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QUALCOMM Announces Fiscal 2000 Results
Fourth Quarter Pro Forma EPS \$.25, Fiscal 2000 Pro Forma EPS \$1.05
- Record Pro Forma Net Income \$835 million, Up 51 Percent from Fiscal Year 1999 -

The Company's Fourth Quarter/FY00 earnings conference call will be broadcast live beginning at 2:30 p.m. pacific time at: www.qualcomm.com on the Investor Relations page. 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 (858) 812-6440. Both U.S. and international callers should use reservation number 16406488.

SAN DIEGO – November 2, 2000 - QUALCOMM Incorporated (NASDAQ: QCOM) today reported pro forma revenues of \$2.8 billion and pro forma earnings per share of \$1.05 for fiscal 2000, an increase of 12 and 31 percent, respectively, from the year ago period. Pro forma revenues in the fourth quarter of fiscal 2000 were \$635 million, an 11 percent decrease compared to \$716 million in the year ago period. Pro forma earnings per share were \$0.25 in the fourth quarter of fiscal 2000 compared to \$0.24 per share in the fourth quarter of fiscal 1999, an increase of 4 percent (see note on page 2).

“This year we continued to focus on improving profitability while investing in areas of future growth. Central to our strategy is the belief that CDMA-based wireless data and Internet access applications will fuel industry growth for years to come. As cdma2000 1x and 1xEV networks are deployed around the world, subscribers will experience data-rich applications at speeds never before possible on a wireless device. We are rapidly integrating these applications utilizing position location, voice recognition, CD-quality music and video into our daily lives,” said QUALCOMM Chairman and CEO, Dr. Irwin M. Jacobs. “QUALCOMM is uniquely positioned to benefit from the wireless data revolution, which is enabled by CDMA technology and implemented in our industry-leading integrated circuits. We acquired SnapTrack earlier this year to further expand our

technology patent portfolio and deliver the optimal position location solution to our customers, enabling them to develop a broad range of new wireless devices and to meet Enhanced 9-1-1 requirements. In addition, our joint ventures with Microsoft and Ford Motor Company will help pave the way for the expansion of CDMA into new platforms and devices.”

“As we move forward, we plan to leverage future growth opportunities by continuing our strong market position with 1x, 1xEV and multi-mode integrated circuits and further developing and investing in wireless data and Internet access applications. We expect to continue the robust 3G licensing cycle that began this year by extending our agreements with both existing and new licensees to include cdma2000, WCDMA and other CDMA technologies at the same royalty rate for each standard. These agreements provide the foundation for growing our royalty stream as new markets, such as China, deploy CDMA networks and legacy networks evolve to third-generation CDMA,” Dr. Jacobs said.

Fiscal Year 2000

Earnings Per Share	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Pro Forma	\$ 0.27	\$ 0.26	\$ 0.27	\$ 0.25	\$ 1.05
Change from prior year	80%	44%	23%	4%	31%
Reported	\$ 0.23	\$ 0.25	\$ 0.19	\$ 0.17	\$ 0.85

Fiscal Year 1999

Earnings Per Share	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Pro Forma	\$ 0.15	\$ 0.18	\$ 0.22	\$ 0.24	\$ 0.80
Reported	\$ 0.08	\$ (0.07)	\$ 0.09	\$ 0.18	\$ 0.31

Note: Pro forma results (see pages 12-13) for fiscal 2000 exclude amortization of goodwill and other acquisition-related intangible assets, one-time write-off of purchased in-process technology, employer payroll taxes on employee non-qualified stock option exercises, operating losses incurred by the exited consumer phone business and charges related to the sale of this business, one-time realized gains from sale of marketable securities, employee termination charges and other non-operating items. The difference between pro forma and reported earnings per share in the third and fourth quarters of fiscal 2000 is primarily related to the amortization of goodwill associated with the SnapTrack acquisition completed in March of 2000. Pro forma results for the prior year period exclude the results of exited businesses and related charges, one-time gains and other non-recurring items. Pro forma earnings exclude the abovementioned items and, therefore, differ from reported earnings, which are presented in accordance with generally accepted accounting principles. 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 declined to \$635 million in the fourth quarter of fiscal 2000 from \$716 million in the fourth quarter of fiscal 1999. The decrease was attributable to lower sales of QUALCOMM MSM integrated circuits utilized in CDMA phones sold in the domestic South Korean market, due to the government-mandated elimination of phone subsidies. CDMA product sales in other worldwide markets continued to grow and pro forma gross margins increased to 63 percent in the fourth quarter of fiscal 2000 compared to 55 percent in the year ago period due to license fees and royalties representing a larger portion of total revenues. Revenues and earnings from licensing activities increased in the fourth quarter of fiscal 2000 despite lower phone shipments in South Korea.

Pro forma earnings per share for the fourth quarter of fiscal 2000 included a \$0.01 charge to earnings in the QUALCOMM Wireless Systems (QWS) segment. The charge was related to a limited number of OmniTRACS® antenna units the Company believes will experience paint peeling due to the short term use of a paint process that has since been changed. The Company is taking proactive steps to address the issue with OmniTRACS customers while the problem is largely of a cosmetic nature to minimize any potential impact on the operation of the units.

Pro forma operating expenses (research and development and selling, general and administrative) for the fourth quarter of fiscal 2000 increased to 25 percent of revenues compared to 17 percent of revenues during the year ago period primarily due to lower overall revenues and higher R&D expenses. The increase in pro forma research and development expenses, up 40 percent over the fourth quarter of fiscal 1999, was primarily associated with new product and technology initiatives to support high-speed wireless Internet access and mobile data applications, including 1xEV (HDR), position location, Bluetooth and multimedia capabilities (CD-quality music and video).

Net investment income increased to \$60 million as a result of higher balances of marketable securities generated from positive cash flow from operations and sales of exited businesses.

The Company's pro forma annual effective income tax rate for fiscal 2000 was 37 percent, compared to 35 percent for fiscal 1999.

Reported revenues for the fourth quarter of fiscal 2000 were \$635 million, compared to \$1.1 billion in the year ago period. The decrease in reported revenues was primarily attributable to the sale of the QUALCOMM Consumer Products (QCP) phone business in February 2000. Reported earnings per share were \$.17 in the fourth quarter of fiscal 2000, compared to \$.18 per share in the year ago period. Reported earnings before taxes and net income were \$234 million and \$139 million in the fourth quarter of fiscal 2000 compared to \$210 million and \$136 million, respectively, in the year ago period.

Business Outlook

The following statements are forward-looking and actual results may differ materially. Please consult page 10 of this press release for a description of certain risk factors and QUALCOMM's SEC reports for a complete description of risks. In response to SEC Regulation FD (Fair Disclosure), the Company plans to disseminate its quarterly business outlook, based on current expectations, in conjunction with its quarterly earnings release and conference call. The Company will not provide any further material guidance on analysts' financial models beyond the information provided in its quarterly earnings release and conference call.

First Quarter Fiscal 2001

- **Unit Shipments** - The Company expects to ship approximately 14 million MSM integrated circuits during the first quarter of fiscal 2001 compared to 11 million units in the fourth quarter of fiscal 2000.
- **Earnings Per Share** – The Company is comfortable with the current analyst consensus estimate of \$0.28 pro forma earnings per share in the first quarter of fiscal 2001. This estimate takes into account a decrease in Globalstar™ contract services and other revenues in the first quarter of fiscal 2001 compared to the fourth quarter of fiscal 2000, which will result in lower earnings in the QWS segment of approximately \$0.02 per share.

Fiscal 2001

- The Company is comfortable with the current analyst consensus estimate of \$1.29 pro forma earnings per share for fiscal 2001. The Company anticipates growth to be moderate in the first half of fiscal 2001 and to accelerate in the second half as third generation cdma2000 1x product volumes increase.
- These estimates assume industry wide CDMA phone sales of approximately 90 million units in calendar year 2001 and a 20 percent decrease in the average selling prices of CDMA phones, upon which most royalties are calculated.
- The Company expects a pro forma effective income tax rate of 37 percent in fiscal 2001.
- The Company plans to continue to increase its investment in research and development and selling and marketing expenses to support its integrated circuit and system software business, as well as in new products and services during 2001 to drive the rapid adoption and growth of 3G wireless data and Internet access in 2002 and beyond.

Cash Flow

QUALCOMM’s cash, cash equivalents and investments totaled approximately \$2.5 billion at the end of the fourth quarter of fiscal 2000. The following table presents selected cash flow information for the fourth quarter of fiscal 2000 (in millions):

<u>Selected Cash Flow Information</u>	<u>Amount</u>
Earnings before taxes, depreciation, amortization and non-cash charges	\$ 344
Working capital changes	7
Additional share capital	35
Net cash inflows	386
Strategic investments and capital expenditures	(216)
Net cash generated	\$ 170

Pro Forma Results of Business Segments

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

Fourth Quarter - Fiscal Year 2000

Segments	QCT	QTL	QWS	Reconciling Items (1)	Total QUALCOMM
Revenues	268,989	186,041	150,458	29,957	635,445
Change from prior year	(25%)	26%	(28%)	N/M	(11%)
Earnings before taxes	64,281	167,939	57,887	12,397	302,504
% of revenues	24%	90%	38%	N/M	48%
Change from prior year	(49%)	23%	12%	N/M	8%

Fiscal Year 2000

Segments	QCT	QTL	QWS	Reconciling Items (1)	Total QUALCOMM
Revenues	1,238,702	705,484	720,907	96,321	2,761,414
Change from prior year	9%	55%	(14%)	N/M	12%
Earnings before taxes	391,519	633,336	272,202	28,916	1,325,973
% of revenues	32%	90%	38%	N/M	48%
Change from prior year	(9%)	56%	64%	N/M	56%

Fourth Quarter - Fiscal Year 1999

Segments	QCT	QTL	QWS	Reconciling Items (1)	Total QUALCOMM
Revenues	358,372	147,602	208,634	1,726	716,334
Earnings before taxes	125,568	136,060	51,671	(31,917)	281,382
% of revenues	35%	92%	25%	N/M	39%

Fiscal Year 1999

Segments	QCT	QTL	QWS(2)	Reconciling Items (1)	Total QUALCOMM
Revenues	1,133,422	454,163	843,154	24,212	2,454,951
Earnings before taxes	427,994	404,947	166,340	(149,319)	849,962
% of revenues	38%	89%	20%	N/M	35%

- (1) Reconciling Items related to revenues consist primarily of other non-reportable segment revenue less inter-segment eliminations. Reconciling Items related to earnings before taxes consist primarily of non-reportable segment results, unallocated net investment income, distributions on Trust Convertible Preferred Securities and the elimination of inter-company segment profit.
- (2) QWS segment information for fiscal 1999 excludes revenues and losses before taxes related to the Company's terrestrial CDMA wireless infrastructure business sold to Ericsson in May 1999.

N/M – Not Meaningful

Highlights of Business Segments – Fourth Quarter and Fiscal 2000

QUALCOMM Technology Licensing (QTL)

- Entered into eight new license agreements in the fourth quarter of fiscal 2000, a total of 28 new license agreements in fiscal 2000. This brings the cumulative total to over 90 companies now licensed to manufacture and sell CDMA products worldwide.
- Signed a total of 13 new research and development agreements with Chinese manufacturers, including Beijing Telecommunications Equipment Factory, Chunghwa Telecom Labs, Datang Telecom Technology Co., Eastern Communications Co., Great Dragon Telecomm, Hangzhou Unitop Electric, Hisense Group, Huawei Technologies, Langchao Electronic Information Industry Group, LT Netcomm Co, Ningbo Bird Co. and Zhongxing Telecom Co.
- Entered into numerous third generation CDMA license agreements in fiscal 2000. The current list of 3G licensees - covering WCDMA, cdma2000 and other CDMA technologies - include Advantest, Agilent, Alps, Ericsson, Fujitsu, Hitachi, Hyundai, Kyocera, LG Electronics, Lucent, Matsushita, Maxon, Motorola, Nortel, Philips, Samsung, Sanyo, Sharp, Sony, Toshiba and Willtech, among others. In all cases, the royalty rate to be paid by these companies for third generation CDMA products is the same rate as those companies pay for second generation cdmaOne™ products, and is not dependent upon which standard is implemented.
- Announced decisions by the Japanese and European Patent Offices to uphold three important QUALCOMM patents. The three patents, which were challenged by competitors, cover important features of second- and third-generation CDMA systems, including cdma2000 and WCDMA.

QUALCOMM CDMA Technologies (QCT)

- Shipped over 11 million Mobile Station Modem (MSM) phone integrated circuits and system software to customers worldwide during the fourth quarter of fiscal 2000, compared to 14 million units shipped in the year ago period. The reduction of MSM shipments in the fourth quarter of fiscal 2000 was related to lower CDMA phone sales in South Korea. Cumulative shipments of MSM phone integrated

circuits exceeded 118 million and total cumulative integrated circuit shipments exceeded 350 million units.

- Shipped samples of the MSM3300 integrated circuit and system software during the fourth quarter of fiscal 2000. The MSM3300 is the world's first single-integrated circuit multimedia modem that provides the highest level of integration of multimedia features available for mobile phones.
- Performed the world's first 3G cdma2000 1x wireless data transmissions using MSM5000 and CSM5000 integrated circuits and system software. Data rates of 153 kbps were demonstrated simultaneously on both the forward and reverse channels. The Company is now shipping both the MSM5000 and the CSM5000 to support the first commercial cdma2000 1x deployments in South Korea.
- Introduced the MSP1000 integrated circuit and system software for Internet applications, including support for the Wireless Internet Launchpad™ suite.
- Announced strategic partnerships with Schlumberger, Ericsson, Symbian, Microsoft, RF Micro Devices and PacketVideo to advance CDMA development and deployment worldwide.
- Announced extensive pan-European SnapTrack wireless location technology roaming trials with France Telecom Mobiles and other major European carriers.
- Locate Networks, Glenayre Technologies and Phone.com announced strategic partnerships with SnapTrack to advance high-performance wireless location solutions.

QUALCOMM Wireless Systems (QWS)

- Shipped approximately 12,000 OmniTRACS units and related products in the fourth quarter of fiscal 2000, a total of 56,000 units for fiscal 2000 and a cumulative total of over 360,000 units. This compares to approximately 15,000 units during the year ago quarter and 49,000 units for fiscal 1999. The lower volume of OmniTRACS unit shipments in the fourth quarter of fiscal 2000 resulted from higher fuel prices and other economic issues affecting the domestic long-haul trucking industry.

- Processed over six million messages and position reports per day for more than 1,250 U.S. customers.
- Released commercial versions of OmniExpress™, a CDMA-based terrestrial communications system for the U.S. market, and MVPc, a Windows® CE-based onboard computer. Commercial shipments commenced on both products in the fourth quarter of fiscal 2000.
- Announced the availability of LINQ, a GSM-based terrestrial communication system for the European market. LINQ is provided through eQCOM, a Netherlands subsidiary, which has established a European-based Network Management Center for messaging services.
- Shipped 28,000 Globalstar portable and fixed phones in the fourth quarter of fiscal 2000, for a cumulative total of more than 99,000 Globalstar portable and fixed phone shipments since production began in September of 1999.

Other Developments

- Announced the formation of a joint venture with Ford Motor Company in July 2000. The new venture, known as Wingcast LLC, will develop and deliver CDMA-based wireless mobility and information services that will bring voice, entertainment, Internet access and safety services into cars and trucks. Wingcast will work with leading industry hardware, software and content providers to offer state-of-the-art in-vehicle applications to consumers.
- Entered into a strategic alliance between Technicolor and QUALCOMM in June 2000. The two companies formed a joint venture called Technicolor Digital Cinema, LLC to provide open, end-to-end distribution technology and support services for the delivery of digital cinema to theaters worldwide.
- Released Eudora® 5.0 email software; surpassed the one million active users mark for Eudora email software in Sponsored mode which was released in February 2000; and exceeded the half-billion impressions delivered mark for ads shown in Eudora in Sponsored mode.

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 integrated circuits 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 90 telecommunications equipment manufacturers worldwide. Headquartered in San Diego, Calif., QUALCOMM is included in the S&P 500 Index and is a 2000 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 component shortages; risks associated with integrated circuit inventory and order levels; risks associated with the Company's ability to execute additional 3G licenses; risks associated with the ability to sustain or improve operational efficiency and profitability; risks relating to the success of the Globalstar business; risks that the rate of growth in CDMA-based wireless data and Internet access or the CDMA subscriber population will decrease; risks associated with strategic investments, acquisitions or divestitures the Company may pursue, including the pending distribution of Spinco shares to QUALCOMM shareholders; risks associated with the scale-up, acceptance and operations of CDMA systems, including 1xEV technology; risks associated with the development, deployment, and commercial acceptance of evolving CDMA technology standards; 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; and risks associated with 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, 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
PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF INCOME
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, 2000		September 30, 2000		September 30, 1999
	Reported	Adjustment	Pro Forma	Pro Forma	%
					Change
Revenues	\$ 635,445	\$ -	\$ 635,445	\$ 716,334	(11%)
Operating expenses:					
Cost of revenues	233,026	(77)	(a)(b) 232,949	322,284	(28%)
Research and development	85,917	(1,135)	(b) 84,782	60,677	40%
Selling, general and administrative	67,070	7,458	(a)(b) 74,528	58,097	28%
Amortization of goodwill and other acquisition-related intangible assets	61,529	(61,529)	(c) -	-	
Other	14,411	(14,411)	(d) -	-	
Total operating expenses	461,953	(69,694)	392,259	441,058	(11%)
Operating income	173,492	69,694	243,186	275,276	(12%)
Interest expense	(429)	-	(429)	(2,484)	(83%)
Investment income, net	59,747	-	59,747	18,490	223%
Distributions on Trust Convertible Preferred Securities of subsidiary trust	-	-	-	(9,900)	
Other	1,203	(1,203)	(e) -	-	
Income before income taxes	234,013	68,491	302,504	281,382	8%
Income tax expense	(95,338)	(6,354)	(101,692)	(98,484)	3%
Net income	\$ 138,675	\$ 62,137	\$ 200,812	\$ 182,898	10%
Net earnings per common share:					
Basic	\$ 0.19				
Diluted	\$ 0.17		\$ 0.25	\$ 0.24	4%
Shares used in per share calculations:					
Basic	745,679				
Diluted	802,763		802,763	777,018	

There are five major categories of adjustments made, to arrive at the Pro Forma results. Notes (a) through (e) below explain the adjustments made. Please note that (a) and (b) are reflected in more than one line on the P&L Statement.

- (a) To exclude the operations of the exited consumer phone business, as well as items related to the sale of this business to Kyocera. The adjustment column includes (\$1) million in cost of revenues and (\$8) million in SG&A expenses.
- (b) To exclude the employer payroll taxes accrued for employee income from non-qualified stock option exercises. The adjustment column includes \$1 million as cost of revenues, \$1 million as R&D expenses and \$1 million as SG&A expenses.
- (c) To exclude the amortization of goodwill and other acquisition-related intangible assets associated with the purchase of SnapTrack and other acquisitions.
- (d) To exclude net charges associated with employee terminations.
- (e) To exclude the release of a contingent liability due to a settlement of the dispute.

QUALCOMM Incorporated
PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF INCOME
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)

	Twelve Months Ended					%
	September 30, 2000		(a)	September 30, 2000		
	Reported	Adjustment		Pro Forma	September 30, 1999 Pro Forma	
					Change	
Revenues	\$ 3,196,780	\$ (435,366)	(a)	\$ 2,761,414	\$ 2,454,951	12%
Operating expenses:						
Cost of revenues	1,507,122	(441,200)	(a)(b)	1,065,922	1,156,044	(8%)
Research and development	340,407	(40,277)	(a)(b)	300,130	214,802	40%
Selling, general and administrative	342,940	(61,679)	(a)(b)	281,261	227,365	24%
Amortization of goodwill and other acquisition-related intangible assets	145,643	(145,643)	(c)	-	-	
Purchased in-process technology	60,030	(60,030)	(c)	-	-	
Other	78,000	(78,000)	(a)(d)	-	-	
Total operating expenses	<u>2,474,142</u>	<u>(826,829)</u>		<u>1,647,313</u>	<u>1,598,211</u>	3%
Operating income	722,638	391,463		1,114,101	856,740	30%
Interest expense	(4,923)	2,719	(a)	(2,204)	(11,603)	(81%)
Investment income, net	494,191	(267,076)	(a) (e)	227,115	44,122	415%
Distributions on Trust Convertible						
Preferred Securities of subsidiary trust	(13,039)	-		(13,039)	(39,297)	(67%)
Other	(2,062)	2,062	(f)	-	-	
Income before income taxes	<u>1,196,805</u>	<u>129,168</u>		<u>1,325,973</u>	<u>849,962</u>	56%
Income tax expense	(526,594)	35,984		(490,610)	(297,487)	65%
Net income	<u>\$ 670,211</u>	<u>\$ 165,152</u>		<u>\$ 835,363</u>	<u>\$ 552,475</u>	51%
Net earnings per common share:						
Basic	<u>\$ 0.93</u>					
Diluted	<u>\$ 0.85</u>			<u>\$ 1.05</u>	<u>\$ 0.80</u>	31%
Shares used in per share calculations:						
Basic	<u>717,205</u>					
Diluted	<u>800,121</u>			<u>800,121</u>	<u>722,537</u>	

There are six major categories of adjustments made, to arrive at the Pro Forma results. Notes (a) through (f) below explain the adjustments made. Please note that (a), (b) and (c) are reflected in more than one line on the P&L Statement.

- (a) To exclude the operations of the exited consumer phone business, as well as items related to the sale of this business to Kyocera. The adjustment column includes \$435 million in revenue, \$432 million in cost of revenues, \$30 million in R&D expenses, \$56 million in SG&A expenses, \$64 million in other expenses, \$3 million in interest expenses and \$3 million in investment expense.
- (b) To exclude the employer payroll taxes accrued for employee income from non-qualified stock option exercises. The adjustment column includes \$9 million as cost of revenues, \$11 million as R&D expenses and \$6 million as SG&A expenses.
- (c) To exclude the costs associated with the purchase of SnapTrack and other acquisitions. The adjustment column includes \$146 million for the amortization of goodwill and other acquisition-related intangible assets and \$60 million for the purchased in-process technology, expensed at the time of purchase.
- (d) To exclude net charges associated with employee terminations.
- (e) To exclude the one time gains realized from the sale of marketable securities of (\$270) million.
- (f) To exclude the write-off of amounts advanced to a wireless operator in Russia, netted against the release of a contingent liability due to settlement of the dispute.

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

	September 30, 2000	September 30, 1999
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 716,871	\$ 660,016
Marketable securities	1,055,522	954,415
Accounts receivable, net	606,979	883,640
Finance receivables	128,515	26,377
Inventories, net	85,366	257,941
Other current assets	136,727	195,849
Total current assets	2,729,980	2,978,238
Property, plant and equipment, net	431,705	555,991
Marketable securities	748,521	70,495
Finance receivables, net	799,404	548,482
Goodwill, net	821,834	1,833
Other assets	531,538	379,911
Total assets	\$ 6,062,982	\$ 4,534,950
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Trade accounts payable	\$ 112,856	\$ 309,701
Payroll and other benefits related liabilities	128,836	148,710
Other current liabilities	162,182	249,896
Unearned revenue	68,419	56,070
Bank lines of credit	-	112,000
Total current liabilities	472,293	876,377
Other liabilities	27,718	75,667
Total liabilities	500,011	952,044
Minority interest in consolidated subsidiaries	46,643	51,596
Company-obligated mandatorily redeemable Trust		
Convertible Preferred Securities of a subsidiary trust		
holding solely debt securities of the Company	-	659,555
Stockholders' equity:		
Preferred stock, \$0.0001 par value	-	-
Common stock, \$0.0001 par value	75	65
Paid-in capital	4,653,818	2,587,899
Retained earnings	871,090	200,879
Accumulated other comprehensive (loss) income	(8,655)	82,912
Total stockholders' equity	5,516,328	2,871,755
Total liabilities and stockholders' equity	\$ 6,062,982	\$ 4,534,950

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

	<u>Three Months Ended</u>		<u>Twelve Months Ended</u>	
	<u>September 30, 2000</u>	<u>September 30, 1999</u>	<u>September 30, 2000</u>	<u>September 30, 1999</u>
Revenues	\$ 635,445	\$ 1,059,615	\$ 3,196,780	\$ 3,937,299
Operating expenses:				
Cost of revenues	233,026	621,240	1,507,122	2,485,072
Research and development	85,917	84,273	340,407	381,139
Selling, general and administrative	67,070	95,569	342,940	425,118
Amortization of goodwill and other acquisition-related intangible assets	61,529	71	145,643	823
Purchased in-process technology	-	-	60,030	-
Other	14,411	34,838	78,000	240,007
Total operating expenses	<u>461,953</u>	<u>835,991</u>	<u>2,474,142</u>	<u>3,532,159</u>
Operating income	173,492	223,624	722,638	405,140
Interest expense	(429)	(3,220)	(4,923)	(14,698)
Investment income, net	59,747	15,981	494,191	24,576
Distributions on Trust Convertible				
Preferred Securities of subsidiary trust	-	(9,900)	(13,039)	(39,297)
Other	<u>1,203</u>	<u>(16,504)</u>	<u>(2,062)</u>	<u>(69,035)</u>
Income before income taxes	234,013	209,981	1,196,805	306,686
Income tax expense	<u>(95,338)</u>	<u>(73,960)</u>	<u>(526,594)</u>	<u>(105,807)</u>
Net income	<u>\$ 138,675</u>	<u>\$ 136,021</u>	<u>\$ 670,211</u>	<u>\$ 200,879</u>
Net earnings per common share:				
Basic	<u>\$ 0.19</u>	<u>\$ 0.21</u>	<u>\$ 0.93</u>	<u>\$ 0.34</u>
Diluted	<u>\$ 0.17</u>	<u>\$ 0.18</u>	<u>\$ 0.85</u>	<u>\$ 0.31</u>
Shares used in per share calculations:				
Basic	<u>745,679</u>	<u>633,460</u>	<u>717,205</u>	<u>594,714</u>
Diluted	<u>802,763</u>	<u>777,018</u>	<u>800,121</u>	<u>649,889</u>