

1 3. Early in the company's history, we began work on the development of Code
2 Division Multiple Access ("CDMA") technology. We committed substantial resources in the late
3 1980s and early 1990s to the development of a commercially viable digital cellular technology
4 based on CDMA that would help relieve the overcrowding of radio bands used by cellular
5 telephones. It was our belief based on substantial testing and study, and since substantiated, that a
6 wireless communications system based on CDMA would boost the capacity of cellular systems
7 dramatically while delivering increased performance to its users.

9 4. In 1992, we presented our CDMA technology to the Telecommunications Industry
10 Association ("TIA") for consideration as a wideband digital wireless standard. The TIA is a
11 standards setting group consisting primarily of wireless equipment manufacturers and purchasers,
12 including both Qualcomm and Ericsson, Inc., and is responsible for setting standards for the
13 telecommunications industry in the United States. If the CDMA technology were adopted as a
14 standard, manufacturers and service providers would be able to build and buy handsets and entire
15 cellular systems using the technology confident of the quality and compatibility of their products.
16 The result for consumers would be a greater number of companies building products using the
17 CDMA technology and the lower prices that result from such increased competition. In July 1993,
18 the TIA adopted a digital wireless standard, referred to as IS-95, which was largely based on our
19 CDMA technology. (This standard was subsequently revised by the TIA and published as IS-95-A
20 in May of 1995. In this declaration, IS-95 and IS-95-A are collectively referred to as "IS-95.")

22 5. The TIA generally will not adopt an industry standard unless all participants
23 holding patents that would be required to develop products compliant with the standard agree to
24 license rights to such patents either without compensation or "under reasonable terms and
25 conditions that are demonstrably free of any unfair discrimination." Accordingly, when Ericsson
26 informed the TIA and its participants during the standards setting process that it held two patents it
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1 believed to be essential to the IS-95 standard, it accompanied that statement with a commitment to
2 make licenses available for those patents as well as any other patents essential to IS-95 under
3 reasonable terms and conditions that are demonstrably free from any unfair discrimination.

4 6. To the best of my knowledge, Ericsson did not seek to enter into any licensing
5 arrangements for its supposedly essential patents with Qualcomm for over two years after the
6 adoption of IS-95 in July 1993. During that two-year period, Qualcomm invested heavily in the
7 marketing and production of products and systems based on the IS-95 standard. By the time
8 Ericsson identified its additional patents allegedly essential to IS-95 in late 1995, Qualcomm had
9 invested approximately \$400 million in the research, development, production and marketing of
10 IS-95 compliant products, and was generally recognized as the world leader in CDMA technology.
11 In the period from July 1993 to December 1995, that investment amounted to roughly \$300
12 million. Consistent with TIA policy, we had also entered into approximately 30 licensing
13 agreements in which we licensed our patents essential to the IS-95 standard to companies
14 interested in developing IS-95 compliant products. The result of these efforts was that the IS-95
15 technology was beginning to make significant inroads into the digital monopoly that TDMA
16 technology supported by Ericsson had enjoyed in the United States up to that point. In the summer
17 of 1995, both PrimeCo and Sprint Telecommunications Venture, two major PCS service providers,
18 announced that they planned to install CDMA rather than TDMA systems in their service areas.

19 7. Shortly after Sprint's announcement, Ericsson announced that it had several
20 "blocking" patents required to practice the IS-95 standard. It was not until December 1995 that
21 Ericsson identified any of those patents. Throughout this period, however, Ericsson continued to
22 assure us that it would honor its promises to the TIA and Qualcomm to license any patents whose
23 use would be required for compliance with IS-95 under reasonable terms and conditions that are
24 demonstrably free from any unfair discrimination.
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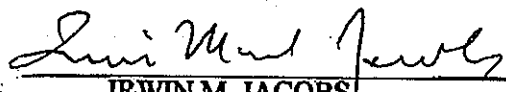
1 8. Qualcomm does not believe that it infringes any of the patents that Ericsson has
2 identified as being essential to the IS-95 standard.

3 9. Nevertheless, Qualcomm relied on Ericsson's statements both during the standards
4 setting process and afterwards that they would license any patents that were determined to be
5 essential to the IS-95 standard under reasonable terms and conditions. During the standards setting
6 process, we relied on Ericsson's many assurances as well as on the TIA Intellectual Property
7 Rights Policy relating to holders of essential patents. Although we did not think products
8 compliant with IS-95 would infringe the two patents identified by Ericsson as essential during the
9 TIA process, we believed as a result of Ericsson's repeated representations and its participation in
10 the TIA process that Ericsson would not seek to prevent our production of products if it were
11 eventually determined that their patents were in fact essential. Due in part to that belief, we felt
12 secure in making the substantial investment in IS-95 products described in paragraph 6 above. If
13 Ericsson had instead claimed in 1993 that it possessed certain patents essential to IS-95 and that it
14 would not license its rights under those patents, Qualcomm would have sought to resolve all issues
15 surrounding those claims as expeditiously as possible.

16 10. CDMA technology implementing the IS-95 standard constitutes the core of
17 Qualcomm's business. IS-95 compliant products were responsible for generating 73% of
18 Qualcomm's total revenues in 1996 and 86% of its total revenues in 1997.

19 I declare under penalty of perjury under the laws of the United States of America that the
20 foregoing is true and correct.

21 Executed this 2 day of October, 1998.

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27 IRWIN M. JACOBS
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