represent preferred undivided beneficial interests in the assets of "QUALCOMM Financial Trust I", a statutory business trust created under the laws of Delaware, and the shares of common stock, par value $10,000.00 per share of the Borrower, issuable upon conversion of the 5 3/4% Trust Convertible Preferred Securities, as amended, supplemented or otherwise modified from time to time, to the extent permitted in accordance with the Loan Documents.

"Type" refers to the distinction between Advances bearing interest at the Base Rate and Advances bearing interest at the Eurodollar Rate.

"Unrestricted Subsidiaries" means such Subsidiaries of the Borrower as the Borrower shall designate as an Unrestricted Subsidiary in writing to the Agents and the Lenders in accordance with the terms of Section 5.02(j) and any Subsidiaries thereof; provided, however, that no such Subsidiary shall own or hold any licenses, patents, trademarks or intellectual property other than such as may be necessary to the conduct of the business of such Subsidiary, and provided further that any such items as may be shared with the Borrower or any Restricted Subsidiary shall be owned and held by the Borrower or such Restricted Subsidiary.

"Unused Revolving Credit Commitment" means, with respect to any Lender at any time,

(a) such Lender's Revolving Credit Commitment at such time minus

(b) the aggregate principal amount of all Revolving Credit Advances made by such Lender, in each case in its capacity as a Lender, and outstanding at such time.

"Vendor Loans" means loans or other financing, directly or indirectly, made or provided by the Borrower or any of its Restricted Subsidiaries to its customers in the telecommunications industry, provided that each such loan or other financing shall be evidenced by a written agreement, note or other instrument issued in connection therewith.

"Voting Stock" means capital stock issued by a corporation, or equivalent interests in any other Person, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even if the right so to vote has been suspended by the happening of such a contingency.

"Withdrawal Liability" has the meaning specified in Part I of Subtitle E of Title IV of ERISA.

"Year 2000 problem" has the meaning specified in subsection 4.01(w).

Section 1.02. Computation of Time Periods.

In this Agreement in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding", and the word "through" means "to and including".

Section 1.03. Accounting Terms.

(a) Unless the context otherwise clearly requires, all accounting terms not expressly defined herein shall be construed, and all financial computations required under this Agreement shall be made, in accordance with generally accepted accounting principles consistent with those applied in the preparation of financial statements referred to in Section 4.01(f) ("GAAP"). If GAAP changes during the term of this Agreement such that any covenants contained herein would then be calculated in a different manner or with different components, the Borrower, the Lender Parties and the Agents agree to negotiate in good faith to amend this Agreement in such respects as are necessary to conform those covenants as criteria for evaluating the Borrower's financial condition to substantially the same criteria as were effective prior to such change in GAAP; provided, however, that, until the Borrower, the Lender Parties and the Administrative Agent have so amended this Agreement, all such covenants shall be calculated in accordance with GAAP as in effect immediately prior to such change.

(b) Hedge Agreements shall be valued (i) in good faith on a basis consistently applied by the Board of Directors of the Borrower, (ii) at the greater of (x) termination value, which is the amount, if any, that would be payable to a counterparty in respect of agreement value as though such Hedge Agreement were terminated on such date, calculated as provided in the International Swap Dealers Association Inc. Code of Standard Working Assumptions and Provisions for Swaps, 1992 Edition, and (y) mark-to-market, where the unrealized gain or loss on such agreements is calculated as the amount by which the present value of the future cash flows to be received exceeds (or is less than) the present value of the future cash flows to be paid pursuant to such agreements, and (iii) for purposes of Section 5.02(d) and 6.01(d), on a net portfolio basis.

(c) References herein to "fiscal year" and "fiscal quarter" refer to such fiscal periods of the Borrower.

Section 1.04. Other Interpretive Provisions.

(a) The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms.

(b) The words "hereof", "herein", "hereunder" and similar words refer to this Agreement as a whole and not to any particular provision of this Agreement; and subsection, Section, Schedule and Exhibit references are to this Agreement unless otherwise specified.

(c) (i) The term "documents" includes any and all instruments, documents, agreements, certificates, indentures, notices and other writings, however evidenced.

(ii) The term "including" is not limiting and means "including without limitation".

(d) Unless otherwise expressly provided herein, (i) references to agreements (including this Agreement) and other contractual instruments shall be deemed to include all subsequent amendments and other modifications thereto, but only to the extent such amendments and other modifications are not prohibited by the terms of any Loan Document, and (ii) references to any statute or regulation are to be construed as including all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting the statute or regulation.

(e) The captions and headings of this Agreement are for convenience of reference only and shall not affect the interpretation of this Agreement.

(f) This Agreement and other Loan Documents may use several different limitations, tests or measurements to regulate the same or similar matters. All such limitations, tests and measurements are cumulative and shall each be performed in accordance with their terms. Unless otherwise expressly provided, any reference to any action of any Agent or the Lender Parties by way of consent, approval or waiver shall be deemed modified by the phrase "in its/their sole discretion."

(g) This Agreement and the other Loan Documents are the result of negotiations among and have been reviewed by counsel to the Agents, the Borrower and the other parties, and are the products of all parties. Accordingly, they shall not construed against the Lender Parties or the Agents merely because of the Agents' or Lender Parties' involvement in their preparation.

ARTICLE II

AMOUNTS AND TERMS OF THE ADVANCES

Section 2.01. The Advances.

Revolving Credit Advances. Each Lender severally agrees, on the terms and conditions hereinafter set forth, to make advances (each a "Revolving Credit Advance") to the Borrower from time to time on any Business Day during the period from the Effective Date until the Maturity Date in an aggregate amount for each such Advance not to exceed such Lender's

Unused Revolving Credit Commitment at such time. Each Borrowing shall be in an aggregate amount of $5,000,000 or an integral multiple of $1,000,000 in excess thereof and shall consist of Advances of the same Type made on the same day by the Lenders ratably according to their respective Revolving Credit Commitments. Within the limits of each Lender's Revolving Credit Commitment, the Borrower may borrow under this Section 2.01(a), prepay pursuant to Section 2.10 and, until the Maturity Date, reborrow under this Section 2.01(a).

Section 2.02. Making the Advances.

(a) Each Borrowing shall be made on notice, given not later than 10:00 A.M. (San Francisco time) on the third Business Day prior to the date of the proposed Borrowing in the case of a Borrowing consisting of Eurodollar Rate Advances, or the first Business Day prior to the date of the proposed Borrowing in the case of a Borrowing consisting of Base Rate Advances, by the Borrower to the Administrative Agent, which shall give to each Lender prompt notice thereof by telecopier or telex. Each such notice of a Borrowing (a "Notice of Borrowing") shall be by telephone, confirmed promptly in writing, or telecopier or telex, in substantially the form of Exhibit B hereto, specifying therein the requested (i) date of such Borrowing, (ii) Type of Advances comprising such Borrowing, (iii) aggregate amount of such Borrowing, (iv) in the case of a Borrowing consisting of Eurodollar Rate Advances, initial Interest Period for each such Advance and (v) the Borrower's deposit account into which funds for such Advance are to be deposited (the "Borrower's Designated Account"). Each Lender shall, before 11:00 A.M. (San Francisco time) on the date of such Borrowing, make available for the account of its Applicable Lending Office to the Administrative Agent at the Administrative Agent's Account, in same day funds, such Lender's ratable portion of such Borrowing in accordance with the respective Commitments under the applicable Facility of such Lender and the other Lenders. After the Administrative Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article III, the Administrative Agent will make such funds available to the Borrower in the Borrower's Designated Account selected by the Borrower in the applicable Notice of Borrowing.

(b) Anything in subsection (a) above to the contrary notwithstanding, (i) the Borrower may not select Eurodollar Rate Advances for the initial Borrowing hereunder (if the initial Borrowing occurs on, or within 3 Business Days after, the Effective Date) or for any Borrowing if the aggregate amount of such Borrowing is less than $5,000,000 or if the obligation of the Lenders to make Eurodollar Rate Advances shall then be suspended pursuant to Section 2.08 or 2.12 and (ii) the Eurodollar Rate Advances may not be outstanding as part of more than 10 separate Borrowings.

(c) Each Notice of Borrowing shall be irrevocable and binding on the Borrower. In the case of any Borrowing that the related Notice of Borrowing specifies is to be comprised of Eurodollar Rate Advances, the Borrower shall indemnify each Lender against any loss, cost or expense incurred by such Lender as a result of any failure to fulfill on or before the date specified in such Notice of Borrowing for such Borrowing the applicable conditions set forth in Article III, including, without limitation, any actual loss, cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund the Advance to be made by such Lender as part of such Borrowing when such Advance, as a result of such failure, is not made on such date.

(d) Unless the Administrative Agent shall have received notice from a Lender prior to the date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's ratable portion of such Borrowing, the Administrative Agent may assume that such Lender has made such portion available to the Administrative Agent on the date of such Borrowing in accordance with subsection (a) of this Section 2.02 and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower on such

date a corresponding amount. If and to the extent that such Lender shall not have so made such ratable portion available to the Administrative Agent, such Lender and the Borrower severally agree to repay to the Administrative Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Administrative Agent, at (i) in the case of the Borrower, the interest rate applicable at the time to Advances comprising such Borrowing and (ii) in the case of such Lender, the Federal Funds Rate. If such Lender shall repay to the Administrative Agent such corresponding amount, such amount so repaid shall constitute such Lender's Advance as part of such Borrowing for purposes of this Agreement and the Borrower's obligation to make repayment in respect thereof shall terminate.

(e) The failure of any Lender to make the Advance to be made by it as part of any Borrowing shall not relieve any other Lender of its obligation, if any, hereunder to make its Advance on the date of such Borrowing, but no Lender shall be responsible for the failure of any other Lender to make the Advance to be made by such other Lender on the date of any Borrowing.

Section 2.03. Reserved.

Section 2.04. Fees.

(a) Commitment Fees. The Borrower agrees to pay to the Administrative Agent for the account of each Lender a commitment fee, from the Effective Date in the case of each Initial Lender and from the later of the Effective Date and the effective date specified in the Assignment and Acceptance pursuant to which it became a Lender in the case of each other Lender until the earlier of (a) the date of termination in whole of the aggregate Commitments pursuant to Section 2.05 or Section 6.01 and (b) the Maturity Date at a rate per annum equal to the Applicable Percentage in effect from time to time on the actual daily Unused Revolving Credit Commitment of such Lender, payable in arrears quarterly on the last day of each March, June, September and December, commencing March 31, 1999, and on the earlier of (a) the date of termination in whole of the aggregate Commitments pursuant to Section 2.05 or Section 6.01 and (b) the Maturity Date.

(b) Administrative Agent's Fees. The Borrower shall pay to the Administrative Agent for its own account such fees as may from time to time be agreed between the Borrower and the Administrative Agent.

Section 2.05. Termination or Reduction of the Commitments.

The Borrower shall have the right, upon at least five Business Days' notice to the Administrative Agent, to terminate in whole or reduce ratably in part the unused portions of the

respective Commitments of the Lenders; provided that each partial reduction (i) shall be in the aggregate amount of $5,000,000 or an integral multiple of $1,000,000 in excess thereof and (ii) shall be made ratably among the Lenders in accordance with their Commitments with respect to such Facility. Any Commitments terminated under this Section 2.05 may not be reinstated.

Section 2.06. Repayment.

Revolving Credit Advances. The Borrower shall repay to the Administrative Agent for the ratable account of the Lenders on the Termination Date (then in effect for such Lenders) the aggregate principal amount of the Revolving Credit Advances then outstanding.

Section 2.07. Interest.

(a) Scheduled Interest. The Borrower shall pay interest on the unpaid principal amount of each Advance owing to each Lender from the date of such Advance until such principal amount shall be paid in full, at the following rates per annum:

(i) Base Rate Advances. During such periods as such Advance is a Base Rate Advance, a rate per annum equal at all times to the sum of (x) the Base Rate in effect from time to time plus (y) the Applicable Margin in effect from time to time, payable in arrears quarterly on the last day of each March, June, September and December during such periods.

(ii) Eurodollar Rate Advances. During such periods as such Advance is a Eurodollar Rate Advance, a rate per annum equal at all times during each Interest Period for such Advance to the sum of (x) the Eurodollar Rate for such Interest Period for such Advance plus (y) the Applicable Margin in effect from time to time, payable in arrears on the last day of such Interest Period and, if such Interest Period has a duration of more than three months, on each day that occurs during such

Interest Period every three months from the first day of such Interest Period and on the date such Eurodollar Rate Advance shall be Converted or paid in full.

(b) Default Interest. Upon the occurrence and during the continuance of an Event of Default under Section 6.01(a), the Borrower shall pay interest on (i) the unpaid principal amount of each Advance owing to each Lender, payable in arrears on the dates referred to in clause (a)(i) or (a)(ii) above, at a rate per annum equal at all times to 2% per annum above the rate per annum required to be paid on such Advance pursuant to clause (a)(i) or (a)(ii) above and (ii) to the fullest extent permitted by law, the amount of any interest, fee or other amount payable hereunder that is not paid when due, from the date such amount shall be due until such amount shall be paid in full, payable in arrears on the date such amount shall be paid in full and on demand, at a rate per annum equal at all times to 2% per annum above the rate per annum required to be paid on Base Rate Advances pursuant to clause (a)(i) above.

Section 2.08. Interest Rate Determination.

(a) Each Reference Lender agrees to furnish to the Administrative Agent timely information for the purpose of determining each Eurodollar Rate when necessary to determine the Eurodollar Rate. If any one or more of the Reference Lenders shall not furnish such timely

information to the Administrative Agent for the purpose of determining any such interest rate, the Administrative Agent shall determine such interest rate on the basis of timely information furnished by the remaining Reference Lenders. The Administrative Agent shall give prompt notice to the Borrower and the Lenders of the applicable interest rate determined by the Administrative Agent for purposes of Section 2.07(a)(i) or (ii), and the rate, if any, furnished by each Reference Lender for the purpose of determining the interest rate under Section 2.07(a)(ii).

(b) If, with respect to any Eurodollar Rate Advances, the Required Lenders notify the Administrative Agent that the Eurodollar Rate for any Interest Period for such Advances will not adequately reflect the cost to each of such Required Lenders of making, funding or maintaining their respective Eurodollar Rate Advances for such Interest Period, the Administrative Agent shall forthwith so notify the Borrower and the Lenders, whereupon (i) each Eurodollar Rate Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance, and (ii) the obligation of the Lenders to make, or to Convert Advances into, Eurodollar Rate Advances shall be suspended until the Administrative Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist.

(c) If the Borrower shall fail to select the duration of any Interest Period for any Eurodollar Rate Advances in accordance with the provisions contained in the definition of "Interest Period" in Section 1.01, the Administrative Agent will forthwith so notify the Borrower and the Lenders and such Advances will automatically, on the last day of the then existing Interest Period therefor, Convert into Base Rate Advances.

(d) On the date on which the aggregate unpaid principal amount of Eurodollar Rate Advances comprising any Borrowing shall be reduced, by payment or prepayment or otherwise, to less than $5,000,000, such Advances shall automatically Convert into Base Rate Advances.

(e) Upon the occurrence and during the continuance of any Event of Default under Section 6.01(a), (i) each Eurodollar Rate Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance and (ii) the obligation of the Lenders to make, or to Convert Advances into, Eurodollar Rate Advances shall be suspended.

Section 2.09. Optional Conversion of Advances.

The Borrower may on any Business Day, upon notice given to the Administrative Agent not later than 10:00 A.M. (San Francisco time) on the third Business Day prior to the date of the proposed Conversion and subject to the provisions of Sections 2.08 and 2.12, Convert all Advances of one Type comprising the same Borrowing into Advances of the other Type; provided, however, that any Conversion of Eurodollar Rate Advances into Base Rate Advances shall be made only on the last day of an Interest Period for such Eurodollar Rate Advances, any Conversion of Base Rate Advances into Eurodollar Rate Advances shall be in an amount not less than the minimum amount specified in Section 2.02(b) and no Conversion of any Advances shall result in more separate Borrowings than permitted under Section 2.02(b). Each such notice of a Conversion shall, within the restrictions specified above, specify (i) the date of such Conversion, (ii) the Advances to be Converted, and (iii) if such

Conversion is into Eurodollar Rate Advances,

the duration of the initial Interest Period for each such Advance. Each notice of Conversion shall be irrevocable and binding on the Borrower.

Section 2.10. Optional Prepayments.

The Borrower may, upon at least three Business Days' notice in the case of Eurodollar Rate Advances and one Business Day's notice in the case of Base Rate Advances, in each case to the Administrative Agent by no later than 10:00 A.M. (San Francisco time) stating the proposed date and aggregate principal amount of the prepayment, and if such notice is given the Borrower shall, prepay the outstanding principal amount of the Advances comprising part of the same Borrowing in whole or ratably in part, together with accrued interest to the date of such prepayment on the principal amount prepaid; provided, however, that in the event of any such prepayment of a Eurodollar Rate Advance, the Borrower shall be obligated to reimburse the Lenders in respect thereof pursuant to Section 8.04(d). Each such prepayment shall be applied ratably to the principal installments thereof.

Section 2.11. Increased Costs.

(a) If, due to either (i) the introduction (after the date hereof) of or any change (after the date hereof) in or in the interpretation of any law or regulation or (ii) the compliance (required after the date hereof) with any guideline or request from any central bank or other governmental authority (whether or not having the force of law), there shall be any increase in the cost to any Lender Party of agreeing to make or making, funding or maintaining Eurodollar Rate Advances (excluding for purposes of this Section 2.11 any such increased costs resulting from (i) Taxes or Other Taxes (as to which Section 2.14 shall govern) and (ii) changes in the basis of taxation of overall net income or overall gross income by the United States or by the foreign jurisdiction or state under the laws of which such Lender Party is organized or has its Applicable Lending Office or any political subdivision thereof), then the Borrower shall from time to time, promptly upon demand by such Lender Party (with a copy of such demand to the Administrative Agent), pay to the Administrative Agent for the account of such Lender Party additional amounts sufficient to compensate such Lender Party for such increased cost; provided, however, that a Lender Party claiming additional amounts under this Section 2.11(a) agrees to use reasonable efforts (consistent with its internal policy and legal regulatory restrictions) to designate a different Applicable Lending Office if the making of such a designation would avoid the need for, or reduce the amount of, such increased cost that may thereafter accrue and would not, in the reasonable judgment of such Lender Party, be otherwise disadvantageous to such Lender Party.

(b) If any Lender Party determines that compliance with any law or regulation or any guideline enacted or promulgated after the date hereof or request after the date hereof from any central bank or other governmental authority (whether or not having the force of law) affects or would affect the amount of capital required or expected to be maintained by such Lender Party or any corporation controlling such Lender Party and that the amount of such capital is increased by or based upon the existence of such Lender Party's commitment to lend hereunder and other commitments of such type, then, promptly upon demand by such Lender Party (with a copy of such demand to the Administrative Agent), the Borrower shall pay to the Administrative Agent for the account of such Lender Party, from time to time as specified by such Lender Party, additional amounts sufficient to compensate such Lender Party or such corporation in the light of

such circumstances, to the extent that such Lender Party reasonably determines such increase in capital to be allocable to the existence of such Lender Party's commitment to lend hereunder.

Section 2.12. Illegality.

Notwithstanding any other provision of this Agreement, if any Lender Party shall notify the Administrative Agent that the introduction of or any change in or in the interpretation of any law or regulation makes it unlawful, or any central bank or other governmental authority asserts that it is unlawful, for any Lender Party or its Eurodollar Lending Office to perform its obligations

hereunder to make Eurodollar Rate Advances or to fund or maintain Eurodollar Rate Advances hereunder, (i) each Eurodollar Rate Advance will automatically, upon such demand, Convert into a Base Rate Advance and (ii) the obligation of the Lender Parties to make, or to Convert Advances into, Eurodollar Rate Advances shall be suspended until the Administrative Agent shall notify the Borrower and the Lender Parties that the circumstances causing such suspension no longer exist.

Section 2.13. Payments and Computations.

(a) The Borrower shall make each payment, without setoff, counterclaim, recoupment or other deduction, hereunder and under the Notes, if any, not later than 11:00 A.M. (San Francisco time) on the day when due in U.S. dollars to the Administrative Agent at the Administrative Agent's Account in same day funds. The Administrative Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal or interest or commitment fees ratably (other than amounts payable pursuant to Section 2.11, 2.14, 2.18, 2.20 or 8.04(d)) to the Lenders for the account of their respective Applicable Lending Offices, and like funds relating to the payment of any other amount payable to any Lender Party to such Lender Party for the account of its Applicable Lending Office, in each case to be applied in accordance with the terms of this Agreement. Upon its acceptance of an Assignment and Acceptance and recording of the information contained therein in the Register pursuant to Section 8.07(d), from and after the effective date specified in such Assignment and Acceptance, the Administrative Agent shall make all payments hereunder and under the Notes, if any, in respect of the interest assigned thereby to the Lender Party assignee thereunder, and the parties to such Assignment and Acceptance shall make all appropriate adjustments in such payments for periods prior to such effective date directly between themselves.

(b) The Borrower hereby authorizes each Lender Party, if and to the extent payment owed to such Lender Party is not made when due hereunder or under the Note, if any, held by such Lender Party, to charge from time to time against any or all of the Borrower's accounts with such Lender Party any amount so due.

(c) All computations of interest based on the Base Rate and of fees, including commitment fees under Section 2.04(a), shall be made by the Administrative Agent on the basis of a year of 365 or 366 days, as the case may be, and all computations of interest based on the Eurodollar Rate or the Federal Funds Rate shall be made by the Administrative Agent on the basis of a year of 360 days, in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest, fees or commissions are

payable. Each determination by the Administrative Agent of an interest rate, fee or commission hereunder shall be conclusive and binding for all purposes, absent manifest error.

(d) Whenever any payment hereunder or under the Notes, if any, shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest or commitment fee, as the case may be; provided, however, that, if such extension would cause payment of interest on or principal of Eurodollar Rate Advances to be made in the next following calendar month, such payment shall be made on the next preceding Business Day.

(e) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Lenders hereunder that the Borrower will not make such payment in full, the Administrative Agent may assume that the Borrower has made such payment in full to the Administrative Agent on such date and the Administrative Agent may, in reliance upon such assumption, cause to be distributed to each Lender on such due date an amount equal to the amount then due such Lender. If and to the extent the Borrower shall not have so made such payment in full to the Administrative Agent, each Lender shall repay to the Administrative Agent forthwith on demand such amount distributed to such Lender together with interest thereon, for each day from the date such amount is distributed to such Lender until the date such Lender repays such amount to the Administrative Agent, at the Federal Funds Rate.

Section 2.14. Taxes.

(a) Except as provided in Section 2.14(f), any and all payments by the Borrower under this Agreement and any other Loan Document shall be made free and clear of, and without deduction or withholding for, any Taxes. In addition, the Borrower shall pay all Other Taxes.

(b) Except as provided in Section 2.14(f), if the Borrower shall be

required by law to deduct or withhold any Taxes, Other Taxes or Further Taxes from or in respect of any sum payable hereunder to any Lender Party or any Agent, then:

(i) the sum payable shall be increased as necessary so that, after making all required deductions and withholdings (including deductions and withholdings applicable to additional sums payable under this Section), such Lender Party or such Agent, as the case may be, receives and retains an amount equal to the sum it would have received and retained had no such deductions or withholdings been made;

(ii) the Borrower shall make such deductions and withholdings; and

(iii) the Borrower shall pay the full amount deducted or withheld to the relevant taxing authority or other authority in accordance with applicable law.

(c) Except as provided in Section 2.14(f), the Borrower agrees to indemnify and hold harmless each Lender Party and each Agent for the full amount of (i) Taxes, (ii) Other Taxes, and (iii) Further Taxes imposed on or paid by such Lender Party or such Agent (as the case may be) and any liability (including penalties, interest, additions to tax and expenses) arising therefrom or with respect thereto, whether or not such Taxes, Other Taxes or Further Taxes were

correctly or legally asserted. Payment under this indemnification shall be made within 30 days after the date such Lender Party or such Agent makes written demand therefor.

(d) Within 60 days after the date of any payment by the Borrower of Taxes, Other Taxes or Further Taxes, the Borrower shall furnish to the Administrative Agent, at its address referred to in Section 8.02, the original or a certified copy of a receipt evidencing payment thereof, or other evidence of payment satisfactory to such Administrative Agent. In the case of any payment hereunder by or on behalf of the Borrower through an account or branch outside the United States or by or on behalf of the Borrower by a payor that is not a United States person, if the Borrower determines that no Taxes are payable in respect thereof, the Borrower shall furnish, or cause such payor to furnish, to the Administrative Agent, at such address, an opinion of counsel acceptable to the Administrative Agent stating that such payment is exempt from Taxes. For purposes of this subsection (d) and subsection (e), the terms "United States" and "United States person" shall have the meanings specified in Section 7701 of the Internal Revenue Code.

(e) Each Lender Party organized under the laws of a jurisdiction outside the United States, on or prior to the date of its execution and delivery of this Agreement in the case of each Initial Lender, and on the date of the Assignment and Acceptance pursuant to which it becomes a Lender Party in the case of each other Lender Party, and from time to time thereafter as requested in writing by the Borrower and within 60 days of such written request (but only so long as such Lender Party remains lawfully able to do so), shall provide each of the Administrative Agent and the Borrower with two original Internal Revenue Service Forms 1001 or 4224, as appropriate, or any successor or other form prescribed by the Internal Revenue Service (including, without limitation, a Form W-8) certifying that such Lender Party is exempt from or entitled to a reduced rate of United States withholding tax on payments pursuant to this Agreement or the Notes, if any. If the form provided by a Lender Party at the time such Lender Party first becomes a party to this Agreement indicates a United States interest withholding tax rate in excess of zero, withholding tax at such rate shall be considered excluded from Taxes unless and until such Lender Party provides the appropriate forms certifying that a lesser rate applies, whereupon withholding tax at such lesser rate only shall be considered excluded from Taxes for periods governed by such form; provided, however, that, if at the date of the Assignment and Acceptance pursuant to which a Lender Party assignee becomes a party to this Agreement, the Lender Party assignor was entitled to payments under subsection (a) in respect of United States withholding tax with respect to interest paid at such date, then, to such extent, the term Taxes shall include (in addition to withholding taxes that may be imposed in the future or other amounts otherwise includable in Taxes) United States withholding tax, if any, applicable with respect to the Lender Party assignee on such date. Such Lender Party agrees to promptly notify each of the Administrative Agent and the Borrower of any change in circumstances which would modify or render invalid any claimed exemption or reduction, and shall provide each of the Administrative Agent and the Borrower with revised versions of the appropriate forms described in this Section 2.14(e) that reflect such change in circumstance. If any form or document referred to in this subsection (e) requires the disclosure of information, other than information necessary to compute the tax payable and information required on the

date hereof by Internal Revenue Service Form 1001 or 4224, that the Lender Party reasonably considers to be confidential, the Lender Party shall give notice thereof to the Borrower and shall not be obligated to include in such form or document such confidential information.

(f) For any period with respect to which a Lender Party has failed to provide the Borrower with accurate and complete copies of the appropriate form described in Section 2.14(e) (updated as necessary in accordance therewith) certifying that such Lender Party is exempt from or entitled to a reduced rate of United States withholding tax on payments pursuant to this Agreement or the Notes, if any (other than if such failure is due to a change in law occurring subsequent to the date on which a form originally was required to be provided), such Lender Party shall not be entitled to indemnification under Section 2.13(a) or (c) with respect to Taxes imposed by the United States by reason of such failure; provided, however, that should a Lender Party become subject to Taxes because of its failure to deliver a form required hereunder, the Borrower shall, at such Lender Party's expense, take such steps as the Lender Party shall reasonably request to assist the Lender Party to recover such Taxes.

(g) If any Lender Party claims exemption from, or reduction of, withholding tax under a United States tax treaty by providing IRS Form 1001, or any successor or other form prescribed by the Internal Revenue Service, and such Lender Party sells, assigns, grants a participation in, or otherwise transfers all or part of the obligations of the Borrower to such Lender Party, such Lender Party agrees to notify each of the Administrative Agent and the Borrower of the percentage amount in which it is no longer the beneficial owner of obligations of the Borrower to such Lender Party. To the extent of such percentage amount the Administrative Agent will treat such Lender Party's IRS Form 1001 as no longer valid and, in the case of a participation, such Lender Party agrees to undertake sole responsibility for complying with the withholding tax requirements imposed by Sections 1441 and 1442 of the Internal Revenue Code.

(h) If any Lender Party claiming exemption from United States withholding tax by filing IRS Form 4224, or any successor or other form prescribed by the Internal Revenue Service, with the Administrative Agent sells, assigns, grants a participation in, or otherwise offers all or part of the obligations of the Borrower to such Lender Party, such Lender Party agrees to undertake sole responsibility for complying with the withholding tax requirements imposed by Sections 1441 and 1442 of the Internal Revenue Code.

(i) If the Internal Revenue Service or any other governmental authority of the United States or other jurisdiction asserts a claim that the Administrative Agent did not properly withhold tax from amounts paid to or for the account of any Lender Party (because the appropriate form was not delivered or was not properly executed, or because such Lender Party failed to notify the Administrative Agent of a change in circumstances which rendered the exemption from, or reduction of, withholding tax ineffective, or for any other reason) such Lender Party shall indemnify the Administrative Agent fully for all amounts paid, directly or indirectly, by the Administrative Agent as tax or otherwise, including penalties and interest, and including any taxes imposed by any jurisdiction on the amounts payable to the Administrative Agent under this Section, together with all cost and expenses (including Attorney Costs). The obligation of the Lender Parties under this subsection shall survive the payment of all obligations and the resignation or replacement of the Administrative Agent.

Section 2.15. Sharing of Payments, Etc.

If any Lender Party shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of the Advances owing to it (other

than pursuant to Section 2.11, 2.14, 2.18, 2.20 or 8.04(d)) in excess of its ratable share of payments on account of the Advances obtained by all the Lender Parties, such Lender Party shall forthwith purchase from the other Lender Parties such participations in the Advances owing to them as shall be necessary to cause such purchasing Lender Party to share the excess payment ratably with each of them; provided, however, that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender Party, such purchase from each Lender Party shall be rescinded and such Lender Party shall repay to the purchasing Lender Party the purchase price to the extent of such recovery together with an amount equal to such Lender Party's ratable share (according to

the proportion of (i) the amount of such Lender Party's required repayment to (ii) the total amount so recovered from the purchasing Lender Party) of any interest or other amount paid or payable by the purchasing Lender Party in respect of the total amount so recovered. The Borrower agrees that any Lender Party so purchasing a participation from another Lender Party pursuant to this Section 2.14 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Lender Party were the direct creditor of the Borrower in the amount of such participation.

Section 2.16. Use of Proceeds.

The proceeds of the Advances shall be available (and the Borrower agrees that it shall use such proceeds) to provide working capital for the Borrower and for general corporate purposes of the Borrower and its Subsidiaries.

Section 2.17. Extension of Termination Date.

At least 30 days but not more than 45 days prior to the Maturity Date, the Borrower, by written notice to the Administrative Agent, may elect to extend the Termination Date by one calendar year from the Maturity Date. The Administrative Agent shall promptly notify each Lender Party of such request. Provided that on the Maturity Date no Default shall have occurred and be continuing, or shall occur as a consequence thereof, the Termination Date shall, effective as at the Maturity Date, be extended for one calendar year from the Maturity Date.

Section 2.18. Substitution of Lenders.

In the event (a) the obligation of any Lender to make or maintain Eurodollar Rate Advances has been suspended pursuant to Section 2.08(b), (b) any Lender has demanded compensation under Section 2.11, 2.12, 2.14 or 2.20, which compensation increases the effective lending rate of such Lender in excess of the effective lending rate of the other Lenders, or (c) any Lender shall be a Defaulting Lender, then and in any such event, the Borrower may substitute for such Lender (the "Affected Lender") another financial institution, which financial institution shall be an Eligible Assignee, for such Lender to assume the Commitment of such Affected Lender and to purchase the Note, if any, of such Affected Lender hereunder in accordance with Section 8.07. Such assumption and purchase shall be effected by execution and delivery by such Affected Lender and such replacement Lender of an Assignment and Acceptance, and shall otherwise be made in the manner described in Section 8.07, provided that the Affected Lender's obligation to so assign and sell its Commitment and Note, if any, shall be subject to the condition that all amounts owing to such Affected Lender (including, without limitation, principal, accrued

and unpaid interest and fees, and all amounts owing to such Affected Lender under Sections 2.11, 2.12, 2.14 and 8.04) shall have been paid in full; provided that such Affected Lender's rights under Sections 2.11, 2.14 and 8.04, and its obligations under Section 7.07, shall survive the effective date specified in the Assignment and Acceptance for such Lender Party as to matters occurring prior to such date.

Section 2.19. Evidence of Debt.

(a) Each Lender Party shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Advance owing to such Lender Party from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder. The Borrower agrees that upon notice by any Lender Party to the Borrower (with a copy of such notice to the Administrative Agent) to the effect that a promissory note or other evidence of indebtedness is required or appropriate in order for such Lender Party to evidence (whether for purposes of pledge, enforcement or otherwise) the Advances owing to, or to be made by, such Lender Party, the Borrower shall promptly execute and deliver to such Lender Party, with a copy to the Administrative Agent, a promissory note or other evidence of indebtedness, in the form of Exhibit A hereto or in form and substance reasonably satisfactory to the Borrower and such Lender Party (each a "Note"), payable to the order of such Lender in a principal amount equal to the Revolving Credit Commitment of such Lender.

(b) The Register maintained by the Administrative Agent pursuant to Section 8.07(d) shall include a control account, and a subsidiary account for each Lender, in which accounts (taken together) shall be recorded (i) the date and amount of each Borrowing made hereunder, the Type of Advances comprising such Borrowing and, if appropriate, the Interest Period applicable thereto, (ii) the terms of each Assignment and Acceptance delivered to and accepted by it, (iii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder, and (iv) the amount of

any sum received by the Administrative Agent from the Borrower hereunder and each Lender's share thereof.

(c) Entries made in good faith by the Administrative Agent in the Register pursuant to subsection (b) above, and by each Lender in its account or accounts pursuant to subsection (a) above, shall be prima facie evidence of the amount of principal and interest due and payable or to become due and payable from the Borrower to, in the case of the Register, each Lender and, in the case of such account or accounts, such Lender, under this Agreement, absent manifest error; provided, however, that the failure of the Administrative Agent or such Lender to make an entry, or any finding that an entry is incorrect, in the Register or such account or accounts shall not limit or otherwise affect the obligations of the Borrower under this Agreement.

Section 2.20. Additional Interest on Eurodollar Rate Advances.

The Borrower shall pay to each Lender Party, so long as such Lender Party shall be required under regulations of the FRB to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency Liabilities, additional interest on the unpaid principal amount of each Eurodollar Rate Advance of such Lender Party, from the date of such Advance until such principal amount is paid in full, at an interest rate per annum equal at all times to the

remainder obtained by subtracting (i) the Eurodollar Rate for the Interest Period for such Advance from (ii) the rate obtained by dividing such Eurodollar Rate by a percentage equal to 100% minus the Eurodollar Rate Reserve Percentage of such Lender for such Interest Period, payable on each date on which interest is payable on such Advance. Such additional interest shall be determined by such Lender Party and notified to the Borrower through the Administrative Agent.

Section 2.21. Presentation of Claims; Certificates.

Each Lender Party will, within 180 days after obtaining knowledge of any event occurring after the date hereof, which would entitle such Lender Party to compensation pursuant to Section 2.11, 2.12, 2.14 or 2.20 (each a "Triggering Event"), notify the Borrower and the Administrative Agent of such Triggering Event. Notwithstanding any other provision of this Agreement, no Lender Party shall be entitled to any compensation pursuant to any such section in respect of any Triggering Event (a) for any period of time in excess of 180 days prior to such notice or (b) for any period prior to such notice if such Lender Party shall not have given notice within 180 days of the date such Triggering Event shall have been enacted, promulgated, adopted or issued in definitive final form, except to the extent such Triggering Event is retroactive. Any Lender Party claiming reimbursement or compensation under any such Section shall deliver to the Borrower, with a copy to the Administrative Agent, a certificate setting forth in reasonable detail such claimed amount and such certificate shall be conclusive and binding for all purposes, absent manifest error.

ARTICLE III

CONDITIONS TO EFFECTIVENESS AND LENDING

Section 3.01. Conditions Precedent to Effectiveness of Section 2.01.

Section 2.01 of this Agreement shall become effective on and as of the first date (the "Effective Date") on which the following conditions precedent have been satisfied:

(a) There shall have occurred no Material Adverse Change since September 27, 1998.

(b) There shall exist no action, suit, investigation, litigation or proceeding affecting the Borrower or any of its Subsidiaries pending or threatened before any court, governmental agency or arbitrator that (i) would be reasonably likely to have a Material Adverse Effect or (ii) purports to affect the legality, validity or enforceability of any Loan Document or the consummation of the transactions contemplated hereby.

(c) All governmental and third party consents and approvals necessary in connection with the transactions contemplated hereby shall have been obtained (without the imposition of any conditions that are not acceptable to the Initial Lenders) and shall remain in effect, and no law or regulation shall be applicable in the reasonable judgment of the Initial Lenders that restrains, prevents or imposes materially adverse conditions upon the transactions contemplated hereby.

(d) The Borrower shall have notified each Initial Lender and each Agent in writing as to the proposed Effective Date.

(e) The Borrower shall have paid all accrued fees of the Agents, Lead Arrangers and Lender Parties and the accrued fees and expenses of counsel to the Agents.

(f) On the Effective Date, the following statements shall be true and the Documentation Agent shall have received for the benefit of each Lender Party a certificate signed by a duly authorized officer of the Borrower, dated the Effective Date, stating that:

(i) The representations and warranties contained in Section 4.01 are correct on and as of the Effective Date, and

(ii) No event has occurred and is continuing that constitutes a Default.

(g) The Agents shall have received on or before the Effective Date the following, each dated such day, in form and substance satisfactory to the Agents and (except for the Notes, if any) in sufficient copies for each of the Initial Lenders:

(i) The Notes, if any, to the order of the Initial Lenders that have requested Notes, respectively.

(ii) Certified copies of the resolutions of the Board of Directors of the Borrower approving each Loan Document, and of the certificate of incorporation and the bylaws of the Borrower and of all documents evidencing other necessary corporate action and governmental approvals, if any, with respect to the Loan Documents.

(iii) A certificate of the Secretary or an Assistant Secretary of the Borrower certifying the names and true signatures of the officers of the Borrower authorized to sign the Loan Documents and the other documents to be delivered hereunder.

(iv) Certified copies of the Related Documents.

(v) A favorable opinion of Cooley Godward LLP, counsel for the Borrower, substantially in the form of Exhibit D hereto and as to such other matters as any Initial Lenders through the Documentation Agent may reasonably request.

(vi) A favorable opinion of Morrison & Foerster, counsel for the Administrative Agent, in form and substance satisfactory to the Agents.

(vii) Evidence that all conditions to the effectiveness of the First Amendment to the Existing Credit Agreement have occurred.

Section 3.02. Conditions Precedent to Each Borrowing.

The obligation of each Lender Party to make an Advance on the occasion of each Borrowing (including the initial Borrowing) shall be subject to the conditions precedent that the Effective Date shall have occurred and on the date of such Borrowing (a) the following

statements shall be true (and each of the giving of the applicable Notice of Borrowing and the acceptance by the Borrower of the proceeds of such Borrowing shall constitute a representation and warranty by the Borrower that both on the date of such notice and on the date of such Borrowing such statements are true):

(i) the representations and warranties contained in Section 4.01 are correct on and as of such date, before and after giving effect to such Borrowing and to the application of the proceeds therefrom, as though made on and as of such date other than any such representations or warranties that, by their terms, refer to a specific date other than the date of the Borrowing, in which case as of a such specific date, and

(ii) no event has occurred and is continuing, or would result from such Borrowing or from the application of the proceeds therefrom, that constitutes a Default;

and (b) the Administrative Agent shall have received such other approvals, opinions or documents as to material matters (in the reasonable determination of

the Administrative Agent) as any Lender Party through the Administrative Agent may reasonably request.

Section 3.03. Determinations Under Section 3.01.

For purposes of determining compliance with the conditions specified in Section 3.01, each Lender Party shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to the Lender Parties unless an officer of the Documentation Agent responsible for the transactions contemplated by this Agreement shall have received notice from such Lender Party prior to the date that the Borrower, by notice to the Lender Parties, designates as the proposed Effective Date, specifying its objection thereto. The Documentation Agent shall promptly notify the Lender Parties of the occurrence of the Effective Date.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

Section 4.01. Representations and Warranties of the Borrower.

The Borrower represents and warrants as follows:

(a) The Borrower is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite corporate power and authority (including, without limitation, all governmental licenses, permits and other approvals and all intellectual property) to own or lease and operate its properties and to carry on its business as now conducted and as proposed to be conducted.

(b)(i) Set forth on Schedule 4.01(b) hereto is a complete and accurate list of all Restricted Subsidiaries and Unrestricted Subsidiaries of the Borrower, showing as of the date of the Existing Credit Agreement (as to each such Restricted Subsidiary and each such Unrestricted Subsidiary), the jurisdiction of its incorporation or organization and the percentage of the

outstanding shares (or other ownership interest, as applicable) owned (directly or indirectly) by the Borrower as of such date.

(i) Each Subsidiary of the Borrower (x) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and (y) has all requisite power and authority (including, without limitation, all governmental licenses, permits and other approvals) to own or lease and operate its properties and to carry on its business as now conducted and as proposed to be conducted.

(c) The execution, delivery and performance by the Borrower of this Agreement and each other Loan Document, and the consummation of the transactions contemplated hereby, are within the Borrower's corporate powers, have been duly authorized by all necessary corporate action, and do not contravene (i) the Borrower's charter or by-laws or (ii) law or any contractual restriction binding on or affecting the Borrower.

(d) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or any other third party is required for the due execution, delivery and performance by the Borrower of this Agreement or any other Loan Document, except for those authorizations, approvals, actions, notices and filings listed on Schedule 4.01(d) hereto, all of which have been duly obtained, taken, given or made and are in full force and effect.

(e) This Agreement has been, and each other Loan Document when delivered hereunder will have been, duly executed and delivered by the Borrower. This Agreement is, and each other Loan Document when delivered hereunder will be, the legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with their respective terms except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally.

(f) The Consolidated balance sheet of the Borrower and its Subsidiaries as at September 27, 1998, and the related Consolidated statements of income and cash flows of the Borrower and its Subsidiaries for the fiscal year then ended, accompanied by an opinion of Price Waterhouse LLP, independent public accountants, duly certified by the chief financial officer of the Borrower, together with a certificate of said officer stating that such information is accurate and correct in all material respects, copies of which have been furnished to each Lender Party, fairly present the Consolidated financial

condition of the Borrower and its Subsidiaries as at such date and the Consolidated results of the operations of the Borrower and its Subsidiaries for the period ended on such date, all in accordance with generally accepted accounting principles consistently applied. Since September 27, 1998, there has been no Material Adverse Change.

(g) There is no pending action, suit, investigation, litigation or proceeding against or, to the best of the Borrower's knowledge, otherwise affecting the Borrower or any of its Subsidiaries or, to the best of the Borrower's knowledge, threatened action, suit, investigation, litigation or proceeding affecting the Borrower of any of its Subsidiaries, including without limitation, any Environmental Action, before any court, governmental agency or arbitrator that (i) would be reasonably likely to have a Material Adverse Effect or (ii) purports to affect the

legality, validity or enforceability of this Agreement or any other Loan Document or the consummation of the transactions contemplated hereby.

(h) The Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System), and no proceeds of any Advance will be used to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock.

(i) No ERISA Event has occurred or is reasonably expected to occur with respect to any Plan.

(j) As of the last annual actuarial valuation date, the funded current liability percentage, as defined in Section 302(d)(8) of ERISA, of each Plan exceeds 90% and there has been no material adverse change in the funding status of any such Plan since such date.

(k) Neither the Borrower nor any ERISA Affiliate has incurred or is reasonably expected to incur any Withdrawal Liability to any Multiemployer Plan.

(l) Neither the Borrower nor any ERISA Affiliate has been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or has been terminated, within the meaning of Title IV of ERISA, and no such Multiemployer Plan is reasonably expected to be in reorganization or to be terminated, within the meaning of Title IV of ERISA.

(m) Except as set forth in the financial statements referred to in this Section 4.01 and in Section 5.03, the Borrower and its Subsidiaries have no material liability with respect to "expected post retirement benefit obligations" within the meaning of Statement of Financial Accounting Standards No. 106.

(n)(i) Except where it would not be reasonably likely to result in a Material Adverse Effect, the operations and properties of the Borrower and each of its Subsidiaries comply in all material respects with all applicable Environmental Laws and Environmental Permits, all past non-compliance with such Environmental Laws and Environmental Permits has been resolved without ongoing obligations or costs, and no circumstances exist that would be reasonably likely to (A) form the basis of an Environmental Action against the Borrower or any of its Subsidiaries or any of their properties that could have a Material Adverse Effect or (B) cause any such property to be subject to any restrictions on ownership, occupancy, use or transferability under any Environmental Law that could have a Material Adverse Effect.

(i) None of the properties currently or, to the best of the Borrower's knowledge, formerly owned or operated by the Borrower or any of its Subsidiaries is listed or proposed for listing on the National Priorities List under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("NPL") or on the Comprehensive Environmental Response, Compensation and Liability Information System maintained by the U.S. Environmental Protection Agency ("CERCLIS") or any analogous foreign, state or local list or, to the best knowledge of the Borrower, is adjacent to any such property; there are no and never have been any underground or aboveground storage tanks or any surface impoundments, septic tanks, pits, sumps or lagoons in which

Hazardous Materials are being or have been treated, stored or disposed of on any property currently owned or operated by the Borrower or any of

its Subsidiaries or, to the best of its knowledge, on any property formerly owned or operated by the Borrower or any of its Subsidiaries that would be reasonably likely to result in a Material Adverse Effect; there is no asbestos or asbestos-containing material on any property currently owned or operated by the Borrower or any of its Subsidiaries that would be reasonably likely to result in a Material Adverse Effect; and Hazardous Materials have not been released, discharged or disposed of on any property currently or, to the best of the Borrower's knowledge, formerly owned or operated by the Borrower or any of its Subsidiaries or, to the best of its knowledge, any adjoining property that would be reasonably likely to result in a Material Adverse Effect.

(ii) Neither the Borrower nor any of its Subsidiaries is undertaking, and has not completed, either individually or together with other potentially responsible parties, any investigation or assessment or remedial or response action relating to any actual or threatened release, discharge or disposal of Hazardous Materials at any site, location or operation, either voluntarily or pursuant to the order of any governmental or regulatory authority or the requirements of any Environmental Law that would be reasonably likely to result in a Material Adverse Effect; and all Hazardous Materials generated, used, treated, handled or stored at or transported to or from any property currently or, to the best of the Borrower's knowledge, formerly owned or operated by the Borrower or any of its Subsidiaries have been disposed of in a manner not reasonably expected to result in a Material Adverse Effect.

(o) The Borrower and each of its Restricted Subsidiaries is in compliance, in all material respects, with all applicable laws, rules, regulations and orders and all agreements or instruments evidencing Debt and other material agreements, in each case by which any of them or their properties is bound except in any case where the failure to so comply, either individually or in the aggregate, would not be reasonably likely to have a Material Adverse Effect.

(p) Neither the Borrower nor any of its Subsidiaries is an "investment company", an "affiliated person" of an "investment company", or a "promoter" or "principal underwriter" for an "investment company", as such terms are defined the Investment Company Act of 1940, as amended. Neither the making of any Advances nor the application of the proceeds therefrom or repayment thereof by the Borrower, nor the consummation of the transactions contemplated hereby, will violate any provision of such Act or any rule, regulation or order of the SEC thereunder.

(q) There are no Liens of any nature whatsoever on any properties of the Borrower or any of its Restricted Subsidiaries other than Liens permitted under Section 5.02(a).

(r) The Borrower and each of its Subsidiaries have filed, have caused to be filed or have been included in all tax returns (federal, state, local and foreign) that are, to the best of the Borrower's knowledge after undertaking due diligence and inquiry in any jurisdiction in which the Borrower has reason to believe it may be currently subject to taxation (it being understood that the Borrower and its Restricted Subsidiaries are under an absolute obligation to undertake such due diligence and inquiry in each such jurisdiction), required to be filed or, in the case of

income taxes, that are similarly required to be filed and where the failure to do so would cause the imposition of a penalty or interest, and in each case have paid all taxes shown thereon to be due, together with applicable interest and penalties.

(s) Set forth on Schedule 4.01(s) hereto is a complete and accurate list, as of the date of the Existing Credit Agreement, of all issued patents, trademarks, trade names, parties to CDMA license agreements, registered service marks and registered copyrights of the Borrower and each of its Subsidiaries, showing as of the date of the Existing Credit Agreement, the U.S. registration numbers where applicable.

(t) Set forth on Schedule 4.01(t) hereto is a complete and accurate list, as of the date of the Existing Credit Agreement, of all real property owned or leased by the Borrower or any of its Restricted Subsidiaries with a book value of $1 million or more or, where no book value is available, with an annual rent greater than $500,000, in each case, showing as of the date of the Existing Credit Agreement the street address, county or other relevant jurisdiction or state, and with respect to any lease, the lessor, lessee, expiration date and annual rental cost thereof. Each such lease is the legal, valid and binding obligation of the lessor thereof, enforceable in accordance with its terms.

(u) Set forth on Schedule 4.01(u) hereto is a complete and accurate list as of the date of the Existing Credit Agreement of all categories of Existing Debt and each individual item of Existing Debt that has a stated value of $5 million or more and, in each case, the amount thereof.

(v) Set forth on Schedule 4.01(v) hereto is a complete and accurate list of all equity capital Investments of the Borrower and its Restricted Subsidiaries as of the date of the Existing Credit Agreement.

(w) Year 2000 Readiness Disclosure. The Borrower and its Restricted Subsidiaries have developed and budgeted for a comprehensive program that the Borrower believes addresses adequately the "Year 2000 problem" (that is, the inability of computers, as well as embedded microchips in non-computing devices, to perform properly date-sensitive functions with respect to certain dates prior to and after December 31, 1999). Based upon such program and the Borrower's review of the Year 2000 problem performed to date, the Borrower believes that (1) the Borrower and its Restricted Subsidiaries will substantially avoid the Year 2000 problem as to all computers, as well as embedded microchips in non-computing devices, that are material to the Borrower's and its Restricted Subsidiaries' business, properties or operations taken as a whole and (2) the failure of its (or its Restricted Subsidiaries') own or a third party's systems or equipment due to the Year 2000 problem, including those of vendors, customers, and suppliers, as well as a general failure of or interruption in its communications and delivery infrastructure, will not have a Material Adverse Effect.

ARTICLE V

COVENANTS OF THE BORROWER

Section 5.01. Affirmative Covenants.

So long as any Advance shall remain unpaid or any Lender Party shall have any Commitment hereunder, the Borrower will:

(a) Compliance with Laws, Etc. Comply, and cause each of its Restricted Subsidiaries to comply, in all material respects, with all applicable laws, rules, regulations and orders, such compliance to include, without limitation, compliance with ERISA and Environmental Laws as provided in Section 5.01(j).

(b) Payment of Taxes, Etc. Pay and discharge, and cause each of its Restricted Subsidiaries to pay and discharge, before the same shall become delinquent, any and all amounts that either on an individual basis or in the aggregate equal or exceed $50,000 and that are attributable to (i) all taxes, assessments and governmental charges or levies imposed upon it or upon its property and (ii) all lawful claims that, if unpaid, might by law become a Lien upon its property; provided, however, that neither the Borrower nor any of its Restricted Subsidiaries shall be required to pay or discharge any such tax, assessment, charge or claim that is being contested in good faith and by proper proceedings and as to which appropriate reserves are being maintained, unless and until any Lien resulting therefrom attaches to its property and becomes enforceable against its other creditors.

(c) Maintenance of Insurance. Maintain, and cause each of its Restricted Subsidiaries to maintain, insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which the Borrower or such Restricted Subsidiary operates.

(d) Preservation of Corporate Existence, Etc. Preserve and maintain, and cause each of its Restricted Subsidiaries to preserve and maintain, its corporate existence, rights (charter and statutory) and franchises; provided, however, that the Borrower and its Restricted Subsidiaries may consummate any merger or consolidation permitted under Section 5.02(b) and provided further that neither the Borrower nor any of its Restricted Subsidiaries shall be required to preserve any right or franchise if the Board of Directors of the Borrower or such Subsidiary shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Borrower or such Restricted Subsidiary, as the case may be, and that the loss thereof is not disadvantageous in any material respect to the Borrower and the Restricted Subsidiaries taken as a whole or the Lender Parties.

(e) Visitation Rights. At any reasonable time and from time to time, but in all cases during the Borrower's normal business hours and upon reasonable notice, permit any Agent or any of the Lender Parties or any agents or representatives thereof, to examine and make copies of and abstracts from the

records and books of account of, and visit the properties of, the Borrower and any of its Restricted Subsidiaries, and to discuss the affairs, finances and accounts of the

Borrower and any of its Restricted Subsidiaries with any of their Responsible Officers and, upon 5 Business Days' notice to a Responsible Officer, any of the officers of the Borrower or its Restricted Subsidiaries and with their independent certified public accountants as may reasonably be necessary to discuss the affairs, finances and accounts of the Borrower and any of its Restricted Subsidiaries.

(f) Keeping of Books. Keep, and cause each of its Restricted Subsidiaries to keep, proper books of record and account, in which full and correct entries shall be made of all financial transactions and the assets and business of the Borrower and each such Restricted Subsidiary in accordance with generally accepted accounting principles in effect from time to time.

(g) Maintenance of Properties, Etc. Maintain and preserve, and cause each of its Restricted Subsidiaries to maintain and preserve, all of its properties that are used or useful in the conduct of its business in good working order and condition, ordinary wear and tear excepted.

(h) Transactions with Affiliates. Conduct, and cause each of its Restricted Subsidiaries to conduct, all transactions otherwise permitted under this Agreement with any of their Affiliates on terms that are fair and reasonable and no less favorable to the Borrower or such Restricted Subsidiary than it would obtain in a comparable arm's-length transaction with a Person not an Affiliate (it being understood that for purposes of this clause (h), an "arm's-length transaction" includes a transaction which is (A) commercially reasonable, (B) conducted in the ordinary course of business of such Borrower or such Restricted Subsidiary and (C) consistent with past business practices of such Borrower or such Restricted Subsidiaries).

(i) Reporting Requirements. Furnish to the Administrative Agent for distribution promptly to the Lender Parties:

(i) as soon as available and in any event within 50 days after the end of each of the first three quarters of each fiscal year, a Consolidated balance sheet of the Borrower and its Restricted Subsidiaries as of the end of such quarter and Consolidated statements of income and cash flows of the Borrower and its Restricted Subsidiaries for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, duly certified (subject to year-end audit adjustments) by a Responsible Officer of the Borrower as having been prepared in accordance with generally accepted accounting principles and a certificate of the chief financial officer of the Borrower (in the form of Exhibit E hereto) as to compliance with the terms of this Agreement and setting forth in reasonable detail the calculations necessary to demonstrate compliance with Section 5.03, provided that, in the event of any change in GAAP used in the preparation of such financial statements, the Borrower shall also provide, if necessary for the determination of compliance with Section 5.03, a statement of reconciliation conforming such financial statements to GAAP;

(ii) as soon as available and in any event within 100 days after the end of each fiscal year, a copy of the audited annual report for such year for the Borrower and its Consolidated Subsidiaries, and a Consolidated balance sheet of the Borrower and its Restricted Subsidiaries as of the end of such fiscal year and Consolidated statements of

income and cash flows of the Borrower and its Restricted Subsidiaries for such fiscal year, and, in the case of the audited annual report, accompanied by an unqualified opinion by Price Waterhouse LLP or other independent public accountants acceptable to the Required Lenders, together with a certificate of a Responsible Officer of the Borrower (in the form of Exhibit E hereto) as to compliance with the terms of this Agreement and setting forth in reasonable detail the calculations necessary to demonstrate compliance with Section 5.03 provided that, in the event of any change in GAAP used in the preparation of such financial statements, the Borrower shall also provide, if necessary for the determination of compliance with Section 5.03, a statement of

reconciliation conforming such financial statements to GAAP;

(iii) as soon as available and in any event no later than 90 days after the end of each fiscal year, forecasts prepared by management of the Borrower, in form satisfactory to the Administrative Agent, of balance sheets, income statements and cash flow statements of the Borrower and its Restricted Subsidiaries on a quarterly basis for the fiscal year following such fiscal year then ended and on an annual basis for each fiscal year thereafter until the Termination Date;

(iv) within five days after the Borrower knows or should know of the occurrence of each Default continuing on the date of such statement, a statement of the chief financial officer of the Borrower setting forth details of such Default and the action that the Borrower has taken and proposes to take with respect thereto;

(v) promptly after the filing thereof, copies of all material reports and registration statements that the Borrower or any Subsidiary files with the Securities and Exchange Commission;

(vi) promptly after the commencement thereof, notice of all actions and proceedings before any court, governmental agency or arbitrator affecting the Borrower or any of its Restricted Subsidiaries of the type described in Section 4.01(g);

(vii) (A) promptly and in any event within 20 days after the Borrower or any ERISA Affiliate knows or has reason to know that any ERISA Event has occurred, a statement of a Responsible Officer of the Borrower describing such ERISA Event and the action, if any, that the Borrower or such ERISA Affiliate has taken and proposes to take with respect thereto and (B) on the date any records, documents or other information must be furnished to the PBGC with respect to any Plan pursuant to Section 4010 of ERISA, a copy of such records, documents and information;

(viii) promptly and in any event within three Business Days after receipt thereof by the Borrower or any ERISA Affiliate, copies of each notice from the PBGC stating its intention to terminate any Plan or to have a trustee appointed to administer any Plan;

(ix) promptly and in any event within 30 days after the receipt thereof by the Borrower or any ERISA Affiliate, a copy of the annual actuarial report for each Plan the funded current liability percentage (as defined in Section 302(d)(8) of ERISA) of which is less than 90% or the unfunded current liability of which exceeds $5,000,000;

(x) promptly and in any event within five Business Days after receipt thereof by the Borrower or any ERISA Affiliate from the sponsor of a Multiemployer Plan, copies of each notice concerning (A) the imposition of Withdrawal Liability by any such Multiemployer Plan, (B) the reorganization or termination, within the meaning of Title IV of ERISA, of any such Multiemployer Plan or (C) the amount of liability incurred, or that may be incurred, by the Borrower or any ERISA Affiliate in connection with any event described in clause (A) or (B);

(xi) promptly after the assertion or occurrence thereof, notice of any Environmental Action against or of any noncompliance by the Borrower or any of its Subsidiaries with any Environmental Law or Environmental Permit that could reasonably be expected to have a Material Adverse Effect;

(xii) promptly after the occurrence thereof, notice of any change in the Public Debt Rating of the Borrower; and

(xiii) such other information respecting the Borrower or any of its Subsidiaries as any Lender Party through the Administrative Agent may from time to time reasonably request.

(j) Compliance with Environmental Laws. Comply, and cause each of its Restricted Subsidiaries and all lessees and other Persons operating or occupying its properties to comply, in all material respects, with all applicable Environmental Laws and Environmental Permits; obtain and renew and cause each of its Restricted Subsidiaries to obtain and renew all material Environmental Permits necessary for its operations and properties; and conduct, and cause each of its Restricted Subsidiaries to conduct, any investigation, study, sampling and testing, and undertake any cleanup, removal, remedial or other action necessary to remove and clean up all Hazardous Materials from any of its properties, in accordance with the requirements of all Environmental Laws that would be reasonably likely to have a Material Adverse Effect; provided, however,

that neither the Borrower nor any of its Restricted Subsidiaries shall be required to undertake any such cleanup, removal, remedial or other action to the extent that its obligation to do so is being contested in good faith and by proper proceedings and appropriate reserves are being maintained with respect to such circumstances.

Section 5.02. Negative Covenants.

So long as any Advance shall remain unpaid or any Lender Party shall have any Commitment hereunder, the Borrower will not:

(a) Liens, Etc. Create, incur, assume or suffer to exist, or permit any of its Restricted Subsidiaries to create, incur, assume or suffer to exist, any Lien on or with respect to any of its properties, whether now owned or hereafter acquired, or assign, or permit any of its Restricted Subsidiaries to assign, any right to receive income, other than:

(i) Permitted Liens;

(ii) purchase money Liens (including mortgages) upon or in any real property or equipment acquired or held by the Borrower or any Restricted Subsidiary in the

ordinary course of business to secure the purchase price of such property or equipment or inventory or to secure Debt incurred solely for the purpose of financing the acquisition of such property or equipment or inventory, or Liens existing on such property or equipment at the time of its acquisition (other than any such Liens created in contemplation of such acquisition that were not incurred to finance the acquisition of such property or equipment or inventory) or extensions, renewals or replacements of any of the foregoing for the same or a lesser amount; provided, however, that no such Lien shall extend to or cover any properties of any character other than the real property or equipment or inventory being acquired, and no such extension, renewal or replacement shall extend to or cover any properties not theretofore subject to the Lien being extended, renewed or replaced;

(iii) the Liens existing on the Effective Date (as defined in the Existing Credit Agreement) and described on Schedule 5.02(a) hereto and Liens arising after the Effective Date (as defined in the Existing Credit Agreement) and permitted under Section 5.02(a)(i)-(vi) and (viii)-(x) thereof and existing on the Effective Date hereof;

(iv) Liens on property of a Person existing at the time such Person is merged into or consolidated with the Borrower or any Restricted Subsidiary of the Borrower or becomes a Restricted Subsidiary of the Borrower; provided that such Liens are otherwise permitted under this Section 5.02(a) and were not created in contemplation of such merger, consolidation or acquisition and do not extend to any assets other than those of the Person so merged into or consolidated with the Borrower or such Restricted Subsidiary or acquired by the Borrower or such Restricted Subsidiary;

(v) Liens arising in connection with Capitalized Leases; provided that no Lien shall extend to or cover any assets other than the assets subject to such Capitalized Leases;

(vi) Liens on rights to receive payment owing under Vendor Loans, accounts receivable, royalty payments under license agreements arising solely in connection with the financing, sale or other disposition of such Vendor Loans, accounts receivable or royalty payments under license agreements pursuant to Section 5.02(e)(v);

(vii) Liens on cash and Cash Equivalents in an aggregate amount at any time outstanding not to exceed the greater of (A) $150,000,000 and (B) 35% of all cash and Cash Equivalents held by the Borrower and its Restricted Subsidiaries in U.S. deposit or investment accounts, securing Debt permitted under Section 5.02(d)(i)(B) or (iii)(B);

(viii) the replacement, extension or renewal of any Lien permitted by clause (iii) above upon or in the same property theretofore subject thereto or the replacement, extension or renewal (without increase in the amount or change in any direct or contingent obligor) of the Debt secured thereby;

(ix) Liens on equity interests, partnership interests or other similar ownership interests owned or otherwise held by the Borrower or its Restricted Subsidiaries in

connection with the Borrower's or its Restricted Subsidiaries' Investments in the telecommunications business; and

(x) Liens consisting of mortgages on real property as security for the repayment of Debt incurred by the Borrower or its Restricted Subsidiaries as permitted hereunder.

(b) Mergers, Etc. Merge or consolidate with or into any Person, or permit any of its Restricted Subsidiaries to do so, except that (i) any Restricted Subsidiary of the Borrower may merge or consolidate with or into any other Restricted Subsidiary of the Borrower, (ii) any Restricted Subsidiary of the Borrower may merge into the Borrower so long as the Borrower is the surviving entity, (iii) the Borrower may merge with any other Person so long as the Borrower is the surviving corporation, (iv) any Restricted Subsidiary may merge with any other Person so long as the Restricted Subsidiary is the surviving Person and (v) any Restricted Subsidiary may merge into another Person solely for the purpose of effecting a sale, transfer or other disposition of assets permitted under Section 5.02(e)(vii); provided, however, that, in each case, (i) no Default shall have occurred and be continuing at the time of such proposed transaction or would result therefrom, (ii) the Borrower shall be in pro forma compliance (calculated based on the historical financial statements most recently furnished or required to be furnished pursuant to Section 5.01(i)) with the covenants set forth in Section 5.03) and (iii) the Borrower shall have furnished to the Administrative Agent a Compliance Certificate.

(c) Accounting Changes. Make or permit, or permit any of its Restricted Subsidiaries to make or permit, any change in accounting policies or reporting practices, except as required or permitted by generally accepted accounting principles; provided, however, that in the event the Borrower or any of its Restricted Subsidiaries makes any such change in their respective accounting policies or reporting practices as permitted hereunder, the Borrower shall promptly notify the Administrative Agent of any change that is material on an individual basis or, when aggregated with any other change or changes, is material, in each case, in reasonable detail.

(d) Debt. Create, incur, assume or suffer to exist, or permit any of its Restricted Subsidiaries to create, incur, assume or suffer to exist, any Debt other than:

(i) in the case of the Borrower,

(A) Debt under the Loan Documents,

(B) Permitted Debt, provided, that immediately before and after giving effect thereto, (I) no Default shall have occurred and be continuing and (II) the Borrower shall be in pro forma compliance (calculated based on the historical financial statements most recently furnished or required to be furnished pursuant to Section 5.01(i)) with the covenants set forth in Section 5.03,

(C) Debt in respect of Hedge Agreements not entered into for speculative purposes and designed to hedge against fluctuation in interest rates or foreign exchange rates incurred in the ordinary course of business and consistent with prudent business practice,

(D) additional unsecured Debt (other than Debt of the type described in clause (j) of the definition of "Debt"), provided that at the time such Debt is incurred, (I) no Default shall have occurred and be continuing before or after giving effect to the incurrence of such Debt, (II) either (x) the maturity thereof is at least one year after the Termination Date in effect at the time of the incurrence of such Debt and any amortization thereof shall commence no earlier than such Termination Date, or (y) such Debt is incurred pursuant to the Existing Credit Agreement and the Loan Documents (as defined in the Existing Credit Agreement) and (III) the Borrower shall be in pro forma compliance (calculated based on historical financial statements most recently furnished or required to be furnished pursuant to Section 5.01(i)) with the covenants set forth in Section 5.03, and

(E) other unsecured Debt maturing prior to one year after the Termination Date incurred in the ordinary course of business aggregating not more than $15,000,000 at any time outstanding, provided, that immediately before and after giving effect thereto, (I) no Default shall

have occurred and be continuing and (II) the Borrower shall be in pro forma compliance (calculated based on the historical financial statements most recently furnished or required to be furnished pursuant to Section 5.01(i)) with the covenants set forth in Section 5.03;

(ii) in the case of the Borrower and its Restricted Subsidiaries,

(A) Capitalized Leases (including in connection with sale-leaseback transactions) secured by Liens permitted by Section 5.02(a)(v) and Debt secured by Liens permitted by Section 5.02(a)(ii) and (x), provided that at the time such Debt is incurred, (i) no Default shall have occurred and be continuing before or after giving effect to the incurrence of such Debt and (ii) the Borrower shall be in pro forma compliance (calculated based on historical financial statements most recently furnished or required to be furnished pursuant to Section 5.01(i)) with the covenants set forth in Section 5.03,

(B) indorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business,

(C) Debt incurred in connection with the sale, transfer or other disposition of Vendor Loans, accounts receivable or royalty payments under license agreements pursuant to Section 5.02(e)(v); provided that (i) no Default shall have occurred and be continuing before or after giving effect to the incurrence of such Debt and (ii) the Borrower shall be in pro forma compliance (calculated based on historical financial statements, most recently furnished or required to be furnished pursuant to Section 5.01(i)) with the covenants set forth in Section 5.03),

(D) Debt existing on the Effective Date (as defined in the Existing Credit Agreement) and described on Schedule 4.01(u) hereto and Debt incurred after the Effective Date (as defined in the Existing Credit Agreement) and permitted under Section 5.02(d)(i)(A)-(D), (d)(ii), and (d)(iii)(A) thereof and existing on the

Effective Date hereof, and any Debt extending the maturity of, or refunding or refinancing, in whole or in part, such Debt, provided that the principal amount of such Debt shall not be increased above the principal amount thereof outstanding immediately prior to such extension, refunding or refinancing, and the direct and contingent obligors therefor shall not be changed, as a result of or in connection with such extension, refunding or refinancing, and

(E) Debt consisting of any Investments permitted under Sections 5.02(g)(vi), (vii), (viii), (ix) and (x); provided, however, (i) no Default exists before or after giving effect to the incurrence of such Debt and (ii) the Borrower shall be in pro forma compliance (calculated based on historical financial statements, most recently furnished or required to be furnished pursuant to Section 5.01(i)) with the covenants set forth in Section 5.03; and

(iii) in the case of the Borrower's Restricted Subsidiaries,

(A) Debt owed to the Borrower or to a wholly owned Restricted Subsidiary of the Borrower, and

(B) additional Debt (other than Debt secured by capital stock of the Borrower or any of its Restricted Subsidiaries) aggregating not more than $50,000,000 outstanding at any time; provided that at the time such Debt is incurred, (i) no Default shall have occurred and be continuing before or after giving effect to the incurrence of such Debt, (ii) the Borrower shall be in pro forma compliance (calculated based on historical financial statements most recently furnished or required to be furnished pursuant to Section 5.01(i)) with the covenants set forth in Section 5.03 and (iii) the terms relating to principal amount, amortization, maturity, collateral (if any) and subordination (if any), and other material terms taken as a whole, of such Debt and of any agreement entered into and of any instrument issued in connection therewith are no less favorable in any material respect to the Borrower or the Lender Parties than the terms and conditions of this Agreement.

(e) Sales, Etc. of Assets. Sell, lease, transfer or otherwise dispose of, or permit any of its Restricted Subsidiaries to sell, lease, transfer or otherwise dispose of, any assets, or grant any option or other right to purchase, lease or otherwise acquire any assets except:

(i) sales of inventory in the ordinary course of its business;

(ii) in a transaction authorized by Section 5.02(b) hereunder;

(iii) sales, leases, transfers or other dispositions of assets (A) from the Borrower to any Restricted Subsidiary for fair value and (B) from any Restricted Subsidiary to the Borrower for fair value and (C) from the Borrower or any Restricted Subsidiary to any Unrestricted Subsidiary for cash and for fair value;

(iv) sales, leases, transfers or other dispositions of assets and properties of the Borrower or any of its Restricted Subsidiaries in connection with sale-leaseback transactions otherwise permitted hereunder;

(v) (A) the non-recourse (except as otherwise hereunder permitted) sale, transfer or other disposition of Vendor Loans for cash and for fair value in the ordinary course of business of the Borrower and its Restricted Subsidiaries, (B) the non-recourse sale of international accounts receivable for cash and for fair value in the ordinary course of business of the Borrower and its Restricted Subsidiaries and (C) the non-recourse financing, sale or other disposition of royalty payments under license agreements in the ordinary course of business of the Borrower and its Restricted Subsidiaries solely in connection with securitizations in an aggregate amount under this subclause (C) not to exceed 50% of the net present value of the aggregate amount of royalty payments arising under all license agreements of the Borrower and its Restricted Subsidiaries (the calculation thereof to be determined in good faith by the Borrower using commercially reasonable assumptions);

(vi) sales, transfers or other dispositions of Investments permitted under Sections 5.02(g)(iii), (v), (vii), (viii), (ix) and (x);

(vii) in addition to the foregoing items, sales, leases, transfers or other dispositions of assets for fair value, provided that at least 75% of the proceeds of such sales, leases, transfers or other dispositions shall be for cash, provided that the -------- aggregate amount of such assets sold in any fiscal year: (x) shall not exceed 25% of Total Tangible Assets calculated as at the end of the fiscal year then most recently ended and (y) shall not have generated more than 25% of the Consolidated EBITDA of the Borrower and its Restricted Subsidiaries for the fiscal year then most recently ended;

(viii) any sale, transfer or disposition of capital assets of the Borrower or any Restricted Subsidiaries to the extent such sale constitutes the sale of obsolete or worn out property or such property which is no longer required in the operation of the Borrower's or its Restricted Subsidiaries' businesses, any liquidation sales of any discontinued, discounted or obsolete inventory; and

(ix) sales, leases, transfers or other dispositions of assets of the Borrower or any of its Restricted Subsidiaries to joint ventures permitted under Section 5.02(g)(vii) for reasonably equivalent value;

provided, however, that with respect to clauses (ii), (iii)(B) and (C), (iv), (v), (vi) and (vii) above: (A) any such sale, lease, transfer or other disposition of such asset shall be for fair value, determined in good faith by the Borrower; and (B) immediately after giving effect thereto, the Borrower shall be in pro forma compliance (calculated based on historical financial statements most recently furnished or required to be furnished pursuant to Section 5.01(i)) with the covenants set forth in Section 5.03.

(f) Dividends, Etc. Declare or make any dividend payment or other distribution of assets, properties, cash, rights, obligations or securities on account of any shares of any class of

capital stock of the Borrower, or purchase, redeem or otherwise acquire for value (or permit any of its Subsidiaries to do so) any shares of any class of capital stock of the Borrower or any warrants, rights or options to acquire any such shares, now or hereafter outstanding, except that, so long as no Default shall have occurred and be continuing at the time of any action described below or would result therefrom, the Borrower may:

(i) purchase, redeem or otherwise acquire shares of its

preferred stock issued pursuant to the Preferred Share Purchase Rights Plan or the Trust Convertible Preferred Securities, rights or options to acquire any such shares or Trust Convertible Preferred Securities with the proceeds received from the substantially concurrent issue of new shares of its capital stock or Debt incurred in pursuant to Section 5.02(d)(i)(D); provided, however, that (A) the issuance and sale of any such capital stock would not materially impair the rights or interests of any Agent or any Lender Party under the Loan Documents, (B) no Default exists before or after giving effect to the issuance and sale of such capital stock, and (C) the material terms, taken as a whole, of such capital stock and of any agreement entered into and of any instrument issued in connection therewith are no less favorable in any material respect to the Borrower or the Lender Parties than the terms and conditions of this Agreement;

(ii) declare and pay cash dividends to the holders of its preferred stock issued pursuant to the Preferred Share Purchase Rights Plan or holders of the Trust Convertible Preferred Securities, in each case, as in effect on the date hereof, to the extent permitted under applicable law, solely out of (A) net income of the Borrower and its Restricted Subsidiaries, arising after September 28, 1997 and computed on a cumulative Consolidated basis or (B) cash and Cash Equivalents owned by the Borrower at the time of such payment at such time in excess of (x) the aggregate principal amount of all Advances then outstanding, (y) all interest thereon and (z) all other amounts then due and payable under the Loan Documents;

(iii) purchase shares of capital stock of the Borrower through a variety of ways, including, but not limited to (A) purchasing such stock in the open market or in private transactions, (B) selling and/or buying put and/or call options directly or indirectly on such stock, (C) entering into forward contracts to purchase such stock at specified future dates, and (D) entering into any combination of the foregoing; provided, however, that each such purchase shall be made in nonspeculative transactions approved in good faith by the Borrower's board of directors; and provided further, however, that the aggregate settlement price for all such purchases valued at the time of settlement of such purchases, net of any premiums received by the Borrower, shall not exceed the greater of $100,000,000 or the aggregate amount of 15% of cash and Cash Equivalents owned by the Borrower and its Restricted Subsidiaries at such time; and

(iv) the Borrower and its Restricted Subsidiaries may repurchase capital stock from employees, directors and consultants of the Borrower and its Subsidiaries pursuant to existing or future stock option plans and such other repurchase agreements approved by such Person's Board of Directors in good faith and consistent with past practices of such Person, or such other repurchase agreement pursuant to employee or consultant

contracts, provided that such agreement is fair, reasonable and in the ordinary course of business of the Borrower or its Restricted Subsidiaries, as the case may be;

provided, however, that, in each such case, immediately before and after giving effect thereto, no Default shall have occurred and be continuing or would result therefrom and the Borrower shall be in pro forma compliance (calculated based on historical financial statements most recently furnished or required to be furnished pursuant to Section 5.01(i)) with the covenants set forth in Section 5.03.

(g) Investments in Other Persons. Make or hold, or permit any of its Restricted Subsidiaries to make or hold, any Investment in any Person other than:

(i) Investments by the Borrower or its Restricted Subsidiaries in their Restricted Subsidiaries outstanding on the date hereof and additional investments in wholly owned Restricted Subsidiaries;

(ii) loans and advances to employees, directors and consultants in the ordinary course of the business of the Borrower and its Restricted Subsidiaries as presently conducted and other loans and advances to employees, directors and consultants of the Borrower and its Restricted Subsidiaries with the approval of the Borrower's or such Restricted Subsidiary's board of directors;

(iii) Investments in Cash Equivalents;

(iv) Investments consisting of intercompany Debt permitted under Section 5.02(d)(iii)(A);

(v) Investments received in connection with the bankruptcy or

reorganization of suppliers and customers and the compromise or settlement of delinquent obligations of, and other disputes with, customers and suppliers arising in the ordinary course of business;

(vi) other Investments (direct or indirect) in suppliers, operators, customers and manufacturers in connection with customer and vendor financing in the ordinary course of business and consistent with past practices; provided that any such business acquired or invested in shall be in the same or similar line of business as the business of the Borrower or any of its Restricted Subsidiaries' existing telecommunications, logistics, software, wireless data transmission or similar businesses, or in the wireless operations business;

(vii) Investments in joint ventures, provided that any such business acquired or invested in shall be in the same or similar line of business as the business of the Borrower or any of its Restricted Subsidiaries' existing telecommunications, logistics, software, wireless data transmission or similar businesses, or in the wireless operations business;

(viii) Investments existing on the Effective Date (as defined in the Existing Credit Agreement) as described on Schedule 4.01(v) hereto and Investments made after the Effective Date (as defined in the Existing Credit Agreement) and existing on the

Effective Date hereof that were either permitted under Section 5.02(g)(i) - (ix) of the Existing Credit Agreement or made pursuant to the Consent dated as of September 11, 1998, executed with respect to the Existing Credit Agreement;

(ix) Investments in special purpose Restricted Subsidiaries formed to effect acquisitions otherwise permitted hereunder or Investments described in (vi) and (vii) of this Section 5.02(g); and

(x) other Investments made after the Effective Date (as defined in the Existing Credit Agreement) not otherwise described in this Section 5.02(g), provided that the original cost of such Investments made after the Effective Date (as defined in the Existing Credit Agreement) does not exceed, in the aggregate, $25,000,000 in any fiscal year or, if less than such amount is or was invested in any fiscal year, the unused portion of such amount may be carried over to succeeding fiscal years to increase the amount otherwise permitted in subsequent fiscal years;

provided, however, with respect to clauses (v), (vi), (vii), (ix) and (x) above,

(i) no Default exists before or after giving effect to the making of such Investment,

(ii) the Borrower shall be in pro forma compliance (calculated based on historical financial statements most recently furnished or required to be furnished pursuant to Section 5.01(i)) with the covenants set forth in Section 5.03, and

(iii) any such Investment shall be for fair value as determined in good faith by the Borrower.

(h) Change in Nature of Business. Make, or permit any of its Subsidiaries to make, any material change in the nature of its business as carried on at the date hereof (it being understood that for purposes of this clause (h) its business includes existing telecommunications, logistics, software, wireless data transmission and similar businesses and in the wireless operations business).

(i) Prepayments, Etc. of Debt. (i) Prepay, redeem, purchase, defease or otherwise satisfy prior to the scheduled maturity thereof in any manner, or make any payment in violation of any subordination terms of, any Debt, other than (A) the prepayment of the Advances in accordance with the terms of this Agreement or the prepayment of the "Advances" in accordance with the terms of the Existing Credit Agreement, (B) regularly scheduled or required repayments or redemptions or refinancing of the Existing Debt set forth on Schedule 4.01(u) hereto and the Debt incurred after the Effective Date (as defined in the Existing Credit Agreement) and permitted under Section 5.02(d)(i)-(iii) thereof and existing on the Effective Date hereof, (C) purchases, redemptions or other acquisitions of the Trust Convertible Preferred Securities and securities issued pursuant to the Preferred Share Purchase Rights Plan and other securities permitted to be issued pursuant to Section 5.02(f) or 5.02(d)(i)(D); provided, however, that in the case of this subsection (C), the Borrower uses the proceeds of a previous or concurrent issuance of other capital stock permitted under Section 5.02(f) hereunder to purchase, redeem or

otherwise acquire such Trust Convertible Preferred Securities or other securities, (D) the prepayment of Debt permitted under Section 5.02(d), provided that such Debt is prepaid or refinanced simultaneously therewith and the material terms, taken as a whole, of such new Debt refinancing the existing Debt and of any agreement entered into and of any instrument issued in connection therewith, are no less favorable in any material respect to the Borrower or the Lender Parties than the terms and conditions of this Agreement, and (E) the prepayment of Debt consisting of Capital Leases or (ii) amend, modify or change in any manner any term or condition of any Debt which could adversely affect the interest or rights of the Agents or the Lender Parties, or permit any of its Restricted Subsidiaries to do any of the foregoing.

(j) Designation of Restricted and Unrestricted Subsidiaries. (i) Designate a Subsidiary, in connection with an acquisition permitted under Section 5.02(g) or a sale, transfer, lease or other disposition of assets permitted under Section 5.02(e)(vii) as an Unrestricted Subsidiary, or redesignate an Unrestricted Subsidiary as a Restricted Subsidiary, unless, in either case, immediately before and after giving effect thereto, no Default shall have occurred and be continuing or would result therefrom and the Borrower shall be in pro forma compliance (calculation based on historical financial statements most recently furnished or required to be furnished pursuant to Section 5.01(i)) with the covenants set forth in Section 5.03, or (ii) redesignate a Restricted Subsidiary as an Unrestricted Subsidiary.

(k) Amendment, Etc. of Related Documents. Cancel or terminate any Related Document or consent to or accept any cancellation or termination thereof, amend, modify or change in any manner any term or condition of any Related Document or give any consent, waiver or approval thereunder, waive any default under or any breach of any term or condition of any Related Document, agree in any manner to any other amendment, modification or change of any term or condition of any Related Document or take any other action in connection with any Related Document that, in each case, would impair, in any material respect, the value of the interest or rights of the Borrower thereunder or that would impair, in any material respect, the rights or interest of the Agents or any Lender Party, or permit any of its Subsidiaries to do any of the foregoing.

SECTION 5.03. Financial Covenants.

So long as any Advance shall remain unpaid or any Lender Party shall have any Commitment hereunder, the Borrower will:

(a) Total Debt/Total Capitalization. Maintain at the end of each fiscal quarter a ratio of Total Debt to Total Capitalization of not more than [*].

(b) Leverage Ratio. Maintain at the end of each fiscal quarter a ratio of Total Debt as at such date to EBITDA for the four consecutive fiscal quarter period ending on such date of not greater than [*].

(c) Interest Coverage Ratio. Maintain at the end of each fiscal quarter a ratio of EBITDA to Interest Expense, in each case for the four consecutive fiscal quarter period ending on such date, at least [*].

*Confidential Treatment Requested

ARTICLE VI

EVENTS OF DEFAULT

SECTION 6.01. Events of Default.

If any of the following events ("Events of Default") shall occur and be continuing:

(a) The Borrower shall fail to pay any principal of any Advance when the same becomes due and payable; or the Borrower shall fail to pay any interest on any Advance or make any other payment of fees or other amounts payable under the Loan Documents within three Business Days after the same becomes due and payable; or

(b) Any representation or warranty made or deemed made by the Borrower herein or by the Borrower (or any of its officers) in connection with the Loan Documents shall prove to have been incorrect in any material respect when made; or

(c) (i) The Borrower shall fail to perform or observe any term, covenant or agreement contained in Section 5.01(c), (d), (g) or (i), 5.02 or 5.03, or (ii) the Borrower shall fail to perform or observe any other term, covenant or

agreement contained in this Agreement on its part to be performed or observed if such failure shall remain unremedied for 15 days after written notice thereof shall have been given to the Borrower by any Agent or any Lender Party; or

(d) (i) The Borrower or any of its Restricted Subsidiaries shall fail to make any Investment in the form of a capital contribution such Person is required to make or fail to pay any principal of or premium or interest on any Debt that is outstanding in a principal or notional amount, together with the amount of such capital contribution, of at least $30,000,000 in the aggregate (but excluding Debt outstanding hereunder) of the Borrower or such Restricted Subsidiary (as the case may be), when the same becomes due and payable (whether by scheduled maturity, required prepayment, payment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt; or any other event shall occur or condition shall exist under any agreement or instrument relating to any such Debt and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such Debt; or any such Debt shall be declared to be due and payable, or required to be prepaid or redeemed (other than by a regularly scheduled required prepayment or redemption), purchased or defeased, or an offer to prepay, redeem, purchase or defease such Debt shall be required to be made, in each case prior to the stated maturity thereof; or

(ii) The Borrower or any of its Subsidiaries shall fail to make any Investment in the form of a capital contribution such Person is required to make or fail to pay any principal of or premium or interest on any Debt that is outstanding in a principal or notional amount, together with the amount of such capital contribution, of at least $50,000,000 in the aggregate (but excluding Debt outstanding hereunder) of the Borrower or such Subsidiary (as the case may be), when the same becomes due and payable (whether by scheduled maturity, required prepayment, payment, acceleration,

demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt; or any other event shall occur or condition shall exist under any agreement or instrument relating to any such Debt and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such Debt; or any such Debt shall be declared to be due and payable, or required to be prepaid or redeemed (other than by a regularly scheduled required prepayment or redemption), purchased or defeased, or an offer to prepay, redeem, purchase or defease such Debt shall be required to be made, in each case prior to the stated maturity thereof; or

(e) The Borrower or any of its Subsidiaries shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against the Borrower or any of its Subsidiaries seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed or unstayed for a period of 30 days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its property) shall occur; or the Borrower or any of its Subsidiaries shall take any corporate action to authorize any of the actions set forth above in this subsection (e); or

(f) Any judgment or order for the payment of money in excess of $30,000,000 shall be rendered against the Borrower or any of its Subsidiaries and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 15 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect;

(g) Any non-monetary judgment or order shall be rendered against the Borrower or any of its Subsidiaries that could be reasonably expected to have a Material Adverse Effect, and there shall be any period of 15 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(h) (i) Any Person or two or more Persons acting in concert shall have

acquired beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934), directly or indirectly, of Voting Stock of the Borrower (or other securities convertible into such Voting Stock) representing 20% or more of the combined voting power of all Voting Stock of the Borrower; or (ii) during any period of up to 18 consecutive months, commencing before or after the date of this Agreement, individuals who at the beginning of such 18-month period were directors of the Borrower, together with such directors as are approved by directors who were directors at the beginning of such period, shall cease for any reason to constitute a majority of the board of directors of the Borrower; or (iii) any Person or two or more Persons acting in concert shall have acquired by

contract or otherwise, or shall have entered into a contract or arrangement that, upon consummation, will result in its or their acquisition of the power to exercise, directly or indirectly, a controlling influence over the management or policies of the Borrower; or

(i) Any ERISA Event shall have occurred with respect to a Plan and the sum (determined as of the date of occurrence of such ERISA Event) of the Insufficiency of such Plan and the Insufficiency of any and all other Plans with respect to which an ERISA Event shall have occurred and then exist (or the liability of the Borrower and the ERISA Affiliates related to such ERISA Event) exceeds $30,000,000; or

(j) The Borrower or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that it has incurred Withdrawal Liability to such Multiemployer Plan in an amount that, when aggregated with all other amounts required to be paid to Multiemployer Plans by the Borrower and the ERISA Affiliates as Withdrawal Liability (determined as of the date of such notification), exceeds $30,000,000 or requires payments exceeding $10,000,000 per annum; or

(k) The Borrower or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA, and as a result of such reorganization or termination the aggregate annual contributions of the Borrower and the ERISA Affiliates to all Multiemployer Plans that are then in reorganization or being terminated have been or will be increased over the amounts contributed to such Multiemployer Plans for the plan years of such Multiemployer Plans immediately preceding the plan year in which such reorganization or termination occurs by an amount exceeding $10,000,000; or

(l) any provision of any Loan Document after delivery thereof pursuant to Section 3.01 shall for any reason cease to be valid and binding on or enforceable against the Borrower, or the Borrower shall so state in writing; or

(m) there shall occur any Material Adverse Change; or

(n) there shall occur any "Event of Default" as defined in the Existing Credit Agreement;

then, and in any such event, the Administrative Agent (i) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrower, declare the obligation of each Lender Party to make Advances to be terminated, whereupon the same shall forthwith terminate, and (ii) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrower, declare the Advances, the Notes, if any, all interest thereon and all other amounts payable under this Agreement to be forthwith due and payable, whereupon the Advances, the Notes, if any, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower; provided, however, that in the event of an actual or deemed entry of an order for relief with respect to the Borrower under the Federal Bankruptcy Code, (A) the obligation of each Lender Party to make Advances shall automatically be terminated and (B) the Advances, the Notes, if any, all such interest and all such amounts shall

automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by the Borrower.

ARTICLE VII

THE AGENTS

SECTION 7.01. Appointment and Authorization; "Agent"

Each Lender Party hereby irrevocably (subject to Section 7.09) appoints, designates and authorizes each Agent to take such action on its behalf under the provisions of this Agreement and each other Loan Document and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement or any other Loan Document, together with this Agreement and each other Loan Document and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement or any other Loan Document, together with such powers as are reasonably incidental thereto; provided, however, that no Agent shall be required to take any action that exposes such Agent to personal liability or that is contrary to this Agreement or applicable law. Notwithstanding any provision to the contrary contained elsewhere in this Agreement or in any other Loan Document, no Agent shall have any duties or responsibilities, except those expressly set forth herein, nor shall any Agent have or be deemed to have any fiduciary relationship with any Lender Party, and no implied covenants, functions. responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against such Agent. Without limiting the generality of the foregoing sentence, the use of the term "agent" in this Agreement with reference to each Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such, term is used merely as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties.

SECTION 7.02. Delegation of Duties.

Each Agent may execute any of its duties under this Agreement or any other Loan Document by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties.

SECTION 7.03. Liability of the Agents.

None of the Agent-Related Persons shall (i) be liable for any action taken or to be taken by any of them under or in connection with this Agreement or any other Loan Document or the transactions contemplated hereby (except for its own gross negligence or willful misconduct), or (ii) be responsible in any manner to any of the Lender Parties for any recital, statement, representation or warranty made by the Borrower or any Subsidiary or Affiliate of the Borrower, or any officer thereof, contained in this Agreement or in any other Loan Document, or in any certificate, report, statement or other document referred to or provided for in, or received by any Agent under or in connection with, this Agreement or any other Loan Document, or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document, or for any failure of the Borrower or any other party to any Loan Document to

perform its obligations hereunder or thereunder. No Agent-Related Person shall be under any obligation to any Lender Party to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records or the Borrower or any of the Borrower's Subsidiaries or Affiliates.

SECTION 7.04. Reliance by the Agents.

(a) Each Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, instrument, telegram, facsimile, telex, telecopier or telephone message, statement or other document or writing or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel (including counsel to the Borrower), independent accountants and other experts selected by the Agents. Each Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Required Lenders as it deems appropriate and, if it so requests, it shall first be indemnified to its satisfaction by the Lender Parties against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. Each Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Loan Document in accordance with a request or consent of the Required Lenders and such request and any action taken or failure to act pursuant thereto shall be binding upon all of the Lender Parties.

(b) Without limiting the generality of the foregoing, each Agent (i) may treat the payee of any Note, if any, as the holder thereof until, in the case of the Administrative Agent, the Administrative Agent receives and accepts an

Assignment and Acceptance entered into by the Lender Party that is the payee of such Note, if any, as assignor, and an Eligible Assignee, as assignee, or, in the case of any other Agent, such Agent has received notice from the Administrative Agent that it has received and accepted such Assignment and Acceptance, in each case as provided in Section 8.07, (ii) makes no warranty or representation to any Lender Party and shall not be responsible to any Lender Party for any statements, warranties or representations (whether written or oral) made in or in connection with any Loan Document; (iii) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement on the part of the Borrower or to inspect the property (including the books and records) of the Borrower; and (iv) shall not be responsible to any Lender Party for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of any Loan Document or any other instrument or document furnished pursuant hereto.

(c) For purposes of determining compliance with the conditions specified in Section 3.01, each Lender Party that has executed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter either sent by any Agent to such Lender Party for consent, approval, acceptance or satisfaction, or required thereunder to be consented to or approved by or acceptable or satisfactory to the Lender Party.

SECTION 7.05. Notice of Default.

No Agent shall be deemed to have knowledge or notice of the occurrence of any Default or Event of Default, except with respect to defaults in the payment of principal, interest and fees required to be paid to the Administrative Agent for the account of the Lenders, unless the Administrative Agent shall have received written notice from a Lender Party or the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". The Administrative Agent will notify the Lenders of its receipt of any such notice. The Administrative Agent shall take such action with respect to such Default or Event of Default as may be requested by the Required Lenders in accordance with Article VI; provided, however, that unless and until the Administrative Agent has received any such request, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable or in the best interest of the Lender Parties.

SECTION 7.06. Lender Party Credit Decision.

Each Lender Party acknowledges that none of the Agent-Related Persons has made any representation or warranty to it, and that no act by the Agent hereinafter taken, including any review of the affairs of the Borrower and its Subsidiaries, shall be deemed to constitute any representation or warranty by any Agent-Related Person to any Lender Party. Each Lender Party represents to each Agent that it has, independently and without reliance upon any Agent-Related Person and based on the financial statements referred to in Section 4.01 and such other documents, and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, property, financial and other condition and creditworthiness of the Borrower and its Subsidiaries, and all applicable bank regulatory laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to the Borrower hereunder. Each Lender Party also represents that it will, independently and without reliance upon any Agent-Related Person and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of the Borrower. Except for notices, reports and other documents expressly herein required to be furnished to the Lender Parties by each Agent, no Agent shall have any duty or responsibility to provide any Lender Party with any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of the Borrower which may come into the possession of any of the Agent-Related Persons.

SECTION 7.07. Indemnification of Agents.

(a) Whether or not the transactions contemplated hereby are consummated, each Lender Party shall indemnify upon demand the Agent-Related Persons (to the extent not reimbursed by or on behalf of the Borrower and without limiting the obligation of the Borrower to do so), pro rata, from and against any and all Indemnified Liabilities; provided, however, that no Lender Party shall be liable for the payment to any Agent-Related Person of any portion of such

Indemnified Liabilities resulting solely from such Person's gross negligence or

willful misconduct as found in a final, non-appealable judgment by a court of competent jurisdiction. Without limitation of the foregoing, each Lender Party shall reimburse the Agents upon demand for its ratable share of any costs or out-of-pocket expenses (including Attorney Costs) incurred by the Agents in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, any other Loan Document, or any document contemplated by or referred to herein, to the extent that the Agents are not reimbursed for such expenses by or on behalf of the Borrower.

(b) In the case of any investigation, litigation or proceeding giving rise to any Agent's Indemnified Liabilities, this Section 7.07 applies whether any such investigation, litigation or proceeding is brought by any Agent, any Lender Party or a third party. Without prejudice to the survival of any other agreement of any Lender Party hereunder, the agreement, obligations and undertaking of each Lender Party contained in this Section 7.07 shall survive the payment in full of principal, interest and all other amounts payable hereunder and under the other Loan Documents and the resignation or replacement of the Agents.

SECTION 7.08. Agent in Individual Capacity.

Each of Bank of America, Citibank and their Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with the Borrower and its Affiliates as though each of Bank of America and Citibank were not an Agent hereunder and without notice to or consent of the Lenders. The Lender Parties acknowledge that, pursuant to such activities, Bank of America, Citibank or their Affiliates may receive information regarding the Borrower and its Affiliates (including information that may be subject to confidentiality obligations in favor of the Borrower or such Affiliates) and acknowledge that no such Agent shall be under any obligation to provide such information to them. With respect to its Commitment, the Advances made by it and the Note, if any, issued to it, each of Bank of America and Citibank shall have the same rights and powers under this Agreement as any other Lender Party and may exercise the same as though it were not an Agent.

SECTION 7.09. Successor Agent.

Any Agent may, and at the request of the Required Lenders shall, resign as an Agent upon 30 days' notice to the Lenders. If such Agent resigns under this Agreement, the Required Lenders shall appoint from among the Lenders a successor agent for the Lender Parties which successor agent shall be approved by the Borrower. If no successor agent is appointed prior to the effective date of the resignation of such Agent, such Agent may appoint, after consulting with the Lenders and the Borrower, a successor agent from among the Lender Parties. Upon the acceptance of its appointment as successor agent hereunder, such successor agent shall succeed to all the rights, powers, discretion, privileges and duties of the retiring Agent and the term "Agent" shall mean such successor agent and the retiring Agent's appointment, powers and duties as such Agent shall be terminated. After any retiring Agent's resignation hereunder as Agent, the provisions of this Article VII and Section 8.04 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was an Agent under this Agreement. If no

successor agent has accepted appointment as the successor Agent by the date which is 30 days following a retiring Agent's notice of resignation, the retiring Agent's resignation shall nevertheless thereupon become effective and the Lender Parties shall perform all of the duties of such Agent hereunder until such time, if any, as the Required Lenders appoint a successor agent as provided for above.

SECTION 7.10. Co-Agents.

None of the Lender Parties identified on the cover page or signature pages of this Agreement as a "co-agent" shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than those applicable to all Lender Parties as such. Without limiting the foregoing, none of the Lender Parties so identified as a "co-agent" shall have or be deemed to have any fiduciary relationship with any other Lender Party. Each Lender Party acknowledges that it has not relied, and will not rely, on any of the other Lender Parties so identified in deciding to enter into this Agreement or in taking or not taking action hereunder.

ARTICLE VIII

MISCELLANEOUS

SECTION 8.01. Amendments, Etc.

No amendment or waiver of any provision of this Agreement or the Notes, if any, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Required Lenders and the Borrower with receipt acknowledged by the Administrative Agent, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no amendment, waiver or consent shall, unless in writing and signed by all the Lender Parties and the Borrower with receipt acknowledged by the Administrative Agent, do any of the following: (a) waive any of the conditions specified in Section 3.01, (b) increase the Commitments of the Lender Parties or subject the Lender Parties to any additional obligations, (c) reduce the principal of, or interest on, the Notes, if any, or any fees or other amounts payable hereunder, (d) postpone any date fixed for any payment of principal of, or interest on, the Notes, if any, or any fees or other amounts payable hereunder, (e) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Notes, if any, or the number of Lenders that shall be required for the Lenders or any of them to take any action hereunder or (f) amend this Section 8.01; and provided further that no amendment, waiver or consent shall, unless in writing and signed by the Agents in addition to the Lenders required above to take such action, and the Borrower, affect the rights or duties of the Agents under this Agreement or any Note, if any.

SECTION 8.02. Notices, Etc.

All notices and other communications provided for hereunder shall be in writing (including telecopier, telegraphic or telex communication) and mailed, telecopied, telegraphed, telexed or delivered, if to the Borrower, at its address at 6455 Lusk Boulevard, San Diego, California 92121, Attention: Treasurer; if to any Initial Lender, at its Domestic Lending Office

specified opposite its name on Schedule I hereto; if to any other Lender Party, at its Domestic Lending Office specified in the Assignment and Acceptance pursuant to which it became a Lender Party; if to the Administrative Agent, at its address at 555 California Street-41st Floor, Credit Products #9048, San Francisco, California 94194, Attention: John J. Sullivan unless such notice is with respect to a Borrowing, Conversion or repayment, in which case to the address of Bank of America's Agency Administration Services #5596 at 1850 Gateway Blvd., 5th Floor, Concord, CA 94520, Attn: Myrna Lara; if to the Documentation Agent, at its address at 399 Park Avenue, New York, New York 10043, Attention: Suzanne Maccagnan; or, as to the Borrower, the Administrative Agent or the Documentation Agent, at such other address as shall be designated by such party in a written notice to the other parties and, as to each other party, at such other address as shall be designated by such party in a written notice to the Borrower and the Administrative Agent. All such notices and communications shall, when delivered by overnight courier, telecopied, telegraphed or telexed or facsimile, be effective when delivered to the overnight courier, telecopied, facsimile, delivered to the telegraph company or confirmed by telex answerback, respectively, except that notices and communications to any Agent pursuant to Article II, III or VII shall not be effective until received by such Agent. Delivery by telecopier of an executed counterpart of any amendment or waiver of any provision of this Agreement or the Notes, if any, or of any Exhibit hereto to be executed and delivered hereunder shall be effective as delivery of a manually executed counterpart thereof.

SECTION 8.03. No Waiver; Remedies.

No failure on the part of any Lender Party or any Agent to exercise, and no delay in exercising, any right hereunder or under any Note, if any, shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 8.04. Costs and Expenses.

(a) The Borrower shall, whether or not the transactions contemplated hereby are consummated, pay or reimburse all reasonable fees and expenses of counsel for the Agents (including in their capacity as Agents) promptly after demand in connection with the development, preparation, delivery, administration and execution of, and any amendment, supplement, waiver or modification to (in each case, whether or not consummated), this Agreement, any Notes, if any, any other Loan Document and any other documents prepared in connection herewith or therewith, and the consummation of the transactions contemplated hereby and thereby, including reasonable Attorney Costs incurred by each of Bank of America and Citibank (including in its capacity as an Agent) with respect thereto; and

(b) The Borrower shall pay or reimburse the Agents and each Lender Party within five Business Days after demand (subject to subsection 3.01(f)) for all costs and expenses (including Attorney Costs) incurred by them in connection

with the enforcement, attempted enforcement, or preservation of any rights or remedies under this Agreement or any other Loan Document during the existence of an Event of Default or after acceleration of the Loans (including in connection with any "workout" or restructuring regarding the Loans, and including in any insolvency proceeding, bankruptcy proceeding, liquidation, winding up, reorganization, receivership,

arrangement, adjustment, protection, relief of debtors or appellate proceeding (collectively, an "Insolvency Proceeding")).

(c) Whether or not the transactions contemplated hereby are consummated, the Borrower shall indemnify, defend and hold the Agent-Related Persons, each Lender Party and each of its Affiliates and each of their respective officers, directors, employees, counsel, agents, advisors and attorneys-in-fact (each, an "Indemnified Party") harmless from and against any and all liabilities, obligations, losses, claims, damages, penalties, actions, judgments, suits, costs, charges, expenses and disbursements (including Attorney Costs) of any kind or nature whatsoever which may at any time (including at any time following repayment of the Advances and the termination, resignation or replacement of any Agent or replacement of any Lender Party) be imposed on, incurred by or asserted against any such Person in any way relating to or arising out of or in connection with or by reason of (including, without limitation, in connection with any investigation, litigation or proceeding or preparation of a defense in connection with) (i) this Agreement, any Loan Document or any document contemplated by or referred to herein, or the transactions contemplated hereby or the actual or proposed use of proceeds of the Advances, or (ii) the actual or alleged presence of Hazardous Materials on any property of the Borrower or any of its Subsidiaries or any Environmental Action relating in any way to the Borrower or any of its Subsidiaries, or in the case of each of clauses (i) and (ii) above, any action taken or omitted by any such Person under or in connection with any of the foregoing, including with respect to any investigation, litigation or proceeding (including any Insolvency Proceeding or appellate proceeding) related to or arising out of this Agreement or the Advances or the use of the proceeds thereof, whether or not any Indemnified Party is a party thereto and whether or not any such investigation, litigation or proceeding is brought by the Borrower, its directors, shareholders or creditors or an Indemnified Party or any other Person, (all the foregoing in clauses (i) and (ii) above, collectively, being the "Indemnified Liabilities"); provided, that the Borrower shall have no obligation hereunder to any Indemnified Party with respect to Indemnified Liabilities resulting solely from the gross negligence or willful misconduct of such Indemnified Party as found in a final, non-appealable judgment by a court of competent jurisdiction. The Borrower also agrees not to assert any claim against any Agent, any Lender Party, any of their Affiliates, or any of their respective directors, officers, employees, attorneys and agents, on any theory of liability, for special indirect, consequential or punitive damages arising out of or otherwise relating to the Notes, if any, this Agreement, any of the transactions contemplated herein or the actual or proposed use of the proceeds of the Advances.

(d) If any payment of principal of, or Conversion of, any Eurodollar Rate Advance is made by the Borrower to or for the account of a Lender Party other than on the last day of the Interest Period for such Advance, as a result of a payment or Conversion pursuant to Section 2.08(d) or (e), 2.10 or 2.12, acceleration of the Advances or maturity of the Notes, if any, pursuant to Section 6.01 or for any other reason, or by an Eligible Assignee to a Lender Party other than on the last day of the Interest Period for such Advance upon an assignment of rights and obligations under this Agreement pursuant to Section 2.18 or pursuant to Section 8.07 as a result of a demand by the Borrower pursuant to Section 8.07(a), the Borrower shall, upon demand by such Lender Party (with a copy of such demand to the Administrative Agent), pay to the Administrative Agent for the account of such Lender Party any amounts required to compensate such Lender Party for any additional losses, costs or expenses that it may reasonably incur as a result of such payment or Conversion, including, without limitation, any loss

(including loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by any Lender Party to fund or maintain such Advance.

(e) Without prejudice to the survival of any other agreement of the Borrower hereunder, the agreements and obligations of the Borrower contained in Sections 2.11, 2.14, 2.17, 2.18, 2.20 and 8.04 shall survive the payment in full of principal, interest and all other amounts payable hereunder and under the Notes, if any.

SECTION 8.05. Right of Set-off.

Upon (i) the occurrence and during the continuance of any Event of Default and (ii) the making of the request or the granting of the consent specified by Section 6.01 to authorize the Administrative Agent to declare the Advances and the Notes, if any, due and payable pursuant to the provisions of Section 6.01, each Lender Party and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender Party or such Affiliate to or for the credit or the account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing under this Agreement and the Note, if any, held by such Lender Party, whether or not such Lender Party shall have made any demand under this Agreement or such Note, if any, and although such obligations may be unmatured. Each Lender Party agrees promptly to notify the Borrower after any such set-off and application, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender Party and its Affiliates under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) that such Lender Party and its Affiliates may have.

SECTION 8.06. Binding Effect; Entire Agreement.

This Agreement shall become effective (other than Section 2.01, which shall only become effective upon satisfaction of the conditions precedent set forth in Section 3.01) when it shall have been executed by the Borrower and the Agents and when the Documentation Agent shall have been notified by each Initial Lender that such Initial Lender has executed it and thereafter shall be binding upon and inure to the benefit of the Borrower, each Agent and each Lender Party and their respective successors and assigns, except that the Borrower shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Lender Parties. This Agreement, together with the other Loan Documents, constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all previous proposals, negotiations, representations, commitments and other communications between or among the parties, both oral and written, with respect thereto.

SECTION 8.07. Assignments and Participations.

(a) Each Lender may and, if demanded by the Borrower pursuant to Section 2.18, will assign to one or more Persons all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment, the Advances owing to it and the Note or Notes, if any, held by it); provided, however, that (i) each such assignment shall be

of a constant, and not a varying, percentage of all rights and obligations under this Agreement, (ii) except in the case of an assignment to a Person that, immediately prior to such assignment, was a Lender or an assignment of all of a Lender's rights and obligations under this Agreement, the amount of the Commitment of the assigning Lender being assigned pursuant to each such assignment (determined as of the date of the Assignment and Acceptance with respect to such assignment) shall in no event be less than $10,000,000 or an integral multiple of $1,000,000 in excess thereof, (iii) each such assignment shall be to an Eligible Assignee, and (iv) the parties to each such assignment shall execute and deliver to the Borrower for its approval (unless an Event of Default shall have occurred and be continuing), such approval not to be unreasonably withheld or delayed, and to the Administrative Agent for its acceptance and recording in the Register, an Assignment and Acceptance, together with any Note, if any, subject to such assignment and a processing and recordation fee of $3,000.

(b) Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Assignment and Acceptance, (x) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, have the rights and obligations of a Lender Party hereunder and (y) the Lender Party assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender Party's rights and obligations under this Agreement, such Lender Party shall cease to be a party hereto).

(c) By executing and delivering an Assignment and Acceptance, the Lender Party assignor thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, such assigning Lender Party makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with any Loan Document or the execution, legality, validity, enforceability, genuineness, sufficiency or value of any Loan Document or any other instrument or document furnished pursuant hereto; (ii) such assigning Lender Party makes no

representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or the performance or observance by the Borrower of any of its obligations under any Loan Document or any other instrument or document furnished pursuant hereto; (iii) such assignee confirms that it has received a copy of this Agreement, together with copies of the financial statements referred to in Section 4.01 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (iv) such assignee will, independently and without reliance upon any Agent, such assigning Lender Party or any other Lender Party and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such assignee confirms that it is an Eligible Assignee; (vi) such assignee appoints and authorizes each Agent to take such action as agent on its behalf and to exercise such powers and discretion under this Agreement as are delegated to such Agent by the terms hereof, together with such powers and discretion as are reasonably incidental thereto; and (vii) such assignee agrees that it will perform in accordance with their terms all of the obligations that by the terms of this Agreement are required to be performed by it as a Lender.

(d) The Administrative Agent shall maintain at its address referred to in Section 8.02 a copy of each Assignment and Acceptance delivered to and accepted by it and a register for the recordation of the names and addresses of the Lender Parties and the Commitment of, and principal amount of the Advances owing to, each Lender Party from time to time (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrower, the Administrative Agent and the Lender Parties may treat each Person whose name is recorded in the Register as a Lender Party hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower or any Lender Party at any reasonable time and from time to time upon reasonable prior notice.

(e) Upon its receipt of an Assignment and Acceptance executed by an assigning Lender Party and an assignee representing that it is an Eligible Assignee, (and subject to the Borrower's approval, such approval not to be unreasonably withheld) together with any Note or Notes, if any, subject to such assignment, the Administrative Agent shall, if such Assignment and Acceptance has been completed and is in substantially the form of Exhibit C hereto, (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Borrower. In the case of any assignment by a Lender, within five Business Days after its receipt of such notice, the Borrower, at its own expense, shall execute and deliver to the Administrative Agent in exchange for the surrendered Note, if any, a new Note, if any, to the order of such Eligible Assignee in an amount equal to the Commitment assumed by it pursuant to such Assignment and Acceptance and, if the assigning Lender has retained a Commitment hereunder, a new Note to the order of the assigning Lender in an amount equal to the Commitment retained by it hereunder. Such new Note or Notes, if any, shall be in an aggregate principal amount equal to the aggregate principal amount of such surrendered Note or Notes, if any, shall be dated the effective date of such Assignment and Acceptance and shall otherwise be in substantially the form of Exhibit A hereto.

(f) Each Lender Party may sell participations to one or more banks or other entities that qualify as an Eligible Assignee (other than the Borrower or any of its Affiliates) in or to all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment, the Advances owing to it and the Note, if any, or Notes, if any, held by it); provided, however, that (i) such Lender Party's obligations under this Agreement (including, without limitation, its Commitment to the Borrower hereunder) shall remain unchanged, (ii) such Lender Party shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) such Lender Party shall remain the holder of any such Note, if any, for all purposes of this Agreement, (iv) the Borrower, the Agents and the other Lender Parties shall continue to deal solely and directly with such Lender Party in connection with such Lender Party's rights and obligations under this Agreement, (v) no participant under any such participation shall have any right to approve any amendment or waiver of any provision of this Agreement or any Note, if any, or any consent to any departure by the Borrower therefrom, except to the extent that such amendment, waiver or consent would reduce the principal of, or interest on, the Advances and the Notes, if any, or any fees or other amounts payable hereunder, in each case to the extent subject to such participation, or postpone any date fixed for any payment of principal of, or interest on, the Advances and the Notes, if any, or any fees or other amounts payable hereunder, in each case to the extent subject to such participation and (vi) such Lender Party shall give prompt notice to the Borrower of such participations.

(g) Any Lender Party may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 8.07, disclose to the assignee or participant or proposed assignee or participant, any information relating to the Borrower furnished to such Lender

Party by or on behalf of the Borrower; provided that, prior to any such disclosure, the assignee or participant or proposed assignee or participant shall agree to preserve the confidentiality of any Confidential Information relating to the Borrower received by it from such Lender Party.

(h) Notwithstanding any other provision set forth in this Agreement, any Lender Party may at any time create a security interest in all or any portion of its rights under this Agreement (including, without limitation, the Advances owing to it and the Note, if any, held by it) in favor of any Federal Reserve Bank in accordance with Regulation A of the Board of Governors of the Federal Reserve System.

SECTION 8.08. Confidentiality.

Neither any Agent nor any Lender Party shall disclose any Confidential Information to any other Person without the consent of the Borrower, other than (a) to such Agent's or such Lender Party's Affiliates and their officers, directors, employees, agents, auditors, attorneys and advisors and, as contemplated by Section 8.07(f), to actual or prospective assignees and participants, and then only on a confidential basis, (b) as required by any law, rule or regulation or judicial process and (c) as requested or required by any state, federal or foreign authority or examiner regulating banks or banking. In the event any Lender Party is contemplating assigning or selling a participation in all or a portion of its rights and obligations under this Agreement to one or more Persons, prior to disclosing any Confidential Information to such Person, such Person shall be required to execute a confidentiality agreement in form and substance satisfactory to the Borrower and such Person.

SECTION 8.09. Reserved.

SECTION 8.10. Governing Law.

This Agreement and the Notes, if any, shall be governed by, and construed in accordance with, the laws of the State of New York.

SECTION 8.11. Execution in Counterparts.

This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 8.12. Jurisdiction, Etc.

(a) Each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdictions of any New York State court and any California State court or federal court of the United States of America sitting in New York City

or San Diego, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the Notes, if any, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in any such New York State court or any such California State court or, to the extent permitted by law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any party may otherwise have to bring any action or proceeding relating to this Agreement or the Notes in the courts of any jurisdiction.

(b) Each of the parties hereto irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or the Notes in any New York State or federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

SECTION 8.13. Waiver of Jury Trial.

Each of the Borrower, the Agents and the Lender Parties hereby irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Agreement or the Notes, if any, or the actions of any Agent or any Lender Party in the negotiation, administration, performance or enforcement

thereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

QUALCOMM INCORPORATED

/s/ illegible
By _____
Title:

BANK OF AMERICA NATIONAL TRUST &
SAVINGS ASSOCIATION
as Administrative Agent, and as Syndication Agent

/s/ illegible
By _____
Title:

CITIBANK, N.A.
as Documentation Agent and as Syndication Agent

/s/ illegible
By _____
Title:

Initial Lenders

BANK OF AMERICA NATIONAL TRUSTS
& SAVINGS ASSOCIATION
as Initial Lender

By _____
Title

EXHIBIT A - FORM OF
PROMISSORY NOTE

U.S.$_____ Dated: March 4, 1999

FOR VALUE RECEIVED, the undersigned, QUALCOMM INCORPORATED, a Delaware corporation (the "Borrower"), HEREBY PROMISES TO PAY to the order of _____ (the "Lender") for the account of its Applicable Lending Office on the Termination Date (each as defined in the Credit Agreement referred to below) the principal sum of U.S.$[amount of the Lender's Commitment in figures] or, if less, the aggregate principal amount of the Advances made by the Lender to the Borrower pursuant to the Credit Agreement dated as of March 4, 1999 among the Borrower, the Lender and certain other lender parties party thereto, Bank of America National Trust & Savings Association ("Bank of America"), as Administrative Agent and Syndication Agent, and Citibank, N.A., as Documentation Agent and Syndication Agent (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; the terms defined therein being used herein as therein defined) outstanding on the Termination Date.

The Borrower promises to pay interest on the unpaid principal amount of each Advance from the date of such Advance until such principal amount is paid in full, at such interest rates, and payable at such times, as are specified in the Credit Agreement.

Both principal and interest are payable in lawful money of the United States of America to Bank of America, as Administrative Agent, at 1850 Gateway Blvd, Concord, California 94520, Attention Alix Bax, in same day funds. Each Advance owing to the Lender by the Borrower pursuant to the Credit Agreement, and all payments made on account of principal thereof, shall be recorded by the Lender and, prior to any transfer hereof, endorsed on the grid attached hereto which is part of this Promissory Note.

This Promissory Note is one of the Notes referred to in, and is entitled to the benefits of, the Credit Agreement. The Credit Agreement, among other things, (i) provides for the making of Advances by the Lender to the Borrower from time to time in an aggregate amount not to exceed at any time outstanding

the U.S. dollar amount first above mentioned, the indebtedness of the Borrower resulting from each such Advance being evidenced by this Promissory Note, and (ii) contains provisions for acceleration of the maturity hereof upon the happening of certain stated events and also for prepayments on account of principal hereof prior to the maturity hereof upon the terms and conditions therein specified.

QUALCOMM INCORPORATED

By _____
Title:

ADVANCES AND PAYMENTS OF PRINCIPAL

<TABLE>
<CAPTION>

DATE	AMOUNT OF ADVANCE	AMOUNT OF PRINCIPAL PAID OR PREPAID	UNPAID PRINCIPAL BALANCE	NOTATION MADE BY
<S>	<C>	<C>	<C>	<C>

</TABLE>

EXHIBIT B - FORM OF
NOTICE OF BORROWING

Bank of America National Trust & Savings Association,
as Administrative Agent
for the Lender Parties party
to the Credit Agreement
referred to below

[Date]

Attention: _____

Ladies and Gentlemen:

The undersigned, QUALCOMM Incorporated, refers to the Credit Agreement, dated as of March 4, 1999 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement", the terms defined therein being used herein as therein defined), among the undersigned, certain Lender Parties party thereto, Bank of America National Trust & Savings Association, as Administrative Agent and Syndication Agent, and Citibank, N.A., as Documentation Agent and Syndication Agent, and hereby gives you notice, irrevocably, pursuant to Section 2.02 of the Credit Agreement that the undersigned hereby requests a Borrowing under the Credit Agreement, and in that connection sets forth below the information relating to such Borrowing (the "Proposed Borrowing") as required by Section 2.02(a) of the Credit Agreement:

(i) The Business Day of the Proposed Borrowing is _____, ____.

(ii) The Type of Advances comprising the Proposed Borrowing is [Base Rate Advances] [Eurodollar Rate Advances].

(iii) The aggregate amount of the Proposed Borrowing is $_____.

[(iv) The initial Interest Period for each Eurodollar Rate Advance made as part of the Proposed Borrowing is _____ month[s].]

(v) The Borrower's Designated Account for the proposed Borrowing is _____.

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Borrowing:

(A) the representations and warranties contained in Section 4.01 of the Credit Agreement are correct, before and after giving effect to the Proposed Borrowing and to the application of the proceeds therefrom, as though made on and as of such date other than any such representations or warranties that, by their terms, refer to a specific date other than the date of the Borrowing, in

which case as of a such specific date; and

(B) no event has occurred and is continuing, or would result from such Proposed Borrowing or from the application of the proceeds therefrom, that constitutes a Default.

Very truly yours,

QUALCOMM INCORPORATED

By _____
Title:

EXHIBIT C - FORM OF
ASSIGNMENT AND ACCEPTANCE

Reference is made to the Credit Agreement dated as of March 4, 1999 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement") among QUALCOMM Incorporated, a Delaware corporation (the "Borrower"), the Lender Parties (as defined in the Credit Agreement), Bank of America National Trust & Savings Association, as administrative agent (the "Administrative Agent") and syndication agent, and Citibank, N.A., as documentation agent and syndication agent. Terms defined in the Credit Agreement are used herein with the same meaning.

The "Assignor" and the "Assignee" referred to on Schedule I hereto agree as follows:

1. The Assignor hereby sells and assigns to the Assignee, and the Assignee hereby purchases and assumes from the Assignor, without recourse to the Assignor, an interest in and to the Assignor's rights and obligations under the Credit Agreement as of the date hereof equal to the percentage interest specified on Schedule 1 hereto of all outstanding rights and obligations under the Credit Agreement. After giving effect to such sale and assignment, the Assignee's Commitment and the amount of the Advances owing to the Assignee will be as set forth on Schedule 1 hereto.

2. The Assignor (i) represents and warrants that it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim; (ii) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with any Loan Document or the execution, legality, validity, enforceability, genuineness, sufficiency or value of any Loan Document or any other instrument or document furnished pursuant thereto; (iii) makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or the performance or observance by the Borrower of any of its obligations under any Loan Document or any other instrument or document furnished pursuant thereto; and (iv) attaches the Note, if any, held by the Assignor and requests that the Administrative Agent exchange such Note for a new Note payable to the order of the Assignee (if requested by such Assignee) in an amount equal to the Commitment assumed by the Assignee pursuant hereto or new Notes payable to the order of the Assignee in an amount equal to the Commitment assumed by the Assignee pursuant hereto and the Assignor in an amount equal to the Commitment retained by the Assignor under the Credit Agreement, respectively, as specified on Schedule 1 hereto.

3. The Assignee (i) confirms that it has received a copy of the Credit Agreement, together with copies of the financial statements referred to in Section 4.01 thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance; (ii) agrees that it will, independently and without reliance upon any Agent, the Assignor or any other Lender Party and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement; (iii) confirms that it is an Eligible Assignee; (iv) appoints and authorizes each Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Credit Agreement as are delegated to

such Agent by the terms thereof, together with such powers and discretion as are reasonably incidental thereto; (v) agrees that it will perform in accordance with their terms all of the obligations that by the terms of the Credit Agreement are required to be performed by it as a Lender Party; and (vi) attaches any U.S. Internal Revenue Service forms required under Section 2.14 of the Credit Agreement.

4. Following the execution of this Assignment and Acceptance, it will be delivered to the Administrative Agent for acceptance and recording by the Administrative Agent, along with a processing and recordation fee pursuant to Section 8.07(a) of the Credit Agreement. The effective date for this Assignment and Acceptance (the "Effective Date") shall be the date of acceptance hereof by the Administrative Agent, unless otherwise specified on Schedule 1 hereto.

5. Upon such acceptance and recording by the Administrative Agent, as of the Effective Date, (i) the Assignee shall be a party to the Credit Agreement and, to the extent provided in this Assignment and Acceptance, have the rights and obligations of a Lender Party thereunder and (ii) the Assignor shall, to the extent provided in this Assignment and Acceptance, relinquish its rights and be released from its obligations under the Credit Agreement.

6. Upon such acceptance and recording by the Administrative Agent, from and after the Effective Date, the Administrative Agent shall make all payments under the Credit Agreement and the Notes in respect of the interest assigned hereby (including, without limitation, all payments of principal, interest and facility fees with respect thereto) to the Assignee. The Assignor and Assignee shall make all appropriate adjustments in payments under the Credit Agreement and the Notes for periods prior to the Effective Date directly between themselves.

7. This Assignment and Acceptance shall be governed by, and construed in accordance with, the laws of the State of New York.

8. This Assignment and Acceptance may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of Schedule 1 to this Assignment and Acceptance by telecopier shall be effective as delivery of a manually executed counterpart of this Assignment and Acceptance.

IN WITNESS WHEREOF, the Assignor and the Assignee have caused Schedule 1 to this Assignment and Acceptance to be executed by their officers thereunto duly authorized as of the date specified thereon.

Schedule 1
to
Assignment and Acceptance

Percentage interest assigned: _____%

Assignee's Commitment: $_____

Aggregate outstanding principal amount of Advances assigned: $_____

Principal amount of Note payable to Assignee: $_____

Principal amount of Note payable to Assignor: $_____

Effective Date*:_____, ____

[NAME OF ASSIGNOR], as Assignor

By_____
Title:

Dated: _____, ____

[NAME OF ASSIGNEE], as Assignee

By_____
Title:

Domestic Lending Office:

[Address]

Eurodollar Lending Office:
[Address]

- --------
* This date should be no earlier than five Business Days after the delivery of this Assignment and Acceptance to the Administrative Agent.

3

Accepted [and Approved]* this
_____ day of _____, ____

Bank of America National Trust & Savings Association, as Administrative Agent

By_____
Title:

[Approved this _____ day
of _____, ____

QUALCOMM INCORPORATED

By_____
Title:+

- --------------
* Required if the Assignee is an Eligible Assignee solely by reason of clause (v) of the definition of "Eligible Assignee".

+ Required if the Assignee is an Eligible Assignee solely by reason of clause (v) of the definition of "Eligible Assignee".

[COOLEY LETTERHEAD]

March 4, 1999

To the Lender Parties
party to the Credit Agreement
dated as of March 4, 1999
among QUALCOMM Incorporated, said Lender
Parties, Bank of America National Trust and Savings Association, as
Administrative Agent and Syndication Agent and to Citibank, N.A. as
Documentation Agent and Syndication Agent

RE: CREDIT AGREEMENT DATED AS OF MARCH 4 1999, AMONG QUALCOMM INCORPORATED, AS BORROWER, THE LENDER PARTIES, BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, AS ADMINISTRATIVE AGENT AND SYNDICATION AGENT, AND CITIBANK, N.A., AS DOCUMENTATION AGENT AND SYNDICATION AGENT

Ladies and Gentlemen:

We have acted as counsel for QUALCOMM Incorporated, a Delaware corporation (the "Company"), in connection with the Credit Agreement dated as of March 4, 1999 (the "Credit Agreement"), among the Company, the financial institutions listed therein as Initial Lenders (the "Lenders"), Bank of America National Trust and Savings Association as Administrative Agent (the "Administrative Agent") and Syndication Agent (a "Syndication Agent"), and Citibank, N.A., as Documentation Agent (the "Documentation Agent") and Syndication Agent (a "Syndication Agent"). We are providing this opinion to you at the request of the Company pursuant to Section 3.01(g)(v) of the Credit Agreement. Capitalized terms used in this opinion letter will have the meanings given to such terms in the Credit Agreement except as otherwise provided in this opinion letter.

In connection with this opinion, we have examined the following documents,:

1. the Credit Agreement;

2. the Notes dated March 4, 1999 listed on Schedule A hereto;

3. the Restated Certificate of Incorporation of the Company, as amended on February 17, 1998, and presently in effect;

4. the Bylaws of the Company as adopted August 29, 1991 and presently in effect;

5. a certificate of the Secretary of State of the State of Delaware dated March 1, 1999, attesting to the continued corporate existence and good standing of the Borrower in that State;

6. the resolutions of the Board of Directors of the Company authorizing the Loan Documents and the transactions contemplated by the Loan Documents adopted at a meeting held on January 27, 1999; and

7. each of the Material Agreements (defined below) set forth on Schedule B hereto.

As used herein, the term "Loan Documents" shall mean documents 1 and 2 above.

In connection with this opinion, we have examined and relied upon the representations and warranties as to factual matters contained in and made pursuant to the Loan Documents by the various parties and upon originals or copies certified to our satisfaction of such records, documents, certificates, opinions, memoranda and other instruments as in our judgment are necessary or appropriate to enable us to render the opinion expressed below.

Where we render an opinion "to the best of our knowledge" or concerning an item "known to us" or our opinion otherwise refers to our knowledge, it is based solely upon (a) an inquiry of attorneys in this firm who perform legal services for the Company and (b) receipt of a certificate executed by an officer of the Company covering such matters (the "Company Certificate").

In rendering this opinion, we have assumed, with your consent, the genuineness and authenticity of all signatures on original documents (other than the signatures on behalf of the Company on the Loan Documents); the authenticity of all documents submitted to us as originals; the conformity to originals of all documents submitted to us as copies; the accuracy, completeness and authenticity of certificates of public officials; the due authorization, execution and delivery of all documents, including, without limitation, the due authorization, execution and delivery of the Loan Documents (except the due authorization, execution and delivery by the Company of any Loan Documents) where authorization, execution and delivery are prerequisites to the effectiveness of such documents; and that such documents constitute legally valid and binding obligations of each party thereto (except for the Company) enforceable against such parties in accordance with their respective terms.

We have also assumed, with your consent, that all individuals executing and delivering documents have the legal capacity to so execute and deliver; that the Loan Documents are obligations binding upon the parties thereto (except the Company); that the Lender Parties and the Agents have filed any required California franchise or income tax returns and have paid any required California franchise or income taxes; and that there are no extrinsic agreements or

understandings among the parties to the Loan Documents that would modify or interpret the terms of the Loan Documents or the respective rights or obligations of the parties thereunder.

With your permission, we have assumed, without investigation, that: (a) the Lenders will disburse the Loans in accordance with the terms of the Credit Agreement; (b) all Loans required to be disbursed will be disbursed by the Lender Parties to the Company; (c) all payments of principal and interest due under the Loan Documents, and all fees and reimbursable costs paid by the Company with respect thereto, will be received by the Administrative Agent and the Lender Parties for their own account and applied in payment of the obligations under the Loan Documents; and (d) at the time of each such disbursement and payment, all facts and applicable law will be the same as those existing as of the date of this opinion.

Our opinion is expressed only with respect to the Federal laws of the United States of America, the laws of the State of California and the General

Corporation Law of the State of Delaware ("Delaware Law"). We express no opinion as to whether the laws of any particular jurisdiction will apply. We note, however, that the parties to the Loan Documents have designated the laws of the State of New York as the laws governing the Loan Documents. Our opinion in paragraph 3 below as to the validity, binding effect and enforceability of the Loan Documents is premised upon the result that would be obtained if a California court were to apply the internal laws of the State of California (notwithstanding the designation of the laws of the State of New York) to the interpretation and enforcement of the Loan Documents.

We express no opinion (i) relative to the applicability or effect of any law, rule or regulation relating to securities or to the sale or issuance thereof, (ii) with respect to the applicability or effect of any pension, employee benefit or tax laws, including, without limitation, the Internal Revenue Code, the California Revenue and Taxation Code and the Employee Retirement Income Security Act of 1974, as amended, and other similar laws, statutes, acts, regulations or ordinances, or any decrees or decisional law with respect thereto, (iii) federal or state antitrust, unfair competition or trade practice laws or regulations, (iv) compliance with fiduciary requirements, (v) federal or state environmental laws and regulations, (vi) compliance with any antifraud law or (vii) federal or state laws and regulations concerning filing requirements, other than requirements applicable to charter-related documents.

Insofar as any law, rule or regulation of the State of California regarding maximum allowable interest rates may be applicable, we have, with your permission, assumed that each of the Agents and each Lender Party is a bank incorporated or organized under, or a foreign bank licensed to conduct a banking business through an agency located in the United States of America pursuant to, the laws of the United States of America or any state of the United States of America, within the meaning of Section 1 of Article XV of the California Constitution and Section 1716 of the California Financial Code.

Our opinions in paragraph 3 below as to the enforceability of any obligations of the Company under any of the Loan Documents may be limited by or subject to bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium, marshaling or other laws and rules of law affecting the enforcement generally of creditors' rights and remedies. In addition, we express no opinion as to the effect of California Civil Code Section 1717 on the recovery of attorneys' fees in contract actions, limitations imposed by California law on the appointment of receivers, and the enforceability of any particular provision of any of the Loan Documents (1) relating to rights or remedies or as to the availability of any specific or equitable relief of any kind (and we point out that the enforcement of any of your rights may be subject in all cases to an implied duty of good faith and fair dealing and to general principles of equity, regardless of whether such enforceability is considered in a proceeding at law or in equity), (2) where the breach of such provisions imposes restrictions or burdens upon the debtor, including the acceleration of indebtedness due under debt instruments, and it cannot be demonstrated that the enforcement of such restrictions or burdens is reasonably necessary for the protection of the creditor, (3) whereby any Lender Party purchasing a participation from another Lender Party may exercise set-off or similar rights with respect to such participation or (4) relating to (a) waivers of defenses, rights to trial by jury, or rights to object to jurisdiction or venue and other rights or benefits bestowed by statute or court decisions, (b) waivers of provisions which are not capable of waiver under Section 1-102(3) of the California Uniform Commercial Code or (c) exculpation clauses, indemnity clauses and clauses relating to releases or waivers of unmatured claims or rights.

With respect to our opinion in paragraph 4 below, with respect to defaults under any Material Agreement, we have relied solely upon, (i) an inquiry of officers of the Company, (ii) a list of agreements certified to us in the Company Certificate by officers of the Company as all the loan, debt, indenture, note, mortgage, or similar financing agreements relating to the extension of credit to Company (a) involving amounts exceeding $15,000,000, or (b) that otherwise affect or purport to affect the obligation of the Company under any Loan Document or the right of the Company to borrow money or to consummate the other transactions contemplated under the Loan Documents (all of which agreements are listed on Schedule A hereto and are referred to collectively herein as the "Material Agreements"), and (iii) an examination of the Material Agreements; we have made no further investigation and reviewed no other documents. With respect to the list of agreements referred to in clause (ii) of the preceding sentence, we have with your permission relied solely upon such certificate as to the accuracy of matters set forth therein even though such certificate may involve conclusions of law in addition to representations of fact and you understand we express no opinion as to the accuracy of the certificate or the reasonableness of reliance thereon.

For purposes of the opinions expressed in paragraphs 4 and 5 below, we have

assumed that the Company will not in the future take any discretionary action (including a decision not to act)

permitted by the Loan Documents that would cause the payment of the Loan to violate any California or federal statute, rule or regulation or constitute a violation or breach of or default under any of the agreements, orders, judgments or decrees referred to in clauses (ii) and (iii) of paragraph 4 or require an order, consent, permit or approval to be obtained from a California or federal governmental authority.

We express no opinion as to the effect of non-compliance by the Lender Parties with any state or federal laws or regulations applicable to the transactions contemplated by the Loan Documents because of the nature of the Lenders' business.

On the basis of the foregoing, in reliance thereon, and with the foregoing qualifications, we are of the opinion that:

1. The Company has been duly incorporated, and is validly existing and in good standing under the laws of the State of Delaware, with corporate power and authority to enter into the Loan Documents and to perform its obligations thereunder.

2. The execution, delivery and performance of the Loan Documents have been duly authorized by all necessary corporate action on the part of the Company, and the Loan Documents have been duly executed and delivered by the Company.

3. The Loan Documents constitute legally valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms.

4. The Company's execution and delivery of, and performance of its obligations on the Effective Date under, the Loan Documents do not (i) violate the Company's Certificate of Incorporation or Bylaws, (ii) violate, breach, or result in a default under, any existing obligation of or restriction on the Company under any Material Agreement identified in the Company's Certificate, or (iii) breach or otherwise violate any existing obligation of or restriction on the Company under any order, judgment or decree of any California or federal court or governmental authority binding on the Company identified in the Company's Certificate.

5. The execution and delivery by the Company of, and performance of its obligations under, the Loan Documents do not violate or contravene any California or federal statute or regulation which, in our experience, is applicable generally to borrowers in commercial transactions of the nature contemplated by the Loan Documents.

6. No orders, consents, permits or approvals of any California or federal governmental authority which, in our experience, are applicable generally to borrowers in commercial transactions of the nature contemplated by the Loan Documents, are required for the

execution, delivery of, and performance by the Company of its obligations under the Loan Documents.

7. To the best of our knowledge, there are no actions, suits, or proceedings pending or overtly threatened against the Company which purport to affect the legality, validity, binding effect or enforceability of any of the Loan Documents. Except for those matters described in the Company's Form 10-K for the Company's fiscal year ending September 27, 1998 filed with the Securities and Exchange Commission, we have not given substantive attention on behalf of the Company or any of its Subsidiaries to, or represented the Company in connection with, any actions, suits or proceedings pending or threatened against the Company or any of its Subsidiaries before any court, arbitrator or governmental agency which might have a materially adverse effect upon the financial condition or operations of the Company or of the Company and its Restricted Subsidiaries taken as a whole. We call your attention to the fact that our engagement is limited to specific matters as to which we have been consulted by the Company and its Subsidiaries and to which we have devoted substantive attention. There may, therefore, be other matters of a legal nature that could bear on the Company and its Subsidiaries with respect to which we have not been consulted.

Our opinions set forth above are limited to the matters expressly set forth in this opinion letter, and no opinion may be implied or inferred beyond the matters expressly stated. This opinion speaks only as to law and facts in effect or existing as of the date hereof and we undertake no obligation or responsibility to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in or law which may hereafter occur.

This opinion is intended solely for your benefit, the Lender Parties listed on Schedule I of the Credit Agreement on the date hereof and permitted assignees under the Credit Agreement and is not to be relied upon by any other person, firm or entity. In addition, this opinion may be made available to, but may not be relied upon by, participants, potential participants and regulators having authority over any Lender Party or permitted assignee.

Sincerely,

Joseph A. Scherer

JAS:dp

SCHEDULE A

THE NOTES

The Bank of New York
BankBoston, N.A.
Banque Nationale de Paris
Citibank, N.A.
Fleet National Bank
Sanwa Bank California
KeyBank National Association
Societe Generale

SCHEDULE B

MATERIAL AGREEMENTS

1) Indenture dated as of February 25, 1997, between the Company and Wilmington Trust Company, as Trustee for the Holders of the 5-3/4% Convertible Subordinated Debentures due 2012 issued pursuant thereto.

2) Letter of Credit dated as of April 28, 1997, issued by The Bank of New York in the amount of $58,000,000 for the account of the Company for the benefit of Bank of America NT & SA, which supports certain obligations of the Company under the System Equipment Purchase Agreement dated as of February 27, 1997, between the Company and Chilesat Telefonia Personal S.A. ("Chilesat PCS").

3) Guaranty dated as of April 25, 1997, as amended by the First Amendment to Guaranty dated as of June 20, 1997, executed by the Company for the benefit of Bank of America NT & SA, pursuant to which the Company guaranties up to fifty percent of the reimbursement obligations of Chilesat PCS under the Reimbursement Agreement dated as of November 7, 1996, as amended, between Chilesat PCS and Bank of America NT & SA.

4) Application and Agreement for Standby Letter of Credit dated December 11, 1996, by and between QUALCOMM Incorporated and Bank of America NT & SA relating to the issuance of a standby letter of credit for the account of QUALCOMM China Inc. in favor of The Chase Manhattan Bank in the amount of $US 22,514,479 and related Security Agreement: Secured Party in Possession of even date therewith.

5) Credit Agreement dated as of March 11, 1998, by and among QUALCOMM Incorporated, as Borrower, the Lender Parties, Bank of America N.T. & S.A., as Administrative Agent, Syndication Agent and Initial Issuing Bank, and Citibank, N.A., as Documentation Agent and Syndication Agent as amended by that First Amendment to Revolving Credit Agreement dated as of March 4, 1999 by and among the same parties.

COMPLIANCE CERTIFICATE

Dated as of _____

The undersigned hereby certifies that [s]he is a Responsible Officer of QUALCOMM, Incorporated (the "Borrower") and that as such [s]he is authorized to execute this certificate on behalf of the Borrower. With reference to the Credit Agreement, dated as of March 4, 1999 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement", the terms defined therein being used herein as therein defined), among the undersigned, certain Lender Parties party thereto, Bank of America National Trust & Savings Association, as Administrative Agent and Syndication Agent, and Citibank, N.A., as Documentation Agent and Syndication Agent, the undersigned further certifies, represents and warrants as follows:

(a) attached hereto as Annex A are the calculations necessary to confirm compliance with the covenants contained in Section 5.03 of the Credit Agreement;

[(b) attached hereto as Annex B are the financial statements provided pursuant to Section 5.01(i)(ii) of the Credit Agreement;]

(c) no Default has occurred or is continuing;

(d) all calculations on the attached annexes are made in accordance with GAAP; and

(e) the information contained herein is true, complete and correct.

QUALCOMM INCORPORATED

By _____
Title:

Annex A
to Compliance Certificate

1. Total Debt/Total Capitalization = $\frac{\text{Total Debt}}{\text{Total Capitalization}}$ = _____

Where

Total Debt = a - (b + c + d - e)

_____ = _____ _ (_____ + _____ + _____ _ _____)

and

Total Capitalization = Total Debt + f + g + h

_____ = _____ + _____ + _____ + _____

and

a = Debt of Borrower and its Restricted Subsidiaries* = _____

b = Trust Convertible Preferred Securities outstanding* (so long as no Special Event of Default shall have occurred or be continuing = _____

c = cash*_____ = _____

d = Cash Equivalents* = _____

e = cash and Cash Equivalents pledged by Borrower and its Restricted Subsidiaries to secure Debt of such Person up to the amount of such Debt* = _____

and

f = aggregate principal amount of Trust Convertible Securities (or similar instruments not included in Total Debt)** = _____
+

- ----------

* Caculated on a Consolidated Basis

** Specify type of similar instrument

g = [capitalized][deferred] interest of Trust Convertible Securities (or similar instruments not included in Total Debt)_ = _____

h = Consolidated shareholders' equity (including preferred stock) = _____

2. Leverage Ratio = Total Debt / Consolidated EBITDA = _____

3. Interest Coverage Ratio = Consolidated EBITDA+ / Interest Expense+ = _____

\- ----------

\+ of the Borrower and its Subsidiaries

EXHIBIT 10.2

*** Text Omitted and Filed Separately
Confidential Treatment Requested Under
17 C.F.R. Sections 200.80(b)(4), 200.83 and
240.24b-2

MULTI-PRODUCT LICENSE AGREEMENT

This Multi-Product License Agreement (the "Agreement") is entered into on March 24, 1999 by and between QUALCOMM Incorporated, a Delaware corporation, having its executive offices at 6455 Lusk Boulevard, San Diego, California, U.S.A., 92121 (hereinafter referred to as "Q") and TELEFONAKTIEBOLAGET LM ERICSSON (PUBL), a Swedish corporation having its executive offices at S-126 25 Stockholm, Sweden (hereinafter referred to as "E"), with respect to the following facts:

RECITALS

WHEREAS, Q and E are parties in the civil action entitled "Ericsson Inc. et al. v. QUALCOMM Inc. et al." (the "Litigation") and by entering into this Agreement, a settlement agreement and a subscriber unit license agreement agree to settle and resolve the Litigation and to release all existing claims relating thereto;

WHEREAS, contemporaneously with the execution of this Agreement Q and E have entered into an Asset Purchase Agreement, dated as of the date hereof (the "Asset Purchase Agreement") pursuant to which E has agreed to purchase and Q has agreed to sell certain assets and liabilities of Q's infrastructure business;

WHEREAS, Q and E each own patents that are essential to make, use and sell products which comply with the standards based on cdmaOne, cdma2000 and WCDMA; and

WHEREAS, as part of the settlement of the Litigation, each Party has agreed to grant the other Party a license under the respective Essential Patent portfolio and such other patents as may be designated under this Agreement for use in CDMA Applications, including but not limited to cdmaOne, cdma2000 and W-CDMA, effective upon the Closing (as defined in the Asset Purchase Agreement) (the "Effective Date").

NOW, THEREFORE, for valuable consideration, receipt of which is hereby acknowledged, the Parties hereby agree as follows:

1. Headings and Definitions.

All headings used in this Agreement are inserted for convenience only and are not intended to affect the meaning or interpretation of this Agreement or any clause. For purposes of this Agreement, the following definitions apply:

"Affiliate" of a Party means a company or other legal entity which controls, is controlled by, or is under common control with such Party, but any such company or other legal entity shall be deemed to be an Affiliate only as long as such control exists, and for the purposes of this definition, "control" means direct or indirect ownership of at least fifty percent (50%) of

the voting power of the shares or other securities for election of directors (or other managing authority) of the controlled or commonly controlled entity.

"ASICs" means individual integrated circuit chips and integrated circuit chipsets (including the hardware, firmware and/or associated software that runs on the ASIC) which are custom designed to perform a particular function or functions.

"CDMA Applications" means all communications applications (regardless of the transmission medium) which operate using code division multiple access ("CDMA") technology, whether or not based on IS-95 Related Systems, cdma2000 or W-CDMA, and irrespective of frequency band.

"CDMA Modules" means modules, chip(s), chipsets (whether or not mounted on circuit cards) and circuit cards (for example, but not limited to, PCMCIA cards) that provide communication capabilities (regardless of the

transmission medium) for use in user terminals (for example, PC's, vending machines and play stations), if sold separately (i.e., not incorporated into a user terminal). The CDMA Module must perform at least all the functionality necessary for all CDMA and RF modulation and demodulation.

"E" means Telefonaktiebolaget LM Ericsson (publ), a Swedish corporation.

"E's Licensed Patents" means E's (and its Affiliates') Essential Patents, and any non-Essential Patent selected by Q in accordance with either Section 2.3 or Section 3.3. The term "E's Licensed Patents" also includes the Patents In Suit.

"Essential Patents" means those Patents (in any country of the world) as to which it is, or is claimed by the patent owner to be, not possible on technical (but not commercial) grounds, taking into account normal technical practice and the state of the art generally available at the time of adoption or publication of the relevant Standard, to make, sell, lease, otherwise dispose of, repair, use or operate equipment or methods which comply with such Standard without infringing such patent.

"E's Essential Patents" or "Q's Essential Patents" means Essential Patents owned or sublicensable by E (or by any of E's Affiliates), or by Q (or by any of Q's Affiliates), respectively. If such Essential Patents are not owned by a Party or its Affiliates and are sublicensable by such Party or its Affiliates only with payment of additional royalty or consideration to a third party, or subject to obligations imposed as a condition of granting sublicenses, then such patents are included within the Patents being licensed hereunder only to the extent that the Party receiving such license agrees to pay any such additional royalty or consideration and agrees to be bound by such obligations in connection with such Party's use of such Patents.

"Have Made" means the right to have a third party make a product for CDMA Applications for the use and benefit of the party exercising the have made right, provided that:

(i) the party exercising the have made right owns and supplies the designs, or specifications, or working drawings to such third party (except with respect to ASICs as to which a Party must own and design only the overall architecture thereof);

(ii) such designs, specifications, and working drawings (in the case of ASICs , as to the overall architecture) are in sufficient detail that no substantial additional design by such third party is required;

(iii) such third party is not allowed to sell such product to other third parties; and

(iv) each such product sold by the Party exercising the have made right, or its Affiliate or Manufacturing Licensees shall bear the trademarks, trade names, or other commercial indicia of such party or its Affiliate or Manufacturing Licensee, although such products may be co-branded with the trademarks, trade names, or other commercial indicia of the reseller or distributor of such products. The requirements of this subparagraph (iv) shall not apply where a customer requires that the product bear only such customer's trademarks, trade names, or other commercial indicia.

"Infrastructure Equipment" means network equipment, including but not limited to equipment in the mobile switching center and cell sites. The term "Infrastructure Equipment" does not include Subscriber Units or ASICs (other than those ASICs incorporated and sold in E's Infrastructure Equipment).

"IS-95 Related Systems" means IS-95 and any single carrier system with a spreading bandwidth not greater than 1.25 MHz and based on or derived from IS-95.

"Litigation" means all litigation pending as of the Effective Date between E and Q (and/or their Affiliates) in the United States District Court for the Eastern District of Texas.

[*]

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[*]

"Multi-Mode" means Licensed Products having the capability to operate utilizing a CDMA air interface and an air interface in accordance with one or more non-CDMA standards.

"Party" means Q and E individually, and the term "Parties" means Q and E collectively.

"Patent" means all patents (including utility models) and like statutory rights other than design patents, issued at any time before, on or after the Effective Date anywhere in the world:

(i) which are owned, exclusively or jointly, or controlled by either Party or any of its Affiliates at any time, or

(ii) with respect to which, and to the extent to which, either Party or any of its Affiliates shall have the right to grant the licenses and rights herein granted.

"Patents In Suit" means the eleven patents asserted in the Litigation, U.S. Pat. Nos. 5,088,108 (RE 36,017), 5,209,528 (RE 36,079), 5,148,485, 5,193,140, 5,230,003, 5,239,557, 5,282,250, 5,327,577 (RE 36,078), 5,390,245, 5,430,760 and 5,551,073, and their foreign counterparts, reissuances, divisionals, continuations and continuations in part.

"Q"means QUALCOMM Incorporated, a Delaware corporation.

"Q's ASICs" means ASICs Sold by Q, the overall architecture of which has been designed by Q, although the functional blocks of such ASICs may be designed by others (e.g., as in the MSM 2300 and MSM 3000 ASICs).

"Q's Licensed Patents" means Q's (and its Affiliates') Essential Patents and any non-Essential Patent selected by E in accordance with either Section 2.3 or Section 3.3.

"Sold," "Sale," "Sell" means put into use, sold, leased or otherwise transferred and a sale shall be deemed to have occurred upon first use by a third party, shipment or invoicing, whichever shall first occur.

"Standards" means those standards which are applicable to CDMA Applications.

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"Subscriber Units" means (a) complete user terminals which can be used without any additional equipment or components being attached thereto to initiate or receive wireless transmissions and (b) CDMA Modules. The term "Subscriber Units" does not include Infrastructure Equipment or ASICs (other than those ASICs incorporated and sold in a Party's Subscriber Units).

2. License Grant By E.

2.1 License Grant. E hereby grants to Q, effective as of the Effective Date, a world-wide, nontransferable, non-exclusive license under E's Licensed Patents to make and Have Made, use, sell, offer for sale, lease or otherwise dispose of, and import Q's ASICs, test equipment and Globalstar gateway equipment (collectively, the "Q Licensed Products") for CDMA Applications. The license further includes (a) the right for the Q Licensed Products to be [*] and (b) to make and use solely by Q (but not to sell, lease or otherwise dispose of to third parties) instrumentalities for the development and manufacture of the Q Licensed Products.

2.2 Royalties. [*] For the avoidance of doubt, the Sale by Q to a third party for use in a wireless telephone of a chip or chipset (whether or not mounted on a circuit card provided that such circuit card is not a finished product, e.g. a PCMCIA card) that meets the definition of Q's ASICs shall be treated under this Agreement as an ASIC Sale and not as a Subscriber Unit Sale.

2.3 Inclusion of Other Patents. At any time and from time to time, Q can cause any of E's non-Essential Patents to be included in E's Licensed Patents for CDMA Applications by notifying E, in which case E shall have the right to cause an equal number of Q's non-Essential Patents to be included in Q's Licensed Patents for CDMA Applications. The patents so included by Q or by E shall be deemed to have been so included as of the Effective Date of this Agreement. In the event that Q causes the same non-Essential Patent of E to be included in E's Licensed Patents under this Agreement and under the

subscriber unit license agreement of even date herewith, E shall have the right to cause only a single Patent of Q's non-Essential Patents to be included in Q's Licensed Patents for use under both agreements.

2.4 Right to Sublicense. Other than to Manufacturing Licensees as set forth below and as set forth in Section 2.5, Q shall have the right to grant sublicenses of the rights set forth in Section 2.1 above only to Affiliates of Q. In the event that tender requirements or regulatory requirements or identifiable market requirements in a country so reasonably necessitate, Q, or Affiliates of Q, may also grant sublicenses to a Manufacturing Licensee(s) to

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manufacture and supply products designed and developed by Q or by any of its Affiliates only in the Limited Geographic Territory and only for so long as it remains a Manufacturing Licensee. Any sublicensed Affiliate shall agree to be subject in all respects to all of the obligations contained in this Agreement. Any sublicensed Manufacturing Licensee shall agree in writing to a sublicense containing terms and conditions not inconsistent with this Agreement, [*]. Any sublicense granted to a Manufacturing Licensee shall continue only so long as such Manufacturing Licensee does not assert, either in litigation or by a direct communication to E, E's Affiliates, E's Manufacturing Licensees or customers for E Licensed Products, any Essential Patents for CDMA Applications against E Licensed Products. If such Manufacturing Licensee asserts non-Essential Patents against E, E's Affiliates, E's Manufacturing Licensees or customers for E Licensed Products, Q shall use reasonable efforts to cause such Manufacturing Licensee to withdraw such assertion. Q, in addition to any such sublicensed Affiliate and Manufacturing Licensee, shall be responsible for failure of any such sublicensed Affiliate and Manufacturing Licensee to comply with such obligations and provisions. Any such sublicense shall terminate immediately if such Affiliate ceases to be an Affiliate of Q or such Manufacturing Licensee ceases to be a Manufacturing Licensee. Any sublicense to an Affiliate shall be effective retroactively as of the later of the Effective Date or the date such Affiliate became an Affiliate. Any sublicense to a Manufacturing Licensee shall be effective as of the date Q notifies E of such sublicense being granted in accordance with 2.4.1 below.

2.4.1 Manufacturing Licensee. Not less than thirty (30) days prior to commencement of sublicensed operations of any entity which Q desires to sublicense as a Manufacturing Licensee, Q shall deliver written notice to E specifying such entity, the nature and percentage of Q's ownership, and the Limited Geographic Territory in which such Manufacturing Licensee shall manufacture and sell products and such other information as may be reasonably requested by E. Q shall ensure that each Manufacturing Licensee exercises the rights it receives by virtue of becoming a Manufacturing Licensee only in the Limited Geographic Territory and that each Manufacturing Licensee complies in all respects with the terms and conditions of this Agreement and any breach of this Agreement by any Manufacturing Licensee shall be deemed to be a breach of this Agreement by Q.

2.5 Rights for Q's ASIC Customers.

2.5.1 Licensed Patents Within Q's ASIC. [*] For the purposes of this Agreement only, E claims that

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all of the Patents In Suit would be infringed by the use of Q's MSM 2300 and MSM 3000 ASICs for their intended purposes and, solely with respect to the rights of Q and Q's ASIC customers under this Agreement, E agrees not to claim otherwise and not to claim that any of the Patents In Suit are not Essential Patents to IS-95 Rev. A and B.

2.5.2 Essential Patents Not Within Q's ASIC. [*]

2.5.3 Non-assertion Against E. Any sublicense granted to any ASIC customer of Q under Section 2.5.1 or 2.5.2 shall continue only so long as such ASIC customer does not assert, either in litigation or by a direct communication to E, E's Affiliates, Manufacturing Licensees or customers for E's Licensed Products, any Essential Patents for CDMA Applications against E's Licensed Products and such ASIC customer does not dismiss such litigation or withdraw such assertion or offer a royalty-free license under such patents within thirty (30) days after Q's receipt of notice from E of such litigation or communication.

2.5.4 Royalty Rates for Q's ASIC Customers. E agrees to offer to Q's ASIC customers, [*] licenses under E's Essential Patents (which have not been sublicensed in Sections 2.5.1 and 2.5.2 above) to make and have made, use, sell, offer for sale, lease or otherwise dispose of, and import, equipment incorporating Q's ASICs and used in CDMA Applications other than IS-95 Related Systems. [*] The royalty rate under such licenses shall be calculated by [*]

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[*]

2.6 No Implied License. The license granted to Q in Section 2.1 and the sublicenses granted to Q's Affiliates and Manufacturing Licensees in Section 2.4 above specifically exclude, other than as set forth in Sections 2.5.1 and 2.5.2 above, any and all rights to use or sell Q Licensed Products under circumstances or in a manner which conveys or purports to convey, whether explicitly, by principles of implied license, patent exhaustion or otherwise, to any third party user or purchaser of such Q Licensed Products any rights or licenses under any of E's patents which would not be infringed by the use for their intended purposes of such Q Licensed Products.

3. Grant of License from Q to E.

3.1 License Grant. Q hereby grants to E, effective as of the Effective Date, a world-wide, non-transferable, non-exclusive license under Q's Licensed Patents to make and Have Made, use, sell, offer for sale, lease or otherwise dispose of, and import Infrastructure Equipment for terrestrial-based CDMA Applications and for satellite-based CDMA Applications to the extent that Q is not contractually prohibited from granting such license as of the Effective Date of this Agreement (but should Q on a later date become entitled to license any additional rights for satellite based CDMA such rights shall be deemed to be licensed hereunder as of such date conditioned upon E then being willing to grant a reciprocal license to Q for gateway equipment for satellite applications) and test equipment for CDMA Applications (collectively, the "E Licensed Products") and the right to Have Made ASICs for incorporation into E Licensed Products. Q hereby also grants to E, effective as of the Effective Date, a world-wide, non-transferable, non-exclusive license to make and Have Made, use, sell, offer for sale, lease or otherwise dispose of, and import Infrastructure Equipment and test equipment for terrestrial-based CDMA Applications under any of Q's patents or patent applications which exist on the Effective Date and are utilized in the terrestrial-based infrastructure products/systems used or sold by Q's infrastructure business, and in future generations of such infrastructure products/systems developed, used or sold by E. The license further includes [*]

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3.2 [*]

3.3 Inclusion of Other Patents. At any time and from time to time, E can cause any of Q's non-Essential Patents to be included in Q's Licensed Patents for CDMA Applications by notifying Q, in which case Q shall have the right to cause an equal number of E's non-Essential Patents to be included in E's Licensed Patents for CDMA Applications. The patents so included by E or by Q shall be deemed to have been so included as of the Effective Date of this Agreement. In the event that E causes the same non-Essential Patent of Q to be included in Q's Licensed Patents under this Agreement and under the subscriber unit license agreement of even date herewith, Q shall have the right to cause only a single Patent of E's non-Essential Patents to be included in E's Licensed Patents for use under both agreements.

3.4 Right to Sublicense. Other than to Manufacturing Licensees as set forth below, E shall have the right to grant sublicenses of the rights set forth in Section 3.1 above only to Affiliates of E. In the event that tender requirements or regulatory requirements or identifiable market requirements in a country so reasonably necessitate, E, or its Affiliates, may also grant sublicenses to a Manufacturing Licensee(s) to manufacture and supply products designed and developed by E or by any of its Affiliates only in the Limited Geographic Territory and only for so long as it remains a Manufacturing Licensee. Any sublicensed Affiliate shall agree to be subject in all respects to all of the obligations contained in this Agreement. Any sublicensed Manufacturing Licensee shall agree in writing to a sublicense containing terms and conditions not inconsistent with this Agreement, [*]. Any sublicense granted to a Manufacturing Licensee shall continue only so long as such Manufacturing

Licensee does not assert, either in litigation or by a direct communication to Q, Q's Affiliates, Q's Manufacturing Licensees or customers for Q Licensed Products, any Essential Patents for CDMA Applications against Q Licensed Products. If such Manufacturing Licensee asserts non-Essential Patents against Q, Q's Affiliates, Q's Manufacturing Licensees or customers for Q Licensed Products, E shall use reasonable efforts to cause such Manufacturing Licensee to withdraw such assertion. E, in addition to any such sublicensed Affiliate and Manufacturing Licensee, shall be responsible for failure of any such sublicensed Affiliate and Manufacturing Licensee to comply with such obligations and provisions. Any such sublicense shall terminate immediately if such Affiliate ceases to be an Affiliate of E or such Manufacturing Licensee ceases to be a Manufacturing Licensee. Any sublicense to an Affiliate shall be effective retroactively as of the later of the Effective Date or the date such Affiliate became an Affiliate. Any sublicense to a Manufacturing Licensee shall be effective as of the date E notifies Q of such sublicense being granted in accordance with 3.4.1 below.

3.4.1 Manufacturing Licensee. Not less than thirty (30) days prior to commencement of sublicensed operations of any entity which E desires to sublicense as a

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Manufacturing Licensee, E shall deliver written notice to Q specifying such entity, the nature and percentage of E's ownership, and the Limited Geographic Territory in which such Manufacturing Licensee shall manufacture and sell products and such other information as may be reasonably requested by Q. E shall ensure that each Manufacturing Licensee exercises the rights it receives by virtue of becoming a Manufacturing Licensee only in the Limited Geographic Territory and that each Manufacturing Licensee complies in all respects with the terms and conditions of this Agreement and any breach of this Agreement by any Manufacturing Licensee shall be deemed to be a breach of this Agreement by E.

3.5 No Implied License. The license granted to E in Section 3.1 and the sublicenses granted to E's Affiliates and Manufacturing Licensees under Section 3.4 above specifically exclude any and all rights to use or sell E Licensed Products under circumstances or in a manner which conveys or purports to convey, whether explicitly, by principles of implied license, patent exhaustion or otherwise, to any third party user or purchaser of such E Licensed Products any rights or licenses under any of Q's patents which would be infringed by the use for their intended purposes of such E Licensed Products.

4. Limitations on License Grants.

4.1 Jointly Owned Patents. With respect to Patents herein licensed which are owned by a Party jointly with others, the Parties recognize that there are countries which require the express consent of all inventors or their assignees to the grant of licenses or rights under patents issued in such countries for such jointly owned inventions. Each Party hereby expressly gives such consent, shall obtain such consent from its Affiliates and shall use all reasonable efforts to obtain such consent from its employees and its Affiliates' employees, and from other third parties, as required to make full and effective any such licenses and rights granted to the grantee hereunder by such Party and by another licensor of such grantee.

If, in spite of such efforts, a Party is unable to obtain such consents from any such employees or third parties, the resulting inability of such Party to make full and effective its purported grant of such licenses and rights shall not be considered to be a breach of this agreement. For the avoidance of doubt, in such case, the licenses and rights shall be considered granted by each Party to the maximum extent possible, and, consequently, if the other Party acquires a corresponding license from the employee or third party, such other Party shall be deemed licensed under the patent.

4.2 Obligations to Third Parties. In the event the exercise of a license hereunder exposes the grantor or any of its Affiliates to any obligation to make a payment to a third party (other than payments between a Party and its Affiliates and its or their employees), or if the license to the grantor imposes additional obligations on the grantor, [*]. Each Party represents that there is, at the date of this Agreement, no such obligation to make payments in respect of any property licensed hereunder.

5. Release. Subject to settlement of the Litigation, each Party for itself and its present Affiliates, hereby releases the other Party and the other Party's present Affiliates and all customers of such other Party and such other Party's present Affiliates who have purchased or used products herein licensed to the other Party, from all claims, demands and rights of action which the first mentioned Party or any of its present Affiliates may have on account of any act of infringement or alleged infringement of any Licensed Patent prior to the Effective Date, provided such act would be licensed under this Agreement if it had occurred subsequent to the Effective Date.

6. Forbearance. Unless the rights of either Party would be prejudiced thereby, E and Q agree (to the extent feasible and permitted by law), to forbear for a reasonable period (not to exceed six months from when each dispute arises) from bringing (or further actively pursuing) any administrative or court proceeding contesting the grant or validity of any patent licensed hereunder and agree to discuss in good faith the resolution of any such dispute. Nothing in or associated with this Agreement shall be construed as hindering either Party in any way from challenging the validity of any patent or other intellectual property right and any such challenge shall not be construed a breach of this Agreement.

7. Term of Agreement. This Agreement shall commence on the Effective Date hereof and, except as provided in Section 8, continue until the last Licensed Patent hereunder shall have expired.

8. Termination.

8.1 Termination for Breach. If either Party (as the "Defaulting Party") shall at any time commit any material breach of any material covenant contained herein and shall fail to remedy any such breach within sixty (60) days after written notice specifying such breach by the other Party, the non-defaulting Party may, at its option, terminate all licenses and rights granted herein to the Defaulting Party. All licenses granted to the Party terminating the other Party's licenses would survive but only as to Patents issued prior to the date of termination.

8.2 Change of Control. In the event that a third party active in a material way in the field of telecommunications or data communications acquires 50% or more of the voting

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securities of a Party, all licenses granted herein to such Party shall only be exercisable in manufacturing facilities where and to like degree previously exercised by such Party and shall not extend to the operations of such owning or controlling entity without the express consent of the other Party but the other Party shall have no right to select patents of the acquiring party in accordance with Section 2.3 or 3.3.

8.3 Termination of Asset Purchase Agreement. This Agreement shall terminate automatically and without any further action on the part of either Party upon any termination of the Asset Purchase Agreement.

9. Miscellaneous Provisions.

9.1 Representations and Disclaimers:

9.1.1. Representations. Each Party represents and warrants that it has the right and power to enter into this Agreement and the right to and authority to grant to the other Party the licenses and rights granted herein.

9.1.2. Disclaimers. Nothing contained in this Agreement shall be construed as:

(a) a warranty or representation that any manufacture, sale, lease, use or importation will be free from infringement of patents, copyrights or other intellectual property rights of others, and it shall be the sole responsibility of the licensee Party to make such determination as is necessary with respect to the acquisition of licenses under patents and other intellectual property of third parties;

(b) an agreement to bring or prosecute actions or suits against third parties for infringement;

(c) an obligation to furnish any manufacturing or technical information or assistance;

(d) conferring any right to use, in advertising, publicity or

otherwise, any name, trade name or trademark, or any contraction, abbreviation or simulation thereof; and

(e) an obligation upon either Party to make any determination as to the applicability of any patent to any product of the other Party.

Neither Party makes any representations, extends any warranties of any kind and assumes no responsibility whatever with respect to the manufacture, sale, lease, use or importation of any product, or part thereof, by the other Party or any of its

Affiliates or any of its Manufacturing Licensees or any direct or indirect supplier or vendee or other transferee of the other Party or its Affiliates.

9.2 No Waiver. No waiver of the terms and conditions of this Agreement, or the failure of either Party strictly to enforce any such term or condition on one or more occasions shall be construed as a waiver of the same or of any other term or condition of this Agreement on any other occasion.

9.3 Assignment. Neither this Agreement nor any license or rights hereunder, in whole or in part, shall be assignable or otherwise transferable by any Party without the written consent of the other Party.

9.4 Severability. If any term, clause, or provision of this Agreement shall be judged to be invalid or unenforceable, the validity or enforceability of any other term, clause or provision, shall not be affected; and such invalid or unenforceable term, clause, or provision shall be deemed deleted from this Agreement, and this Agreement shall continue in force, and in the event such invalid or unenforceable provision is considered a material element of this Agreement, the Parties shall promptly negotiate a replacement provision in good faith that best meets the intent of the Parties.

9.5 Notice. Any notice, request or information shall be deemed to be sufficiently given to the addressee when forwarded by prepaid, registered or certified first class mail or by facsimile transmission or hand delivery to the following addressee:

<TABLE>
<S> <C>

If to Q:	If to E:
QUALCOMM Incorporated 6455 Lusk Boulevard San Diego, CA 92121	Telefonaktiebolaget LM Ericsson S-126 25 Stockholm SWEDEN
Facsimile No.: (619) 658-2500 Attention: President	Facsimile No.: 011-46-8-719-9527 Attention: General Counsel
with a copy to: General Counsel	

</TABLE>

The above addresses can be changed by providing notice to the other Party in accordance with this Section.

9.6 Publication of Agreement. Except as may otherwise be required by law or as reasonably necessary for performance hereunder, each Party shall keep the provisions of this Agreement confidential, and shall not disclose its provisions without first obtaining the written consent of the other Party. The confidentiality obligations hereunder do not apply to the

existence of this Agreement and Q may disclose the existence and the extent to which it has been granted the right to sublicense Q's ASIC customers in accordance with Section 2.

9.7 Entire Agreement. This Agreement sets forth the entire agreement and understanding between the Parties as to the subject matter hereof, and merges all prior discussions between them, and no Party hereto shall be bound by any conditions, definitions, warranties, understandings, or representations with respect to such subject matter other than as expressly

provided herein, or as duly set forth on or subsequent to the date hereof in writing and by duly authorized officers of the Parties.

9.8 Dispute Resolution.

9.8.1 Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of New York, U.S.A.

9.8.2 Resolution Procedures. In the event of any alleged breach of the Agreement or any dispute between the Parties arising under this Agreement, the Parties shall adopt the following procedures for resolution of the matter:

9.8.2.1 Negotiated Resolution. The Parties shall first attempt to resolve the matter by a meeting between executive level managers of both parties to review a presentation by each Party concerning the alleged breach or matter in dispute. Only if the executive level managers are unable to resolve the alleged breach or dispute within thirty (30) days of the meeting shall either Party be free to proceed under Section 9.1 or to institute a claim or action under Section 9.8.2.2.

9.8.2.2 Arbitration. Any controversy or claim arising out of or relating to this Agreement, its interpretation, performance, or termination, or the breach thereof that has not been resolved under Section 9.8.2.1 shall be settled by arbitration conducted in accordance with the Rules of Arbitration of the International Chamber of Commerce then in effect on the date of such controversy or claim. Any such arbitration shall take place in the City of New York and shall be conducted before a panel of three arbitrators appointed in accordance with such Rules (each Party shall select one impartial arbitrator who shall together select the third arbitrator) and the decision of the selected arbitrators shall be binding and conclusive upon the parties, their successors and assigns, who shall comply with such decision in good faith as if it were a final decision of a court of competent jurisdiction. Judgment upon the arbitrators' award may be entered in any court of competent jurisdiction.

9.9 [*]

* Confidential Treatment Requested

[*]

* Confidential Treatment Requested

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the date first written above. This Agreement may be signed in counterpart.

QUALCOMM Incorporated

BY: /s/ illegible
Title:

Telefonaktiebolaget LM Ericsson (publ)

BY: /s/ illegible
Title:

BY: /s/ illegible
Title:

EXHIBIT 10.3

*** Text Omitted and Filed Separately
Confidential Treatment Requested Under
17 C.F.R. Sections 200.80(b)(4), 200.83 and
240.24b-2

SUBSCRIBER UNIT LICENSE AGREEMENT

This Subscriber Unit License Agreement (the "Agreement") is entered into on March 24, 1999 by and between QUALCOMM Incorporated, a Delaware corporation, having its executive offices at 6455 Lusk Boulevard, San Diego, California, U.S.A., 92121 (hereinafter referred to as "Q") and TELEFONAKTIEBOLAGET LM ERICSSON (PUBL), a Swedish corporation having its executive offices at S-126 25 Stockholm, Sweden (hereinafter referred to as "E"), with respect to the following facts:

RECITALS

WHEREAS, Q and E are parties in the civil action entitled "Ericsson Inc. et al. v. QUALCOMM Inc. et al." (the "Litigation") and by entering into this Agreement, a settlement agreement and a multi-product license agreement agree to settle and resolve the Litigation and to release all existing claims relating thereto;

WHEREAS, contemporaneously with the execution of this Agreement Q and E have entered into an Asset Purchase Agreement, dated as of the date hereof (the "Asset Purchase Agreement") pursuant to which E has agreed to purchase and Q has agreed to sell certain assets and liabilities of Q's infrastructure business;

WHEREAS, Q and E each own patents that are essential to make, use and sell products which comply with the standards based on cdmaOne, cdma2000 and WCDMA; and

WHEREAS, as part of the settlement of the Litigation, each Party has agreed to grant the other Party a license under the respective Essential Patent portfolio and such other patents as may be designated under this Agreement for use in CDMA Applications, including but not limited to cdmaOne, cdma2000 and W-CDMA, effective upon the Closing (as defined in the Asset Purchase Agreement) (the "Effective Date").

NOW, THEREFORE, for valuable consideration, receipt of which is hereby acknowledged, the Parties hereby agree as follows:

1. Headings and Definitions.

All headings used in this Agreement are inserted for convenience only and are not intended to affect the meaning or interpretation of this Agreement or any clause. For purposes of this Agreement, the following definitions apply:

"Affiliate" of a Party means a company or other legal entity which controls, is controlled by, or is under common control with such Party, but any such company or other legal entity shall be deemed to be an Affiliate only as long as such control exists, and for the purposes

of this definition, "control" means direct or indirect ownership of at least fifty percent (50%) of the voting power of the shares or other securities for election of directors (or other managing authority) of the controlled or commonly controlled entity.

"ASICs" means individual integrated circuit chips and integrated circuit chipsets (including the hardware, firmware and/or associated software that runs on the ASIC) which are custom designed to perform a particular function or functions.

"CDMA Applications" means all communications applications (regardless of the transmission medium) which operate using code division multiple access ("CDMA") technology, whether or not based on IS-95 Related Systems, cdma2000 or W-CDMA, and irrespective of frequency band.

"CDMA Modules" means modules, chip(s), chipsets (whether or not mounted on circuit cards) and circuit cards (for example, but not limited to,

PCMCIA cards) that provide communication capabilities (regardless of the transmission medium) for use in user terminals (for example, PC's, vending machines and play stations), if sold separately (i.e., not incorporated into a user terminal). The CDMA Module must perform at least all the functionality necessary for all CDMA and RF modulation and demodulation.

"E" means Telefonaktiebolaget LM Ericsson (publ), a Swedish corporation.

"E's Licensed Patents" means E's (and its Affiliates') Essential Patents, and any non-Essential Patent selected by Q in accordance with either Section 2.3 or Section 3.3. The term "E's Licensed Patents" also includes the Patents In Suit.

"Essential Patents" means those Patents (in any country of the world) as to which it is, or is claimed by the patent owner to be, not possible on technical (but not commercial) grounds, taking into account normal technical practice and the state of the art generally available at the time of adoption or publication of the relevant Standard, to make, sell, lease, otherwise dispose of, repair, use or operate equipment or methods which comply with such Standard without infringing such patent.

"E's Essential Patents" or "Q's Essential Patents" means Essential Patents owned or sublicensable by E (or by any of E's Affiliates), or by Q (or by any of Q's Affiliates), respectively. If such Essential Patents are not owned by a Party or its Affiliates and are sublicensable by such Party or its Affiliates only with payment of additional royalty or

consideration to a third party, or subject to obligations imposed as a condition of granting sublicenses, then such patents are included within the Patents being licensed hereunder only to the extent that the Party receiving such license agrees to pay any such additional royalty or consideration and agrees to be bound by such obligations in connection with such Party's use of such Patents.

"Have Made" means the right to have a third party make a product for CDMA Applications for the use and benefit of the party exercising the have made right, provided that:

(i) the party exercising the have made right owns and supplies the designs, or specifications, or working drawings to such third party (except with respect to ASICs as to which a Party must own and design only the overall architecture thereof);

(ii) such designs, specifications, and working drawings (in the case of ASICs , as to the overall architecture) are in sufficient detail that no substantial additional design by such third party is required;

(iii) such third party is not allowed to sell such product to other third parties; and

(iv) each such product sold by the Party exercising the have made right, or its Affiliate or Manufacturing Licensees shall bear the trademarks, trade names, or other commercial indicia of such party or its Affiliate or Manufacturing Licensee, although such products may be co-branded with the trademarks, trade names, or other commercial indicia of the reseller or distributor of such products. The requirements of this subparagraph (iv) shall not apply where a customer requires that the product bear only such customer's trademarks, trade names, or other commercial indicia.

"Infrastructure Equipment" means network equipment, including but not limited to equipment in the mobile switching center and cell sites. The term "Infrastructure Equipment" does not include Subscriber Units or ASICs (other than those ASICs incorporated and sold in E's Infrastructure Equipment).

"IS-95 Related Systems" means IS-95 and any single carrier system with a spreading bandwidth not greater than 1.25 MHz and based on or derived from IS-95.

"Litigation" means all litigation pending as of the Effective Date between E and Q (and/or their Affiliates) in the United States District Court for the Eastern District of Texas.

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[*]

"Multi-Mode" means Licensed Products having the capability to operate utilizing a CDMA air interface and an air interface in accordance with one or more non-CDMA standards.

"Net Selling Price" means, with respect to any Subscriber Unit Sold, the greater of [*]

"Party" means Q and E individually, and the term "Parties" means Q and E collectively.

"Patent" means all patents (including utility models) and like statutory rights other than design patents, issued at any time before, on or after the Effective Date anywhere in the world:

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(i) which are owned, exclusively or jointly, or controlled by either Party or any of its Affiliates at any time, or

(ii) with respect to which, and to the extent to which, either Party or any of its Affiliates shall have the right to grant the licenses and rights herein granted.

"Patents In Suit" means the eleven patents asserted in the Litigation, U.S. Pat. Nos. 5,088,108 (RE 36,017), 5,209,528 (RE 36,079), 5,148,485, 5,193,140, 5,230,003, 5,239,557, 5,282,250, 5,327,577 (RE 36,078), 5,390,245, 5,430,760 and 5,551,073, and their foreign counterparts, reissuances, divisionals, continuations and continuations in part.

"Q" means QUALCOMM Incorporated, a Delaware corporation.

"Q's ASICs" means ASICs Sold by Q, the overall architecture of which has been designed by Q, although the functional blocks of such ASICs may be designed by others (e.g., as in the MSM 2300 and MSM 3000 ASICs).

"Q's Licensed Patents" means Q's (and its Affiliates') Essential Patents and any non-Essential Patent selected by E in accordance with either Section 2.3 or Section 3.3.

"Sold," "Sale," "Sell" means put into use, sold, leased or otherwise transferred and a sale shall be deemed to have occurred upon first use by a third party, shipment or invoicing, whichever shall first occur.

"Standards" means those standards which are applicable to CDMA Applications.

"Subscriber Units" means (a) complete user terminals which can be used without any additional equipment or components being attached thereto to initiate or receive wireless transmissions and (b) CDMA Modules. The term "Subscriber Units" does not include Infrastructure Equipment or ASICs (other than those ASICs incorporated and sold in a Party's Subscriber Units).

2. License Grant By E.

2.1 License Grant. E hereby grants to Q, effective as of the Effective Date, a world-wide, non-transferable, non-exclusive [*] license under E's Licensed Patents to make and Have Made, use, sell, offer for sale, lease or otherwise dispose of, and import Subscriber Units designed by Q or its Affiliates and which design is owned by Q or its Affiliates (the "Q Licensed Products") for CDMA Applications. The license further includes [*]

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[*]

2.2 Royalties. The license to Q in Section 2.1 shall be [*] with respect to all of the Q Licensed Products, with the exception only for those Subscriber Units licensed pursuant to this Agreement Sold by Q beginning four years after the Effective Date of this Agreement (the "Reportable Subscriber

Units"). Beginning four years after the Effective Date and within sixty (60) days after the end of each calendar quarter during the remaining term of this Agreement, Q agrees to pay E a royalty equal to [*] of the royalty rate then being paid by E to Q for Subscriber Units Sold by E in accordance with Section 3.2 of this Agreement times the Net Selling Price of each Reportable Subscriber Unit Sold [*]. For the avoidance of doubt, the Sale by Q to a third party for use in a wireless telephone of a chip or chipset (whether or not mounted on a circuit card provided that such circuit card is not a finished product, e.g. a PCMCIA card) that meets the definition of Q's ASICs shall be treated under this Agreement as an ASIC Sale under the Multi-Product License Agreement and not as a Subscriber Unit Sale hereunder unless Q has paid the royalty, if any, applicable to a Subscriber Unit.

2.2.1 [*]

2.2.2 [*]

2.2.3 If Q sells a CDMA Module to an Affiliate or Manufacturing Licensee of Q for incorporation into a Subscriber Unit, [*]

2.3 Inclusion of Other Patents. At any time and from time to time, Q can cause any of E's non-Essential Patents to be included in E's Licensed Patents for CDMA Applications by notifying E, in which case E shall have the right to cause an equal number of Q's non-Essential Patents to be included in Q's Licensed Patents for CDMA Applications. The

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patents so included by Q or by E shall be deemed to have been so included as of the Effective Date of this Agreement. In the event that Q causes the same non-Essential Patent of E to be included in E's Licensed Patents under this Agreement and under the Multi-Product License Agreement of even date herewith, E shall have the right to cause only a single Patent of Q's non-Essential Patents to be included in Q's Licensed Patents for use under both agreements.

2.4 Right to Sublicense. Other than to Manufacturing Licensees as set forth below, Q shall have the right to grant sublicenses of the rights set forth in Section 2.1 above only to Affiliates of Q. In the event that tender requirements or regulatory requirements or identifiable market requirements in a country so reasonably necessitate, Q, or Affiliates of Q, may also grant sublicenses to a Manufacturing Licensee(s) to manufacture and supply products designed and developed by Q or by any of its Affiliates only in the Limited Geographic Territory and only for so long as it remains a Manufacturing Licensee. Any sublicensed Affiliate shall agree to be subject in all respects to all of the obligations contained in this Agreement, including but not limited to the payment of royalties on any Subscriber Units sold by such Affiliate. Any sublicensed Manufacturing Licensee shall agree in writing to a sublicense containing terms and conditions not inconsistent with this Agreement, including but not limited to the payment of royalties on any Subscriber Units sold by such Manufacturing Licensee, [*]. Any sublicense granted to a Manufacturing Licensee shall continue only so long as such Manufacturing Licensee does not assert, either in litigation or by a direct communication to E, E's Affiliates, E's Manufacturing Licensees or customers for E Licensed Products, any Essential Patents for CDMA Applications against E Licensed Products. If such Manufacturing Licensee asserts non-Essential Patents against E, E's Affiliates, E's Manufacturing Licensees or customers for E Licensed Products, Q shall use reasonable efforts to cause such Manufacturing Licensee to withdraw such assertion. Q shall report to E the Net Selling Price for all Reportable Subscriber Units Sold by each Affiliate and Manufacturing Licensee that is granted a sublicense. Q, in addition to any such sublicensed Affiliate and Manufacturing Licensee, shall be responsible for failure of any such sublicensed Affiliate and Manufacturing Licensee to comply with such obligations and provisions. Any such sublicense shall terminate immediately if such Affiliate ceases to be an Affiliate of Q or such Manufacturing Licensee ceases to be a Manufacturing Licensee. Any sublicense to an Affiliate shall be effective retroactively as of the later of the Effective Date or the date such Affiliate became an Affiliate. Any sublicense to a Manufacturing Licensee shall be effective as of the date Q notifies E of such sublicense being granted in accordance with 2.4.1 below.

2.4.1 Manufacturing Licensee. Not less than thirty (30) days prior to commencement of sublicensed operations of any entity which Q desires to sublicense as a Manufacturing Licensee, Q shall deliver written notice to E specifying such entity, the nature and percentage of Q's ownership, and the Limited Geographic Territory in which such Manufacturing Licensee shall manufacture and sell products and such other information as may be reasonably requested by E. Q shall ensure that each Manufacturing Licensee exercises the

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rights it receives by virtue of becoming a Manufacturing Licensee only in the Limited Geographic Territory and that each Manufacturing Licensee complies in all respects with the terms and conditions of this Agreement and any breach of this Agreement by any Manufacturing Licensee shall be deemed to be a breach of this Agreement by Q.

2.5 [*]

2.6 No Implied License. The license granted to Q in Section 2.1 and the sublicenses granted to Q's Affiliates and Manufacturing Licensees in Section 2.4 above specifically exclude any and all rights to use or sell Q Licensed Products under circumstances or in a manner which conveys or purports to convey, whether explicitly, by principles of implied license, patent exhaustion or otherwise, to any third party user or purchaser of such Q Licensed Products any rights or licenses under any of E's patents which would not be infringed by the use for their intended purposes of such Q Licensed Products.

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3. Grant of License from Q to E.

3.1 License Grant. Q hereby grants to E, effective as of the Effective Date, a world-wide, non-transferable, non-exclusive [*] license under Q's Licensed Patents to make and Have Made, use, sell, offer for sale, lease or otherwise dispose of, and import Subscriber Units, designed by E or its Affiliates and which design is owned by E or its Affiliates, for CDMA Applications (the above licensed Subscriber Units are hereafter referred to as the "E Licensed Products") and the right to Have Made ASICs for incorporation into E Licensed Products. The license further includes [*]. Notwithstanding anything to the contrary contained in this Agreement, E is not granted a license under any of Q's patents to sell any CDMA Modules or ASICs to any third party, directly or indirectly, for incorporation into a wireless telephone.

3.2 Royalties. Within sixty (60) days after the end of each calendar quarter during the term of this Agreement, E agrees to pay Q a royalty equal to [*]

3.2.1 Notwithstanding anything to the contrary herein, the maximum royalty payable by E on any Subscriber Unit (other than telephones) Sold [*]

3.2.2 [*]

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where Q holds Patents which would be infringed by the importation or Sale of such Subscriber Units.

3.2.3 If E sells a CDMA Module to an Affiliate or Manufacturing Licensee of E for incorporation into a Subscriber Unit, then the royalty shall be [*].

3.3 Inclusion of Other Patents. At any time and from time to time, E can cause any of Q's non-Essential Patents to be included in Q's Licensed Patents for CDMA Applications by notifying Q, in which case Q shall have the right to cause an equal number of E's non-Essential Patents to be included in E's Licensed Patents for CDMA Applications. The patents so included by E or by Q shall be deemed to have been so included as of the Effective Date of this Agreement. In the event that E causes the same non-Essential Patent of Q to be included in Q's Licensed Patents under this Agreement and under the Multi-Product License Agreement of even date herewith, Q shall have the right to cause only a single Patent of E's non-Essential Patents to be included in E's Licensed Patents for use under both agreements.

3.4 Right to Sublicense. Other than to Manufacturing Licensees as set forth below, E shall have the right to grant sublicenses of the rights set

forth in Section 3.1 above only to Affiliates of E. In the event that tender requirements or regulatory requirements or identifiable market requirements in a country so reasonably necessitate, E, or its Affiliates, may also grant sublicenses to a Manufacturing Licensee(s) to manufacture and supply products designed and developed by E or by any of its Affiliates only in the Limited Geographic Territory and only for so long as it remains a Manufacturing Licensee. Any sublicensed Affiliate shall agree to be subject in all respects to all of the obligations contained in this Agreement, including but not limited to the payment of royalties on any Subscriber Units Sold by such Affiliate. Any sublicensed Manufacturing Licensee shall agree in writing to a sublicense containing terms and conditions not inconsistent with this Agreement, including but not limited to the payment of royalties on any Subscriber Units sold by such Manufacturing Licensee, [*]. Any sublicense granted to a Manufacturing Licensee shall continue only so long as such Manufacturing Licensee does not assert, either in litigation or by a direct communication to Q, Q's Affiliates, Q's Manufacturing Licensees or customers for Q Licensed Products, any Essential Patents for CDMA Applications against Q Licensed Products. If such Manufacturing Licensee asserts non-Essential Patents against Q, Q's Affiliates, Q's Manufacturing Licensees or customers for Q Licensed Products, E shall use reasonable efforts to cause such Manufacturing Licensee to withdraw such assertion. E shall report to Q the Net Selling Price for all Subscriber Units Sold by each Affiliate and Manufacturing Licensee that is granted a sublicense. E, in addition to any such sublicensed Affiliate and Manufacturing Licensee, shall be responsible for failure of any such sublicensed Affiliate and Manufacturing Licensee to comply with such

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obligations and provisions. Any such sublicense shall terminate immediately if such Affiliate ceases to be an Affiliate of E or such Manufacturing Licensee ceases to be a Manufacturing Licensee. Any sublicense to an Affiliate shall be effective retroactively as of the later of the Effective Date or the date such Affiliate became an Affiliate. Any sublicense to a Manufacturing Licensee shall be effective as of the date E notifies Q of such sublicense being granted in accordance with 3.4.1 below.

3.4.1 Manufacturing Licensee. Not less than thirty (30) days prior to commencement of sublicensed operations of any entity which E desires to sublicense as a Manufacturing Licensee, E shall deliver written notice to Q specifying such entity, the nature and percentage of E's ownership, and the Limited Geographic Territory in which such Manufacturing Licensee shall manufacture and sell products and such other information as may be reasonably requested by Q. E shall ensure that each Manufacturing Licensee exercises the rights it receives by virtue of becoming a Manufacturing Licensee only in the Limited Geographic Territory and that each Manufacturing Licensee complies in all respects with the terms and conditions of this Agreement and any breach of this Agreement by any Manufacturing Licensee shall be deemed to be a breach of this Agreement by E.

3.5 [*]

* Confidential Treatment Requested

[*]

3.6 [*]

3.7 No Implied License. The license granted to E in Section 3.1 and the sublicenses granted to E's Affiliates and Manufacturing Licensees under Section 3.4 above specifically exclude any and all rights to use or sell E Licensed Products under circumstances or in a manner which conveys or purports to convey, whether explicitly, by principles of implied license, patent exhaustion or otherwise, to any third party user or purchaser of such E Licensed Products any rights or licenses under any of Q's patents which would be infringed by the use for their intended purposes of such E Licensed Products.

4. Limitations on License Grants.

4.1 Jointly Owned Patents. With respect to Patents herein licensed which are owned by a Party jointly with others, the Parties recognize that there are countries which require the express consent of all inventors or their assignees to the grant of licenses or rights under patents issued in such countries for such jointly owned inventions. Each Party hereby expressly gives such consent, shall obtain such consent from its Affiliates and shall use all

reasonable efforts to obtain such consent from its employees and its Affiliates' employees, and from other third parties, as required to make full and effective any such licenses and rights granted to the grantee hereunder by such Party and by another licensor of such grantee.

If, in spite of such efforts, a Party is unable to obtain such consents from any such employees or third parties, the resulting inability of such Party to make full and effective its purported grant of such licenses and rights shall not be considered to be a breach of this agreement. For the avoidance of doubt, in such case, the licenses and rights shall be considered granted by each Party to the maximum extent possible, and, consequently, if the other Party

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acquires a corresponding license from the employee or third party, such other Party shall be deemed licensed under the patent.

4.2 Obligations to Third Parties. In the event the exercise of a license hereunder exposes the grantor or any of its Affiliates to any obligation to make a payment to a third party (other than payments between a Party and its Affiliates and its or their employees), or if the license to the grantor imposes additional obligations on the grantor, the grantee shall, at the request of the grantor, [*]

5. Release. Subject to settlement of the Litigation, each Party for itself and its present Affiliates, hereby releases the other Party and the other Party's present Affiliates and all customers of such other Party and such other Party's present Affiliates who have purchased or used products herein licensed to the other Party, from all claims, demands and rights of action which the first mentioned Party or any of its present Affiliates may have on account of any act of infringement or alleged infringement of any Licensed Patent prior to the Effective Date, provided such act would be licensed under this Agreement if it had occurred subsequent to the Effective Date.

6. Purchases from Licensed Sources. Subject to Sections 2.2.2 and 3.2.2, royalties shall be payable under this Agreement on Subscriber Units Sold by a Party which use any of the other Party's Licensed Patents (including but not limited to by use of an ASIC from whomsoever purchased). If either Party (as the "Purchasing Party") purchases Subscriber Units (other than CDMA Modules) from a third party, which third party is licensed under all of the other Party's Licensed Patents contained in such Subscriber Unit, then, as long as the Purchasing Party is not purchasing such Subscriber Units under its Have Made rights granted to it under this Agreement, the Purchasing Party shall not be required to pay royalties to the other Party with respect to such Subscriber Units. For CDMA Modules purchased by the Purchasing Party from a CDMA Modules manufacturer exercising license rights granted by the other Party to manufacture and sell such CDMA Modules for its own account, the Purchasing Party shall be entitled to [*] in calculating the Net Sales Price of the Subscriber Unit containing such CDMA Module for royalty calculation purposes under Section 2.2 or Section 3.2 provided that such third party is licensed to convey to purchasers all necessary rights under the non-Purchasing Party's Licensed Patents to use such CDMA Module. [*]

7. Taxes. Withholding taxes and any other taxes levied anywhere in the world upon payments by the paying Party to the licensor Party of royalties under this Agreement and

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required to be withheld from such payments shall be withheld and paid by the [*] to the appropriate tax authorities. In connection therewith, the gross amounts to be paid shall be adjusted in such a manner that all such taxes are for [*]. Promptly after each such tax payment, the official tax receipts or other evidence issued by the tax authority concerned shall be forwarded to [*] to enable it to support a claim for tax credit.

8. Conversion to U.S. Dollars. Royalties shall be paid in U.S. dollars by wire-transfer and at a bank to be designated by the payee. To the extent that the Net Selling Price for Subscriber Units Sold outside of the United States is paid to the selling Party other than in U.S. dollars, then such Party shall convert the portion of the royalty payable to the licensor from such Net Selling Price into U.S. dollars at the official rate of exchange of the currency of the country from which the Net Selling Price was paid, as quoted by the U.S. Wall Street Journal (or the Chase Manhattan Bank or another agreed-upon source if not

quoted in the Wall Street Journal) for the last business day of the calendar quarter in which such Subscriber Units were Sold. If the transfer of or the conversion into U.S. dollars is not lawful or possible, the payment of such part of the royalties as is necessary shall be made by the deposit thereof, in the currency of the country where the sale was made on which the royalty was based to the credit and account of the licensor Party or its nominee in any commercial bank or trust company of the licensor Party's choice located in that country, prompt notice of which shall be given by the paying Party to the licensor Party.

9. Forbearance. Unless the rights of either Party would be prejudiced thereby, E and Q agree (to the extent feasible and permitted by law), to forbear for a reasonable period (not to exceed six months from when each dispute arises) from bringing (or further actively pursuing) any administrative or court proceeding contesting the grant or validity of any patent licensed hereunder and agree to discuss in good faith the resolution of any such dispute. Nothing in or associated with this Agreement shall be construed as hindering either Party in any way from challenging the validity of any patent or other intellectual property right and any such challenge shall not be construed a breach of this Agreement.

10. Third Party Infringement. Upon discovery by either Party (Licensee Party) of any infringement by a third party (the "Infringer") of any Licensed Patent(s) of the other Party (Licensor Party) which results in a material competitive disadvantage to the Licensee party in a country or countries by virtue of its being a licensee under this Agreement, the Licensee Party shall promptly notify the Licensor Party of such infringement. [*]

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[*]

11. Term of Agreement. This Agreement shall commence on the Effective Date hereof and, except as provided in Section 13, continue until the last Licensed Patent hereunder shall have expired.

12. Records and Remittances.

12.1 Audits. Each Party (and each of its sublicensed Affiliates and Manufacturing Licensees), as a licensee, shall keep clear and accurate records with respect to Subscriber Units. Each Party, as a licensor, shall have the right, through independent certified public accountants of its choosing (but reasonably acceptable to the other Party) to receive a list of all sublicensed Affiliates during the audit period and to examine and audit, during normal business hours, semi-annually (or at less frequent intervals) all such records and such other records and accounts as may under recognized accounting practices contain information bearing upon the amount of royalties payable to it under this Agreement. Prompt adjustment shall be made by any Party who has made any error or omission disclosed by such examination or audit to compensate for any errors or omissions disclosed by such examination or audit. Neither such right to examine and audit, nor the right to receive such adjustments, shall be affected by statements to the contrary appearing on checks or otherwise, unless any such right is expressly waived by the Party having such right. Each Party, as a licensee, shall furnish the other whatever additional information the other Party may reasonably prescribe from time to time to enable such other Party to ascertain whether Subscriber Units Sold by the licensee Party or any of its Affiliates or Manufacturing Licensees are subject to payment of royalties hereunder and the amount payable thereon. If the adjustment payable to the licensor Party after such audit is equal to 10% or greater of the amount actually remitted to the licensor Party for that period, the licensee Party shall bear the cost of the audit.

12.2 Certified Statement. Within sixty (60) days following the end of each calendar quarter during the term of this Agreement, each Party, as a licensee, shall furnish the other Party, as a licensor, with a statement, in a form reasonably acceptable to the licensor Party, certified by an officer of the licensee Party, recording: i) the Net Selling Price of all Subscriber Units Sold during such calendar quarter in countries not exempted from royalty payments with a separate itemization of the Net Selling Price of CDMA Modules, ii) the amount of royalties payable thereon, and iii) the countries in which the manufacture, sale or use of Subscriber Units took place which are believed to be exempt from the payment of royalties, and briefly, the reason therefor. If no Subscriber Units have been Sold for that calendar quarter, that fact shall be shown on such statement.

* Confidential Treatment Requested

12.3 Late Payments. Payments when provided for in this Agreement shall, when overdue, bear interest computed monthly (prorated for periods of time less than one month) at [*] If the amount of such charge exceeds the maximum permitted by law, such charge shall be reduced to such maximum.

13. Termination.

13.1 Termination for Breach. If either Party (as the "Defaulting Party") shall at any time materially default in the payment of any royalty or the making of any report hereunder, or shall commit any material breach of any material covenant contained herein, or shall make any material false report and shall fail to remedy any such default, breach or report within sixty (60) days after written notice specifying such default, breach or report by the other Party, the non-defaulting Party may, at its option, terminate all licenses and rights granted herein to the Defaulting Party. All licenses granted to the Party terminating the other Party's licenses would survive but only as to Patents issued prior to the date of termination. However, in respect of any alleged breach or default due to failure to report, a false report, or to make payment of royalties under this Agreement, the Party alleging such breach or default shall exhaust all of the Dispute Resolution Procedures under Section 14.8.2.1 before giving notice of breach or default and termination of this Agreement to the Party alleged to be in breach or default.

13.2 Change of Control. In the event that a third party active in a material way in the field of telecommunications or data communications acquires 50% or more of the voting securities of a Party, all licenses granted herein to such Party shall only be exercisable in manufacturing facilities where and to like degree previously exercised by such Party and shall not extend to the operations of such owning or controlling entity without the express consent of the other Party but the other Party shall have no right to select patents of the acquiring party in accordance with Section 2.3 or 3.3.

13.3 Termination of Asset Purchase Agreement. This Agreement shall terminate automatically and without any further action on the part of either Party upon any termination of the Asset Purchase Agreement.

13.4 Rights upon Termination. Any termination or expiration of this Agreement shall not relieve the licensee Party from its obligations to make a report or from its liability for payment of royalties on Subscriber Units Sold on or prior to the date of such termination or expiration and shall not prejudice the right to recover the full amount of any royalties or other sums due or accrued at the time of such termination or expiration and shall not prejudice any cause of action or claim accrued or to accrue on account of any breach or default. Furthermore, any termination or expiration of this Agreement under this Section shall not prejudice the right of the licensor Party to conduct a final audit of the records of the licensee Party in accordance with the provisions of Section 12.1 hereof.

* Confidential Treatment Requested

14. Miscellaneous Provisions.

14.1 Representations and Disclaimers:

14.1.1. Representations. Each Party represents and warrants that it has the right and power to enter into this Agreement and the right to and authority to grant to the other Party the licenses and rights granted herein.

14.1.2. Disclaimers. Nothing contained in this Agreement shall be construed as:

(a) a warranty or representation that any manufacture, sale, lease, use or importation will be free from infringement of patents, copyrights or other intellectual property rights of others, and it shall be the sole responsibility of the licensee Party to make such determination as is necessary with respect to the acquisition of licenses under patents and other intellectual property of third parties;

(b) an agreement to bring or prosecute actions or suits against third parties for infringement;

(c) an obligation to furnish any manufacturing or technical information or assistance;

(d) conferring any right to use, in advertising, publicity or otherwise, any name, trade name or trademark, or any contraction, abbreviation or simulation thereof; and

(e) an obligation upon either Party to make any determination as to the applicability of any patent to any product of the other Party.

Neither Party makes any representations, extends any warranties of any kind and assumes no responsibility whatever with respect to the manufacture, sale, lease, use or importation of any product, or part thereof, by the other Party or any of its Affiliates or any of its Manufacturing Licensees or any direct or indirect supplier or vendee or other transferee of the other Party or its Affiliates.

14.2 No Waiver. No waiver of the terms and conditions of this Agreement, or the failure of either Party strictly to enforce any such term or condition on one or more occasions shall be construed as a waiver of the same or of any other term or condition of this Agreement on any other occasion.

14.3 Assignment. Neither this Agreement nor any license or rights hereunder, in whole or in part, shall be assignable or otherwise transferable by any Party without the written consent of the other Party.

14.4 Severability. If any term, clause, or provision of this Agreement shall be judged to be invalid or unenforceable, the validity or enforceability of any other term, clause or provision, shall not be affected; and such invalid or unenforceable term, clause, or provision shall be deemed deleted from this Agreement, and this Agreement shall continue in force, and in the event such invalid or unenforceable provision is considered a material element of this Agreement, the Parties shall promptly negotiate a replacement provision in good faith that best meets the intent of the Parties.

14.5 Notice. Any notice, request or information shall be deemed to be sufficiently given to the addressee when forwarded by prepaid, registered or certified first class mail or by facsimile transmission or hand delivery to the following addressee:

If to Q:	If to E:
QUALCOMM Incorporated 6455 Lusk Boulevard San Diego, CA 92121	Telefonaktiebolaget LM Ericsson S-126 25 Stockholm SWEDEN
Facsimile No.: (619) 658-2500 Attention: President	Facsimile No.: 011-46-8-719-9527 Attention: General Counsel
with a copy to:	
	General Counsel

The above addresses can be changed by providing notice to the other Party in accordance with this Section.

14.6 Publication of Agreement. Except as may otherwise be required by law or as reasonably necessary for performance hereunder, each Party shall keep the provisions of this Agreement confidential, and shall not disclose its provisions without first obtaining the written consent of the other Party. The confidentiality obligations hereunder do not apply to the existence of this Agreement.

14.7 Dispute Resolution.

14.7.1 Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of New York, U.S.A.

14.7.2 Resolution Procedures. In the event of any alleged breach of the Agreement or any dispute between the Parties arising under this Agreement, the Parties shall adopt the following procedures for

resolution of the matter:

14.7.2.1 Negotiated Resolution. The Parties shall first attempt to resolve the matter by a meeting between executive level managers of both parties to review a presentation by each Party concerning the alleged breach or matter in dispute. Only if the executive level managers are unable to resolve the alleged breach or dispute within thirty (30) days of the meeting shall either Party be free to proceed under Section 13.1 or to institute a claim or action under Section 14.7.2.2.

14.7.2.2 Arbitration. Any controversy or claim arising out of or relating to this Agreement, its interpretation, performance, or termination, or the breach thereof that has not been resolved under Section 14.7.2.1 shall be settled by arbitration conducted in accordance with the Rules of Arbitration of the International Chamber of Commerce then in effect on the date of such controversy or claim. Any such arbitration shall take place in the City of New York and shall be conducted before a panel of three arbitrators appointed in accordance with such Rules (each Party shall select one impartial arbitrator who shall together select the third arbitrator) and the decision of the selected arbitrators shall be binding and conclusive upon the parties, their successors and assigns, who shall comply with such decision in good faith as if it were a final decision of a court of competent jurisdiction. Judgment upon the arbitrators' award may be entered in any court of competent jurisdiction. In the event either Party disputes its obligation to pay the other Party royalties and prevails in such dispute, then any royalties paid under protest by such Party from the date it first gave notice of its desire to invoke the procedures of Section 14.7.2.1 with respect to such disputed royalties shall be repaid by the other Party with interest from such date computed at the rate set forth in Section 12.3.

14.8 [*]

* Confidential Treatment Requested

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the date first written above. This Agreement may be signed in counterpart.

QUALCOMM Incorporated	Telefonaktiebolaget LM Ericsson (publ)
/s/ illegible	/s/ illegible
BY: _____	BY: _____
Title:	Title:
	/s/ illegible
	BY: _____
	Title:

EXHIBIT 10.4

SETTLEMENT AGREEMENT AND MUTUAL RELEASE

This SETTLEMENT AGREEMENT AND MUTUAL RELEASE (this "Release") is entered into as of March 24, 1999 by and between QUALCOMM Incorporated, a Delaware corporation, and QUALCOMM Personal Electronics, a California partnership (collectively, "QUALCOMM"), on the one hand, and Telefonaktiebolaget LM Ericsson (publ), a Swedish corporation, and Ericsson Inc., a Delaware corporation (collectively, "Ericcson"), on the other hand.

RECITALS

A. QUALCOMM and Ericsson are parties in the civil action entitled "Ericsson Inc. et al. v. QUALCOMM Inc. et al.," Civil Action No. 2:96cv183-DF/HWM (Consolidated), in the United States District Court for the Eastern District of Texas, Marshall Division, as well as the civil action untitled "OKI America, Inc. v. Telefonaktiebolaget LM Ericsson, Sweden and Ericsson Inc.," No. C-96 20747 RMW (EAI), in the United States District Court for the Northern District of California, San Jose Division (together, the "Litigation"), and by entering into this Release agree to stay and ultimately to settle and dismiss their respective claims in the Litigation and to release all existing claims relating thereto, subject to the terms and conditions hereof;

B. Simultaneously with the execution and delivery of this Release, QUALCOMM and Ericsson have entered into an Asset Purchase Agreement (the "Asset Purchase Agreement") pursuant to which Ericsson has agreed to purchase and QUALCOMM has agreed to sell substantially all the assets and liabilities of QUALCOMM's infrastructure business (the "Acquired Business"), subject to the terms and conditions thereof; and

C. Also simultaneously with the execution and delivery of this Release, in connection with the settlement of the Litigation and the purchase and sale of the Acquired Business, QUALCOMM and Ericsson have entered into a Multi-Product License Agreement and a Subscriber Unit License Agreement (the "License Agreements") pursuant to which each party has agreed to grant the other party a license under the specific patents identified in the License Agreements and such other patents as may be designated under the terms of the License Agreements for use in CDMA applications, including but not limited to, in cdmaone (including 1S-95, 1S-95A, 1S-95B, ANSI J-STD-008 and Q-CDMA), cdma2000 and W-CDMA, contingent upon the Closing of the purchase and sale of the Acquired Business pursuant to the Asset Purchase Agreement.

NOW, THEREFORE, in consideration of the License Agreements, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. Stay. Upon the execution of this Release, Ericsson and QUALCOMM agree to stay the Litigation for a period of four months, and shall jointly move for an immediate stay of all proceedings and of all pending decisions by each court in the Litigation for such period. The parties agree that in the event of any termination of the Asset Purchase Agreement prior to the end of such period, the stay shall be lifted, and the parties shall jointly move therefor.

2. Dismissal. Upon the Closing (as defined in the Asset Purchase Agreement) of the purchase and sale of the Acquired Business pursuant to the Asset Purchase Agreement, Ericsson and QUALCOMM shall dismiss with prejudice all of their respective claims and counterclaims against each other in the Litigation, each party to bear its own costs (and attorneys' fees) related to the Litigation. Upon the closing of the Asset Purchase Agreement, each party shall promptly file in the Litigation all pleadings and papers necessary to accomplish such dismissal. The parties agree that any subsequent claims or actions filed by either party arising out of any claim or cause of action that is the subject of this Release will also be subject to dismissal with prejudice.

3. No Admission. The parties hereby expressly agree and acknowledge that, by entering into and performing this Release, neither of them admits any liability or wrongdoing or the truth of any allegation contained in any claim, defense, or counterclaim alleged in the Litigation. Neither this Release nor any action taken to carry out this Release may be construed or used as an admission of any issues, facts, wrongdoing, liability, or violation of law whatsoever.

4. General Mutual Release. Upon the Closing of the purchase and sale of the Acquired Business pursuant to the Asset Purchase Agreement, in consideration of the covenants and agreements contained herein and in the License Agreements, and on behalf of their officers, directors, shareholders, affiliates, successors, heirs, executors, administrators, and assigns, QUALCOMM hereby fully and forever releases and discharges Ericsson, and Ericsson hereby

fully and forever releases and discharges QUALCOMM, from any and all claims, demands, liabilities, commissions, payments, obligations, responsibilities, suits, actions and causes of action, whether liquidated or unliquidated, fixed or contingent, known or unknown, which the releasing party or any of its present Affiliates (as defined below) may have on account of any act or omission as of the Closing Date (as defined in the Asset Purchase Agreement) arising out of or relating to the Litigation and the termination thereof. "Affiliates" of any party means all other persons or entities controlling, controlled by or under common control with, such specified party.

5. Waiver. All rights under Section 1542 of the Civil Code of the State of California, and under any and all similar laws of any governmental entity, are hereby expressly waived. Each party is aware that said Section 1542 of the Civil Code of the State of California provides as follows:

"A general release does not extend to claims which the creditor

does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

6. Representations. Each party hereby represents and warrants to the other that (a) it is duly and fully authorized to enter into this Release, that this Release has been duly authorized, executed and delivered by it and that this Release is enforceable against it in accordance with its terms, (b) it is executing this Release after consultation with its own independent legal counsel and (c) it has not heretofore assigned or transferred to any person or entity any right, title or interest in any of the claims asserted in the litigation or in the matters that it purports to release herein.

7. Entire Agreement; Governing Law. This Release, the License Agreements and the Asset Purchase Agreement form the entire agreement between the parties concerning the subject matter hereof. There are no other existing agreements or understandings between the parties hereto relating to the settlement and release provided for in this Release. All prior agreements, promises or negotiations between the parties are merged into this Release and the License Agreements and Asset Purchase Agreement. This Release shall be governed by and construed in accordance with the law of the State of New York.

8. Termination. This Release shall terminate automatically and without any action on the part of any party hereto in the event of any termination of the Asset Purchase Agreement.

9. Successors, Assigns and Beneficiaries. This Release shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors, assigns, representatives, beneficiaries and attorneys.

10. Counterparts. This Release may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

11. Further Acts. Each party to this Release agrees to perform any and all further acts and execute and deliver any and all further documents that may be reasonably necessary to carry out the provisions of this Release.

12. Waiver and Amendments. No waiver of any provision of this Release shall be deemed a waiver of any other provision. Any amendment to this Release shall be in writing and signed by both parties.

IN WITNESS WHEREOF, the parties hereto have executed this Release through their duly authorized representatives, as of the date first set forth above.

QUALCOMM INCORPORATED

By /s/ [Signature Illegible]

Name:
Title:

QUALCOMM PERSONAL ELECTRONICS
By QUALCOMM Incorporated, its general partner

By /s/ [Signature Illegible]

Name:
Title:

TELEFONAKTIEBOLAGET LM ERICSSON(publ)

By /s/ [Signature Illegible]

Name:
Title:

By /s/ [Signature Illegible]

Name:
Title:

ERICSSON INC

By /s/ [Signature Illegible]

Name:
Title:

Exhibit 10.5

THIS FIRST AMENDMENT TO REVOLVING CREDIT AGREEMENT (this "Amendment"), dated as of March 4, 1999 is entered into by and among QUALCOMM INCORPORATED, a Delaware corporation (the "Borrower"), the banks, financial institutions and other institutional lenders (the "Initial Lenders") listed on the signature pages hereof, Bank of America N.T. & S.A. ("BankAmerica"), as administrative agent (the "Administrative Agent"), initial issuing bank (the "Initial Issuing Bank"), and syndication agent, and Citibank, N.A. ("Citibank"), as documentation agent (the "Documentation Agent") and syndication agent (together with BankAmerica, the "Syndication Agents"), for the Lender Parties (as hereinafter defined), agree as follows.

RECITALS

WHEREAS, the Borrower, the Lenders and the Administrative Agent are parties to the U.S. $400,000,000.00 Credit Agreement, dated as of March 11, 1998 (the "Credit Agreement"), pursuant to which the Lenders have extended certain credit facilities to the Borrower;

WHEREAS, the Borrower, the Lenders, and the Administrative Agent now hereby wish to amend the Credit Agreement in certain respects, all as set forth in greater detail below;

NOW, THEREFORE, in consideration of the foregoing premises and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. Defined Terms. Capitalized terms used herein and not otherwise defined shall have the meanings assigned in the Credit Agreement.

2. Amendment to Credit Agreement.

(a) Amendment to Section 1.01. Section 1.01 of the Credit Agreement is hereby amended to add each of the following terms in its property alphabetical order:

> "364-Day Credit Agreement" means the U.S. $200,000,000 Credit Agreement (364-Day) dated as of March 4, 1999 among the Borrower, Bank of America National Trust & Savings Association as Administrative Agent and Syndication Agent, Citibank, N.A. as Documentation Agent and Syndication Agent, and the other financial institutions party thereto.

"Year 2000 problem" has the meaning specified in subsection 4.01(w).

(b) Amendment to subsection 2.04(a). The fifth line of subsection 2.04(a) is hereby amended to delete the word "average" and insert the word "actual" in its stead.

(c) Amendments to Section 4.01.

(i) Section 4.01 is hereby amended to add the following subsection (w):

> (w) Year 2000 Readiness Disclosure. The Borrower and its Restricted Subsidiaries have developed and budgeted for a comprehensive program that the Borrower believes addresses adequately the "Year 2000 problem" (that is, the inability of computers, as well as embedded microchips in non-computing devices, to perform properly date-sensitive functions with respect to certain dates prior to and after December 31, 1999). Based upon such program and the Borrower's review of the Year 2000 problem performed to date, the Borrower believes that (1) the Borrower and its Restricted Subsidiaries will substantially avoid the Year 2000 problem as to all computers, as well as embedded microchips in non-computing devices, that are material to the Borrower's and its Restricted Subsidiaries' business, properties or operations taken as a whole and (2) the failure of its (or its Restricted Subsidiaries') own or a third party's systems or equipment due to the Year 2000 problem, including those of vendors, customers, and suppliers, as well as a general failure of or interruption in its communications and delivery infrastructure, will not have a Material Adverse Effect.

(ii) Subsection 4.01(b)(ii) is hereby amended to read in its entirety as follows:

> (ii) Each Subsidiary of the Borrower (x) is duly organized, validly existing and in good standing under the

laws of the jurisdiction of its organization and (y) has all requisite power and authority (including, without limitation, all governmental licenses, permits and other approvals) to own or lease and operate its properties and to carry on its business as now conducted and as proposed to be conducted.

(iii) Subsection 4.01(b)(iii) is hereby deleted.

(d) Amendment to subsection 5.02(d). Item (II) of subsection 5.02(d)(i)(D) of the Credit Agreement is hereby amended to read in its entirety as follows:

(II) either (x) the maturity thereof is at least one year after the Termination Date in effect at the time of the incurrence of such Debt and any amortization thereof shall commence no earlier than such Termination Date, or (y) such Debt is incurred pursuant to the 364-Day Credit Agreement and the Loan Documents (as defined in the 364-Day Credit Agreement) and

(e) Amendment to subsection 5.02(i). Item (A) of subsection 5.02(i)(i) of the Credit Agreement is hereby amended to read in its entirety as follows:

(A) the prepayment of the Advances in accordance with the terms of this Agreement or the prepayment of the "Advances" in accordance with the terms of the 364-Day Credit Agreement,

(f) Amendments to Section 6.01.

(i) Subsection 6.01(m) is hereby amended to add the word "or" after the semicolon.

(ii) Section 6.01 is hereby amended to add the following subsection (n):

(n) there shall occur any "Event of Default" as defined in the 364-Day Credit Agreement;

3. Representations and Warranties. The Borrower hereby represents and warrants to the Administrative Agent and each of the Lenders as follows:

(a) The execution, delivery and performance by the Borrower of this Amendment have been duly authorized by all necessary corporate and other action and do not and will not require any registration with, consent or approval of, notice to or action by, any Person (including any governmental authority) in order to be effective and enforceable. The Credit Agreement as amended by this Amendment constitutes a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its respective terms, without defense, counterclaim or offset.

(b) All representations and warranties of the Borrower contained in the Credit Agreement are true and correct as though made on and as of the date hereof (except to the extent such representations and warranties specifically relate to an earlier date, in which case they were true and correct as of such earlier date).

(c) The Borrower is entering into this Amendment on the basis of its own investigation and for its own reasons, without reliance upon the Agents, any Lender or any other person.

4. Effective Date. This Amendment will become effective as of March 4, 1999, provided that each of the following has occurred:

(a) The Administrative Agent has received from the Borrower and the Required Lenders a duly executed original or facsimile of this Amendment; and

(b) All conditions precedent to the first Loan under the 364-Day Credit Agreement (as defined in Section 2 above) other than the effectiveness of this Amendment shall have occurred.

5. Miscellaneous.

(a) Except as herein expressly amended, all terms, covenants and provisions of the Credit Agreement are and shall remain in full force and effect, and all references therein and in the other Loan Documents to the Credit Agreement shall henceforth refer to the Credit Agreement as amended by this Amendment. This Amendment shall be deemed incorporated into, and a part of, the Credit Agreement.

(b) This Amendment shall be binding upon and inure to the benefit of the parties to the Credit Agreement and their respective successors and assigns. No third party beneficiaries are intended in connection with this Amendment.

(c) This Amendment shall be governed by and construed in accordance with the law of the State of New York.

(d) This Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which, when taken together, shall be deemed to constitute but one and the same instrument.

(e) This Amendment, together with the Credit Agreement, contains the entire and exclusive agreement of the parties hereto with reference to the matters discussed herein and therein. This Amendment supersedes all prior drafts and communications with respect thereto.

(f) If any term or provision of this Amendment shall be deemed prohibited by or invalid under any applicable law, such provision shall be invalidated without affecting the remaining provisions of this Amendment or the Credit Agreement, respectively.

(g) The Borrower hereby covenants to pay or to reimburse the Administrative Agent, upon demand, for all costs and expenses (including Attorney Costs) incurred in connection with the development, preparation, negotiation, execution and delivery of this Amendment.

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute and deliver this Amendment in San Francisco, California as of the date first above written.

QUALCOMM INCORPORATED

By: /S/ SIGNATURE ILLEGIBLE
_____
Name:
Title:

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION

By: /S/ SIGNATURE ILLEGIBLE
_____
Name:
Title:

CITIBANK, N.A.

By: /S/ SIGNATURE ILLEGIBLE
_____
Name:
Title:

ABN AMRO BANK N.V.
LOS ANGELES INTERNATIONAL BRANCH

By: /S/ SIGNATURE ILLEGIBLE
_____
Name:
Title:

THE BANK OF NEW YORK

By: /S/ SIGNATURE ILLEGIBLE
_____
Name:

Title:

BANK OF TOKYO-MITSUBISHI TRUST COMPANY

By: /S/ SIGNATURE ILLEGIBLE
_____
Name:
Title:

BANKBOSTON, N.A.

By: /S/ SIGNATURE ILLEGIBLE
_____
Name:
Title:

BANQUE NATIONALE DE PARIS

By: /S/ SIGNATURE ILLEGIBLE
_____
Name:
Title:

BARCLAYS BANK PLC

By: /S/ SIGNATURE ILLEGIBLE
_____
Name:
Title:

BAYERISCHE HYPO-UND VEREINSBANK
AKTIENGESELLSCHAFT, NEW YORK BRANCH

By: /S/ SIGNATURE ILLEGIBLE
_____
Name:
Title:

THE CHASE MANHATTAN BANK

By: /S/ SIGNATURE ILLEGIBLE
_____
Name:
Title:

CIBC INC.

By: /S/ SIGNATURE ILLEGIBLE
_____
Name:
Title:

FLEET NATIONAL BANK

By: /S/ SIGNATURE ILLEGIBLE
_____
Name:
Title:

THE INDUSTRIAL BANK OF JAPAN, LIMITED,
SAN FRANCISCO AGENCY

By: /S/ SIGNATURE ILLEGIBLE
_____
Name:
Title:

KEYBANK NATIONAL ASSOCIATION

By: /S/ SIGNATURE ILLEGIBLE
_____
Name:
Title:

LEHMAN COMMERCIAL PAPER, INC.

By: /S/ SIGNATURE ILLEGIBLE
_____
Name:
Title:

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

By: /S/ SIGNATURE ILLEGIBLE
_____
Name:
Title:

SANWA BANK CALIFORNIA

By: /S/ SIGNATURE ILLEGIBLE
_____
Name:
Title:

SOCIETE GENERALE, LOS ANGELES BRANCH

By: /S/ SIGNATURE ILLEGIBLE
_____
Name:
Title:

ACKNOWLEDGED:

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION, as Administrative
Agent

By: /S/ SIGNATURE ILLEGIBLE
_____
Name:
Title:

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTAINED IN THE COMPANY'S QUARTERLY
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QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
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