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QUALCOMM Announces Fourth Quarter and Fiscal 2002 Results
Q4 GAAP Revenues \$874 Million, EPS \$0.23 – FY2002 \$3.0 Billion, EPS \$0.44
Q4 Pro Forma Revenues \$840 Million, EPS \$0.31 – FY2002 \$2.9 Billion, EPS \$0.98

QUALCOMM's fourth quarter fiscal 2002 earnings conference call will be broadcast live on November 7, 2002 beginning at 2:30 p.m. Pacific Standard Time on the Company's web site at: www.qualcomm.com. This conference call may contain forward-looking financial information. The taped audio replay will be available for five business days. To listen to the replay, U.S. callers may dial (800) 633-8284 and international callers may dial (402) 977-9140. Both U.S. and international callers should use reservation number 20898587.

SAN DIEGO – November 7, 2002 – QUALCOMM Incorporated (NASDAQ: QCOM) today announced its fourth quarter and fiscal 2002 results ended September 29, 2002. GAAP reported revenues were \$874 million (34 percent increase) in the fourth quarter of fiscal 2002 compared to \$651 million in the year ago quarter. GAAP reported earnings were \$190 million or \$0.23 per share in the fourth quarter compared to a loss of \$75 million or \$0.10 loss per share in the year ago quarter. GAAP reported revenues were \$3.0 billion (13 percent increase) in fiscal 2002 compared to \$2.7 billion in fiscal 2001. GAAP reported earnings were \$360 million or \$0.44 per share in fiscal 2002 compared to a loss of \$578 million or \$0.76 loss per share in fiscal 2001.

Pro forma revenues were \$840 million (29 percent increase) in the fourth quarter of fiscal 2002 compared to \$651 million in the year ago quarter. Pro forma earnings were \$250 million or \$0.31 per share (63 percent increase) in the fourth quarter of fiscal 2002 compared to \$155 million or \$0.19 per share in the year ago quarter.¹ Pro forma revenues were \$2.9 billion (9 percent increase) in fiscal 2002 compared to \$2.7 billion in fiscal 2001. Pro forma earnings were \$794 million or \$0.98 per share (11 percent increase) in fiscal 2002 compared to \$710 million or

¹ Pro forma earnings exclude charges related to the values of marketable equity securities and derivatives, amortization of goodwill and other acquisition-related intangible assets, consolidated losses of the Vesper Companies in Brazil and other gains and losses related to strategic investments. Pro forma results include the Company's core operating businesses, QUALCOMM CDMA Technologies (QCT), QUALCOMM Technology Licensing (QTL) and QUALCOMM Wireless & Internet (QWI). Reported earnings are presented in accordance with Generally Accepted Accounting Principles (GAAP) and include the QUALCOMM Strategic Initiatives (QSI) segment and other items excluded from pro forma.

\$0.88 per share in fiscal 2001 (see page 11 for pro forma adjustments). The increase in revenues in the fourth quarter and fiscal 2002 compared to the year ago quarter and fiscal 2001 was primarily related to increasing demand for CDMA products across all major regions of CDMA deployment.

“QUALCOMM’s highly focused business strategy enabled us to strengthen our position this year despite the challenges facing the global economy and the telecom sector,” said Dr. Irwin Mark Jacobs, chairman and CEO of QUALCOMM. “Among the reasons for our success are the economic benefits and competitive differentiation that CDMA2000 1X and 1xEV-DO are providing to 20 wireless operators in 11 countries today, with many more to come. We extended our lead by continuing to deliver on-schedule a broad family of highly integrated and feature-rich CDMA chipsets, and we achieved record MSM shipments this fiscal year. These next generation chipsets enable new devices with advanced features, such as digital cameras, position location and streaming video. We introduced our family of radioOne™ direct conversion chips to support multiple technologies in the same chip and significantly reduce bill of materials costs for our customers.”

“We continue to execute on our strategy for increasing global acceptance of our technology and these efforts bore fruit with the commercial launch of the first CDMA network in China; the first two commercial deployments of our high-speed CDMA2000 1xEV-DO networks in South Korea and, most recently, here in the U.S. with Monet Mobile; and the successful introduction of our BREW applications development platform in South Korea, Japan and the U.S. With a strong product and technology portfolio and a solid balance sheet, we believe that QUALCOMM is well positioned to continue its revenue and earnings growth in the future,” Dr. Jacobs said.

Pro forma gross margin for the fourth quarter of fiscal 2002 was 69 percent compared to 64 percent in the year ago quarter and 67 percent in the third quarter of fiscal 2002. The increase in pro forma gross margin from the year ago quarter resulted from improved gross margins in the QUALCOMM CDMA Technologies (QCT) business segment, primarily resulting from a change in product mix within our Mobile Station Modem (MSM™) family of phone chips and an increase in royalty revenues in the QUALCOMM Technology Licensing (QTL) business segment.

Pro forma R&D expenses were \$107 million (6 percent decrease) in the fourth quarter of fiscal 2002 compared to \$114 million in the year ago quarter. The decrease in R&D expenses compared to the year ago quarter was primarily due to the completion of a co-development agreement and a reduction of development efforts related to the Globalstar business, partially offset by increased support efforts for the QUALCOMM Wireless Business Solutions (QWBS) business.

Pro forma selling, general and administrative expenses were \$102 million (12 percent increase) in the fourth quarter of fiscal 2002 compared to \$92 million in the year ago quarter. The increase in SG&A expense compared to the year ago quarter was primarily due to the expansion of our international QCT customer base and international business development activities, particularly in China, as well as increased expenses for our marketing and support efforts related to the BREW™ (Binary Runtime Environment for Wireless™) application development platform.

Pro forma investment income was \$16 million (40 percent decrease) for the fourth quarter of fiscal 2002 compared to \$26 million in the year ago quarter. Pro forma investment income is primarily comprised of interest income on corporate cash and marketable debt securities and other-than-temporary losses on debt securities. The decrease in investment income as compared to the year ago quarter was a result of lower interest rates and an increase in other-than-temporary losses on debt securities.

The Company's pro forma annual effective income tax rate for fiscal 2002 was 35 percent, compared to 34 percent for fiscal 2001.

QUALCOMM Strategic Initiatives (Excluded from Pro Forma Results)

The QUALCOMM Strategic Initiatives (QSI) segment includes our strategic investments and related income and expenses from non-core businesses including the Vesper Companies.

QSI revenues were \$34 million in the fourth quarter of fiscal 2002, primarily related to the consolidation of the Vesper Companies. QSI losses before taxes for the fourth quarter of fiscal 2002 were \$98 million. Our share of the losses from Vesper operations in the fourth quarter of fiscal 2002 was \$42 million, an increase of \$7 million from the third quarter of fiscal 2002.

This increase was attributable to an unfavorable foreign exchange rate, as well as the agreement reached with Brazilian regulators regarding limitations on Vesper's mobility license. Our share of equity losses for expanded Inquam operations in Europe were \$17 million in the fourth quarter of fiscal 2002 compared to \$13 million in the third quarter of fiscal 2002. Other-than-temporary losses on investments were \$38 million during the fourth quarter of fiscal 2002 to reflect the change in estimated market values of certain investments. Of the \$38 million total, \$13 million was related to Leap Wireless, leaving a nominal \$1 million remaining investment in Leap Wireless. The cash invested and unfunded commitments balance for the QSI segment is updated quarterly (see www.qualcomm.com on the Investor Relations page under "Segment Reporting").

Business Outlook

The following statements are forward-looking and actual results may differ materially. Please see page 11 of this press release for a description of certain risk factors and QUALCOMM's quarterly reports on file with the Securities and Exchange Commission (SEC) for a more complete description of risks. We will disseminate our current business outlook in conjunction with the quarterly earnings release and conference call.

Outlook information is presented on a pro forma basis and excludes the QSI segment.

First Quarter Fiscal 2003

- Based on the current business outlook, we expect first fiscal quarter pro forma revenues to increase by approximately 15-22 percent compared to the fourth quarter of fiscal 2002. We expect first fiscal quarter pro forma earnings per share to be approximately \$0.35-\$0.38. This estimate assumes shipments of approximately 25-27 million MSM phone chips during the quarter, including approximately 21-22 million CDMA2000 1X MSM phone chips. We expect approximately 85 million CDMA phones to be sold in calendar 2002.

Fiscal 2003

- Based on the current business outlook, we expect pro forma revenue growth for fiscal 2003 to be approximately 19-23 percent and pro forma earnings per share to be approximately \$1.15-\$1.20. This estimate is based on the sale of 100-105 million CDMA phones in calendar 2003 with approximately 10 percent decrease in average selling prices of CDMA phones, upon which royalties are calculated.

Cash Flow

QUALCOMM's cash, cash equivalents and marketable securities, excluding the QSI Segment, totaled approximately \$3.0 billion at the end of the fourth quarter of fiscal 2002. The following table presents selected cash flow information for the fourth quarter and fiscal 2002, which includes cash equivalents and marketable securities, but excludes the QSI Segment (in millions):

Selected Cash Flow Information

	Fourth Quarter	Twelve Months
	Fiscal 2002	Fiscal 2002
Earnings before taxes, depreciation, amortization and asset impairments	\$ 425	\$ 1,329
Working capital changes and taxes paid	78	(44)
Additional share capital	11	114
Net cash inflows	514	1,399
Capital expenditures and acquisitions	(38)	(152)
Net cash provided	476	1,247
Change in fair value of marketable securities	1	(28)
Net transfers to QSI	(51)	(602)
Net increase in cash, cash equivalents and marketable securities of QUALCOMM, excluding QSI	\$ 426	\$ 617

Results of Business Segments

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

Fourth Quarter - Fiscal Year 2002

Segments	QCT	QTL	QWI	Other/ Reconciling Items (1)	Pro Forma
Revenues	483,617	243,481	109,542	3,031	839,671
Change from prior quarter	20%	22%	(0%)	N/M	16%
Change from prior year	44%	29%	(2%)	N/M	29%
Earnings before taxes	158,334	221,500	(1,196)	5,395	384,033
% of revenues	33%	91%	(1%)	N/M	46%
Change from prior quarter	35%	27%	61%	N/M	29%
Change from prior year	140%	29%	(127%)	N/M	64%

Third Quarter - Fiscal Year 2002

Segments	QCT	QTL	QWI	Other/ Reconciling Items (1)	Pro Forma
Revenues	404,253	198,853	109,581	8,631	721,318
Earnings before taxes	117,524	174,450	(3,074)	8,906	297,806
% of revenues	29%	88%	(3%)	N/M	41%

Fourth Quarter - Fiscal Year 2001

Segments	QCT	QTL	QWI	Other/ Reconciling Items (1)	Pro Forma
Revenues	336,881	189,340	112,240	12,370	650,831
Earnings before taxes	65,917	172,102	4,403	(7,981)	234,441
% of revenues	20%	91%	4%	N/M	36%

Twelve Months - Fiscal Year 2002

Segments	QCT	QTL	QWI	Other/ Reconciling Items (1)	Pro Forma
Revenues	1,590,829	847,092	438,682	36,337	2,912,940
Change from prior year	17%	8%	3%	N/M	9%
Earnings before taxes	440,523	756,173	(9,467)	33,887	1,221,116
% of revenues	28%	89%	(2%)	N/M	42%
Change from prior year	44%	7%	(128%)	N/M	14%

Twelve Months - Fiscal Year 2001

Segments	QCT	QTL	QWI	Other/ Reconciling Items (1)	Pro Forma
Revenues	1,364,687	781,939	426,066	107,094	2,679,786
Earnings before taxes	305,546	705,794	33,484	30,796	1,075,620
% of revenues	22%	90%	8%	N/M	40%

- (1) Other/Reconciling Items related to revenues consist primarily of other non-reportable segment revenues less intersegment eliminations. Reconciling items related to earnings before taxes consist primarily of charges that are not allocated to the segments for management reporting purposes, unallocated net investment income, non-reportable segment results, interest expense and the elimination of intercompany profit.

N/M – Not Meaningful

Business Segment Highlights

QUALCOMM Technology Licensing (QTL)

- Signed a total of ten CDMA license agreements during the fourth quarter of fiscal 2002, including seven new licenses and three extensions to existing license agreements.
- Modified the existing royalty-bearing license agreement with Siemens to include infrastructure for all CDMA standards and subscriber equipment for certain 3G standards including WCDMA (UMTS). Under the agreement, Siemens will pay the same subscriber royalty rate, irrespective of the standard implemented. The agreement also grants QUALCOMM a royalty-free right under Siemens' patents to market and sell components, including multimode chipsets.
- Signed a total of 35 CDMA license agreements during fiscal 2002, including 24 new licenses and 11 extensions to existing licensees bringing the total number of companies licensed for CDMA to more than 115. Of the approximately 115 companies, approximately 55 are currently licensed for WCDMA.

QUALCOMM CDMA Technologies (QCT)

- Shipped approximately 20 million MSM phone chips to customers worldwide during the fourth quarter of fiscal 2002 compared to approximately 13 million units in the year ago quarter and 16 million in the third quarter of fiscal 2002. This brings the total number of MSM phone chips shipped during fiscal 2002 to approximately 65 million.
- Shipped approximately 15 million CDMA2000 1X MSM phone chips during the fourth quarter of fiscal 2002 for a total of approximately 40 million in fiscal 2002.
- Shipped CSM infrastructure chips to support more than 2.5 million equivalent voice channels compared to approximately 4 million equivalent voice channels in both the year ago quarter and the third quarter of fiscal 2002.
- Began on-time sampling of the MSM6100™ chipset and system software, a highly integrated CDMA2000 1X multimedia solution with gpsOne position location and radioOne direct conversion technologies. The MSM6100 enables lower system costs for manufacturers developing handsets with advanced multimedia applications.
- Began on-time sampling of the MSM6300™ single-modem chip 3G solution for multimode, multiband CDMA2000/GSM/GPRS, the first true world-phone chipset enabling global roaming across wireless networks.

- Announced accelerated sampling delivery of the dual-mode MSM6200™ chipset and system software. The MSM6200 was selected by Samsung Electronics Co., Ltd, Sanyo Electronics Co., Ltd and Novatel Wireless for development of WCDMA (UMTS) and GSM/GPRS devices.

QUALCOMM Wireless & Internet Group (QWI)

QUALCOMM Internet Services (QIS)

- Announced a definitive agreement with China Unicom for the commercial deployment of wireless data application services using QUALCOMM's BREW solution.
- Continued BREW deployments as carriers throughout the world join Verizon Wireless and soon ALLTEL in the United States, KTF in South Korea and KDDI in Japan in commercializing BREW-based services. U.S. Cellular has launched a BREW trial in the U.S. and China Unicom announced its plans to launch BREW-based services in China. To date, 16 carriers have indicated support for the BREW solution. Twenty-four models of BREW-enabled handsets are already available to consumers worldwide, and 30 device manufacturers have indicated their support for BREW.
- Signed OEM agreement with Motorola enabling Motorola to provide BREW-enabled handsets to Verizon Wireless for its BREW-based 'Get It Now' service.
- Signed OEM agreement with Toshiba enabling Toshiba to provide BREW-enabled handsets to BREW carriers around the world.
- Announced the licensing of our QChat voice-over –Internet protocol (VoIP) push-to-talk technology for 3G CDMA networks to Nextel, the world's leading provider of push-to-talk services, which it markets under the Direct Connect brand.

QUALCOMM Wireless Business Solutions (QWBS)

- Shipped approximately 15,000 OmniTRACS units and related products in the fourth quarter of fiscal 2002, compared to approximately 13,000 units during the year ago quarter and 12,000 units during the third quarter of fiscal 2002. This brings the total number of OmniTRACS and related product shipments during fiscal 2002 to nearly 46,000 units and a cumulative total of over 450,000 units shipped worldwide. The increase in unit shipments can be mainly attributed to additional sales in the private fleet transportation market.

- Announced that Frito-Lay, the leading multinational snack chip company, has signed a contract with QUALCOMM to install over 1,100 OmniTRACS and OmniExpress mobile communications system units and 4,400 TrailerTRACS asset management system units in 2002.
- Demonstrated support of local and national homeland security efforts through advanced security features of its OmniTRACS satellite-based mobile communications and tracking system including:
 - On-board and wireless panic buttons,
 - Driver I.D. authentication and tamper detection alerts,
 - Remote disabling of the truck in the event of a security breach due to on-board tamper detection or invalid driver log-in, and
 - Geofencing for alerting the trucking company when the vehicle enters restricted areas or leaves its designated route
- Served as Technical Integrator on a winning team awarded \$2.5 million from the U.S. Department of Transportation for Hazardous Materials Transportation Safety and Security Operational Test including vehicle tracking and disabling, cargo seals, driver authentication/biometrics, and other safety security features.

QUALCOMM Strategic Initiatives (QSI)

- Announced the closing of the transaction in which Telefónica Móviles, S.A. acquired 65 percent of Pegaso Telecomunicaciones, S.A. de C.V., with the Burillo Group continuing to own 35 percent. As a result of this transaction, we received approximately \$99 million in cash and expect to receive an additional \$435 million on or before November 9, 2002. We will use approximately \$139 million of that total to acquire Pegaso debt. After this transaction, QUALCOMM will own approximately \$482 million in senior secured debt. Telefonica recently indicated its intention to deploy GSM in Mexico. In the event that Telefonica initiates the commercialization of GSM or TDMA services in Pegaso's spectrum, Pegaso would be obliged to prepay \$285 million of the \$482 million owed to us, pursuant to the terms of our financing agreement.

QUALCOMM Incorporated (www.qualcomm.com) is a leader in developing and delivering innovative digital wireless communications products and services based on the Company's CDMA digital technology. Headquartered in San Diego, Calif., QUALCOMM is included in the S&P 500 Index and traded on The Nasdaq Stock Market[®] under the ticker symbol QCOM.

Except for the historical information contained herein, this news release contains forward-looking statements that are subject to risks and uncertainties. Actual results may differ substantially from those referred to herein due to a number of factors, including but not limited to risks associated with: changing global economic conditions, particularly in the telecommunications and Internet-related industries and the resulting uncertainty in forecasting future results; timing and receipt of license fees and royalties; integrated circuit inventory and order levels; the Company's ability to execute additional 3G licenses; the scale-up, acceptance and operations of CDMA systems, including CDMA2000 1xEV-DO and systems in new markets such as China and India; the ability to sustain or improve operational efficiency and profitability; decreases in the rate of growth in CDMA-based wireless data and Internet access or the CDMA subscriber population; strategic investments, loans, acquisitions or divestitures the Company has or may pursue; the performance of the Vesper Companies business in Brazil; changes in the fair values of marketable securities and derivative instruments held; the development, deployment and commercial acceptance of evolving CDMA technology standards; developments in current or future litigation; customer receivables and performance guarantees; component shortages; and international business activities, as well as the other risks detailed from time-to-time in the Company's SEC reports.

QUALCOMM®, QCT®, QUALCOMM Wireless Business Solutions®, OmniTRACS®, OmniOne™, OmniExpress™, MSM™, MSM6100™, MSM6200™, MSM6300™, radioOne™, SnapTrack®, WIRELESS KNOWLEDGE®, and Vesper™, and BREW™ are trademarks and/or service marks of QUALCOMM Incorporated. All other trademarks are the property of their respective owners.

QUALCOMM Incorporated
PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
THIS SCHEDULE IS TO ASSIST THE READER IN RECONCILING FROM
THE PRO FORMA RESULTS TO THE GAAP REPORTED RESULTS
(In thousands, except per share data)
(Unaudited)

	Three Months Ended					
	September 30,	September 30,	%	Pro Forma	QSI	September 30,
	2001	2002				2002
	Pro Forma	Pro Forma	Change	Adjustments		GAAP Reported
Revenues	\$ 650,831	\$ 839,671	29%	\$ -	\$ 34,215	\$ 873,886
Operating expenses:						
Cost of revenues	237,149	261,880	10%	(3) (b)(c)(d)(e)	50,210	312,087
Research and development	113,789	107,365	(6%)	267 (b)	2,337	109,969
Selling, general and administrative	91,585	102,284	12%	(7,203) (b)(e)	36,766	131,847
Amortization of goodwill and other acquisition-related intangible assets	-	-		64,155 (c)	2,604	66,759
Asset impairment and related charges	-	-		-	459	459
Total operating expenses	442,523	471,529	7%	57,216	92,376	621,121
Operating income (loss)	208,308	368,142	77%	(57,216)	(58,161)	252,765
Interest expense	(168)	131	(178%)	-	(8,505)	(8,374)
Investment income (expense), net	26,301	15,760 (a)	(40%)	(3) (e)	(31,071) (i)	(15,314)
Income (loss) before income taxes	234,441	384,033	64%	(57,219)	\$ (97,737) (f)	229,077
Income tax (expense) benefit	(79,710)	(134,412) (g)	69%	95,617 (h)	N/A (h)	(38,795) (g)
Net income	\$ 154,731	\$ 249,621	61%	\$ 38,398		\$ 190,282
Net earnings per common share:						
Diluted	\$ 0.19	\$ 0.31				\$ 0.23
Shares used in per share calculations:						
Diluted	808,832	809,810				809,810

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

- (a) Includes \$27 million in interest income related to cash, cash equivalents and marketable debt securities, which are not part of the Company's strategic investment portfolio.
- (b) Excludes employer payroll taxes payable for employee income from non-qualified stock option exercises, as follows: \$0.1 million in cost of revenues, \$0.3 million in R&D expenses and \$0.1 million in SG&A expenses.
- (c) Excludes the amortization of goodwill and other acquisition-related intangible assets primarily associated with the purchase of SnapTrack, as follows: \$0.5 million in cost of revenues and \$64.1 million in amortization of goodwill and other acquisition-related intangible assets.
- (d) Excludes certain credits related to the Globalstar business, including \$0.9 million in cost of revenues.
- (e) Excludes certain items related to the sale of the terrestrial-based CDMA wireless infrastructure business, including \$0.2 million in cost of revenues and \$7.3 million in selling, general and administrative credits.
- (f) Includes \$42 million loss, net of minority interest, of Vesper Holding from June 1, 2002 through August 31, 2002 due to the Company's practice of consolidating foreign subsidiaries one month in arrears.
- (g) The fiscal year 2002 effective tax rate for pro forma results and GAAP reported results are 35% and 22%, respectively.
- (h) Estimated effective tax rates by segments are not presented. Hence, the tax benefit for QSI is included in the "Pro Forma Adjustments" column.
- (i) Includes \$38 million in other-than-temporary losses on investments.

QUALCOMM Incorporated
PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
THIS SCHEDULE IS TO ASSIST THE READER IN RECONCILING FROM
THE PRO FORMA RESULTS TO THE GAAP REPORTED RESULTS
(In thousands, except per share data)
(Unaudited)

	Twelve Months Ended						
	September 30,	September 30,	%	Pro Forma		September 30,	
	2001	2002				2002	
	Pro Forma	Pro Forma	Change	Adjustments	QSI	GAAP Reported	
Revenues	\$ 2,679,786	\$ 2,912,940	9%	\$ 143	(e)	\$ 126,477	\$ 3,039,560
Operating expenses:							
Cost of revenues	977,909	954,230	(2%)	(437)	(b)(c)(d)	183,567	1,137,360
Research and development	408,824	440,077	8%	3,030	(b)	8,571	451,678
Selling, general and administrative	357,592	389,057	9%	(6,032)	(b)(d)(e)	125,619	508,644
Amortization of goodwill and other acquisition-related intangible assets	-	-		256,592	(c)	2,604	259,196
Asset impairment and related charges	-	-		-		459	459
Other	-	-		-		8,955	8,955
Total operating expenses	<u>1,744,325</u>	<u>1,783,364</u>	2%	<u>253,153</u>		<u>329,775</u>	<u>2,366,292</u>
Operating income (loss)	935,461	1,129,576	21%	(253,010)		(203,298)	673,268
Interest expense	(2,428)	(792)	(67%)	-		(24,939)	(25,731)
Investment income (expense), net	<u>142,587</u>	<u>92,332</u>	(a) (35%)	<u>(3)</u>	(e)	<u>(278,741)</u>	<u>(186,412)</u>
Income (loss) before income taxes	1,075,620	1,221,116	14%	(253,013)		\$ (506,978)	(f) 461,125
Income tax (expense) benefit	<u>(365,711)</u>	<u>(427,391)</u>	(g) 17%	<u>325,943</u>	(h)	N/A	(h) (101,448)
Net income	<u>\$ 709,909</u>	<u>\$ 793,725</u>	12%	<u>\$ 72,930</u>			<u>\$ 359,677</u>
Net earnings per common share:							
Diluted	<u>\$ 0.88</u>	<u>\$ 0.98</u>					<u>\$ 0.44</u>
Shares used in per share calculations:							
Diluted	<u>807,157</u>	<u>809,329</u>					<u>809,329</u>

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

- (a) Includes \$102 million in interest income related to cash, cash equivalents and marketable debt securities, which are not part of the Company's strategic investment portfolio.
- (b) Excludes employer payroll taxes payable for employee income from non-qualified stock option exercises, as follows: \$1.4 million in cost of revenues, \$3.0 million in R&D expenses and \$1.5 million in SG&A expenses.
- (c) Excludes the amortization of goodwill and other acquisition-related intangible assets primarily associated with the purchase of SnapTrack, as follows: \$2.0 million in cost of revenues and \$256.6 million in amortization of goodwill and other acquisition-related intangible assets.
- (d) Excludes credits related to the Globalstar business, including: \$3.8 million in cost of revenues and \$0.1 million in selling, general, and administrative.
- (e) Excludes certain items related to the sale of the terrestrial-based CDMA wireless infrastructure business, as follows: \$0.1 million in revenues and \$7.4 million in selling, general, and administrative credits.
- (f) Includes \$130 million loss, net of minority interest, of Vesper Holding from November 13, 2001 through August 31, 2002 due to the Company's practice of consolidating foreign subsidiaries one month in arrears.
- (g) The fiscal year 2002 effective tax rate for pro forma results and GAAP reported results are 35% and 22%, respectively.
- (h) Estimated effective tax rates by segments are not presented. Hence the tax benefit for QSI is included in the "Pro Forma Adjustments" column.
- (i) Includes \$180 million in charges related to Leap Wireless stock and bonds, \$87 million in equity losses, and \$58 million in FAS 133 losses principally related to Leap Wireless warrants.

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

ASSETS

	<u>QUALCOMM Excluding QSI</u>	<u>QSI (a)</u>	<u>QUALCOMM September 30, 2002</u>	<u>QUALCOMM September 30, 2001 (b)</u>
Current assets:				
Cash and cash equivalents	\$ 1,383,636	\$ 23,068	\$ 1,406,704	\$ 1,388,602
Marketable securities	1,257,649	130,266	1,387,915	894,577
Accounts receivable, net	500,319	36,631	536,950	517,557
Finance receivables, net	10,142	378,254	388,396	10,345
Inventories, net	80,104	7,990	88,094	95,863
Other current assets	100,837	31,870	132,707	147,814
Total current assets	<u>3,332,687</u>	<u>608,079</u>	<u>3,940,766</u>	<u>3,054,758</u>
Marketable securities	357,609	24,021	381,630	297,333
Finance receivables, net	3,950	438,984	442,934	674,391
Other investments	4,587	271,827	276,414	245,220
Property, plant and equipment, net	449,246	237,037	686,283	431,396
Goodwill, net	342,938	1,865	344,803	585,046
Other assets	263,547	173,144	436,691	381,589
Total assets	<u>\$ 4,754,564</u>	<u>\$ 1,754,957</u>	<u>\$ 6,509,521</u>	<u>\$ 5,669,733</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:				
Trade accounts payable	\$ 157,452	\$ 51,966	\$ 209,418	\$ 106,433
Payroll and other benefits related liabilities	113,757	12,248	126,005	117,795
Unearned revenue	176,181	7,301	183,482	184,461
Other current liabilities	130,364	25,717	156,081	112,300
Total current liabilities	<u>577,754</u>	<u>97,232</u>	<u>674,986</u>	<u>520,989</u>
Unearned revenue	258,448	1,547	259,995	295,005
Long term debt	-	94,288	94,288	235
Other liabilities	40,718	3,038	43,756	35,202
Total liabilities	<u>876,920</u>	<u>196,105</u>	<u>1,073,025</u>	<u>851,431</u>
Minority interest in consolidated subsidiaries	50	44,490	44,540	5,887
Stockholders' equity:				
Preferred stock, \$0.0001 par value	-	-	-	-
Common stock, \$0.0001 par value	79	-	79	76
Paid-in capital	4,918,202	-	4,918,202	4,791,559
Retained earnings	604,624	-	604,624	244,947
Accumulated other comprehensive loss	(72,840)	(58,109)	(130,949)	(224,167)
Total stockholders' equity	<u>5,450,065</u>	<u>(58,109)</u>	<u>5,391,956</u>	<u>4,812,415</u>
Total liabilities and stockholders' equity	<u>\$ 6,327,035</u>	<u>\$ 182,486</u>	<u>\$ 6,509,521</u>	<u>\$ 5,669,733</u>

- (a) Includes the consolidated Vesper Holdings balance sheet at August 31, 2002. The Company consolidates foreign subsidiaries one month in arrears.
- (b) As adjusted to reflect the use of the equity method of accounting for the Company's 16% ownership interest in the Vesper Companies, as required by APB 18, due to the Company's acquisition of a controlling interest in the Vesper Companies during the first quarter of fiscal 2002.

QUALCOMM Incorporated
GAAP REPORTED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	Three Months Ended		Twelve Months Ended	
	September 30, 2002	September 30, 2001(a)	September 30, 2002	September 30, 2001(a)
Revenues	\$ 873,886	\$ 650,831	\$ 3,039,560	\$ 2,679,786
Operating expenses:				
Cost of revenues	312,087	241,404	1,137,360	1,035,103
Research and development	109,969	114,970	451,678	414,760
Selling, general and administrative	131,847	95,744	508,644	367,155
Amortization of goodwill and other acquisition-related intangible assets	66,759	63,761	259,196	255,230
Asset impairment and related charges	459	45,996	459	518,026
Other	-	(12,508)	8,955	50,825
Total operating expenses	<u>621,121</u>	<u>549,367</u>	<u>2,366,292</u>	<u>2,641,099</u>
Operating income	252,765	101,464	673,268	38,687
Interest expense	(8,374)	(166)	(25,731)	(10,235)
Investment expense, net	(15,314)	(79,292)	(186,412)	(317,091)
Other	-	9,427	-	(167,001)
Income (loss) before income taxes and accounting changes	<u>229,077</u>	<u>31,433</u>	<u>461,125</u>	<u>(455,640)</u>
Income tax expense	(38,795)	(106,491)	(101,448)	(104,501)
Income (loss) before accounting changes	<u>190,282</u>	<u>(75,058)</u>	<u>359,677</u>	<u>(560,141)</u>
Accounting changes, net of tax	-	-	-	(17,937)
Net income (loss)	<u>\$ 190,282</u>	<u>\$ (75,058)</u>	<u>\$ 359,677</u>	<u>\$ (578,078)</u>
Basic net earnings (loss) per common share:				
Income (loss) before accounting changes	\$ 0.24	\$ (0.10)	\$ 0.47	\$ (0.74)
Accounting changes, net of tax	-	-	-	(0.02)
Net income (loss)	<u>\$ 0.24</u>	<u>\$ (0.10)</u>	<u>\$ 0.47</u>	<u>\$ (0.76)</u>
Diluted net earnings (loss) per common share:				
Income (loss) before accounting changes	\$ 0.23	\$ (0.10)	\$ 0.44	\$ (0.74)
Accounting changes, net of tax	-	-	-	(0.02)
Net income (loss)	<u>\$ 0.23</u>	<u>\$ (0.10)</u>	<u>\$ 0.44</u>	<u>\$ (0.76)</u>
Shares used in per share calculations:				
Basic	<u>777,560</u>	<u>761,710</u>	<u>770,887</u>	<u>755,969</u>
Diluted	<u>809,810</u>	<u>761,710 (b)</u>	<u>809,329</u>	<u>755,969 (b)</u>

(a) As adjusted to reflect the use of the equity method of accounting for the Company's 16% ownership interest in the Vesper Companies, as required by APB 18, due to the Company's acquisition of a controlling interest in the Vesper Companies during the first quarter of fiscal 2002.

(b) The diluted share base used for the reported results excludes the potential dilutive effect of common share equivalents related to outstanding stock options, calculated using the treasury stock method, as these shares are anti-dilutive.