capability and yields, quality assurance, quantity and costs. Our arrangements with our suppliers may oblige us to incur costs to manufacture and test our products that do not decrease at the same rate as decreases in pricing to our customers.

QCT Segment. Although we have entered into long-term contracts with our suppliers, most of these contracts do not provide for long-term capacity commitments, except as may be provided in a particular purchase order that has been accepted by our supplier. To the extent that we do not have firm commitments from our suppliers over a specific time period, or for any specific quantity, our suppliers may allocate, and in the past have allocated, capacity to the production and testing of products for their other customers while reducing capacity to manufacture or test our products. Accordingly, capacity for our products may not be available when we need it or available at reasonable prices. We have experienced capacity limitations from our suppliers, which resulted in supply constraints and our inability to meet certain customer demand. There can be no assurance that we will not experience these or other supply constraints in the future, which could result in our failure to meet customer demand. In addition, the timely readiness of our foundry suppliers to support transitions to smaller geometry process technologies could impact our ability to meet customer demand, revenues and cost expectations. The timing of acceptance of the smaller technology designs by our customers may subject us to the risk of excess inventories of earlier designs.

QMT Division. Our QMT division needs to form and maintain reliable business relationships with component supply partners to support the manufacture of interferometric modulator (IMOD) displays and/or modules in commercial volumes. All of our current relationships have been for the development and limited production of certain IMOD display panels and/or modules. Some or all of these relationships may not succeed or, even if they are successful, may not result in the component supply partners entering into material supply relationships with us.

Our suppliers may also be our competitors, putting us at a disadvantage for pricing and capacity allocation.

One or more of our suppliers may obtain licenses from us to manufacture CDMA-based integrated circuits that compete with our products. In this event, the supplier could elect to allocate raw materials and manufacturing capacity to their own products and reduce deliveries to us to our detriment. In addition, we may not receive reasonable pricing, manufacturing or delivery terms. We cannot guarantee that the actions of our suppliers will not cause disruptions in our operations that could harm our ability to meet our delivery obligations to our customers or increase our cost of sales.

Currency fluctuations could negatively affect future product sales or royalty revenues, harm our ability to collect receivables or increase the U.S. dollar cost of the activities of our foreign subsidiaries and international strategic investments.

Our international customers sell their products to markets throughout the world, including China, India, Japan, South Korea, North America, South America and Europe. Consolidated revenues from international customers as a percentage of total revenues were greater than 90% in both fiscal 2010 and 2009. We are exposed to risk from fluctuations in currencies that could negatively affect our operating results. Adverse movements in currency exchange rates may negatively affect our business due to a number of situations, including the following, among others:

- Our products and those of our customers and licensees that are sold into foreign markets may become less price-competitive as a result of adverse currency fluctuations;
- Certain of our revenues, such as royalty revenues, are derived from licensee or customer sales that are denominated in foreign currencies. Weakening of currency values in selected regions could adversely affect our revenues and cash flows;
- We may engage in foreign exchange hedging transactions that could affect our cash flows and earnings because they may require the payment of structuring fees, limit the U.S. dollar value of royalties from licensees' sales that are denominated in foreign currencies, cause earnings volatility if the hedges do not qualify for hedge accounting and expose us to counterparty risk if the counterparty fails to perform;
- Our loan payable to banks is denominated in Indian rupees. If the U.S. dollar significantly weakens, additional cash may be required to settle this obligation and the related interest; and
- Currency exchange rate fluctuations may reduce the U.S. dollar value of our marketable securities that are denominated directly or indirectly in foreign currencies.

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We may engage in acquisitions or strategic transactions or make investments that could result in significant changes or management disruption and fail to enhance stockholder value.

From time to time, we engage in acquisitions or strategic transactions or make investments with the goal of maximizing stockholder value. We acquire businesses and other assets, including spectrum licenses, enter into joint ventures or other strategic transactions and purchase equity and debt securities, including minority interests in publicly-traded and private companies. Many of our strategic investments are in early-stage companies to support our business, including the global adoption of CDMA- or OFDMA-based technologies and related services. Most of our acquisitions or strategic investments entail a high degree of risk and will not become liquid until more than one year from the date of investment, if at all. Our acquisitions or strategic investments (either those we have completed or may undertake in the future) may not generate financial returns or result in increased adoption or continued use of our technologies. In some cases, we may be required to consolidate or record our share of the earnings or losses of companies in which we have acquired ownership interests. Our share of any losses will adversely affect our financial results until we exit from or reduce our exposure to these investments.

Achieving the anticipated benefits of business acquisitions depends in part upon our ability to integrate the acquired businesses in an efficient and effective manner. The integration of companies that have previously operated independently may result in significant challenges, and we may be unable to accomplish the integration smoothly or successfully. The difficulties of integrating companies include, among others: retaining key employees; maintaining important relationships of Qualcomm and the acquired business; minimizing the diversion of management's attention from ongoing business matters; coordinating geographically separate organizations; consolidating research and development operations; and consolidating corporate and administrative infrastructures.

We cannot assure you that the integration of acquired businesses with our business will result in the realization of the full benefits anticipated by us to result from the acquisitions. We may not derive any commercial value from acquired technology, products and intellectual property or from future technologies and products based on the acquired technology and/or intellectual property, and we may be subject to liabilities that are not covered by indemnification protection we may obtain.

Defects or errors in our products and services or in the products of our customers could harm our business. If we experience product liability claims or recalls, we may incur significant expenses and experience decreased demand for our products.

Our products are inherently complex and may contain defects and errors that are detected only when the products are in use. For example, as our chipset product complexities increase, we are required to migrate to integrated circuit technologies with smaller geometric feature sizes. The design process interface issues are more complex as we enter into these new domains of technology, which adds risk to yields and reliability. Because our products and services are responsible for critical functions in our customers' products and/or networks, such defects or errors could have an adverse impact on our customers, which could damage our reputation, harm our customer relationships and expose us to liability. Defects or impurities in our components, materials or software or those used by our customers or licensees, equipment failures or other difficulties could adversely affect our ability, and that of our customers and licensees, to ship products on a timely basis, customer or licensee demand for our products or the commitment of financial and/or engineering resources that could affect future product release schedules. Additionally, a defect or failure in our products or the products of our customers or licensees could harm our reputation and/or adversely affect the growth of 3G and 3G/4G multimode wireless markets.

Manufacturing, testing, marketing and use of our products and those of our licensees and customers entail the risk of product liability. The use of wireless devices containing our products to access untrusted content creates a risk of exposing the system software in those devices to viral or malicious attacks. We continue to expand our focus on this issue and take measures to safeguard the software from this threat. However, this issue carries the risk of general product liability claims along with the associated impacts on reputation and demand. In addition, a product liability claim or recall, whether against our licensees, customers or us, could harm our reputation and result in decreased demand for our products.

Our Firethorn and FLO TV businesses do not currently generate operating income and may not succeed or their operating results may not meet our expectations.

If our Firethorn and/or FLO TV businesses do not succeed, our investments in their technologies may not provide us an adequate return, and our business could be harmed. Consumer acceptance of our Firethorn service offerings will continue to be affected by competition, technology-based differences and by the operational performance, quality and reliability of our services platforms. Our FLO TV business had $1.3 billion in assets (including $746 million in spectrum licenses used by our FLO TV subsidiary) at September 26, 2010. We have commenced a restructuring plan

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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. 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.

Our QMT division's business does not currently generate operating income and may not succeed or its operating results may not meet our expectations.

While we continue to believe our QMT division's IMOD displays will offer compelling advantages to users of displays, there can be no assurance that our IMOD product development efforts will be successful, that we will be able to cost-effectively manufacture these new products, that we will be able to successfully market these products or that other technologies will not continue to improve in ways that reduce the advantages we anticipate from our IMOD displays. Sales of flat panel displays are currently, and we believe will likely continue to be, dominated by displays based on liquid crystal display (LCD) technology for some time. Numerous companies are making substantial investments in, and conducting research to improve characteristics of, LCDs. Additionally, several other flat panel display technologies have been, or are being, developed, including technologies for the production of organic light-emitting diode (OLED), field emission, inorganic electroluminescence, gas plasma and vacuum fluorescent displays. In each case, advances in LCD or other flat panel display technologies could result in technologies that are more cost effective, have fewer display limitations or can be brought to market faster than our IMOD technology. These advances in competing technologies might cause device manufacturers to avoid entering into commercial relationships with us or to not renew planned or existing relationships with us. Our QMT division had $384 million in assets (including $128 million in goodwill) at September 26, 2010. If we do not achieve adequate market penetration with our IMOD display technology, our assets may become impaired, which could negatively impact our operating results.

Potential tax liabilities could adversely affect our results.

We are subject to income taxes in the United States and in numerous foreign jurisdictions. Significant judgment is required in determining our provision for income taxes. Although we believe that our tax estimates are reasonable, the final determination of tax audits and any related litigation could materially differ from amounts reflected in historical income tax provisions and accruals. In such case, our income tax provision and net income in the period or periods in which that determination is made could be negatively affected. In addition, tax rules may change that may adversely affect our future reported financial results or the way we conduct our business. For example, we consider the operating earnings of certain non-United States subsidiaries to be indefinitely invested outside the United States based on estimates that future domestic cash generation will be sufficient to meet future domestic cash needs. No provision has been made for United States federal and state or foreign taxes that may result from future remittances of undistributed earnings of our foreign subsidiaries. Our future financial results and liquidity may be adversely affected if accounting rules regarding unrepatriated earnings change, if domestic cash needs require us to repatriate foreign earnings, or if the United States international tax rules change as part of comprehensive tax reform or other tax legislation.

If wireless devices pose safety risks, we may be subject to new regulations, and demand for our products and those of our licensees and customers may decrease.

Concerns over the effects of radio frequency emissions may have the effect of discouraging the use of wireless devices, which may decrease demand for our products and those of our licensees and customers. Interest groups have requested that the FCC investigate claims that wireless communications technologies pose health concerns and cause interference with airbags, hearing aids and medical devices. Concerns have also been expressed over the possibility of safety risks due to a lack of attention associated with the use of wireless devices while driving. Any legislation that may be adopted in response to these concerns could reduce demand for our products and those of our licensees and customers in the United States as well as foreign countries.

Our business and operations would suffer in the event of system failures.

Despite system redundancy, the implementation of security measures and the existence of a Disaster Recovery Plan for our internal information technology networking systems, our systems are vulnerable to damages from computer viruses, unauthorized access, energy blackouts and telecommunication failures, among other factors. Any system failure, accident or security breach that causes interruptions in our operations, or in our vendors', customers' or licensees' operations, could result in a material disruption to our business. To the extent that any disruption or security breach results in a loss or damage to our customers' data or applications, or inappropriate disclosure of confidential information, we may incur liability as a result. In addition, we may incur additional costs to remedy the damages caused by these disruptions or security breaches.

From time to time, we install new or upgraded business management systems. To the extent such systems fail or are not properly implemented, we may experience material disruptions to our business, delays in our external financial reporting or failures in our system of internal controls, that could have a material adverse effect on our results of operations.

We are subject to government regulation pertaining to environmental and safety laws, to our industry, products and services, to corporate governance and public disclosure and to health care.

National, state and local environmental laws and regulations affect our operations around the world. These laws may make it more expensive to manufacture, have manufactured and sell products. It may also be difficult to comply with laws and regulations in a timely manner, and we may not have compliant products available in the quantities requested by our customers, which may have an adverse impact on our results of operations. There is also the potential for higher costs driven by climate change regulations. Our costs could increase if our vendors (e.g., third-party manufacturers or utility companies) pass on their costs to us.

As part of the development and commercialization of our IMOD display technology, we are operating both a development and a production fabrication facility. The development and commercialization of IMOD display prototypes is a complex and precise process involving restricted materials subject to environmental and safety regulations. Our failure or inability to comply with existing or future environmental and safety regulations could result in significant remediation liabilities, the imposition of fines and/or the suspension or termination of development and production activities.

Our products and services, and those of our customers and licensees, are subject to various regulations, including FCC regulations in the United States and other international regulations, as well as the specifications of national, regional and international standards bodies. The adoption of new laws or regulations, changes in the regulation of our activities, or exclusion or limitation of our technology or products by a government or standards body, could have a material adverse effect on our business, including, among other factors, changes in laws, policies, practices or enforcement affecting trade, foreign investments, licensing practices, spectrum license issuance, adoption of standards, the provision of wireless device subsidies by wireless operators to their customers, taxation, environmental protection, loans and employment.

We hold licenses to use spectrum in the United States and the United Kingdom, and we expect that licenses to use the BWA spectrum recently won in the auction in India will be assigned to us by December 2010. Our licenses to use spectrum in the United States are subject to a variety of ongoing FCC proceedings. It is impossible to predict with certainty the outcome of pending FCC or other federal or state regulatory proceedings and the potential impact to our FLO TV business or to our use of the spectrum for which we hold licenses. Unless we are able to obtain relief, existing laws and regulations may inhibit our ability to expand our business and to introduce new products and services. Furthermore, certain of our licenses in the United States are subject to minimum build-out requirements to be met at various dates beginning in June 2013. The BWA spectrum licenses will be subject to minimum build-out requirements to be met within five years of the effective date of the license. If we do not meet these requirements, the relevant government authorities could impose a fine or could rescind the license in the area(s) in which the build-out requirements are not met. Changes in the allocation of available spectrum by the countries in which we hold licenses could have a material adverse risk on our business and the value of our assets.

Changing laws, regulations and standards relating to corporate governance, public disclosure and health care may create uncertainty regarding compliance matters. New or changed laws, regulations and standards are subject to varying interpretations in many cases. As a result, their application in practice may evolve over time. We are committed to maintaining high standards of corporate governance and public disclosure and complying with laws and regulations. Evolving interpretations of new or changed legal requirements may cause us to incur higher costs as we revise current practices, policies, procedures, and/or health plans and may divert management time and attention to compliance activities. Our efforts to comply with new or changed laws, regulations and standards may fail, particularly if there is ambiguity as to how such new or changed laws, regulations and standards should be applied in practice. Further, our board members, chief executive officer and chief financial officer could face an increased risk of personal liability in connection with the performance of their duties. As a result, we may have difficulty attracting and retaining qualified board members and executive officers, which could harm our business.

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We may not be able to attract and retain qualified employees.

Our future success depends largely upon the continued service of our board members, executive officers and other key management and technical personnel. Our success also depends on our ability to continue to attract, retain and motivate qualified personnel. In addition, implementing our product and business strategy requires specialized engineering and other talent, and our revenues are highly dependent on technological and product innovations. The market for such specialized engineering and other talented employees in our industry is extremely competitive. In addition, existing immigration laws make it more difficult for us to recruit and retain highly skilled foreign national graduates of U.S. universities, making the pool of available talent even smaller. Key employees represent a significant asset, and the competition for these employees is intense in the wireless communications industry. We do not have employment agreements with our key management personnel. In the event of a labor shortage, or in the event of an unfavorable change in prevailing labor and/or immigration laws, we could experience difficulty attracting and retaining qualified employees. We continue to anticipate increases in human resource needs, particularly in engineering. If we are unable to attract and retain the qualified employees that we need, our business may be harmed.

Item 1B. Unresolved Staff Comments

None.

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Item 2. Properties

At September 26, 2010, we occupied the indicated square footage in the owned or leased facilities described below (square footage in thousands):

Number of Buildings	Location	Status	Total Square Footage	Primary Use
33	United States	Owned	4,026	Executive and administrative offices, research and development, sales and marketing, service functions,manufacturing and network management hub.
32	United States	Leased	1,140	Administrative offices, research and development, sales and marketing, service functions and network management hub.
10	Mexico	Leased	317	Administrative offices, sales and marketing, service functions, manufacturing and network management hub.
7	India	Leased	408	Administrative offices, research and development and sales and marketing.
5	Taiwan	Leased	134	Administrative offices, research and development and sales and marketing.
4	China	Leased	131	Administrative offices, research and development, sales and marketing, service functions and network operating centers.
3	Korea	Leased	93	Administrative offices, research and development and sales and marketing.
1	Israel	Leased	67	Administrative offices, research and development and sales and marketing.
4	England	Leased	65	Administrative offices, research and development and sales and marketing.
1	India	Owned	56	Administrative offices, research and development and sales and marketing.
2	Canada	Leased	51	Administrative office, research and development and sales and marketing.
3	Singapore	Leased	40	Administrative offices, research and development and sales and marketing.
34	Other International	Leased	158	Administrative offices, research and development and sales and marketing.
	Total square footage		6,686	

In addition to the facilities above, we own or lease approximately 232,000 square feet of properties that are leased or subleased to third parties. Our facility leases expire at varying dates through 2029 not including renewals that would be at our option. At September 26, 2010, we also lease space on base station towers and buildings pursuant to 570 lease arrangements for our FLO TV network. The majority of our cell site leases have an initial term of five to seven years with renewal options of up to five additional five-year periods.

Several owned and leased facilities are under construction totaling approximately 286,000 additional square feet to meet the requirements projected in our long-term business plan. In fiscal 2011, we intend to initiate construction of a manufacturing facility in Taiwan for our display business. We believe that our facilities will be suitable and adequate for the present purposes and that the productive capacity in such facilities is substantially utilized. In the future, we may need to purchase, build or lease additional facilities to meet the requirements projected in our long-term business plan.

Item 3. Legal Proceedings

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 us 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 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 us 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 us from engaging in certain domestic activities respecting those products. The President declined to review the decision. We 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, we shifted supply of accused chips for the United States market to a licensed supplier of Tessera, and we 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 our business practices violate South Korean antitrust regulations. As a result of its agreement with us, 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 we 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 we accrued a $230 million charge in fiscal 2009, and ordered us to cease the practices at issue. In February 2010, we filed a complaint against the KFTC with the Seoul High Court appealing the KFTC's written decision. We do not anticipate that the cease and desist remedies ordered will have a material effect on the results of our operations. In July 2009, the KFTC also announced that it would continue its review of our integration of multimedia functions into our chips, but it has not announced any decisions in that regard. We believe that our practices do not violate South Korean competition law, are grounded in sound business practice and are consistent with our customers' desires.

Japan Fair Trade Commission (JFTC) Complaint : The JFTC received unspecified complaints alleging that our 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 our Japanese licensees were forced to cross-license patents to us on a royalty-free basis and were forced to accept a provision under which they agreed not to assert their essential patents against our other licensees who made a similar commitment in their license agreements with us. The CDO seeks to require us to modify our existing license agreements with Japanese companies to eliminate these provisions while preserving the license of our patents to those companies. We disagree with the conclusions that we forced our Japanese licensees to agree to any provision in the parties' agreements and that those provisions violate Japan's Anti-Monopoly Act. We have invoked our right under Japanese law to an administrative hearing before the JFTC. In February 2010, the Tokyo High Court granted our 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.

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Icera Complaint to the European Commission : On June 7, 2010, the European Commission (the Commission) notified and provided us with a redacted copy of a complaint filed with the Commission by Icera, Inc. alleging that we have engaged in anticompetitive activity. We have been asked by the Commission to submit a preliminary response to the portions of the Complaint disclosed to it, and we submitted our response in July 2010. We 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 we 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 royalties it had previously paid. We have responded to the arbitration demand, denying the allegations and requesting judgment in our 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 we did not breach the license agreement. Additional phases to address the other claims and allegations noted above have not yet been scheduled. Although we believe Panasonic's claims are without merit, we have 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, we were notified by the SEC's Los Angeles Regional office of a formal order of private investigation. We understand that the investigation arose from a "whistleblower's" allegations made in December 2009 to the audit committee of our 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 our financial statements. We continue to cooperate with the SEC's ongoing investigation.

Other: We have 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 our sale of cellular phones.

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

Item 4. (Removed and Reserved)

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock is traded on the NASDAQ Global Select Market under the symbol "QCOM." The following table sets forth the range of high and low sales prices on the NASDAQ Stock Market of the common stock for the fiscal periods indicated, as reported by NASDAQ. Such quotations represent inter-dealer prices without retail markup, markdown or commission and may not necessarily represent actual transactions.

	High ($)	Low ($)
2009		
First quarter	45.57	28.16
Second quarter	39.70	32.64
Third quarter	46.73	37.32
Fourth quarter	48.72	42.67
2010		
First quarter	46.35	40.15
Second quarter	49.80	35.46
Third quarter	43.39	34.28
Fourth quarter	44.97	31.63

At November 1, 2010, there were 8,838 holders of record of our common stock. On November 1, 2010, the last sale price reported on the NASDAQ Stock Market for our common stock was $45.33 per share.

Dividends

On March 3, 2009, we announced an increase in our quarterly dividend from $0.16 to $0.17 per share on our common stock. On March 1, 2010, we announced an increase in our quarterly dividend from $0.17 to $0.19 per share of common stock. Cash dividends announced in fiscal 2009 and 2010 were as follows (in millions, except per share data):

	Per Share	Total	Cumulative by Fiscal Year
2009			
First quarter	$ 0.16	$ 264	$ 264
Second quarter	0.16	264	528
Third quarter	0.17	282	810
Fourth quarter	0.17	283	1,093
	$ 0.66	$ 1,093	
2010			
First quarter	$ 0.17	$ 284	$ 284
Second quarter	0.17	279	563
Third quarter	0.19	309	872
Fourth quarter	0.19	305	1,177
	$ 0.72	$ 1,177	

On October 13, 2010, we announced a cash dividend of $0.19 per share on our common stock, payable on December 22, 2010 to stockholders of record as of November 24, 2010. We intend to continue to pay quarterly dividends subject to capital availability and periodic determinations that cash dividends are in the best interests of our stockholders. Future dividends may be affected by, among other items, our views on potential future capital requirements, including those relating to research and development, creation and expansion of sales distribution channels and investments and acquisitions, legal risks, stock repurchase programs, changes in federal and state income tax law and changes to our business model.

Share-Based Compensation

We primarily issue stock options and restricted stock units under our equity compensation plans, which are part of a broad-based, long-term retention program that is intended to attract and retain talented employees and directors and align stockholder and employee interests.

Our 2006 Long-Term Incentive Plan (2006 Plan) provides for the grant of both incentive and non-qualified stock options, restricted stock units, stock appreciation rights, restricted stock, performance units and shares and other stock-based awards. Options are granted at a price not less than the fair market value of the stock on 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. Restricted stock units generally vest three years from the date of grant. The Board of Directors may terminate the 2006 Plan at any time.

Additional information regarding our share-based compensation plans and plan activity for fiscal 2010, 2009 and 2008 is provided in the notes to our consolidated financial statements in this Annual Report in "Notes to Consolidated Financial Statements, Note 8 — Employee Benefit Plans" and in our 2011 Proxy Statement under the heading "Equity Compensation Plan Information."

Issuer Purchases of Equity Securities

Issuer purchases of equity securities during the fourth quarter of fiscal 2010 were (in millions, except per share data):

	Total Number of Shares Purchased	Average Price Paid Per Share (1)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (2)
June 28, 2010, to July 25, 2010	3.5	$ 34.68	3.5	$ 1,700
July 26, 2010 to August 22, 2010	—	—	—	1,700
August 23, 2010 to September 26, 2010	—	—	—	1,700
Total	3.5		3.5	$ 1,700

(1) Average Price Paid Per Share excludes cash paid for commissions.

(2) On March 1, 2010, we announced that we had been authorized to repurchase up to $3.0 billion of our common stock, and $1.7 billion of that amount remained available at September 26, 2010. The stock repurchase program has no expiration date.

Performance Measurement Comparison of Stockholder Return

The following graph compares total stockholder return on our common stock since September 25, 2005 to three indices: the Standard & Poor's 500 Stock Index (the S&P 500), the Nasdaq 100 Index (Nasdaq 100) and the Nasdaq Industry Index for Communications Equipment Stocks, SIC 3660-3669 (the Nasdaq Industry). The S&P 500 tracks the aggregate price performance of the equity securities of 500 United States companies selected by Standard & Poor's Index Committee to include companies in leading industries and to reflect the United States stock market. The Nasdaq 100 tracks the aggregate price performance of the 100 largest domestic and international non-financial securities listed on the Nasdaq Stock Market based on market capitalization. The Nasdaq Industry tracks the aggregate price performance of equity securities of communications equipment companies traded on the NASDAQ Stock Market.

Our business continues to evolve along with the technology landscape and ecosystem. Our operations include licensing portions of our intellectual property to manufacturers of wireless products, sales of integrated circuits, other equipment and software, and providing services. In response to this evolution, we believe that the Nasdaq 100 is a more representative peer group than the Nasdaq Industry, which we have used historically. In addition, starting in fiscal 2010, we aligned part of our executive compensation with the performance of Qualcomm stock relative to the Nasdaq 100. To ensure that our peer benchmark is consistent with how we view and manage our business, we have elected to change our peer benchmark from the Nasdaq Industry to the Nasdaq 100 beginning in fiscal 2010. Below we present both the Nasdaq Industry and the Nasdaq 100 for comparison purposes.

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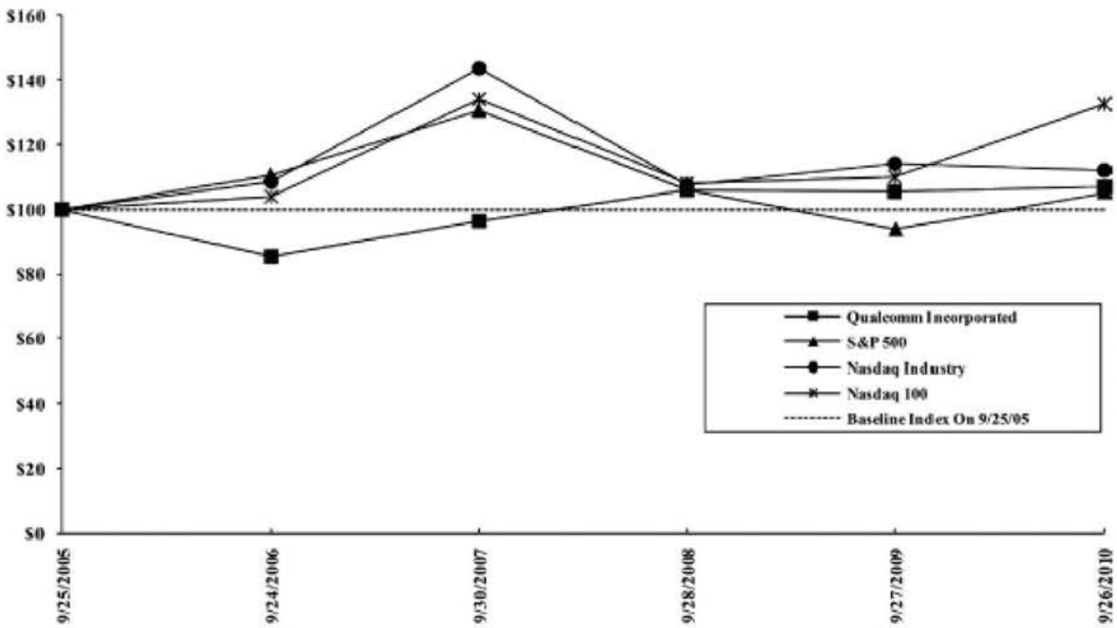
The total return for our stock and for each index assumes the reinvestment of dividends and is based on the returns of the component companies weighted according to their capitalizations at the end of each annual period. We began paying dividends on our common stock on March 31, 2003. Our common stock is traded on the NASDAQ Global Select Market and is a component of each of the S&P 500, the Nasdaq Industry and the Nasdaq 100.

Comparison of Cumulative Total Return on Investment Since September 25, 2005 (1)



The Company's closing stock price on September 24, 2010, the last trading day of the Company's 2010 fiscal year, was $44.55 per share.

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(1) Shows the cumulative total return on investment assuming an investment of $100 (including reinvestment of dividends) in our common stock, the S&P 500, the Nasdaq Industry and the Nasdaq 100 on September 25, 2005. All returns are reported as of our fiscal year end, which is the last Sunday in September.

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Item 6. Selected Financial Data

The following balance sheet data and statement of operations data for the five fiscal years ended September 26, 2010, September 27, 2009, September 28, 2008, September 30, 2007, and September 24, 2006 were derived from our audited consolidated financial statements. Consolidated balance sheets at September 26, 2010 and September 27, 2009 and the related consolidated statements of operations and cash flows for fiscal 2010, 2009 and 2008 and notes thereto appear elsewhere herein. The data should be read in conjunction with the annual consolidated financial statements, related notes and other financial information appearing elsewhere herein.

	Years Ended (1) (In millions, except per share data)				
	September 26, 2010	September 27, 2009	September 28, 2008	September 30, 2007	September 24, 2006
Statement of Operations Data:					
Revenues	$ 10,991	$ 10,416	$ 11,142	$ 8,871	$ 7,526
Operating income	3,283	2,226	3,730	2,883	2,690
Net income	3,247	1,592	3,160	3,303	2,470
Per Share Data:					
Net income — basic	$ 1.98	$ 0.96	$ 1.94	$ 1.99	$ 1.49
Net income — diluted	1.96	0.95	1.90	1.95	1.44
Dividends announced	0.72	0.66	0.60	0.52	0.42
Balance Sheet Data:					
Cash, cash equivalents and marketable securities	$ 18,402	$ 17,742	$ 11,269	$ 11,815	$ 9,949
Total assets	30,572	27,445	24,712	18,495	15,208
Loan payable to banks	1,086	—	—	—	—
Capital lease obligations	221	187	142	91	58
Other long-term liabilities (2)	540	665	418	169	181
Total stockholders' equity	20,858	20,316	17,944	15,835	13,406

(1) Our fiscal year ends on the last Sunday in September. The fiscal years ended September 26, 2010, September 27, 2009, September 28, 2008, and September 24, 2006 each included 52 weeks. The fiscal year ended September 30, 2007 included 53 weeks.

(2) Other long-term liabilities in this balance sheet data exclude capital lease obligations and unearned revenues. Capital lease obligations are included in other liabilities in the consolidated balance sheets.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

In addition to historical information, the following discussion 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 described in the section entitled Risk Factors and elsewhere in this Annual Report.

Overview

Recent Developments

Revenues of $11.0 billion and net income of $3.2 billion for fiscal 2010 were impacted by the following key items:

- We shipped approximately 399 million Mobile Station Modem (MSM) integrated circuits for CDMA-based wireless devices, an increase of 26%, compared to approximately 317 million MSM integrated circuits in fiscal 2009. The chipset volume in fiscal 2009 was affected by the slowdown in the worldwide economy.
- Total reported device sales were approximately $105.7 billion, an increase of approximately 7%, compared to approximately $98.5 billion in fiscal 2009. (1)

Against this backdrop, the following recent developments occurred during fiscal 2010 with respect to key elements of our business or our industry:

- Worldwide wireless subscribers grew by approximately 15% to reach approximately 5.2 billion. (2)
- Worldwide 3G subscribers (all CDMA-based) grew to approximately 1.15 billion, approximately 22% of total wireless subscribers, including approximately 500 million CDMA2000 1X/1xEV-DO subscribers and approximately 645 million WCDMA/HSPA/TD-SCDMA subscribers. (2)
- In the handset market, CDMA-based unit shipments grew an estimated 21% year-over-year, compared to an estimated increase of 14% year-over-year across all technologies. (3)
- In June 2010, we 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 for $1.1 billion. We entered the BWA auction to facilitate the deployment of LTE technology as a complement to the existing 3G HSPA and EV-DO networks in India.

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(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. Not all licensees report sales the same way (e.g., some licensees report sales net of permitted deductions, such as transportation, insurance and packing costs, while other licensees report sales 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.

(2) According to Wireless Intelligence estimates as of November 1, 2010, for the quarter ending September 30, 2010. Wireless Intelligence estimates for CDMA2000 1X/1xEV-DO subscribers do not include Wireless Local Loop.

(3) Based on current reports by Strategy Analytics, a global research and consulting firm, in their August 2010 Global Handset Market Share Update.

Our Business and Operating Segments

We design, manufacture, have manufactured on our behalf and market digital wireless telecommunications products and services based on our CDMA technology and other technologies. We derive revenues principally from sales of integrated circuit products, license fees and royalties for use of our 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. Operating expenses primarily consist of cost of equipment and services, research and development and selling, general and administrative expenses.

We conduct business primarily through four reportable segments. These segments are: Qualcomm CDMA Technologies, or QCT; Qualcomm Technology Licensing, or QTL; Qualcomm Wireless & Internet, or QWI; and Qualcomm Strategic Initiatives, or QSI.

QCT is a leading developer and supplier of CDMA-based integrated circuits and system software for wireless voice and data communications, multimedia functions and global positioning system products. QCT's integrated circuit products and system software are used in wireless devices, particularly mobile phones, laptops, data modules, handheld wireless computers, data cards and infrastructure equipment. The integrated circuits for wireless devices include the Mobile Station Modem (MSM), Mobile Data Modem (MDM), Qualcomm Single Chip (QSC), Qualcomm Snapdragon (QSD), Radio Frequency (RF), Power Management (PM) and Bluetooth devices. These

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integrated circuits for wireless devices and system software perform voice and data communication, multimedia and global positioning functions, radio conversion between RF and baseband signals, power management and peripheral connectivity. QCT's system software enables the other device components to interface with the integrated circuit products and is the foundation software enabling manufacturers to develop devices utilizing the functionality within the integrated circuits. The infrastructure equipment integrated circuits and system software perform the core baseband CDMA modem functionality in the wireless operator's base station equipment. QCT revenues comprised 61%, 59% and 60% of total consolidated revenues in fiscal 2010, 2009 and 2008, respectively.

QCT utilizes a fabless production business model, which means that we do not own or operate foundries for the production of silicon wafers from which our integrated circuits are made. Integrated circuits are die cut from silicon wafers that have completed the assembly and final test manufacturing processes. We rely on independent third-party suppliers to perform the manufacturing and assembly, and most of the testing, of our integrated circuits. Our suppliers are also responsible for the procurement of most of the raw materials used in the production of our integrated circuits. We employ both turnkey and two-stage manufacturing business models to purchase our integrated circuits. Turnkey is when our foundry suppliers are responsible for delivering fully assembled and tested integrated circuits. Under the two-stage manufacturing business model, we purchase die from semiconductor manufacturing foundries and contract with separate third-party manufacturers for back-end assembly and test services. We refer to this two-stage manufacturing business model as Integrated Fabless Manufacturing (IFM).

QTL grants licenses or otherwise provides rights to use portions of our 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 their derivatives. QTL receives license fees as well as ongoing royalties based on worldwide sales by licensees of products incorporating or using our intellectual property. License fees are fixed amounts paid in one or more installments. Ongoing royalties are generally based upon a percentage of the wholesale (i.e., licensee's) selling price of licensed products, net of certain permissible deductions (e.g., certain shipping costs, packing costs, VAT, etc.). QTL revenues comprised 33%, 35% and 33% of total consolidated revenues in fiscal 2010, 2009 and 2008, respectively. The vast majority of such revenues were generated through our licensees' sales of cdmaOne, CDMA2000 and WCDMA subscriber equipment products.

QWI, which includes Qualcomm Enterprise Services (QES), Qualcomm Internet Services (QIS), Qualcomm Government Technologies (QGOV) and Firethorn, generates revenues primarily through mobile information products and services and software and software development aimed at support and delivery of wireless applications. QES sells equipment, software and services used by transportation and other companies to connect wirelessly with their assets and workforce. Through September 2010, QES has shipped approximately 1,423,000 terrestrial-based and satellite-based mobile information units. QIS provides content enablement services for the wireless industry, including Brew, the Plaza suite and other services. QIS also provides QChat push-to-talk, QPoint and other products for wireless operators. QGOV provides development, hardware and analytical expertise involving wireless communications technologies to United States government agencies. Firethorn builds and manages software applications that enable mobile commerce services. QWI revenues comprised 6%, 6% and 7% of total consolidated revenues fiscal 2010, 2009 and 2008, respectively.

QSI consists of the Company's strategic investment activities, including FLO TV Incorporated (FLO TV), our wholly-owned wireless multimedia operator subsidiary. QSI makes strategic investments in early-stage and other companies and in wireless spectrum, such as the BWA spectrum recently won in the auction in India, that we believe will open new markets for CDMA- and OFDMA-based technologies, support the design and introduction of new CDMA and OFDMA products and services for wireless voice and internet data communications or possess unique capabilities or technology. Our FLO TV subsidiary offers its service over our nationwide multicast network based on our MediaFLO Media Distribution System (MDS) and MediaFLO technology, which leverages the Forward Link Only (FLO) air interface standard. This network is utilized as a shared resource for wireless operators and their customers in the United States. FLO TV's network uses the 700 MHz spectrum for which we hold licenses nationwide. We have commenced a restructuring plan under which we expect to exit the current FLO TV service business. 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 model; 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. As part of our strategic investment activities, we intend to pursue various exit strategies at some point in the future.

Nonreportable segments include: the Qualcomm MEMS Technologies division, which continues to develop an interferometric modulator (IMOD) display technology based on micro-electro-mechanical-system (MEMS) structure combined with thin film optics; the MediaFLO Technologies division, which is comprised of the FLO Technology group, which continues to develop our MediaFLO MDS and MediaFLO technology, and the FLO International group, which markets MediaFLO for deployment outside of the United States; and other product initiatives.

Looking Forward

The deployment of 3G networks enables increased voice capacity and higher data rates than prior generation networks, thereby supporting more minutes of use and a wide range of mobile broadband data applications for handsets, 3G connected computing devices and other consumer electronics. Many wireless operators are also planning to complement their existing 3G networks by deploying OFDMA-based technology, often called 4G, in new spectrum to gain additional capacity for data services. As a result, we expect continued growth in the coming years in consumer demand for 3G and 3G/4G multimode products and services around the world. As we look forward to the next several months, the following items are likely to have an impact on our business:

- The worldwide transition to 3G CDMA-based networks is expected to continue. With the recently completed auction of 3G spectrum in India, we look forward to network launches and expansion of 3G in that region along with the continued expansion of 3G in China.
- We expect consumer demand for advanced 3G-based devices, including smartphones, other data devices and new device categories, such as eBook readers and tablets, to continue at a strong pace. We also expect growth in lower-end 3G devices as 3G expands in emerging markets. We still face significant competition in the lower-end market from GSM-based products, particularly in emerging markets.
- We expect that CDMA-based device prices will continue to segment into high and low end due to increased development of smartphones and popularity of smartphone applications on the high end and high volumes and active competition throughout the world on both the low and high end. This, along with a tempered economic recovery combined with growth in emerging markets, is expected to continue to impact the average selling price of CDMA-based devices.
- We continue to invest significant resources toward the development of technology to increase the data rates available with 3G and 4G networks, wireless baseband chips, converged computing/communication chips, multimedia products, software and services for the wireless industry.
- We continue to invest in the evolution of CDMA and a broad range of other technologies, such as LTE, our IMOD display technology and our Snapdragon platform, as part of our vision to enable a wide range of products and technologies.
- We have commenced a restructuring plan under which we expect to exit the current FLO TV service business. 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 model; 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.

In addition to the foregoing business and market-based matters, we continue to devote resources to working with and educating participants in the wireless value chain as to the benefits of our business model in promoting a highly competitive and innovative wireless market. However, we expect that certain companies may continue to be dissatisfied with the need to pay reasonable royalties for the use of our technology and not welcome the success of our business model in enabling new, highly cost-effective competitors to their products. We expect that such companies will continue to challenge our business model in various forums throughout the world.

Further discussion of risks related to our business is presented in the Risk Factors included in this Annual Report.

Revenue Concentrations

Revenues from customers in China, South Korea, Taiwan and Japan comprised 29%, 27% , 12% and 9%, respectively, of total consolidated revenues for fiscal 2010, as compared to 23%, 35%, 8% and 11%, respectively, for fiscal 2009, and 21%, 35%, 5% and 14%, respectively, for fiscal 2008. We distinguish revenues from external customers by geographic areas based on the location to which our products, software or services are delivered and, for QTL's licensing and royalty revenues, the invoiced addresses of our licensees.

Critical Accounting Policies and Estimates

Our discussion and analysis of our results of operations and liquidity and capital resources are based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates and judgments, including those related to revenue recognition, valuation of intangible assets and investments, share-based payments, income taxes and litigation. We base our estimates on historical and anticipated results and trends and on various other assumptions that we believe are reasonable under the circumstances, including assumptions as to future events. These estimates form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. By their nature, estimates are subject to an inherent degree of uncertainty. Actual results that differ from our estimates could have a significant adverse effect on our operating results and financial position. We believe that the following significant accounting policies and assumptions may involve a higher degree of judgment and complexity than others.

Revenue Recognition. We derive revenue principally from sales of integrated circuit products, royalties and license fees for our 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 our deliverables and obligations. Determination of the appropriate amount of revenue recognized involves judgments and estimates that we believe are reasonable, but actual results may differ from our estimates. We record reductions to revenue for customer incentive programs, including special pricing agreements and other volume-related rebate programs. Certain reductions to revenue for customer incentives are based on estimates, including our assumptions related to historical and projected customer sales volumes, market share and inventory levels.

We license or otherwise provide rights to use portions of our 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 our licensed intellectual property. License fees are recognized over the estimated period of benefit to the licensee, typically five to fifteen years. We earn royalties on such licensed products sold worldwide by our licensees at the time that the licensees' sales occur. Our licensees, however, do not report and pay royalties owed for sales in any given quarter until after the conclusion of that quarter. We recognize royalty revenues based on royalties reported by licensees during the quarter and when other revenue recognition criteria are met. From time to time, licensees will not report royalties timely due to legal disputes or other reasons, and when this occurs, the timing and comparability of royalty revenues could be affected.

Valuation of Intangible Assets and Investments. Our business acquisitions typically result in the recording of goodwill and other intangible assets, and the recorded values of those assets may become impaired in the future. We also acquire intangible assets in other types of transactions. At September 26, 2010, our goodwill and intangible assets, net of accumulated amortization, were $1.5 billion and $3.0 billion, respectively. The determination of the value of such intangible assets requires management to make estimates and assumptions that affect our consolidated financial statements. 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 their recorded values, except when neither 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. An estimate of fair value can be affected by many assumptions which require significant judgment. For example, the income approach generally requires assumptions related to the appropriate business model to be used to estimate cash flows, total addressable market, pricing and share forecasts, competition, technology obsolescence, future tax rates and discount rates. Our estimate of the fair value of certain assets, or our conclusion that the value of certain assets is not reliably estimable, may differ materially from that determined by others who use different assumptions or utilize different business models. New information may arise in the future that affects our fair value estimates and could result in adjustments to our estimates in the future, which could have an adverse impact on our results of operations.

We assess potential impairments to intangible assets when there is evidence that events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. Our judgments regarding the existence of impairment indicators and future cash flows related to intangible assets are based on operational performance of our businesses, market conditions and other factors. Although there are inherent uncertainties in this assessment process, the estimates and assumptions we use, including estimates of future cash flows, volumes, market penetration and discount rates, are consistent with our internal planning. If these estimates or their related assumptions change in the future, we may be required to record an impairment charge on all or a portion of our goodwill and intangible assets. Furthermore, we cannot predict the occurrence of future impairment-triggering events nor the impact such events might have on our reported asset values. Future events could cause us to conclude that impairment indicators exist and that goodwill or other intangible assets associated with our acquired businesses are impaired. Any resulting impairment loss could have an adverse impact on our net investment income (loss).

We hold minority investments in publicly-traded companies whose share prices may be highly volatile. We also hold investments in other marketable securities, including non-investment-grade debt securities, equity and debt mutual and exchange-traded funds, corporate bonds and notes, auction rate securities and mortgage- and asset-backed securities. These investments, which are recorded at fair value with increases or decreases generally recorded through stockholders' equity as other comprehensive income or loss, totaled $14.9 billion at September 26, 2010. We record impairment charges through the statement of operations when we believe an investment has experienced a decline that is other than temporary. The determination that a decline is other than temporary is subjective and influenced by many factors. In addition, the fair values of our strategic investments may be subject to substantial quarterly and annual fluctuations and to significant market volatility. Adverse changes in market conditions or poor operating results of investees could result in losses or an inability to recover the carrying value of the investments, thereby requiring impairment charges. When assessing these investments for an other-than-temporary decline in value, we consider such factors as, among other things, how significant the decline in value is as a percentage of the original cost, how long the market value of the investment has been below its original cost, the extent of the general decline in prices or an increase in the default or recovery rates of securities in an asset class, negative events such as a bankruptcy filing or a need to raise capital or seek financial support from the government or others, the performance and pricing of the investee's securities in relation to the securities of its competitors within the industry and the market in general and analyst recommendations, as applicable. We also review the financial statements of the investee to determine if the investee is experiencing financial difficulties. If we determine that a security price decline is other than temporary, we may record an impairment loss, which could have an adverse impact on our results of operations. During fiscal 2010, 2009 and 2008, we recorded $111 million, $743 million and $502 million, respectively, in net impairment losses on our investments in marketable securities.

Share-Based Compensation. Share-based compensation expense recognized during fiscal 2010, 2009 and 2008 was $615 million, $584 million and $543 million, respectively. Share-based compensation is measured at the grant date based on the fair value of the award and is recognized as expense over the requisite service period. We generally estimate the value of stock option awards using a lattice binomial option-pricing model. Accordingly, the fair value of an option award as determined using an option-pricing model is affected by our stock price on the date of grant as well as assumptions regarding a number of complex and subjective variables. These variables include, but are not limited to, our expected stock price volatility over the term of the awards, actual and projected employee stock option exercise behaviors, risk-free interest rates and expected dividends. For purposes of estimating the fair value of stock options, we used the implied volatility of market-traded options in our stock for the expected volatility assumption input to the binomial model. The assumption inputs related to employee exercise behavior include estimates of the post-vest forfeiture rate and suboptimal exercise factors, which are based on historical experience. In addition, judgment is required in estimating the amount of share-based awards that are expected to be forfeited. We estimate the forfeiture rate based on historical experience. To the extent our actual forfeiture rate is different from our estimate, share-based compensation expense is adjusted accordingly.

Income Taxes. Our income tax returns are based on calculations and assumptions that are subject to examination by the Internal Revenue Service (IRS) 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 we believe we have appropriate support for the positions taken on our tax returns, we regularly assess the potential outcomes of these examinations and any future examinations for the current or prior years in determining the adequacy of our provision for income taxes. We continually assess the likelihood and amount of potential adjustments and adjust 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. Although we believe that the estimates and assumptions supporting our assessments are reasonable, adjustments could be materially different from those which are reflected in historical income tax provisions and recorded assets and liabilities. We are participating in the IRS Compliance

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Assurance Process program whereby we endeavor to agree with the IRS on the treatment of all issues prior to filing our federal return. A benefit of participation in this program is that post-filing adjustments by the IRS are less likely to occur.

We regularly review our deferred tax assets for recoverability and establish a valuation allowance based on historical taxable income, projected future taxable income, the expected timing of the reversals of existing temporary differences and the implementation of tax-planning strategies. At September 26, 2010, gross deferred tax assets were $2.8 billion. If we are unable to generate sufficient future taxable income in certain tax jurisdictions, or if there is a material change in the time period within which the underlying temporary differences become taxable or deductible, we could be required to increase the valuation allowance against our deferred tax assets which could result in an increase in our effective tax rate and an adverse impact on operating results.

We can only use net operating losses to offset taxable income of certain legal entities in certain tax jurisdictions. At September 26, 2010, we had unused federal, state and foreign net operating losses of $114 million, $284 million and $40 million, respectively. Based upon our assessments of projected future taxable income and losses and historical losses incurred by these entities, we expect that the future taxable income of the entities in these tax jurisdictions will not be sufficient to utilize the net operating losses we have incurred through fiscal 2010. Therefore, we have provided a $17 million valuation allowance for these net operating losses. Significant judgment is required to forecast the timing and amount of future taxable income in certain jurisdictions. Adjustments to our valuation allowance based on changes to our forecast of taxable income are reflected in the period the change is made.

We consider the operating earnings of certain non-United States subsidiaries to be indefinitely invested outside the United States based on estimates that future domestic cash generation will be sufficient to meet future domestic cash needs. We have 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 foreign subsidiaries indefinitely invested outside the United States. Should we decide to repatriate the foreign earnings, we would have to adjust the income tax provision in the period we determined that the earnings will no longer be indefinitely invested outside the United States.

Litigation. We are currently involved in certain legal proceedings. Although there can be no assurance that unfavorable outcomes in any of these matters would not have a material adverse effect on our operating results, liquidity or financial position, we believe the claims are without merit and intend to vigorously defend the actions. We estimate the range of liability related to pending litigation where the amount and range of loss can be estimated. We record our best estimate of a loss when the loss is considered probable. Where a liability is probable and there is a range of estimated loss with no best estimate in the range, we record the minimum estimated liability related to the claim. As additional information becomes available, we assess the potential liability related to our pending litigation and revise our estimates. Revisions in our estimates of the potential liability could materially impact our results of operations. For example, we recorded a $783 million charge during fiscal 2009 in connection with a litigation settlement charge related to the Settlement and Patent License and Non-Assert Agreement with Broadcom. We are engaged in numerous other legal actions arising in the ordinary course of our business and, while there can be no assurance, we believe that the ultimate outcome of these actions will not have a material adverse effect on our operating results, liquidity or financial position.

Fiscal 2010 Compared to Fiscal 2009

Revenues. Total revenues for fiscal 2010 were $10.99 billion, compared to $10.42 billion for fiscal 2009. Revenues from two customers of our QCT and QTL segments (each of whom accounted for more than 10% of our consolidated revenues for the period) comprised approximately 25% and 31% in aggregate of total consolidated revenues in fiscal 2010 and 2009, respectively.

Revenues from sales of equipment and services for fiscal 2010 were $6.98 billion, compared to $6.47 billion for fiscal 2009. The increase in revenues from sales of equipment and services was primarily due to a $541 million increase in QCT revenues. Revenues from licensing and royalty fees for fiscal 2010 were $4.01 billion, compared to $3.95 billion for fiscal 2009. The increase in revenues from licensing and royalty fees was primarily due to a $56 million increase in QTL revenues.

Cost of Equipment and Services. Cost of equipment and services revenues for fiscal 2010 was $3.52 billion, compared to $3.18 billion for fiscal 2009. Cost of equipment and services revenues as a percentage of equipment and services revenues was 50% for fiscal 2010, compared to 49% for fiscal 2009. The decrease in margin percentage was primarily attributable to the effect of increases in costs related to our FLO TV subsidiary and our QMT division, partially offset by an increase in QCT gross margin percentage. Cost of equipment and services revenues included $42 million in share-based compensation in fiscal 2010, compared to $41 million for fiscal 2009. Cost of equipment and services revenues as a percentage of equipment and services revenues may fluctuate in future periods depending on the mix of products sold and services provided, competitive pricing, new product introduction costs and other factors.

Research and Development Expenses. For fiscal 2010, research and development expenses were $2.55 billion or 23% of revenues, compared to $2.44 billion or 23% of revenues for fiscal 2009. The dollar increase is primarily attributable to a $156 million 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, including lower-cost devices, the integration of wireless with consumer electronics and computing, the convergence of multiband, multimode, multinetwork products and technologies, third-party operating systems and services platforms. The increase in research and development expenses was partially offset by a $65 million decrease in costs primarily related to the development of our asset-tracking products and services and Brew products. Research and development expenses for fiscal 2010 included share-based compensation of $300 million, compared to $280 million in fiscal 2009.

Selling, General and Administrative Expenses. For fiscal 2010, selling, general and administrative expenses were $1.64 billion or 15% of revenues, compared to $1.56 billion or 15% of revenues for fiscal 2009. The dollar increase was primarily attributable to a $61 million increase in selling and marketing expenses, a $56 million increase in patent-related costs and a $23 million increase in employee-related expenses, partially offset by a $62 million gain on the sale of our Australia spectrum license. Selling, general and administrative expenses for fiscal 2010 included share-based compensation of $273 million, compared to $263 million in fiscal 2009.

Other Operating Expenses. Operating expenses for fiscal 2009 included a $783 million charge in connection with the Settlement and Patent License and Non-Assert Agreement with Broadcom and a $230 million fine levied by the KFTC.

Net Investment Income. Net investment income was $751 million for fiscal 2010, compared to a net investment loss of $150 million for fiscal 2009. The net increase was comprised as follows (in millions):

	Year Ended September 26, 2010	Year Ended September 27, 2009	Change
Interest and dividend income:			
Corporate and other segments	$ 522	$ 513	$ 9
QSI	8	3	$ 5
Interest expense	(58)	(24)	(34)
Net realized gains on investments:			
Corporate and other segments	379	107	272
QSI	26	30	(4)
Net impairment losses on investments:			
Corporate and other segments	(110)	(734)	624
QSI	(15)	(29)	14
Gains on derivative instruments	3	1	2
Equity in losses of investees	(4)	(17)	13
	$ 751	$ (150)	$ 901

During fiscal 2010, we recorded lower impairment losses and higher realized gains on marketable securities, compared to fiscal 2009. Depressed security values caused by a major disruption in the United States and foreign financial markets impacted our results in fiscal 2009 and continued to cause impairment losses in fiscal 2010, but to a much lesser extent. The increase in interest expense is primarily the result of the short-term bank loan related to the BWA spectrum recently won in the India auction.

Income Tax Expense. Income tax expense was $787 million for fiscal 2010, compared to $484 million for fiscal 2009. The annual effective tax rate was 20% for fiscal 2010, compared to 23% for fiscal 2009. The annual effective tax rate for fiscal 2010 was lower than fiscal 2009 primarily as a result of the net decrease in valuation allowance on the deferred tax asset related to capital losses and an increase in tax benefits related to foreign earnings taxed at less than the United States federal rate, partially offset by a decrease in tax benefit related to tax audits settled during the year and a decrease in research and development tax credits.

The annual effective tax rate for fiscal 2010 was 20% and only reflected the United States federal research and development credits generated through December 31, 2009, the date on which they expired. The annual effective tax rate for fiscal 2010 of 20% was less than the United States federal statutory rate primarily due to benefits of 22% related to foreign earnings taxed at less than the United States federal rate, 1% related to a decrease in valuation allowance recorded in fiscal 2010 on the deferred tax asset related to capital losses and 1% related to research and development tax credits, partially offset by state taxes of 5% and tax expense of 4% related to the valuation of deferred tax assets to reflect changes in California law, primarily deferred revenue that was taxable in fiscal 2010, but for which the resulting deferred tax asset will reverse in future years when the Company's state tax rate will be lower.

Deferred tax assets, net of valuation allowance, increased during fiscal 2010 primarily due to the establishment of the deferred tax asset related to revenue derived from the Company's 2008 license and settlement agreements with Nokia.

Fiscal 2009 Compared to Fiscal 2008

Revenues. Total revenues for fiscal 2009 were $10.42 billion, compared to $11.14 billion for fiscal 2008. Revenues from two customers of our QCT and QTL segments (each of whom accounted for more than 10% of our consolidated revenues for the period) comprised approximately 31% and 30% in aggregate of total consolidated revenues in fiscal 2009 and 2008, respectively.

Revenues from sales of equipment and services for fiscal 2009 were $6.47 billion, compared to $7.16 billion for fiscal 2008. The decrease in revenues from sales of equipment and services was primarily due to a $597 million decrease in QCT revenues and a $79 million decrease in QES revenues. Revenues from licensing and royalty fees for fiscal 2009 were $3.95 billion, compared to $3.98 billion for fiscal 2008. The decrease in revenues from licensing and royalty fees was primarily due to a $26 million decrease in QIS revenues.

Cost of Equipment and Services. Cost of equipment and services revenues for fiscal 2009 was $3.18 billion compared to $3.41 billion for fiscal 2008. Cost of equipment and services revenues as a percentage of equipment and services revenues was 49% for fiscal 2009, compared to 48% for fiscal 2008. Cost of equipment and services revenues included $41 million in share-based compensation in fiscal 2009, compared to $39 million in fiscal 2008.

Research and Development Expenses. For fiscal 2009, research and development expenses were $2.44 billion or 23% of revenues, compared to $2.28 billion or 20% of revenues for fiscal 2008. The dollar increase was primarily attributable to a $129 million increase in costs related to the development of integrated circuit products, next generation CDMA and OFDMA technologies, the expansion of our intellectual property portfolio and other initiatives to support the acceleration of advanced wireless products and services, including lower cost devices, the integration of wireless with consumer electronics and computing, the convergence of multiband, multimode, multinetwork products and technologies, third-party operating systems and services platforms. Research and development expenses in fiscal 2009 included share-based compensation and in-process research and development of $280 million and $6 million, respectively, compared to $250 million and $14 million, respectively, in fiscal 2008.

Selling, General and Administrative Expenses. For fiscal 2009, selling, general and administrative expenses were $1.56 billion or 15% of revenues, compared to $1.71 billion or 15% of revenues for fiscal 2008. The dollar decrease was primarily attributable to a $110 million decrease in professional fees, of which $72 million related to litigation and other legal matters, a $24 million decrease in selling and marketing expenses and a $19 million decrease in travel expenses. Selling, general and administrative expenses in fiscal 2009 included share-based compensation of $263 million, compared to $254 million in fiscal 2008.

Other Operating Expenses. Operating expenses for fiscal 2009 included a $783 million charge in connection with the Settlement and Patent License and Non-Assert Agreement with Broadcom and a $230 million fine levied by the KFTC.

Net Investment (Loss) Income. Net investment loss was $150 million for fiscal 2009, compared to net investment income of $96 million for fiscal 2008. The net decrease was primarily comprised as follows (in millions):

	Year Ended September 27, 2009	Year Ended September 28, 2008	Change
Interest and dividend income:			
Corporate and other segments	$ 513	$ 487	$ 26
QSI	3	4	(1)
Interest expense	(24)	(22)	(2)
Net realized gains on investments:			
Corporate and other segments	107	104	3
QSI	30	51	(21)
Net impairment losses on investments:			
Corporate and other segments	(734)	(502)	(232)
QSI	(29)	(33)	4
Gains on derivative instruments	1	6	(5)
Equity in (losses) earnings of investees	(17)	1	(18)
	$ (150)	$ 96	$ (246)

Net impairment losses on marketable securities related primarily to depressed securities values caused by the prolonged disruption in global financial markets affecting consumers and the banking, finance and housing industries. This disruption was evidenced by a deterioration of confidence in financial markets and a severe decline in the availability of capital and demand for debt and equity securities.

Income Tax Expense. Income tax expense was $484 million for fiscal 2009, compared to $666 million for fiscal 2008. The annual effective tax rate was 23% for fiscal 2009, compared to 17% for fiscal 2008. The annual effective tax rate for fiscal 2009 was higher than the annual effective tax rate for fiscal 2008 primarily due to a decrease in foreign earnings taxed at less than the United States federal rate, an increase in the valuation allowance on capital losses recognized in earnings and the revaluation of net deferred tax assets to reflect changes in California law, partially offset by adjustments to prior year estimates of uncertain tax positions as a result of tax audits during fiscal 2009.

The annual effective tax rate for fiscal 2009 of 23% was less than the United States federal statutory rate primarily due to benefits of approximately 20% related to foreign earnings taxed at less than the United States federal rate, 7% related to adjustments to prior year estimates of uncertain tax positions as a result of tax audits during the year and 5% related to research and development tax credits, partially offset by an increase in valuation allowance related to capital losses of 11%, the revaluation of net deferred items of 4% and state taxes of approximately 5%.

Our Segment Results for Fiscal 2010 Compared to Fiscal 2009

The following should be read in conjunction with the fiscal 2010 and 2009 financial results for each reporting segment. See "Notes to Consolidated Financial Statements – Note 10 – Segment Information."

QCT Segment. QCT revenues for fiscal 2010 were $6.70 billion, compared to $6.14 billion for fiscal 2009. Equipment and services revenues, mostly related to sales of MSM and accompanying RF and PM integrated circuits, were $6.47 billion for fiscal 2010, compared to $5.93 billion for fiscal 2009. The increase in equipment and services revenues resulted primarily from a $1.25 billion increase related to higher unit shipments, partially offset by a decrease of $713 million related to the net effects of changes in product mix and the average selling prices of such products. Approximately 399 million MSM integrated circuits were sold during fiscal 2010, compared to approximately 317 million for fiscal 2009. The chipset volume in fiscal 2009 was impacted by the slowdown in the worldwide economy that caused contraction in the CDMA-based channel inventory and resulted in lower demand for CDMA-based MSM integrated chips.

QCT earnings before taxes for fiscal 2010 were $1.69 billion, compared to $1.44 million for fiscal 2009. QCT operating income as a percentage of revenues (operating margin percentage) was 25% in fiscal 2010, compared to 23% in fiscal 2009. The increase in QCT earnings before taxes was primarily attributable to the increase in revenues, partially offset by an increase in research and development expenses. The increase in QCT operating margin percentage was primarily due to an increase in gross margin percentage and a decrease in selling, general and administrative expenses as a percentage of revenues driven primarily by the increase in revenues. QCT gross margin percentage increased as a result of the net effects of a decrease in average unit costs, lower average selling prices and favorable product mix.

QCT inventory increased by 18% in fiscal 2010 from $408 million to $481 million primarily due to an increase in work-in-process associated with growth in sales volume and the net effects of changes in integrated circuit product mix.

QTL Segment. QTL revenues for fiscal 2010 were $3.66 billion, compared to $3.61 billion for fiscal 2009. Revenues in fiscal 2010 included $71 million attributable to fiscal 2009 that had previously not been recognized due to discussions regarding a license agreement that was signed in the first quarter of fiscal 2010. QTL earnings before taxes for fiscal 2010 were $3.02 billion, compared to $3.07 billion for fiscal 2009. QTL operating margin percentage was 83% in the fiscal 2010, compared to 85% in fiscal 2009. The decrease in QTL earnings before taxes was primarily attributable to an increase in patent-related costs, partially offset by the increase in revenues, which resulted in a corresponding decrease in operating margin percentage.

QWI Segment. QWI revenues for fiscal 2010 were $628 million, compared to $641 million for fiscal 2009. Revenues decreased primarily due to a $56 million decrease in QIS revenues, partially offset by a $31 million increase in QES revenues. The decrease in QIS revenues was primarily attributable to a $39 million decrease in QChat revenues resulting from decreased development efforts under the licensing agreement with Sprint and a $16 million decrease in Brew revenues resulting from lower consumer demand. The increase in QES revenues was primarily attributable to a $58 million increase in equipment revenue resulting from higher unit shipments, partially offset by a $31 million decrease in messaging and other services revenue. QWI earnings before taxes for fiscal 2010 were $12 million, compared to $20 million for fiscal 2009. QWI operating margin percentage was 1% in fiscal 2010, compared to 3% in fiscal 2009. The decrease in QWI earnings before taxes was primarily attributable to the decrease in revenues, partially offset by a decrease in research and development expenses. The decrease in QWI operating margin percentage was primarily attributable to a decrease in QIS gross margin percentage, partially offset by the decrease in research and development expenses.

QSI Segment. QSI revenues for fiscal 2010 were $9 million, compared to $29 million for fiscal 2009. Revenues were attributable to our FLO TV subsidiary. The decrease in FLO TV revenues was primarily due to an increase in customer-related incentives that were recorded as reductions in revenues and lower service-related revenues. QSI loss before taxes for fiscal 2010 was $436 million, compared to $361 million for fiscal 2009. QSI loss before taxes increased by $75 million primarily due to a $135 million increase in our FLO TV subsidiary's loss before taxes, partially offset by a $62 million gain on the sale of our Australia spectrum license.

We have commenced a restructuring plan under which we expect to exit the current FLO TV service business. There were no significant expenses recognized in fiscal 2010 related to this restructuring plan. 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. Additional charges, including impairment of assets, may be incurred as we continue to evaluate or implement strategic options or if we are unable to generate adequate future cash flows associated with this business.

Our Segment Results for Fiscal 2009 Compared to Fiscal 2008

The following should be read in conjunction with the fiscal 2009 and 2008 financial results for each reporting segment. See "Notes to Consolidated Financial Statements – Note 10 – Segment Information."

QCT Segment. QCT revenues for fiscal 2009 were $6.14 billion, compared to $6.72 billion for fiscal 2008. Equipment and services revenues, mostly related to sales of MSM and accompanying RF and PM integrated circuits, were $5.93 billion for fiscal 2009, compared to $6.53 billion for fiscal 2008. The decrease in equipment and services revenues resulted primarily from a $770 million decrease related to lower unit shipments, caused by the contraction in CDMA-based channel inventory. This decrease was partially offset by an increase of $113 million related to the net effects of changes in product mix and the average selling prices of such products. Approximately 317 million MSM integrated circuits were sold during fiscal 2009, compared to approximately 336 million for fiscal 2008.

QCT earnings before taxes for fiscal 2009 were $1.44 billion, compared to $1.83 billion for fiscal 2008. QCT operating income as a percentage of revenues (operating margin percentage) was 23% in fiscal 2009, compared to 27% in fiscal 2008. The decrease in operating margin percentage was primarily due to increased research and development expenses while revenues declined.

QCT inventories decreased by 10% in fiscal 2009 from $453 million to $408 million primarily due to the net effects of changes in integrated circuit product mix and a decrease in average unit costs.

QTL Segment. QTL revenues for fiscal 2009 were $3.61 billion, compared to $3.62 billion for fiscal 2008. QTL earnings before taxes for fiscal 2009 were $3.07 billion, compared to $3.14 billion for fiscal 2008. QTL operating margin percentage was 85% in fiscal 2009, compared to 87% in fiscal 2008. The decrease in earnings before taxes was primarily attributable to an increase in amortization related to acquired patents, partially offset by a decrease in professional fees related to litigation and other legal matters, which resulted in a corresponding decline in operating margin percentage.

QWI Segment. QWI revenues for fiscal 2009 were $641 million, compared to $785 million for fiscal 2008. Revenues decreased primarily due to a $79 million decrease in QES revenues and a $71 million decrease in QIS revenues. The decrease in QES revenues was primarily attributable to a $50 million decrease in revenues from hardware product sales, due to a 47,500-unit reduction, or 52%, in the number of units shipped, and a $21 million decrease in messaging revenue. The decrease in QIS revenues was primarily attributable to a $45 million decrease in QChat revenues resulting primarily from decreased development efforts under the licensing agreement with Sprint and a $30 million decrease in Brew revenues resulting from lower consumer demand and lower prices due to the slowdown in global economies and competitive pricing pressures.

QWI earnings before taxes for fiscal 2009 were $20 million, compared to a loss before taxes of $1 million for fiscal 2008. QWI operating margin percentage was 3% in fiscal 2009, compared to zero percent in fiscal 2008. The increase in QWI earnings before taxes was primarily attributable to a decrease in selling, general and administrative expenses and research and development expenses of QIS and QES, partially offset by an increase in the operating loss of Firethorn. The increase in QWI operating margin percentage was primarily attributable to improvements in QIS and QES gross margin percentage, partially offset by an increase in the operating loss of Firethorn.

QSI Segment . QSI revenues for fiscal 2009 were $29 million, compared to $12 million for fiscal 2008. QSI loss before taxes for fiscal 2009 was $361 million, compared to $304 million for fiscal 2008. QSI revenues were attributable to our FLO TV subsidiary. QSI loss before taxes increased by $57 million primarily due to a $39 million increase in net investment losses (unrelated to FLO TV) and an $18 million increase in our FLO TV subsidiary's loss before taxes.

Liquidity and Capital Resources

Our principal sources of liquidity are our existing cash, cash equivalents and marketable securities, cash generated from operations and proceeds from the issuance of common stock under our stock option and employee stock purchase plans. Cash, cash equivalents and marketable securities were $18.4 billion at September 26, 2010, an increase of $660 million from September 27, 2009. Our cash, cash equivalents and marketable securities at September 26, 2010 consisted of $6.3 billion held domestically and $12.1 billion held by foreign subsidiaries. Due to tax and accounting considerations, we derive liquidity for operations primarily from domestic cash flow and investments held domestically. Total cash provided by operating activities decreased to $4.1 billion during fiscal 2010, compared to $7.2 billion during fiscal 2009. The decrease was primarily due to collection of the $2.5 billion trade receivable in fiscal 2009 related to the license and settlement agreements completed with Nokia in September 2008.

During fiscal 2010, we repurchased and retired 79,789,000 shares of our common stock for $3.0 billion. On March 1, 2010, we announced that we had been authorized to repurchase up to $3.0 billion of our common stock, and $1.7 billion of that amount remained available at September 26, 2010. The stock repurchase program has no expiration date. We intend to continue to repurchase shares of our common stock under this program as a means of returning capital to stockholders, subject to capital availability and periodic determinations that stock repurchases are in the best interests of our stockholders.

We declared and paid dividends totaling $1.2 billion, $1.1 billion and $982 million, or $0.72, $0.66 and $0.60 per common share, during fiscal 2010, 2009 and 2008. On March 1, 2010, we announced an increase in our quarterly cash dividend per share of common stock from $0.17 to $0.19. We announced cash dividends totaling $305 million, or $0.19 per share, during the fourth quarter of fiscal 2010, which were paid on September 24, 2010. On October 13, 2010, we announced a cash dividend of $0.19 per share on our common stock, payable on December 22, 2010 to stockholders of record as of November 24, 2010. We intend to continue to use cash dividends as a means of returning capital to stockholders, subject to capital availability and periodic determinations that cash dividends are in the best interests of our stockholders.

Accounts receivable increased 4% during fiscal 2010. Days sales outstanding, on a consolidated basis, were 22 days at September 26, 2010 compared to 23 days at September 27, 2009.

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We believe our current cash and cash equivalents, marketable securities and our expected cash flow generated from operations will provide us with flexibility and satisfy our working and other capital requirements over the next fiscal year and beyond based on our current business plans. The following working and other capital requirements are anticipated in fiscal 2011:

- Our total research and development expenditures were $2.5 billion and $2.4 billion in fiscal 2010 and 2009, respectively, and we expect to continue to invest heavily in research and development for new technologies, applications and services for the wireless industry.
- Capital expenditures were $426 million and $761 million in fiscal 2010 and 2009, respectively, and advance payment on spectrum was $1.1 billion in fiscal 2010. We anticipate that capital expenditures excluding the fiscal 2010 advance payment on spectrum will be more than three times higher in fiscal 2011 as compared to fiscal 2010 primarily due to the construction of a new manufacturing facility in fiscal 2011 for our QMT division. Future capital expenditures may also be impacted by transactions that are currently not forecasted.
- Our purchase obligations for fiscal 2011, some of which relate to research and development activities and capital expenditures, totaled $1.4 billion at September 26, 2010.
- In the first quarter of fiscal 2011, we expect to pay $1.4 billion to the United States tax authorities as a result of the cash and intangible assets received in connection with the 2008 license and settlement agreements with Nokia. We intend to use cash held domestically to settle this obligation.
- In the first quarter of fiscal 2011, we are obligated to repay a $1.1 billion short-term bank loan that is denominated in Indian rupees. The loan has a fixed interest rate of 6.75% per year with interest payments due monthly. The loan is related to the BWA spectrum recently won in the India auction. We expect to refinance a substantial portion of this short-term bank loan with a long-term bank loan in the first half of fiscal 2011.
- Pursuant to the Settlement and Patent License and Non-Assert Agreement with Broadcom, we are obligated to pay a remaining $475 million ratably through April 2013, including imputed interest, of which $173 million is payable in fiscal 2011.
- In fiscal 2011, we anticipate incurring cash expenditures associated with the expected exit of the current FLO TV service business in the range of $160 million to $210 million, primarily related to certain contractual obligations, in addition to FLO TV's ongoing cash expenditures. Additional cash expenditures may be incurred as we continue to evaluate or implement strategic options or if we are unable to generate adequate future cash flows associated with this business.
- Cash used for strategic investments and acquisitions, net of cash acquired, was $94 million and $54 million in fiscal 2010 and 2009, respectively, and we expect to continue making strategic investments and acquisitions to open new markets for our technology, expand our technology, obtain development resources, grow our patent portfolio or pursue new business opportunities.

Contractual Obligations / Off-Balance Sheet Arrangements

We have no significant contractual obligations not fully recorded on our consolidated balance sheets or fully disclosed in the notes to our consolidated financial statements. We have no material off-balance sheet arrangements as defined in S-K 303(a)(4)(ii).

At September 26, 2010, our outstanding contractual obligations included (in millions):

Contractual Obligations
Payments Due By Fiscal Period

	Total	2011	2012-2013	2014-2015	Beyond 2015	No Expiration Date
Purchase obligations (1)	$ 1,729	$ 1,401	$ 222	$ 67	$ 39	$ —
Operating lease obligations	471	95	100	48	228	—
Equity funding commitments (2)	30	—	—	—	—	30
Total commitments	2,230	1,496	322	115	267	30
Loan payable to banks	1,086	1,086	—	—	—	—
Capital lease obligations (3)	521	17	32	34	438	—
Other long-term liabilities (4) (5)	305	—	293	—	12	—
Total recorded liabilities	1,912	1,103	325	34	450	—
Total	$ 4,142	$ 2,599	$ 647	$ 149	$ 717	$ 30

(1) Total purchase obligations include $1.2 billion in commitments to purchase integrated circuit product inventories.

(2) These commitments do not have fixed funding dates and are subject to certain conditions. Commitments represent the maximum amounts to be financed or funded under these arrangements; actual financing or funding may be in lesser amounts or not at all.

(3) Amounts represent future minimum lease payments including interest payments. Capital lease obligations are included in other liabilities in the consolidated balance sheet at September 26, 2010.

(4) Certain long-term liabilities reflected on our balance sheet, such as unearned revenues, are not presented in this table because they do not require cash settlement in the future. Other long-term liabilities as presented in this table include the related current portions.

(5) Our consolidated balance sheet at September 26, 2010 included a $6 million noncurrent liability for uncertain tax positions, all of which may result in cash payment. The future payments related to uncertain tax positions have not been presented in the table above due to the uncertainty of the amounts and timing of cash settlement with the taxing authorities.

Additional information regarding our financial commitments at September 26, 2010 is provided in the notes to our consolidated financial statements. See "Notes to Consolidated Financial Statements, Note 9 — Commitments and Contingencies."

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk. We invest our cash in a number of diversified investment- and non-investment-grade fixed and floating rate securities, consisting of cash equivalents, marketable debt securities and debt mutual funds. Changes in the general level of United States interest rates can affect the principal values and yields of fixed interest-bearing securities. If interest rates in the general economy were to rise rapidly in a short period of time, our fixed interest-bearing securities could lose value. When the general economy weakens significantly, the credit profile, financial strength and growth prospects of certain issuers of interest-bearing securities held in our investment portfolios may deteriorate, and our interest-bearing securities may lose value either temporarily or other than temporarily. We may implement investment strategies of different types with varying duration and risk/return trade-offs that do not perform well.

The following table provides information about our interest-bearing cash and cash equivalents, marketable securities and loan payable to banks that are sensitive to changes in interest rates. The table presents principal cash flows, weighted-average yield at cost and contractual maturity dates. Additionally, we have assumed that the interest-bearing securities are similar enough within the specified categories to aggregate the securities for presentation purposes.

Principal Amount by Expected Maturity
Average Interest Rates
(Dollars in millions)

	2011	2012	2013	2014	2015	Thereafter	No Single Maturity	Total
Fixed interest-bearing securities:								
Cash and cash equivalents	$ 698	$ —	$ —	$ —	$ —	$ —	$ —	$ 698
Interest rate	0.3%							
Time deposits	$ 400	$ —	$ —	$ —	$ —	$ —	$ —	$ 400
Interest rate	0.6%							
Available-for-sale securities:								
Investment grade	$ 1,299	$ 672	$ 695	$ 558	$ 162	$ 229	$ 1,818	$ 5,433
Interest rate	2.2%	3.3%	2.7%	3.9%	3.7%	7.9%	1.3%	
Non-investment grade	$ 11	$ 25	$ 45	$ 107	$ 234	$ 836	$ 20	$ 1,278
Interest rate	12.6%	8.7%	9.7%	9.6%	10.3%	8.7%	0.7%	
Floating interest-bearing securities:								
Cash and cash equivalents	$ 2,488	$ —	$ —	$ —	$ —	$ —	$ —	$ 2,488
Interest rate	0.2%							
Available-for-sale securities:								
Investment grade	$ 785	$ 499	$ 225	$ 35	$ 29	$ 465	$ 451	$ 2,489
Interest rate	1.0%	0.8%	0.9%	1.7%	1.0%	8.7%	2.8%	
Non-investment grade	$ 5	$ 39	$ 137	$ 317	$ 146	$ 372	$ 1,071	$ 2,087
Interest rate	7.6%	5.7%	6.5%	6.6%	6.4%	7.0%	4.1%	
Loan payable to banks	$ 1,086	$ —	$ —	$ —	$ —	$ —	$ —	$ 1,086
Fixed interest rate	6.8%							

Cash and cash equivalents and available-for-sale securities are recorded at fair value. The loan payable to banks approximates fair value.

Equity Price Risk. We have a diversified marketable securities portfolio that includes equity securities held by mutual and exchange-traded fund shares that are subject to equity price risk. We have made investments in marketable equity securities of companies of varying size, style, industry and geography, and changes in investment allocations may affect the price volatility of our investments. A 10% decrease in the market price of our marketable equity securities and equity mutual fund and exchange-traded fund shares at September 26, 2010 would cause a decrease in the carrying amounts of these securities of $270 million. At September 26, 2010, gross unrealized losses of our marketable equity securities and equity mutual and exchange-traded fund shares were $11 million. Although we consider these unrealized losses to be temporary, there is a risk that we may incur net other-than-temporary impairment charges or realized losses on the values of these securities if they do not recover in value within a reasonable period.

Foreign Exchange Risk. We manage our exposure to foreign exchange market risks, when deemed appropriate, through the use of derivative financial instruments, including foreign currency forward and option contracts with financial counterparties. Such derivative financial instruments are viewed as hedging or risk management tools and are not used for speculative or trading purposes. Counterparties to our derivative contracts are all major institutions. In the event of the financial insolvency or distress of a counterparty to our derivative financial instruments, we may be unable to settle transactions if the counterparty does not provide us with sufficient collateral to secure its net settlement obligations to us, which could have a negative impact on our results. At September 26, 2010, we had a net liability of $13 million related to foreign currency option contracts that were designated as hedges of foreign currency risk on royalties earned from certain international licensees on their sales of CDMA-based devices and a net liability of $2 million related to foreign currency option contracts that have been rendered ineffective as a result of changes in our forecast of royalty revenues. If our forecasted royalty revenues were to decline by 50% and foreign exchange rates were to change unfavorably by 20% in each of our hedged foreign currencies, we would incur a loss of approximately $16 million resulting from a decrease in the fair value of the portion of our hedges that would be rendered ineffective. In addition, we are subject to market risk on foreign currency option contracts that have been deemed ineffective. If foreign exchange rates relevant to those contracts were to change unfavorably by 20%, we would incur a loss of $20 million resulting from a decrease in the fair value of our hedges. See "Notes to Consolidated Financial Statements, Note 1 — The Company and Its Significant Accounting Policies" for a description of our foreign currency accounting policies.

At September 26, 2010, we had a fixed-rate short-term bank loan of $1.1 billion, which is payable in full in Indian rupees in December 2010. The loan is payable in the functional currency of our consolidated subsidiary that is party to the loan, however we are subject to foreign currency translation risk, which may impact the amount of our liability for principal repayment and interest expense we record in the future. If the foreign currency exchange rate were to change unfavorably by 20%, additional interest expense would be negligible due to the short-term nature of the loan. At September 26, 2010, we had an asset of $7 million related to foreign currency forward contracts that were not designated as hedges of certain payments to be made in Indian rupees in connection with the bank loan. We are subject to market risk on such contracts. If the foreign exchange rates relevant to those contracts were to change unfavorably by 20%, we would incur a loss of $57 million.

Financial instruments held by consolidated subsidiaries that are not denominated in the functional currency of those entities are subject to the effects of currency fluctuations and may affect reported earnings. As a global concern, we face exposure to adverse movements in foreign currency exchange rates. We may hedge currency exposures associated with certain assets and liabilities denominated in nonfunctional currencies and certain anticipated nonfunctional currency transactions. As a result, we could experience unanticipated gains or losses on anticipated foreign currency cash flows, as well as economic loss with respect to the recoverability of investments. While we may hedge certain transactions with non-United States customers, declines in currency values in certain regions may, if not reversed, adversely affect future product sales because our products may become more expensive to purchase in the countries of the affected currencies.

Our analysis methods used to assess and mitigate the risks discussed above should not be considered projections of future risks.

Item 8. Financial Statements and Supplementary Data

Our consolidated financial statements at September 26, 2010 and September 27, 2009 and the Report of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm, are included in this Annual Report on Form 10-K on pages F-1 through F-32.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such terms are defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the Exchange Act). Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Annual Report.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in *Internal Control — Integrated Framework* , our management concluded that our internal control over financial reporting was effective as of September 26, 2010.

PricewaterhouseCoopers LLP, the independent registered public accounting firm that audited the consolidated financial statements included in this Annual Report on Form 10-K, has also audited the effectiveness of our internal control over financial reporting as of September 26, 2010, as stated in its report which appears on page F-1.

Inherent Limitations Over Internal Controls

Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that:

i. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;

ii. provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and

iii. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the consolidated financial statements.

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations, including the possibility of human error and circumvention by collusion or overriding of controls. Accordingly, even an effective internal control system may not prevent or detect material misstatements on a timely basis. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during fiscal 2010 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item regarding directors is incorporated by reference to our Definitive Proxy Statement to be filed with the Securities and Exchange Commission in connection with the Annual Meeting of Stockholders to be held in 2011 (the "2011 Proxy Statement") under the heading "Election of Directors." Information regarding executive officers is set forth in Item 1 of Part I of this Report under the caption "Executive Officers." The information regarding our code of ethics is incorporated by reference to the 2011 Proxy Statement under the heading "Code of Ethics."

Item 11. Executive Compensation

The information required by this item is incorporated by reference to the 2011 Proxy Statement under the heading "Executive Compensation and Related Information."

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item is incorporated by reference to the 2011 Proxy Statement under the headings "Equity Compensation Plan Information" and "Stock Ownership of Certain Beneficial Owners and Management."

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item is incorporated by reference to the 2011 Proxy Statement under the heading "Certain Relationships and Related Person Transactions."

Item 14. Principal Accounting Fees and Services

The information required by this item is incorporated by reference to the 2011 Proxy Statement under the heading "Fees for Professional Services."

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PART IV

Item 15. Exhibits and Financial Statement Schedules

The following documents are filed as part of this report:

Financial statement schedules other than those listed above have been omitted because they are either not required, not applicable or the information is otherwise included in the notes to the consolidated financial statements.

(b) Exhibits:

Exhibit Number	Description
3.1	Restated Certificate of Incorporation. (1)
3.2	Certificate of Amendment of Certificate of Designation. (2)
3.4	Amended and Restated Bylaws. (3)
10.1	Form of Indemnity Agreement between the Company, each director and certain officers. (4)(5)
10.2	1991 Stock Option Plan, as amended. (4)(6)
10.4	Form of Stock Option Grant under the 1991 Stock Option Plan. (4)(6)
10.29	1998 Non-Employee Director's Stock Option Plan, as amended. (4)(7)
10.40	Form of Stock Option Grant Notice and Agreement under the 2001 Stock Option Plan. (4)(6)
10.43	Form of Stock Option Grant Notice and Agreement under the 2001 Non-Employee Directors' Stock Option Plan. (4)(8)
10.55	2001 Stock Option Plan, as amended. (4)(7)
10.58	Form of Annual Grant under the 1998 Non-Employee Directors' Stock Option Plan. (4)(6)
10.63	Summary of Changes to Non-Employee Director Compensation Program. (4)(9)
10.66	2001 Non-Employee Directors' Stock Option Plan, as amended. (4)(10)
10.71	Voluntary Executive Retirement Contribution Plan, as amended. (4)(11)
10.82	Amended and Restated Qualcomm Incorporated 2001 Employee Stock Purchase Plan. (4)(12)
10.84	Form of Grant Notice and Stock Option Agreement under the 2006 Long-Term Incentive Plan. (4)(13)
10.86	Form of Grant Notice and Market Stock Unit Agreement under the 2006 Long-Term Incentive Plan. (4)(1)
10.87	2006 Long-Term Incentive Plan, as amended. (4)(14)
10.88	Amended and Restated Qualcomm Incorporated 2001 Employee Stock Purchase Plan. (4)(15)
10.89	Amended and Restated Executive Retirement Matching Contribution Plan. (4)(16)
10.90	Form of Restricted Stock Unit Grant Notice under the 2006 Long-Term Incentive Plan. (4)
21	Subsidiaries of the Registrant.

23.1	Consent of Independent Registered Public Accounting Firm.
31.1	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for Paul E. Jacobs.
31.2	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for William E. Keitel.

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Exhibit Number	Description
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for Paul E. Jacobs.
32.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for William E. Keitel.
101.INS	XBRL Instance Document. (17)
101.SCH	XBRL Taxonomy Extension Schema. (17)
101.CAL	XBRL Taxonomy Extension Calculation Linkbase. (17)
101.LAB	XBRL Taxonomy Extension Labels Linkbase. (17)
101.PRE	XBRL Taxonomy Extension Presentation Linkbase. (17)
101.DEF	XBRL Taxonomy Extension Definition Linkbase. (17)

(1) Filed as an exhibit to the Registrant's Quarterly Report on Form 10Q for the quarter ended December 27, 2009.
(2) Filed as an exhibit to the Registrant's Current Report on Form 8-K filed on September 30, 2005.
(3) Filed as an exhibit to the Registrant's Current Report on Form 8-K filed on September 25, 2009.
(4) Indicates management or compensatory plan or arrangement required to be identified pursuant to Item 15(a).
(5) Filed as an exhibit to the Registrant's Registration Statement on Form S-1 (No. 33-42782).
(6) Filed as an exhibit to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 27, 2004.
(7) Filed as an exhibit to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 28, 2004.
(8) Filed as an exhibit to the Registrant's Quarterly Report on Form 10-Q for the quarter ended April 1, 2001.
(9) Filed as an exhibit to the Registrant's Current Report on Form 8-K filed on February 25, 2005.
(10) Filed as an exhibit to the Registrant's Current Report on Form 8-K/A filed on May 6, 2005.
(11) Filed as an exhibit to the Registrant's Current Report on Form 8-K filed on October 26, 2005.
(12) Filed as an exhibit to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 29, 2009.
(13) Filed as an exhibit to the Registrant's Annual Report on Form 10-K for the year ended September 27, 2009.
(14) Filed as an exhibit to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 28, 2010.
(15) Filed as an exhibit to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 27, 2010.
(16) Filed as an exhibit to the Registrant's Current Report on Form 8-K filed on September 16, 2010.
(17) Furnished, not filed.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

November 3, 2010

QUALCOMM Incorporated

By /s/ Paul E. Jacobs
Paul E. Jacobs,
Chief Executive Officer and Chairman

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Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Signature	Title	Date
/s/ Paul E. Jacobs Paul E. Jacobs	Chief Executive Officer and Chairman (Principal Executive Officer)	November 3, 2010
/s/ William E. Keitel William E. Keitel	Chief Financial Officer (Principal Financial and Accounting Officer)	November 3, 2010
/s/ Barbara T. Alexander Barbara T. Alexander	Director	November 3, 2010
/s/ Stephen M. Bennett Stephen M. Bennett	Director	November 3, 2010
/s/ Donald Cruickshank Donald Cruickshank	Director	November 3, 2010
/s/ Raymond V. Dittamore Raymond V. Dittamore	Director	November 3, 2010
/s/ Thomas Horton Thomas Horton	Director	November 3, 2010
/s/ Irwin Jacobs Irwin Jacobs	Director	November 3, 2010
/s/ Robert E. Kahn Robert E. Kahn	Director	November 3, 2010
/s/ Sherry Lansing Sherry Lansing	Director	November 3, 2010
/s/ Duane A. Nelles Duane A. Nelles	Director	November 3, 2010
/s/ Brent Scowcroft Brent Scowcroft	Director	November 3, 2010
/s/ Marc I. Stern Marc I. Stern	Director	November 3, 2010

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of QUALCOMM Incorporated:

In our opinion, the accompanying consolidated financial statements listed in the index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of QUALCOMM Incorporated and its subsidiaries at September 26, 2010 and September 27, 2009 and the results of their operations and their cash flows for each of the three years in the period ended September 26, 2010 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of September 26, 2010, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedule and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

San Diego, California
November 3, 2010

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QUALCOMM Incorporated
CONSOLIDATED BALANCE SHEETS
(In millions, except per share data)

	September 26, 2010	September 27, 2009
ASSETS		
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		
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
Commitments and contingencies (Note 9)		
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

See accompanying notes.

QUALCOMM Incorporated
CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share data)

	Year Ended September 26, 2010	Year Ended September 27, 2009	Year Ended September 28, 2008
Revenues:			
Equipment and services	$ 6,980	$ 6,466	$ 7,160
Licensing and royalty fees	4,011	3,950	3,982
Total revenues	10,991	10,416	11,142
Operating expenses:			
Cost of equipment and services revenues	3,517	3,181	3,414
Research and development	2,549	2,440	2,281
Selling, general and administrative	1,642	1,556	1,717
Litigation settlement, patent license and other related items (Note 9)	—	783	—
KFTC fine (Note 9)	—	230	—
Total operating expenses	7,708	8,190	7,412
Operating income	3,283	2,226	3,730
Investment income (loss), net (Note 5)	751	(150)	96
Income before income taxes	4,034	2,076	3,826
Income tax expense	(787)	(484)	(666)
Net income	$ 3,247	$ 1,592	$ 3,160
Basic earnings per common share	$ 1.98	$ 0.96	$ 1.94
Diluted earnings per common share	$ 1.96	$ 0.95	$ 1.90
Shares used in per share calculations:			
Basic	1,643	1,656	1,632
Diluted	1,658	1,673	1,660
Dividends per share announced	$ 0.72	$ 0.66	$ 0.60

See accompanying notes.

QUALCOMM Incorporated
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Year Ended September 26, 2010	Year Ended September 27, 2009	Year Ended September 28, 2008
Operating Activities:			
Net income	$ 3,247	$ 1,592	$ 3,160
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	666	635	456
Revenues related to non-monetary exchanges	(130)	(114)	(172)
Income tax provision in excess of (less than) income tax payments	116	(33)	306
Non-cash portion of share-based compensation expense	612	584	541
Non-cash portion of interest and dividend income	(24)	(68)	(26)
Incremental tax benefit from stock options exercised	(45)	(79)	(408)
Net realized gains on marketable securities and other investments	(405)	(137)	(155)
Net impairment losses on marketable securities and other investments	125	763	535
Other items, net	(40)	36	29
Changes in assets and liabilities, net of effects of acquisitions:			
Accounts receivable, net	(18)	3,083	(802)
Inventories	(80)	69	(47)
Other assets	(60)	(58)	(17)
Trade accounts payable	148	57	(63)
Payroll, benefits and other liabilities	(229)	984	310
Unearned revenues	193	(142)	(89)
Net cash provided by operating activities	4,076	7,172	3,558
Investing Activities:			
Capital expenditures	(426)	(761)	(1,397)
Advance payment on spectrum	(1,064)	—	—
Purchases of available-for-sale securities	(8,973)	(10,443)	(7,680)
Proceeds from sale of available-for-sale securities	10,440	5,274	6,689
Purchases of other marketable securities	(850)	—	—
Increase in investment receivables	—	—	(406)
Cash received for partial settlement of investment receivables	34	349	—
Other investments and acquisitions, net of cash acquired	(94)	(54)	(298)
Change in collateral held under securities lending	—	173	248
Other items, net	94	5	25
Net cash used by investing activities	(839)	(5,457)	(2,819)
Financing Activities:			
Borrowing under loan payable to banks	1,064	—	—
Proceeds from issuance of common stock	689	642	1,184
Incremental tax benefit from stock options exercised	45	79	408
Repurchase and retirement of common stock	(3,016)	(285)	(1,670)
Dividends paid	(1,177)	(1,093)	(982)
Change in obligation under securities lending	—	(173)	(248)
Other items, net	(10)	(3)	1
Net cash used by financing activities	(2,405)	(833)	(1,307)
Effect of exchange rate changes on cash	(2)	(5)	(3)
Net increase (decrease) in cash and cash equivalents	830	877	(571)
Cash and cash equivalents at beginning of year	2,717	1,840	2,411
Cash and cash equivalents at end of year	$ 3,547	$ 2,717	$ 1,840

See accompanying notes.

QUALCOMM Incorporated
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In millions)

	Common Stock Shares	Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Balance at September 30, 2007	1,646	$ 7,057	$ 8,541	$ 237	$ 15,835
Components of comprehensive income, net of tax:					
Net income	—	—	3,160	—	3,160
Other comprehensive loss (Note 1)	—	—	—	(521)	(521)
Total comprehensive income					2,639
Common stock issued under employee benefit plans	53	1,187	—	—	1,187
Repurchase and retirement of common stock	(43)	(1,666)	—	—	(1,666)
Share-based compensation	—	544	—	—	544
Tax benefit from exercise of stock options	—	385	—	—	385
Dividends	—	—	(982)	—	(982)
Other	—	4	(2)	—	2
Balance at September 28, 2008	1,656	7,511	10,717	(284)	17,944
Components of comprehensive income, net of tax:					
Net income	—	—	1,592	—	1,592
Other comprehensive income (Note 1)	—	—	—	891	891
Total comprehensive income					2,483
Common stock issued under employee benefit plans	22	648	—	—	648
Repurchase and retirement of common stock	(9)	(285)	—	—	(285)
Share-based compensation	—	585	—	—	585
Tax benefit from exercise of stock options	—	34	—	—	34
Dividends	—	—	(1,093)	—	(1,093)
Other	—	—	19	(19)	—
Balance at September 27, 2009	1,669	8,493	11,235	588	20,316
Components of comprehensive income, net of tax:					
Net income	—	—	3,247	—	3,247
Other comprehensive income (Note 1)	—	—	—	109	109
Total comprehensive income					3,356
Common stock issued under employee benefit plans	23	740	—	—	740
Repurchase and retirement of common stock	(80)	(3,016)	—	—	(3,016)
Share-based compensation	—	604	—	—	604
Tax benefit from exercise of stock options	—	30	—	—	30
Dividends	—	—	(1,177)	—	(1,177)
Other	—	5	—	—	5
Balance at September 26, 2010	1,612	$ 6,856	$13,305	$ 697	$ 20,858

See accompanying notes.