

REGISTRATION NO. 333-82715

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SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
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AMENDMENT NO. 1 TO

FORM S-3  
REGISTRATION STATEMENT

UNDER  
THE SECURITIES ACT OF 1933  
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QUALCOMM INCORPORATED  
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

<TABLE>			
<S>	<C>	<C>	
DELAWARE	3663	95-3685934	
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(PRIMARY STANDARD INDUSTRIAL CLASSIFICATION CODE NUMBER)	(I.R.S. EMPLOYER IDENTIFICATION NUMBER)	
</TABLE>			

5775 MOREHOUSE DRIVE  
SAN DIEGO, CA 92121-1714  
(858) 587-1121

(ADDRESS, INCLUDING ZIP CODE AND TELEPHONE NUMBER, INCLUDING AREA CODE,  
OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

IRWIN MARK JACOBS  
CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER  
QUALCOMM INCORPORATED  
5775 MOREHOUSE DRIVE  
SAN DIEGO, CA 92121-1714  
(858) 587-1121  
(NAME, ADDRESS, INCLUDING ZIP CODE AND TELEPHONE NUMBER,  
INCLUDING AREA CODE, OF AGENT FOR SERVICE)

COPIES TO:

<TABLE>		
<S>	<C>	
FREDERICK T. MUTO, ESQ. THOMAS A. COLL, ESQ. COOLEY GODWARD LLP 4365 EXECUTIVE DRIVE, SUITE 1100 SAN DIEGO, CA 92121		SCOTT N. WOLFE, ESQ. DAVID A. HAHN, ESQ. LATHAM & WATKINS 701 B STREET, SUITE 2100 SAN DIEGO, CA 92101-8197
</TABLE>		

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC:  
As soon as possible after this Registration Statement becomes effective

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. [ ]

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. [ ]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ] \_\_\_\_\_

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ] \_\_\_\_\_

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. [ ]

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT THAT SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

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The information in this Prospectus is not complete and may be changed. We may not sell these securities until the Registration Statement filed with the Securities and Exchange Commission is effective. This Prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JULY 20, 1999

PROSPECTUS

4,000,000 SHARES

QUALCOMM INCORPORATED

COMMON STOCK

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QUALCOMM's common stock is traded on The Nasdaq National Market under the symbol "QCOM". On July 19, 1999, the last reported sale price for the common stock on The Nasdaq National Market was \$158.69 per share.

INVESTING IN THE COMMON STOCK INVOLVES RISK. "RISK FACTORS" BEGIN ON PAGE 6.

The underwriters have agreed to purchase from QUALCOMM the common stock offered by this prospectus for a purchase price of \$            per share, resulting in aggregate proceeds of \$            to QUALCOMM (before expenses). We have granted the underwriters a 30-day option to purchase up to an additional 600,000 shares of common stock, solely to cover over-allotments. If the underwriters exercise this option in full, the total proceeds to QUALCOMM will be \$            , before deducting expenses payable by QUALCOMM, estimated to be approximately \$500,000.

The underwriters propose to offer the common stock offered by this prospectus from time to time for sale in one or more transactions (which may involve block transactions) on The Nasdaq National Market, in the over-the-counter market or otherwise, at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices, subject to prior sale when, as and if delivered to and accepted by the underwriters.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES, OR DETERMINED IF THIS PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The underwriters expect to deliver the shares on or about July    , 1999.

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Joint Book-Running Managers

LEHMAN BROTHERS

, 1999

GOLDMAN, SACHS & CO.

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Unless the context requires otherwise, references in this prospectus to "we," "us," "our" and "QUALCOMM" refer to QUALCOMM Incorporated and its wholly-owned subsidiaries.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). You can inspect and copy these reports, proxy statements and other information at the public reference facilities of the Commission, in Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549; 7 World Trade Center, Suite 1300, New York, New York 10048; and Suite 1400, Citicorp Center, 500 W. Madison Street, Chicago, Illinois 60661-2511. You can also obtain copies of these materials from the public reference section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. Please call the Commission at 1-800-SEC-0330 for further information on the public reference rooms. The Commission also maintains a web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the Commission (<http://www.sec.gov>). You can inspect reports and other information we file at the office of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

We have filed a registration statement and related exhibits with the Commission under the Securities Act of 1933, as amended (the "Securities Act"). The registration statement contains additional information about us and our common stock. You may inspect the registration statement and exhibits without charge at the office of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, and you may obtain copies from the Commission at prescribed rates.

The Commission allows us to "incorporate by reference" the information we file with it, which means that we can disclose important information to you by referring to those documents. The information incorporated by reference is an important part of this prospectus, and information that we file later with the Commission will automatically update and supersede this information. We incorporate by reference the following documents we filed with the Commission pursuant to Section 13 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"):

- Annual Report on Form 10-K for the year ended September 30, 1998 (including information specifically incorporated by reference into our Form 10-K from the Proxy Statement for our 1999 Annual Meeting of Stockholders);
- Quarterly Reports on Form 10-Q for the quarters ended December 27, 1998 and March 28, 1999;
- Current Reports on Form 8-K dated May 24, 1999 and July 19, 1999;
- Description of our common stock contained in our registration statement on Form 8-A filed with the Commission on September 12, 1991; and
- All documents filed by us with the Commission pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act before the offering of the common stock offered hereby is completed (other than those portions of such documents described in paragraphs (i), (k), and (l) of Item 402 of Regulation S-K promulgated by the Commission).

You may request a copy of these filings at no cost, by writing or

telephoning us at the following address:  
Investor Relations  
QUALCOMM Incorporated  
5775 Morehouse Drive  
San Diego, California 92121-1714  
Telephone: (858) 658-4813

You should only rely on the information contained in this prospectus. We have not authorized anyone to provide you with information different from that contained in this prospectus. We are offering to sell, and seeking offers to buy, shares of common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of common stock.

#### DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus, including the documents that we incorporate by reference, contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Any statements about our expectations, beliefs, plans, objectives, assumptions or future events or performance are not historical facts and may be forward-looking. These statements are often, but not always, made through the use of words or phrases such as "anticipate," "estimate," "plans," "projects," "continuing," "ongoing," "expects," "management believes," "the Company believes," "the Company intends," "we believe," "we intend" and similar words or phrases. Accordingly, these statements involve estimates, assumptions and uncertainties which could cause actual results to differ materially from those expressed in them. Any forward-looking statements are qualified in their entirety by reference to the factors discussed throughout this prospectus. Among the key factors that could cause actual results to differ materially from the forward-looking statements:

- risks that any decline in the rate of growth in the CDMA subscriber population will decrease;
- developments in current or future litigation;
- timely product development;
- our ability to successfully manufacture significant quantities of CDMA or other equipment on a timely and profitable basis;
- risks relating to customer receivables and performance guarantees;
- risks associated with timing and receipt of license fees and royalties;
- strategic opportunities or acquisitions that we pursue;
- changes in economic conditions of the various markets we serve;
- risks associated with our international business activities;
- issues arising from addressing year 2000 information technology issues;  
and
- the availability and terms of financing.

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Because the risk factors referred to above, as well as the risk factors beginning on page 6 of this prospectus, could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements made by us or on behalf of the Company, you should not place undue reliance on any such forward-looking statements. Further, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for us to predict which will arise. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

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#### THE COMPANY

We are a leading provider of digital wireless communications products, technologies and services. We design, develop, manufacture and market wireless communications and subscriber products and design, develop and market ASIC chips based on our CDMA technology. We also license and receive royalty payments on our CDMA technology from major domestic and international telecommunications equipment suppliers. In addition, we design, manufacture, distribute and operate products and services for our OmniTRACS system. We also have contracts with Globalstar to design, develop and manufacture subscriber products and ground

communications systems, and to provide contract development services.

From time to time we consider strategic transactions and alternatives with the goal of maximizing stockholder value. For example, in September 1998 we completed the spin off of Leap Wireless International, and in May 1999 we completed the sale of our infrastructure products division to Ericsson. We will continue to evaluate additional potential strategic transactions and alternatives which we believe may enhance stockholder value. These additional potential transactions may include a variety of different structures, including spin offs, strategic partnerships, joint ventures, restructurings, divestitures and business combinations.

Standard & Poor's, a division of The McGraw Hill Companies, Inc., or S&P, has announced that, effective as of July 21, 1999, it plans to include the common stock in the Standard & Poor's Corporation 500 Composite Stock Price Index, or the S&P 500 Index, which is composed of 500 common stocks that S&P selects. Shares offered by this prospectus will be offered primarily to index funds whose portfolios are primarily based on stocks included in the S&P 500 Index.

We have entered into an agreement with Sprint PCS for the purchase of up to \$400 million of our CDMA digital PCS phones. Under the agreement, Sprint PCS will purchase our new Internet-capable Thin Phone and pdQ(TM) smartphone for distribution throughout Sprint's nationwide CDMA digital PCS network. Shipments to Sprint PCS of our Thin Phone, incorporating the Phone.com(TM) UP Browser(TM) Internet microbrowser, are scheduled to begin later this Summer.

Our principal executive offices are located at 5775 Morehouse Drive, San Diego, California 92121-1714, and our telephone number is (858) 587-1121. Our website is located at <http://www.qualcomm.com>. Information contained on our website is not part of this prospectus.

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#### THE OFFERING

Common stock offered by QUALCOMM.....	4,000,000 shares(1)
Common stock to be outstanding after the offering.....	156,747,524 shares(2)
Use of proceeds.....	Working capital and general corporate purposes. See "Use of Proceeds."
Nasdaq National Market symbol.....	QCOM
- - - - -	

(1) Assumes the underwriters' over-allotment option to purchase 600,000 shares is not exercised. See "Underwriting."

(2) Based upon shares outstanding as of July 19, 1999 (assuming no exercise of options after July 19, 1999). Excludes 46,266,572 shares of common stock reserved for issuance pursuant to QUALCOMM's employee benefit plans and 18,727,706 shares issuable upon conversion of certain convertible preferred securities of QUALCOMM Financial Trust I, a Delaware statutory business trust.

#### USE OF PROCEEDS

The net proceeds we will receive from the sale of 4,000,000 shares of common stock after deducting offering expenses payable by us will be approximately \$ million (or \$ million if the underwriters' over-allotment option is exercised in full).

We intend to use the proceeds of this offering primarily for working capital and general corporate purposes. Pending such uses, we expect to invest the net proceeds in short-term, interest-bearing, investment grade securities.

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#### RISK FACTORS

This offering involves a high degree of risk. You should carefully consider the following information about these risks, as well as the other information contained or incorporated by reference in this prospectus, before you decide to buy any of our common stock.

Except for historical information, the information contained in this prospectus and in our SEC reports are "forward looking" statements about our expected future business and performance. Our actual operating results and financial performance may prove to be very different from what we might have predicted as of the date of this prospectus. The risks described below address some of the factors that may affect our future operating results and financial performance.

OUR OPERATING RESULTS ARE DIFFICULT TO FORECAST AND MAY BE ADVERSELY AFFECTED BY MANY FACTORS.

Although we have experienced an increase in both revenues and profitability over the last several years, we have experienced and may continue to experience quarterly variability in operating results. As a result, we cannot assure you that we will be able to sustain profitability on a quarterly or annual basis in the future. Our future results will depend in part on the following factors:

- the continued successful implementation of CDMA technology and products;
- our ability to successfully manufacture, market and/or sell commercial-scale quantities of CDMA subscriber products, ASICs and other products on a timely and profitable basis both domestically and in international markets;
- the timing of introduction of products or product enhancements by us or our competitors;
- the timing and magnitude of CDMA licensing fees and royalties;
- currency and economic fluctuations in foreign markets and other factors affecting our international sales;
- bad debt provisions and/or our inability to recognize revenues associated with our vendor financing programs;
- our recognition of start-up operating losses, impairment charges and/or the inability to recognize revenues and earnings associated with our investments in emerging wireless telecommunications operating companies;
- our ability to meet any applicable performance guarantees;
- the continued success of OmniTRACS; and
- the continuation of the Globalstar development and production contracts.

IF WE ARE UNABLE TO MANAGE GROWTH IN OUR BUSINESS, OUR BUSINESS WILL SUFFER.

We have experienced and continue to experience rapid domestic and international growth that has placed, and is expected to continue to place significant demands on our managerial, operational and financial resources. In order to manage this growth, we have

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continued to improve and expand our management, operational and financial systems and controls, including quality control and delivery and service capabilities, and will need to continue to do so. We will also need to continue to expand, train and manage our employee base. In particular, we must carefully manage production and inventory levels to meet product demand, new product introductions and product transitions. We cannot assure you that we will be able to timely and effectively meet such demand and maintain the quality standards required by our existing and potential customers.

In addition, inaccuracies in our demand forecasts could quickly result in either insufficient or excessive inventories and disproportionate overhead expenses. Our international expansion plans will require us to establish, manage and control operations in countries where we have limited or no operating experience. Our experience in the expansion of production facilities and capacity is also limited. In order to accommodate planned growth, we expect that our operating expenses will continue to increase. We cannot assure you that our revenues will grow faster than our expenses. We must also continue to hire and retain qualified technical, engineering and other personnel in the face of strong demand from our competitors and others for such individuals. If we ineffectively manage our growth or are unsuccessful in recruiting and retaining personnel, this could have a material adverse effect on our business, results of

operations, liquidity and financial position.

DELAYS OR DEFECTS IN THE MANUFACTURE OF OUR CDMA PRODUCTS WOULD ADVERSELY AFFECT OUR BUSINESS.

The manufacture of wireless communications products is a complex and precise process involving specialized manufacturing and testing equipment and processes. Demand for, and our revenues from, CDMA wireless communications subscriber products increased substantially during fiscal 1998. Our manufacturing capacity is a critical element in meeting this demand. We cannot assure you that we will be able to effectively meet customer demand in a timely manner. Factors that could materially and adversely affect our ability to meet production demand include defects or impurities in the components or materials used, delays in the delivery of such components or materials, or equipment failures or other difficulties. We experienced component shortages in our fiscal quarter ended June 27, 1999. We expect those shortages will continue during the remainder of this fiscal year, which could adversely affect our operating results. We 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 our manufacturing capacity.

In addition, we cannot assure you that our foreign manufacturing facilities will be commercially successful given that we will be required to establish, manage and control operations in countries where we have limited or no operating experience. Additionally, our business, results of operations, liquidity and financial position could be materially and adversely affected if we are unable to manufacture CDMA subscriber products at commercially acceptable costs and achieve acceptable yields. We also will be impacted negatively if we expand our manufacturing capacity but are unable to secure sufficient orders for our CDMA products.

We primarily manufacture our CDMA subscriber products through QPE, a majority-owned joint venture between us and a subsidiary of Sony Electronics, Inc. The risks associated with the commercial manufacture of our subscriber products that we describe in

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this document also apply to the manufacture of subscriber products by QPE. Our business, results of operations, liquidity and financial position could be materially and adversely affected to the extent that QPE experiences any of the complications, delays or interruptions that we have described in this document.

OUR MARKETS ARE HIGHLY COMPETITIVE.

There is increasing competition in the wireless telecommunications industry in the United States and throughout the world. We cannot assure you that we will be able to successfully compete or that our competitors will not develop new technologies and products that are more commercially effective than our own. Many of our competitors have financial, technical, marketing, sales, and distribution resources greater than ours. In addition, many of these companies are licensees of our technology and have established market positions, trade names, trademarks, patents, copyrights, intellectual property rights and substantial technological capabilities.

Although the implementation of advanced telecommunications services is in its early stages in many developing countries, we believe competition is intensifying as businesses and foreign governments realize the market potential of telecommunications services. Many of our customers currently face competition from existing telecommunication providers. A number of large American and European companies and large international telecommunications companies are actively engaged in programs to develop and commercialize telecommunications services in both developing and developed countries. In many cases, we also compete against the landline carriers, including government-owned telephone companies. In some cases, our competition is from government-controlled or government-supported entities that are, or may in the future be, privatized or otherwise become more efficient and competitive. In addition, throughout the world we may face competition with new technologies and services introduced in the future. Although we intend to employ relatively new technologies, there will be a continuing competitive threat from even newer technologies that may render the technologies employed by us obsolete. We also expect that the price we charge for our products and services in certain regions will decline as competition intensifies in those markets.

We also compete in the manufacture of CDMA subscriber products and in the development, design and sale of ASICs. We are facing increasing competition as more of our licensees introduce CDMA products. Many of our licensees have longer operating histories and a greater market presence than ours. Our competitors may

devote a significantly greater amount of their financial, technical, marketing and other resources to aggressively market competitive communications systems and products or develop and adopt competitive digital cellular technologies. Likewise, those efforts may materially adversely affect our business, results of operations, liquidity and financial position. Moreover, certain equipment providers may offer more competitive pricing and/or financing terms than we do as a means of gaining access to the wireless markets.

Existing competitors of OmniTRACS are aggressively pricing their products and services and could continue to do so in the future. In addition, these competitors are offering new value-added products and services similar in many cases to those we developed or are developing. Emergence of new competitors, particularly those offering low cost terrestrial-based products and current as well as future low-Earth-orbiting satellite-based systems, may impact margins and intensify competition in new markets.

WE MAY ENGAGE IN STRATEGIC TRANSACTIONS WHICH COULD ADVERSELY AFFECT OUR BUSINESS.

From time to time we consider strategic transactions and alternatives with the goal of maximizing stockholder value. For example, in September 1998 we completed the spin off of Leap Wireless International, and in May 1999 we completed the sale of our infrastructure products division to Ericsson. We will continue to evaluate additional potential strategic transactions and alternatives which we believe may enhance stockholder value. These additional potential transactions may include a variety of different structures, including spin offs, strategic partnerships, joint ventures, restructurings, divestitures and business combinations. We cannot assure you that any such transactions will in fact enhance stockholder value or will not adversely affect our business or the trading price of our stock.

OUR INTERNATIONAL BUSINESS ACTIVITIES SUBJECT US TO RISKS THAT COULD ADVERSELY AFFECT OUR BUSINESS.

A significant part of our strategy involves our current and planned activities in a number of developing nations. We intend to continue to pursue growth opportunities in international markets. In many international markets, barriers to entry are created by long-standing relationships between our potential customers and their equipment providers and protective regulations, including local content and service requirements. In addition, our pursuit of such international growth opportunities may require significant investments for an extended period before we realize returns, if any, on our investments. Our projects and investments could be adversely affected by:

- reversals or delays in the opening of foreign markets to new competitors;
- unexpected changes in regulatory requirements;
- export controls, tariffs and other barriers;
- exchange controls;
- currency fluctuations;
- investment policies;
- nationalization, expropriation and limitations on repatriation of cash;
- social and political risks;
- taxation; and
- other factors, depending on the country in which such opportunity arises.

Our revenues from international customers as a percentage of total revenues were approximately as follows in each of the fiscal years presented:

<TABLE>  
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FISCAL YEAR	% OF TOTAL REVENUES
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<S>	<C>
1995.....	20%
1996.....	36%
1997.....	30%
1998.....	34%

</TABLE>



In addition to the general risks associated with our international sales and operations, we will also be subject to risks specific to the individual countries in which we do business.

OUR RESULTS OF OPERATIONS MAY BE HARMED BY FOREIGN CURRENCY FLUCTUATIONS.

We are exposed to risk from fluctuations in foreign currency and interest rates, which could impact our results of operations and financial condition. Our financing of products and services is generally denominated in dollars and any significant change in the value of the dollar against the national currency where we are 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 our business. In some developing countries, including Chile, Mexico, Brazil, and Russia, significant currency devaluation relative to the U.S. dollar have occurred and may occur again in the future. In such circumstances, we may experience economic loss with respect to the collectability of our receivables and the recoverability of inventories and investments.

We attempt to hedge transactions with non-U.S. customers. However, the decline in value of the Asia/Pacific currencies, or declines in currency values in other regions, may, if not reversed, adversely affect our future product sales. This is because our products may become more expensive to purchase for local customers doing business in the countries of the affected currencies. We have been adversely affected by the Asian economic downturn in fiscal 1998 with regard to ASICs sales, CDMA royalties and the cancellation of a CDMA handset supply agreement in South Korea. In addition, certain of our customers in these foreign countries have encountered or may in the future encounter financial difficulties resulting from such foreign currency fluctuations. These financial difficulties could restrict our customers' ability to fulfill their contractual obligations to us.

A DECREASE IN THE DEMAND FOR CDMA SUBSCRIBER AND ASICS PRODUCTS COULD ADVERSELY AFFECT OUR BUSINESS.

We are a major supplier of CDMA subscriber and ASICs products for wireless and satellite service providers. In order to generate revenues and profits from sales of subscriber and ASICs products, we must continue to make substantial investments and technological innovations, which are subject to a number of risks and uncertainties. Other digital wireless technologies, particularly GSM, to date have been more widely adopted than CDMA and we cannot assure you that wireless service providers will select CDMA for their networks. Further, there are numerous companies that supply CDMA subscriber and ASICs products. Many of these companies have substantially greater resources, much longer manufacturing histories and more established reputations than we do.

Sales of subscriber products internationally are subject to the various risks associated with doing business outside of the United States. As a result, subject to the success of international wireless operators, our ability to generate substantial revenues and profits from international sales of CDMA subscriber products is uncertain.

Many wireless operators to which we may consider selling are start-up entities attempting to provide service to markets where current penetration of wireless service is low and acceptance is uncertain. In addition, these start-up entities are subject to all the risks inherent in the operation of a new business, including the ability to obtain adequate financing, manage growth, attract and retain qualified personnel and secure appropriate third-party manufacturing and marketing support.

THE LOSS OF ONE OR MORE SIGNIFICANT CUSTOMERS COULD HARM OUR REVENUES.

A significant portion of our CDMA subscriber and ASICs product sales is, and is expected to continue to be, concentrated with a limited number of customers. As a result, our performance will depend on relatively large orders from a limited number of customers. Our performance will also depend on our ability to gain additional customers within existing and new wireless and satellite markets. Our loss of any existing customer or our failure to gain additional customers could have a material adverse effect on our business, results of operations, liquidity and financial position.

Certain of our contracts provide for performance guarantees to protect customers against late delivery of our products or a failure to perform. These

performance guarantees generally provide for monetary payments or contract offsets that accrue at a daily rate based on percentages of the contract value to the extent the products are not delivered by scheduled delivery dates or the systems fail to meet specified performance criteria by such dates. We are dependent in part on the performance of our suppliers and strategic partners to provide products that are the subject of the guarantees. Thus, our ability to deliver such products in a timely manner may be outside of our control. If we are unable to meet our performance obligations, the performance guarantees could amount to a significant portion of the contract value and would have a material adverse effect on product margins and our business, results of operations, liquidity and financial position.

OUR INDUSTRIES ARE SUBJECT TO RAPID TECHNOLOGICAL CHANGE, AND WE MUST KEEP PACE WITH THE CHANGES TO SUCCESSFULLY COMPETE.

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

- rapid technological advances and evolving industry standards;
- changes in customer requirements;
- frequent new products and enhancements; and
- evolving methods of building and operating communications systems.

The introduction of products embodying new technologies and the emergence of new industry standards could render our existing products, and products currently under development, obsolete and unmarketable. In particular, we have limited experience in high-volume manufacturing techniques and rapid product cycles inherent in the subscriber products business.

Our future success will depend on our ability to continue to develop and introduce new products and product enhancements on a timely basis. Our future success will also depend on our ability to keep pace with technological developments, satisfy varying customer requirements and achieve market acceptance. If we fail to anticipate or respond adequately to technological developments or customer requirements, or experience any significant delays in product development, introduction or shipment of our products in commercial quantities, our competitive position could be damaged. This could have a material adverse effect on our business, results of operations, liquidity and financial position. In addition, new technological innovations generally require a substantial investment before they are commercially viable.

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IF OUR INDUSTRY DOES NOT ADOPT A SINGLE CDMA STANDARD THAT IS COMPATIBLE WITH TODAY'S CDMAONE NETWORKS, OUR BUSINESS MAY SUFFER.

Industry participants and the International Telecommunications Union ("ITU") are currently considering a variety of standards which may be utilized in third generation wireless networks. We are advocating the standardization of a single, converged CDMA-based third generation standard that accommodates equally the dominant network standards in use today. We cannot assure you that we will be successful in promoting the adoption of a single CDMA standard or that such a standard, if adopted, will be compatible with today's cdmaOne networks. We strongly believe that our CDMA patent portfolio is applicable to other CDMA systems that have been proposed as third generation standards. We have informed standards bodies and the ITU that we hold essential intellectual property rights for several other third generation proposals based on CDMA. Further, we intend to vigorously enforce and protect our intellectual property position against any infringement. However, we cannot assure you that our CDMA patents will be determined to be applicable to any proposed standard or that we will be able to redesign our products on a cost-effective and timely basis to incorporate next generation wireless technology. If the wireless industry adopts next generation standards which are incompatible with cdmaOne or is determined not to rely on our intellectual property, this could have a material adverse effect on our business, results of operations, liquidity and financial position.

WE MAY NEED ADDITIONAL CAPITAL IN THE FUTURE, AND SUCH ADDITIONAL FINANCING MAY NOT BE AVAILABLE.

The design, development, manufacture and marketing of digital wireless communication products and services are highly capital intensive. In addition, wireless and satellite systems operators increasingly have required suppliers like us to arrange or provide long-term financing or provide equity to them as a condition to obtaining or bidding on projects. In particular we have substantial funding requirements to Leap Wireless. In May 1999, we closed the sale of our terrestrial CDMA wireless infrastructure business. The agreement settled our litigation with Ericsson and provides for cross licensing of intellectual

property rights for all CDMA technologies. Pursuant to the agreement with Ericsson, we 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. These 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 these cdmaOne or cdma2000 sales. To the extent that vendor financing is not repaid to us, it could have a material adverse effect on our business, results of operations, liquidity and financial position.

We believe we will be required to raise additional funds from a combination of sources including potential debt or equity issuances. We cannot assure you that additional financing will be available on reasonable terms or at all. In addition, our credit facility places restrictions on our ability to incur additional indebtedness which could adversely affect our ability to raise additional capital through debt financing.

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OUR BUSINESS MAY BE HARMED IF LEAP WIRELESS DOES NOT MEET ITS REPAYMENT OBLIGATIONS UNDER ITS CREDIT FACILITY WITH US.

In connection with our recent spin-off and distribution to our stockholders of Leap Wireless common stock, we made a substantial funding commitment to Leap Wireless in the form of a \$265.0 million secured credit facility. Amounts borrowed under the credit facility will be due and payable approximately eight years following September 23, 1998. We cannot assure you that Leap Wireless will be able to meet its payment obligations to us. If Leap Wireless is unable to meet its payment obligations to us, our business, results of operations, liquidity and financial position may be materially adversely affected. Further, Leap Wireless may identify additional investment requirements or opportunities for which it needs funding and we may choose to participate in such funding.

THE INADEQUACY OF OUR INTELLECTUAL PROPERTY PROTECTIONS COULD ADVERSELY AFFECT OUR BUSINESS.

We rely on a combination of patents, copyrights, trade secrets, trademarks and proprietary information to maintain and enhance our competitive position. We have been granted over 200 patents and have over 500 patent applications pending in the U.S. The vast majority of such patents and patent applications relate to our CDMA digital wireless technology and much of the remainder of such patents and patent applications relate to our OmniTRACS products. We also actively pursue patent protection in other countries of interest to us. We cannot assure you that the pending patent applications will be granted or that our patents or copyrights will provide adequate protection.

We have entered into license agreements with more than 60 telecommunications manufacturers, pursuant to which we have granted royalty bearing licenses under certain of our CDMA patents to make and sell CDMA products. Some of these license agreements allow our licensees to make and sell CDMA products for third generation CDMA systems. We believe that our 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. We have informed standards bodies, including the ITU, TTA, ETSI and the Association of Radio Industries and Business, that we hold essential patents for third generation CDMA systems that have been submitted to such standards bodies. Further, we intend to vigorously enforce and protect our intellectual property position against any infringement. However, despite our extensive patent position and the license agreements we have entered into with Ericsson and others which provide for royalties payable to us for certain products employing such CDMA standards, there can be no assurance that our 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 our patents could have a material adverse effect on our business, results of operations, liquidity and financial position.

We file applications for patent protection around the world with respect to a substantial portion of our intellectual properties. A number of patents that have been issued abroad are being challenged in opposition proceedings. On December 10, 1998, the Opposition Board of the European Patent Office revoked our first issued European Patent. We will appeal this decision to the European Patent Appeals Board, and will vigorously defend our patents around the world. In general, our license agreements require the payment of royalties by our licensees which are the same regardless of whether our licensees use one or more of our licensed patents. We believe that, with the hundreds of

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patent applications that we have filed in Europe and elsewhere around the world, we have and will maintain broad patent coverage for CDMA wireless applications

both in the U.S. and abroad. However, we cannot assure you that we will be successful in our appeal or that there will not be other unfavorable outcomes to opposition proceedings, which could adversely affect our ability to protect our intellectual properties abroad.

Additionally, we cannot assure you that the confidentiality agreements upon which we rely to protect our trade secrets and proprietary information will be adequate. The cost of defending our intellectual property has been and may continue to be significant.

#### THIRD-PARTY CLAIMS OF INFRINGEMENT OF THEIR INTELLECTUAL PROPERTY COULD ADVERSELY AFFECT OUR BUSINESS.

From time to time, certain companies may assert exclusive patent, copyright and other intellectual proprietary rights to technologies that are claimed to be important to the industry or to us. In addition, from time to time third parties provide us with copies of their patents relating to wireless products and components and offer licenses to such technologies. We in turn evaluate such patents and the advisability of obtaining such licenses. If any of our products were found to infringe on protected technology, we could be required to redesign such products, license such technology, and/or pay damages or other compensation to the infringed party. If we are unable to license protected technology used in our products or if we were required to redesign such products, we could be prohibited from making and selling such products.

Ericsson, Motorola and InterDigital have each advised the TIA that they hold patent rights in technology embodied in IS-95. Lucent and OKI Electric have claimed patent rights in IS-96. In accordance with TIA guidelines, each company has confirmed to the TIA that it is willing to grant licenses under its rights on reasonable and nondiscriminatory terms. In connection with the settlement and dismissal of our patent litigation with InterDigital, we received, among other rights, a fully-paid, royalty free license to use and to sublicense the use of those patents claimed by InterDigital to be essential to IS-95. In May 1999, we closed the sale of our terrestrial CDMA wireless infrastructure business. The agreement settled our litigation with Ericsson and provides for cross licensing of intellectual property rights for all CDMA technologies, including cdmaOne(TM), WCDMA and cdma2000(TM). We also received rights to sublicense certain Ericsson patents, including patents asserted in the litigation, to our Application Specific Integrated Circuits customers.

In addition, a number of third parties have claimed to own patents essential to various proposed third generation CDMA standards and have committed to license such patents on a reasonable and nondiscriminatory basis. If we and other product manufacturers are required to obtain additional licenses and/or pay royalties to one or more patent holders, this could have a material adverse effect on the commercial implementation of our CDMA technology or our product margins or profitability.

We are currently engaged in patent and other infringement litigation relating to our technology and products. On June 29, 1999, GTE Wireless, Incorporated filed an action in the United States District Court for the Eastern District of Virginia asserting that sales of our wireless telephones infringe a single patent allegedly owned by GTE. Although we cannot assure you that an unfavorable outcome of the dispute would not adversely affect our results of operations, liquidity or financial position, we believe the GTE action is without merit and will vigorously defend the action.

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On July 20, 1999, we filed a lawsuit against Motorola, Inc. seeking a judicial determination that we have the right to terminate all licenses granted to Motorola under a 1990 Patent License Agreement, while retaining all licenses granted by Motorola to us under the same agreement. We filed our complaint in the United States District Court for the Southern District of California where other actions between us and Motorola have been pending for more than two years. The complaint alleges that Motorola has committed breaches of our Patent License Agreement with Motorola that include pursuing a lawsuit against us for infringement of patents that are in fact licensed to us under the agreement and a failure to grant certain sublicenses to us in accordance with the terms of the agreement. Our new filing also seeks a ruling that upon termination of the Patent License Agreement, the patents formerly licensed to Motorola would be infringed by CDMA handsets, integrated circuits and network infrastructure equipment made and sold by Motorola.

IF GLOBALSTAR AND THE GLOBALSTAR SYSTEM ARE NOT SUCCESSFUL, OUR BUSINESS MAY BE HARMED.

We have entered into a number of development and manufacturing contracts involving the Globalstar system. Our development agreement provides for the

design and development of the ground communications stations, known as gateways, and users terminals of 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, without 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. 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.

Globalstar may need to raise substantial additional funds in order to operate the system as planned. If the start of service is significantly delayed, a larger proportion of Globalstar's debt service requirements will become due before Globalstar has positive cash flow, which will increase the amount of money Globalstar needs.

The value of our investment in and future business with Globalstar, as well as our ability to collect outstanding receivables from Globalstar, depends on the success of Globalstar and the Globalstar system. As of June 27, 1999, our receivables from Globalstar were approximately \$440 million. 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. A substantial shortfall in meeting Globalstar's capital needs could prevent completion of the Globalstar system and could adversely affect our results of operations, liquidity and financial position. In addition, Globalstar can terminate its development agreement with us if Globalstar abandons its efforts to develop the Globalstar system.

#### THE LOSS OF THIRD-PARTY SUPPLIERS COULD ADVERSELY AFFECT OUR BUSINESS.

The products and services we provide are complex and highly technical in their nature. Accordingly, we rely on the ability of our suppliers to provide critical parts and sub assemblies that meet our specifications, in a timely manner. From time to time we have

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experienced delays in obtaining services and quantities of specification compliant radio frequency components, plastics, connectors and other parts to meet demand for our products.

Several of the critical products and services used in our existing and proposed products, including ASICs, flash memory chips, radio frequency components and certain custom and semi-custom very large scale integrated circuits, other sophisticated electronic parts and major subassemblies used in the OmniTRACS system, are currently available only from single or limited sources. Our reliance and the reliance of our licensees on sole or limited source vendors licensees involves risks. These risks include possible shortages of certain key components, product performance shortfalls, and reduced control over delivery schedules, manufacturing capability, quality and costs.

Our manufacturing activities may continue to expand internationally. In certain cases we will be required to identify new local sources, due in part to foreign regulations governing product content, to supply our international manufacturing operations. The risks inherent in our ability to locate alternate suppliers will be complicated by our inexperience in product manufacturing in those countries. Business disruptions or financial difficulties of a sole or limited source supplier of any particular component could materially and adversely impact our operations by increasing the cost of goods sold or reducing the availability of such components. While we believe that we could obtain necessary components from other manufacturers, an unanticipated change in the source of supply of these components could result in significant shipment delays for our products. These delays could result in us being required to make performance guarantee payments.

Certain components require an order lead time of six months or longer. To meet forecasted production levels, we may be required to commit to certain long lead time items prior to being awarded a production contract. If forecasted orders are not received, we may be faced with large inventories of slow moving or unusable parts. This could result in an adverse effect on our business, results of operations, liquidity and financial position.

OUR BUSINESS DEPENDS ON THE AVAILABILITY OF SATELLITE AND OTHER FACILITIES FOR OUR OMNITRACS SYSTEM.

Our OmniTRACS system currently operates in the U.S. market on leased Ku-band satellite transponders. Our data satellite transponder and position reporting satellite transponder lease runs through 2001. System enhancements currently under initial deployment should allow for increased utilization of transponder capacity. Based on results of the system enhancements, we believe that the U.S. OmniTRACS operations may not require additional transponder capacity in fiscal 1999. We believe that in the event additional transponder capacity would be required in fiscal 1999 or in future years, additional capacity will be available on acceptable terms. However, we cannot assure you that we will be able to acquire additional transponder capacity on acceptable terms on a timely basis. If we fail to maintain adequate satellite capacity this would have a material adverse effect on our business, results of operations, liquidity and financial position. Our Network Management Facility operations are subject to the risk that a failure or natural disaster could interrupt the OmniTRACS service and have a material adverse effect on OmniTRACS' results of operations. We maintain a fully operational Network Management Facility in Las Vegas, Nevada as a backup to our primary Network Management Facility in San Diego, California.

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#### GOVERNMENT REGULATION MAY ADVERSELY AFFECT OUR BUSINESS.

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

#### THE LOSS OF KEY TECHNICAL OR MANAGEMENT PERSONNEL COULD ADVERSELY AFFECT OUR BUSINESS.

Our success depends in large part upon our ability to retain highly qualified technical and management personnel. The loss of one or more of these employees could have a material adverse effect on our business, results of operations, liquidity and financial position. None of these individuals has an employment contract with us. Our success also depends upon our ability to continue to attract and retain highly qualified personnel in all disciplines. We cannot assure you that we will be successful in hiring or retaining requisite personnel.

#### PRODUCT LIABILITY CLAIMS COULD HARM OUR BUSINESS.

Testing, manufacturing, marketing and use of our products entail the risk of product liability. While we currently have product liability insurance that we believe is adequate to protect against product liability claims, you cannot be sure that we will be able to continue to maintain such insurance at a reasonable cost or in sufficient amounts to protect us against losses due to product liability. Our inability to maintain insurance at an acceptable cost or to otherwise protect against potential product liability could prevent or inhibit the commercialization of our products. In addition, a product liability claim or recall could have a material adverse effect on our business, results of operations, liquidity and financial position.

News reports have asserted that power levels associated with hand-held cellular telephones may pose certain health risks. We are not aware of any study that has concluded that there are any significant health risks from using hand-held cellular telephones. If it were determined that electromagnetic waves carried through the antennas of cellular telephones create a significant health risk, there could be a material adverse effect on our ability to market and sell our wireless telephone products. In addition, there may also be certain safety risks associated with the use of hand-held cellular phones while driving. This could also have a material adverse effect on our ability to market and sell our wireless telephones.

#### OUR BUSINESS MAY BE HARMED BY YEAR 2000 ISSUES.

We believe that our mission critical systems and our wireless communication products will be Year 2000 compliant by September 1999. However, we cannot

guarantee that these

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results will be achieved. Specific factors leading to this uncertainty include failure to identify any problems associated with our wireless communication products or all susceptible systems, non-compliance by third parties whose systems and operations impact us, and other similar uncertainties. A worst case scenario might include one or more of our products, internal systems, suppliers or customers being non-compliant. An event such as this could result in a material disruption to our operations. Specifically, we could experience problems associated with producing and delivering our wireless communication products or software application, computer network, manufacturing equipment and telephone communication system failures. Supply chain and product non-compliance could result in our failure to perform on contracts, delayed delivery of products to customers and inadequate customer service. Customer non-compliance 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 impact on our business, results of operations, liquidity and financial position.

OUR STOCKHOLDER RIGHTS PLAN, CERTIFICATE OF INCORPORATION AND DELAWARE LAW COULD ADVERSELY AFFECT THE PERFORMANCE OF OUR STOCK.

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

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

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

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OUR STOCK PRICE IS VOLATILE.

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

- future announcements concerning us or our competitors, including the selection of wireless technology by cellular, PCS and WLL service providers and the timing of roll-out of those systems;
- receipt of substantial orders for subscriber and ASIC's products;
- quality deficiencies in services or products;
- results of technological innovations;
- new commercial products;

- changes in recommendations of securities analysts;
- government regulations; and
- proprietary rights or product or patent litigation.

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

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#### UNDERWRITING

Under the terms and conditions stated in the underwriting agreement, which is filed as an exhibit to the registration statement relating to this prospectus, each of Lehman Brothers Inc. and Goldman, Sachs & Co. has severally agreed to purchase from us 2,000,000 shares of common stock, respectively.

Standard & Poor's, a division of The McGraw Hill Companies, Inc., or S&P, has announced that, effective as of July 21, 1999, it plans to include our common stock in the Standard & Poor's Corporation 500 Composite Stock Price Index, or the S&P 500 Index, which is composed of 500 common stocks that S&P selects. Shares offered by this prospectus will be offered primarily to index funds whose portfolios are primarily based on stocks included in the S&P 500 Index. These index funds may be required to purchase common stock as a result of the inclusion of our common stock in the S&P 500 Index.

The underwriting agreement provides that the underwriters' obligations to purchase shares of common stock depend on the satisfaction of the conditions contained in the underwriting agreement, and that if any of the shares of common stock are purchased by the underwriters under the underwriting agreement, then all of the shares of common stock which the underwriters have agreed to purchase under the underwriting agreement must be purchased. The conditions contained in the underwriting agreement include the requirement that the representations and warranties made by us to the underwriters are true, that there is no material change in the financial markets and that we deliver to the underwriters customary closing documents.

The underwriters have advised us that they propose to offer the shares of common stock offered by this prospectus from time to time for sale in one or more transactions (which may involve block transactions) on The Nasdaq National Market or otherwise, at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices, subject to prior sale when, as and if delivered to and accepted by the underwriters. The distribution of the common stock offered by this prospectus also may be effected from time to time in special offerings, exchange distributions or secondary distributions pursuant to and in accordance with the rules of The Nasdaq National Market, in the over-the-counter market, in negotiated transactions, through the writing of options on the shares of common stock (whether such options are listed on an options exchange or otherwise), or in a combination of such methods at prevailing market prices, at prices related to prevailing market prices or at negotiated prices. The underwriters may effect such transactions by selling shares of common stock to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters or the purchasers of the shares of common stock for whom they may act as agents or to whom they may sell as principal.

In connection with the sale of the shares of common stock, the underwriters will receive compensation in the form of commissions or discounts and may receive compensation from purchasers of the shares of common stock for whom they may act as agent or to whom they may sell as principal in the form of commissions or discounts, in each case in amounts which will not exceed those customary in the types of transactions involved. The underwriters and dealers that participate in the distribution of the shares of common stock may be deemed to be "underwriters" within the meaning of that term under the Securities Act of 1933, as amended, and any discounts received by them from us and any compensation received by them on resale of the shares of common stock by

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them may be deemed to be underwriting discounts and commissions under the Securities Act.

We have granted to the underwriters an option to purchase up to an



aggregate of 600,000 additional shares of common stock, on the same terms and conditions as the shares of common stock offered by this prospectus, exercisable solely to cover over-allotments, if any. The underwriters may exercise this option at any time until 30 days after the date of the underwriting agreement. If this option is exercised, each underwriter will be committed, so long as the conditions of the underwriting agreement are satisfied, to purchase one-half of the additional shares of common stock and we will be obligated, under the over-allotment option, to sell the additional shares of common stock to the underwriters.

We estimate the offering expenses payable by us to be approximately \$500,000.

We have agreed to indemnify the underwriters against liabilities, including liabilities under the Securities Act and liabilities arising from breaches of the representations and warranties contained in the underwriting agreement, and to contribute to payments underwriters may be required to make for these liabilities.

In connection with the offering the underwriters may purchase and sell the common stock in the open market. These transactions may include over-allotment and purchases to cover short positions created by the underwriters in connection with the offering. Short positions created by the underwriters involve the sale by the underwriters of a greater number of securities than they are required to purchase from QUALCOMM in the offering. These activities may maintain or otherwise affect the market price of the common stock, which may be higher than the price that might otherwise prevail in the open market, and these activities, if commenced, may be discontinued at any time. These transactions may be effected on The Nasdaq National Market, the over-the-counter market or otherwise.

From time to time, Lehman Brothers Inc. or its affiliates have provided, and may continue to provide, financial advisory services to us.

#### LEGAL MATTERS

The validity of the shares of common stock being sold in this offering and other legal matters relating to the offering will be passed upon for us by Cooley Godward LLP, San Diego, California. Certain legal matters relating to the offering will be passed upon for the underwriters by Latham & Watkins, San Diego, California.

#### EXPERTS

The consolidated financial statements incorporated in this Prospectus by reference to the Annual Report on Form 10-K of QUALCOMM Incorporated for the year ended September 30, 1998, have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

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LOGO

4,000,000 Shares

[QUALCOMM LOGO]

COMMON STOCK

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PROSPECTUS

July , 1999

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LEHMAN BROTHERS  
GOLDMAN, SACHS & CO.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following table sets forth all expenses payable by the Registrant in connection with the sale of the Securities being registered. All the amounts shown are estimates except for the SEC registration fee and the Nasdaq National Market listing fee.

<TABLE>	
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SEC Registration fee.....	\$179,912
NASD filing fee.....	30,500
Nasdaq National Market listing fee.....	17,500
Legal fees and expenses.....	100,000
Blue sky qualification fees and expenses.....	5,000
Accounting fees and expenses.....	100,000
Miscellaneous.....	67,088
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Total.....	\$500,000
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</TABLE>

ITEM 15. INDEMNIFICATION OF OFFICERS AND DIRECTORS

Under Section 145 of the Delaware General Corporation Law, the Registrant has broad powers to indemnify its directors and officers against liabilities they may incur in such capacities, including liabilities under the Securities Act of 1933, as amended.

The Registrant's Bylaws provide that the Registrant will indemnify its directors and executive officers and may indemnify its other officers, employees and other agents to the fullest extent permitted by Delaware law. The Registrant believes that indemnification under its Bylaws covers at least negligence and gross negligence by indemnified parties, and may require the Registrant to advance litigation expenses in the case of stockholder derivative actions or other actions, against and undertaking by the indemnified party to repay such advances if it is ultimately determined that the indemnified party is not entitled to indemnification.

In addition, the Registrant's Certificate of Incorporation provides that, pursuant to Delaware law, its directors shall not be liable for monetary damages for breach of the directors' fiduciary duty of care to the Registrant and its stockholders. This provision in the Certificate of Incorporation does not eliminate the duty of care, and in appropriate circumstances equitable remedies such as injunctive or other forms of nonmonetary relief will remain available under Delaware law. In addition, each director will continue to be subject to liability for breach of the director's duty of loyalty to the Registrant for acts or omissions not in good faith or involving intentional misconduct, for knowing violations of law, for actions leading to improper personal benefit to the director, and for payment of dividends or approval of stock repurchases or redemptions that are unlawful under Delaware law. The provision also does not affect a director's responsibilities under any other law, such as the federal securities laws or state or federal environmental laws.

The Registrant has entered into separate indemnification agreements with its directors. These agreements may require the Registrant, among other things, to indemnify the directors against certain liabilities that may arise by reason of their status or service as directors (other than liabilities arising from willful misconduct of a culpable nature), to advance their expenses incurred as a result of any proceeding against them as to which

they could be indemnified and to obtain directors' insurance if available on reasonable terms.

The Registrant maintains insurance policies covering officers and directors under which the insurers agree to pay, subject to certain exclusions, including certain violations of securities laws, for any claim made against the directors and officers of the Registrant for a wrongful act that they may become legally obligated to pay or for which the Registrant is required to indemnify the officers or directors. The policies have limits of up to \$75,000,000 in the aggregate, subject to retentions of up to \$300,000 in the aggregate. The Registrant believes that its Certificate of Incorporation and Bylaw provisions,

indemnification agreements and insurance policies are necessary to attract and retain qualified persons as directors and officers.

At present, there is no pending litigation or proceeding involving a director, officer, employee or other agent of the Registrant as to which indemnification is being sought nor is the Registrant aware of any threatened litigation that may result in claims for indemnification by any director, officer, employee or other agent.

ITEM 16. EXHIBITS

EXHIBIT NUMBER	DESCRIPTION OF DOCUMENT
1.1	Form of underwriting agreement.
4.1	Certificate of Trust of QUALCOMM Financial Trust I, filed with the Delaware Secretary of State on February 7, 1997.(1)
4.2	Declaration of Trust of QUALCOMM Financial Trust I, dated as of February 7, 1997, among QUALCOMM Incorporated, as Sponsor, Wilmington Trust Company, as Delaware Trustee and Property Trustee, and Irwin Mark Jacobs, Harvey P. White, and Anthony Thornley, as Regular Trustees.(1)
4.3	Amended and Restated Declaration of Trust of QUALCOMM Financial Trust I, dated as of February 35, 1997, among QUALCOMM Incorporated, as Sponsor, Wilmington Trust Company, as Delaware Trustee and Property Trustee, and Irwin Mark Jacobs, Harvey P. White, and Anthony Thornley, as Regular Trustees.(1)
4.4	Indenture for the 5 3/4% Convertible Subordinated Debt Securities, dated as of February 25, 1997, among QUALCOMM Incorporated and Wilmington Trust company, as Indenture Trustee.(1)
4.5	Form of 5 3/4% Trust Convertible Preferred Securities (Included in Annex 1 to Exhibit 4.3 above).(1)
4.6	Form of 5 3/4% Convertible Subordinated Debt Securities (Included in Annex 1 to Exhibit 4.3 above).(1)
4.7	Preferred Securities Guarantee Agreement, dated as of February 25, 1997, between QUALCOMM Incorporated, as Guarantor, and Wilmington Trust Company, as Guarantee Trustee.(1)
5.1	Opinion of Cooley Godward LLP.*
23.1	Consent of PricewaterhouseCoopers LLP.
23.2	Consent of Cooley Godward LLP. Reference is made to Exhibit 5.1.
24.1	Power of Attorney.*

\* Previously filed.

(1) Filed as an exhibit to the Registrant's Registration Statement on Form S-3 (No. 333-26069) or amendments thereto and incorporated herein by reference.

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ITEM 17. UNDERTAKINGS

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors and executive officers of the Registrant pursuant to provisions described in Item 15 or otherwise, the Registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director or executive officer of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director or executive officer in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes:

(1) That, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's annual report pursuant to Section

13(a) or Section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in this Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof;

(2) (i) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective;

(ii) For purposes of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof;

(3) To deliver or cause to be delivered with the prospectus, to each person to whom the prospectus is sent or given, the latest annual report to security holders that is incorporated by reference in the prospectus and furnished pursuant to and meeting the requirements of Rule 14a-3 or Rule 14c-3 under the Securities Exchange Act of 1934; and, where interim financial information required to be presented by Article 3 of Regulation S-X are not set forth in the prospectus, to deliver, or cause to be delivered to each person to whom the prospectus is sent or given, the latest quarterly report that is specifically incorporated by reference in the prospectus to provide such interim financial information.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized on July 20, 1999

QUALCOMM Incorporated

By /s/ IRWIN MARK JACOBS

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 Irwin Mark Jacobs  
 Chief Executive Officer and Chairman

Pursuant to the requirements of the Securities Exchange Act of 1934, this Registration Statement has been signed below by the following persons on behalf of Registrant in the capacities and on the dates indicated.

<TABLE>  
 <CAPTION>

SIGNATURE -----	TITLE -----	DATE ----
<S> /s/ IRWIN MARK JACOBS ----- Irwin Mark Jacobs	<C> Chief Executive Officer and Chairman of the Board (Principal Executive Officer)	<C> July 20, 1999
* ----- Andrew J. Viterbi	Vice Chairman	July 20, 1999
* ----- Anthony S. Thornley	Executive Senior Vice President, Chief Financial Officer (Principal Financial and Accounting Officer)	July 20, 1999
* ----- Richard C. Atkinson	Director	July 20, 1999
----- Adelia A. Coffman	Director	
----- Diana Lady Dougan	Director	

* ----- Neil Kadisha	Director	July 20, 1999
* ----- Robert E. Kahn	Director	July 20, 1999
* ----- Jerome S. Katzin	Director	July 20, 1999
* ----- Duane A. Nelles	Director	July 20, 1999

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<TABLE>  
<CAPTION>

SIGNATURE -----	TITLE -----	DATE ----
<S> * ----- Peter M. Sacerdote	<C> Director	<C> July 20, 1999
* ----- Frank Savage	Director	July 20, 1999
* ----- Brent Scowcroft	Director	
* ----- Marc I. Stern	Director	July 20, 1999

\*By: /s/ IRWIN MARK JACOBS  
-----  
Irwin Mark Jacobs  
Attorney-in-fact  
</TABLE>

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INDEX TO EXHIBITS

<TABLE>  
<CAPTION>

EXHIBIT NUMBER -----	DESCRIPTION OF DOCUMENT -----
<C> 1.1	<S> Form of underwriting agreement.
4.1	Certificate of Trust of QUALCOMM Financial Trust I, filed with the Delaware Secretary of State on February 7, 1997.(1)
4.2	Declaration of Trust of QUALCOMM Financial Trust I, dated as of February 7, 1997, among QUALCOMM Incorporated, as Sponsor, Wilmington Trust Company, as Delaware Trustee and Property Trustee, and Irwin Mark Jacobs, Harvey P. White, and Anthony Thornley, as Regular Trustees.(1)
4.3	Amended and Restated Declaration of Trust of QUALCOMM Financial Trust I, dated as of February 35, 1997, among QUALCOMM Incorporated, as Sponsor, Wilmington Trust Company, as Delaware Trustee and Property Trustee, and Irwin Mark Jacobs, Harvey P. White, and Anthony Thornley, as Regular Trustees.(1)
4.4	Indenture for the 5 3/4% Convertible Subordinated Debt Securities, dated as of February 25, 1997, among QUALCOMM Incorporated and Wilmington Trust company, as Indenture Trustee.(1)
4.5	Form of 5 3/4% Trust Convertible Preferred Securities (Included in Annex 1 to Exhibit 4.3 above).(1)
4.6	Form of 5 3/4% Convertible Subordinated Debt Securities (Included in Annex 1 to Exhibit 4.3 above).(1)
4.7	Preferred Securities Guarantee Agreement, dated as of February 25, 1997, between QUALCOMM Incorporated, as Guarantor, and Wilmington Trust Company, as Guarantee

	Trustee.(1)
5.1	Opinion of Cooley Godward LLP.*
23.1	Consent of PricewaterhouseCoopers LLP.
23.2	Consent of Cooley Godward LLP. Reference is made to Exhibit 5.1.
24.1	Power of Attorney.*

</TABLE>

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\* Previously filed.

(1) Filed as an exhibit to the Registrant's Registration Statement on Form S-3  
(No. 333-26069) or amendments thereto and incorporated herein by reference.

4,000,000 Shares  
QUALCOMM INCORPORATED  
Common Stock  
UNDERWRITING AGREEMENT

July \_\_, 1999

LEHMAN BROTHERS INC.  
GOLDMAN, SACHS & CO.  
c/o LEHMAN BROTHERS INC.  
Three World Financial Center  
New York, New York 10285

Dear Sirs:

QUALCOMM Incorporated, a Delaware corporation (the "Company"), proposes to issue and sell severally to the underwriters named in Schedule I hereto (the "Underwriters") 4,000,000 shares (the "Firm Shares") of Common Stock (\$.0001 par value) (the "Common Stock") of the Company. In addition, for the sole purpose of covering over-allotments in connection with the sale of the Firm Shares, the Company proposes to grant to the Underwriters an option to purchase up to an additional 600,000 shares (the "Option Shares") of Common Stock. The Firm Shares and any Option Shares purchased pursuant to this Underwriting Agreement are herein called the "Shares."

This is to confirm the agreement concerning the purchase of the Shares from the Company by the Underwriters.

1. REPRESENTATIONS AND WARRANTIES. The Company represents, warrants and agrees that:

(a) A registration statement on Form S-3 (File No. 333-82715) with respect to the Shares has been prepared by the Company in conformity with the requirements of the Securities Act of 1933, as amended (the "Securities Act"), and the Rules and Regulations (as defined herein) of the Securities and Exchange Commission (the "Commission") thereunder and has been filed with the Commission under the Securities Act. Copies of such registration statement as amended to date have been delivered by the Company to

you, the Underwriters. The Company will next file with the Commission one of the following: (i) prior to effectiveness of such registration statement, a further amendment to such registration statement, including a form of final prospectus, (ii) a final prospectus in accordance with Rules 430A and 424(b)(1) or (4), or (iii) a registration statement under Rule 462(b) (as defined herein) and final prospectus in accordance with Rules 430A and 424(b)(1) or (4). In the case of clauses (ii) and (iii), the Company has included in such registration statement, as amended at the Effective Date (as defined herein), all information (other than Rule 430A Information (as defined herein)) required by the Securities Act and the Rules and Regulations thereunder to be included in the Prospectus with respect to the Shares and the offering thereof. As filed, such amendment and form of final prospectus, or such final prospectus, or such registration statement and final prospectus, shall contain all Rule 430A Information, together with all other such required information, with respect to the Shares and the offering thereof and, except to the extent the Underwriters shall agree in writing to a modification, shall be in all substantive respects in the form furnished to you prior to the date hereof or, to the extent not completed at the date hereof, shall contain only such specific additional information and other changes (beyond that contained in the latest Preliminary Prospectus) as the Company has advised you, prior to the date hereof, will be included or made therein.

For purposes of this Agreement, "Effective Time" means the date and the time as of which such registration statement, or the most recent post-effective amendment thereto, if any, was deemed effective or declared effective by the Commission. "Effective Date" means the date of the Effective Time. "Preliminary Prospectus" means each prospectus included in such registration statement or in a registration statement filed under Rule 462(b), or amendments thereof, before the Effective Date and any prospectus included in such registration statement at the Effective Date that omits Rule 430A Information. "Prospectus" means the

form of prospectus relating to the Shares, as first filed pursuant to Rule 424(b), or as filed in a registration statement under Rule 462(b) or, if no filing pursuant to Rule 424(b) or 462(b) is required, the form of final prospectus included in the Registration Statement at the Effective Date. "Registration Statement" means (i) such registration statement, as amended at the Effective Time, (ii) any registration statement filed pursuant to Rule 462(b), and (iii) any Rule 430A Information deemed to be included therein at the Effective Date as provided by Rule 430A. "Rule 424," "Rule 430A" and "Rule 462(b)" refer to such rules under the Securities Act. "Rule 430A Information" means information with respect to the Shares and the offering thereof permitted to be omitted from the Registration Statement when it becomes effective pursuant to Rule 430A. Any reference herein to the Registration Statement, any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include the documents incorporated by reference therein pursuant to Item 12 of Form S-3 under the Act, as of the date of the Registration Statement, such Preliminary Prospectus or Prospectus, as the case may be,

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and any reference to any amendment or supplement to the Registration Statement, any Preliminary Prospectus or Prospectus shall be deemed to refer to and include any documents filed after such date under the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated by the Commission thereunder (collectively, the "Exchange Act"), and so incorporated by reference (such incorporated documents, financial statements and schedules being herein called the "Incorporated Documents").

The Commission has not issued any stop order preventing or suspending the use of the Preliminary Prospectus or the Prospectus or the effectiveness of the Registration Statement, and no proceeding for any such purpose has been initiated or, to the best of the Company's knowledge, threatened by the Commission. For purposes of this Agreement: "Rules and Regulations" means the rules and regulations adopted by the Commission under either the Securities Act or the Exchange Act, as applicable; "U.S. Person" means any resident or national of the United States or Canada and its provinces, any corporation, partnership or other entity created or organized in or under the laws of the United States or Canada and its provinces, or any estate or trust the income of which is subject to United States or Canada federal income taxation regardless of the source of its income (other than the foreign branch of any U.S. Person), and includes any United States or Canadian branch of a person other than a U.S. Person; and "United States" means the United States of America (including the states thereof and the District of Columbia) and its territories, its possessions and other areas subject to its jurisdiction.

(b) On the Effective Date, the Registration Statement and the Prospectus did, and any further amendments or supplements to the Registration Statement or the Prospectus will, conform in all material respects to the requirements of the Securities Act and the Rules and Regulations thereunder and did not and will not, as of the applicable Effective Date as to the Registration Statement and any amendment thereto and as of the applicable filing date as to the Prospectus and any amendment or supplement thereto, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; provided, however, that this representation and warranty shall not apply to any statements in or omissions from the Registration Statement or the Prospectus made in reliance upon and in conformity with written information furnished to the Company through any Underwriter, specifically for use in the preparation thereof.

(c) The accountants who certified the financial statements and supporting schedules included in or incorporated by reference into the Registration Statement are independent public accountants as required by the Securities Act and the Rules and Regulations thereunder.

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(d) The financial statements (including the related notes and supporting schedules) and the summary financial information included in or incorporated by reference into the Registration Statement, any Preliminary Prospectus or the Prospectus, present (or in the case of any amendment or supplement to any such document filed with the Commission after the date as of which this representation is being made, will present) fairly and in accordance with generally accepted accounting principles applied on a consistent basis throughout the periods involved, the financial condition and results of operations of the entities purported to be shown thereby, at the dates and for the



periods indicated and have been or will be, as the case may be, prepared in conformity with generally accepted accounting principles applied on a consistent basis throughout the periods involved (except as otherwise stated therein).

(e) Since the respective dates as of which information is given in the Registration Statement and the Prospectus (excluding the Incorporated Documents), except as otherwise stated or contemplated therein, (A) there has been no material adverse change in the condition, financial or otherwise, or in the earnings, assets, affairs or business prospects of the Company, whether or not arising in the ordinary course of business, (B) there have been no transactions, entered into by the Company, other than those in the ordinary course of business, which are material with respect to the Company, (C) there has been no extraordinary dividend or distribution of any kind declared, paid or made by the Company on any class of its capital stock, (D) there has not been any change in the capital stock (other than issuances of shares of Common Stock pursuant to employee benefit plans or existing options), or any increase in the short-term indebtedness for borrowed money (except increases due to long-term debt becoming short-term debt through the passage of time) or long-term debt, or any issuance of options, warrants, convertible securities or other rights to purchase the capital stock (other than the grant of options pursuant to existing option plans or rights pursuant to the Company's 1991 Employee Stock Purchase Plan), of the Company, and (E) the Company has not sustained any material loss or damage to its property or interference with its business, whether or not any of the foregoing is insured.

(f) The Company has been duly incorporated and is validly existing and in good standing under the laws of the State of Delaware, and has full corporate power and authority to own or hold its properties and conduct its business as described in the Registration Statement; and the Company is duly qualified to transact business and is in good standing in each jurisdiction in which failure so to qualify could have a material adverse effect upon the Company or on its earnings, assets, affairs or business prospects. Except as may be set forth on Exhibit 21 to the Company's most recent Annual Report on Form 10-K filed with the Commission, the Company has no significant subsidiaries.

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(g) The Company is not in violation of its corporate charter or by-laws or, except as otherwise described or contemplated in the Registration Statement, in default under any agreement, indenture or instrument, the effect of which violation or default would be materially adverse to the Company; and the issuance and sale of the Shares and the execution, delivery and performance of this Agreement have been duly authorized by all necessary corporate action and will not conflict with, result in the creation or imposition of any lien, charge or encumbrance upon any of the assets of the Company pursuant to the terms of, or constitute a default under, any agreement, indenture or instrument (the effect of which conflict, lien, charge, encumbrance, default or violation would be materially adverse to the Company, or would materially and adversely affect the ability of the Company to perform its obligations under this Agreement) or result in a violation of the corporate charter or by-laws of the Company, nor will the performance by the Company of its obligations hereunder violate any law, rule, administrative regulation or decree of any court or governmental agency having jurisdiction over the Company or its properties. Except as required by the Securities Act, the Exchange Act and applicable state securities laws or "Blue Sky" laws of any jurisdiction, no consent, authorization or order of, or filing or registration with, any court or governmental agency is required in connection with the consummation of the transactions contemplated by this Agreement.

(h) Other than as disclosed in the Registration Statement, there is no action, suit or proceeding before or by any court or governmental agency or body, domestic or foreign, now pending, or, to the knowledge of the Company, threatened against or affecting the Company, which is required to be disclosed in the Registration Statement or which might result in any material adverse change in the condition, financial or otherwise, or in the earnings, assets, affairs or business prospects of the Company, or which might materially and adversely affect its properties or assets or which might materially and adversely affect the consummation of the transactions contemplated by this Agreement; all summaries or descriptions of legal or governmental proceedings or contingencies contained in the Registration Statement are accurate in all material respects with respect to such matters; and there are no contracts or other documents of the Company which are required to be filed as exhibits to the Registration Statement which

have not been so filed.

(i) The Company is not in violation of any law, ordinance, governmental rule or regulation or court decree to which it is subject, other than violations (if any) that individually or in the aggregate are not material to the Company. Other than as disclosed in the Registration Statement, the Company possesses such certificates, authorizations or permits issued by the appropriate state, federal or foreign regulatory agencies or bodies the absence of which would have a material adverse effect on its business, and the Company has not received any notice of proceedings relating to the revocation or

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modification of any such certificate, authority or permit which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would materially and adversely affect the conduct of the business, operations, financial condition or income of the Company.

(j) At and after the First Closing Date, there will be no holders of securities of the Company who, by reason of the filing of the Registration Statement or any Preliminary Prospectus or the Prospectus under the Securities Act, have the right to request the Company to register under the Securities Act securities held by them, other than holders who have agreed in writing to waive such rights, or other than where the failure to waive such rights, singly or in the aggregate, would not materially and adversely affect the conduct of the business, operations, financial condition or income of the Company.

(k) All outstanding shares of Common Stock have been, and the Shares, upon issuance and delivery and payment therefor in the manner herein described, will be, duly authorized, validly issued, fully paid and nonassessable. Upon the closing of the offering, no preemptive rights to subscribe for or to purchase, or any restriction upon the voting or transfer of, any shares of Common Stock, will exist pursuant to the Company's corporate charter, by-laws or any agreement or other instrument to which the Company is a party or by which it may be bound. The capitalization of the Company as of March 28, 1999, is as set forth in the Company's Form 10-Q report for the quarter ended March 28, 1999, which is incorporated by reference into each Preliminary Prospectus and the Prospectus. The appropriate number of shares of Common Stock issuable upon exercise of the outstanding options to employees and directors has been duly reserved for issuance, and such shares have been duly and validly authorized and will when issued upon exercise in accordance with their terms, be validly issued, fully paid and nonassessable. There are no other rights to subscribe for or to purchase any shares of Common Stock pursuant to the Company's corporate charter or by-laws or any agreement or other instrument to which the Company is a party or by which it may be bound or has knowledge, other than conversion rights of the holders of outstanding Trust Convertible Preferred Securities and outstanding options to employees and directors and rights pursuant to the Company's 1991 Employee Stock Purchase Plan.

(l) The Company has full right, corporate power and authority to enter into this Agreement and to perform and discharge its obligations hereunder, and this Agreement has been duly authorized, executed and delivered by the Company and constitutes the valid and legally binding agreement of the Company, except as rights to indemnification may be limited by federal or state securities laws and except for the effect of bankruptcy,

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insolvency, reorganization, moratorium and other similar laws relating to or affecting the rights of creditors generally.

(m) Except as otherwise stated in the Registration Statement and the Prospectus, the Company has good and marketable title, free and clear of all liens, encumbrances or claims of which the Company has knowledge, to all of the real and personal property described in the Registration Statement and the Prospectus as being owned by it, except liens, encumbrances and equities which are not material in the aggregate and do not materially affect the value of such property or interfere with the conduct of the business of the Company and, except as otherwise stated in the Registration Statement and Prospectus, the Company has valid and binding leases to all of the real and personal property described in the Registration Statement and Prospectus as under lease to it with such exceptions as are not material and do not interfere with the conduct of the business of the Company.

(n) The Company has filed all necessary federal, state and foreign income and franchise tax returns and has paid all taxes shown

as due thereon, and the Company has no knowledge of any material tax deficiency which has been or might be asserted against the Company.

(o) The Incorporated Documents, when they became effective or were filed (or, if an amendment with respect to any such Incorporated Document was filed or became effective, when such amendment was filed or became effective) with the Commission, as the case may be, complied in all material respects with the requirements of the Exchange Act, and any documents so filed and incorporated by reference in the Registration Statement or the Prospectus subsequent to the effective date of the Registration Statement will, when they are filed with the Commission, comply in all material respects with the requirements of the Securities Act and the Exchange Act, as applicable; no such Incorporated Document, when it was filed or became effective (or, if an amendment with respect to any such Incorporated Document was filed or became effective, when such amendment was filed or became effective), contained, and no document so filed and incorporated by reference in the Registration Statement or Prospectus subsequent to the effective date of the Registration Statement will contain, an untrue statement of a material fact or omitted, or will omit, to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

(p) The Company has reviewed its operations and those of its subsidiaries and any third parties with which the Company or any of its subsidiaries has a material relationship to evaluate the extent to which the business or operations of the Company or any of its subsidiaries will be affected by Year 2000 issues. As a result of such review,

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the Company represents and warrants that the disclosure in the Registration Statement relating to Year 2000 issues is accurate and complies with the rules and regulations under the Act, in each case in all material respects. "Year 2000 issues" as used herein means Year 2000 issues described in or contemplated by the Commission's Interpretation: Disclosure of Year 2000 Issues and Consequences by Public Companies, Investment Advisers, Investment Companies, and Municipal Securities Issuers (Release No. 33-7558).

(q) The Company is not an "investment company" within the meaning of such term under the Investment Company Act of 1940 and the rules and regulations of the Commission thereunder.

2. PURCHASE OF THE SHARES BY THE UNDERWRITERS. (a) Subject to the terms and conditions and upon the basis of the representations and warranties herein set forth, the Company agrees to issue and sell to the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase at a price of \$\_\_\_\_\_ per Share, the number of Firm Shares set forth opposite such Underwriter's name in Schedule I hereto. The Underwriters agree to offer the Firm Shares as set forth in the Prospectus. The Company is not obligated to deliver any Firm Shares except upon payment for all the Firm Shares.

(b) The Company hereby grants to the Underwriters an option to purchase from the Company, solely for the purpose of covering over-allotments in the sale of Firm Shares, all or any portion of the Option Shares for a period of 30 days from the date hereof at the purchase price per Share set forth above. Option Shares shall be purchased from the Company, severally and not jointly, for the accounts of the several Underwriters in proportion to the number of Firm Shares set forth opposite such Underwriter's name in Schedule I hereto, except that the respective purchase obligations of each Underwriter shall be adjusted by the Underwriters so that no Underwriter shall be obligated to purchase Option Shares other than in 100-Share quantities.

3. DELIVERY OF AND PAYMENT FOR SHARES. Delivery of certificates for the Firm Shares and certificates for the Option Shares, if the option to purchase the same is exercised on or before the second Business Day (as defined herein) prior to the First Closing Date (as defined herein), to be purchased by the Underwriters from the Company shall be made through the facilities of the Depository Trust Company ("DTC") (including without limitation, by "full fast" electronic transfers through DTC) to Lehman Brothers Inc. for the respective accounts of the Underwriters, at 10:00 a.m., New York City time, on the fourth full Business Day following the date hereof or at such other date as shall be determined by you and the Company (the "First Closing Date"). For purposes of this Agreement, "Business Day" means any day on which the New York Stock Exchange is open for trading.

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The option to purchase Option Shares granted in Section 2 hereof may be

exercised on two occasions during the term thereof by written notice to the Company from the Underwriters. Such notice shall set forth the aggregate number of Option Shares as to which the option is being exercised and the time and date, as determined by the Underwriters, when such Option Shares are to be delivered (the "Option Closing Date"), which date shall be, subject to the first sentence of this Section 3, the third Business Day after the date on which the option shall have been exercised and in no event earlier than the First Closing Date. (The First Closing Date and any Option Closing Date are herein individually referred to as a "Closing Date" and collectively referred to as the "Closing Dates".) Delivery of such Option Shares shall be made by the Company on the applicable Closing Date at 10:00 a.m., New York City time, in the manner set forth above for delivery of the Firm Shares.

Delivery of certificates for the Shares shall be made by or on behalf of the Company to you in the manner set forth above, for the respective accounts of the Underwriters, against payment by the Underwriters of the purchase price therefor by wire transfer of immediately available funds to such account as the Company shall designate, at the offices of Cooley Godward LLP, 4365 Executive Drive, Suite 1100, San Diego, California 92121 (or at such other location as shall be agreed upon by the Company and the Underwriters), at 10:00 a.m., New York City time, on the applicable Closing Date. The certificates for the Shares shall be registered in such names and denominations as you shall have requested at least two full Business Days prior to the applicable Closing Date. For the purpose of expediting the checking and packaging of the certificates for the Shares, the Company shall make such certificates available for inspection by the Underwriters at a location in New York, New York as may be designated by the Company not later than 1:00 p.m., New York City time, on the Business Day prior to each such Closing Date. Time shall be of the essence and delivery of the certificates for the Shares to be purchased at the time and place specified in this Agreement is a further condition to the obligations of each Underwriter.

If an Underwriter shall direct that any Shares be issued in a name or names other than that of the Underwriter agreeing to purchase such Shares, such Underwriter shall pay any transfer tax resulting from issuance.

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4. COVENANTS. The Company covenants and agrees with each Underwriter that:

(a) The Company will use its best efforts to cause the Registration Statement, if not effective at the date hereof, and any amendment thereof, to become effective. Subject to the foregoing sentence, if the Registration Statement has become or becomes effective pursuant to Rule 430A or Rule 462(b), or filing of the Prospectus is otherwise required under Rule 424(b), the Company will cause the Prospectus, properly completed, and any supplement thereto to be filed with the Commission pursuant to the applicable paragraph of Rule 424(b) within the time period prescribed and will provide evidence satisfactory to the Underwriters of such timely filing. The Company shall prepare and file with the Commission during such period following the date hereof as, in the reasonable opinion of counsel for the Underwriters, the Prospectus is required by law to be delivered, any amendments of or supplements to the Registration Statement, the Preliminary Prospectus or the Prospectus that, in your opinion, may be necessary or advisable in connection with the distribution of the Shares; and the Company shall not file any amendment of or supplement to the Registration Statement, the Preliminary Prospectus or the Prospectus if such filing has not been consented to by you after reasonable notice thereof, such consent not to be unreasonably withheld or delayed.

(b) The Company shall furnish promptly to each of the Underwriters and to counsel for the Underwriters a signed copy of the Registration Statement as originally filed and each amendment thereto filed with the Commission, including all consents and exhibits filed therewith, and shall furnish to the Underwriters such number of (i) conformed copies of the Registration Statement, as originally filed and each amendment thereto (excluding exhibits other than this Agreement), (ii) any Preliminary Prospectus and the Prospectus and (iii) all amendments and supplements to any of such documents (including the Incorporated Documents to the extent not previously provided to you), in each case as soon as available and in such quantities as the Underwriters may from time to time reasonably request, provided, that the Company shall furnish to such Underwriters and counsel such copies of the Prospectus not later than the end of the first Business Day after the date hereof; and the Company authorizes the Underwriters and all dealers to whom any Shares may be offered or sold by the several Underwriters to use the Prospectus, and if supplemented or amended then after such date as supplemented or amended, during the period referred to in Section 4(a), in connection with the sale of the Shares in accordance with the applicable provisions of the Securities Act, the Rules and Regulations thereunder and this Agreement.

(c) The Company will promptly advise the Underwriters (i) when the Registration Statement, if not effective at the date hereof, and any amendment thereto, shall

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have been filed or become effective, (ii) when the Prospectus, and any supplement thereto, shall have been filed (if required) with the Commission pursuant to Rule 424(b), (iii) of any request by the Commission for any amendment of the Registration Statement or supplement to the Prospectus or for any additional information, (iv) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or any order directed to the Prospectus or the initiation or threat of any such stop order proceeding by the Commission, (v) of receipt by the Company of any notification with respect to the suspension of the qualification of the Shares for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose and (vi) of the happening during the period that any Prospectus is required to be delivered under the Securities Act of any event which makes untrue any statement of a material fact made in the Registration Statement or the Prospectus or which requires the making of a change in the Registration Statement or the Prospectus in order to make any material statement therein not misleading. As long as the Prospectus relating to the Shares is required to be delivered under the Securities Act, the Company shall advise the Underwriters promptly of any event which materially affects the Company or the Shares and which should be set forth in a supplement to or an amendment of the Prospectus relating to the Shares in order to make the statements therein not misleading or if during such period it is necessary to amend the Registration Statement or supplement the Prospectus to comply with the Securities Act or to file any document. The Company agrees to prepare and furnish to the several Underwriters at its own expense such amendment or amendments to such Prospectus so as to correct such statement or omission or to effect such compliance.

(d) If during the period referred to in Section 4(a) the Commission shall issue a stop order or other order suspending the effectiveness of the Registration Statement, suspending or preventing the use of any Preliminary Prospectus or the Prospectus, or if the Commission shall institute any proceedings for any such purpose, the Company shall make every reasonable effort to obtain the lifting of any such order at the earliest possible time.

(e) As soon as practicable and in any event not later than 45 days after the end of its fiscal quarter in which the first anniversary date of the Effective Date occurs, the Company shall make generally available to its security holders in accordance with Rule 158 of the Rules and Regulations under the Securities Act and deliver to the Underwriters an earnings statement, conforming with the requirements of Section 11(a) of the Securities Act and covering a period of at least twelve consecutive months beginning after the Effective Date.

(f) The Company shall endeavor to qualify the Shares for offer and sale under the securities laws of such jurisdictions (including Canada and its provinces) as the Underwriters shall reasonably designate and to continue such qualifications in effect so

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long as is required for the distribution of the Shares; provided, however, that the Company will not be obligated to qualify the Shares in any such jurisdiction where such qualification would require the Company to qualify to do business as a foreign corporation or file a general consent to service of process.

(g) The Company shall pay all costs incident to the authorization, issuance, sale and delivery of the Shares to be sold to the Underwriters and any taxes payable in that connection; the costs incident to the preparation, printing and filing under the Securities Act of the Registration Statement and any amendments, supplements and exhibits thereto; the costs of distributing the Registration Statement as originally filed and each amendment and post-effective amendment thereof (including exhibits), any Preliminary Prospectus and the Prospectus; the costs of printing this Agreement; costs of the Company's counsel; any applicable filing fee of the National Association of Securities Dealers, Inc.; any applicable listing or other stock exchange fees; the fees and expenses of qualifying any Shares under the securities laws of the several jurisdictions (including Canada and its provinces) as provided in this Section and of preparing and printing a Blue Sky Memorandum (including reasonable fees

and expenses of counsel to the Underwriters in connection therewith) and all other costs and expenses incident to the performance of the Company's obligations under this Agreement; provided that, (i) except as provided in this Section, the Underwriters shall pay their own costs and expenses, including the fees and expenses of their counsel, any transfer taxes on the Shares which they may sell and the expenses of advertising any offering of the Shares made by the Underwriters; and (ii) if the sale of the Shares provided for herein is not consummated by reason of any failure, refusal or inability on the part of the Company to perform any agreement on its part to be performed or because any other condition of the Underwriters' obligations hereunder is not fulfilled or if the Underwriters shall decline to purchase the Shares for any reason permitted under this Agreement, the Company shall reimburse the several Underwriters for all reasonable out-of-pocket disbursements (including reasonable fees and disbursements of counsel) incurred by the Underwriters in connection with their investigation of or any preparation by them in respect of the marketing of the Shares or in contemplation of performing their obligations hereunder; provided, however, that in no event shall the Company be obligated to pay such expenses of the Underwriters in the event this Agreement is terminated by the Underwriters pursuant to Section 7 or 8(a) hereof, or pursuant to Subsection 8(b)(iii), 8(b)(iv), 8(b)(v), 8(b)(vi) or 8(b)(vii) hereof.

(h) The Company shall not take, directly or indirectly, any action designed to cause or result in, or which might reasonably be expected to constitute, the stabilization or manipulation of the price of the shares of Common Stock to facilitate the sale or resale of the Shares.

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(i) During a period of five years from the Effective Date, the Company shall furnish to the Underwriters copies of all reports, documents and financial statements furnished by the Company to stockholders or to any securities exchange or the National Association of Securities Dealers, Inc., pursuant to requirements of or agreements with such organizations, or to the Commission pursuant to the Exchange Act or any of the Rules and Regulations thereunder.

(j) The Company shall apply the net proceeds of the sale of the Shares as set forth in any Preliminary Prospectus and the Prospectus.

(k) The Company will for a period of at least five years after the Effective Date maintain a registration with the Commission pursuant to Section 12(g) of the Exchange Act and will provide to you, at the same time as filed, copies of all filings made with the Commission pursuant to the Exchange Act.

5. CONDITIONS OF UNDERWRITERS' OBLIGATIONS. The obligations of the several Underwriters hereunder are subject to the accuracy, as of the date hereof and each Closing Date (as if made at such Closing Date), of the representations and warranties of the Company contained herein, to the performance by the Company of its obligations hereunder and to the following additional terms and conditions:

(a) If the Registration Statement has not become effective prior to the date hereof, unless the Underwriters agree in writing to a later time, the Registration Statement will become effective not later than 11:00 a.m., New York City time, on the first full Business Day following the date hereof; all post-effective amendments to the Registration Statement shall have become effective; all filings required by Rule 424 shall have been made within the time period required by such Rule; no stop order suspending the effectiveness of the Registration Statement shall have been issued and prior to that time no stop order proceeding shall have been initiated or threatened by the Commission; any request of the Commission for inclusion of additional information in the Registration Statement or the Prospectus or otherwise shall have been complied with or adequately disposed of following discussions with the Commission's staff; and after the date hereof the Company shall not have filed with the Commission any amendment or supplement to the Registration Statement or the Prospectus without the consent of the Underwriters, which consent will not have been unreasonably withheld or delayed.

(b) No Underwriter shall have discovered and disclosed to the Company that the Registration Statement, any Preliminary Prospectus or the Prospectus or any amendment or supplement thereto contains an untrue statement of a fact that, in the reasonable

opinion of counsel for the Underwriters, is material or omits to state a fact that, in the reasonable opinion of such counsel, is material and is required to be stated therein or is necessary to make the statements therein not misleading.

(c) All corporate proceedings and other legal matters incident to the authorization, form and validity of this Agreement, the Shares, and the form of the Registration Statement, the Prospectus (other than financial statements and other financial data) and all other legal matters relating to this Agreement, such other documents and the transactions contemplated hereby shall be reasonably satisfactory in all material respects to counsel for the Underwriters, and the Company shall have furnished to such counsel all documents and information that such counsel may reasonably request to enable it to pass upon such matters.

(d) The Company shall have furnished to you a certificate, dated such Closing Date and addressed to the Underwriters, of its Chief Executive Officer and Chief Financial Officer, certifying that the signers of said certificate have carefully examined the Registration Statement, the any Preliminary Prospectus and the Prospectus, and any amendments or supplements thereto, and that:

(i) There has not been, since the respective dates as of which information is given in the Registration Statement, any material adverse change in the condition, financial or otherwise, or the earnings, assets, affairs or business prospects of the Company, whether or not arising in the ordinary course of business, except as set forth in, or contemplated by, the Registration Statement and the Preliminary Prospectus and the Prospectus;

(ii) The representations and warranties of the Company contained in Section 1 hereof are true and correct with the same force and effect as though expressly made at and as of such Closing Date;

(iii) The Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied at or prior to such Closing Date;

(iv) No stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for such purpose have been initiated or threatened by the Commission; and

(v) Such documents do not include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading.

The delivery of the certificate provided for in this subparagraph (d) shall be and constitute a representation and warranty of the Company as to the facts required in the immediately foregoing clauses (i), (ii), (iii), (iv) and (v) of this subparagraph (d) to be set forth in such certificate.

(e) On such Closing Date you shall have received a letter of PricewaterhouseCoopers, LLP, addressed to the Underwriters and dated such date, confirming that they are independent public accountants with respect to the Company within the meaning of the Securities Act and restating, as of the date of such letter (or with respect to matters involving changes or developments since the respective dates as of which specified financial information is given in the Prospectus, as of a date not more than five days prior to the date of such letter), their conclusions and findings with respect to the financial information and other matters covered by their letter delivered to the Underwriters concurrently with the execution of this Agreement and confirming in all material respects the conclusions and findings set forth in such prior letter.

(f) Since the latest date as of which such condition is set forth in the Registration Statement, the Preliminary Prospectus and the Prospectus, there shall have been no material adverse change in the condition, financial or otherwise, or the earnings, affairs or business prospects of the Company, except in all cases for changes or developments that the Prospectus discloses or expressly contemplates.

(g) The inclusion of the Company in the Standard & Poor's

Corporation 500 Composite Price Index shall not have been withdrawn, nor shall the inclusion date have been delayed from that heretofore announced.

(h) Cooley Godward LLP, counsel for the Company, shall have furnished to the Underwriters their opinion, addressed to the Underwriters, dated such Closing Date and in form and substance reasonably satisfactory to counsel for the Underwriters, to the effect that:

(i) the Company (A) has been duly incorporated and is validly existing in good standing under the laws of the State of Delaware, (B) is duly qualified and in good standing as a foreign corporation in each jurisdiction in which the owning or leasing of properties or the conduct of business makes such qualification necessary, except where the failure to so qualify would not have a material adverse effect on the Company, and (C) has full corporate power and authority to carry on its business as described in the Prospectus and to own and operate the properties used in said business. The Company has full corporate power and authority to enter into

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and perform this Agreement and to issue, sell and deliver the Shares. To the best of such counsel's knowledge, except as may be set forth on Exhibit 21 to the Company's most recent Annual Report on Form 10-K filed with the Commission, the Company has no significant subsidiaries.

(ii) this Agreement has been duly executed and delivered by the Company and is a legal, valid and binding agreement of the Company enforceable in accordance with its terms, except as rights to indemnification hereunder may be limited by Federal or state securities laws;

(iii) all legally required corporate proceedings in connection with the authorization and issuance of the Shares and the sale of the Shares by the Company in accordance with the terms of this Agreement have been taken and all orders, consents or other authorizations or approvals of any public board or body legally required for the validity of the Shares or for the issuance, sale and distribution of the Shares hereunder have been obtained (except that no opinion need be expressed with respect to such orders, consents or other authorizations or approvals as may be required by the Blue Sky or securities laws of any jurisdiction in connection with the issuance of the Shares);

(iv) all the outstanding shares of the Company's Common Stock have been, and the Shares, upon issuance and delivery and payment therefor in the manner herein described, will be, duly authorized, validly issued, fully paid and nonassessable. Upon the closing of the offering, no preemptive rights to subscribe for or to purchase, or any restriction upon the voting or transfer of, any shares of Common Stock will exist pursuant to the Company's corporate charter or by-laws, or, to the best of such counsel's knowledge, pursuant to any agreement or other instrument to which the Company is a party or by which it may be bound;

(v) the certificates for the Shares are in valid and sufficient form under applicable law;

(vi) the Registration Statement has become effective under the Act, the applicable provisions of Rule 424, Rule 430A and Rule 462(b) under the Act have been fully complied with in a timely manner, and, to the best of such counsel's knowledge, no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been instituted or are pending or contemplated;

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(vii) there are no contracts or other documents known to such counsel which are required to be filed as exhibits to the Registration Statement other than those filed as exhibits thereto, and there are no legal or governmental proceedings known to such counsel pending or, to the best of such counsel's knowledge, threatened against the Company required to be disclosed in the Prospectus which are not so disclosed;



(viii) the execution and delivery of this Agreement by the Company, and the issuance and sale of the Shares and the fulfillment of this Agreement by the Company will not conflict with or constitute a breach of or a default (with the passage of time or otherwise) under (i) the charter or by-laws of the Company (ii) any statute, law or regulation to which the Company or any of its properties may be subject or any judgment, decree or order, known to such counsel, of any court or governmental agency or authority entered in any proceeding to which the Company was or is now a party or by which it is bound, except for any conflict, breach or default that would not have a material adverse effect on the Company or (iii) to the best of such counsel's knowledge, any agreement or document filed as an exhibit to the Registration Statement, except for any conflict, breach or default that would not have a material adverse effect on the Company;

(ix) to the best of such counsel's knowledge, the Company is not in violation of its charter or by-laws; and

(x) except as to financial statements and schedules included therein, as to which such counsel need not express any opinion, such counsel is of the opinion that the Registration Statement and the Prospectus and any supplements or amendments thereto (including the Incorporated Documents) comply as to form in all material respects with the Securities Act and the Exchange Act.

In addition, such counsel shall state that they have participated in conferences with officers and other representatives of the Company, counsel for the Underwriters, representatives of the independent public accountants for the Company, and you, at which the contents of the Registration Statement and Prospectus and related matters were discussed and, although such counsel is not passing upon, and does not assume any responsibility for, the accuracy, completeness or fairness of the statements contained in the Registration Statement and Prospectus and has not made any independent check or verification thereof, on the basis of the foregoing, no facts have come to such counsel's attention that lead them to believe that either the Registration Statement (including the Incorporated Documents) at the time such Registration Statement became effective contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or

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the Prospectus (including the Incorporated Documents) as of its date or the Closing Date contained an untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, except that such counsel need express no opinion with respect to the financial statements, schedules and other financial data included in the Registration Statement or Prospectus.

In rendering such opinion such counsel may rely (A) as to questions of the law of jurisdictions other than the State of California or the United States upon an opinion (dated the Closing Date, addressed to the Underwriters) of counsel acceptable to counsel to the Underwriters and (B) as to matters of fact, to the extent they deem proper, upon certificates of officers of the Company and public officials. Such opinion may also be limited as to the effect thereon of laws relating to bankruptcy or insolvency, the application of equitable principles and limitations on the effectiveness of indemnification and contribution provisions and may contain such other customary exceptions or qualifications as are acceptable to counsel for the Underwriters. Such opinion of counsel to the Company shall state that the opinion of such other counsel is in form and substance satisfactory to counsel to the Company and, in their opinion, the Underwriters are justified in relying thereon.

(i) You shall have received from Latham & Watkins, counsel for the Underwriters, their opinion, addressed to the Underwriters and dated such Closing Date, with respect to the Shares, the Registration Statement, the Prospectus, and other related matters as you reasonably may request, and the Company shall have furnished to such counsel such papers and information as they request to enable them to pass upon such matters.

Any such opinions, certificates, letters and documents shall be in compliance with the provisions hereof only if they are reasonably satisfactory in form and substance to the Underwriters and to counsel for the Underwriters. The Company shall furnish to the Underwriters such conformed copies of such opinions, certificates, letters and other documents as the Underwriters shall reasonably request. If any of the conditions specified in this Section 5 shall not have been fulfilled when and as required by this Agreement, this Agreement

and all obligations of the Underwriters hereunder may be cancelled at, or at any time prior to, such Closing Date, by you. Any such cancellation shall be without liability of the Underwriters to the Company. Notice of such cancellation shall be given to the Company in writing, or by telex or telephone and confirmed in writing.

6. INDEMNIFICATION AND CONTRIBUTION. (a) The Company shall indemnify and hold harmless each Underwriter and each person, if any, who controls each Underwriter within the meaning of the Securities Act from and against any losses, claims, damages or liabilities,

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joint or several (and any actions in respect thereof), to which that Underwriter or such controlling person may become subject, under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (and actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, any Preliminary Prospectus, the Prospectus, or the Registration Statement, any Preliminary Prospectus or the Prospectus as amended or supplemented, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading; and shall reimburse each Underwriter and each such controlling person promptly after receipt of invoices from such Underwriter or such controlling person, as applicable, for any legal or other expenses reasonably incurred by that Underwriter or such controlling person, as applicable, in connection with investigating, defending or preparing to defend against or appearing as a third-party witness in connection with any such loss, claim, damage, liability or action, notwithstanding the possibility that payments for such expenses might later be held to be improper, in which case the person receiving them shall promptly refund them; provided, however, that the Company shall not be liable under this Section 6(a) in any such case to the extent, but only to the extent, that any such loss, claim, damage, liability or action arises out of or is based upon any untrue statement or alleged untrue statement or omission or alleged omission made in the Registration Statement, or any amendment or supplement thereto in reliance upon and in conformity with written information regarding such Underwriter or the arrangements with respect to the underwriting of the transactions contemplated hereby furnished to the Company through the Underwriters specifically for use in the preparation thereof; and provided further, however, that the foregoing indemnity agreement is subject to the condition that, insofar as it relates to any untrue statement, alleged untrue statement, omission or alleged omission made in any Preliminary Prospectus but eliminated or remedied in the Prospects, such indemnity agreement shall not inure to the benefit of any Underwriter from whom the person asserting any loss, claim, damage or liability purchased the Shares which are the subject thereof (or to the benefit of any person who controls such Underwriter) if a copy of the Prospectus (excluding Incorporated Documents) was not sent or given to such person with or prior to the written confirmation of the sale of such Shares to such person and provided that the Company has complied with its obligations under Sections 4(b) and 4(c) hereof. This indemnity agreement is in addition to any liability which the Company may otherwise have.

(b) Each Underwriter severally, but not jointly, shall indemnify and hold harmless the Company, each of the Company's directors, each of the Company's officers who has signed the Registration Statement and each person, if any, who controls the Company within the meaning of the Securities Act from and against any losses, claims, damages or liabilities (and any actions in respect thereof) to which the Company or any such director, officer or controlling person may become subject, under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, any Preliminary Prospectus, the Prospectus, or the Registration Statement, any Preliminary Prospectus or the Prospectus as amended or supplemented, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, but in each case only to the extent that the untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information regarding such Underwriter or the arrangements with respect to the underwriting of the transactions contemplated hereby furnished to the Company through the Underwriters specifically for use in the preparation thereof, and

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shall reimburse the Company or any such director, officer or controlling person promptly after receipt of invoices from the Company or any such director, officer or controlling person for any legal or other expenses reasonably incurred by them in connection with investigating, defending or preparing to defend against or appearing as a third-party witness in connection with any such loss, claim, damage, liability or action, notwithstanding the possibility that payments for such expenses might later be held to be improper, in which case the

Company or any such director, officer or controlling person, as applicable, shall promptly refund them.

(c) Promptly after receipt by an indemnified party under this Section 6 of notice of any claim or the commencement of any action, the indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under this Section 6, notify the indemnifying party in writing of the claim or the commencement of the action; provided, however, that the failure to notify the indemnifying party shall not relieve it from any liability that it may have under this Section 6 except to the extent it has been prejudiced in any material respect by such failure. If any such claim or action is brought against an indemnified party, and it notifies the indemnifying party thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it wishes, jointly with any other indemnifying party similarly notified, to assume the defense thereof with counsel reasonably satisfactory to the indemnified party. After notice from the indemnifying party to the indemnified party of its election to assume the defense of such claim or action, and approval of counsel by the indemnified party in accordance with the foregoing, the indemnifying party shall not be liable to the indemnified party under this Section 6 for any legal or other expenses subsequently incurred by the indemnified party in connection with the defense thereof other than reasonable costs of investigation; provided, however, that the indemnified party shall have the right to employ counsel to represent itself in connection with any claim in respect of which indemnity may be sought against the indemnifying party under this Section 6 if the defendants with respect to any such claim shall have reasonably concluded that there may be legal defenses available to them and/or other indemnified parties which are different from or additional to those available to the indemnifying party or that there exists some other conflict of interest between the interests of the indemnified parties and the indemnifying party with respect to such claim that makes separate representation desirable in the reasonable judgment of the indemnified parties, and, in the event of the foregoing, the reasonable fees and expenses of such separate counsel shall be paid by the indemnifying party. It is understood, however, in connection with the indemnifying party's undertaking in the preceding proviso, that the indemnifying party shall not be liable for the expenses of more than one separate counsel representing all indemnified parties who are parties to the claim referred to in such proviso in each jurisdiction in which any claim or action is brought.

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(d) If the indemnification provided for in this Section 6 shall for any reason be unenforceable by an indemnified party under Section 6(a) or 6(b) hereof in respect of any loss, claim, damage or liability (or any action in respect thereof) referred to therein, although otherwise available in accordance with its terms, then each indemnifying party shall, in lieu of indemnifying such indemnified party, contribute to the amount paid or payable by such indemnified party as a result of such loss, claim, damage or liability (or action in respect thereof) (i) in such proportion as shall be appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other from the offering of the Shares, or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company on the one hand and the Underwriters on the other, with respect to the statements or omissions that resulted in such loss, claim, damage or liability (or action in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering of the Shares (before deducting expenses) received by the Company bear to the total underwriting discounts and commissions received by the Underwriters in question with respect to such offering, as set forth in the table on the cover page of the Prospectus. Relative fault shall be determined by reference to whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or the Underwriters in question, the intent of the parties and their relative knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The Company and the Underwriters agree that it would not be just and equitable if contributions pursuant to this subsection (d) were to be determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take into account the equitable considerations referred to in the first sentence of this subsection (d). The amount paid by an indemnified party as a result of the loss, claim, damage or liability (or action in respect thereof) referred to above in this subsection (d) shall be deemed to include, for purposes of this subsection (d), any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (d), no Underwriter and its controlling persons in the aggregate shall be required to contribute any amount in excess of the amount by which the total purchase price for the Shares underwritten by such Underwriter and distributed to the public exceeds the amount of any damages which such Underwriter and its controlling persons in the

aggregate have otherwise paid or become liable to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations in this subsection (d) to contribute are several in proportion to their respective underwriting obligations and not joint. Each party entitled to contribution agrees

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that upon the service of a summons or other initial legal process upon it in any action instituted against it in respect of which contribution may be sought, it shall promptly give written notice of such service to the party or parties from whom contribution may be sought, but the omission so to notify such party or parties of any such service shall not relieve the party from whom contribution may be sought from any obligation it may have hereunder or otherwise (except as specifically provided in subsection (c) hereof).

7. SUBSTITUTION OF UNDERWRITERS. If any Underwriter defaults in the performance of its obligations to purchase the number of Shares which it has agreed to purchase under this Agreement, the non-defaulting Underwriter shall be obligated to purchase (in the respective proportions which the number of Shares set forth opposite the name of each non-defaulting Underwriter in Schedule I hereto bears to the total number of Shares set forth opposite the name of the non-defaulting Underwriter in Schedule I hereto) the Shares which the defaulting Underwriter agreed but failed to purchase; except that the non-defaulting Underwriter shall not be obligated to purchase any of the Shares if the total number of Shares which the defaulting Underwriter agreed but failed to purchase exceeds 9.09% of the total number of Firm Shares, and the nondefaulting Underwriter shall not be obligated to purchase more than 110% of the number of Shares set forth opposite its name in Schedule I hereto plus the total number of Option Shares purchasable by it pursuant to the terms of Section 2. If the foregoing maximums are exceeded, the nondefaulting Underwriter, and any other underwriters satisfactory to you who so agree, shall have the right, but shall not be obligated, to purchase (in such proportions as may be agreed upon among them) all the Shares. If the non-defaulting Underwriter or the other underwriters satisfactory to you do not elect to purchase the Shares that the defaulting Underwriter agreed but failed to purchase, this Agreement shall terminate without liability on the part of any non-defaulting Underwriter or the Company except for the payment of expenses to be borne by the Company and the Underwriters as provided in Section 4(g) and the indemnity and contribution agreements of the Company and the Underwriters contained in Section 6 hereof.

Nothing contained herein shall relieve a defaulting Underwriter of any liability it may have for damages caused by its default. If the other underwriters satisfactory to you are obligated or agree to purchase the Shares of a defaulting Underwriter, either you or the Company may postpone the First Closing Date for up to seven full Business Days in order to effect any changes in the Registration Statement, any Preliminary Prospectus or the Prospectus which in your opinion may thereby be made necessary.

8. EFFECTIVE DATE AND TERMINATION. (a) This Agreement shall become effective on the earlier of (i) the initial release of the public offering of the Firm Shares, or (ii) at 11:00 A.M., New York City time, on the first full Business Day following the date hereof. You shall notify the Company immediately after you have taken any action which causes this Agreement to become effective. Until this Agreement is effective, it may be terminated by the Company by

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giving notice as hereinafter provided to you, or by you by giving notice as hereinafter provided to the Company, except that the provisions of Section 4(g) and Section 6 shall at all times be effective. For purposes of this Agreement, the initial release of the public offering of the Firm Shares for sale to the public shall be deemed to have been made when you release, by telegram or otherwise, firm offers of the Firm Shares to securities dealers or release for publication a newspaper advertisement relating to the Firm Shares, whichever occurs first.

(b) From the time of effectiveness of this Agreement until the First Closing Date, this Agreement may be terminated by you in your absolute discretion by giving notice as hereinafter provided to the Company, if (i) the Company shall have failed, refused or been unable, at or prior to the First Closing Date, to perform in any material respect any agreement on its part to be performed hereunder, (ii) any other condition to the obligations of the Underwriters hereunder is not fulfilled in any material respect, (iii) the Company shall have sustained a loss or damage by fire, flood, accident or other calamity which is material to the property, business or financial condition of the Company, or the Company or any of its property shall have become a party or subject to litigation material to the Company or there shall have been, since

the respective dates as of which information is given in the Registration Statement or the Prospectus, any material adverse change or any development involving a prospective material adverse change in the general affairs, condition (financial or other), business, key personnel, capitalization, properties, results of operations or net worth of the Company whether or not arising in the ordinary course of business, which loss, damage or change, in your judgment shall render it inadvisable to proceed with the delivery of the Shares, whether or not any such loss shall have been insured, (iv) trading in the Company's Common Stock shall have been suspended by the Commission or trading in securities generally on the New York Stock Exchange shall have been suspended or materially limited, or minimum prices shall have been established on such exchange by the Commission, or by such exchange or other regulatory body or governmental authority having jurisdiction, (v) a general banking moratorium shall have been declared by Federal or state authorities, (vi) there is an outbreak or escalation of hostilities involving the United States on or after the date hereof, or the United States is or becomes engaged in hostilities which result in the declaration of a national emergency or war, the effect of which shall be, in your judgment, to make it inadvisable or impracticable to proceed with the public offering or delivery of the Shares on the terms and in the manner contemplated in the Prospectus, or (vii) there shall have been such a material adverse change in general economic, political or financial conditions or if the effect of international conditions on the financial markets in the United States shall be such as, in the judgment of a majority in interest of the several Underwriters, makes it inadvisable or impracticable to proceed with the delivery of the Shares. Any termination of this Agreement pursuant to this Section 8 shall be without liability on the part of the Company or any Underwriter, except as otherwise provided in Section 4(g) and Section 6 hereof.

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Any notice referred to above may be given at the address specified in Section 10 hereof in writing or by telecopier, telex or telephone, and if by telecopier, telex or telephone, shall be immediately confirmed in writing.

9. SURVIVAL OF CERTAIN PROVISIONS. The agreements contained in Section 6 and the representations, warranties and agreements of the Company in Sections 1 and 4 shall survive the delivery of the Shares to the Underwriters hereunder and shall remain in full force and effect, regardless of any termination or cancellation of this Agreement or any investigation made by or on behalf of any indemnified party.

10. NOTICES. Except as otherwise provided in this Agreement, (a) whenever notice is required by the provisions of this Agreement to be given to the Company, such notice shall be in writing addressed to the Company at 5775 Morehouse Drive, San Diego, California 92121, Attention: President; and (b) whenever notice is required by the provisions of this Agreement to be given to the Underwriters, such notice shall be in writing addressed to you in care of Lehman Brothers Inc., Eighth Floor, Three World Financial Center, New York, New York 10285-0800, Attention: Syndicate Department and in care of Goldman, Sachs & Co., 32 Old Slip, 21st Floor, New York, New York 10005, Attention: Registration Department.

11. PARTIES. This Agreement shall inure to the benefit of and be binding upon the several Underwriters, the Company and their respective successors. This Agreement and the terms and provisions hereof are for the sole benefit of only those persons, except that (a) the representations, warranties, indemnities and agreements of the Company contained in this Agreement shall also be deemed to be for the benefit of the person or persons, if any, who control any Underwriter within the meaning of Section 15 of the Securities Act and (b) the indemnity agreement of the Underwriters contained in Section 6 hereof shall be deemed to be for the benefit of directors of the Company, officers of the Company who signed the Registration Statement and any person controlling the Company within the meaning of Section 15 of the Securities Act. Nothing in this Agreement shall be construed to give any person, other than the persons referred to in this paragraph, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision contained herein. The term "successors," as used in this Agreement, shall not include any purchaser of any of the Shares from any of the Underwriters merely by reason of such purchase.

12. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to the choice of law or conflict of laws principles thereof.

13. COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which together shall constitute a single agreement.

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If the foregoing correctly sets forth the agreement among the Company and the several Underwriters, please indicate your acceptance in the space

provided for that purpose below.

Very truly yours,  
QUALCOMM INCORPORATED

By: \_\_\_\_\_

Confirmed and accepted as of the  
date first above mentioned:

LEHMAN BROTHERS INC.  
GOLDMAN, SACHS & CO.

By: LEHMAN BROTHERS INC.

By: \_\_\_\_\_  
Authorized Representative

By: GOLDMAN, SACHS & CO.

By: \_\_\_\_\_  
(Goldman, Sachs & Co.)

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SCHEDULE I

Underwriting Agreement dated July \_\_\_\_, 1999

4,000,000 Shares  
QUALCOMM INCORPORATED  
Common Stock

<TABLE>  
<CAPTION>

Underwriter -----	Number of Shares -----
<S>	<C>
Lehman Brothers Inc.....	
Goldman, Sachs & Co.....	
Total.....	4,000,000 =====

</TABLE>

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CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in this Registration Statement on Form S-3 of our report dated October 30, 1998 relating to the financial statements and financial statement schedule, which appears in QUALCOMM Incorporated's Annual Report on Form 10-K for the year ended September 30, 1998. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

PRICEWATERHOUSECOOPERS LLP

San Diego, California

July 20, 1999