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**QUALCOMM Announces Fourth Quarter And Fiscal 2001 Results
- Company Implements SEC Staff Accounting Bulletin No. 101 -**

**Prior to SAB 101 Fourth Quarter Pro Forma Revenues \$682 Million
EPS \$0.23, \$1.02 fiscal 2001
Following SAB 101 \$651 Million, EPS \$0.20, \$0.98 fiscal 2001**

QUALCOMM's fourth quarter and fiscal 2001 earnings conference call will be broadcast live on November 6, 2001 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 1-800-633-8284 and international callers may dial 1-858-812-6440. Both U.S. and international callers should use reservation number 19766843.

- All Results Presented Below Are SAB 101 Adjusted -

SAN DIEGO – November 6, 2001 – QUALCOMM Incorporated (NASDAQ: QCOM) today reported its fourth quarter and fiscal 2001 results. During the fourth quarter of fiscal 2001, the Company adopted and implemented the Securities and Exchange Commission's Staff Accounting Bulletin No. 101 (SAB 101) and applied the effect retroactively to the beginning of fiscal 2001¹. After this change, pro forma revenues were \$651 million for the fourth quarter of fiscal 2001, an increase of 6 percent over the year ago period. Pro forma revenues were \$2.7 billion for fiscal 2001 and fiscal 2000. Pro forma earnings per share were \$0.20 in the fourth quarter of fiscal 2001, compared to \$0.23 per share in both the year ago period and the third quarter of fiscal 2001.

¹ Note: SAB 101 changes the timing of revenue recognition related to up-front license fees and certain hardware product sales. Prior to the adoption of SAB No. 101, non-refundable up-front license fees were generally recorded as revenue on the effective date of the license agreement. Certain hardware product sales were recorded as revenue when title and risk of loss passed to the customer. With the adoption of SAB No. 101, up-front license fees and certain hardware product sales (primarily OmniTRACS® units), when contracted with a continuing service obligation, will be recognized over future periods. Quarterly income statement information for fiscal 2001 and 2000, inclusive of this accounting change, will be available on our Investor Relations web page at www.qualcomm.com.

These results are \$0.02 per share lower than the forecast we made in July 2001 after adjusting for SAB 101. The shortfall was entirely related to lower interest on carrier loans in the QWS segment. We did not accrue interest in the quarter on loans to Pegaso, an operator in Mexico. Pegaso is currently engaged in strategic discussions with a third party for a potential sale/merger and we are actively working with Pegaso and the third party to complete a transaction or, alternatively, to assist Pegaso in raising additional funds. We have engaged advisors to assist in this effort and we believe the enterprise value of Pegaso is greater than the debt outstanding as indicated by the advisors. However, as the transaction did not close on the targeted date of October 31, 2001 and such additional financing is not certain, we ceased accruing interest on those loans effective at the beginning of the fiscal fourth quarter. Pro forma earnings per share were \$0.98 for fiscal 2001 and \$1.01 for fiscal 2000 (see page 14 for a complete presentation of pro forma adjustments). Other than this one item affecting interest income, operating results were in line with the forecast we made in July 2001.

“All business units, including technology licensing and wireless semiconductors, met our forecasts for operating profits in the fourth quarter and we continued on target for major advances in CDMA capabilities and proliferation,” said Dr. Irwin Mark Jacobs, chairman and CEO of QUALCOMM. “The early deployment and rapid consumer acceptance of CDMA2000 1X in South Korea set a world milestone in the true commercial application of wireless networks to support high-speed data and spectrally-efficient, high-quality voice. Unicom made great progress in the deployment of a large CDMA network throughout China, and wireless carriers in India and other regions around the world began their CDMA plans and network deployments. The International Telecommunications Union (ITU) recognized the most powerful third generation technology, CDMA2000 1xEV-DO, as a third generation IMT-2000 standard. This technology, which supports broadband mobile and fixed internet access at data rates of up to 2.4 Megabits per second, completed field trials and will be introduced commercially in early 2002.”

“Our technology licensing (QTL) business achieved record revenues and earnings with sixteen new licenses, including seven in China, and twenty-four extensions to existing licenses to cover WCDMA,” Dr. Jacobs said. “Our wireless semiconductor (QCT) business introduced a broad array of industry-leading chips, several with extensive multimedia capabilities and GPS-based precise position location, to support the rapid deployment of CDMA2000 1X and 1xEV-DO handsets and infrastructure. We continued our R&D investments to complete the development of low-cost, multi-

mode (GSM/GPRS/CDMA), multi-band chipsets to enable true worldwide roaming. We launched our Internet Services (QIS) business this year, and signed agreements with 13 wireless carriers and 17 manufacturers worldwide supporting introduction of a broad set of personal consumer and business applications utilizing the BREW platform. We conducted a commercial trial of BREW with KT FreeTel, which led to a definitive agreement for a full commercial launch. As we begin fiscal 2002, we look forward to the full scale deployment of CDMA2000 1X networks with exciting BREW-enabled applications driving the continued expansion of CDMA worldwide.”

The SAB 101 accounting change decreased pro forma earnings before taxes for the fourth quarter and fiscal 2001 by a net of \$32 million and \$51 million, respectively. The main reason for the decrease was that license fees that would have been recorded upon signing are now being amortized over periods of up to seven years. The impact of SAB 101 on pro forma earnings per share for the fourth quarter and fiscal 2001 was a decrease of \$0.03 and \$0.04, respectively. The impact of SAB 101 as of September 30, 2001 resulted in net unearned income of \$296 million, which will be amortized to earnings in future periods. The accounting change is expected to have a minimal net effect on fiscal 2002 results as the amortization of deferred revenue created by SAB 101 is expected to be offset by deferring recognition of new license fees which would have been taken into earnings under the prior accounting rules. SAB 101 is expected to smooth licensing revenues over time and make future QTL segment results more predictable.

Reported revenues for the fourth quarter of fiscal 2001 were \$651 million compared to \$615 million in the year ago period, an increase of 6 percent. Reported income before taxes was \$62 million in the fourth quarter of fiscal 2001 compared to income before taxes of \$212 million in the year ago period (see page 14 for reconciliation of reported to pro forma results). During the fourth quarter of fiscal 2001, the Company recorded \$44 million in charges to establish reserves against all remaining Globalstar-related assets.

Fiscal Year 2001

Diluted Earnings Per Share	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Pro Forma	\$ 0.26	\$ 0.29	\$ 0.23	\$ 0.20	\$ 0.98
Change from Prior Year	(7%)	16%	(12%)	(13%)	(3%)
Reported	\$ (0.52)	\$ 0.19	\$ (0.34)	\$ (0.06)	\$ (0.73)

Fiscal Year 2000

Diluted Earnings Per Share	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Pro Forma	\$ 0.28	\$ 0.25	\$ 0.26	\$ 0.23	\$ 1.01
Reported	\$ 0.24	\$ 0.24	\$ 0.18	\$ 0.16	\$ 0.81

Note: Earnings per share are computed independently for each of the quarters presented and for the fiscal year. Therefore, the sum of the quarterly net earnings per share will not necessarily equal the total for the year.

Pro forma revenues increased to \$651 million in the fourth quarter of fiscal 2001 from \$615 million in the year ago period, and decreased 1 percent from \$657 million in the third quarter of fiscal 2001. Pro forma gross margin for the fourth quarter of fiscal 2001 was 64 percent compared to 62 percent in the year ago period and 65 percent in the third quarter of fiscal 2001.

Pro forma R&D expenses were \$114 million in the fourth quarter of fiscal 2001 compared to \$85 million in the year ago period and \$106 million in the third quarter of fiscal 2001. We continued to make significant investments in research and development which are primarily associated with new product development to support high-speed wireless internet access and to enable global roaming through multi-mode, multi-band, multi-network products including cdmaOne, CDMA2000 1X/1xEV-DO, GSM/GPRS, WCDMA and position location technologies.

Pro forma selling, general and administrative expenses were \$93 million in the fourth quarter of fiscal 2001 compared to \$75 million in the year ago period and \$104 million in the third quarter of fiscal 2001. The increase in SG&A expense compared to the year ago quarter was primarily related to the expansion of international business, selling and marketing activities and the introduction of the Company's Binary Runtime Environment for Wireless (BREW) application development platform. The decrease in SG&A expenses compared to the third quarter of fiscal 2001 was primarily related to higher bad debt reserves recorded in the third quarter of fiscal 2001.

Pro forma other operating income of \$11 million in the fourth quarter of fiscal 2001 related to the irrevocable transfer of a portion of a Federal Communications Commission (FCC) Auction Discount Voucher to a third party.

Pro forma investment income was \$32 million for the fourth quarter of fiscal 2001 compared to \$60 million in the year ago period and \$68 million in the third quarter of fiscal 2001. The following are included in investment income:

- Net losses of \$5 million related to investments were included in investment income in the fourth quarter of fiscal 2001, compared to net losses of \$8 million in the year ago period and net gains of \$3 million in the third quarter of 2001.
- Interest income was \$38 million in the fourth quarter of fiscal 2001 compared to \$68 million in the year ago period and \$66 million in the third quarter of fiscal 2001. The decline in interest income on carrier loans was a result of not accruing interest on loans to Pegaso and lower interest rates on cash and marketable securities.

The Company's pro forma annual effective income tax rate for fiscal 2001 was 35 percent, compared to 37 percent for fiscal 2000. The decrease in the tax rate in fiscal 2001 resulted from lower taxes related to earnings outside of the United States.

Business Outlook

The following statements are forward-looking and actual results may differ materially. Please see page 13 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. In response to SEC Regulation FD (Fair Disclosure), we will disseminate our quarterly business outlook, based on current expectations, in conjunction with our quarterly earnings release and conference call. We will not provide further material guidance on analysts' financial models beyond the information provided in our quarterly earnings release and conference call.

First Quarter Fiscal 2002

- Based on the current business outlook and following the implementation of SAB 101, we expect pro forma revenues to increase by approximately 5-10 percent compared to the fourth quarter of fiscal 2001. We expect pro forma earnings per share to be approximately \$0.21-\$0.24 in the first quarter of fiscal 2002. We expect operating profit to increase by more than 10 percent compared with the fourth quarter of fiscal 2001.
- This estimate assumes shipments of approximately 15-16 million MSM phone chips during the first quarter of fiscal 2002, including approximately 6-7 million 3G

CDMA2000 1X MSM phone chips. Compared to the fourth quarter of fiscal 2001, we expect CSM infrastructure chip shipments to decrease, royalties to increase and operating expenses to grow moderately.

- Investment income is expected to be slightly lower than the fourth quarter of fiscal 2001 due to lower interest rates on cash and marketable securities. Interest income on carrier loans will also be somewhat lower, although completion of the strategic transaction or refinancing of Pegaso may allow us to resume accrual of interest on our loans to Pegaso.
- The Company is actively working to accomplish the restructuring of the Vesper Companies in Brazil, which we expect to be completed in the first quarter of fiscal 2002. We are in the process of finalizing a commitment to invest in the Vesper companies, contingent on several factors. This investment will result in QUALCOMM owning a majority interest in Vesper and consolidating Vesper's results into our financials. These results would be excluded from pro forma earnings as we expect to divest our controlling interest within twelve months. This divestiture could occur through a sale to a strategic investor or as a result of a spin-off of the Vesper investment to our shareholders. We previously completed a successful spin-off of our operator investments to shareholders in September 1998 (Leap Wireless).

Fiscal 2002

- Based on the current business outlook with the global economy showing very low growth, the Company expects revenue growth to be approximately 15 to 25 percent and pro forma earnings per share for fiscal 2002 to be in the range of \$1.10-\$1.20. This estimate is based on the sale of 85-95 million CDMA phones in calendar 2002 and a 10 percent annual decrease in average selling prices of CDMA phones, upon which royalties are calculated.

Cash Flow

QUALCOMM's cash, cash equivalents and marketable debt securities totaled approximately \$2.4 billion at the end of the fourth quarter of fiscal 2001. The following table presents selected

cash flow information, including cash equivalents and marketable debt securities, for the fourth quarter and twelve months of fiscal 2001 (in millions):

<u>Selected Cash Flow Information</u>	<u>Fourth Quarter Fiscal 2001</u>	<u>Twelve Months Fiscal 2001</u>
Earnings before taxes, depreciation, amortization and asset impairments	\$ 279	\$ 1,186
Working capital changes and taxes paid	55	(79)
Additional share capital	24	134
Net cash inflows	358	1,241
Net strategic investments, financing and capital expenditures	(63)	(969)
Net cash provided	295	272
Increase in fair value of marketable debt securities	8	14
Net increase in cash, cash equivalents and marketable debt securities	\$ 303	\$ 286

Pro Forma Results of Business Segments

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

Fourth Quarter - Fiscal Year 2001

Segments	QCT	QTL	QWS (1)	Reconciling Items (2)	Total QUALCOMM
Revenues	336,881	189,340	94,200	30,410	650,831
Change from prior quarter	1%	5%	(15%)	N/M	(1%)
Change from prior year	25%	14%	(37%)	N/M	6%
Earnings before taxes	65,917	182,951	(409)	1,937	250,396
% of revenues	20%	97%	0%	N/M	38%
Change from prior quarter	(7%)	20%	(101%)	N/M	(11%)
Change from prior year	3%	24%	(101%)	N/M	(11%)

Third Quarter - Fiscal Year 2001

Segments	QCT	QTL	QWS (1)	Reconciling Items (2)	Total QUALCOMM
Revenues	333,115	180,129	111,379	31,975	656,598
Earnings before taxes	70,582	152,890	33,617	24,617	281,706
% of revenues	21%	85%	30%	N/M	43%

Fourth Quarter - Fiscal Year 2000

Segments	QCT	QTL	QWS	Reconciling Items (2)	Total QUALCOMM
Revenues	268,989	165,568	150,221	29,957	614,735
Earnings before taxes	64,281	147,466	56,176	12,397	280,320
% of revenues	24%	89%	37%	N/M	46%

Fiscal Year 2001

Segments	QCT	QTL	QWS (1)	Reconciling Items (2)	Total QUALCOMM
Revenues	1,364,687	781,939	407,686	125,474	2,679,786
Change from prior year	10%	17%	(43%)	N/M	(1%)
Earnings before taxes	305,545	716,643	66,157	125,379	1,213,724
% of revenues	22%	92%	16%	N/M	45%
Change from prior year	(22%)	20%	(75%)	N/M	(5%)

Fiscal Year 2000

Segments	QCT	QTL	QWS	Reconciling Items (2)	Total QUALCOMM
Revenues	1,238,702	667,912	709,101	96,320	2,712,035
Earnings before taxes	391,519	595,764	260,571	28,915	1,276,769
% of revenues	32%	89%	37%	N/M	47%

- (1) The Company decided not to recognize revenues on business with Globalstar before cash is received starting in the first quarter of fiscal 2001.
- (2) Reconciling Items related to revenues consist primarily of other non-reportable segment revenues less intersegment eliminations. Reconciling Items related to earnings before taxes consist primarily of impairment and other charges that are not allocated to the segments for management reporting purposes, unallocated net investment income, non-reportable segment results, interest expense and the elimination of intercompany profit.

N/M – Not Meaningful

Business Segment Highlights – Fourth Quarter & Fiscal 2001
QUALCOMM Technology Licensing (QTL)

- Signed a total of six license agreements during the fourth quarter of fiscal 2001, including five new companies and one extension to an existing license agreement. This brings the cumulative total to over 100 companies now licensed to manufacture and sell cdmaOne™ and CDMA2000 1X/1xEV-DO products worldwide. More than 50 companies to date have been licensed to manufacture and sell WCDMA and TD-SCDMA products worldwide.
- Entered into a multi-million dollar expansion of Nokia's CDMA subscriber license agreement, including a new royalty-bearing CDMA infrastructure license during the fourth quarter of fiscal 2001. The agreements cover all CDMA standards and grant QUALCOMM rights under Nokia patents to market and sell multi-mode components, including GSM and WCDMA. As part of the agreement, Nokia will continue to pay royalties to QUALCOMM for subscriber equipment at the same rates established under the original 1992 cross-license agreement, irrespective of the CDMA standard implemented.
- Signed four royalty-bearing CDMA license agreements (two subscriber, two infrastructure) with Chinese manufacturers during the fourth quarter of fiscal 2001. This brings the total number of Chinese manufacturers licensed by QUALCOMM for CDMA to six (three infrastructure licensees, two subscriber licensees and one company licensed for both infrastructure and subscriber equipment).

QUALCOMM CDMA Technologies

- Shipped approximately 13 million MSM phone chips and system software to customers worldwide during the fourth quarter of fiscal 2001 compared to approximately 11 million units in the year ago period and approximately 14 million units in the third quarter of fiscal 2001. Cumulative shipments of MSM phone chips and system software were approximately 175 million and total cumulative units shipments exceeded 525 million chips.
- Shipped approximately 4 million 3G CDMA2000 1X MSM phone chips during the fourth quarter of fiscal 2001 for a cumulative total of 6 million 3G CDMA2000 1X MSM phone chips during fiscal 2001.
- Shipped CSM infrastructure chips to support approximately nine million equivalent voice channels in fiscal 2001, compared to approximately two million equivalent voice channels in the same period a year ago. Shipments of CSM equivalent voice channels

grew approximately 38 percent from the third quarter of fiscal 2001 to the fourth quarter of fiscal 2001.

- Announced radioOne, a new technology for CDMA transceivers using Zero Intermediate Frequency (ZIF), or a direct conversion, architecture for the wireless phone market.
- Announced the MSM6xxx family of products incorporating radioOne technology, enabling true global wireless roaming across CDMA2000 1X/1xEV-DO, WCDMA and GSM networks including:
 - MSM6000 entry-priced 3G CDMA2000 1X chip.
 - MSM6050/MSM6100 - supporting a diverse range of CDMA2000 1X phones using the Wireless Internet Launchpad.
 - MSM6200/MSM6300 - addressing 3G WCDMA/CDMA2000 1X modes in combination with GSM/GPRS.
 - MSM6500/MSM6600 - supporting 3G and 2G air interfaces, including IS-95A/B, CDMA2000 1X/1xEV-DO, WCDMA and GSM/GPRS.
- Announced acceptance by two companies, including Samsung and Sanyo, of the MSM5200 WCDMA chip. The MSM5200 began sampling in the fourth quarter of fiscal 2001.
- Announced that SnapTrack was awarded a patent for locating or tracking wireless devices via the internet and client-server-based computer networks, and the release of SnapSmart v3.0 and SnapWARN products to support gpsOne deployments in North America.

Production Shipping

- During fiscal 2001, QUALCOMM CDMA Technologies began production shipments of the following products:
 - CSM5500 infrastructure chipset and system software, and the MSM5500 phone chipset and system software. This complete backward compatible solution supports data rates of up to 2.4 Mbps for the CDMA2000 1xEV-DO standard.
 - SnapTrack's SnapCore multi-mode GPS wireless location product.

- MSM5105 3G CDMA2000 1X solution for improved voice capacity and introduction of new 3G services for mainstream subscribers.
- Complete MSM3300 solution, the world's first multimedia CDMA chipset and system software, including gpsOne™ position location technology.
- MSM5100 chipset and system software, the world's first 3G CDMA2000 1X solution with advanced position location and multimedia capabilities.
- MSM5010 entry-level 3G CDMA2000 solution for voice and Short Messaging Service (SMS)

Technology Demonstrations

- Performed the first demonstration of over-the-air technology that will enable Enhanced 9-1-1 (E9-1-1) deployment for wireless phones, meet the FCC E9-1-1 mandate, and deliver a wide range of wireless location-based consumer information services.
- Demonstrated the world's first streaming video through 3G Bluetooth wireless connection using an MSM5100-based phones.

QUALCOMM Wireless Systems (QWS)

- Shipped nearly 13,000 OmniTRACS® units and related products in the fourth quarter of fiscal 2001, a total of 43,000 units for fiscal 2001 and a cumulative total of over 400,000 units. This compares to approximately 12,000 units during the year ago quarter and 56,000 units for fiscal 2000. The increase in fourth quarter shipments resulted from a limited-time reseller agreement with Terion, Inc. Lower volumes of OmniTRACS unit shipments of fiscal 2001 primarily resulted from U.S. economic conditions affecting the domestic long-haul trucking industry.
- Signed an agreement with Terion to resell OmniTRACS and OmniExpress™ driver messaging systems to Terion's existing driver-messaging customer base for a period of time.
- Reorganized the Globalstar business to substantially reduce expenses in that business and to utilize the key resources in other areas of our business such as QCT, QIS and OmniTRACS.

Other Business Developments

QUALCOMM Internet Services (QIS)

- KT FreeTel successfully conducted its commercial trial of BREW services to approximately 5,000 users using CDMA2000 1X handsets supplied by LG and Samsung.
- Signed memorandum of understanding (MOU) during the fourth quarter of fiscal 2001 for the BREW platform with device makers Hitachi, Panasonic, Toshiba, Hanwha and Synertek and wireless carriers Unicom Horizon (China) and SaskTel.
- Held BREW developers' conferences in San Diego and in Seoul with KT FreeTel. Both events attracted more than 800 wireless application developers, device manufacturers, carriers and other wireless industry professionals from around the world.
- Launched the multi-tiered BREW Developer Alliance Program, providing developers with technical training and support, product development guidance and marketing assistance throughout the BREW application development process.
- Sega announced plans to release BREW games in December 2001.
- Launched the BREW Developer Training Program.
- Announced an agreement with ARM to provide ARM BREW Builder Software to BREW Developers at a discount.

QUALCOMM Digital Media (QDM)

- Completed Digital Cinema chip development resulting in an efficient single chip solution that provides video and audio decryption and decompression capability for cinema quality applications.
- Delivered pre-commercial Digital Cinema product to the Technicolor Digital Cinema, LLP venture for delivery to motion picture studios, exhibitors and test bed facilities for customer evaluation.
- First Condor QSec-800 phones were shipped for testing and verification over a commercial cellular network. The QSec-800 operates in enhanced security modes and incorporates end-to-end encryption.

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. The Company's business areas include chipsets and system software; technology licensing; Eudora[®] email software for Windows[®] and Macintosh[®] computing

platforms; satellite-based systems including portions of the Globalstar™ system and wireless fleet management systems, OmniTRACS® and OmniExpress™. QUALCOMM owns patents that are essential to all of the CDMA wireless telecommunications standards that have been adopted or proposed for adoption by standards-setting bodies worldwide. QUALCOMM has licensed its essential CDMA patent portfolio to more than 100 telecommunications equipment manufacturers worldwide. Headquartered in San Diego, Calif., QUALCOMM is included in the S&P 500 Index and is a 2001 FORTUNE 500® company traded on The Nasdaq Stock Market® under the ticker symbol QCOM.

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

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

	Three Months Ended					
	September 30, 2001			September 30, 2001		%
	Reported	Adjustments		Pro Forma	Pro Forma	
						Change
Revenues	\$ 650,831	\$ -		\$ 650,831	\$ 614,735	6%
Operating expenses:						
Cost of revenues	241,404	(4,253)	(a)(b)(c)(d)	237,151	234,922	1%
Research and development	114,970	(1,185)	(a)	113,785	84,782	34%
Selling, general and administrative	95,744	(3,104)	(a)(e)	92,640	74,528	24%
Amortization of goodwill and other acquisition-related intangible assets	63,761	(63,761)	(b)(d)	-	-	
Asset impairment and related charges	45,996	(45,996)	(c)(d)	-	-	
Other	(12,508)	1,659	(f)	(10,849)	-	
Total operating expenses	549,367	(116,640)		432,727	394,232	10%
Operating income	101,464	116,640		218,104	220,503	(1%)
Interest expense	(166)	-		(166)	(429)	(61%)
Investment (expense) income, net	(48,740)	81,198	(d)(g)(h)	32,458	60,246	(46%)
Other	9,427	(9,427)	(c)	-	-	
(Loss) income before income taxes	61,985	188,411		250,396	280,320	(11%)
Income tax expense	(106,492)	18,853		(87,639)	(94,188)	(7%)
Net (loss) income	\$ (44,507)	\$ 207,264		\$ 162,757	\$ 186,132	(13%)
Net (loss) earnings per common share:						
Diluted	\$ (0.06)			\$ 0.20	\$ 0.23	(13%)
Shares used in per share calculations:						
Diluted	761,710			808,832	802,763	

The Company generally excludes from pro forma results certain non-operating items and unrealized changes or impairments in the fair value of assets. Such items are included in pro forma results if they are related to ongoing business operations or when assets are sold and a gain or loss is realized on the sale.

- (a) Excludes employer payroll taxes payable for employee income from non-qualified stock option exercises, as follows: \$0.8 million in cost of revenues, \$1.2 million in R&D expenses and \$0.6 million in SG&A expenses.
- (b) Excludes the amortization of goodwill and other acquisition-related intangible assets associated with the purchase of SnapTrack and other acquisitions, as follows: \$0.5 million in cost of revenues and \$63.3 million in amortization of goodwill and other acquisition-related intangible assets.
- (c) Excludes certain charges and credits related to the Globalstar business, as follows: \$1.7 million in cost of revenues, \$43.8 million in asset impairment and related charges and \$9.4 million in net other non-operating credits.
- (d) Excludes certain asset impairment and other charges related to the exited analog-only cellular-untethered trailer-tracking management system business, as follows: \$4.6 million in cost of revenues, \$0.4 million in amortization of goodwill and other acquisition-related intangible assets, \$2.2 million in asset impairment and related charges and \$2.3 million in investment income, net charges.
- (e) Excludes \$2.5 million in SG&A in employee termination charges.
- (f) Excludes \$1.7 million in credits related to a clarification of a prior arbitration decision against the Company.
- (g) Excludes \$62.1 million in unrealized losses of derivative instruments, \$0.5 million in unrealized other than temporary losses on marketable securities and other investments and \$15.5 million in unrealized other than temporary losses in other investments.
- (h) Excludes \$0.8 million in certain asset impairment and other charges related to the Vesper Companies and VeloCom.

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(In thousands, except per share data)

	(Unaudited)					
	Twelve Months Ended					
	September 30, 2001			September 30, 2001	September 30, 2000	%
	Reported	Adjustments		Pro Forma	Pro Forma	Change
Revenues	\$ 2,679,786	\$ -		\$ 2,679,786	\$ 2,712,035	(1%)
Operating expenses:						
Cost of revenues	1,035,103	(57,197)	(a)(b)(c)(d)(e)	977,906	1,067,218	(8%)
Research and development	414,760	(5,938)	(b)	408,822	300,130	36%
Selling, general and administrative	367,155	(5,639)	(b)(d)(f)	361,516	281,261	29%
Amortization of goodwill and other acquisition-related intangible assets	255,230	(255,230)	(c)(e)	-	-	
Asset impairment and related charges	549,783	(549,783)	(a)(e)(g)(h)	-	-	
Other	50,825	(61,674)	(i)	(10,849)	-	
Total operating expenses	<u>2,672,856</u>	<u>(935,461)</u>		<u>1,737,395</u>	<u>1,648,609</u>	5%
Operating income	6,930	935,461		942,391	1,063,426	(11%)
Interest expense	(10,235)	7,545	(i)	(2,690)	(2,204)	22%
Investment (expense) income, net	(255,999)	530,022	(a)(e)(h)(j)	274,023	228,586	20%
Distributions on Trust Convertible Preferred Securities of subsidiary trust	-	-		-	(13,039)	(100%)
Other	(167,001)	167,001	(a)(h)	-	-	
(Loss) income before income taxes and accounting change	<u>(426,305)</u>	<u>1,640,029</u>		<u>1,213,724</u>	<u>1,276,769</u>	(5%)
Income tax expense	(104,501)	(320,302)		(424,803)	(472,838)	(10%)
(Loss) income before accounting change	<u>(530,806)</u>	<u>1,319,727</u>		<u>788,921</u>	<u>803,931</u>	(2%)
Accounting change, net of tax	(17,937)	17,937	(k)	-	-	
Net (loss) income	<u>\$ (548,743)</u>	<u>\$ 1,337,664</u>		<u>\$ 788,921</u>	<u>\$ 803,931</u>	(2%)
Net (loss) earnings per common share:						
Diluted	<u>\$ (0.73)</u>			<u>\$ 0.98</u>	<u>\$ 1.01</u>	(3%)
Shares used in per share calculations:						
Diluted	<u>755,969</u>	<u>51,188</u>	(l)	<u>807,157</u>	<u>800,121</u>	

- (a) Excludes certain asset impairment and other charges and credits related to the Globalstar business, as follows: \$49.3 million in cost of revenues, \$519.0 million in asset impairment and related charges, \$9.9 million in investment income and \$47.1 million in other non-operating charges.
- (b) Excludes the employer payroll taxes payable for employee income from non-qualified stock option exercises, as follows: \$3.9 million in cost of revenues, \$5.9 million in R&D expenses and \$2.9 million in SG&A expenses.
- (c) Excludes the amortization of goodwill and other acquisition-related intangible assets associated with the purchase of SnapTrack and other acquisitions, as follows: \$1.2 million in cost of revenues and \$254.8 million in amortization of goodwill and other acquisition-related intangible assets.
- (d) Excludes certain credits related to the reduction of reserves established in connection with the sale of the terrestrial-based CDMA wireless infrastructure business, as follows: \$1.8 million in cost of revenues and \$2.5 million in SG&A credits.
- (e) Excludes certain asset impairment and other charges related to the exited analog-only cellular-untethered trailer-tracking management system business, as follows: \$4.6 million in cost of revenues, \$0.4 million amortization of goodwill and other acquisition-related intangible assets, \$2.2 million in asset impairment and related charges and \$2.3 million in investment income, net charges.
- (f) Excludes \$5.2 million in employee termination charges, a \$2.3 million gain on a sale of fixed assets, and \$2.4 million in initial public offering charges related to the cancellation of the QUALCOMM Spingo IPO.
- (g) Excludes a \$3.1 million adjustment to reduce reserves established related to the sale of the terrestrial-based CDMA wireless consumer phone business.
- (h) Excludes certain asset impairment and other charges related to the Vesper Companies and VeloCom, as follows: \$31.8 million in asset impairment and related charges, \$89.8 million in investment expense and \$119.9 million in other non-operating expenses.
- (i) Excludes net charges related to an arbitration decision against the Company, as follows: \$61.7 million in other operating expense and \$7.5 million in interest expense.
- (j) Excludes \$243.3 million in unrealized losses of derivative instruments, \$147.6 million in unrealized other than temporary losses on marketable securities and other investments, \$37.5 million in unrealized other than temporary losses in other investments and \$0.5 million in net realized gain on a investment related to the impairment of its cost basis in prior periods.
- (k) Excludes \$17.9 million for the cumulative net effect of the adoption of FAS 133 and SAB 101.

- (1) The diluted share base used for the reported results excludes the potential dilutive effect of 51.2 million common share equivalents related to outstanding stock options, calculated using the treasury stock method, as these shares are anti-dilutive. For pro forma results, these shares are dilutive and are, therefore, included in the pro forma per share calculation.

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

(Unaudited)

ASSETS

	September 30,	September 30,
	2001	2000
Current assets:		
Cash and cash equivalents	\$ 1,388,602	\$ 716,871
Marketable securities	894,577	1,055,522
Accounts receivable, net	517,557	606,979
Finance receivables, net	10,345	128,515
Inventories, net	95,863	85,366
Other current assets	147,814	136,727
Total current assets	3,054,758	2,729,980
Marketable securities	297,333	748,521
Finance receivables, net	733,491	799,404
Other investments	263,520	384,859
Property, plant and equipment, net	431,396	431,705
Goodwill, net	585,046	821,834
Other assets	381,589	146,679
Total assets	\$ 5,747,133	\$ 6,062,982

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Trade accounts payable	\$ 106,433	\$ 112,856
Payroll and other benefits related liabilities	117,795	128,836
Unearned revenue	184,461	68,419
Other current liabilities	112,300	162,182
Total current liabilities	520,989	472,293
Long-term unearned revenue	295,005	497
Other liabilities	35,437	27,221
Total liabilities	851,431	500,011
Minority interest in consolidated subsidiaries	5,887	46,643
Stockholders' equity:		
Preferred stock, \$0.0001 par value	-	-
Common stock, \$0.0001 par value	76	75
Paid-in capital	4,791,559	4,653,818
Retained earnings	322,347	871,090
Accumulated other comprehensive loss	(224,167)	(8,655)
Total stockholders' equity	4,889,815	5,516,328
Total liabilities and stockholders' equity	\$ 5,747,133	\$ 6,062,982

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

	Three Months Ended		Twelve Months Ended	
	September 30, 2001	September 30, 2000 (c)	September 30, 2001	September 30, 2000 (c)
Revenues	\$ 650,831	\$ 614,735	\$ 2,679,786	\$ 3,147,401
Operating expenses:				
Cost of revenues	241,404	234,999	1,035,103	1,508,418
Research and development	114,970	85,917	414,760	340,407
Selling, general and administrative	95,744	67,070	367,155	342,940
Amortization of goodwill and other acquisition-related intangible assets	63,761	61,529	255,230	145,643
Purchased in-process technology	-	-	-	60,030
Asset impairment and related charges	45,996	-	549,783	35,484
Other	(12,508)	14,411	50,825	42,516
Total operating expenses	549,367	463,926	2,672,856	2,475,438
Operating income	101,464	150,809	6,930	671,963
Interest expense	(166)	(429)	(10,235)	(4,923)
Investment (expense) income, net	(48,740)	60,246	(255,999)	495,662
Distributions on Trust Convertible Preferred Securities of subsidiary trust	-	-	-	(13,039)
Other	9,427	1,203	(167,001)	(2,062)
(Loss) income before income taxes and accounting change	61,985	211,829	(426,305)	1,147,601
Income tax expense	(106,492)	(85,578)	(104,501)	(504,400)
(Loss) income before accounting change	(44,507)	126,251	(530,806)	643,201
Accounting change, net of tax	-	-	(17,937) (a)	-
Net (loss) income	\$ (44,507)	\$ 126,251	\$ (548,743)	\$ 643,201
Basic net (loss) earnings per common share:				
(Loss) income before accounting change	\$ (0.06)	\$ 0.17	\$ (0.71)	\$ 0.90
Accounting change, net of tax	-	-	(0.02)	-
Net (loss) income	\$ (0.06)	\$ 0.17	\$ (0.73)	\$ 0.90
Diluted net (loss) earnings per common share:				
(Loss) income before accounting change	\$ (0.06)	\$ 0.16	\$ (0.71)	\$ 0.81
Accounting change, net of tax	-	-	(0.02)	-
Net (loss) income	\$ (0.06)	\$ 0.16	\$ (0.73)	\$ 0.81
Shares used in per share calculations:				
Basic	761,710	745,679	755,969	717,205
Diluted	761,710 (b)	802,763	755,969 (b)	800,121

(a) Accounting changes of \$17.9 million reflect the cumulative net effect of the adoption of FAS 133 and SAB 101.

(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.

(c) Fiscal 2000 amounts have been adjusted as if SAB 101 had been in effect during the periods presented.