

QUALCOMM Contact:
Julie Cunningham
Vice President, Investor Relations
1-(858) 658-4224 (ph) 1-(858) 651-9303 (fax)
e-mail: juliec@qualcomm.com

**QUALCOMM Announces Record First Quarter Net Income
\$192 Million, Excluding Net Non-Recurring Charges**
- Up 296% from First Quarter of Fiscal 1999 -

All of the share and per share amounts in this release have been adjusted to reflect the 4:1 stock split effected on December 30, 1999 to QUALCOMM stockholders of record on December 20, 1999.

SAN DIEGO – January 25, 2000 - QUALCOMM Incorporated (NASDAQ: QCOM) today reported record revenues of \$1.1 billion for the first quarter of fiscal 2000, an increase of 19 percent compared to \$941 million in the year ago period. The year ago period included revenues from the terrestrial CDMA wireless infrastructure business that was sold during the third quarter of fiscal 1999. Earnings per share were \$.25 in the first quarter of fiscal 2000 (excluding net non-recurring charges) compared to \$.08 per share in the year ago period, an increase of 213 percent. Earnings before taxes were \$307 million and net income was \$192 million in the first quarter of fiscal 2000 (excluding net non-recurring charges) compared to \$72 million and \$49 million, respectively, in the year ago period.

Pro forma earnings were \$.27 per share for the first quarter of fiscal 2000, excluding net non-recurring charges and operating results associated with the QUALCOMM Consumer Products (QCP) business that Kyocera Corporation agreed to purchase, as previously announced in December of 1999. The net non-recurring charges of approximately \$24 million in the first quarter of fiscal 2000 were related primarily to the sale of QCP. The Company anticipates additional non-recurring charges in the second quarter of fiscal 2000 related to the sale of QCP. However, these charges are expected to be more than offset by gains on the sale of investments.

“This quarter, we took three major steps to sharpen our focus on wireless Internet access, the next major market for communications and CDMA,” said Dr. Irwin Jacobs, chairman and CEO of QUALCOMM. “In November, we hosted a public demonstration of our new HDR (High Data Rate) technology achieving mobile and fixed burst rates over 2 Mbps while utilizing the same bandwidth as cdmaOne™. During December, we began fabrication of our latest telephone and infrastructure chipsets that support planned commercial introduction this year of the first available third generation technology, called 1X, which is part of the new ITU standard.”

“We also executed our previously announced plan to reach an agreement to sell our phone business to a company that could grow the business and continue the expansion of CDMA worldwide. As a well-established leader in CDMA in Japan, we believe that Kyocera is an excellent partner and we look forward to a close working relationship to transition the business and to support their needs for state-of-the-art CDMA chipsets over the next several years. We believe that the sale of our phone business, along with the sale of the wireless infrastructure business last year, will support continuing improvements in our financial performance while allowing us to increase resources devoted to wireless Internet access,” Dr. Jacobs said.

Reported net income was \$177 million or \$.23 per share for the first quarter of fiscal 2000, compared to \$49 million or \$.08 per share for first quarter of fiscal 1999, an increase of 265 percent and 188 percent, respectively. Operating income as a percent of revenues more than tripled, increasing to 26 percent for the first quarter of fiscal 2000 (excluding non-recurring charges) from 8 percent in the year ago period. Research and development and selling, general and administrative expenses for the first quarter of fiscal 2000 decreased to 17 percent of revenues compared to 23 percent of revenues during the year ago period.

The Company currently estimates its annual effective income tax rate to be approximately 38 percent for fiscal 2000, compared to 35 percent for fiscal 1999.

The income tax provisions for both the first quarter of fiscal 2000 and the year ago period reflect adjustments for the retroactive reinstatement of the R&D tax credit.

The Company anticipates that shipments of its phone chips in the second quarter of fiscal 2000 may be lower than the first quarter of fiscal 2000 due to seasonal factors, inventory balancing by customers due to continued shortages of other phone components, and transition from older chips (MSM2300) to the latest chips (MSM3000 and MSM3100). In addition, phone shipments in the second quarter of fiscal 2000 may be lower than the first quarter of fiscal 2000 due to seasonal factors. Excluding the QCP segment and non-recurring items, the Company expects earnings per share in the second quarter of fiscal 2000 to meet or exceed the \$.25 earnings per share in the first quarter of fiscal 2000 (excluding net non-recurring charges). QUALCOMM expects that the market for CDMA products and demand for its CDMA chipset and software solutions will continue to grow significantly in the future despite quarterly fluctuations. Therefore, the Company remains comfortable with the current analyst consensus earnings estimate for fiscal 2000.

Results of Business Segments

The table below presents revenues and earnings before taxes (EBT) for reportable segments for the first quarters of fiscal year 2000 and 1999 (in thousands):

First Quarter of Fiscal Year 2000

Segments	QCT	QTL	QWS(1)	QCP	Reconciling Items(2)(3)	Total QUALCOMM
Revenue	352,395	177,545	214,964	442,294	(67,125)	1,120,073
Change from prior year	82%	140%	(28%)	16%	-	19%
Earnings Before Taxes	127,690	162,590	66,147	(17,546)	(56,431)	282,450
% of revenue	36%	92%	31%	(4%)	-	25%
Change from prior year	100%	161%	545%	-	-	295%

First Quarter of Fiscal Year 1999

Segments	QCT	QTL	QWS	QCP	Reconciling Items(2)	Total QUALCOMM
Revenue	193,315	74,066	300,081	382,602	(8,841)	941,223
Earnings Before Taxes	63,924	62,296	(14,875)	(130)	(39,631)	71,584
% of revenue	33%	84%	(5%)	-	-	8%

- (1) QWS – On May 24, 1999, QUALCOMM sold certain assets related to the Company's terrestrial CDMA wireless infrastructure business.
- (2) Reconciling Items consist primarily of other non-reportable segments, intersegment eliminations, unallocated corporate revenue, expenses and non-recurring charges.
- (3) Earnings before taxes include \$24 million of net non-recurring charges for the first quarter of fiscal 2000.

Highlights of Business Segments for the First Quarter of Fiscal 2000

QUALCOMM CDMA Technologies (QCT)

- Recorded a book-to-bill ratio of .90 during the first quarter of fiscal 2000, reflecting seasonal factors and inventory balancing by QCT customers due to shortages of other phone components.
- Shipped 14.5 million Mobile Station Modem (MSM™) phone chips to customers worldwide, including QUALCOMM Personal Electronics, during the first quarter of fiscal 2000, compared to five million units shipped during the year ago period. Cumulative shipments of MSM phone chips exceeded 81 million and total cumulative chip shipments exceeded 200 million units.
- Introduced a family of High Data Rate (HDR) chipsets and system software solutions capable of providing a major advance in transmission speed for wireless data communications.
- Announced the development of gpsOne™, the chipset and system software solution that will feature integrated support for wireless position location technology.
- Announced further development plans for MSM chipsets and system software solutions to support the single worldwide CDMA standard for third generation (3G) systems, including Multi-Carrier (1X, 3X) and Direct Spread modes.
- Completed the world's first successful over-the-air phone call compliant with the industry standard 3G CDMA 1X Multi-Carrier technology using QUALCOMM CDMA Technologies' MSM5000™ chipset and system software.

QUALCOMM Technology Licensing (QTL)

- Recorded license, development and royalty fees from the Company's third-party licensees of \$144 million, a 224 percent increase in the first quarter of fiscal 2000, compared to \$44 million for the same period a year ago. An additional \$34 million in intracompany royalty revenues were charged to the QUALCOMM CDMA

Technologies and QUALCOMM Consumer Products segments in the first quarter of fiscal 2000. The increase in royalty revenues was driven by the strong growth of the CDMA phone market with 27 countries now in commercial use.

QUALCOMM Wireless Systems (QWS)

- Shipped a cumulative total of approximately 29,000 Globalstar phones with a production capacity of approximately 10,000 Globalstar phones per month.
- Added eight more distributors to the growing list of agents and resellers licensed to sell Globalstar phones and service to customers.
- Shipped over 14,000 OmniTRACS and TruckMAIL[™] units, a 33 percent increase in the first quarter of fiscal 2000 compared to 11,000 units in the year ago quarter, for a cumulative total of over 320,000 units. International unit shipments increased to 5,000 compared to 3,000 in the year ago quarter.
- Signed a service agreement with Sprint to use its nationwide CDMA PCS system for the new OmniExpress[™] service.
- Announced agreements between Wireless Business Solutions and Guangdong South Satellite Telecommunications Service Company, Ltd., a Chinese service provider, to provide the OmniTRACS mobile information system to the two largest Chinese transportation companies.
- Completed the asset purchase of Simac Mobile Solutions, a market leader in the development of modular, on-board computer systems for mobile vehicular applications.

QUALCOMM Consumer Products (QCP)

- Shipped 2.2 million phones in the first quarter of fiscal 2000 compared to 1.6 million phones in the year ago quarter and 1.9 million phones in the fourth quarter of fiscal 1999.
- Announced an agreement with Kyocera Corporation under which Kyocera will acquire QUALCOMM's terrestrial-based wireless CDMA consumer phone business, including its phone inventory, manufacturing equipment and customer commitments. In addition, Kyocera agreed to purchase at least a majority of its CDMA chipsets and system software from QUALCOMM for a period of five years. The transaction,

which is subject to regulatory approval and other customary closing conditions, is expected to close by the end of February 2000.

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 major business areas include CDMA phones; integrated CDMA chipsets and system software; technology licensing; and satellite-based systems including OmniTRACS[®] and portions of the Globalstar[™] system. Headquartered in San Diego, Calif., QUALCOMM is included in the S&P 500 Index and is a 1999 FORTUNE 500[®] company traded on the NASDAQ 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 the risk that the sale of the phone business to Kyocera may not close or may be delayed; the risk that Kyocera will be unable to grow the phone business, the risk that seasonal factors may reduce product shipments in the second quarter of fiscal 2000; risks associated with component shortages; risks associated with the ability to sustain or improve operational efficiency and profitability; risks that the rate of growth in the CDMA subscriber population will decrease; risks associated with strategic opportunities or acquisitions the Company may pursue; risks associated with the scale-up and operations of CDMA systems; risks associated with developments in current or future litigation; risks associated with customer receivables and performance guarantees; risks associated with timing and receipt of license fees and royalties; risks associated with international business activities; as well as the other risks detailed from time to time in the Company's SEC reports.

###

QUALCOMM, OmniTRACS and Eudora are registered trademarks of QUALCOMM Incorporated. MSM, CSM, iMSM and TruckMAIL are trademarks of QUALCOMM Incorporated. Globalstar is a trademark of Loral QUALCOMM Satellite Services, Incorporated. All other trademarks are the property of their respective manufacturers.

QUALCOMM Incorporated

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

	December 26, 1999	September 26, 1999
Current Assets:		
Cash and cash equivalents	\$ 303,978	\$ 660,016
Investments	1,087,164	954,415
Accounts receivable, net	998,200	883,640
Finance receivables	24,167	26,377
Inventories, net	259,968	257,941
Other current assets	201,825	195,849
Total current assets	2,875,302	2,978,238
Property, plant and equipment, net	537,482	555,991
Investments	165,338	70,495
Finance receivables, net	680,090	548,482
Other assets	727,223	381,744
Total assets	<u>\$ 4,985,435</u>	<u>\$ 4,534,950</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:		
Accounts payable and accrued liabilities	\$ 715,546	\$ 705,208
Unearned revenue	64,625	56,070
Bank lines of credit	124,000	112,000
Current portion of long-term debt	3,109	3,099
Total current liabilities	907,280	876,377
Long-term debt	-	795
Other liabilities	64,587	74,872
Total liabilities	971,867	952,044
Minority interest in consolidated subsidiaries	54,910	51,596
Company-obligated mandatorily redeemable Trust		
Convertible Preferred Securities of a subsidiary trust		
holding solely debt securities of the Company	269,895	659,555
Stockholders' Equity:		
Preferred stock, \$0.0001 par value	-	-
Common stock, \$0.0001 par value	70	65
Paid-in capital	3,196,953	2,587,899
Retained earnings	377,998	200,879
Accumulated other comprehensive income	113,742	82,912
Total stockholders' equity	3,688,763	2,871,755
Total liabilities and stockholders' equity	<u>\$ 4,985,435</u>	<u>\$ 4,534,950</u>

Restated September 26, 1999 Stockholders' Equity for stock split on December 30, 1999.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share data)
(Unaudited)

	Three Months Ended		
	December 26, 1999	December 27, 1998	% Change
Revenues	\$ 1,120,073	\$ 941,223	19%
Operating expenses:			
Cost of revenues	648,748	642,390	1%
Research and development	83,404	100,362	(17%)
Selling, general and administrative	101,848	120,523	(15%)
Other	26,152	-	
Total operating expenses	860,152	863,275	(0%)
Operating income	259,921	77,948	233%
Interest expense	(2,673)	(3,315)	(19%)
Investment income (expense), net	36,247	6,750	437%
Distributions on Trust Convertible Preferred Securities of subsidiary trust	(11,045)	(9,799)	13%
Income before income taxes	282,450	71,584	295%
Income tax expense	(105,331)	(23,054)	357%
Net income	\$ 177,119	\$ 48,530	265%
Net earnings per common share:			
Basic	\$ 0.27	\$ 0.09	200%
Diluted	\$ 0.23	\$ 0.08	188%
Shares used in per share calculations:			
Basic	664,586	565,780	
Diluted	790,827	593,749	

The conversion of the Trust Convertible Preferred Securities was assumed for calculation of Diluted EPS for the three month period ended December 26, 1999.

All of the share and per share amounts in this release have been adjusted to reflect the 4:1 stock distribution effected on December 30, 1999 to QUALCOMM stockholders of record on December 20, 1999.