

QUALCOMM INC/DE
Form 4
December 03, 2013

FORM 4 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Johnson Margaret L

2. Issuer Name and Ticker or Trading Symbol
QUALCOMM INC/DE [QCOM]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)
11/29/2013

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)

Executive Vice President

5775 MOREHOUSE DR.

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

SAN DIEGO, CA 92121-1714

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(D)	Price
Common Stock	11/29/2013		S		19,077	D	\$ 73.6356 (1)
Common Stock	12/02/2013		M		6,000	A	\$ 44.75 30,129
Common Stock	12/02/2013		S(2)		6,000	D	\$ 73.6758 (3)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

required to respond unless the form displays a currently valid OMB control number.

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	Amount or Number of Shares
Non-Qualified Stock Option (right to buy)	\$ 44.75	12/02/2013		M	6,000	⁽⁴⁾ 11/08/2019	Common Stock	6,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Johnson Margaret L 5775 MOREHOUSE DR. SAN DIEGO, CA 92121-1714			Executive Vice President	

Signatures

By: Noreen E. Burns, Attorney-in-Fact For: Margaret L. Johnson 12/03/2013

__Signature of Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) The sale prices for this transaction ranged from \$73.6037 to \$73.6551. The filer hereby agrees to provide, upon request, full information regarding the number of shares sold at each separate price.
- (2) The transaction was conducted under a 10b5-1 Plan, as defined under the Securities Exchange Act of 1934, as amended.
- (3) The sale prices for this transaction ranged from \$73.52 to \$73.86. The filer hereby agrees to provide, upon request, full information regarding the number of shares sold at each separate price.
- (4) Employee stock options granted under the Company's 2006 Long-Term Incentive Plan. The options vest on each six month date after the date of grant as to 1/8th of the total shares granted until fully vested four years from the date of grant.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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	2002	2001	2002	2001
Numerator: Net income	\$ 7,985	\$ 6,605	\$24,042	\$21,213
Weighted average shares outstanding	15,894	15,184	15,471	15,155
Effect of dilutive securities: Director and employee stock options	443	513	496	494
Employee performance shares	38	24	38	25
Dilutive potential common shares	481	537	534	519
Denominator for diluted earnings per share--adjusted weighted average shares and assumed conversions	16,375	15,721	16,005	15,674

Denominator: 6

Note F - Segment Disclosures Three Months Nine Months (In Thousands) Ended Sept. 30 Ended Sept. 30 -----

	2002	2001	2002	2001
Total net sales including intercompany sales Pump and Compressor	\$69,640	\$49,878	\$177,858	\$158,783
Intercompany sales Pump and Compressor	\$(10,399)	\$(5,870)	\$(22,632)	\$(18,164)
Net sales to unaffiliated customers Pump and Compressor	\$59,241	\$44,008	\$155,226	\$140,619
Operating income Pump and Compressor	\$ 7,742	\$ 5,909	\$23,303	\$22,018
Lighting*	7,498	6,508	21,022	17,681
Corporate	(1,602)	(1,247)	(4,506)	(4,289)
	\$13,638	\$11,170	\$39,819	\$35,410

*Three months ended September 30 consists of equity income of \$7,547 in 2002 and \$7,090 in 2001 from our 32% interest in the joint venture, Genlyte Thomas Group LLC (GTG), less \$529 of amortization in 2001 of Thomas' excess investment and less \$49 in 2002 and \$53 in 2001, related to expense recorded for Thomas Industries stock options issued to GTG employees. Nine months ended September 30 consists of equity income of \$21,172 in 2002 and \$19,424 in 2001 from our 32% interest in GTG, less \$1,587 of amortization in 2001 of Thomas' excess investment and less \$150 in 2002 and \$156 in 2001, related to expense recorded for Thomas Industries stock options issued to GTG employees.

Note G - Goodwill and Other Intangible Assets ----- In July 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 141, "Business Combinations" (SFAS 141) and SFAS No. 142, "Goodwill and Other Intangible Assets" (SFAS 142). These statements established new accounting and reporting standards for business combinations and associated goodwill and intangible assets. SFAS 141, effective July 1, 2001, eliminates the pooling of interest method of accounting for business combinations initiated after June 30, 2001. SFAS 142, effective January 1, 2002, requires that goodwill and intangible assets with indefinite useful lives no longer be amortized, but instead be tested for impairment at least annually. During the first phase of implementing SFAS 142, the Company was required to identify its reporting units and to determine the carrying value of each reporting unit by assigning the assets and liabilities, including the 7 existing goodwill and intangible assets, to those reporting units as of December 31, 2001. Based upon a discounted cash flow analysis, the Company concluded that the fair value of its reporting units containing goodwill exceeded the carrying value. As a result, no impairment loss was recorded or recognized as a cumulative effect of a change in accounting principle. The Company is required to perform additional impairment tests on an annual basis prior to the issuance of the annual financial statements. The following table provides comparative earnings and earnings per share had the non-amortization provisions of SFAS 142 been adopted for all periods presented: For Three Months For Nine Months Ended Sept. 30 Sept. 30 -----

	2002	2001	2002	2001
Reported net income	\$7,985	\$6,605	\$24,042	\$21,213
Add back: Pump and Compressor (P & C) goodwill amortization, net of tax	-- 95	-- 284	-- 327	-- 981
Add back: Amortization of excess investment in GTG, net of tax	-- 415	-- 1,246	-- 327	-- 981
Adjusted net income	\$7,985	\$7,442	\$24,042	\$23,724
Basic earnings per share: Reported net income	\$.50	\$.43	\$1.55	\$1.40
P & C goodwill amortization	-- .01	-- .02	-- .03	-- .08
GTG amortization	-- .02	-- .07	-- .02	-- .07
Adjusted net income	\$.50	\$.49	\$1.55	\$1.57
Diluted earnings per share: Reported net income	\$.49	\$.42	\$1.50	\$1.35
P & C goodwill amortization	-- .01	-- .02	-- .03	-- .08
GTG amortization	-- .02	-- .06	-- .02	-- .06
Adjusted net income	\$.49	\$.47	\$1.50	\$1.51

----- (Thousands of dollars, except per share data) -----

----- Certain intangible assets have definite lives and are being amortized. In accordance with SFAS 142, the Company evaluated the remaining useful lives of intangible assets as of January 1, 2002, and where appropriate, revisions to the remaining period of amortization were made. Balances at September 30, 2002 and December 31, 2001 are stated in thousands of dollars on the following table. The September 30, 2002 gross carrying amount includes \$8.8 million related to the Rietschle acquisition, which was the portion of the estimated purchase

price allocated to patents. The accumulated amortization balance at September 30, 2002 includes \$71,000 related to the Rietschle patents. 8 September 30, 2002 December 31, 2001 -----

	8 September 30, 2002	December 31, 2001		8 September 30, 2002	December 31, 2001		8 September 30, 2002	December 31, 2001		8 September 30, 2002	December 31, 2001
Gross Carrying Amount	\$454	\$57	5-20	\$437	\$38	Patents	10-20	8,910	146	5-20	23
Gross Carrying Amount	\$14	\$40	31	\$10	\$---	Other	10	35	14	40	31
Total	\$9,399	\$217	\$491	\$64	=====						

==== The total intangible amortization expense for the quarters ended September 30, 2002 and 2001 was \$129 and \$2, respectively. The total amortization expense for the nine months ended September 30, 2002 and 2001 was \$141 and \$18, respectively. The estimated amortization expense stated in thousands of dollars for the next five fiscal years beginning January 1, 2002 is as follows: For the year ended December 31, 2002: \$276 For the year ended December 31, 2003: \$756 For the year ended December 31, 2004: \$756 For the year ended December 31, 2005: \$756 For the year ended December 31, 2006: \$756 Approximately \$13.7 million of Rietschle purchase price was tentatively allocated to non-amortizable intangible in the form of trademarks, as a result of the estimated purchase price allocation. The goodwill included in the balance sheets is related to the Pump and Compressor Segment. Goodwill increased by \$37.3 million due to the estimated purchase price allocation of the Rietschle acquisition. Any other change in goodwill from December 31, 2001 to September 30, 2002, was related to exchange rate fluctuation. Note H - Genlyte Thomas Group LLC ----- The following table contains certain unaudited financial information for the Joint Venture. Genlyte Thomas Group LLC Condensed Financial Information (Dollars in Thousands) (Unaudited) September 30, December 31, 2002 2001 ----

	September 30, 2002	December 31, 2001
GTG balance sheets: Current assets	\$406,033	\$343,044
Long-term assets	271,249	276,077
Current liabilities	187,342	170,545
Long-term liabilities	57,607	62,573
Three Months Ended Sept. 30	2002	2001
GTG income statements (unaudited): Net sales	\$248,268	\$252,631
Gross profit	86,325	89,808
Earnings before interest and taxes	26,332	24,976
Net income(1)	\$23,583	\$22,153
Amounts recorded by Thomas Industries Inc.: Equity income from GTG(2)	\$7,547	\$7,090
Stock option expense (49) (53) (150) (156)		
Amortization of excess investment(3) - (529) - (1,587)		
Equity income reported by Thomas	\$7,498	\$6,508
	\$21,022	\$17,681

==== (1) The quarter and nine months ended September 30, 2002 include a favorable impact from the non-amortization provisions of SFAS 142 of \$1.3 million and \$3.9 million, respectively. (2) The quarter and nine months ended September 30, 2002 include a favorable impact from the non-amortization provisions of SFAS 142 of \$.4 million and \$1.2 million, respectively. (3) The quarter and nine months ended September 30, 2002 include a favorable impact from the non-amortization provisions of SFAS 142 of \$.5 million and \$1.6 million, respectively. Note I - New Accounting Pronouncements ----- FASB No. 141 and 142 are discussed in Note G above. -- The SFAS issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" (SFAS 144), dated August 2001. This statement supercedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of," and the accounting and reporting provisions of Accounting Principles Board (APB) Opinion No. 30, "Reporting Results of Operations - Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions." SFAS 144 requires that one accounting model be used for long-lived assets to be disposed of by sale, whether previously held and used or newly acquired, and it broadens the presentation of discontinued operations to include more disposal transactions. The Company adopted the provisions of SFAS 144, as of January 1, 2002, which did not have an impact on our financial position and results of operations.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies and Estimates ----- Thomas' discussion and analysis of its financial condition and results of operations are based upon Thomas' consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. When preparing these consolidated financial statements, the Company is required to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. The Company 10

Item 2. Management's Discussion and Analysis - Continued evaluates its estimates, including, but not limited to, those related to product warranties, bad debts, inventories, equity investments, income taxes, pensions and other post-retirement benefits, contingencies, and litigation. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. In response to the

Securities and Exchange Commission's (SEC) Release No. 33-8040, "Cautionary Advice Regarding Disclosure About Critical Accounting Policies", the Company identified the following critical accounting policies which affect its more significant judgments and estimates used in the preparation of its consolidated financial statements. Based on the SEC's suggestions, included with the accounting policies are potential adverse results which could occur if different assumptions or conditions were to prevail. The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. If the financial condition of Thomas' customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. Thomas provides for the estimated cost of product warranties. While the Company engages in extensive product quality programs and processes, should actual product failure rates differ from estimates, revisions to the estimated warranty liability would be required. Thomas writes down its inventory for estimated obsolescence or unmarketable inventory equal to the difference between the cost of inventory and the estimated market value based upon assumptions about future demand and market conditions. If actual market conditions are less favorable than those projected by management, additional inventory write-downs may be required. Thomas holds a 32 percent minority interest in the Genlyte Thomas Group LLC (GTG) joint venture, which comprises Thomas' lighting segment and is accounted for using the equity method. If future adverse changes in market conditions or poor operating results of GTG occurred, it could result in losses or an inability to recover the carrying value of the Company's investment, thereby possibly requiring an impairment charge in the future. GTG's critical accounting policies are determined separately by The Genlyte Group Incorporated, which owns 68 percent of GTG and consolidates the GTG results.

Results of Operations ----- On August 29, 2002, the Company purchased substantially all the assets and liabilities of Werner Rietschle Holding GmbH ("Rietschle"), a privately held company based in Schopfheim, Germany. See Note B in the notes to condensed consolidated financial statements. Results of Rietschle for the period after August 29, 2002 through September 30, 2002 are included in the Company's third quarter and nine-month year-to-date periods. The Company's net income was \$8.0 million in the third quarter ended September 30, 2002, compared to \$6.6 million in the third quarter ended September 30, 2001. The third quarter of 2002 was positively impacted by the change in accounting for goodwill required by SFAS No. 142, which was effective January 1, 2002, and eliminated the recording of goodwill 11 Item 2. Management's Discussion and Analysis - Continued amortization. Compared to the previous year's third quarter, this change in accounting increased net income by \$.8 million, or 5 cents per share. Excluding this impact for the accounting change, net income in the quarter ended September 30, 2002, would have increased 7.3% from the previous year's third quarter, primarily due to improvements in both operating Segments. Nine month year-to-date net income was \$24.0 million for the period ended September 30, 2002, compared to \$21.2 million in the comparable 2001 period. The change in accounting increased net income by \$2.5 million, or 16 cents per share in the nine months ended September 30, 2002. Excluding this impact for the accounting change, net income in the nine months ended September 30, 2002 would have increased 1.3% from the 2001 comparable period.

PUMP AND COMPRESSOR SEGMENT Net sales during the third quarter ended September 30, 2002, increased 34.6% to \$59.2 million compared to \$44.0 million for the third quarter of 2001. Included in the 2002 third quarter were \$11.6 million related to Rietschle net sales after August 29, 2002. Excluding the Rietschle net sales, the third quarter net sales would have increased 8.3%. The North American, European and Asia Pacific operations reported increases for the third quarter of 2002 compared to 2001, when excluding Rietschle net sales. Overall, the third quarter sales increase of 8.3%, excluding the impact of Rietschle, would have been reduced to 5.8%, if measured in constant exchange rates. This exchange rate impact on net sales was primarily related to the European operation due to the strengthening of the euro and British pound sterling. Year-to-date net sales for the nine-month period ended September 30, 2002, increased 10.4% to \$155.2 million compared to \$140.6 million for the comparable period in 2001. Included in the 2002 nine-month period were \$11.6 million of Rietschle net sales. Excluding Rietschle, net sales for the nine-month period would have increased 2.1%. Excluding the impact of Rietschle, the Asia Pacific and European operations reported increases of 21.1% and 4.6%, respectively. The North American operations reported a slight decrease in net sales, primarily due to a very weak start early in the first quarter of 2002. Overall, the nine-month period net sales increase of 2.1%, excluding the impact of Rietschle, would have been reduced to 1.5%, if measured in constant exchange rates. Operating income for the third quarter ended September 30, 2002, was \$7.7 million or 31.0% higher than the prior year amount of \$5.9 million. Included in the 2002 third quarter were \$.5 million related to Rietschle operating income from activity after August 29, 2002, which included estimated purchase accounting adjustments. Excluding Rietschle, the third quarter operating income would have increased 21.8%. The

2002 results were positively impacted by \$.1 million, due to the accounting change for goodwill amortization. The increase in operating income was primarily due to the sales volume increases, favorable sales mix and favorable exchange rate impacts. Excluding the impact of the accounting change for goodwill amortization, gross margins increased to 35.5% compared to 35.0%, for the third quarter 2002 versus 2001. Excluding the impact of Rietschle and purchase price adjustments, gross margins in the 2002 third quarter would have increased to 35.6%. SG&A expenses increased to 22.7% of net sales for the third quarter of 2002, compared to 21.6% for the comparable period in 2001. Excluding Rietschle and purchase price related adjustments, SG&A expenses would have decreased to 20.7% of net sales. Year-to-date operating income for the Pump and Compressor Segment for the nine months ended September 30, 2002, was \$23.3 million or 5.8% higher than the prior year amount of \$22.0 million. Rietschle's operating income of \$.5 million was included in the nine-month 12 Item 2. Management's Discussion and Analysis - Continued 2002 period. Excluding Rietschle, the nine-month period operating income would have increased 3.4%. The 2002 results were positively impacted by \$.4 million, due to the accounting change for goodwill amortization. The increase was primarily due to sales volume increases. Excluding the impact of the accounting change for goodwill amortization, gross margins were constant at 35.9% for the nine-month periods in 2002 and 2001. Excluding the impact of Rietschle and purchase price allocation adjustments, gross margins in the 2002 nine-month period would have stayed at 35.9%. SG&A expenses increased to 21.1% of net sales for the nine-month period in 2002, compared to 20.2% for the comparable period in 2001. Excluding Rietschle and purchase price related adjustments, SG&A expenses would have decreased to 20.4% of net sales in 2002. LIGHTING SEGMENT The Lighting Segment (GTG Joint Venture) earnings increased 15.2% to \$7.5 million in the third quarter of 2002, compared to \$6.5 million in the same period in 2001. The 2002 results were positively impacted by \$.9 million, due to the accounting change for goodwill amortization. This \$.9 million impact includes \$.5 million related to amortization of Thomas' excess investment and \$.4 million, which represents Thomas' 32% interest in GTG's \$1.3 million of goodwill amortization in 2001. Therefore, excluding the impact from the accounting change, GTG's earnings increased .7% in 2002 compared to the 2001 third quarter. GTG's sales during the 2002 third quarter decreased 1.7% compared to the third quarter of 2001. The sales shortfall was primarily due to softness in the commercial and industrial markets while earnings improved due to aggressive cost control measures in the SG&A area. Year-to-date GTG earnings for the nine months ended September 30, 2002, increased 18.9% to \$21.0 million, compared to \$17.7 million in the 2001 first nine months. The 2002 results were positively impacted by \$2.8 million, due to the accounting change for goodwill amortization. This \$2.8 million impact includes \$1.6 million related to amortization of Thomas' excess investment and \$1.2 million, which represents Thomas' 32% interest in GTG's \$3.9 million of goodwill amortization in 2001. Therefore, excluding the impact from the accounting change, GTG's earnings increased 2.8% in 2002 compared to the 2001 first nine months. GTG's sales during the 2002 first nine months decreased 3.4% compared to the first nine months of 2001. At any time on or after January 31, 2002, Thomas has the right (a "put right"), but not the obligation, to require the Joint Venture (GTG) to purchase all, but not less than all, of Thomas' ownership interest in GTG at the applicable purchase price. The purchase price shall be equal to the "Fair Market Value" of GTG multiplied by Thomas' ownership percentage in GTG. The "Fair Market Value" means the value of the total interests in GTG computed as a going concern, including the control premium. Further explanation can be found in our Joint Proxy Statement dated July 23, 1998, which is on file with the Securities and Exchange Commission. The Company will continue to review alternatives with respect to the GTG put right. CORPORATE As noted in the Segment Disclosure footnote, consolidated operating income includes corporate expenses. Corporate expenses were \$1.6 million for the third quarter of 2002, compared to \$1.2 million for the comparable period in 2001. The 2002 amount included some increases for incentive and professional fee accruals, which were partially offset by savings from cost reductions implemented during the second half of 2001. Year-to-date corporate expenses for the nine month period ended September 30, 2002, were \$4.5 million compared to \$4.3 million in the comparable 2001 period. 13 Item 2. Management's Discussion and Analysis - Continued Interest expense for the 2002 third quarter was \$.9 million compared to \$.9 million for the third quarter of 2001. Year-to-date interest expense for the nine month period ended September 30, 2002 was \$2.1 million compared to \$2.8 million for comparable 2001 period. The 2002 third quarter and nine month year-to-date interest expense amounts included \$.2 million of interest expense associated with the Rietschle acquisition. The reduction in 2002 was primarily related to the \$7.7 million payment of long-term debt on January 31, 2002, which carried a 9.36% annual interest rate, as well as higher short-term and other long-term borrowing levels in 2001. Interest income and other for the 2002 third quarter was an expense of \$.1 compared to

income of \$.3 million for the third quarter of 2001. The nine month total for 2002 was \$.2 million compared to \$1.3 million for the comparable 2001 period. The 2002 third quarter and nine month year-to-date included charges of \$.2 million associated with Rietschle foreign currency losses. The decrease for the third quarter and September year-to-date periods also related to a \$22.3 million note receivable with GTG, from which the Company received interest income during 2001. GTG paid off this \$22.3 million note in November 2001 and the Company used some of these proceeds to partially pay down long-term debt. Income tax provisions were \$4.6 million and \$4.0 million for the third quarter 2002 and 2001, respectively. The September year-to-date income tax provisions were \$13.8 million and \$12.7 million for 2002 and 2001, respectively. Effective tax rates were 36.5% in the 2002 periods and 37.5% for the 2001 periods. The decline in the effective tax rate was primarily due to the accounting change related to goodwill amortization.

Liquidity and Sources of Capital ----- Cash and cash equivalents decreased \$13.3 million to \$16.2 million at September 30, 2002, compared to \$29.5 million at December 31, 2001. This decrease was primarily related to the \$7.7 million long-term debt payment on January 31, 2002, as well as \$10.9 million used to pay down Rietschle bank debt on August 29, 2002. Cash flows provided by operations in the first nine months of 2002 were \$14.3 million compared to \$12.3 million provided by operations in the same period of 2001. Dividends paid in the first nine months of 2002 were \$3.9 million or \$.255 per share. The 2001 dividends paid in the first nine months were \$3.7 million or \$.245 per share. The Company increased its quarterly dividend per share from \$.075 to \$.085, effective with the April 1, 2001 dividend. As of September 30, 2002, the Company had standby letters of credit totaling \$4.5 million with expiration dates during 2002. The Company anticipates that these letters of credit will be renewed at their expiration dates. The Company announced in December 1999 that it planned to repurchase, from time to time depending on market conditions and other factors, up to 15 percent, or 2,373,000 shares, of its outstanding Common Stock in the open market or through privately negotiated transactions at the prevailing market prices. During the first nine months of 2002, no purchases were made. Through September 30, 2002, the Company has purchased, on a cumulative basis, 879,189 shares at a cost of \$17.3 million under this plan, or an average cost of \$19.72 per share. The Company plans to fund any purchase of Company common stock through a combination of cash flows generated from operating activities and uncommitted borrowing arrangements.

14 Item 2. Management's Discussion and Analysis - Continued Working capital increased from \$46.0 million at December 31, 2001, to \$76.5 million at September 30, 2002, primarily due to the Rietschle acquisition on August 29, 2002.

	Sept. 30	December 31
----- Dollars in Thousands	2002	2001
Working capital	\$ 76,451	\$ 45,978
Current ratio	2.52	2.52
Long-term debt, less current portion	\$104,336	\$24,938
Long-term debt to total capital	25.3%	9.5%

Certain loan agreements of the Company include restrictions on working capital, operating leases, tangible net worth, and the payment of cash dividends and stock distributions. Under the most restrictive of these arrangements, retained earnings of \$97.2 million are not restricted at September 30, 2002. Thomas is in compliance with all covenants or other requirements set forth in its borrowing agreements. In the event of non-compliance or if Thomas prepays the debt, then Thomas would incur a penalty. At September 30, 2002, the prepayment penalty would have been approximately \$2.1 million on a pre-tax basis. As of September 30, 2002, the Company had short-term borrowing arrangements. Thomas currently expects to fund expenditures for capital requirements as well as liquidity needs from a combination of available cash balances, internally generated funds, and, if necessary, short-term financing arrangements. As of September 30, 2002, the Company had available credit of \$120.0 million with banks under a revolving credit facility, of which \$40.0 million was unused. Cash in excess of operating requirements will continue to be invested in high grade, short-term securities. As disclosed in the footnotes to the consolidated financial statements, the Company does have a 32 percent interest in the GTG joint venture, which is accounted for using the equity method, and therefore, is an unconsolidated entity. At September 30, 2002 and December 31, 2001, except as described above, management was aware of no relationships with any other unconsolidated entities, financial partnerships, structured finance entities, or special purpose entities which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Forward-Looking Statements ----- The Company makes forward-looking statements from time to time and desires to take advantage of the "safe harbor" which is afforded such statements under the Private Securities Litigation Reform Act of 1995 when they are accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the forward-looking statements. The statements contained in the foregoing "Management's Discussion and Analysis of Financial Condition and Results of Operations," as well as other statements contained in this Form 10-Q and statements contained in future filings with the Securities and Exchange

Commission and publicly disseminated press releases, and statements which may be made from time to time in the future by management of the Company in presentations to shareholders, prospective investors, and others interested in the business and financial 15 Item 2. Management's Discussion and Analysis - Continued affairs of the Company, which are not historical facts, are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those set forth in the forward-looking statements. Any projections of financial performances or statements concerning expectations as to future developments should not be construed in any manner as a guarantee that such results or developments will, in fact, occur. There can be no assurance that any forward-looking statement will be realized or that actual results will not be significantly different from that set forth in such forward-looking statement. In addition to the risks and uncertainties of ordinary business operations, the forward-looking statements of the Company referred to above are also subject to the following risks and uncertainties:

- o The Company operates in a highly competitive business environment, and its sales could be negatively affected by its inability to maintain or increase prices, changes in geographic or product mix, or the decision of its customers to purchase competitive products instead of the Company's products. Sales could also be affected by pricing, purchasing, financing, operational, advertising, or promotional decisions made by purchasers of the Company's products.
- o The Pump and Compressor Segment operates in a market where technology improvements and the introduction of products for new applications are necessary for future growth. The Company could experience difficulties or delays in the development, production, testing, and marketing of new products. As an original equipment supplier, the Company's results of operations are directly affected by the success of its customers' products.
- o The Pump and Compressor Segment has several key customers, none of which are 10% or more of our consolidated sales. However, the loss of any of these key customers could have a negative affect on the Company's results.
- o On an annual basis, the Company negotiates renewals for property, casualty, workers compensation, general liability, product liability, and health insurance coverages. Due to conditions within these insurance markets and other factors beyond the Company's control, future coverages and the amount of the related premiums could have a negative affect on the Company's results.
- o The Pump and Compressor Segment has the leading market share in the oxygen concentrator Original Equipment Manufacturers (OEM) market worldwide. The Company's market share could be reduced significantly due to a competitor, the vertical integration by our customers, or new technology replacing compressed air in oxygen concentrators. The loss of market share in the oxygen concentrator OEM market could have a significant affect on the Company's results.
- o GTG, which comprises the Company's Lighting Segment, participates in a highly competitive market that is dependent on the level of residential, commercial, and industrial construction activity in North America. Changes in interest rates, consumer preferences, office and plant occupancy rates, and acceptance of new products affect the Lighting Segment.

16 Item 2. Management's Discussion and Analysis - Continued

- o As the Company's business continues to expand outside the United States, the Company could experience changes in its ability to obtain or hedge against currency exchange rates and fluctuations in those rates. The Company could also be affected by nationalizations; unstable governments, economies, or legal systems; terrorist attacks; tariffs; or inter-governmental disputes. These currency, economic, and political uncertainties may affect the Company's results.
- o With the August 29, 2002 acquisition of Rietschle, the Company is in the process of integrating the Rietschle business. There can be no assurance that the integration will occur in a timely fashion or in a manner which will allow the Company to realize the full benefit of its strategies. As part of the integration process, the Company plans on achieving certain synergies. There can be no assurance that the synergies will be realized in a timely manner, if at all.
- o With the August 29, 2002 acquisition of Rietschle, the Company has a larger percentage of its net assets exposed to foreign currency risks, when these foreign currency risks may adversely affect the Company's results. The forward-looking statements made by the Company are based on estimates that the Company believes are reasonable. This means that the Company's actual results could differ materially from such estimates and expectations as a result of being positively or negatively affected by the factors as described above, as well as other unexpected, unanticipated, or unforeseen factors.

Item 3. Quantitative and Qualitative Disclosures about Market Risk. The Company's long-term debt bears interest at fixed rates, with the exception of the \$1.25 million Industrial Revenue Bond and the \$80.0 million revolving credit facility that accrue interest at variable rates. Short-term borrowings are priced at variable interest rates. The Company's results of operations and cash flows, therefore, would only be affected by interest rate changes to the extent of variable rate debt. At September 30, 2002, \$81.25 million was outstanding. A 100 basis point movement in the interest rate on the variable rate debt of \$81.25 million would result in an \$812,500 annualized effect on interest expense and cash flows. The Company also has short-term investments, included in cash equivalents, of \$8.9 million as of September 30, 2002

that bear interest at variable rates. Therefore, a 100 basis point movement in the interest rate would result in an approximate \$89,000 annualized effect on interest income and cash flows. The fair value of the Company's long-term debt is estimated based on current interest rates offered to the Company for similar instruments. A 100 basis point movement in the interest rate would result in an approximate \$320,000 annualized effect on the fair value of long-term debt. The Company has significant operations consisting of sales and manufacturing activities in foreign countries. As a result, the Company's financial results could be significantly affected by factors such as changes in foreign currency exchange rates or changing economic conditions in the foreign markets in which the Company manufactures or distributes its products. Currency exposures for our Pump and Compressor Segment are concentrated in 17 Item 3. Quantitative and Qualitative Disclosures - Continued Germany but exist to a lesser extent in other parts of Europe, Asia and South America. The Lighting Segment currency exposure is primarily in Canada. Item 4. Controls and Procedures Our Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation within 90 days of the filing date of this report, that our disclosure controls and procedures are effective in ensuring that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. There have been no significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to the date of the previous mentioned evaluation. PART II.

OTHER INFORMATION ----- Item 2. Changes in Securities and Use of Proceeds In connection with the Rietschle acquisition, described in Note B to the financial statements, on August 29, 2002, the Company issued 1,800,000 treasury shares of its common stock to Werner Rietschle Holding GmbH. This issuance was made in reliance on Regulation S, promulgated under the Securities Act of 1933, as amended. Item 6. Exhibits and Reports on Form 8-K (a) Exhibits 3(a) Restated Certificate of Incorporation, as amended. 10.1 Credit Agreement dated August 28, 2002 among Thomas Industries Inc., Bank One, Kentucky, N.A., National City Bank of Kentucky, Sun Trust Bank, HVB Banque Luxembourg Societe Anonyme, and Wells Fargo Bank, N.A., as Lenders (the "Lenders"); Bank One, Kentucky, N.A., as Administrative Agent for itself and the other Lenders; National City Bank of Kentucky as Syndication Agent; Sun Trust Bank and HVB Banque Luxembourg Societe Anonyme as Co-Documentation Agents; and Banc One Capital Markets, Inc., as Lead Arranger and Sole Book Runner. 99.1 Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes - Oxley Act of 2002, filed herewith. 18 (b) A Form 8-K was filed on August 29, 2002, announcing the acquisition of Werner Rietschle GmbH & Co. KG ("Rietschle"). A Form 8-K was filed September 12, 2002, related to the Rietschle acquisition, which included the purchase agreement and credit agreement as exhibits. A form 8-K/A was filed November 12, 2002 related to the Rietschle acquisition, which amended the Form 8-K filed September 12, 2002 to include financial statements of Rietschle and certain pro forma financial information. 19 SIGNATURE Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized. THOMAS INDUSTRIES INC. ----- Registrant /s/ Phillip J. Stuecker ----- Phillip J. Stuecker, Vice President and Chief Financial Officer Date November 12, 2002 ----- 20 CERTIFICATIONS ----- I, Timothy C. Brown, certify that: 1. I have reviewed this quarterly report on Form 10-Q of Thomas Industries Inc.; 2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report; 3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report; 4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have: a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared; b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date; 5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of

directors (or persons performing the equivalent function): a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and 6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses. Date: November 12, 2002 /s/ Timothy C. Brown

----- Timothy C. Brown, Chairman, President and CEO 21 CERTIFICATIONS ----- I, Phillip J. Stuecker, certify that: 1. I have reviewed this quarterly report on Form 10-Q of Thomas Industries Inc.; 2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report; 3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report; 4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have: a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared; b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date; 5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function): a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and 6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses. Date: November 12, 2002 /s/ Phillip J. Stuecker ----- Phillip J. Stuecker, Vice President and Chief Financial Officer 22