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QUALCOMM Incorporated
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. The Company and Its Significant Accounting Policies

The Company. QUALCOMM Incorporated, a Delaware corporation, and its subsidiaries (collectively the Company or QUALCOMM), develop, design, manufacture and market digital wireless telecommunications products and services. The Company is a leading developer and supplier of Code Division Multiple Access (CDMA)-based integrated circuits and system software for wireless voice and data communications, multimedia functions and global positioning system products to wireless device and infrastructure manufacturers. The Company also manufactures and sells products based upon Orthogonal Frequency Division Multiplexing Access (OFDMA) technology. The Company grants licenses to use portions of its intellectual property portfolio, which includes certain patent rights essential to and/or useful in the manufacture and sale of certain wireless products, and receives license fees as well as ongoing royalties based on sales by licensees of wireless telecommunications equipment products incorporating its patented technologies. The Company sells equipment, software and services to transportation and other companies to wirelessly connect their assets and workforce. The Company provides software products and services for content enablement across a wide variety of platforms and devices for the wireless industry. The Company provides services to wireless operators to deliver multimedia content, including live television, in the United States. The Company also makes strategic investments to support the global adoption of CDMA- and OFDMA-based technologies and services.

Principles of Consolidation. The Company's consolidated financial statements include the assets, liabilities and operating results of majority-owned subsidiaries. In addition, the Company consolidates its investments in two less than majority-owned variable interest entities as the Company is the primary beneficiary. The ownership of the other interest holders of consolidated subsidiaries and variable interest entities is not presented separately in the consolidated balance sheets or statements of operations as these amounts are negligible for the fiscal years presented. The Company does not hold significant variable interests in any variable interest entities. All significant intercompany accounts and transactions have been eliminated. Certain of the Company's consolidated subsidiaries are included in the consolidated financial statements one month in arrears to facilitate the timely inclusion of such entities in the Company's consolidated financial statements.

Financial Statement Preparation. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts and the disclosure of contingent amounts in the Company's consolidated financial statements and the accompanying notes. Actual results could differ from those estimates. Certain prior year amounts have been reclassified to conform to the current year presentation.

Fiscal Year. The Company operates and reports using a 52-53 week fiscal year ending on the last Sunday in September. The fiscal years ended September 26, 2010, September 27, 2009 and September 28, 2008 included 52 weeks.

Revenue Recognition. The Company derives revenues principally from sales of integrated circuit products, royalties and license fees for its intellectual property, messaging and other services and related hardware sales, software development and licensing and related services, software hosting services and services related to delivery of multimedia content. The timing of revenue recognition and the amount of revenue actually recognized in each case depends upon a variety of factors, including the specific terms of each arrangement and the nature of the Company's deliverables and obligations.

For transactions entered into prior to the first quarter of fiscal 2010, the Company allocated revenue for transactions that included multiple elements to each unit of accounting based on its relative fair value using vendor-specific objective evidence (VSOE). The price charged when the element was sold separately generally determined fair value. When the Company had objective evidence of the fair values of undelivered elements but not delivered elements, the Company allocated revenue first to the fair value of the undelivered elements, and the residual revenue was then allocated to the delivered elements. If the fair value of any undelivered element included in a multiple element arrangement could not be objectively determined, revenue was deferred until all elements were delivered or services were performed, or until fair value could be objectively determined for any remaining undelivered elements. Beginning in the first quarter of fiscal 2010, the Company elected to early adopt the Financial Accounting Standards Board's (FASB) amended accounting guidance for revenue recognition that eliminates the use of the residual method and requires entities to allocate revenue using the relative selling price method. For substantially all of the arrangements with multiple deliverables, the Company continues to use VSOE to allocate the selling price to each deliverable. The Company determines VSOE based on its normal pricing and discounting practices for the specific product or service when sold separately. As a result of the amended guidance, in certain limited instances when VSOE cannot be established, the Company first attempts to establish the selling price based on third-party

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evidence (TPE). If TPE is not available, the Company estimates the selling price of the product or service as if it were sold on a standalone basis. The adoption of the new guidance did not have a material impact on the timing or pattern of revenue recognition.

Revenues from sales of the Company's products are recognized at the time of shipment, or when title and risk of loss pass to the customer and other criteria for revenue recognition are met, if later. Revenues from providing services, including software hosting services and the delivery of multimedia content, are recognized when earned.

The Company licenses or otherwise provides rights to use portions of its intellectual property portfolio, which includes certain patent rights essential to and/or useful in the manufacture and sale of certain wireless products. Licensees typically pay a license fee in one or more installments and ongoing royalties based on their sales of products incorporating or using the Company's licensed intellectual property. License fees are recognized over the estimated period of benefit to the licensee, typically five to fifteen years. The Company earns royalties on such licensed products sold worldwide by its licensees at the time that the licensees' sales occur. The Company's licensees, however, do not report and pay royalties owed for sales in any given quarter until after the conclusion of that quarter. The Company recognizes royalty revenues based on royalties reported by licensees during the quarter and when other revenue recognition criteria are met.

Revenues from long-term contracts are recognized using the percentage-of-completion method of accounting, based on costs incurred compared with total estimated costs. The percentage-of-completion method relies on estimates of total contract revenue and costs. Revenues and profits are subject to revisions as the contract progresses to completion. Revisions in profit estimates are charged or credited to income in the period in which the facts that give rise to the revision become known. If actual contract costs are greater than expected, reduction of contract profit would be required. Estimated contract losses are recognized when determined.

The Company provides both perpetual and renewable time-based software licenses. Revenues from software license fees are recognized when revenue recognition criteria are met and, if applicable, when vendor-specific objective evidence exists to allocate the total license fee to elements of multiple-element software arrangements, including post-contract customer support. Post-contract support is recognized ratably over the term of the related contract. When contracts contain multiple elements wherein the only undelivered element is post-contract customer support and vendor-specific objective evidence of the fair value of post-contract customer support does not exist, revenue from the entire arrangement is recognized ratably over the support period. The amount or timing of the Company's software license revenue may differ as a result of changes in these judgments or estimates.

The Company records reductions to revenue for customer incentive programs, including special pricing agreements and other volume-related rebate programs. Certain reductions to revenues for customer incentives are based on a number of factors, including the contractual provisions of the customer agreements and the Company's assumptions related to historical and projected customer sales volumes, market share and inventory levels.

Unearned revenues consist primarily of license fees for intellectual property and software products, hardware product sales with continuing performance obligations and billings on uncompleted contracts in excess of incurred cost and accrued profit.

Concentrations. A significant portion of the Company's revenues is concentrated with a limited number of customers. Revenues from two customers of the Company's QCT and QTL segments each comprised an aggregate of 15% and 10% of total consolidated revenues in fiscal 2010, compared to 18% and 13% of total consolidated revenues in fiscal 2009 and 16% and 14% of total consolidated revenues in fiscal 2008, respectively. Aggregated accounts receivable from three customers comprised 42% of gross accounts receivable at September 26, 2010. Aggregated accounts receivable from three customers comprised 48% of gross accounts receivable at September 27, 2009.

Revenues from international customers were approximately 95%, 94% and 91% of total consolidated revenues in fiscal 2010, 2009 and 2008, respectively.

Cost of Equipment and Services Revenues. Cost of equipment and services revenues is primarily comprised of the cost of equipment revenues, the cost of messaging and multimedia content delivery services revenues and the cost of development and other services revenues. Cost of equipment revenues consists of the cost of equipment sold, the amortization of certain intangible assets, including license fees and patents, and sustaining engineering costs, including personnel and related costs. Cost of messaging and multimedia content delivery services revenues consists principally of satellite transponder costs, network operations expenses, including personnel and related costs, depreciation, content costs and airtime charges by telecommunications operators. Cost of development and other services revenues primarily includes personnel costs and related expenses.

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Shipping and Handling Costs. Costs incurred for shipping and handling are included in cost of equipment and services revenues at the time the related revenue is recognized. Amounts billed to a customer for shipping and handling are reported as revenue.

Research and Development. Costs incurred in research and development activities are expensed as incurred, except certain software development costs capitalized after technological feasibility of the software is established.

Marketing. Cooperative marketing programs reimburse customers for marketing activities for certain of the Company's products and services, subject to defined criteria. Cooperative marketing costs are recorded as selling, general and administrative expenses to the extent that a marketing benefit separate from the revenue transaction can be identified and supported by objective evidence and the cash paid does not exceed the fair value of that marketing benefit received. Any excess of cash paid over the fair value of the marketing benefit received is recorded as a reduction in revenues in the same period the related revenue is recorded. Cooperative marketing expense is recorded as incurred.

Income Taxes. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Tax law and rate changes are reflected in income in the period such changes are enacted. The Company records a valuation allowance to reduce the deferred tax assets to the amount that is more likely than not to be realized. The Company includes interest and penalties related to income taxes, including unrecognized tax benefits, within the provision for income taxes.

The Company's income tax returns are based on calculations and assumptions that are subject to examination by the Internal Revenue Service and other tax authorities. In addition, the calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax regulations. We recognize liabilities for uncertain tax positions based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon settlement. While the Company believes it has appropriate support for the positions taken on its tax returns, the Company regularly assesses the potential outcomes of examinations by tax authorities in determining the adequacy of its provision for income taxes. The Company continually assesses the likelihood and amount of potential adjustments and adjusts the income tax provision, income taxes payable and deferred taxes in the period in which the facts that give rise to a revision become known.

The Company recognizes windfall tax benefits associated with the exercise of stock options directly to stockholders' equity only when realized. A windfall tax benefit occurs when the actual tax benefit realized by the Company upon an employee's disposition of a share-based award exceeds the deferred tax asset, if any, associated with the award that the Company had recorded. When assessing whether a tax benefit relating to share-based compensation has been realized, the Company follows the tax law ordering method, under which current year share-based compensation deductions are assumed to be utilized before net operating loss carryforwards and other tax attributes.

Cash Equivalents. The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Cash equivalents are comprised of money market funds, certificates of deposit, commercial paper and government agencies' securities. The carrying amounts approximate fair value due to the short maturities of these instruments.

Marketable Securities. The appropriate classification of marketable securities is determined at the time of purchase and reevaluated as of each balance sheet date. Marketable securities include available-for-sale securities, securities for which the Company has elected the fair value option and certain time deposits. The Company classifies marketable securities as current or noncurrent based on the nature of the securities and their availability for use in current operations. Actively traded marketable securities are stated at fair value as determined by the security's most recently traded price at the balance sheet date. If securities are not actively traded, fair value is determined using other valuation techniques, such as matrix pricing. The net unrealized gains or losses on available-for-sale securities are reported as a component of accumulated other comprehensive income (loss), net of income tax. The unrealized gains or losses on securities for which the Company has elected the fair value option are recognized in net investment income (loss). The realized gains and losses on marketable securities are determined using the specific identification method.

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At each balance sheet date, the Company assesses available-for-sale securities in an unrealized loss position to determine whether the unrealized loss is other than temporary. The Company considers factors including: the significance of the decline in value compared to the cost basis, underlying factors contributing to a decline in the prices of securities in a single asset class, how long the market value of the security has been less than its cost basis, the security's relative performance versus its peers, sector or asset class, expected market volatility and the market and economy in general, analyst recommendations and price targets, views of external investment managers, news or financial information that has been released specific to the investee and the outlook for the overall industry in which the investee operates.

In April 2009, the FASB amended the existing guidance on determining whether an impairment for an investment in debt securities is other than temporary. Effective in the third quarter of fiscal 2009, if the debt security's market value is below amortized cost and the Company either intends to sell the security or it is more likely than not that the Company will be required to sell the security before its anticipated recovery, the Company records an other-than-temporary impairment charge to investment income (loss) for the entire amount of the impairment. For the remaining debt securities, if an other-than-temporary impairment exists, the Company separates the other-than-temporary impairment into the portion of the loss related to credit factors, or the credit loss portion, and the portion of the loss that is not related to credit factors, or the noncredit loss portion. The credit loss portion is the difference between the amortized cost of the security and the Company's best estimate of the present value of the cash flows expected to be collected from the debt security. The noncredit loss portion is the residual amount of the other-than-temporary impairment. The credit loss portion is recorded as a charge to investment income (loss), and the noncredit loss portion is recorded as a separate component of other comprehensive income (loss). Prior to the third quarter of fiscal 2009, the entire other-than-temporary impairment loss was recognized in earnings for all debt securities.

When calculating the present value of expected cash flows to determine the credit loss portion of the other-than-temporary impairment, the Company estimates the amount and timing of projected cash flows, the probability of default and the timing and amount of recoveries on a security-by-security basis. These calculations use inputs primarily based on observable market data, such as credit default swap spreads, historical default and recovery statistics, rating agency data, credit ratings and other data relevant to analyzing the collectibility of the security. The amortized cost basis of a debt security is adjusted for any credit loss portion of the impairment recorded to earnings. The difference between the new cost basis and cash flows expected to be collected is accreted to investment income (loss) over the remaining expected life of the security.

Securities that are accounted for as equity securities include investments in common stock, equity mutual and exchange-traded funds and debt mutual funds. For equity securities, the Company considers the loss relative to the expected volatility and the likelihood of recovery over a reasonable period of time. If events and circumstances indicate that a decline in the value of an equity security has occurred and is other than temporary, the Company records a charge to investment income (loss) for the difference between fair value and cost at the balance sheet date. Additionally, if the Company has either the intent to sell the security or does not have both the intent and the ability to hold the equity security until its anticipated recovery, the Company records a charge to investment income (loss) for the difference between fair value and cost at the balance sheet date.

Allowances for Doubtful Accounts. The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of the Company's customers to make required payments. The Company considers the following factors when determining if collection of a fee is reasonably assured: customer credit-worthiness, past transaction history with the customer, current economic industry trends and changes in customer payment terms. If the Company has no previous experience with the customer, the Company typically obtains reports from various credit organizations to ensure that the customer has a history of paying its creditors. The Company may also request financial information, including financial statements or other documents to ensure that the customer has the means of making payment. If these factors do not indicate collection is reasonably assured, revenue is deferred until collection becomes reasonably assured, which is generally upon receipt of cash. If the financial condition of the Company's customers was to deteriorate, adversely affecting their ability to make payments, additional allowances would be required.

Inventories. Inventories are valued at the lower of cost or market (replacement cost, not to exceed net realizable value) using the first-in, first-out method. Recoverability of inventory is assessed based on review of committed purchase orders from customers, as well as purchase commitment projections provided by customers, among other things.

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Property, Plant and Equipment. Property, plant and equipment are recorded at cost and depreciated or amortized using the straight-line method over their estimated useful lives. Buildings and building improvements are depreciated over 30 years and 15 years, respectively. Leasehold improvements are amortized over the shorter of their estimated useful lives or the remaining term of the related lease, not to exceed 15 years. Other property, plant and equipment have useful lives ranging from 2 to 25 years. Direct external and internal costs of developing software for internal use are capitalized subsequent to the preliminary stage of development. Leased property meeting certain capital lease criteria is capitalized, and the net present value of the related lease payments is recorded as a liability. Amortization of capital leased assets is recorded using the straight-line method over the shorter of the estimated useful lives or the lease terms. Maintenance, repairs, and minor renewals and betterments are charged to expense as incurred.

Upon the retirement or disposition of property, plant and equipment, the related cost and accumulated depreciation or amortization are removed, and a gain or loss is recorded.

Derivatives. The Company may enter into foreign currency forward and option contracts to manage foreign exchange risk for certain foreign currency transactions and probable anticipated foreign currency revenue transactions. Gains and losses arising from changes in the fair values of foreign currency forward and option contracts that are not designated as hedging instruments are recorded in investment income (expense) as gains (losses) on derivative instruments. Gains and losses arising from the effective portion of foreign currency forward and option contracts that are designated as cash-flow hedging instruments are recorded in accumulated other comprehensive income (loss) as gains (losses) on derivative instruments, net of tax. The amounts are subsequently reclassified into revenues in the same period in which the underlying transactions affect the Company's earnings. The fair value of the Company's foreign currency option contracts used to hedge foreign currency revenue transactions recorded in other current assets was $4 million and $29 million at September 26, 2010 and September 27, 2009, respectively, and the value recorded in other current liabilities was $19 million and $58 million at September 26, 2010 and September 27, 2009, respectively, substantially all of which were designated as cash-flow hedging instruments. The fair value recorded in other current assets related to the Company's foreign currency forward contracts used to manage foreign exchange risk for certain forecasted payments to be made in Indian rupees in connection with the loan payable to banks, which were not designated as hedging instruments, was $7 million at September 26, 2010.

In connection with its stock repurchase program, the Company may sell put options that require the Company to repurchase shares of its common stock at fixed prices. The premiums received from put options are recorded as other current liabilities. Changes in the fair value of put options are recorded in investment income (expense) as gains (losses) on derivative instruments. At September 26, 2010 and September 27, 2009, no put options were outstanding.

Goodwill and Other Intangible Assets. Goodwill represents the excess of purchase price and related costs over the value assigned to the net tangible and identifiable intangible assets of businesses acquired. Goodwill is tested annually for impairment and in interim periods if certain events occur indicating that the carrying value of goodwill may be impaired.

Acquired intangible assets other than goodwill are amortized over their useful lives unless the lives are determined to be indefinite. Acquired intangible assets are carried at cost, less accumulated amortization. For intangible assets purchased in a business combination or received in a non-monetary exchange, the estimated fair values of the assets received (or, for non-monetary exchanges, the estimated fair values of the assets transferred if more clearly evident) are used to establish the cost bases, except when neither of the values of the assets received or the assets transferred in non-monetary exchanges are determinable within reasonable limits. Valuation techniques consistent with the market approach, income approach and/or cost approach are used to measure fair value. Amortization of finite-lived intangible assets is computed over the useful lives of the respective assets.

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Weighted-average amortization periods for finite-lived intangible assets, by class, were as follows at September 26, 2010 and September 27, 2009:

Wireless licenses	5 years
Marketing-related	18 years
Technology-based	14 years
Customer-related	5 years
Other	22 years
Total intangible assets	14 years

Impairment of Long-Lived and Intangible Assets. The Company assesses potential impairments to its long-lived assets or asset groups when there is evidence that events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recovered. An impairment loss is recognized when the carrying amount of the long-lived asset or asset group is not recoverable and exceeds its fair value. The carrying amount of a long-lived asset or asset group is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset or asset group. Any required impairment loss is measured as the amount by which the carrying amount of a long-lived asset or asset group exceeds its fair value and is recorded as a reduction in the carrying value of the related asset or asset group and a charge to operating results. Intangible assets with indefinite lives are tested annually for impairment and in interim periods if certain events occur indicating that the carrying value of the intangible assets may be impaired.

Securities Lending. The Company may engage in transactions in which certain fixed-income and equity securities are loaned to selected broker-dealers. At September 26, 2010 and September 27, 2009, there were no securities loaned under the Company's securities lending program. Cash collateral is held and invested by one or more securities lending agents on behalf of the Company. The Company monitors the fair value of securities loaned and the collateral received and obtains additional collateral as necessary .

Litigation. The Company is currently involved in certain legal proceedings. The Company records its best estimate of a loss related to pending litigation when the loss is considered probable and the amount can be reasonably estimated. Where a range of loss can be reasonably estimated with no best estimate in the range, the Company records the minimum estimated liability related to the claim. As additional information becomes available, the Company assesses the potential liability related to the Company's pending litigation and revises its estimates. The Company's policy is to expense legal costs associated with defending itself as incurred.

Share-Based Compensation. Share-based compensation expense for equity-classified awards, principally related to stock options and restricted stock units (RSUs), is measured at the grant date, based on the estimated fair value of the award and is recognized over the employee's requisite service period.

The grant-date fair values of employee stock options are estimated using the lattice binomial option-pricing model. The weighted-average estimated fair values of employee stock options granted during fiscal 2010, 2009 and 2008 were $12.40, $14.27 and $15.97 per share, respectively. The following table presents the weighted-average assumptions (annualized percentages) used to estimate the fair values of employee stock options granted in the periods presented:

	2010	2009	2008
Volatility	33.8%	42.7%	41.1%
Risk-free interest rate	2.5%	2.6%	3.8%
Dividend yield	1.5%	1.5%	1.3%
Post-vest forfeiture rate	9.8%	9.2%	8.0%
Suboptimal exercise factor	1.8	1.9	1.9

The Company uses the implied volatility of market-traded options in the Company's stock to determine the expected volatility. The term structure of volatility is used up to approximately two years, and the Company uses the implied volatility of the option with the longest time to maturity for periods beyond two years. The risk-free interest rate is based upon observed interest rates appropriate for the terms of the Company's employee stock options. The Company does not target a specific dividend yield for its dividend payments but is required to assume a dividend yield as an input to the binomial model. The dividend yield is based on the Company's history and expectation of future dividend payouts and may be subject to substantial change in the future. The post-vest forfeiture rate and suboptimal exercise factor are based on the Company's historical option cancellation and employee exercise information, respectively.

The expected life of employee stock options is a derived output of the binomial model and is impacted by all of the underlying assumptions used by the Company. The weighted-average expected life of employee stock options granted, as derived from the binomial model, was 5.5 years, 5.6 years and 5.9 years during fiscal 2010, 2009 and 2008, respectively.

The grant-date fair values of RSUs are estimated based on the fair market values of the underlying stock on the dates of grant. The weighted-average estimated fair values of employee RSUs granted during fiscal 2010 and 2008 were $35.61 and $54.42 per share, respectively. No RSUs were granted in fiscal 2009. Shares are issued on the vesting dates net of the amount of shares needed to satisfy statutory tax withholding requirements to be paid by the Company on behalf of the employees. As a result, the actual number of shares issued will be fewer than the actual number of RSUs outstanding.

Share-based compensation expense is adjusted to exclude amounts related to share-based awards that are expected to be forfeited. The annual pre-vest forfeiture rate for stock options and RSUs granted in fiscal 2010 was estimated to be approximately 3% based on historical experience. The effect of pre-vest forfeitures on the Company's recorded expense in fiscal 2010, 2009 and 2008 for awards granted prior to fiscal 2010 was negligible due to the predominantly monthly vesting of stock options that were granted in those periods.

Total estimated share-based compensation expense, related to all of the Company's share-based awards, was comprised as follows (in millions):

	2010	2009	2008
Cost of equipment and services revenues	$ 42	$ 41	$ 39
Research and development	300	280	250
Selling, general and administrative	273	263	254
Share-based compensation expense before income taxes	615	584	543
Related income tax benefit	(170)	(129)	(176)
Share-based compensation expense, net of income taxes	$ 445	$ 455	$ 367

The Company recorded $119 million, $106 million and $135 million in share-based compensation expense during fiscal 2010, 2009 and 2008, respectively, related to share-based awards granted during those periods. The remaining share-based compensation expense primarily related to stock option awards granted in earlier periods. In addition, for fiscal 2010, 2009 and 2008, $45 million, $79 million and $408 million, respectively, were reclassified to reduce net cash provided by operating activities with an offsetting increase in net cash used by financing activities in the consolidated statements of cash flows to reflect the incremental tax benefits from stock options exercised in those periods. The amount of compensation cost capitalized related to share-based payment awards was negligible for all periods presented.

Foreign Currency. Foreign subsidiaries operating in a local currency environment use the local currency as the functional currency. Resulting translation gains or losses are recognized as a component of other comprehensive income. Where the United States dollar is the functional currency, resulting translation gains or losses are recognized in the statements of operations. Transaction gains or losses related to balances denominated in a different currency than the functional currency are recognized in the statement of operations. Net foreign currency transaction gains included in the Company's statement of operations were negligible in fiscal 2010, 2009 and 2008.

Comprehensive Income. Comprehensive income is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources, including foreign currency translation adjustments and unrealized gains and losses on marketable securities. The Company presents comprehensive income in its consolidated statements of stockholders' equity. The reclassification adjustment for net realized gains results from the recognition of the net realized gains in the statements of operations when marketable securities are sold or derivative instruments are settled. The reclassification adjustment for other-than-temporary losses on marketable securities included in net income results from the recognition of the unrealized losses in the statements of operations when they are no longer viewed as temporary. The portion of other-than-temporary impairment losses related to noncredit factors and subsequent changes in fair value included in comprehensive income is shown separately from other unrealized gains or losses on marketable securities.

Components of accumulated other comprehensive income consisted of the following (in millions):

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	September 26, 2010	September 27, 2009
Noncredit other-than-temporary impairment losses and subsequent changes in fair value related to certain marketable debt securities, net of income taxes	$ 62	$ 71
Net unrealized gains on marketable securities, net of income taxes	723	574
Net unrealized losses on derivative instruments, net of income taxes	(8)	(17)
Foreign currency translation	(80)	(40)
	$ 697	$ 588

Total comprehensive income consisted of the following (in millions):

	2010	2009	2008
Net income	$ 3,247	$ 1,592	$ 3,160
Other comprehensive income:			
Foreign currency translation	(40)	(25)	(12)
Noncredit other-than-temporary impairment losses and subsequent changes in fair value related to certain marketable debt securities, net of income taxes of ($5), $12 and $0, respectively	21	135	—
Net unrealized gains (losses) on other marketable securities and derivative instruments, net of income taxes of $74, ($5) and $373, respectively	392	261	(738)
Reclassification of net realized gains on marketable securities and derivative instruments included in net income, net of income taxes of ($12), $75 and $48, respectively	(380)	(93)	(72)
Reclassification of other-than-temporary losses on marketable securities included in net income, net of income taxes of ($5), $130 and $201, respectively	116	613	301
Total other comprehensive income (loss)	109	891	(521)
Total comprehensive income	$ 3,356	$ 2,483	$ 2,639

At September 26, 2010, accumulated other comprehensive income includes $36 million of other-than-temporary losses on marketable debt securities related to factors other than credit, net of income taxes.

Earnings Per Common Share. Basic earnings per common share is computed by dividing net income by the weighted-average number of common shares outstanding during the reporting period. Diluted earnings per common share is computed by dividing net income by the combination of dilutive common share equivalents, comprised of shares issuable under the Company's share-based compensation plans and shares subject to written put options, and the weighted-average number of common shares outstanding during the reporting period. Dilutive common share equivalents include the dilutive effect of in-the-money share equivalents, which are calculated based on the average share price for each period using the treasury stock method. Under the treasury stock method, the exercise price of an option, the amount of compensation cost, if any, for future service that the Company has not yet recognized, and the amount of estimated tax benefits that would be recorded in paid-in capital, if any, when the award is settled are assumed to be used to repurchase shares in the current period. The incremental dilutive common share equivalents, calculated using the treasury stock method, for fiscal 2010, 2009 and 2008 were 15,652,000, 16,900,000 and 27,618,000, respectively.

Employee stock options to purchase 149,007,000, 136,309,000 and 102,397,000 shares of common stock during fiscal 2010, 2009 and 2008, respectively, were outstanding but not included in the computation of diluted earnings per common share because the effect would be anti-dilutive. In addition, 235,000 and 2,388,000 shares of other common stock equivalents outstanding in fiscal 2010 and 2008, respectively, were not included in the computation of diluted earnings per common share because the effect would be anti-dilutive.

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Note 2. Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants as of the measurement date. Applicable accounting guidance provides an established hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in valuing the asset or liability and are developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the factors that market participants would use in valuing the asset or liability. There are three levels of inputs that may be used to measure fair value:

- Level 1 includes financial instruments for which quoted market prices for identical instruments are available in active markets.
- Level 2 includes financial instruments for which there are inputs other than quoted prices included within Level 1 that are observable for the instrument such as quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets with insufficient volume or infrequent transactions (less active markets) or model-driven valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.
- Level 3 includes financial instruments for which fair value is derived from valuation techniques in which one or more significant inputs are unobservable, including the Company's own assumptions. The pricing models incorporate transaction details such as contractual terms, maturity and, in certain instances, timing and amount of future cash flows, as well as assumptions related to liquidity and credit valuation adjustments of marketplace participants.

Assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurements. The Company reviews the fair value hierarchy classification on a quarterly basis. Changes in the observability of valuation inputs may result in a reclassification of levels for certain securities within the fair value hierarchy.

The following table presents the Company's fair value hierarchy for assets and liabilities measured at fair value on a recurring basis at September 26, 2010 (in millions):

	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	$ 2,499	$ 687	$ —	$ 3,186
Marketable securities				
U.S. Treasury securities and government-related securities	30	624	—	654
Corporate bonds and notes	—	4,999	—	4,999
Mortgage- and asset-backed securities	—	661	6	667
Auction rate securities	—	—	126	126
Non-investment-grade debt securities	—	3,353	12	3,365
Common and preferred stock	1,086	636	—	1,722
Equity mutual and exchange-traded funds	979	—	—	979
Debt mutual funds	—	1,943	—	1,943
Total marketable securities	2,095	12,216	144	14,455
Derivative instruments	—	11	—	11
Other investments (1)	134	—	—	134
Total assets measured at fair value	$ 4,728	$ 12,914	$ 144	$ 17,786
Liabilities				
Derivative instruments	$ —	$ 19	$ —	$ 19
Other liabilities (1)	134	—	—	134
Total liabilities measured at fair value	$ 134	$ 19	$ —	$ 153

(1) Comprised of the Company's deferred compensation plan liability and related assets which are invested in mutual funds.

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Marketable Securities. With the exception of auction rate securities, the Company obtains pricing information from quoted market prices, recognized independent pricing vendors or multiple pricing vendors, or quotes from brokers/dealers. The Company conducts reviews of its primary pricing vendors to validate that the inputs used in that vendor's pricing process are deemed to be observable.

The fair value of other government-related securities and investment- and non-investment-grade corporate bonds and notes is generally determined using standard observable inputs, including matrix pricing or reported trades, benchmark yields, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids and/or offers.

The fair value of debt mutual funds is determined based on published net asset values. Debt mutual funds are included in Level 2 of the fair value hierarchy if the net asset values are reported other than daily or if the mutual funds are considered illiquid. The Company looks to the characteristics of the underlying collateral to assess the fund's valuation and to determine whether fair value is determined using observable or unobservable inputs.

The fair value of mortgage- and asset-backed securities is derived from the use of matrix pricing or cash flow pricing models in which inputs are observable, including contractual terms, maturity, prepayment speeds, credit rating and securitization structure, to determine the timing and amount of future cash flows. Certain mortgage- and asset-backed securities, principally those that are rated below AAA, require use of significant unobservable inputs to estimate fair value, including significant assumptions about prioritization of the payment schedule, default likelihood, recovery rates and prepayment speed.

The fair value of auction rate securities is estimated by the Company using a discounted cash flow model that incorporates transaction details such as contractual terms, maturity and timing and amount of future cash flows, as well as assumptions related to liquidity and credit valuation adjustments of market participants. Though the vast majority of the securities are pools of student loans guaranteed by the U.S. government, prepayment speeds and illiquidity discounts are considered significant unobservable inputs. Therefore, auction rate securities are included in Level 3.

Derivative Instruments. Derivative instruments include foreign currency option and forward contracts to manage foreign exchange risk for certain foreign currency transactions. Derivative instruments are valued using standard calculations/models that are primarily based on observable inputs, including foreign currency exchange rates, volatilities and interest rates. Therefore, derivative instruments are included in Level 2.

Activity between Levels of the Fair Value Hierarchy. There were no significant transfers between Level 1 and Level 2 during fiscal 2010 or fiscal 2009. When a determination is made to classify an asset or liability within Level 3, the determination is based upon the significance of the unobservable inputs to the overall fair value measurement. The following table includes the activity for marketable securities classified within Level 3 of the valuation hierarchy (in millions):

	September 26, 2010		
	Auction Rate Securities	Other Marketable Securities	Total
Beginning balance of Level 3 marketable securities	$ 174	$ 31	$ 205
Total realized and unrealized gains (losses):			
Included in investment income, net	—	5	5
Included in other comprehensive income	7	(1)	6
Settlements	(55)	(21)	(76)
Transfers into Level 3	—	4	4
Ending balance of Level 3 marketable securities	$ 126	$ 18	$ 144

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	September 27, 2009		
	Auction Rate Securities	Other Marketable Securities	Total
Beginning balance of Level 3 marketable securities	$ 186	$ 25	$ 211
Total realized and unrealized (losses) gains:			
Included in investment loss, net	(2)	(6)	(8)
Included in other comprehensive income	(3)	8	5
Settlements	(7)	(22)	(29)
Transfers into Level 3	—	26	26
Ending balance of Level 3 marketable securities	$ 174	$ 31	$ 205

The Company's policy is to recognize transfers into and out of levels within the fair value hierarchy at the end of the fiscal month in which the actual event or change in circumstances that caused the transfer occurs. Transfers into Level 3 in fiscal 2010 and fiscal 2009 primarily consisted of debt securities with significant inputs that became unobservable as a result of an increased likelihood of a shortfall in contractual cash flows or a significant downgrade in the credit ratings.

Nonrecurring Fair Value Measurements. The Company measures certain assets at fair value on a nonrecurring basis. These assets include cost and equity method investments when they are deemed to be other-than-temporarily impaired, assets acquired and liabilities assumed in an acquisition or in a nonmonetary exchange, and property, plant and equipment and intangible assets that are written down to fair value when they are held for sale or determined to be impaired. During fiscal 2010 and 2009, the Company did not have any significant assets or liabilities that were measured at fair value on a nonrecurring basis in periods subsequent to initial recognition.

Note 3. Marketable Securities

Marketable securities were comprised as follows (in millions):

	Current		Noncurrent	
	September 26, 2010	September 27, 2009	September 26, 2010	September 27, 2009
Available-for-sale:				
U.S. Treasury securities and government-related securities	$ 650	$ 1,407	$ 4	$ —
Corporate bonds and notes	3,504	3,988	1,495	1,204
Mortgage- and asset-backed securities	629	821	38	36
Auction rate securities	—	—	126	174
Non-investment-grade debt securities	21	21	3,344	2,719
Common and preferred stock	52	140	1,670	1,377
Equity mutual and exchange-traded funds	—	—	979	948
Debt mutual funds	1,476	1,975	—	215
Total available-for-sale	6,332	8,352	7,656	6,673
Fair value option:				
Debt mutual fund	—	—	467	—
Time deposits	400	—	—	—
Total marketable securities	$ 6,732	$ 8,352	$ 8,123	$ 6,673

In fiscal 2010, the Company made an investment in a debt mutual fund for which the Company elected the fair value option. The investment would have otherwise been recorded using the equity method. The debt mutual fund has no single maturity date. At September 26, 2010, the Company had an effective ownership interest in the debt mutual fund of 17%. An increase in fair value associated with this investment of $17 million was recognized in net investment income in fiscal 2010. The Company believes that recording the investment at fair value and reporting the investment as a marketable security is preferable to applying the equity method because the Company is able to redeem its shares at net asset value, which is determined daily. At September 26, 2010, marketable securities also included $400 million of time deposits that mature in December 2010.

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At September 26, 2010, the contractual maturities of available-for-sale debt securities were as follows (in millions):

Years to Maturity					
Less Than One Year	One to Five Years	Five to Ten Years	Greater Than Ten Years	No Single Maturity Date	Total
$ 738	$ 4,566	$ 1,683	$ 940	$ 3,360	$ 11,287

Securities with no single maturity date included mortgage- and asset-backed securities, auction rate securities, non-investment-grade debt securities and debt mutual funds.

The Company recorded realized gains and losses on sales of available-for-sale marketable securities as follows (in millions):

Fiscal Year	Gross Realized Gains	Gross Realized Losses	Net Realized Gains
2010	$ 415	$ (31)	$ 384
2009	215	(79)	136
2008	246	(119)	127

Available-for-sale securities were comprised as follows (in millions):

	Cost	Unrealized Gains	Unrealized Losses	Fair Value
September 26, 2010				
Equity securities	$ 2,309	$ 403	$ (11)	$ 2,701
Debt securities	10,795	512	(20)	11,287
	$13,104	$ 915	$ (31)	$ 13,988
September 27, 2009				
Equity securities	$ 2,282	$ 340	$ (157)	$ 2,465
Debt securities	12,069	530	(39)	12,560
	$14,351	$ 870	$ (196)	$ 15,025

The following table shows the gross unrealized losses and fair values of the Company's investments in individual securities that have been in a continuous unrealized loss position deemed to be temporary for less than 12 months and for more than 12 months, aggregated by investment category (in millions):

	September 26, 2010			
	Less than 12 months		More than 12 months	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Corporate bonds and notes	$ 425	$ (1)	$ 23	$ —
Auction rate securities	—	—	126	(4)
Non-investment-grade debt securities	296	(7)	90	(8)
Common and preferred stock	133	(10)	3	—
Equity mutual and exchange-traded funds	277	(1)	—	—
	$ 1,131	$ (19)	$ 242	$ (12)

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	September 27, 2009			
	Less than 12 months		More than 12 months	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Corporate bonds and notes	$ 462	$ (1)	$ 183	$ (5)
Mortgage- and asset-backed securities	56	(1)	20	(1)
Auction rate securities	23	(1)	151	(10)
Non-investment-grade debt securities	127	(5)	263	(15)
Common and preferred stock	155	(11)	155	(16)
Equity mutual and exchange-traded funds	44	(6)	730	(124)
	$ 867	$ (25)	$ 1,502	$ (171)

At September 26, 2010, the Company concluded that the unrealized losses were temporary. Further, for common and preferred stock, equity mutual and exchange-traded funds and debt mutual funds with unrealized losses, the Company has the ability and the intent to hold such securities until they recover, which is expected to be within a reasonable period of time. For debt securities with unrealized losses, the Company does not have the intent to sell, nor is it more likely than not that the Company will be required to sell, such securities before recovery or maturity.

The following table shows the activity for the credit loss portion of other-than-temporary impairments on debt securities held by the Company (in millions):

	September 26, 2010	September 27, 2009
Beginning balance of credit losses	$ 170	$ —
Credit losses remaining in retained earnings upon adoption	—	186
Additional credit losses recognized on securities previously impaired	1	2
Credit losses recognized on securities previously not impaired	1	17
Reductions in credit losses related to securities sold	(39)	(21)
Accretion of credit losses due to an increase in cash flows expected to be collected	(24)	—
Reductions in credit losses related to previously impaired securities that the Company intends to sell	—	(14)
Ending balance of credit losses	$ 109	$ 170

Note 4. Composition of Certain Financial Statement Captions

Accounts Receivable.

	September 26, 2010	September 27, 2009
	(In millions)	
Trade, net of allowances for doubtful accounts of $3 and $4, respectively	$ 697	$ 639
Long-term contracts	25	38
Other	8	23
	$ 730	$ 700

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Inventories.

	September 26, 2010	September 27, 2009
	(In millions)	
Raw materials	$ 15	$ 15
Work-in-process	284	199
Finished goods	229	239
	$ 528	$ 453

Property, Plant and Equipment.

	September 26, 2010	September 27, 2009
	(In millions)	
Land	$ 201	$ 187
Buildings and improvements	1,424	1,364
Computer equipment and software	1,144	1,022
Machinery and equipment	1,684	1,535
Furniture and office equipment	70	65
Leasehold improvements	242	219
Construction in progress	75	76
	4,840	4,468
Less accumulated depreciation and amortization	(2,467)	(2,081)
	$ 2,373	$ 2,387

Depreciation and amortization expense related to property, plant and equipment for fiscal 2010, 2009 and 2008 was $437 million, $428 million and $372 million, respectively. The gross book values of property under capital leases included in buildings and improvements were $227 million and $190 million at September 26, 2010 and September 27, 2009, respectively. These capital leases principally related to base station towers and buildings. Amortization of assets recorded under capital leases is included in depreciation expense. Capital lease additions during fiscal 2010, 2009 and 2008 were $40 million, $50 million and $51 million, respectively.

At September 26, 2010 and September 27, 2009, buildings and improvements and leasehold improvements with aggregate net book value of $38 million and $56 million, respectively, including accumulated depreciation and amortization of $8 million and $9 million, respectively, were leased to third parties or held for lease to third parties. Future minimum rental income on facilities leased to others in fiscal 2011 to 2014 is expected to be $5 million, $4 million, $2 million and $1 million, respectively, and zero thereafter.

Goodwill and Other Intangible Assets. The Company's reportable segment assets do not include goodwill. The Company allocates goodwill to its reporting units for annual impairment testing purposes. Goodwill was allocable to reporting units included in the Company's reportable segments and to its QMT division, a nonreportable segment, as described in Note 10 as follows (in millions):

	September 26, 2010	September 27, 2009
QCT	$ 443	$ 434
QTL	676	675
QWI	241	255
QMT	128	128
	$ 1,488	$ 1,492

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The components of intangible assets were as follows (in millions):

	September 26, 2010 Gross Carrying Amount	September 26, 2010 Accumulated Amortization	September 27, 2009 Gross Carrying Amount	September 27, 2009 Accumulated Amortization
Wireless licenses	$ 766	$ (2)	$ 766	$ (1)
Marketing-related	21	(13)	22	(13)
Technology-based	2,778	(536)	2,598	(317)
Customer-related	10	(8)	11	(7)
Other	9	(3)	9	(3)
	$ 3,584	$ (562)	$ 3,406	$ (341)

Technology-based intangible assets increased during fiscal 2010 primarily due to the assignment of certain patents to the Company pursuant to a license agreement entered into in the first quarter of fiscal 2010. The estimated fair value of these patents was determined using the income approach.

All of the Company's intangible assets, other than certain spectrum licenses in the amount of $762 million and goodwill, are subject to amortization. Amortization expense related to these intangible assets for fiscal 2010, 2009 and 2008 was $227 million, $207 million and $84 million, respectively, and amortization expense is expected to be $228 million, $217 million, $195 million, $181 million and $179 million for fiscal 2011 to 2015, respectively, and $1.3 billion thereafter.

Other Current Liabilities.

	September 26, 2010	September 27, 2009
	(In millions)	
Customer-related liabilities, including incentives, rebates and other reserves	$ 574	$ 461
Current portion of payable to Broadcom (Note 9)	170	170
Fine payable to KFTC (Note 9)	—	230
Payable for unsettled securities trades	80	101
Other	261	265
	$ 1,085	$ 1,227

Note 5. Investment Income (Loss)

Investment income (loss), net was comprised as follows (in millions):

	2010	2009	2008
Interest and dividend income	$ 530	$ 516	$ 491
Interest expense	(58)	(24)	(22)
Net realized gains on marketable securities	401	136	127
Net realized gains on other investments	4	1	28
Impairment losses on marketable securities	(111)	(743)	(502)
Impairment losses on other investments	(14)	(20)	(33)
Gains on derivative instruments	3	1	6
Equity in (losses) earnings of investees	(4)	(17)	1
	$ 751	$ (150)	$ 96

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Impairment losses on marketable securities for fiscal 2010 did not contain any amount related to the noncredit portion of losses on debt securities recognized in other comprehensive income. Impairment losses on marketable securities for fiscal 2009 were comprised of total other-than-temporary impairment losses of $747 million less $4 million related to the noncredit portion of losses on debt securities recognized in other comprehensive income. The other-than-temporary losses on marketable securities were generally caused by a prolonged disruption in U.S. and foreign credit and financial markets that depressed securities values.

Note 6. Income Taxes

The components of the income tax provision were as follows (in millions):

	2010	2009	2008
Current provision:			
Federal	$ 1,341	$ 130	$ 394
State	216	52	71
Foreign	389	291	245
	1,946	473	710
Deferred provision:			
Federal	(1,129)	(47)	(14)
State	(23)	77	(22)
Foreign	(7)	(19)	(8)
	(1,159)	11	(44)
	$ 787	$ 484	$ 666

The foreign component of the income tax provision consists primarily of foreign withholding taxes on royalty income included in United States earnings.

The components of income before income taxes by United States and foreign jurisdictions were as follows (in millions):

	2010	2009	2008
United States	$ 1,736	$ 1,041	$ 1,564
Foreign	2,298	1,035	2,262
	$ 4,034	$ 2,076	$ 3,826

The following is a reconciliation of the expected statutory federal income tax provision to the Company's actual income tax provision (in millions):

	2010	2009	2008
Expected income tax provision at federal statutory tax rate	$ 1,412	$ 727	$ 1,339
State income tax provision, net of federal benefit	203	98	168
Foreign income taxed at other than U.S. rates	(897)	(407)	(858)
Tax audit impacts, net	3	(155)	—
Tax credits	(57)	(112)	(47)
Valuation allowance	(40)	229	48
Revaluation of deferred taxes	152	74	—
Other	11	30	16
Income tax expense	$ 787	$ 484	$ 666

The revaluation of deferred taxes represents the impact of paying current taxes at a higher state effective tax rate than the effective tax rate that will be in effect when the resulting deferred tax asset or liability is scheduled to reverse. The Company has not recorded a deferred tax liability of approximately $4.2 billion related to the United States federal and state income taxes and foreign withholding taxes on approximately $10.6 billion of undistributed earnings of certain non-United States subsidiaries indefinitely invested outside the United States. Should the Company decide to repatriate the foreign earnings, the Company would have to adjust the income tax provision in the period management determined that the earnings will no longer be indefinitely invested outside the United States.

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The Company files income tax returns in the United States federal jurisdiction and various state and foreign jurisdictions. The tax provision was increased by $3 million during fiscal 2010 to adjust the Company's prior year estimates of uncertain tax positions as a result of various federal, state and foreign tax audits. The Company is participating in the Internal Revenue Service (IRS) Compliance Assurance Process, whereby the IRS and the Company endeavor to agree on the treatment of all issues in the fiscal 2010 tax return prior to the return being filed. The IRS completed its examination of the Company's tax return for fiscal 2008 and issued a full acceptance letter for fiscal 2009 during the third quarter of fiscal 2010, resulting in an increase to the tax provision of $20 million. The Company is no longer subject to United States federal income tax examinations for years prior to fiscal 2010. The Company is subject to examination by the California Franchise Tax Board for fiscal years after 2004 and is currently under examination for fiscal 2005 through 2008. The Company is also subject to income taxes in other taxing jurisdictions in the United States and around the world, many of which are open to tax examinations for periods after fiscal 2000.

During fiscal 2009, the tax provision was reduced by $155 million to adjust the Company's prior year estimates of uncertain tax positions as a result of various federal, state and foreign tax audits.

The Company had deferred tax assets and deferred tax liabilities as follows (in millions):

	September 26, 2010	September 27, 2009
Accrued liabilities, reserves and other	$ 287	$ 278
Share-based compensation	615	500
Capitalized start-up and organizational costs	102	103
Unearned revenues	1,311	56
Unrealized losses on marketable securities	341	396
Unrealized losses on other investments	27	31
Capital loss carryover	37	83
Tax credits	54	5
Unused net operating losses	64	69
Other basis differences	10	7
Total gross deferred assets	2,848	1,528
Valuation allowance	(39)	(72)
Total net deferred assets	2,809	1,456
Purchased intangible assets	(108)	(95)
Deferred contract costs	(6)	(7)
Unrealized gains on marketable securities	(352)	(255)
Property, plant and equipment	(100)	(110)
Total deferred liabilities	(566)	(467)
Net deferred assets	$ 2,243	$ 989
Reported as:		
Current deferred tax assets	$ 321	$ 149
Non-current deferred tax assets	1,922	843
Non-current deferred tax liabilities (1)	—	(3)
	$ 2,243	$ 989

(1) Included in other liabilities in the consolidated balance sheets.

At September 26, 2010, the Company had unused federal net operating loss carryforwards of $114 million expiring from 2021 through 2029, unused state net operating loss carryforwards of $284 million expiring from 2011 through 2030, and unused foreign net operating loss carryforwards of $40 million, which expire from 2012 through 2014. At September 26, 2010, the Company had unused tax credits of $5 million in foreign jurisdictions, which expire in 2013, and state income tax credits of $8 million, which do not expire. The Company does not expect its federal net operating loss carryforwards and its state income tax credits to expire unused.

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The Company believes, more likely than not, that it will have sufficient taxable income after stock option related deductions to utilize the majority of its deferred tax assets. At September 26, 2010, the Company has provided a valuation allowance on certain foreign deferred tax assets, state net operating losses and net capital losses of $24 million, $7 million and $8 million, respectively. The valuation allowances reflect the uncertainty surrounding the Company's ability to generate sufficient future taxable income in certain foreign and state tax jurisdictions to utilize its net operating losses and the Company's ability to generate sufficient capital gains to utilize all capital losses.

A summary of the changes in the amount of unrecognized tax benefits for fiscal 2010, 2009 and 2008 follows (in millions):

	2010	2009	2008
Beginning balance of unrecognized tax benefits	$ 84	$ 244	$ 224
Additions based on prior year tax positions	223	39	6
Reductions for prior year tax positions	(58)	(202)	(38)
Additions for current year tax positions	165	3	52
Settlements with taxing authorities	(61)	—	—
Ending balance of unrecognized tax benefits	$ 353	$ 84	$ 244

At September 26, 2010, unrecognized tax benefits of $202 million are expected to result in cash payment in fiscal 2011 and were recorded in income taxes payable. Unrecognized tax benefits at September 26, 2010 include $175 million for tax positions that, if recognized, would impact the effective tax rate. The unrecognized tax benefits differ from the amount that would affect the Company's effective tax rate primarily because the unrecognized tax benefits are included on a gross basis and do not reflect secondary impacts such as the federal deduction for state taxes, adjustments to deferred tax assets and the valuation allowance that might be required if the Company's tax positions are sustained. The increase in unrecognized tax benefits in fiscal 2010 related primarily to tax positions taken in 2010 associated with the method used by the Company to apportion income to states for fiscal 2006 through 2010. The Company does not believe that it is reasonably possible that the total amounts of unrecognized tax benefits at September 26, 2010 will significantly increase or decrease in fiscal 2011. Interest expense related to uncertain tax positions was negligible in fiscal 2010, 2009 and 2008. The amount of accrued interest and penalties was negligible at September 26, 2010 and September 27, 2009.

Cash amounts paid for income taxes, net of refunds received, were $671 million, $516 million and $360 million for fiscal 2010, 2009 and 2008, respectively. The income taxes paid are primarily related to foreign withholding taxes.

Note 7. Capital Stock

Preferred Stock. The Company has 8,000,000 shares of preferred stock authorized for issuance in one or more series, at a par value of $0.0001 per share. In conjunction with the distribution of preferred share purchase rights, 4,000,000 shares of preferred stock are designated as Series A Junior Participating Preferred Stock, and such shares are reserved for issuance upon exercise of the preferred share purchase rights. At September 26, 2010 and September 27, 2009, no shares of preferred stock were outstanding.

Preferred Share Purchase Rights Agreement. The Company has a Preferred Share Purchase Rights Agreement (Rights Agreement) to protect stockholders' interests in the event of a proposed takeover of the Company. Under the original Rights Agreement, adopted on September 26, 1995, the Company declared a dividend of one preferred share purchase right (a Right) for each share of the Company's common stock outstanding. Pursuant to the Rights Agreement, as amended and restated on December 7, 2006, each Right entitles the registered holder to purchase from the Company a one one-thousandth share of Series A Junior Participating Preferred Stock, $0.0001 par value per share, subject to adjustment for subsequent stock splits, at a purchase price of $180. The Rights are exercisable only if a person or group (an Acquiring Person) acquires beneficial ownership of 20% or more of the Company's outstanding shares of common stock without approval of the Board of Directors. Upon exercise, holders, other than an Acquiring Person, will have the right, subject to termination, to receive the Company's common stock or other securities, cash or other assets having a market value, as defined, equal to twice such purchase price. The Rights, which expire on September 25, 2015, are redeemable in whole, but not in part, at the Company's option prior to the time such Rights are triggered for a price of $0.001 per Right.

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Stock Repurchase Program. On March 1, 2010, the Company announced that it had been authorized to repurchase up to $3.0 billion of the Company's common stock. The stock repurchase program has no expiration date. When stock is repurchased and retired, the amount paid in excess of par value is recorded to paid-in capital. During fiscal 2010, 2009 and 2008, the Company repurchased and retired 79,789,000, 8,920,000 and 42,616,000 shares of common stock, respectively, for $3.0 billion, $284 million and $1.7 billion, respectively, before commissions and excluding $14 million of premiums received related to put options that were exercised in fiscal 2008. At September 26, 2010, approximately $1.7 billion remained authorized for repurchase under the Company's stock repurchase program.

At September 26, 2010, September 27, 2009 and September 28, 2008, no put options remained outstanding. During fiscal 2008, the Company recognized gains of $6 million in investment income due to decreases in the fair values of put options, including premiums received of $14 million.

Dividends. The Company announced increases in its quarterly dividend per share of common stock from $0.14 to $0.16 on March 11, 2008, from $0.16 to $0.17 on March 3, 2009, and from $0.17 to $0.19 on March 1, 2010. Cash dividends announced in fiscal 2010, 2009 and 2008 were as follows (in millions, except per share data):

	2010		2009		2008	
	Per Share	Total	Per Share	Total	Per Share	Total
First quarter	$ 0.17	$ 284	$ 0.16	$ 264	$ 0.14	$ 228
Second quarter	0.17	279	0.16	264	0.14	227
Third quarter	0.19	309	0.17	282	0.16	261
Fourth quarter	0.19	305	0.17	283	0.16	266
	$ 0.72	$ 1,177	$ 0.66	$ 1,093	$ 0.60	$ 982

On October 13, 2010, the Company announced a cash dividend of $0.19 per share on the Company's common stock, payable on December 22, 2010 to stockholders of record as of November 24, 2010, which will be reflected in the consolidated financial statements in the first quarter of fiscal 2011.

Note 8. Employee Benefit Plans

Employee Savings and Retirement Plan. The Company has a 401(k) plan that allows eligible employees to contribute up to 100% of their eligible compensation, subject to annual limits. The Company matches a portion of the employee contributions and may, at its discretion, make additional contributions based upon earnings. The Company's contribution expense was $46 million in fiscal 2010 and 2009 and $45 million in fiscal 2008.

Equity Compensation Plans. The 2006 Long-Term Incentive Plan (the 2006 Plan) was adopted during the second quarter of fiscal 2006 and replaced the 2001 Stock Option Plan and the 2001 Non-Employee Directors' Stock Option Plan and their predecessor plans (the Prior Plans). The 2006 Plan provides for the grant of incentive and non-qualified stock options, restricted stock units, stock appreciation rights, restricted stock, performance units and shares and other stock-based awards and is the source of shares issued under the Executive Retirement Matching Contribution Plan (ERMCP). The share reserve under the 2006 Plan was approximately 418,284,000 at September 26, 2010, including 13,000,000 shares that were approved by the Company's stockholders in March 2010. Shares subject to any outstanding option under a Prior Plan that is terminated or cancelled (but not an option under a Prior Plan that expires) following the date that the 2006 Plan was approved by stockholders, and shares that are subject to an award under the ERMCP and are returned to the Company because they fail to vest, will again become available for grant under the 2006 Plan. The Board of Directors of the Company may amend or terminate the 2006 Plan at any time. Certain amendments, including an increase in the share reserve, require stockholder approval.

During fiscal 2008, the Company assumed a total of approximately 1,462,000 outstanding stock options under various stock-based incentive plans (the Assumed Plans) as a result of acquisitions. The Assumed Plans were suspended on the dates of acquisition, and no additional shares may be granted under those plans. The Assumed Plans provided for the grant of both incentive stock options and non-qualified stock options.

Net share-based awards, after forfeitures and cancellations, granted during fiscal 2010, 2009 and 2008 represented 1.2%, 2.2% and 2.7% of outstanding shares as of the beginning of each fiscal year, respectively. Total share-based awards granted during fiscal 2010, 2009 and 2008 represented 1.9%, 2.5% and 3.2%, respectively, of outstanding shares as of the end of each fiscal year.

Stock Options: The Board of Directors may grant options to selected employees, directors and consultants to the Company to purchase shares of the Company's common stock at a price not less than the fair market value of the

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stock at the date of grant. Generally, options vest over periods not exceeding five years and are exercisable for up to ten years from the grant date. A summary of stock option transactions for all equity compensation plans follows:

	Number of Shares (In thousands)	Weighted-Average Exercise Price	Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (In billions)
Options outstanding at September 27, 2009	219,511	$ 38.18		
Options granted	24,133	41.00		
Options cancelled/forfeited/expired	(10,280)	47.03		
Options exercised	(18,406)	33.14		
Options outstanding at September 26, 2010	214,958	$ 38.51	6.09	$ 1.4
Exercisable at September 26, 2010	136,121	$ 37.29	5.01	$ 1.1

At September 26, 2010, total unrecognized estimated compensation expense related to non-vested stock options granted prior to that date was $1.1 billion, which is expected to be recognized over a weighted-average period of 2.7 years. The total intrinsic value of stock options exercised during fiscal 2010, 2009 and 2008 was $208 million, $272 million and $1.3 billion, respectively. The Company recorded cash received from the exercise of stock options of $565 million, $534 million and $1.1 billion and related tax benefits of $80 million, $106 million and $492 million during fiscal 2010, 2009 and 2008, respectively. Upon option exercise, the Company issues new shares of stock.

Restricted Stock Units: RSUs are share awards that entitle the holder to receive shares of the Company's common stock upon vesting. The RSUs include dividend-equivalent rights and generally vest three years from the date of grant. A summary of RSU transactions for all equity compensation plans follows:

	Number of Shares (In thousands)	Weighted-Average Grant Date Fair Value	Aggregate Intrinsic Value (In millions)
RSUs outstanding at September 27, 2009	55	$ 54.42	
RSUs granted	5,605	35.61	
RSUs cancelled/forfeited	(83)	35.59	
RSUs vested	(22)	54.42	
RSUs outstanding at September 26, 2010	5,555	$ 35.72	$ 247

At September 26, 2010, total unrecognized estimated compensation cost related to non-vested RSUs granted prior to that date was $162 million, which is expected to be recognized over a weighted-average period of 2.7 years.

Employee Stock Purchase Plans. The Company has an employee stock purchase plan for eligible employees to purchase shares of common stock at 85% of the lower of the fair market value on the first or the last day of each offering period, which is generally six months. Employees may authorize the Company to withhold up to 15% of their compensation during any offering period, subject to certain limitations. In fiscal 2008, the Company amended the employee stock purchase plan to include a non-423(b) plan. The employee stock purchase plan authorizes up to approximately 46,709,000 shares to be granted. At September 26, 2010, approximately 22,189,000 shares were reserved for future issuance. Of the shares authorized and reserved for future issuance, 22,000,000 are subject to stockholder approval, which is expected to occur at the next annual stockholders' meeting in March 2011. During fiscal 2010, 2009 and 2008, approximately 3,782,000, 3,654,000 and 2,951,000 shares, respectively, were issued under the plans at an average price of $32.81, $29.72 and $35.96 per share, respectively.

At September 26, 2010, total unrecognized estimated compensation cost related to non-vested purchase rights granted prior to that date was $35 million. The Company recorded cash received from the exercise of purchase rights of $124 million, $109 million and $106 million during fiscal 2010, 2009 and 2008, respectively.

Note 9. Commitments and Contingencies

Litigation. *Tessera, Inc. v. QUALCOMM Incorporated:* On April 17, 2007, Tessera filed a patent infringement lawsuit in the United States District Court for the Eastern Division of Texas and a complaint with the United States International Trade Commission (ITC) pursuant to Section 337 of the Tariff Act of 1930 against the Company and other companies, alleging infringement of two patents relating to semiconductor packaging structures and seeking monetary damages and injunctive and other relief. The District Court action is stayed pending resolution of the ITC

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proceeding, including appeals. The U.S. Patent and Trademark Office's (USPTO) Central Reexamination Unit has issued office actions rejecting all of the asserted patent claims on the grounds that they are invalid in view of certain prior art and has made these rejections final. Tessera has appealed the rejections to the Board of Appeals and Interferences. On December 1, 2008, the ITC Administrative Law Judge (ALJ) ruled that the patents are valid but not infringed. On May 20, 2009, however, the ITC reversed the ALJ's determination that the patents were not infringed, and it issued the following remedial orders: (1) a limited exclusion order that bans the Company and the other named respondents from importing into the United States the accused chip packages (except to the extent those products are licensed) and (2) a cease and desist order that prohibits the Company from engaging in certain domestic activities respecting those products. The President declined to review the decision. The Company and other respondents appealed. Oral argument was held on June 9, 2010, and the appellate court decision is expected within the next several months. During the period of the exclusion order, which has since expired as described below, the Company shifted supply of accused chips for the United States market to a licensed supplier of Tessera, and the Company continued to supply the United States market without interruption. The subject patents expired on September 24, 2010, at which time the ITC orders ceased to be operative.

Korea Fair Trade Commission (KFTC) Complaint: Two U.S. companies (Texas Instruments and Broadcom) and two South Korean companies (Nextreaming and Thin Multimedia) filed complaints with the KFTC alleging that certain of the Company's business practices violate South Korean antitrust regulations. As a result of its agreement with the Company, Broadcom withdrew its complaint to the KFTC in May 2009. After a hearing, the KFTC announced its ruling via press release in July 2009. On January 4, 2010, the KFTC issued its written decision, explaining its ruling that the Company violated South Korean law by offering certain discounts and rebates for purchases of its CDMA chips and for including in certain agreements language requiring the continued payment of royalties after all licensed patents have expired. The KFTC levied a fine of 273.2 billion Korean won, for which the Company accrued a $230 million charge in fiscal 2009 (Note 4), and ordered the Company to cease the practices at issue. In February 2010, the Company filed a complaint against the KFTC with the Seoul High Court appealing the KFTC's written decision. The Company does not anticipate that the cease and desist remedies ordered will have a material effect on the results of its operations. In July 2009, the KFTC also announced that it would continue its review of the Company's integration of multimedia functions into its chips, but it has not announced any decisions in that regard. The Company believes that its practices do not violate South Korean competition law, are grounded in sound business practice and are consistent with its customers' desires.

Japan Fair Trade Commission (JFTC) Complaint : The JFTC received unspecified complaints alleging that the Company's business practices are, in some way, a violation of Japanese law. On September 29, 2009, the JFTC issued a cease and desist order (CDO) concluding that the Company's Japanese licensees were forced to cross-license patents to the Company on a royalty-free basis and were forced to accept a provision under which they agreed not to assert their essential patents against the Company's other licensees who made a similar commitment in their license agreements with the Company. The CDO seeks to require the Company to modify its existing license agreements with Japanese companies to eliminate these provisions while preserving the license of the Company's patents to those companies. The Company disagrees with the conclusions that it forced its Japanese licensees to agree to any provision in the parties' agreements and that those provisions violate Japan's Anti-Monopoly Act. The Company has invoked its right under Japanese law to an administrative hearing before the JFTC. In February 2010, the Tokyo High Court granted the Company's motion and issued a stay of the CDO pending the administrative hearing before the JFTC. The JFTC has had four hearing days to date, with two additional hearing days scheduled through February 2011, and additional hearing days yet to be scheduled.

Icera Complaint to the European Commission : On June 7, 2010, the European Commission (the Commission) notified and provided the Company with a redacted copy of a complaint filed with the Commission by Icera, Inc. alleging that the Company has engaged in anticompetitive activity. The Company has been asked by the Commission to submit a preliminary response to the portions of the Complaint disclosed to it, and the Company submitted its response in July 2010. The Company will cooperate fully with the Commission.

Panasonic Arbitration: On August 5, 2009, Panasonic filed an arbitration demand alleging that it does not owe royalties, or owes less royalties, on its WCDMA subscriber devices sold on or after December 21, 2008, and that the Company breached the license agreement between the parties as well as certain commitments to standards setting organizations. On January 31, 2010, Panasonic amended the arbitration demand to include claims based on alleged misrepresentations and the Japanese Antimonopoly Act and increased its claim for damages to include royalties it has paid on its WCDMA subscriber devices sold prior to December 21, 2008. The arbitration demand seeks declaratory relief regarding the amount of royalties due and payable by Panasonic, as well as the return of certain

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royalties it had previously paid. The Company has responded to the arbitration demand, denying the allegations and requesting judgment in its favor on all claims. The arbitration hearing is proceeding in phases. The first phase hearing was completed in July 2010. On October 15, 2010, the arbitrator issued an interim order finding that the Company did not breach the license agreement. Additional phases to address the other claims and allegations noted above have not yet been scheduled. Although the Company believes Panasonic's claims are without merit, it has deferred the recognition of revenue related to WCDMA subscriber unit royalties reported and paid by Panasonic in the fourth quarter of fiscal 2009 and in fiscal 2010.

Formal Order of Private Investigation: On September 8, 2010, the Company was notified by the Securities and Exchange Commission's Los Angeles Regional office (SEC) of a formal order of private investigation. The Company understands that the investigation arose from a "whistleblower's" allegations made in December 2009 to the audit committee of the Company's Board of Directors and to the SEC. The audit committee has conducted an internal review with the assistance of independent counsel and independent forensic accountants. This recently concluded internal review into the allegations and related accounting practices did not identify any errors in the Company's financial statements. The Company continues to cooperate with the SEC's ongoing investigation.

Other: The Company has been named, along with many other manufacturers of wireless phones, wireless operators and industry-related organizations, as a defendant in purported class action lawsuits, and individually filed actions pending in federal court in Pennsylvania and Washington D.C. superior court, seeking monetary damages arising out of its sale of cellular phones.

While there can be no assurance of favorable outcomes, the Company believes the claims made by other parties in the foregoing matters are without merit and will vigorously defend the actions. The Company has not recorded any accrual for contingent liabilities associated with the legal proceedings described above based on the Company's belief that liabilities, while possible, are not probable. Further, any possible range of loss cannot be reasonably estimated at this time. The Company is engaged in numerous other legal actions not described above arising in the ordinary course of its business and, while there can be no assurance, believes that the ultimate outcome of these actions will not have a material adverse effect on its operating results, liquidity or financial position.

Litigation Settlement, Patent License and Other Related Items. On April 26, 2009, the Company entered into a Settlement and Patent License and Non-Assert Agreement with Broadcom. The Company agreed to pay Broadcom $891 million, of which $416 million was paid through September 26, 2010, and the remainder will be paid ratably through April 2013. The Company recorded a pre-tax charge of $783 million related to this agreement during fiscal 2009. At September 26, 2010, the carrying value of the liability was $455 million, which also approximated the fair value of the contractual liability, net of imputed interest.

India Spectrum Acquisition and Related Debt. In June 2010, the Company won a 20 MHz slot of Broadband Wireless Access (BWA) spectrum in four telecom circles in India as a result of the completion of the BWA spectrum auction. The Company expects that licenses to operate wireless networks on this spectrum will be assigned to the Company by December 2010 with an initial license period of 20 years. At September 26, 2010, the Company had a $1.09 billion advance payment included in noncurrent other assets related to this spectrum. The Company will amortize the spectrum licenses over the remaining license period commencing upon the commercial launch of wireless services in India, which is expected to occur within five years of the assignment date. The Company's goal is to attract one or more operator partners into a venture (or ventures) for construction of an LTE network in compliance with the Indian government's build-out requirement for the BWA spectrum, and then to exit the venture(s). The manner and timing of such exit will be dependent upon a number of factors, such as market conditions and regulatory considerations, among others.

In June 2010, in connection with the Indian BWA spectrum purchase, the Company entered into a bank loan agreement that is denominated in Indian rupees. The loan is payable in full in December 2010. The loan has a fixed interest rate of 6.75% per year with interest payments due monthly. At September 26, 2010, the carrying value of the loan was $1.09 billion, which approximated its fair value.

Indemnifications. In general, the Company does not agree to indemnify its customers and licensees for losses sustained from infringement of third-party intellectual property. However, the Company is contingently liable under certain product sales, services, license and other agreements to indemnify certain customers against certain types of liability and/or damages arising from qualifying claims of patent infringement by products or services sold or provided by the Company. The Company's obligations under these agreements may be limited in terms of time and/or amount, and in some instances, the Company may have recourse against third parties for certain payments made by the Company. These indemnification arrangements are not initially measured and recognized at fair value

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because they are deemed to be similar to product warranties in that they relate to claims and/or other actions that could impair the ability of the Company's direct or indirect customers to use the Company's products or services. Accordingly, the Company records liabilities resulting from the arrangements when they are probable and can be reasonably estimated. Reimbursements under indemnification arrangements have not been material to the Company's consolidated financial statements. The Company has not recorded any accrual for contingent liabilities at September 26, 2010 associated with these indemnification arrangements, other than negligible amounts for reimbursement of legal costs, based on the Company's belief that additional liabilities, while possible, are not probable. Further, any possible range of loss cannot be estimated at this time.

Purchase Obligations. The Company has agreements with suppliers and other parties to purchase inventory, other goods, services and long-lived assets. Noncancelable obligations under these agreements at September 26, 2010 for fiscal 2011 through 2015 to be $1.4 billion, $162 million, $60 million, $19 million and $48 million, respectively, and $39 million thereafter. Of these amounts, for fiscal 2011 and fiscal 2012, commitments to purchase integrated circuit product inventories comprised $1.2 billion and $15 million, respectively.

Leases. The Company leases certain of its facilities and equipment under noncancelable operating leases, with terms ranging from less than one year to 35 years and with provisions in certain leases for cost-of-living increases. Rental expense for fiscal 2010, 2009 and 2008 was $85 million, $80 million and $75 million, respectively. The Company leases certain property under capital lease agreements that expire at various dates through 2043. Capital lease obligations are included in other liabilities. The future minimum lease payments for all capital leases and operating leases at September 26, 2010 were as follows (in millions):

	Capital Leases	Operating Leases	Total
2011	$ 17	$ 95	$ 112
2012	16	65	$ 81
2013	16	35	$ 51
2014	17	28	$ 45
2015	17	20	$ 37
Thereafter	438	228	$ 666
Total minimum lease payments	$ 521	$ 471	$ 992
Deduct: Amounts representing interest	298		
Present value of minimum lease payments	223		
Deduct: Current portion of capital lease obligations	2		
Long-term portion of capital lease obligations	$ 221		

Note 10. Segment Information

The Company is organized on the basis of products and services. The Company aggregates four of its divisions into the Qualcomm Wireless & Internet segment. Reportable segments are as follows:

- Qualcomm CDMA Technologies (QCT) — develops and supplies integrated circuits and system software for wireless voice and data communications, multimedia functions and global positioning system products based on its CDMA technology and other technologies;
- Qualcomm Technology Licensing (QTL) — grants licenses or otherwise provides rights to use portions of the Company's intellectual property portfolio, which includes certain patent rights essential to and/or useful in the manufacture and sale of certain wireless products, including, without limitation, products implementing cdmaOne, CDMA2000, WCDMA, CDMA TDD (including TD-SCDMA), GSM/GPRS/EDGE and/or OFDMA standards, and collects license fees and royalties in partial consideration for such licenses;
- Qualcomm Wireless & Internet (QWI) — comprised of:
  - Qualcomm Internet Services (QIS) — provides content enablement services for the wireless industry and push-to-talk and other products and services for wireless operators;
  - Qualcomm Government Technologies (QGOV) — provides development, hardware and analytical expertise to United States government agencies involving wireless communications technologies;

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- Qualcomm Enterprise Services (QES) — provides satellite- and terrestrial-based two-way data messaging, position reporting, wireless application services and managed data services to transportation and logistics companies and other enterprise companies; and
- Firethorn — builds and manages software applications that enable certain mobile commerce services.

- Qualcomm Strategic Initiatives (QSI) — consists of the Company's strategic investment activities, including FLO TV Incorporated (FLO TV), the Company's wholly-owned wireless multimedia operator subsidiary. QSI makes strategic investments in early stage companies and in wireless spectrum, such as the BWA spectrum recently won in the auction in India, that the Company believes will open new markets for CDMA and OFDMA technologies, support the design and introduction of new CDMA and OFDMA products or possess unique capabilities or technology.

The Company evaluates the performance of its segments based on earnings (loss) before income taxes (EBT). EBT includes the allocation of certain corporate expenses to the segments, including depreciation and amortization expense related to unallocated corporate assets. Certain income and charges are not allocated to segments in the Company's management reports because they are not considered in evaluating the segments' operating performance. Unallocated income and charges include certain investment income (loss), certain share-based compensation and certain research and development expenses and marketing expenses that were deemed to be not directly related to the businesses of the segments. The table below presents revenues, EBT and total assets for reportable segments (in millions):

	QCT	QTL	QWI	QSI	Reconciling Items	Total
2010						
Revenues	$ 6,695	$ 3,659	$ 628	$ 9	$ —	$ 10,991
EBT	1,693	3,020	12	(436)	(255)	4,034
Total assets	1,085	28	129	2,745	26,585	30,572
2009						
Revenues	$ 6,135	$ 3,605	$ 641	$ 29	$ 6	$ 10,416
EBT	1,441	3,068	20	(361)	(2,092)	2,076
Total assets	892	89	142	1,614	24,708	27,445
2008						
Revenues	$ 6,717	$ 3,622	$ 785	$ 12	$ 6	$ 11,142
EBT	1,833	3,142	(1)	(304)	(844)	3,826
Total assets	1,574	2,668	183	1,458	18,829	24,712

Segment assets are comprised of accounts receivable, finance receivables and inventories for QCT, QTL and QWI. The QSI segment assets include certain marketable securities, notes receivable, spectrum licenses, other investments and all assets of QSI consolidated subsidiaries, including FLO TV. QSI segment assets increased primarily as a result of the $1.09 billion advance payment made in June 2010 related to the BWA spectrum recently won in the India auction. QSI segment assets related to the FLO TV business totaled $1.3 billion at both September 26, 2010 and September 27, 2009 and $1.2 billion at September 28, 2008. The Company has commenced a restructuring plan under which it expects to exit the current FLO TV service business. There were no significant expenses recognized in fiscal 2010 related to this restructuring plan. QSI assets also included $20 million, $10 million and $20 million related to investments in equity method investees at September 26, 2010, September 27, 2009 and September 28, 2008, respectively. Reconciling items for total assets included $384 million, $389 million and $277 million at September 26, 2010, September 27, 2009 and September 28, 2008, respectively, of goodwill and other assets related to the Company's QMT division, a nonreportable segment developing display technology for mobile devices and other applications. Total segment assets differ from total assets on a consolidated basis as a result of unallocated corporate assets primarily comprised of certain cash, cash equivalents, marketable securities, property, plant and equipment, deferred tax assets, goodwill and assets of nonreportable segments. The net book values of long-lived assets located outside of the United States were $221 million, $256 million and $100 million at September 26, 2010, September 27, 2009 and September 28, 2008, respectively. The net book values of long-lived

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assets located in the United States were $2.2 billion at September 26, 2010 and $2.1 billion at September 27, 2009 and September 28, 2008.

Revenues from each of the Company's divisions aggregated into the QWI reportable segment were as follows (in millions):

	2010	2009	2008
QES	$ 376	$ 344	$ 423
QIS	173	229	299
QGOV	74	66	67
Firethorn	7	3	(2)
Eliminations	(2)	(1)	(2)
Total QWI	$ 628	$ 641	$ 785

Other reconciling items were comprised as follows (in millions):

	2010	2009	2008
Revenues			
Elimination of intersegment revenues	$ (10)	$ (15)	$ (18)
Other nonreportable segments	10	21	24
	$ —	$ 6	$ 6
Earnings (losses) before income taxes			
Unallocated cost of equipment and services revenues	$ (42)	$ (41)	$ (39)
Unallocated research and development expenses	(408)	(380)	(353)
Unallocated selling, general and administrative expenses	(345)	(304)	(326)
Unallocated other operating expenses	—	(1,013)	—
Unallocated investment income (loss), net	767	(141)	70
Other nonreportable segments	(224)	(206)	(190)
Intersegment eliminations	(3)	(7)	(6)
Reconciling items	$ (255)	$ (2,092)	$ (844)

During fiscal 2010, share-based compensation expense included in unallocated research and development expenses and unallocated selling, general and administrative expenses totaled $300 million and $272 million, respectively. During fiscal 2009, share-based compensation expense included in unallocated research and development expenses and unallocated selling, general and administrative expenses totaled $280 million and $263 million, respectively. During fiscal 2008, share-based compensation expense included in unallocated research and development expenses and unallocated selling, general and administrative expenses totaled $250 million and $251 million, respectively. Unallocated cost of equipment and services revenues was comprised entirely of share-based compensation expense. Other nonreportable segments' losses before taxes during fiscal 2010, 2009 and 2008 were primarily attributable to the Company's QMT division.

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Specified items included in segment EBT were as follows (in millions):

	QCT	QTL	QWI	QSI
2010				
Revenues from external customers	$ 6,686	$ 3,659	$ 628	$ 9
Intersegment revenues	9	—	—	—
Interest income	1	2	2	8
Interest expense	1	—	(4)	42
2009				
Revenues from external customers	$ 6,125	$ 3,603	$ 638	$ 29
Intersegment revenues	10	2	3	—
Interest income	4	12	1	3
Interest expense	—	1	1	11
2008				
Revenues from external customers	$ 6,709	$ 3,619	$ 778	$ 12
Intersegment revenues	8	3	7	—
Interest income	2	9	2	4
Interest expense	2	1	—	7

Intersegment revenues are based on prevailing market rates for substantially similar products and services or an approximation thereof, but the purchasing segment may record the cost of revenues at the selling segment's original cost. In that event, the elimination of the selling segment's gross margin is included with other intersegment eliminations in reconciling items. Effectively all equity in earnings (losses) of investees was recorded in QSI in fiscal 2010, 2009 and 2008.

The Company distinguishes revenues from external customers by geographic areas based on the location to which its products, software or services are delivered and, for QTL licensing and royalty revenues, the invoiced addresses of its licensees. Sales information by geographic area was as follows (in millions):

	2010	2009	2008
China	$ 3,194	$ 2,378	$ 2,309
South Korea	2,913	3,655	3,872
Taiwan	1,360	831	564
Japan	1,018	1,098	1,598
United States	564	632	970
Other foreign	1,942	1,822	1,829
	$ 10,991	$ 10,416	$ 11,142

Note 11. Acquisitions

During fiscal 2010, the Company acquired six businesses for total cash considerations of $50 million. Technology-based intangible assets recognized in the amount of $32 million are being amortized on a straight-line basis over a weighted-average useful life of eleven years. During fiscal 2009, the Company acquired one business for total cash consideration of $17 million. During fiscal 2008, the Company acquired five businesses for total cash consideration of $263 million. Goodwill recognized in these transactions, was assigned to the QWI and QCT segments in the amount of $179 million and $21 million, respectively.

The consolidated financial statements include the operating results of these businesses from their respective dates of acquisition. Pro forma results of operations have not been presented because the effects of the acquisitions were not material.

Note 12. Summarized Quarterly Data (Unaudited)

The following financial information reflects all normal recurring adjustments that are, in the opinion of management, necessary for a fair statement of the results of the interim periods.

The table below presents quarterly data for the years ended September 26, 2010 and September 27, 2009 (in millions, except per share data):

QUALCOMM Incorporated
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	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2010				
Revenues (1)	$ 2,670	$ 2,663	$ 2,706	$ 2,952
Operating income (1)	879	776	792	837
Net income (1)	841	774	767	865
Basic earnings per common share (2)	$ 0.50	$ 0.47	$ 0.47	$ 0.54
Diluted earnings per common share (2)	$ 0.50	$ 0.46	$ 0.47	$ 0.53
2009				
Revenues (1)	$ 2,517	$ 2,455	$ 2,753	$ 2,690
Operating income (loss) (1)	745	(10)	894	597
Net income (loss) (1)	341	(289)	737	803
Basic earnings (loss) per common share (2)	$ 0.21	$ (0.18)	$ 0.45	$ 0.48
Diluted earnings (loss) per common share (2)	$ 0.20	$ (0.18)	$ 0.44	$ 0.48

(1) Revenues, operating income (loss) and net income (loss) are rounded to millions each quarter. Therefore, the sum of the quarterly amounts may not equal the annual amounts reported.

(2) Earnings (loss) per share are computed independently for each quarter and the full year based upon respective average shares outstanding. Therefore, the sum of the quarterly earnings (loss) per share amounts may not equal the annual amounts reported.

SCHEDULE II

QUALCOMM INCORPORATED
VALUATION AND QUALIFYING ACCOUNTS
(In millions)

	Balance at Beginning of Period	(Charged) Credited to Costs and Expenses	Deductions	Other	Balance at End of Period
Year ended September 26, 2010					
Allowances:					
— trade receivables	$ (4)	$ (1)	$ 2	$ —	$ (3)
— notes receivables	(1)	(2)	—	—	(3)
— investment receivables [b]	(10)	—	1	—	(9)
Valuation allowance on deferred tax assets	(72)	36	—	(3) [a]	(39)
	$ (87)	$ 33	$ 3	$ (3)	$ (54)
Year ended September 27, 2009					
Allowances:					
— trade receivables	$ (38)	$ (4)	$ 38	$ —	$ (4)
— notes receivable	(3)	(4)	6	—	(1)
— investment receivables [b]	—	(10)	—	—	(10)
Valuation allowance on deferred tax assets	(149)	(201)	—	278[a]	(72)
	$ (190)	$ (219)	$ 44	$ 278	$ (87)
Year ended September 28, 2008					
Allowances:					
— trade receivables	$ (36)	$ (5)	$ 3	$ —	$ (38)
— notes receivable	(33)	(2)	32	—	(3)
Valuation allowance on deferred tax assets	(20)	(48)	—	(81) [a]	(149)
	$ (89)	$ (55)	$ 35	$ (81)	$ (190)

(a) This amount was charged to other comprehensive income (loss).

(b) This amount represents the allowance for investment receivables due for redemptions of money market investments.

EXHIBIT 10.90

QUALCOMM INCORPORATED
2006 LONG-TERM INCENTIVE PLAN
EMPLOYEE RESTRICTED STOCK UNIT GRANT NOTICE

Qualcomm Incorporated (the "Company"), pursuant to its 2006 Long-Term Incentive Plan (the "Plan") hereby grants you the number of Restricted Stock Units set forth below, each of which is a bookkeeping entry representing the equivalent in value of one (1) share of the Company's common stock. ***You must accept this Restricted Stock Unit Award in the manner specified by the Company no later than four months after the Date of Grant. If you fail to do so, this Restricted Stock Unit Award will be null and void.*** This Restricted Stock Unit Award is subject to all of the terms and conditions as set forth herein and the Employee Restricted Stock Unit Agreement (attached hereto) and the Plan which are incorporated herein in their entirety. Capitalized terms not otherwise defined in this Grant Notice or the Employee Restricted Stock Unit Agreement shall have the meaning set forth in the Plan.

Participant: «Employee»
Emp #: «ID»
Date of Grant: «Grant_Date»

Grant No.: «Number»
Number of Restricted Stock Units: «Shares_Granted»

Vesting Date

Except as otherwise provided in the Employee Restricted Stock Unit Agreement, the Restricted Stock Units vest as follows provided you are in Service on the applicable Vesting Date:

«Three-year cliff vesting»

Shares Vested	Vesting Date
«Total Shares»	«3rd Anniversary of Date of Grant»

«Three-year graded vesting»

Shares Vested	Vesting Date
«Total Shares»	«1st Anniversary of Date of Grant»
«Total Shares»	«2nd Anniversary of Date of Grant»
«Total Shares»	«3rd Anniversary of Date of Grant»

«Five-year graded vesting»

Shares Vested	Vesting Date
«Shares»	«1st Anniversary of Date of Grant»
«Shares»	«2nd Anniversary of Date of Grant»
«Shares»	«3rd Anniversary of Date of Grant»
«Shares»	«4th Anniversary of Date of Grant»
«Shares»	«5th Anniversary of Date of Grant»

Payment of Vested Restricted Stock Units

Any Restricted Stock Units that vest will be paid following the Vesting Date or following such earlier date as provided in the Employee Restricted Stock Unit Agreement.

Additional Terms/Acknowledgments: By accepting this Restricted Stock Unit Award (in the form determined by the Company) you acknowledge receipt of and represent that you have read, understand, accept and agree to the terms and conditions of the following: this Grant Notice, the Employee Restricted Stock Unit Agreement and the Plan (including, but not limited to, the binding arbitration provision in Section 3.7 of the Plan). In addition, by accepting this Restricted Stock Unit Award you agree to all of its terms and conditions and further acknowledge that as of the Date of Grant, this Grant Notice, the Employee Restricted Stock Unit Agreement and the Plan set forth the entire understanding between you and the Company regarding the acquisition of stock in the Company and supersedes all prior oral and written agreements pertaining to this particular Restricted Stock Unit Award.

Qualcomm Incorporated:

By: ____

Dr. Paul E. Jacobs
Chairman of the Board and
Chief Executive Officer

Dated: «Grant_Date»

Attachment: Employee Restricted Stock Unit Agreement (RSU A-4)

EXHIBIT 21

SUBSIDIARIES OF REGISTRANT

FLO TV Incorporated, a Delaware Corporation, is a wholly-owned subsidiary of the Company. FLO TV does business under its own name. The Company consolidates FLO TV in its financial statements.

QUALCOMM Global Trading, Inc. (QGT), a British Virgin Islands corporation, is a wholly-owned subsidiary of the Company. QGT and its subsidiaries, Global Wireless Application Services Private Limited, incorporated in India, QUALCOMM Asia Pacific Pte. Ltd., incorporated in Singapore, QUALCOMM Canada Inc., incorporated in Canada, QUALCOMM CDMA Technologies Asia-Pacific Pte. Ltd., incorporated in Singapore, QUALCOMM CDMA Technologies GmbH, incorporated in Germany, QUALCOMM CDMA Technologies (Korea) Y.H., incorporated in South Korea, QUALCOMM CDMA Technologies Malaysia SDN.BHD, incorporated in Malaysia, QUALCOMM CDMA Technologies, T.Y.K., incorporated in Japan, QUALCOMM Communication Technologies Ltd., incorporated in Taiwan, QUALCOMM Finland Oy, incorporated in Finland, QUALCOMM GT Holdings, Inc., incorporated in the British Virgin Islands, QUALCOMM India Private Limited, incorporated in India, QUALCOMM Italia S.r.l., incorporated in Italy, QUALCOMM Mauritius Holdings Limited, incorporated in Mauritius, QUALCOMM Netherlands B.V., incorporated in the Netherlands, QUALCOMM (UK) Limited, incorporated in the United Kingdom, QUALCOMM Wireless Semi Conductor Technologies Limited, incorporated in China, Spike Technologies LLC, registered in California, Wireless Broadband Business Services (Delhi) Private Limited, incorporated in India, Wireless Broadband Business Services (Haryana) Private Limited, incorporated in India, Wireless Broadband Business Services (Kerala) Private Limited, incorporated in India, and Wireless Business Services Private Limited, incorporated in India, do business under their own names. The Company consolidates QGT in its financial statements.

The names of other subsidiaries are omitted. Such subsidiaries would not, if considered in the aggregate as a single subsidiary, constitute a significant subsidiary within the meaning of Item 601(b)(21)(ii) of Regulation S-K.

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-60484, No. 333-103497, No. 333-117626, No. 333-119904, No. 333-120948, No. 333-131448, No. 333-131157, No. 333-137692, No. 333-137693, No. 333-150423, No. 333-148177, No. 333-148841, No. 333-148556, and No. 333-166246) of QUALCOMM Incorporated of our report dated November 3, 2010 relating to the consolidated financial statements, the financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

San Diego, California
November 3, 2010

EXHIBIT 31.1

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Paul E. Jacobs, certify that:

1. I have reviewed this Annual Report on Form 10-K of QUALCOMM Incorporated;

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 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-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's Board of Directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 3, 2010

/s/ Paul E. Jacobs

Paul E. Jacobs,
Chief Executive Officer and Chairman

EXHIBIT 31.2

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, William E. Keitel, certify that:

1. I have reviewed this Annual Report on Form 10-K of QUALCOMM Incorporated;

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 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-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's Board of Directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 3, 2010

/s/ William E. Keitel

William E. Keitel,
Executive Vice President and Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)

In connection with the accompanying Annual Report of QUALCOMM Incorporated (the "Company") on Form 10-K for the fiscal year ended September 26, 2010 (the "Report"), I, Paul Jacobs, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 3, 2010

/s/ Paul E. Jacobs

Paul E. Jacobs,
Chief Executive Officer and Chairman

EXHIBIT 32.2

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)

In connection with the accompanying Annual Report of QUALCOMM Incorporated (the "Company") on Form 10-K for the fiscal year ended September 26, 2010 (the "Report"), I, William E. Keitel, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 3, 2010

/s/ William E. Keitel
William E. Keitel,
Executive Vice President and Chief Financial Officer

RCRWireless
INTELLIGENCE ON ALL THINGS WIRELESS

FLO TV racked up 1 million customers in 45 months

Matt Kapko

Story posted: December 2, 2010 - 1:17 pm ET

Executives at Qualcomm Inc. (QCOM) were never eager to offer up subscriber count numbers for FLO TV. Until now, sort of.

At an event in Silicon Valley earlier this week, CEO Paul Jacobs said the company only managed to sign up about 1 million customers over its nearly four-year run.

Based on that number, FLO TV signed up an average of 22,222 customers per month over its 45-month span of service. The company has never reported the level of churn it saw on the service, which makes it difficult to gauge how many customers actually remained month-over-month. Or more importantly, how many of those million customers actually became paying customers? Many of the devices for FLO TV came with subsidized promotions for a trial service for 30 days or six months.

After making such a major investment in spectrum, towers, network management, content deals and research and development, it's no wonder Jacobs is ready to throw in the towel.

During a chat with the *Wall Street Journal*, Jacobs said he hoped to find an exit for the subsidiary in the next quarter.

"Nobody wants a TV when it's time-based," he said. Live sports became the standout performer on FLO TV, but it never could convince the DVR generation that live broadcast programming had much value on mobile beyond major events that everyone already wants to watch live.

"Nobody turned on their phone at 4:30 to watch show X for half an hour," Jacobs said. "That was a total non-starter."

FLO TV
live mobile tv

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FOR IMMEDIATE RELEASE

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Qualcomm Announces Fourth Quarter and Fiscal 2010 Results
Fiscal 2010 Revenues $11 Billion, EPS $1.96
Non-GAAP EPS $2.46

Reports Record MSM Shipments and Record EPS

SAN DIEGO — November 3, 2010 — Qualcomm Incorporated (Nasdaq: QCOM), a leading developer and innovator of advanced wireless technologies, products and services, today announced results for the fourth fiscal quarter and year ended September 26, 2010.

"I am very pleased with our performance this year as we delivered record earnings per share and record MSM chipset volumes," said Dr. Paul E. Jacobs, chairman and CEO of Qualcomm. "Our outlook includes strong revenue and earnings growth in fiscal 2011. In the coming year, we expect continued strong growth in CDMA-based device shipments, including smartphones and other data-centric devices, driven by the global adoption of 3G and accelerating consumer demand for wireless data. With our industry-leading chipset roadmap, broad licensing program and increasing number of global partners, we are well positioned to take advantage of these industry trends."

GAAP Results

Qualcomm results are reported in accordance with generally accepted accounting principles (GAAP).

Fourth Quarter Fiscal 2010

- Revenues: $2.95 billion, up 10 percent year-over-year (y-o-y) and 9 percent sequentially.
- Operating income: $837 million, up 40 percent y-o-y and 6 percent sequentially.
- Net income: $865 million, up 8 percent y-o-y and 13 percent sequentially.
- Diluted earnings per share: $0.53, up 10 percent y-o-y and 13 percent sequentially.
- Effective tax rate: 17 percent.
- Operating cash flow: $1.09 billion, down 17 percent y-o-y; 37 percent of revenues.

- Return of capital to stockholders: $427 million, including $305 million, or $0.19 per share, of cash dividends paid, and $122 million to repurchase 3.5 million shares of our common stock.

Fiscal 2010

- Revenues: $10.99 billion, up 6 percent y-o-y.
- Operating income: $3.28 billion, up 47 percent y-o-y.
- Net income: $3.25 billion, up 104 percent y-o-y.
- Diluted earnings per share: $1.96, up 106 percent y-o-y.
- Effective tax rate: 20 percent.
- Operating cash flow: $4.08 billion, down 43 percent y-o-y; 37 percent of revenues.
- Return of capital to stockholders: $4.19 billion, including $1.18 billion, or $0.72 per share, of cash dividends paid, and $3.02 billion to repurchase 79.8 million shares of our common stock.

Non-GAAP Results

Non-GAAP results exclude the Qualcomm Strategic Initiatives (QSI) segment, certain share-based compensation, certain tax items that are not related to the current year and acquired in-process research and development (R&D) expense.

Fourth Quarter Fiscal 2010

- Revenues: $2.95 billion, up 10 percent y-o-y and 9 percent sequentially.
- Operating income: $1.13 billion, up 36 percent y-o-y and 14 percent sequentially.
- Net income: $1.11 billion, up 36 percent y-o-y and 18 percent sequentially.
- Diluted earnings per share: $0.68, up 42 percent y-o-y and 19 percent sequentially. The current quarter excludes $0.05 loss per share attributable to the QSI segment, $0.07 loss per share attributable to certain share-based compensation and $0.02 loss per share attributable to certain tax items (the sum of Non-GAAP earnings per share and items excluded do not equal GAAP earnings per share due to rounding).
- Effective tax rate: 19 percent.
- Free cash flow: $1.11 billion, down 14 percent y-o-y; 38 percent of revenues (defined as net cash from operating activities less capital expenditures).

Fiscal 2010

- Revenues: $10.98 billion, up 6 percent y-o-y.
- Operating income: $4.32 billion, up 37 percent y-o-y.
- Net income: $4.07 billion, up 86 percent y-o-y.
- Diluted earnings per share: $2.46, up 88 percent y-o-y. The current fiscal year excludes $0.13 loss per share attributable to the QSI segment, $0.27 loss per share attributable to certain share-based compensation and $0.10 loss per share attributable to certain tax items.
- Effective tax rate: 20 percent.
- Free cash flow: $4.16 billion, down 40 percent y-o-y; 38 percent of revenues.

Detailed reconciliations between results reported in accordance with GAAP and Non-GAAP results are included at the end of this news release.

In the year-over-year comparisons summarized above, the following should be noted: fiscal 2009 results (GAAP and Non-GAAP) included a $783 million charge related to a litigation settlement and patent agreement with Broadcom Corporation, including $35 million recorded in the fourth quarter of 2009; both the fourth quarter and fiscal 2009 results (GAAP and Non-GAAP) also included a $230 million charge related to the Korea Fair Trade Commission fine; GAAP results in fiscal 2009 included a $155 million tax benefit related to prior years as a result of tax audits; net income was favorably impacted in fiscal 2010 (GAAP and Non-GAAP) due to a significant increase in net investment income; and fiscal 2009 operating and free cash flow included the receipt of a $2.5 billion payment related to the license and settlement agreements with Nokia.

Key Business Metrics

Fourth Quarter Fiscal 2010

- CDMA-based Mobile Station Modem™ (MSM™) shipments: approximately 111 million units, up 22 percent y-o-y and 8 percent sequentially.
- Total reported device sales*: approximately $28.3 billion, up 14 percent y-o-y and 12 percent sequentially.

- Estimated CDMA-based device shipments*: approximately 153 to 157 million units at an estimated average selling price of approximately $179 to $185 per unit.

Fiscal 2010

- CDMA-based MSM shipments: approximately 399 million units, up 26 percent y-o-y.
- Total reported device sales*: approximately $105.7 billion, up 7 percent y-o-y.
  - Estimated CDMA-based device shipments*: approximately 561 to 577 million units at an estimated average selling price of approximately $183 to $189 per unit.

*Royalties are recognized when reported, generally one quarter following shipment.

Cash and Marketable Securities

Our cash, cash equivalents and marketable securities totaled approximately $18.4 billion at the end of the fourth quarter of fiscal 2010, compared to $17.6 billion at the end of the third quarter of fiscal 2010 and $17.7 billion a year ago. On October 13, 2010, we announced a cash dividend of $0.19 per share payable on December 22, 2010 to stockholders of record as of November 24, 2010.

Research and Development

($ in millions)	Non-GAAP	Share-Based Compensation	QSI	GAAP
Fourth quarter fiscal 2010	$ 547	$ 79	$ 30	$ 656
As a % of revenues	19%		N/M	22%
Fourth quarter fiscal 2009	$ 518	$ 71	$ 25	$ 614
As a % of revenues	19%		N/M	23%
Year-over-year change ($)	6%	11%	20%	7%

N/M - Not Meaningful

Non-GAAP R&D expenses increased 6 percent y-o-y primarily due to an increase in costs related to the development of integrated circuit products, next-generation CDMA and OFDMA technologies and other initiatives to support the acceleration of advanced wireless products and services. QSI R&D expenses were primarily related to our FLO TV™ subsidiary.

Selling, General and Administrative

($ in millions)	Non-GAAP	Share-Based Compensation	QSI	GAAP
Fourth quarter fiscal 2010	$ 364	$ 70	$ 37	$ 471
As a % of revenues	12%		N/M	16%
Fourth quarter fiscal 2009	$ 300	$ 66	$ 24	$ 390
As a % of revenues	11%		N/M	14%
Year-over-year change ($)	21%	6%	54%	21%

Non-GAAP selling, general and administrative (SG&A) expenses increased 21 percent y-o-y primarily due to an increase in legal and patent-related costs. QSI SG&A expenses were primarily related to FLO TV.

Effective Income Tax Rate

Our fiscal 2010 effective income tax rates were 20 percent for both GAAP and Non-GAAP. The fiscal 2010 GAAP effective tax rate included tax expense of $137 million because deferred revenue related to the 2008 license and settlement agreements with Nokia was taxable in fiscal 2010, but the resulting deferred tax asset will reverse in future years when our state tax rate, based on the legislation in effect during fiscal 2010, will be lower. The fiscal 2010 GAAP effective tax rate also included $20 million of tax expense as a result of prior year tax audits completed during the fiscal year. The tax expense related to these items was excluded from our Non-GAAP results to provide a clearer understanding of our ongoing tax rate and after tax earnings.

Qualcomm Strategic Initiatives

The QSI segment manages our strategic investment activities, including FLO TV, and makes strategic investments in early-stage companies and in wireless spectrum, such as the Broadband Wireless Access (BWA) spectrum recently won in the auction in India. GAAP results for the fourth quarter fiscal 2010 included a $0.05 loss per share for the QSI segment. The fourth quarter fiscal 2010 QSI results included $132 million in operating expenses primarily related to FLO TV. In June 2010, in connection with the India BWA spectrum purchase, we entered into a bank loan agreement that is payable in full in Indian rupees in December 2010. At the end of the fourth quarter fiscal 2010, the carrying value of the loan was $1.09 billion.

Business Outlook

The following statements are forward looking and actual results may differ materially. The "Note Regarding Forward-Looking Statements" at the end of this news release provides a description of certain risks that we face, and our annual and quarterly reports on file with the Securities and Exchange Commission (SEC) provide a more complete description of risks.

Our outlook does not include provisions for future asset impairments or the consequences of injunctions, damages or fines related to any pending legal matters unless awarded or imposed by a court, governmental entity or other regulatory body. Further, due to their nature, certain income and expense items, such as realized investment gains or losses, or gains and losses on certain derivative instruments, cannot be accurately forecast. Accordingly, we only include such items in our business outlook to the extent they are reasonably certain; however, actual results may vary materially from the business outlook.

We have commenced a restructuring plan under which we expect to exit the current FLO TV service business. In addition to our ongoing operating costs, we expect to incur restructuring charges related to this plan in the range of $125 million to $175 million in fiscal 2011, which are primarily related to certain contractual obligations and are included in our fiscal 2011 outlook included herein. Additionally, we continue to evaluate strategic options for the FLO TV business, which include, but are not limited to, operating the FLO TV network under a new wholesale service; sale to, or joint venture with, a third party; and/or the sale of the spectrum licenses and the discontinuance of the operation of the network. Additional charges, including impairment of assets, may be incurred as we continue to evaluate or implement these strategic options or if we are unable to generate adequate future cash flows associated with this business.

The following table summarizes GAAP and Non-GAAP guidance based on the current business outlook. The Non-GAAP business outlook presented below is consistent with the presentation of Non-GAAP results elsewhere herein.

The following estimates are approximations and are based on the current business outlook:

Qualcomm's Business Outlook Summary

FIRST FISCAL QUARTER		
	Q1 FY10 Results	**Current Guidance Q1 FY11 Estimates**
Non-GAAP		
Revenues	$2.67B	$3.05B - $3.35B
Year-over-year change		*increase 14% - 26%*
Diluted earnings per share (EPS)	$0.62	$0.70 - $0.74
Year-over-year change		*increase 13% - 19%*
GAAP		
Revenues	$2.67B	$3.05B - $3.35B
Year-over-year change		*increase 14% - 25%*
Diluted EPS	$0.50	$0.58 - $0.62
Year-over-year change		*increase 16% - 24%*
Diluted EPS attributable to QSI	($0.03)	($0.05)
Diluted EPS attributable to share-based compensation	($0.07)	($0.07)
Diluted EPS attributable to certain tax items	($0.02)	$0.00
Metrics		
MSM shipments	approx. 92M	approx. 115M - 119M
Year-over-year change		*increase 25% - 29%*
Total reported device sales (1)	$24.5B*	$31.5B - $33.5B*
Year-over-year change		*increase 29% - 37%*
Est. CDMA-based devices shipped (1)	approx. 126M- 130M*	not provided
Est. CDMA-based device average selling price (1)	approx. $189-$195*	not provided
*Est. sales in September quarter, reported in December quarter		

FISCAL YEAR		
	FY 2010 Results	**Current Guidance FY 2011 Estimates**
Non-GAAP		
Revenues	$10.98B	$12.4B - $13.0B
Year-over-year change		*increase 13% - 18%*
Operating Income	$4.32B	$4.8B - $5.3B
Year-over-year change		*increase 11% - 23%*
Diluted EPS	$2.46	$2.63 - $2.77
Year-over-year change		*increase 7% - 13%*
GAAP		
Revenues	$10.99B	$12.4B - $13.0B
Year-over-year change		*increase 13% - 18%*
Operating Income	$3.28B	$3.6B - $4.1B
Year-over-year change		*increase 10% - 25%*
Diluted EPS	$1.96	$2.08 - $2.22
Year-over-year change		*increase 6% - 13%*
Diluted EPS attributable to QSI	($0.13)	($0.22)
Diluted EPS attributable to share-based compensation	($0.27)	($0.32)
Diluted EPS attributable to certain tax items	($0.10)	($0.01)

CALENDAR YEAR Device Estimates (1)			
	Prior Guidance Calendar 2010 Estimates	**Current Guidance Calendar 2010 Estimates**	**Current Guidance Calendar 2011 Estimates**
Est. CDMA-based device shipments			
March quarter	approx. 134M - 138M	approx. 134M - 138M	not provided
June quarter	not provided	approx. 153M - 157M	not provided
September quarter	not provided	not provided	not provided
December quarter	not provided	not provided	not provided
Est. Calendar year range (approx.)	**600M - 650M**	**625M - 650M**	**740M - 790M**
	Midpoint	**Midpoint**	**Midpoint**
Est. total CDMA-based units	approx. 625M	approx. 638M	approx. 765M
Est. CDMA units	approx. 236M	approx. 241M	approx. 250M
Est. WCDMA units	approx. 389M	approx. 397M	approx. 515M

(1) Total reported device sales is the sum of all reported sales in U.S. dollars (as reported to us by our licensees) of all licensed CDMA-based subscriber devices (including handsets, modules, modem cards and other subscriber devices) by our licensees during a particular period. The reported quarterly estimated ranges of ASPs and unit shipments are determined based on the information as reported to us by our licensees during the relevant period and our own estimates of the selling prices and unit shipments for licensees that do not provide such information. Not all licensees report sales, selling prices and/or unit shipments the same way (e.g., some licensees report selling prices net of permitted deductions, such as transportation, insurance and packing costs, while other licensees report selling prices and then identify the amount of permitted deductions in their reports), and the way in which licensees report such information may change from time to time. Total reported device sales, estimated unit shipments and estimated ASPs for a particular period may include prior period activity that is reported with the activity for the particular period. For results using assumptions in effect for quarters prior to the second quarter of fiscal 2010, please refer to the "Changes to QTL Metrics" table of our April 21, 2010 earnings release that was furnished to the Securities and Exchange Commission on Form 8-K.

Results of Business Segments (in millions, except per share data):

SEGMENTS	QCT	QTL	QWI	Non-GAAP Reconciling Items (1)(5)	Non-GAAP (5)	Share-Based Compensation (2)	Tax Items (3)	In-Process R&D	QSI (4)	GAAP (5)
Q4 - FISCAL 2010										
Revenues	$1,860	$921	$171	$ -	$2,952	$ -	$ -	$ -	$ -	$2,952
Change from prior year	*9%*	*10%*	*17%*	*N/M*	*10%*				*(100%)*	*10%*
Change from prior quarter	*10%*	*9%*	*6%*	*N/M*	*9%*				*(100%)*	*9%*
Operating income (loss)					$1,130	($161)	$ -	$ -	($132)	$837
Change from prior year					*36%*	*(9%)*		*N/A*	*(53%)*	*40%*
Change from prior quarter					*14%*	*(8%)*		*N/A*	*N/M*	*6%*
EBT	$519	$754	($2)	$90	$1,361	($161)	$ -	$ -	($153)	$1,047
Change from prior year	*2%*	*9%*	*N/M*	*N/M*	*38%*	*(9%)*		*N/A*	*(61%)*	*41%*
Change from prior quarter	*28%*	*12%*	*N/M*	*N/M*	*17%*	*(8%)*		*N/A*	*N/M*	*8%*
EBT as a % of revenues	28%	82%	*(1%)*	*N/M*	46%	*N/M*		*N/A*	*N/M*	35%
Net income (loss)					$1,105	($120)	($40)	$ -	($80)	$865
Change from prior year					*36%*	*(41%)*	*N/M*	*N/A*	*(3%)*	*8%*
Change from prior quarter					*18%*	*(8%)*	*N/M*	*N/A*	*N/M*	*13%*
Diluted EPS					$0.68	($0.07)	($0.02)	$ -	$(0.05)	$0.53
Change from prior year					*42%*	*(40%)*	*N/M*	*N/A*	*0%*	*10%*
Change from prior quarter					*19%*	*0%*	*N/M*	*N/A*	*N/M*	*13%*
Diluted shares used					1,621	1,621	1,621	1,621	1,621	1,621
Q3 - FISCAL 2010										
Revenues	$1,691	$847	$162	$ -	$2,700	$ -	$ -	$ -	$6	$2,706
Operating income (loss)					991	(149)	-	-	(50)	792
EBT	404	673	6	78	1,161	(149)	-	-	(41)	971
Net income (loss)					936	(111)	(54)	-	(4)	767
Diluted EPS					$0.57	($0.07)	($0.03)	$ -	$ -	$0.47
Diluted shares used					1,642	1,642	1,642	1,642	1,642	1,642
Q1 - FISCAL 2010										
Revenues	$1,608	$917	$142	$1	$2,668	$ -	$ -	$ -	$2	$2,670
Operating income (loss)					1,134	(151)	-	-	(104)	879
EBT	425	772	9	104	1,310	(151)	-	-	(107)	1,052
Net income (loss)					1,041	(114)	(32)	-	(54)	841
Diluted EPS					$0.62	($0.07)	$(0.02)	$ -	($0.03)	$0.50
Diluted shares used					1,691	1,691	1,691	1,691	1,691	1,691
Q4 - FISCAL 2009										
Revenues	$1,699	$837	$146	$1	$2,683	$ -	$ -	$ -	$7	$2,690
Operating income (loss)					831	(148)	-	-	(86)	597
EBT	508	693	(5)	(211)	985	(148)	-	-	(95)	742
Net income (loss)					811	(85)	155	-	(78)	803
Diluted EPS					$0.48	($0.05)	$ 0.09	$ -	($0.05)	$0.48
Diluted shares used					1,688	1,688	1,688	1,688	1,688	1,688
12 MONTHS - FISCAL 2010										
Revenues	$6,695	$3,659	$628	$ -	$10,982	$ -	$ -	$ -	$9	$10,991
Change from prior year	*9%*	*1%*	*(2%)*	*N/M*	*6%*				*(69%)*	*6%*
Operating income (loss)					$4,316	($614)	$ -	($3)	($416)	$3,283
Change from prior year					*37%*	*(5%)*		*N/M*	*(23%)*	*47%*
EBT	$1,693	$3,020	$12	$361	$5,086	($614)	$ -	($3)	($435)	$4,034
Change from prior year	*17%*	*(2%)*	*(40%)*	*N/M*	*68%*	*(5%)*		*N/M*	*(20%)*	*94%*
Net income (loss)					$4,071	($442)	($159)	($3)	($220)	$3,247
Change from prior year					*86%*	*3%*	*N/M*	*N/M*	*13%*	*104%*
Diluted EPS					$2.46	($0.27)	($0.10)	$ -	($0.13)	$1.96
Change from prior year					*88%*	*0%*	*N/M*	*N/M*	*13%*	*106%*
Diluted shares used					1,658	1,658	1,658	1,658	1,658	1,658
12 MONTHS - FISCAL 2009										
Revenues	$6,135	$3,605	$641	$6	$10,387	$ -	$ -	$ -	$29	$10,416
Operating income (loss)					3,153	(584)	-	(6)	(337)	2,226
EBT	1,441	3,068	20	(1,502)	3,027	(584)	-	(6)	(361)	2,076
Net income (loss)					2,187	(455)	118	(6)	(252)	1,592
Diluted EPS					$1.31	($0.27)	$0.07	$ -	($0.15)	$0.95
Diluted shares used					1,673	1,673	1,673	1,673	1,673	1,673

(1) Non-GAAP reconciling items related to revenues consist primarily of other nonreportable segment revenues less intersegment eliminations. Non-GAAP reconciling items related to earnings before taxes consist primarily of certain investment income or losses, interest expense, research and development expenses, sales and marketing expenses and other operating expenses that are not allocated to the segments for management reporting purposes, nonreportable segment results and the elimination of intersegment profit.

(2) Certain share-based compensation is included in operating expenses as part of employee-related costs but is not allocated to the Company's segments as such costs are not considered relevant by management in evaluating segment performance.

(3) During the first, second, third and fourth quarters of fiscal 2010, the Company recorded $32 million, $33 million, $32 million and $40 million in state tax expense, respectively, or $0.02 diluted loss per share for each quarter, because deferred revenue related to the license and settlement agreements with Nokia was taxable in fiscal 2010 but the resulting deferred tax asset will reverse in future years when the Company's state tax rate, based on the legislation in effect during fiscal 2010, will be lower. During the third quarter of fiscal 2010, the Company recorded $22 million of tax expense, or $0.01 diluted loss per share, as a result of prior year tax audits completed during the third quarter.

(4) At fiscal year-end, the sum of the quarterly tax provisions for each column, including QSI, equals the annual tax provisions for each column computed in accordance with GAAP. In interim quarters, the tax provision for the QSI operating segment is computed by subtracting the Non-GAAP tax provision, the tax items column and the tax provision related to share-based compensation from the GAAP tax provision.

(5) Fiscal 2009 results included a $783 million charge related to a litigation settlement and patent agreement with Broadcom Corporation, including $748 million recorded in the second quarter of fiscal 2009 and $35 million recorded in the fourth quarter of 2009. The fourth quarter of fiscal 2009 results also included a $230 million charge related to the Korea Fair Trade Commission fine.

N/M – Not Meaningful

N/A – Not Applicable

Sums may not equal totals due to rounding.

Conference Call

Qualcomm's fourth quarter fiscal 2010 earnings conference call will be broadcast live on November 3, 2010 beginning at 1:45 p.m. Pacific Time (PT) on the Company's web site at: www.qualcomm.com. This conference call may contain forward-looking financial information and will include a discussion of "Non-GAAP financial measures" as that term is defined in Regulation G. The most directly comparable GAAP financial measures and information reconciling these Non-GAAP financial measures to the Company's financial results prepared in accordance with GAAP, as well as the other material financial and statistical information to be discussed in the conference call, will be posted on the Company's Investor Relations web site at www.qualcomm.com immediately prior to commencement of the call. A taped audio replay will be available via telephone on November 3, 2010, beginning at approximately 5:30 p.m. PT through December 3, 2010 at 9:00 p.m. PT. To listen to the replay, U.S. callers may dial (800) 642-1687 and international callers may dial (706) 645-9291. U.S. and international callers should use reservation number 17283098. An audio replay of the conference call will be available on the Company's web site at www.qualcomm.com following the live call.

Editor's Note: To view the web slides that accompany this earnings release and conference call, please go to the Qualcomm Investor Relations website at: http://investor.qualcomm.com/results.cfm

Qualcomm Incorporated (Nasdaq: QCOM) is a world leader in next-generation mobile technologies. For 25 years, Qualcomm ideas and inventions have driven the evolution of wireless communications, connecting people more closely to information, entertainment and each other. Today, Qualcomm technologies are powering the convergence of mobile communications and consumer electronics, making wireless devices and services more personal, affordable and accessible to people everywhere. For more information, please visit www.qualcomm.com

Note Regarding Use of Non-GAAP Financial Measures

The Company presents Non-GAAP financial information that is used by management (i) to evaluate, assess and benchmark the Company's operating results on a consistent and comparable basis; (ii) to measure the performance and efficiency of the Company's ongoing core operating businesses, including the Qualcomm CDMA Technologies, Qualcomm Technology Licensing and Qualcomm Wireless & Internet segments; and (iii) to compare the performance and efficiency of these segments against each other and against competitors outside the Company. Non-GAAP measurements of the following financial data are used by the Company's management: revenues, R&D expenses, SG&A expenses, total operating expenses, operating income (loss), net investment income (loss), income (loss) before income taxes, effective tax rate, net income (loss), diluted earnings (loss) per share, operating cash flow and free cash flow. Management is able to assess what it believes is a more meaningful and comparable set of financial performance measures for the Company and its business segments by using Non-GAAP information. As a result, management compensation decisions and the review of executive compensation by the Compensation Committee of the Board of Directors focus primarily on Non-GAAP financial measures applicable to the Company and its business segments.

Non-GAAP information used by management excludes the QSI segment, certain share-based compensation, certain tax items and acquired in-process R&D. The QSI segment is excluded because the Company expects to exit its strategic investments at various times, and the effects of fluctuations in the value of such investments are viewed by management as unrelated to the Company's operational performance. Share-based compensation, other than amounts related to share-based awards granted under a bonus program that may result in the issuance of unrestricted shares of the Company's common stock, is excluded because management views such share-based compensation as unrelated to the Company's operational performance. Further, share-based compensation related to stock options is affected by factors that are subject to change, including the Company's stock price, stock market volatility, expected option life, risk-free interest rates and expected dividend payouts in future years. Certain tax items that were recorded in reported earnings in each fiscal year presented, but were unrelated to the fiscal year in which they were recorded, are excluded in order to provide a clearer understanding of the Company's ongoing Non-GAAP tax rate and after tax earnings. Acquired in-process R&D is excluded because such expense is viewed by management as unrelated to the operating activities of the Company's ongoing core businesses.

The Company presents free cash flow, defined as net cash provided by operating activities less capital expenditures, to facilitate an understanding of the amount of cash flow generated that is available to grow its business and to create long-term shareholder value. The Company believes that this presentation is useful in evaluating its operating performance and financial strength. In addition, management uses this measure to evaluate the Company's performance, to value the Company and to compare its operating performance with other companies in the industry.

The Non-GAAP financial information presented herein should be considered in addition to, not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. In addition, "Non-GAAP" is not a term defined by GAAP, and, as a result, the Company's measure of Non-GAAP results might be different than similarly titled measures used by other companies. Reconciliations between GAAP results and Non-GAAP results are presented herein.

Note Regarding Forward-Looking Statements

In addition to 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: the rate of deployment and adoption of, and demand for, our technologies in wireless networks and of wireless communications, equipment and services, including CDMA2000 1X, 1xEV-DO, WCDMA, HSPA, TD-SCDMA and OFDMA, both domestically and internationally; the uncertainty of global economic conditions and its potential impact on demand for our products, services or applications and the value of our marketable securities; competition; our dependence on major customers and licensees; attacks on our licensing business model, including results of current and future litigation and arbitration proceedings, as well as actions of governmental or quasi-governmental bodies, and the costs we incur in connection therewith, including potentially damaged relationships with customers and operators who may be impacted by the results of these proceedings; our dependence on third-party manufacturers and suppliers; foreign currency fluctuations; strategic investments and transactions we have or may pursue; defects or errors in our products and services; the success of the FLO TV service business and MediaFLO™ technology; the development and commercial success of the mirasol® display technology; as well as the other risks detailed from time-to-time in our SEC reports, including the report on Form 10-K for the year ended September 26, 2010. The Company undertakes no obligation to update, or continue to provide information with respect to, any forward-looking statement or risk factor, whether as a result of new information, future events or otherwise.

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Qualcomm Incorporated
Supplemental Information for the Three Months Ended September 26, 2010
(Unaudited)

	Non-GAAP Results	Share-Based Compensation	Tax Items	QSI	GAAP Results
($ in millions except per share data)					
R&D	$547	$79	$ -	$30	$656
SG&A	364	70	-	37	471
Operating income (loss)	1,130	(161)	-	(132)	837
Investment income (loss), net	231	-	-	(21)[a]	210
Tax rate	*19%*	*N/M*	*N/M*	*N/M*	*17%*
Net income (loss)	$1,105	($120)	($40)[b]	($80)	$865
Diluted earnings (loss) per share (EPS)	$0.68	($0.07)	($0.02)	($0.05)	$0.53
Operating Cash Flow	$1,214	($11)[c]	$ -	($110)	$1,093
Operating Cash Flow as % of Revenues	*41%*	*N/A*	*N/A*	*N/M*	*37%*
Free Cash Flow[d]	$1,113	($11)[c]	$ -	($122)	$980
Free Cash Flow as a % of Revenues	*38%*	*N/A*	*N/A*	*N/M*	*33%*

(a) The Company's strategic investment activities included $25 million in interest expense and $7 million in other-than-temporary losses on investments, partially offset by $7 million in gains on derivative instruments, $3 million in interest and dividend income related to cash, cash equivalents and marketable securities and $1 million in net realized gains on investments.
(b) During the fourth quarter of fiscal 2010, the Company recorded a $40 million state tax expense, or $0.02 diluted loss per share, because deferred revenue related to the license and settlement agreements with Nokia was taxable in fiscal 2010 but the resulting deferred tax asset will reverse in future years when the Company's state tax rate, based on the legislation in effect during fiscal 2010, will be lower.
(c) Incremental tax benefits from stock options exercised during the period.
(d) Free Cash Flow is calculated as net cash provided by operating activities less capital expenditures. Reconciliation of these amounts is included in the "Reconciliation of Non-GAAP Free Cash Flows to Net Cash Provided by Operating Activities (GAAP) and Other Supplemental Disclosures" for the three months ended September 26, 2010, included herein.

N/M – Not Meaningful
N/A – Not Applicable
Sums may not equal totals due to rounding.

Qualcomm Incorporated
Supplemental Information for the Twelve Months Ended September 26, 2010
(Unaudited)

	Non-GAAP Results	Share-Based Compensation	Tax Items	In-Process R&D	QSI	GAAP Results
($ in millions except per share data)						
R&D	$2,142	$300	$ -	$3	$104	$2,549
SG&A	1,268	272	-	-	102	1,642
Operating income (loss)	4,316	(614)	-	(3)	(416)	3,283
Investment income (loss), net	770	-	-	-	(19)[(a)]	751
Tax rate	*20%*	*28%*	*N/M*	*N/A*	*45%*	*20%*
Net income (loss)	$4,071	($442)	($159)[(b)]	($3)	($220)	$3,247
Diluted earnings (loss) per share (EPS)	$2.46	($0.27)	($0.10)	$ -	($0.13)	$1.96
Operating Cash Flow	$4,511	($45)[(c)]	$ -	$ -	($390)	$4,076
Operating Cash Flow as % of Revenues	*41%*	*N/A*	*N/A*	*N/A*	*N/M*	*37%*
Free Cash Flow[(d)]	$4,161	($45)[(c)]	$ -	$ -	($466)	$3,650
Free Cash Flow as a % of Revenues	*38%*	*N/A*	*N/A*	*N/A*	*N/M*	*33%*

(a) The Company's strategic investment activities included $42 million in interest expense, $15 million in other-than-temporary losses on investments and $3 million in equity in losses of investees, partially offset by $26 million in net realized gains on investments, $8 million in interest and dividend income related to cash, cash equivalents and marketable securities and $7 million in gains on derivative instruments.

(b) During fiscal 2010, the Company recorded (i) a $137 million state tax expense, or $0.08 diluted loss per share, because deferred revenue related to the license and settlement agreements with Nokia was taxable in fiscal 2010 but the resulting deferred tax asset will reverse in future years when the Company's state tax rate, based on the legislation in effect during fiscal 2010, will be lower, and (ii) a $22 million tax expense, or $0.01 diluted loss per share, as a result of prior year tax audits completed during fiscal 2010.

(c) Incremental tax benefits from stock options exercised during the period.

(d) Free Cash Flow is calculated as net cash provided by operating activities less capital expenditures. Reconciliation of these amounts is included in the "Reconciliation of Non-GAAP Free Cash Flows to Net Cash Provided by Operating Activities (GAAP) and Other Supplemental Disclosures" for the twelve months ended September 26, 2010, included herein.

N/M – Not Meaningful
N/A – Not Applicable

Qualcomm Incorporated
Reconciliation of Non-GAAP Free Cash Flows to
Net Cash Provided by Operating Activities (GAAP)
and Other Supplemental Disclosures
(In millions)
(Unaudited)

Three Months Ended September 26, 2010

	Non-GAAP	Share-Based Compensation	Tax Items	In-Process R&D	QSI	GAAP
Net cash provided (used) by operating activities	$ 1,214	$ (11) (a)	$ -	$ -	$ (110)	$ 1,093
Less: capital expenditures	(101)	-	-	-	(12)	(113)
Free cash flow	$ 1,113	$ (11)	$ -	$ -	$ (122)	$ 980
Revenues	2,952	-	-	-	-	2,952
Free Cash Flow as a % of Revenues	38%	*N/A*	*N/A*	*N/A*	*N/M*	33%
Other supplemental cash disclosures:						
Cash transfers from QSI (1)	$ 2	$ -	$ -	$ -	$ (2)	$ -
Cash transfers to QSI (2)	(144)	-	-	-	144	-
Net cash transfers	$ (142)	$ -	$ -	$ -	$ 142	$ -

Twelve Months Ended September 26, 2010

	Non-GAAP	Share-Based Compensation	Tax Items	In-Process R&D	QSI	GAAP
Net cash provided (used) by operating activities	$ 4,511	$ (45) (a)	$ -	$ -	$ (390)	$ 4,076
Less: capital expenditures	(350)	-	-	-	(76)	(426)
Free cash flow	$ 4,161	$ (45)	$ -	$ -	$ (466)	$ 3,650
Revenues	10,982	-	-	-	9	10,991
Free Cash Flow as a % of Revenues	38%	*N/A*	*N/A*	*N/A*	*N/M*	33%
Other supplemental cash disclosures:						
Cash transfers from QSI (3)	$ 119	$ -	$ -	$ -	$ (119)	$ -
Cash transfers to QSI (2)	(520)	-	-	-	520	-
Net cash transfers	$ (401)	$ -	$ -	$ -	$ 401	$ -

Three Months Ended September 27, 2009

	Non-GAAP	Share-Based Compensation	Tax Items	In-Process R&D	QSI	GAAP
Net cash provided (used) by operating activities	$ 1,411	$ (25) (a)	$ -	$ -	$ (65)	$ 1,321
Less: capital expenditures	(117)	-	-	-	(27)	(144)
Free cash flow	$ 1,294	$ (25)	$ -	$ -	$ (92)	$ 1,177

Twelve Months Ended September 27, 2009

	Non-GAAP	Share-Based Compensation	Tax Items	In-Process R&D	QSI	GAAP
Net cash provided (used) by operating activities	$ 7,556	$ (79) (a)	$ -	$ -	$ (305)	$ 7,172
Less: capital expenditures	(649)	-	-	-	(112)	(761)
Free cash flow	$ 6,907	$ (79)	$ -	$ -	$ (417)	$ 6,411

(a) Incremental tax benefits from stock options exercised during the period.
(1) Cash from sale of equity investments.
(2) Primarily funding for strategic debt and equity investments, capital expenditures and other QSI operating expenses.
(3) Cash from sale of equity investments and Australia spectrum license.
N/M - Not Meaningful
N/A - Not Applicable

Qualcomm Incorporated
Reconciliation of Non-GAAP Tax Rate to GAAP Tax Rate
(in millions)
(Unaudited)

Three Months Ended September 26, 2010

	Non-GAAP Results	Share-Based Compensation	Tax Items	In-Process R&D	QSI (a)	GAAP Results
Income (loss) before income taxes	$1,361	($161)	$ -	$ -	($153)	$1,047
Income tax (expense) benefit	(256)	41	(40)	-	73	(182)
Net income (loss)	$1,105	($120)	($40)	$ -	($80)	$865
Tax rate	*19%*	*25%*	*N/M*	*N/M*	*N/M*	*17%*

Twelve Months Ended September 26, 2010

	Non-GAAP Results	Share-Based Compensation	Tax Items	In-Process R&D	QSI	GAAP Results
Income (loss) before income taxes	$5,086	($614)	$ -	($3)	($435)	$4,034
Income tax (expense) benefit	(1,015)	172	(159)	-	215	(787)
Net income (loss)	$4,071	($442)	($159)	($3)	($220)	$3,247
Tax rate	*20%*	*28%*	*N/M*	*N/M*	*49%*	*20%*

(a) At fiscal year-end, the sum of the quarterly tax provisions for each column, including QSI, equals the annual tax provisions for each column computed in accordance with GAAP. In interim quarters, the tax provision for the QSI operating segment is computed by subtracting the Non-GAAP tax provision, the tax items column and the tax provision related to share-based compensation from the GAAP tax provision.

N/M – Not Meaningful

Qualcomm Incorporated
CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions, except per share data)
(Unaudited)

ASSETS

	September 26, 2010	September 27, 2009
Current assets:		
Cash and cash equivalents	$ 3,547	$ 2,717
Marketable securities	6,732	8,352
Accounts receivable, net	730	700
Inventories	528	453
Deferred tax assets	321	149
Other current assets	275	199
Total current assets	12,133	12,570
Marketable securities	8,123	6,673
Deferred tax assets	1,922	843
Property, plant and equipment, net	2,373	2,387
Goodwill	1,488	1,492
Other intangible assets, net	3,022	3,065
Other assets	1,511	415
Total assets	$ 30,572	$ 27,445

LIABILITIES AND STOCKHOLDERS' EQUITY

	September 26, 2010	September 27, 2009
Current liabilities:		
Trade accounts payable	$ 764	$ 636
Payroll and other benefits related liabilities	467	480
Unearned revenues	623	441
Loan payable to banks	1,086	-
Income taxes payable	1,443	29
Other current liabilities	1,085	1,227
Total current liabilities	5,468	2,813
Unearned revenues	3,485	3,464
Other liabilities	761	852
Total liabilities	9,714	7,129
Stockholders' equity:		
Preferred stock, $0.0001 par value; issuable in series; 8 shares authorized; none outstanding at September 26, 2010 and September 27, 2009	-	-
Common stock, $0.0001 par value; 6,000 shares authorized; 1,612 and 1,669 shares issued and outstanding at September 26, 2010 and September 27, 2009, respectively	-	-
Paid-in capital	6,856	8,493
Retained earnings	13,305	11,235
Accumulated other comprehensive income	697	588
Total stockholders' equity	20,858	20,316
Total liabilities and stockholders' equity	$ 30,572	$ 27,445

Qualcomm Incorporated
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share data)
(Unaudited)

	Three Months Ended		Twelve Months Ended	
	September 26, 2010	September 27, 2009	September 26, 2010	September 27, 2009
Revenues:				
Equipment and services	$ 1,950	$ 1,769	$ 6,980	$ 6,466
Licensing and royalty fees	1,002	921	4,011	3,950
Total revenues	2,952	2,690	10,991	10,416
Operating expenses:				
Cost of equipment and services revenues	988	824	3,517	3,181
Research and development	656	614	2,549	2,440
Selling, general and administrative	471	390	1,642	1,556
Litigation settlement, patent license and other related items	-	35	-	783
KFTC fine	-	230	-	230
Total operating expenses	2,115	2,093	7,708	8,190
Operating income	837	597	3,283	2,226
Investment income (loss), net	210	145	751	(150)
Income before income taxes	1,047	742	4,034	2,076
Income tax (expense) benefit	(182)	61	(787)	(484)
Net income	$ 865	$ 803	$ 3,247	$ 1,592
Basic earnings per common share	$ 0.54	$ 0.48	$ 1.98	$ 0.96
Diluted earnings per common share	$ 0.53	$ 0.48	$ 1.96	$ 0.95
Shares used in per share calculations:				
Basic	1,608	1,666	1,643	1,656
Diluted	1,621	1,688	1,658	1,673
Dividends per share paid	$ 0.19	$ 0.17	$ 0.72	$ 0.66
Dividends per share announced	$ 0.19	$ 0.17	$ 0.72	$ 0.66

Qualcomm Incorporated
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)
(Unaudited)

	Three Months Ended		Twelve Months Ended	
	September 26, 2010	**September 27, 2009**	**September 26, 2010**	**September 27, 2009**
Operating Activities:				
Net income	$ 865	$ 803	$ 3,247	$ 1,592
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	171	175	666	635
Revenues related to non-monetary exchanges	(31)	(29)	(130)	(114)
Income tax provision in excess of income tax payments	36	(255)	116	(33)
Non-cash portion of share-based compensation expense	159	148	612	584
Non-cash portion of interest and dividend income	(7)	(24)	(24)	(68)
Incremental tax benefit from stock options exercised	(11)	(25)	(45)	(79)
Net realized gains on marketable securities and other investments	(131)	(80)	(405)	(137)
Impairment losses on marketable securities and other investments	23	46	125	763
Other items, net	13	14	(40)	36
Changes in assets and liabilities, net of effects of acquisitions:				
Accounts receivable, net	73	366	(18)	3,083
Inventories	(87)	(74)	(80)	69
Other assets	11	(41)	(60)	(58)
Trade accounts payable	125	65	148	57
Payroll, benefits and other liabilities	(68)	273	(229)	984
Unearned revenues	(48)	(41)	193	(142)
Net cash provided by operating activities	1,093	1,321	4,076	7,172
Investing Activities:				
Capital expenditures	(113)	(144)	(426)	(761)
Advance payment on spectrum	-	-	(1,064)	-
Purchases of available-for-sale securities	(1,924)	(3,946)	(8,973)	(10,443)
Proceeds from sale of available-for-sale securities	3,086	1,668	10,440	5,274
Purchases of other marketable securities	(850)	-	(850)	-
Cash received for partial settlement of investment receivables	1	-	34	349
Other investments and acquisitions, net of cash acquired	(49)	(7)	(94)	(54)
Change in collateral held under securities lending	-	-	-	173
Other items, net	6	(1)	94	5
Net cash provided (used) by investing activities	157	(2,430)	(839)	(5,457)
Financing Activities:				
Borrowing under loan payable to banks	-	-	1,064	-
Proceeds from issuance of common stock	170	366	689	642
Incremental tax benefit from stock options exercised	11	25	45	79
Repurchase and retirement of common stock	(122)	-	(3,016)	(285)
Dividends paid	(305)	(283)	(1,177)	(1,093)
Change in obligations under securities lending	-	-	-	(173)
Other items, net	(9)	(3)	(10)	(3)
Net cash (used) provided by financing activities	(255)	105	(2,405)	(833)
Effect of exchange rate changes on cash	11	-	(2)	(5)
Net increase (decrease) in cash and cash equivalents	1,006	(1,004)	830	877
Cash and cash equivalents at beginning of period	2,541	3,721	2,717	1,840
Cash and cash equivalents at end of period	$ 3,547	$ 2,717	$ 3,547	$ 2,717

QUALCOMM

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Qualcomm Announces Agreement for Sale of 700 MHz Spectrum Licenses

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SAN DIEGO – December 20, 2010 – Qualcomm Incorporated (NASDAQ: QCOM) today announced that it has agreed to sell its Lower 700 MHz D and E Block (Channel 55 and 56) unpaired U.S. spectrum licenses to AT&T for $1.925 billion. The sale follows Qualcomm's previously announced plan to restructure and evaluate strategic options related to the FLO TV business operated by FLO TV Incorporated, a wholly owned subsidiary of Qualcomm. It is expected that the FLO TV business and network will be shut down in March 2011.

AT&T announced today that as part of its longer-term 4G network plan, it intends to deploy this spectrum as supplemental downlink, using carrier aggregation technology. This technology is designed to deliver substantial capacity gains by enabling unpaired spectrum to be used in conjunction with paired spectrum.

Qualcomm is integrating carrier aggregation technology into its chipset roadmap to enable supplemental downlink and intends to market the technology globally. This new technology is expected to create opportunities around the world in markets where unpaired spectrum bands can be made available for wireless operators to use in conjunction with existing paired bands to obtain substantial improvements in their mobile broadband networks.

> ***" This is a positive outcome for Qualcomm and our stakeholders... "***
>
> ***- Dr. Paul Jacobs***
> *Qualcomm CEO & Chairman*

Qualcomm plans to take advantage of its experience in broadcast technology to develop LTE multicast technologies that address the rapidly growing demand for high-bandwidth video and other multimedia content.

"This is a positive outcome for Qualcomm and our stakeholders," said Paul Jacobs, chairman and CEO of Qualcomm. "Carrier aggregation, supplemental downlink and LTE multicast technologies are an exciting evolution of next generation wireless systems to economically support increasing consumer demand for mobile TV and other rich media content. We will continue to drive the development and delivery of these new capabilities, which build on our technology leadership and deep experience with 3G, 4G and broadcast technologies."

Completion of the spectrum transaction is subject to the satisfaction of customary closing conditions, including approval by the U.S. Federal Communications Commission and clearance from the U.S. Department of Justice. Qualcomm and AT&T anticipate closing the sale during the second half of calendar 2011. The proceeds will be received at closing.

Restructuring charges related to the FLO TV service business were previously estimated to be in the range of $125 million to $175 million in fiscal 2011, primarily related to certain contractual obligations, with the potential for additional charges depending on the outcome of the evaluation of strategic options for the business. As a result of this agreement to sell the spectrum licenses, it is anticipated that additional charges will be incurred related to the shut down of the FLO TV network and associated business exit costs.

About Qualcomm
Qualcomm Incorporated (NASDAQ: QCOM) is the world leader in next-generation mobile technologies. For 25 years, Qualcomm ideas and inventions have driven the evolution of wireless communications, connecting people more closely to information, entertainment and each other. Today, Qualcomm technologies are powering the convergence of mobile communications and consumer electronics, making wireless devices and services more personal, affordable and accessible to people everywhere. For more information, visit Qualcomm around the Web:
www.qualcomm.com
Corporate Blog: www.qualcomm.com/blog
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Except for the historical information contained herein, this news release contains forward-looking statements that are subject to risks, uncertainties and assumptions. If such risks or uncertainties materialize or such assumptions prove incorrect, the results of the Company could differ materially from those expressed or implied by such forward-looking statements and assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including the expected benefits and costs of the transaction and the estimated net cash proceeds of the transaction; management plans relating to the transaction; the expected timing of the completion of the transaction; the ability to complete the transaction considering the various closing conditions, including any conditions related to regulatory approvals; any statements of the plans, strategies and objectives of management for future operations, including the development of supplemental downlink technology, the integration of supplemental downlink technology into the Company's chipsets, the development of carrier aggregation and LTE multicast technologies and the availability and deployment of carrier aggregation and LTE multicast technologies; any statements of expectation or belief, including the benefits of carrier aggregation, supplemental downlink and LTE multicast technologies; the expected timing for the shut down of the FLO TV business and the amount of any additional charges related to the wind down of the FLO TV business; and any statements of assumptions underlying any of the foregoing. Risks, uncertainties and assumptions include the possibility that expected benefits may not materialize as expected; that the transaction may not be timely completed, if at all; that carrier aggregation and supplemental downlink technology can be successfully developed and adequate quantities of chipsets implementing such technology will be available on satisfactory terms and in a timely manner; that carrier aggregation and LTE multicast technologies can be timely developed and deployed; that the additional charges associated with the wind down of the FLO TV business are greater or less than anticipated; as well as the other risks detailed from time to time in the Company's SEC reports, including the report on Form 10-K for the year ended September 26, 2010, and most recent Form 10-Q. The Company undertakes no obligation to update, or continue to provide information with respect to, any forward-looking statement or risk factor, whether as a result of new information, future events or otherwise.

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DECEMBER 1, 2010, 1:05 PM ET

Qualcomm CEO Comes Clean About Mobile TV Miscues

Qualcomm Chief Executive Paul Jacobs almost escaped having to talk about the company's ill-starred mobile television effort at an event in Silicon Valley Tuesday night. But not quite.

The topic wasn't raised until the audience question-and-answer session at the gathering, an onstage discussion that was hosted by the Churchill Club. When an attendee asked about mobile TV, Jacobs initially responded by cringing in mock anguish with his head in his hands. Then he responded with one of his fullest descriptions yet of what went wrong with the costly service known as FLO TV.

Qualcomm

Qualcomm's Paul Jacobs

FLO, a six-year effort that Qualcomm indicated last summer it would sell or revamp, delivers video to cellphones and other devices using a broadcast network rather than conventional cellular systems. (FLO stands for "forward link only," an indicator that signals generally flow in one direction).

Jacobs–who appeared at the event with Jon Rubinstein, the former Palm CEO now at Hewlett-Packard–said the approach was chosen because of lessons from South Korea, where sending TV over cellular networks was attempted. When consumers were offered a flat-rate price, usage shot up and video streams began hogging network bandwidth. When a per-minute charge was substituted in response to that problem, usage plummeted, he says. "Nobody wants a TV when it's time-based," he said.

So Qualcomm tried FLO, which required buying radio frequencies, setting up transmission towers across the U.S., and cutting deals with content providers for programming. More problematically for the service–which was marketed by AT&T and Verizon Wireless–consumers needed to buy special cellphones or other devices equipped to receive the FLO signals.

Jacobs estimated Tuesday night that around a million people signed up, far less than Qualcomm had wanted. The company did learn plenty of lessons about what kinds of TV offerings users want on mobile devices, and what they don't.

What they do want, he said, is live events–particularly sports. The memorial for the late singer Michael Jackson was another popular example. What didn't work, resoundingly, was scheduled programming of TV shows.

"Nobody turned on their phone at 4:30 to watch show X for half an hour," Jacobs said. "That was a total non-starter."

None of this means that mobile TV won't exist, Jacobs said. But most shows needs to be offered on an on-demand basis, serving up stored copies of shows in TiVo-type manner–and such services should exploit conventional cellular networks and handsets, he said.

Mobile TV "will happen," said Jacobs. "It's just a question of how it's going to happen."

Qualcomm has said it is talking to other companies about options that include buying FLO TV, or simply buying its radio spectrums for other options like wireless broadband services.

"There are people in a position to do those things," Jacobs said in a brief conversation following his on-stage appearance. He expressed optimism that a transaction could be completed in a quarter or so. "It's moving," he said.

Qualcomm Subsidiary to Support Nationwide Delivery of Mobile Multimedia in 700 MHz Spectrum

New Distribution Channel to Complement Cellular Networks as a Shared Resource for Operators

SAN DIEGO – November 01, 2004 – Qualcomm Incorporated (Nasdaq: QCOM), pioneer and world leader of Code Division Multiple Access (CDMA) digital wireless technology, today announced plans for a subsidiary to deploy and operate a nationwide "mediacast" network, delivering many channels of high-quality video and audio programming to third-generation mobile phones at mass market prices. MediaFLO™ USA Inc., a subsidiary of Qualcomm, intends to provide interactive multimedia services to consumers in cooperation with U.S. cellular operators. MediaFLO USA has been structured as a subsidiary because Qualcomm intends ultimately to spin off its ownership of the business to its shareholders.

"Qualcomm strongly believes that the broad delivery of wireless multimedia services is the logical next step in the evolution of the wireless industry," said Dr. Paul E. Jacobs, executive vice president and president of Qualcomm Wireless and Internet Group. "Building on our deep relationships with wireless operators, handset manufacturers and content providers, we can accelerate the adoption of multimedia on wireless devices by making it truly cost effective using our FLO technology and prime nationwide 700 MHz spectrum."

Qualcomm intends to offer the network as a shared resource for U.S. CDMA2000 and WCDMA (UMTS) cellular operators, enabling them to deliver mobile interactive multimedia to their wireless subscribers without the cost of network deployment and operation. Subscribers will enjoy access to a broad range of high-quality content from the entertainment industry's leading media companies. MediaFLO USA will aggregate and distribute the content that is available to all MediaFLO partners and will provide seamless integration of this content with unique content that individual operators provide to maintain their competitive differentiation. The system will give TV stations and networks, cable TV and satellite operators and networks, and other content providers a major new distribution channel that complements their current offerings, enabling them to reach their audiences when they are away from home and on the go. U.S. consumers will gain access to compelling media services whenever and wherever they want them.

"Qualcomm's MediaFLO solution brings the cable and digital TV realms into the mobile value chain," said Jane Zweig, CEO of The Shosteck Group, an international telecommunications consultancy based in Wheaton, Maryland. "New partnerships and new revenue streams will be enabled as the content and mobile worlds become more tightly bound together. These opportunities exist for both vendors and operators alike."

The nationwide mediacasting network will deliver multimedia content to wireless mobile devices in the 700 MHz spectrum for which Qualcomm holds licenses that will enable the network to serve the whole country. It will be based on Qualcomm's FLO™ (Forward Link Only) technology (see previous announcement, Oct. 12, 2004) and will use the MediaFLO media distribution system for content aggregation, delivery and viewing. The network will support 50-100 national and local content channels, including up to 15 live streaming channels and numerous clip-cast and audio channels. This content will be delivered in an easy-to-use and familiar format at quality levels that dramatically surpass current mobile multimedia offerings through the use of QVGA video at up to 30 frames per second and high-quality stereo audio.

FLO technology in the 700 MHz spectrum (UHF channel 55) offers distinct efficiency and cost advantages in delivering content to a very large mobile subscriber base. Deploying high-power transmitters on tall towers provides superior coverage with 30 to 50 times fewer towers than cellular and higher frequency-based systems. Qualcomm acquired the majority of this spectrum in the June 2003 Federal Communications Commission (FCC) Auction No. 49, using a portion of the Company's Auction Discount Voucher, and the remainder in October 2004 via a transaction with the original licensee.

Partnering cellular operators will be able to offer new interactive and differentiated services in conjunction with their CDMA2000 1X, 1xEV-DO and WCDMA cellular networks without the cost of further deployment or need for new spectrum. FLO technology is specifically designed to minimize the power consumption and size of mobile phones, and to integrate into the baseband chip.

Qualcomm's MediaFLO USA Inc. cash requirements for its business plan are expected to be approximately $800 million in investments over the next 4 to 5 years, some of which may be funded by third parties. Qualcomm expects to begin commercial operation of the new network in 2006.

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. Headquartered in San Diego, Calif., Qualcomm is included in the S&P 500 Index and is a 2003 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, including the timing and extent to which the MediaFLO operator, the FLO technology and the MediaFLO media distribution system achieve commercial acceptance and the 700 MHz spectrum is cleared of current UHF television operations, the possibility that third parties may not fund any portion of the cash requirements of the MediaFLO operator, change in economic conditions of the various markets the Company serves, as well as the other risks detailed from time to time in the Company's SEC reports, including the report on Form 10-K for the year ended September 28, 2003, and most recent Form 10-Q.

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