

QUALCOMM Incorporated
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
THIS SCHEDULE IS TO ASSIST THE READER IN RECONCILING FROM
RESULTS EXCLUDING QSI TO TOTAL QUALCOMM RESULTS

(In thousands, except per share data)

(Unaudited)

	Three Months Ended March 31, 2002			
	Goodwill			
	Amortization			
	Excluding QSI	and Other (a)	QSI	Total QUALCOMM
Revenues:				
Equipment and services	\$ 467,278	\$ -	\$ 36,852	\$ 504,130
Licensing and royalty fees	191,985	-	-	191,985
	<u>659,263</u>	<u>-</u>	<u>36,852</u>	<u>696,115</u>
Operating expenses:				
Cost of equipment and services revenues	220,609	(75) (c)(d)(e)	71,380	291,914
Research and development	113,928	500 (c)	2,327	116,755
Selling, general and administrative	96,582	252 (c)	27,126	123,960
Amortization of goodwill and other acquisition-related intangible assets	-	63,682 (d)	-	63,682
Total operating expenses	<u>431,119</u>	<u>64,359</u>	<u>100,833</u>	<u>596,311</u>
Operating income (loss)	228,144	(64,359)	(63,981)	99,804
Interest expense	(205)	-	(5,951)	(6,156)
Investment income (expense), net	23,889 (b)	-	(48,896)	(25,007)
Income (loss) before income taxes	251,828	(64,359)	(118,828) (f)	68,641
Income tax (expense) benefit	(91,014) (g)	(241)	66,544	(24,711) (g)
Net income (loss)	<u>\$ 160,814</u>	<u>\$ (64,600)</u>	<u>\$ (52,284)</u>	<u>\$ 43,930</u>
Net earnings (loss) per common share:				
Diluted (h)	<u>\$ 0.20</u>	<u>\$ (0.08)</u>	<u>\$ (0.06)</u>	<u>\$ 0.05</u>
Shares used in per share calculations:				
Diluted	<u>808,996</u>	<u>808,996 (i)</u>	<u>808,996 (i)</u>	<u>808,996</u>

- (a) Starting in fiscal 2003, the Company no longer records goodwill amortization, in accordance with Financial Accounting Standards No. 142. With the adoption of FAS 142 in 2003 and given the immateriality of the other adjustments, the Company no longer makes these adjustments to its results excluding QSI in fiscal 2003.
- (b) Includes \$23 million in interest income related to cash, cash equivalents and marketable debt securities, which are not part of the Company's strategic investment portfolio.
- (c) Excludes employer payroll taxes payable for employee income from non-qualified stock option exercises, as follows: \$0.2 million in cost of revenues, \$0.5 million in R&D expenses and \$0.3 million in SG&A expenses.
- (d) 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 \$63.7 million in amortization of goodwill and other acquisition-related intangible assets.
- (e) Excludes \$0.7 million in credits related to the reduction of reserves established in connection with the Globalstar business.
- (f) Includes \$45 million loss, net of minority interest, of Vesper Holdings from December 1, 2001 through February 28, 2002 due to the Company's practice of consolidating foreign subsidiaries one month in arrears.
- (g) The estimated fiscal year 2002 effective tax rate for operations excluding QSI and total QUALCOMM are 35% and 36%, respectively.
- (h) The sum of the earnings per share amounts may not equal total earnings per share due to rounding.
- (i) The diluted share base used includes the potential dilutive effect of 41.1 million common share equivalents related to outstanding stock options, calculated using the treasury stock method. Since shares of stock are only issued by QUALCOMM, these shares are not anti-dilutive and are, therefore, included in the per share calculations for QSI and goodwill amortization and other.

QUALCOMM Incorporated
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
THIS SCHEDULE IS TO ASSIST THE READER IN RECONCILING FROM
RESULTS EXCLUDING QSI TO TOTAL QUALCOMM RESULTS

(In thousands, except per share data)

(Unaudited)

Three Months Ended December 29, 2002

	<u>Excluding QSI</u>	<u>QSI</u>	<u>Total QUALCOMM</u>
Revenues:			
Equipment and services	\$ 828,258	\$ 29,205	\$ 857,463
Licensing and royalty fees	239,706	-	239,706
	<u>1,067,964</u>	<u>29,205</u>	<u>1,097,169</u>
Operating expenses:			
Cost of equipment and services revenues	351,404	36,597	388,001
Research and development	110,247	2,232	112,479
Selling, general and administrative	106,802	41,197	147,999
Amortization of other acquisition-related intangible assets	1,972	-	1,972
Total operating expenses	<u>570,425</u>	<u>80,026</u>	<u>650,451</u>
Operating income (loss)	497,539	(50,821)	446,718
Interest expense	(1,339)	(5,542)	(6,881)
Investment income (expense), net	26,100 (a)	(76,688) (d)	(50,588)
Income (loss) before income taxes	522,300	(133,051) (b)	389,249
Income tax (expense) benefit	(177,582) (c)	29,667	(147,915) (c)
Net income (loss)	<u>\$ 344,718</u>	<u>\$ (103,384)</u>	<u>\$ 241,334</u>
Net earnings (loss) per common share:			
Diluted (e)	<u>\$ 0.42</u>	<u>\$ (0.13)</u>	<u>\$ 0.30</u>
Shares used in per share calculations:			
Diluted	<u>815,745</u>	<u>815,745 (f)</u>	<u>815,745</u>

- (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) Includes \$30 million loss, net of minority interest, of Vesper Holdings from September 1, 2002 through November 30, 2002 due to the Company's practice of consolidating foreign subsidiaries one month in arrears.
- (c) The estimated fiscal year 2003 effective tax rate for operations excluding QSI and total QUALCOMM are 34% and 38%, respectively.
- (d) Includes \$66 million other-than-temporary losses on investments, \$33 million equity losses in investees, \$14 million minority interest in loss of consolidated subsidiaries and \$7 million interest income.
- (e) The sum of the earnings per share amounts may not equal total earnings per share due to rounding.
- (f) The diluted share base used includes the potential dilutive effect of 32.5 million common share equivalents related to outstanding stock options, calculated using the treasury stock method. Since QSI does not issue its own shares of stock, these shares are not anti-dilutive and are, therefore, included in the QSI per share calculation.

QUALCOMM Incorporated
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
THIS SCHEDULE IS TO ASSIST THE READER IN RECONCILING FROM
RESULTS EXCLUDING QSI TO TOTAL QUALCOMM RESULTS

(In thousands, except per share data)
(Unaudited)

Six Months Ended March 31, 2002

	<u>Excluding QSI</u>	<u>Goodwill Amortization and Other (a)</u>	<u>QSI</u>	<u>Total QUALCOMM</u>
Revenues:				
Equipment and services	\$ 950,416	\$ -	\$ 42,806	\$ 993,222
Licensing and royalty fees	401,535	-	-	401,535
	<u>1,351,951</u>	<u>-</u>	<u>42,806</u>	<u>1,394,757</u>
Operating expenses:				
Cost of equipment and services revenues	454,925	(365) (c)(d)(e)	82,551	537,111
Research and development	218,297	1,579 (c)	3,747	223,623
Selling, general and administrative	187,473	671 (c)(e)	36,581	224,725
Amortization of goodwill and other acquisition-related intangible assets	-	127,413 (d)	-	127,413
Total operating expenses	<u>860,695</u>	<u>129,298</u>	<u>122,879</u>	<u>1,112,872</u>
Operating income (loss)	491,256	(129,298)	(80,073)	281,885
Interest expense	(698)	-	(8,020)	(8,718)
Investment income (expense), net	48,719 (b)	-	(35,694)	13,025
Income (loss) before income taxes	<u>539,277</u>	<u>(129,298)</u>	<u>(123,787) (f)</u>	<u>286,192</u>
Income tax (expense) benefit	(188,747) (g)	429	85,289	(103,029) (g)
Net income (loss)	<u>\$ 350,530</u>	<u>\$ (128,869)</u>	<u>\$ (38,498)</u>	<u>\$ 183,163</u>
Net earnings (loss) per common share:				
Diluted (h)	<u>\$ 0.43</u>	<u>\$ (0.16)</u>	<u>\$ (0.05)</u>	<u>\$ 0.23</u>
Shares used in per share calculations:				
Diluted	<u>809,285</u>	<u>809,285 (i)</u>	<u>809,285 (i)</u>	<u>809,285</u>

- (a) Starting in fiscal 2003, the Company no longer records goodwill amortization, in accordance with Financial Accounting Standards No. 142. With the adoption of FAS 142 in 2003 and given the immateriality of the other adjustments, the Company no longer makes these adjustments to its results excluding QSI in fiscal 2003.
- (b) Includes \$48 million in interest income related to cash, cash equivalents and marketable debt securities, which are not part of the Company's strategic investment portfolio.
- (c) Excludes employer payroll taxes payable for employee income from non-qualified stock option exercises, as follows: \$0.7 million in cost of revenues, \$1.6 million in R&D expenses and \$0.8 million in SG&A expenses.
- (d) Excludes the amortization of goodwill and other acquisition-related intangible assets primarily associated with the purchase of SnapTrack, as follows: \$1 million in cost of revenues and \$127.4 million in amortization of goodwill and other acquisition-related intangible assets.
- (e) Excludes credits related to the reduction of reserves established in connection with the Globalstar business, as follows: \$2 million in cost of revenues and \$0.1 million in SG&A expenses.
- (f) Includes \$54 million loss, net of minority interest, of Vesper Holdings from November 13, 2001 through February 28, 2002 due to the Company's practice of consolidating foreign subsidiaries one month in arrears.
- (g) The estimated fiscal year 2002 effective tax rate for operations excluding QSI and total QUALCOMM are 35% and 36%, respectively.
- (h) The sum of the earnings per share amounts may not equal total earnings per share due to rounding.
- (i) The diluted share base used includes the potential dilutive effect of 42.9 million common share equivalents related to outstanding stock options, calculated using the treasury stock method. Since shares of stock are only issued by QUALCOMM, these shares are not anti-dilutive and are, therefore, included in the per share calculations for QSI and goodwill amortization and other.