

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 June 30, 2002			
	Excluding QSI	Goodwill Amortization and Other (a)	QSI	Total QUALCOMM
Revenues:				
Equipment and services	\$ 525,835	\$ 143 (f)	\$ 49,456	\$ 575,434
Licensing and royalty fees	195,483	-	-	195,483
	<u>721,318</u>	<u>143</u>	<u>49,456</u>	<u>770,917</u>
Operating expenses:				
Cost of equipment and services revenues	237,425	(69) (c)(d)(e)(f)	50,806	288,162
Research and development	114,415	1,184 (c)	2,487	118,086
Selling, general and administrative	99,300	500 (c)(f)	52,272	152,072
Amortization of goodwill and other acquisition-related intangible assets	-	65,024 (d)	-	65,024
Other	-	-	8,955	8,955
Total operating expenses	<u>451,140</u>	<u>66,639</u>	<u>114,520</u>	<u>632,299</u>
Operating income (loss)	270,178	(66,496)	(65,064)	138,618
Interest expense	(225)	-	(8,414)	(8,639)
Investment income (expense), net	27,853 (b)	-	(211,976) (g)	(184,123)
Income (loss) before income taxes	297,806	(66,496)	(285,454) (h)	(54,144)
Income tax (expense) benefit	(104,232) (i)	(974)	145,582	40,376 (i)
Net income (loss)	<u>\$ 193,574</u>	<u>\$ (67,470)</u>	<u>\$ (139,872)</u>	<u>\$ (13,768)</u>
Net earnings (loss) per common share:				
Diluted	<u>\$ 0.24 (j)</u>	<u>\$ (0.09) (j)</u>	<u>\$ (0.18) (j)</u>	<u>\$ (0.02) (j)</u>
Shares used in per share calculations:				
Diluted	<u>808,935</u>	<u>773,127 (k)</u>	<u>773,127 (k)</u>	<u>773,127 (k)</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 \$28 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: \$0.5 million in cost of revenues, \$1.2 million in R&D expenses and \$0.6 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 \$65.0 million in amortization of goodwill and other acquisition-related intangible assets.
- (e) Excludes \$1 million in credits related to the reduction of reserves established in connection with the Globalstar business.
- (f) Excludes certain revenues and credits related to the sale of the terrestrial-based CDMA wireless infrastructure business, as follows: \$1 million in revenues, \$1 million in cost of revenues and \$1 million in SG&A credits.
- (g) Includes \$167 million in charges related to Leap Wireless stock and bonds, \$27 million in FAS 133 losses principally related to Leap Wireless warrants and \$22 million in equity losses.
- (h) Includes \$35 million losses, net of minority interest, of Vesper Holdings from March 1, 2002 through May 31, 2002 due to the Company's practice of consolidating foreign subsidiaries one month in arrears.
- (i) The estimated fiscal year 2002 effective tax rate for operations excluding QSI and total QUALCOMM are 35% and 27%, respectively.
- (j) The sum of the earnings per share amounts may not equal total earnings per share due to rounding.
- (k) The diluted share base used for total QUALCOMM, QSI and goodwill amortization and other excludes the potential dilutive effect of 35.8 million common share equivalents related to outstanding stock options, calculated using the treasury stock method, as these shares are anti-dilutive. For results excluding QSI, these shares are dilutive and are, therefore, included in the excluding QSI per share calculation.

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Three Months Ended March 30, 2003

	<u>Excluding QSI</u>	<u>QSI</u>	<u>Total QUALCOMM</u>
Revenues:			
Equipment and services	\$ 763,217	\$ 26,265	\$ 789,482
Licensing and royalty fees	253,561	-	253,561
	<u>1,016,778</u>	<u>26,265</u>	<u>1,043,043</u>
Operating expenses:			
Cost of equipment and services revenues	341,100	40,828	381,928
Research and development	129,757	2,044	131,801
Selling, general and administrative	116,954	18,770	135,724
Amortization of other acquisition-related intangible assets	1,965	-	1,965
Asset impairment charges	-	160,145	160,145
Total operating expenses	<u>589,776</u>	<u>221,787</u>	<u>811,563</u>
Operating income (loss)	427,002	(195,522)	231,480
Interest expense	(375)	(3,504)	(3,879)
Investment income (expense), net	34,024 (a)	(46,749) (d)	(12,725)
Income (loss) before income taxes	460,651	(245,775) (b)	214,876
Income tax (expense) benefit	(146,793) (c)	34,933	(111,860) (c)
Net income (loss)	<u>\$ 313,858</u>	<u>\$ (210,842)</u>	<u>\$ 103,016</u>
Net earnings (loss) per common share:			
Diluted	<u>\$ 0.38 (e)</u>	<u>\$ (0.26) (e)</u>	<u>\$ 0.13 (e)</u>
Shares used in per share calculations:			
Diluted	<u>818,088</u>	<u>818,088</u>	<u>818,088</u>

- (a) Includes \$28 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 \$162 million loss, net of minority interest, of Vesper Holdings from December 1, 2002 through February 28, 2003 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 33% and 43%, respectively. The change in the estimated 2003 effective tax rate for operations excluding QSI from 34% used in the first quarter of fiscal 2003 results in a 32% effective tax rate in the second quarter of fiscal 2003. The change in the estimated 2003 effective tax rate for total QUALCOMM from 38% used in the first quarter of fiscal 2003 results in a 52% effective tax rate in the second quarter of fiscal 2003.
- (d) Includes \$57 million equity losses in investees, \$24 million other-than-temporary losses on investments, \$23 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.

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Nine Months Ended June 30, 2002

	<u>Excluding QSI</u>	<u>Goodwill Amortization and Other (a)</u>	<u>QSI</u>	<u>Total QUALCOMM</u>
Revenues:				
Equipment and services	\$ 1,476,251	\$ 143 (f)	\$ 92,262	\$ 1,568,656
Licensing and royalty fees	597,018	-	-	597,018
	<u>2,073,269</u>	<u>143</u>	<u>92,262</u>	<u>2,165,674</u>
Operating expenses:				
Cost of equipment and services revenues	692,350	(434) (c)(d)(e)(f)	133,357	825,273
Research and development	332,712	2,763 (c)	6,234	341,709
Selling, general and administrative	286,773	1,171 (c)(e)(f)	88,853	376,797
Amortization of goodwill and other acquisition-related intangible assets	-	192,437 (d)	-	192,437
Other	-	-	8,955	8,955
Total operating expenses	<u>1,311,835</u>	<u>195,937</u>	<u>237,399</u>	<u>1,745,171</u>
Operating income (loss)	761,434	(195,794)	(145,137)	420,503
Interest expense	(923)	-	(16,434)	(17,357)
Investment income (expense), net	76,572 (b)	-	(247,670) (h)	(171,098)
Income (loss) before income taxes	<u>837,083</u>	<u>(195,794)</u>	<u>(409,241) (g)</u>	<u>232,048</u>
Income tax (expense) benefit	(292,979) (i)	(545)	230,871	(62,653) (i)
Net income (loss)	<u>\$ 544,104</u>	<u>\$ (196,339)</u>	<u>\$ (178,370)</u>	<u>\$ 169,395</u>
Net earnings (loss) per common share:				
Diluted	<u>\$ 0.67 (j)</u>	<u>\$ (0.24) (j)</u>	<u>\$ (0.22) (j)</u>	<u>\$ 0.21 (j)</u>
Shares used in per share calculations:				
Diluted	<u>809,169</u>	<u>809,169</u>	<u>809,169</u>	<u>809,169</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 \$75 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: \$1.3 million in cost of revenues, \$2.8 million in R&D expenses and \$1.4 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: \$1.5 million in cost of revenues and \$192.4 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: \$3 million in cost of revenues and \$0.1 million in SG&A credits.
- (f) Excludes certain revenues and credits related to the sale of the terrestrial-based CDMA wireless infrastructure business, as follows: \$.1 million in revenues, \$.2 million in cost of revenues and \$.1 million in SG&A expenses.
- (g) Includes \$88 million loss, net of minority interest, of Vesper Holdings from November 13, 2001 through May 31, 2002 due to the Company's practice of consolidating foreign subsidiaries one month in arrears.
- (h) Includes \$167 million in charges related to Leap Wireless stock and bonds, \$61 million in equity losses, and \$56 million in FAS 133 losses principally related to Leap Wireless warrants.
- (i) The estimated fiscal year 2002 effective tax rate for operations excluding QSI and total QUALCOMM are 35% and 27%, respectively.
- (j) The sum of the earnings per share amounts may not equal total earnings per share due to rounding.