In this document, the words “Qualcomm,” “we,” “our,” “ours” and “us” refer only to QUALCOMM Incorporated and its subsidiaries and not any other person or entity.

PART I

Item 1. Business

This Annual Report (including, but not limited to, the following section regarding Management’s Discussion and Analysis of Financial Condition and Results of Operations) contains forward-looking statements regarding our business, financial condition, results of operations and prospects. Words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates” and similar expressions or variations of such words are intended to identify forward-looking statements, but are not the exclusive means of identifying forward-looking statements in this Annual Report. Additionally, statements concerning future matters such as the development of new products, enhancements or technologies, sales levels, expense levels and other statements regarding matters that are not historical are forward-looking statements.

Although forward-looking statements in this Annual Report reflect our good faith judgment, such statements can only be based on facts and factors currently known by us. Consequently, forward-looking statements are inherently subject to risks and uncertainties and actual results and outcomes may differ materially from the results and outcomes discussed in or anticipated by the forward-looking statements. Factors that could cause or contribute to such differences in results and outcomes include without limitation those discussed under the heading “Risk Factors” below, as well as those discussed elsewhere in this Annual Report. Readers are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this Annual Report. We undertake no obligation to revise or update any forward-looking statements in order to reflect any event or circumstance that may arise after the date of this Annual Report. Readers are urged to carefully review and consider the various disclosures made in this Annual Report, which attempt to advise interested parties of the risks and factors that may affect our business, financial condition, results of operations and prospects.

We incorporated in 1985 under the laws of the state of California. In 1991, we reincorporated in the state of Delaware. We operate and report using a 52-53 week fiscal year ending the last Sunday in September. Our 52-week fiscal years consist of four equal quarters of 13 weeks each, and our 53-week fiscal years consist of three 13-week fiscal quarters and one 14-week fiscal quarter. The financial results for our 53-week fiscal years and our 14-week fiscal quarters will not be exactly comparable to our 52-week fiscal years and our 13-week fiscal quarters. The fiscal year ended September 30, 2012 included 53 weeks. The fiscal years ended September 25, 2011 and September 26, 2010 both included 52 weeks.

Overview

In 1989, we publicly introduced the concept that a digital communication technique called CDMA could be commercially successful in cellular wireless communication applications. CDMA stands for Code Division Multiple Access and is one of the main technologies currently used in digital wireless communications networks (also known as wireless networks). CDMA and TDMA (Time Division Multiple Access), of which Global System for Mobile Communications (GSM) is the primary commercial form, are the primary digital technologies currently used to transmit a wireless device user’s voice or data over radio waves using a public cellular wireless network. Because we led, and continue to lead, the development and commercialization of CDMA technology, we own significant intellectual property, including patents, patent applications and trade secrets, which applies to all versions of CDMA that we implement in our own products and portions of which we license to other companies. The wireless communications industry generally recognizes that a company seeking to develop, manufacture and/or sell products that use CDMA technology will require a patent license from us.

We also continue our leading role in the development and commercialization of Orthogonal Frequency Division Multiple Access (OFDMA)-based technologies for which we have substantial intellectual property. Sales of multimode CDMA and LTE (which stands for "Long Term Evolution" and is an OFDMA-based standard for cellular wireless communication applications) subscriber devices have grown significantly during the past year. Our CDMA licensees’ sales of such multimode CDMA and OFDMA devices are covered by their existing CDMA license agreements with us. We have also licensed companies to make and sell OFDMA products that do not also implement CDMA, and more than 30 companies (including LG, Nokia and Samsung) have royalty-bearing licenses under all or a portion of our patent portfolio for use in such OFDMA single-mode products.

Our Revenues. We generate revenues by selling products and services, which include:

- integrated circuits (also known as chips or chipsets) and Radio Frequency (RF) and Power Management (PM) chips and system software used in mobile devices and in wireless networks;
- integrated circuits for use in wired devices, particularly broadband gateway equipment, desktop computers, televisions and Blu-ray players;

- equipment, software and services used by companies, including those in the transportation industry and governments, to wirelessly manage their assets and workforce;
- software products and services for content enablement across a wide variety of platforms and devices for the wireless industry;
- software products and services that enable mobile commerce services; and
- software and hardware development services.

We also generate revenues by licensing 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.

Our Integrated Circuits Business. We develop and supply integrated circuits and system software based on CDMA, OFDMA and other technologies for use in voice and data communications, networking, application processing, multimedia and global positioning system products. Our integrated circuit products and system software are sold to and/or licensed to manufacturers that use our products in wireless devices, particularly mobile phones, tablets, laptops, data modules, handheld wireless computers and gaming devices, access points and routers, data cards and infrastructure equipment, and in wired devices, particularly broadband gateway equipment, desktop computers, televisions and Blu-ray players. The Mobile Station Modem (MSM) integrated circuits, which include the Mobile Data Modem, Qualcomm Single Chip and Qualcomm Snapdragon processor-based devices, perform the core baseband modem functionality in wireless devices providing voice and data communications, as well as multimedia applications and global positioning functions. In addition, our Snapdragon processors provide advanced application and graphics processing capabilities. Our 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. Our infrastructure equipment Cell Site Modem (CSM) integrated circuits and system software perform wireless standards-compliant processing of voice and data signals in the wireless operator's base station equipment to and from wireless devices. Because of our experience in designing and developing CDMA- and OFDMA-based products, we not only design the baseband integrated circuit, but the supporting system as well, including the RF devices, PM devices and accompanying software products. This approach enables us to optimize the performance of the wireless device with improved product features and integration with the network system. We also provide support, including reference designs and tools, to enable our customers to reduce the time required to design their products and bring their products to market faster. We plan to add additional features and capabilities to our integrated circuit products to help our customers reduce the cost and size of their products, to simplify our customers' design processes and to enable more wireless devices and services.

Our Licensing Business. Our patent portfolio includes certain patent rights essential to and/or useful in the manufacture and sale of certain wireless products. We grant licenses to use portions of our intellectual property portfolio to manufacturers of wireless products, such as mobile devices, also known as subscriber units, which include handsets, other consumer devices (e.g., tablets, personal computers, e-readers), machine-to-machine devices (e.g., telematics devices, meter reading devices) and data modem cards, the infrastructure equipment required to establish and operate a network, and equipment to test networks and subscriber units. In partial consideration for such licenses, we collect fixed license fees (payable in one or more installments) and ongoing royalties on products sold by our licensees that incorporate our patented technologies.

Our Asset Tracking and Services Business. We design, manufacture and sell equipment, license software and provide services to our customers to manage their assets, products and workforce. We offer satellite- and terrestrial-based two-way wireless information and position location services to transportation and logistics fleets to enable our customers to track the location and monitor the performance of their assets and to deliver and collect data with their personnel.

Our Wireless Device Software and Related Services Business. We provide software products and services for the global wireless industry. Our Brew products and services enable wireless operators, device manufacturers and software developers to provide over-the-air and pre-loaded wireless applications and services. Our Plaza products and services enable wireless operators, device manufacturers and publishers to create and distribute mobile content across a variety of platforms and devices. We also offer Xiam wireless content discovery and recommendation products to help wireless operators improve usage and adoption of digital content and services and QChat, a push to talk product optimized for third generation (3G) networks.

Our Mobile Commerce Business. In fiscal 2012, we began a pilot of a new product application trademarked as Pay, which is marketed on a standalone basis to quick serve restaurants and retailers. The Pay service enables consumers to make payments to quick serve restaurants and retailers on their mobile devices at the point of sale.

Our Other Businesses. We continue to invest in display and other product and services initiatives. We intend to license our next generation interferometric modulator (IMOD) display technology in the future, while we continue to develop and directly commercialize only certain IMOD consumer-targeted mobile products. Our IMOD display technology, based on a micro-electro-mechanical-systems (MEMS) structure combined with thin film optics, is intended to provide performance and power consumption benefits as compared to other display technologies.

Wireless Communications Industry

Use of wireless telecommunications devices has increased dramatically in the past decade. According to Wireless Intelligence estimates as of November 5, 2012, the number of worldwide mobile connections is expected to reach approximately 6.6 billion by the end of 2012 and approximately 8.3 billion by 2016. Growth in the early days of wireless communications was driven by the need to make voice calls in a mobile environment. More recently, increases in demand are primarily driven by the desire to have access to high-speed data services in a mobile environment. This is evidenced by the widespread deployments of 3G (third generation) across the globe and strong traction for 4G (fourth generation). Each generation has enabled successively higher data transmission rates. According to Wireless Intelligence estimates, the number of global 3G/4G connections reached 1.9 billion and is expected to reach approximately 4.0 billion in 2016. (3G/4G includes 3G, 4G and multimode 3G/4G technologies.) There are several drivers for the growth in 3G/4G, including but not limited to:

- consumer awareness and desire for data services;
- consumer demand for data-centric smartphone devices;
- emergence of new data devices;
- mature 3G networks with high data rates;
- deployments of higher-data rate 4G in developed regions; and
- growth of 3G in emerging regions.

The last few years have witnessed a significant increase in the consumer's awareness and willingness to use mobile data services. Applications such as email, access to the mobile Internet, downloading of videos and social networking are driving the demand for 3G/4G services and more capable devices.

According to reports from the CDMA Development Group and the Global mobile Suppliers Association (GSA), as of November 2012, approximately 800 wireless networks now support 3G globally, a sign that wireless operators are making network investments to address the growing demand for wireless data. Wireless operators are continuing to make network investments by upgrading their networks. According to GSA, all of the global WCDMA operators have upgraded their networks to offer High Speed Packet Access (HSPA) services, and 50% of HSPA operators have launched HSPA+, an evolution of HSPA. GSA also reports that more than 110 commercial networks support 4G LTE (Long Term Evolution). With support for higher data rates and increased capacity, networks are expected to evolve to keep up with the growing demand for wireless data.

The mobile Internet is helping increase demand for 3G/4G smartphones as the ability to access data is simplified and enhanced when using a smartphone. In the early days of the smartphone, these devices were designed primarily for high-end business users. However, innovation and competition are helping to make available a broader set of devices that provide compelling user experiences at consumer acceptable price points, which make such devices more accessible by a larger portion of the subscriber base.

The need to stay connected anywhere, anytime is helping drive demand for data connectivity on notebook and netbook computers with either embedded 3G/4G connectivity or via an external 3G/4G USB modem. New device categories, such as tablets and e-readers, have also emerged over the last few years. These new devices take advantage of the capabilities of 3G/4G networks to browse the mobile Internet, and download applications, digital books, newspapers and magazines anywhere. Other emerging device categories, such as machine-to-machine communication (allowing both wireless and wired systems to communicate with other devices), gaming consoles and other consumer electronic devices, are also expected to help further drive global demand for 3G/4G.

Demand for wireless voice and data services in emerging regions is driving the rapid transition from 2G (second generation) to 3G. 3G network technology provides an efficient way for wireless operators to offer both voice and data services to address these demands, and since fixed broadband penetration is very low in these regions, 3G presents a cost effective means of providing broadband capabilities to consumers.

Wireless Technologies

The significant growth in the use of wireless devices worldwide, such as smartphones and tablets, and demand for data services and applications requires constant innovation to further improve the user experience, expand capacity and enable dense deployments of low power nodes, such as picocells and femtocells. To meet these requirements, progressive generations of wireless communications technology standards have evolved. The wireless standards used for mobile communications within individual countries are generally determined by the telecommunication service providers operating in those countries and, in some instances, local government regulations. Such determinations are typically based on economic criteria and the service

provider's evaluation of each technology's ability to provide the features and functionality required for its business plan. More than two decades ago, the European Community developed regulations requiring the use of the GSM standard, a TDMA-based, 2G technology. In addition, several versions of CDMA technology were adopted worldwide as public cellular standards. The first version, known as cdmaOne, is a 2G cellular technology that was first commercially deployed in the mid-1990s. The other subsequent versions of CDMA are referred to as 3G technologies.

Second Generation. Compared to first generation analog systems, 2G digital technology provided for significantly enhanced efficiency within a fixed spectrum, resulting in greatly increased voice capacity. 2G technologies also enabled numerous enhanced services, such as SMS texting service, but data services were generally limited to low-speed transmission rates. The main 2G digital cellular technologies in use today are called cdmaOne, a form of CDMA and a technology largely developed and patented by us, and GSM, a form of TDMA. Many GSM operators deployed 2G mobile packet data technologies, such as General Packet Radio Service (GPRS) and Enhanced Data Rates for Global Evolution (EDGE) in areas serviced by GSM. According to Wireless Intelligence estimates as of November 5, 2012, there were approximately 4.5 billion 2G connections worldwide, representing approximately 70% of total wireless connections.

Third Generation. As a result of demand for wireless networks that simultaneously carry both high-speed data and voice traffic, the International Telecommunications Union (ITU), a standards setting organization, adopted the 3G standard known as IMT-2000, encompassing six terrestrial operating radio interfaces, each of which incorporates our intellectual property. Two are TDMA-based, three are CDMA-based and the other is OFDMA-based. The three CDMA-based 3G technologies are known commonly throughout the wireless industry as:

- CDMA2000, including 1X (including revisions A through E) and 1xEV-DO (EV-DO or Evolution Data Optimized) (including revisions A through C, developed by 3rd Generation Partnership Project Two (3GPP2)) (all of these use the Frequency Division Duplex (FDD) method);
- Wideband CDMA (WCDMA), also known as Universal Mobile Telecommunications Systems (UMTS), including High Speed Packet Access (HSPA), part of 3rd Generation Partnership Project (3GPP) Releases 5 and 6, and HSPA+, part of 3GPP Releases 7, 8, 9, 10, 11, 12 and beyond (all of these use the FDD method); and
- CDMA Time Division Duplex (TDD), of which there are currently two versions, Time Division Duplex-CDMA (TD-CDMA) and Time Division-Synchronous CDMA (TD-SCDMA). Both are part of the specifications developed by 3GPP.

According to Wireless Intelligence estimates, there were approximately 1.8 billion 3G worldwide connections, representing approximately 29% of total wireless connections. Some of the advantages of 3G CDMA technology over 2G technologies include increased network capacity, improved user experience, higher capacity for data and faster access to data and higher data throughput rates. CDMA2000 and WCDMA are widely deployed today in wireless networks throughout the world. TD-SCDMA has been deployed in China. EV-DO Revision B in the CDMA2000 family was launched in 2010; Release 7 of HSPA+ was launched in 2009; and Release 8 of HSPA+ was launched in 2010. HSPA+ continues to evolve, even as 4G technologies are beginning to be deployed. HSPA+ Release 8 introduced multicarrier operation, which aggregates multiple channels to offer wider bandwidths, supporting 10 MHz of bandwidth in Release 8 and up to 40 MHz in Release 11. 3GPP is making plans to develop specifications for Release 12. There have been widespread developments of Release 8 networks around the world in 2011 and 2012. The various revisions of the 3G CDMA specifications have significantly increased network performance capacity and data speeds. It is expected that future revisions of the 3G CDMA specifications will provide further enhancements.

CDMA2000 (1X, 1xEV-DO, EV-DO Revision A/B) networks are deployed by wireless operators that support both voice and a wide range of high-speed wireless data services. Enhancements based upon CDMA2000 Revision E Standard, called 1X Advanced, further increases voice capacity of CDMA2000 1X networks. The standardization for 1X Advanced is complete, devices supporting the technology are available and network deployments are in process. Another set of enhancements based upon 1xEV-DO Revision C, also called DO Advanced, improve the performance of 1xEV-DO Revision A/B networks. The first phase of DO Advanced is deployed in commercial networks. Enhancements based upon these updated standards and improved implementations have been and will continue to be deployed in our products and wireless networks to increase capacity and data rates.

GSM operators around the world, including those in the European Community and in the United States, have focused primarily on the UMTS Frequency Division Duplex (FDD) radio interface of the IMT-2000 standard, known as WCDMA, for their network evolution. WCDMA is based on our CDMA technology and incorporates many of our patented inventions (as do all of the CDMA and OFDMA radio interfaces of the IMT-2000 standard). The majority of the world's wireless device and infrastructure manufacturers (more than 145 and including all leading suppliers) have licensed our technology for use in WCDMA products, enabling them to utilize this WCDMA mode of the 3G standards.

The three ITU 3G CDMA radio interfaces are all based on the core principles of CDMA technology, and our intellectual property rights include a valuable patent portfolio essential to implementation of each of the 3G CDMA standards. In addition,

our patent portfolio includes technologies that contribute to commercially successful product implementations. Generally, we have licensed substantially all of our relevant patents to our CDMA subscriber and infrastructure equipment licensees.

These 3G CDMA versions (CDMA2000, WCDMA and TD-SCDMA) require separate implementations that are not interchangeable. While the fundamental core technologies are derived from CDMA and, in addition to other features and functionality, are covered by our patents, their specifications each require unique infrastructure products, network design, air interface protocols and management. However, subscriber roaming amongst systems using different air interfaces is made possible through multimode wireless subscriber devices.

Fourth Generation. Release 10 of 3GPP's Long Term Evolution (LTE), the predominant global OFDMA-based standard, and 802.16m, an upgrade of IEEE 802.16e (WiMAX or Worldwide Interoperability for Microwave Access), have both been approved by the ITU to become what are called IMT-Advanced technologies. Release 10 of LTE and WiMAX 802.16m support additional features, wider bandwidths and higher data rates than previous versions of these OFDMA air interfaces, which are part of IMT-2000. There is no uniform industry agreement on the 4G definition; 4G is now broadly used to include OFDMA technologies that are part of the ITU's IMT (IMT-2000 and IMT-Advanced) standards and has also been used in marketing campaigns by certain carriers for the 3G WCDMA evolution to HSPA+. Since LTE typically will be overlaid over existing 3G networks, seamless interoperability with 3G (including all CDMA-based 3G technologies) has been standardized by 3GPP and 3GPP2. The first deployments of LTE have been based on Release 8, formally a part of the 3G IMT-2000 standard. According to Wireless Intelligence estimates, the total number of global 4G LTE connections reached approximately 40 million and is expected to reach approximately 560 million in 2016.

WiMAX 802.16e was deployed ahead of LTE and targeted unpaired spectrum using a TDD radio interface. LTE supports both paired spectrum, using LTE FDD, and unpaired spectrum, using LTE TDD, and is able to address many of the unpaired spectrum bands targeted by WiMAX. Compared to WiMAX, LTE is expected to achieve greater economy of scale through its interoperability with 3G. Certain wireless operators have selected WiMAX because of regulatory considerations specific to their networks and spectrum holdings. Many WiMAX operators have announced that they are planning to move to LTE TDD.

For over ten years, we have pursued research and development of OFDMA-based wireless communication technologies, and, as a result, have developed and acquired significant related intellectual property. Accordingly, we believe that each of the OFDMA-based 4G standards incorporates our patented technologies. More than 30 companies (including LG, Nokia and Samsung) have entered into royalty-bearing license agreements under our patent portfolio for use in OFDMA products that do not also implement CDMA-based standards. Multimode products that implement both OFDMA and CDMA technologies will, in most cases, be licensed under our existing CDMA license agreements.

Our Engineering Resources. We have significant engineering resources, including engineers with substantial expertise in CDMA, OFDMA and a broad range of other technologies. Using these engineering resources, we expect to continue to develop new versions of CDMA, OFDMA and other technologies, develop alternative technologies for certain specialized applications, participate in the formulation of new voice and data communication standards and technologies and assist in deploying digital voice and data communications networks around the world.

Investments in New and Existing Products, Services and Technologies. We continue to invest in research and development in a variety of ways in an effort to extend the demand for our products and services.

We develop, commercialize and actively support 3G CDMA-based technologies, as well as OFDMA-based LTE technologies, products and network operations, to grow our royalty revenues and integrated circuit and related software revenues. From time to time, we may also make acquisitions to meet certain technology needs, to obtain development resources or to pursue new business opportunities.

We develop on our own, and with our partners, innovations that are integrated into our product portfolio to further expand the opportunity for wireless and enhance the value of our products and services. These innovations are expected to enable our customers to improve the performance or value of their existing services, offer these services more affordably and introduce revenue-generating broadband data services ahead of their competition.

We make investments to provide our integrated circuit customers with chipsets designed on leading-edge technology nodes that combine multiple technologies for use in consumer devices, including smartphones, consumer electronics and other data devices. In addition to 3G and 4G LTE technologies, our chipsets support other wireless and wired connectivity technologies including Wireless Local Area Network (WLAN), Bluetooth, Ethernet, Global Positioning System (GPS), Global Navigation Satellite System (GLONASS), Powerline Communication, Passive Optical Networking, Ethernet-over-Coax (EoC) and Ethernet Switching. Our integrated chipsets often include multiple technologies, including advanced multimode modems, application processors and graphics engines, as well as the tools to connect these diverse pieces of technology. We continue to support Android, Windows Phone/RT and other mobile client software environments in our chipsets.

We continue to develop our interferometric modulator (IMOD) and other display technologies. We intend to license our next generation IMOD display technology in the future, while we continue to develop and directly commercialize only certain

IMOD consumer-targeted mobile products. Our IMOD display technology, based on a micro-electro-mechanical-systems (MEMS) structure combined with thin film optics, is intended to provide performance and power consumption benefits as compared to other display technologies.

We make investments in the development of technologies to address the growth of mobile data traffic, including 3G/LTE and Wi-Fi products designed for implementation of small cells, which can be used by carriers to extend the capacity of licensed and unlicensed wireless spectrum.

We make strategic investments that we believe open new opportunities for our technology, support the design and introduction of new products and services and/or possess unique capabilities or technology. To the extent that such investments become liquid and meet our strategic objectives, we intend to make regular periodic sales of our interests in these investments that are recognized in net investment income.

Revenue Concentrations, Significant Customers and Geographical Information

Consolidated revenues from international customers and licensees as a percentage of total revenues were 95%, 94% and 95% in fiscal2012, 2011 and 2010, respectively. During fiscal 2012, 42%, 22% and 14% of our revenues were from customers and licensees based in China, South Korea and Taiwan, respectively, as compared to 32%, 19% and 17% during fiscal 2011, respectively, and 29%, 27% and 12% during fiscal2010, respectively.

A small number of customers/licensees historically have accounted for a significant portion of our consolidated revenues. In fiscal 2012, 2011 and 2010, revenues from Samsung Electronics constituted more than 10% of consolidated revenues. In addition, in fiscal 2012, revenues from Hon Hai Precision Industry Co., Ltd./Foxconn, its affiliates and other suppliers to Apple Inc. constituted more than 10% of consolidated revenues; in fiscal 2011, revenues from HTC constituted more than 10% of consolidated revenues; and in fiscal 2010, revenues from LG Electronics constituted more than 10% of consolidated revenues.

Operating Segments

QCT Segment. QCT is a leading developer and supplier of integrated circuits and system software based on CDMA, OFDMA and other technologies for use in voice and data communications, networking, application processing, multimedia and global positioning system products. QCT's integrated circuit products and system software are sold to or licensed to manufacturers that use our products in wireless devices, particularly mobile phones, tablets, laptops, data modules, handheld wireless computers and gaming devices, access points and routers, data cards and infrastructure equipment, and in wired devices, particularly broadband gateway equipment, desktop computers, televisions and Blu-ray players. The MSM integrated circuits, which include the Mobile Data Modem, Qualcomm Single Chip and Qualcomm Snapdragon processor-based devices, perform the core baseband modem functionality in wireless devices providing voice and data communications, as well as multimedia applications and global positioning functions. In addition, our Snapdragon processors provide advanced application and graphics processing capabilities. 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. In fiscal 2012, QCT shipped approximately 590 million MSM integrated circuits for wireless devices worldwide as compared to approximately 483 million and 399 million in fiscal 2011 and 2010, respectively. QCT revenues comprised 63%, 59% and 61% of total consolidated revenues in fiscal2012, 2011 and 2010, respectively.

QCT utilizes a fabless production 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 been assembled into packages or modules and have completed the final test manufacturing processes. Die cut from silicon wafers are the essential components of all of our integrated circuits and a significant portion of the total integrated circuit cost. We employ both turnkey and two-stage manufacturing 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 model, we purchase wafers and die from semiconductor manufacturing foundries and contract with separate third-party manufacturers for probe, assembly and final test services.

We rely on independent third-party suppliers to perform the manufacturing and assembly, and most of the testing, of our integrated circuits based primarily on our proprietary designs and test programs. Our suppliers also are responsible for the procurement of most of the raw materials used in the production of our integrated circuits. The primary foundry suppliers for our various digital, analog/mixed-signal, RF and PM integrated circuits are Global Foundries Inc., International Business Machines Corporation, Samsung Electronics Co. Ltd., Semiconductor Manufacturing International Corporation, Taiwan Semiconductor Manufacturing Company and United Microelectronics Corporation. The primary semiconductor assembly and test suppliers are Advanced Semiconductor Engineering, Amkor Technology, Siliconware Precision Industries and STATSChipPAC. The majority of our foundry and subcontract assembly and test suppliers are located in the Asia-Pacific region.

QCT offers a broad portfolio of products, including both wireless device and infrastructure integrated circuits, in support of

CDMA2000 1X and 1xEV-DO, as well as the EV-DO Revision A/B evolutions of CDMA 2000 technology. Leveraging our expertise in CDMA, we also developed and offer integrated circuits supporting the WCDMA version of 3G for manufacturers of wireless devices. More than 80 device manufacturers have selected our WCDMA products that support GSM/GPRS, WCDMA, HSDPA (High-Speed Downlink Packet Access), HSUPA (High-Speed Uplink Packet Access) and HSPA+ for their devices. QCT also sells multimode products for the LTE standard, which offer seamless backward compatibility to existing 3G technologies.

Our integrated circuit products span a broad range of products, from entry-level products for emerging regions, such as our Qualcomm Reference Design (QRD) products, up to very high-end devices. Our chipsets integrate unique combinations of features, such as multi-megapixel cameras, videotelephony, streaming multimedia, audio, 3D graphics, advanced position-location capabilities through integrated gpsOne technology and peripheral connectivity, to enable a wide range of devices.

Our IZat location technologies are featured in more than 50 operator networks around the globe. By combining location data from satellite systems (GPS and GLONASS), cellular and Wi-Fi networks, sensors and cloud-based assistance servers, our location products deliver accurate, always-on location awareness that enhances the mobile experience. We offer both integrated and stand alone location products for use in mobile phones, tablets, notebooks, cameras and other consumer devices.

The Snapdragon family of processors is a highly integrated, mobile optimized system on a chip incorporating our advanced technologies, including high performance central processing units (CPU), graphics processing units (GPU) and modems, multimedia subsystems, including audio, video and camera capabilities, and highly accurate GPS engines. Our CPU cores are custom designed to deliver high levels of compute performance at ultra-low power, allowing manufacturers to design slim and powerful devices that last longer between charges. Our GPUs are also custom designed to deliver graphics performance for gaming and user interfaces. The Snapdragon family also incorporates our modem technology for advanced mobile broadband and a feature-rich multimedia subsystem that delivers audio and high-definition video capabilities.

Our modems are built to work with increasingly complex networks. They support the latest communication technologies and adapt to network conditions and user needs in real time to enable delivery of faster, smoother data and voice connections. Our 3G/4G modem roadmap delivers the latest network technologies across multiple product tiers and devices. This roadmap is the result of our years of research into emerging network standards and the development of chipsets that take advantage of these new standards, while maintaining backward compatibility with existing standards.

Through our acquisition in May 2011 of Atheros Communications, Inc., which was renamed Qualcomm Atheros, Inc., QCT also offers an expanded portfolio of connectivity technologies, which complements our mobile business and extends our capability into networking and infrastructure products. QCT is a leading provider of wireless and wired connectivity products, including networking products for consumers, carriers and enterprise equipment, mobile handsets and mobile and fixed computing and consumer electronics products. Our wireless products consist of integrated circuits and system software for WLAN, Bluetooth and frequency modulation (FM) as well as technologies that enable location data and services, including GPS and GLONASS. Our wireless technologies are provided in the form of WLAN, Bluetooth and FM integrated products, WLAN and Bluetooth combination and standalone products. Our wired connectivity products consist of integrated circuits and software for Ethernet, powerline and passive optical networks. Our wired portfolio enables delivery of richer, comprehensive multi-connectivity product platforms to our networking, computing and consumer electronics customer base. Our passive optical network technologies provide our customers with solutions for their fiber optics, broadband and access businesses. We employ our WLAN, powerline and Ethernet technologies in combination to deliver hybrid platforms known as Hy-Fi products.

The market in which our QCT segment operates is intensely competitive. QCT competes worldwide with a number of United States and international designers and manufacturers of semiconductors. As a result of global expansion by foreign and domestic competitors, technological changes and the potential for further industry consolidation, we anticipate the market to remain very competitive. We believe that the principal competitive factors for our products may include performance, level of integration, quality, compliance with industry standards, price, time-to-market, system cost, design and engineering capabilities, new product innovation and customer support. We also compete in both single- and dual-mode environments against alternative communications technologies including but not limited to, GSM/GPRS/EDGE, TDMA, TD-SCDMA and WiMAX.

QCT's current competitors include, but are not limited to, major companies such as Broadcom, CSR plc, Freescale, HiSilicon Technologies, Intel, Lantiq, Marvell Technology, MediaTek, nVidia, Renesas Electronics, Spreadtrum Communications, ST-Ericsson (a joint venture between Ericsson Mobile Platforms and ST-NXP Wireless), Texas Instruments and VIA Telecom, as well as major communications equipment companies such as Matsushita, Motorola Mobility and Samsung, who design at least some of their own integrated circuits and software for certain products. QCT also faces competition from some early-stage companies. Our competitors devote significant amounts of their financial, technical and other resources to develop and market competitive products and, in some cases, to develop and adopt competitive digital cellular technologies, and those efforts may materially and adversely affect QCT. Moreover, competitors may offer more attractive product pricing or financing terms or have a more established presence in certain device markets or emerging geographic regions than we do as a means of gaining access to the market or customers.

QTL Segment. 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, LTE and/or WiMAX standards and their derivatives. QTL licensing revenues are comprised of license fees as well as 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. 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.). Revenues generated from royalties are subject to quarterly and annual fluctuations. QTL revenues comprised 33%, 36% and 33% of total consolidated revenues in fiscal 2012, 2011 and 2010, respectively.

Separate and apart from licensing manufacturers of subscriber and network equipment, we have entered into certain patent arrangements with competitors of our QCT segment, such as Broadcom, Fujitsu, MediaTek, NEC, Renesas Electronics, Texas Instruments and VIA Telecom. The purpose of these arrangements is to provide our QCT segment and the counterparties certain freedom of operation with respect to each party's integrated circuits business. In every case, these agreements expressly reserve the right for QTL to seek royalties from the customers of such integrated circuit suppliers with respect to such suppliers' customers' sales of CDMA-, WCDMA- and OFDMA-based wireless devices into which such suppliers' integrated circuits are incorporated.

We face competition in the development of intellectual property for future generations of digital wireless communications technology and services. On a worldwide basis, we currently compete primarily with the GSM/GPRS/EDGE digital wireless communications technologies. GSM has been utilized extensively in Europe, much of Asia other than Japan and South Korea, and certain other countries. To date, GSM has been more widely adopted than CDMA; however, CDMA technologies have been adopted for all 3G wireless systems. In addition, most GSM operators have deployed GPRS, a packet data technology, as a 2G bridge technology, and a number of GSM operators have deployed EDGE. However, the majority of GSM operators have already augmented their networks with 3G WCDMA and HSPA. According to GSA, as of November 2012, more than 110 wireless operators have commercially deployed and other wireless operators have started testing OFDMA technology (e.g., LTE, WiMAX), a multi-carrier transmission technique not based on CDMA technology, which divides the available spectrum into many carriers, with each carrier being modulated at a low data rate relative to the combined rate for all carriers. According to GSA, more than 300 wireless operators have committed to deploy LTE networks, an OFDMA-based standard. We have invested in both the acquisition and the development of OFDMA technology and intellectual property. We expect that upon the deployment of OFDMA-based networks, the products implementing such technologies generally will be multimode and will also implement CDMA-based technologies. The licenses granted under our existing CDMA license agreements generally cover multimode CDMA/OFDMA devices, and our licensees are obligated to pay royalties under their CDMA license agreements for such devices. Further, over 30 companies (including LG, Nokia and Samsung) have royalty-bearing licenses under our patent portfolio for use in single-mode OFDMA products (which do not implement any CDMA-based standards).

QWI Segment. QWI revenues comprised 3%, 4% and 6% of total consolidated revenues in fiscal2012, 2011 and 2010, respectively. The four divisions aggregated into QWI are:

QES Division. QES provides equipment, software and services to enable companies to wirelessly manage their assets and workforce. QES offers satellite- and terrestrial-based two-way wireless connectivity and position location services to transportation and logistics fleets that permit customers to track the location and monitor performance of their assets, communicate with their personnel and collect data. The QES division markets and sells products through a sales force, partnerships and distributors based in the United States, Europe, Latin America and Canada. Wireless transmissions and position tracking for satellite-based systems are provided by using leased transponders on commercially available geostationary Earth orbit satellites. The terrestrial-based systems use wireless digital and analog terrestrial networks for information transmission and the global positioning system constellation for position tracking.

Existing competitors of our QES division offering alternatives to our products are aggressively pricing their products and services and could continue to do so in the future. We face several key competitors to our satellite- and terrestrial-based mobile fleet management and asset tracking products and services both domestically and internationally. These competitors are offering new value-added products and services similar in many cases to our existing or developing technologies. Emergence of new competitors, particularly those offering low-cost terrestrial-based products and satellite-based products, may adversely impact our margins and intensify competition in new regions. Similarly, some original equipment manufacturers of trucks and truck components are beginning to offer built-in, on-board fleet management and position location reporting systems that may adversely impact our margins and intensify competition for existing and new customers.

QIS Division. QIS provides software products and content enablement services to wireless operators worldwide to support and accelerate the growth and advancement of wireless data products and services. We offer Brew and Plaza platform products and services for wireless applications development, device configuration, application distribution and billing and payment. We also offer Xiam wireless content discovery and recommendation products to help wireless operators improve usage and adoption of digital content and services by presenting relevant and targeted offers to customers across all digital channels. The

QChat product enables one-to-one (private) and one-to-many (group) push-to-talk (PTT) calls over 3G networks. The technology also allows over-the-air upgrades of mobile device software, management of group membership by subscribers and ad-hoc creation of chat groups.

Our QIS division has numerous current and emerging competitors for each of its products and services whose relative degree of success may adversely impact our margins and sales volumes. Competing offerings to the Brew and Plaza products primarily include device manufacturer application and widget stores, such as Apple's App Store for the iPhone platform, operator-focused application and widget retailing and content distribution products and direct-to-consumer mobile storefronts. Our QChat product competes primarily with the iDEN PTT service in the United States; the PTT services business is nascent outside of the United States with several competing standards- and non-standards-based technologies.

QGOV Division. QGOV provides development and other services and related products involving wireless communications technologies to government agencies and their contractors. Based on the percentage of QGOV revenues to our total consolidated revenues, no government agencies or their contractors are major customers.

Firethorn Division. In fiscal 2012, Firethorn began a pilot of a new product application trademarked as Pay, which is marketed on a standalone basis to quick serve restaurants and retailers. The Pay service enables consumers to make payments to quick serve restaurants and retailers on their mobile devices at the point of sale.

QSI Segment. QSI makes strategic investments that we believe will open new opportunities for our technologies, support the design and introduction of new products and services for voice and data communications or possess unique capabilities or technology. Many of these strategic investments are in early-stage companies. QSI also holds wireless spectrum. As part of our strategic investment activities, we intend to pursue various exit strategies from each of our QSI investments at some point in the future.

Other Businesses. Nonreportable segments are comprised of display and other product and services initiatives, including:

QMT Division. QMT intends to license its next generation interferometric modulator (IMOD) display technology in the future, while continuing to develop and directly commercialize only certain IMOD consumer-targeted mobile products. QMT's IMOD display technology, based on a MEMS structure combined with thin film optics, is intended to provide performance and power consumption benefits as compared to other display technologies. As displays in all types of mobile devices trend toward higher performance, pixel density, power consumption and outdoor viewability continue to be significant factors to overall display performance. We believe IMOD displays can provide a competitive advantage in these areas. In fiscal 2011, we initiated construction of a manufacturing facility in Taiwan for IMOD displays with the initial phase expected to be completed in early fiscal 2013. We are evaluating strategic options for this new manufacturing facility, which include, but are not limited to, operating the facility in support of our commercialization efforts and/or a sale to, or joint venture with, a third party.

Additional information regarding our operating segments is provided in the notes to our consolidated financial statements in this Annual Report in "Notes to Consolidated Financial Statements, Note 8. Segment Information."

Corporate Structure

We operate our businesses through our parent company, QUALCOMM Incorporated, and multiple direct and indirect subsidiaries. We have developed our corporate structure in order to address various legal, regulatory, tax, contractual compliance, operations and other matters.

Effective October 1, 2012, QUALCOMM Incorporated completed a corporate reorganization in which the assets of certain of its businesses and functions, as well as the stock of certain of its direct and indirect subsidiaries, were contributed to Qualcomm Technologies, Inc. (QTI), a wholly-owned subsidiary of QUALCOMM Incorporated that was created for purposes of the reorganization. QTL continues to be operated by QUALCOMM Incorporated, which continues to own the vast majority of our patent portfolio. Substantially all of our products and services businesses, including QCT, and substantially all of our engineering, research and development functions, are now operated by QTI and its subsidiaries. Neither QTI nor any of its subsidiaries has any right, power or authority to grant any licenses or other rights under or to any patents owned by QUALCOMM Incorporated. The changes in our corporate structure generally formalize the way we have historically operated our primary businesses. The changes have been implemented, among other reasons, in order to enhance our ability to quickly deliver products to our customers and to assist our products and services businesses to fully participate in the sectors in which they operate, including in their development, use and distribution of software received pursuant to open source software licenses, while further protecting and insulating our valuable patent portfolio.

Research and Development

The communications industry is characterized by rapid technological change, requiring a continuous effort to enhance existing products and develop new products and technologies. Our research and development team has a demonstrated track record of innovation in voice and data communication technologies. Our research and development expenditures in fiscal 2012,

2011 and 2010 totaled approximately $3.9 billion, $3.0 billion and $2.5 billion, respectively, and as a result, we continue to expand our intellectual property portfolio. Research and development expenditures were primarily 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 technologies supporting these initiatives may include CDMA2000 1X, 1xEV-DO, EV-DO Revision A, EV-DO Revision B, 1x Advanced, WCDMA, HSDPA, HSUPA, HSPA+, TD-SCDMA, LTE and TD-LTE. Research and development expenditures were also incurred related to the development of IMOD and other display technologies, Plaza products and other technologies.

We have research and development centers in various locations throughout the world that support our global development activities and ongoing efforts to advance CDMA, OFDMA and a broad range of other technologies. We continue to use our substantial engineering resources and expertise to develop new technologies, applications and services and make them available to licensees to help grow the communications industry and generate new or expanded licensing opportunities. In addition to internally sponsored research and development, we perform contract research and development for various government agencies and commercial contractors.

Sales and Marketing

Sales and marketing activities of our operating segments are discussed under Operating Segments. Other marketing activities include public relations, advertising, web-marketing, participation in technical conferences and trade shows, development of business cases and white papers, competitive analyses, industry intelligence and other marketing programs, such as marketing development funds with our customers. Our Corporate Marketing department provides company information on our internet site and through other media regarding our products, strategies and technology to industry analysts and for publications.

Competition

Competition to our operating segments is discussed under Operating Segments. Competition in the communications industry throughout the world continues to increase at a rapid pace as consumers, businesses and governments realize the potential of wireless communications products and services. We have facilitated competition in the wireless communications industry by licensing and enabling a large number of manufacturers. Although we have attained a significant position in the industry, many of our current and potential competitors may have advantages over us, which include, among others, motivation by our customers in certain circumstances to find alternate suppliers or choose alternate technologies and foreign government support of other technologies (e.g., GSM) or our competitors. In addition, our competitors may have established more extensive relationships with local distribution and original equipment manufacturer companies in emerging geographic regions (e.g., China) or a more established presence in certain device markets. These relationships may affect customers' decisions to purchase products or license technology from us. Accordingly, new competitors or alliances among competitors could emerge and rapidly acquire significant market positions to our detriment.

We expect to continue to face competition throughout the world as new technologies and services are introduced in the future and as additional companies compete with our products or services based on 3G, 4G or other technologies. Although we intend to continue to make substantial investments in developing improvements to existing and new products and technologies, our competitors may introduce alternative products, services or technologies that threaten our business. It is also possible that the price we charge for our products and services may continue to decline as competition continues to intensify.

Patents, Trademarks and Trade Secrets

We rely on a combination of patents, copyrights, trade secrets, trademarks and proprietary information to maintain and enhance our competitive position. We have an extensive portfolio of United States and foreign patents, and we continue to pursue patent applications around the world. Our patents have broad coverage in many countries, including China, Japan, South Korea, Europe, Brazil, India, Taiwan and elsewhere. A substantial portion of our patents and patent applications relate to digital wireless communications technologies, including patents that are essential or may be important to the commercial implementation of CDMA2000, WCDMA (UMTS), TD-SCDMA, TD-CDMA and OFDMA products.

Standards bodies have been informed that we hold patents that might be essential for all 3G standards that are based on CDMA. We have committed to such standards bodies that we will offer to license our essential patents for these CDMA standards on a fair and reasonable basis free from unfair discrimination. We have also informed standards bodies that we hold patents that might be essential for certain standards that are based on OFDMA technology (e.g., 802.16e, 802.16m and LTE (including FDD and TDD versions)) and have committed to offer to license our essential patents for these OFDMA standards on a fair and reasonable basis free from unfair discrimination.

Since our founding in 1985, we have focused heavily on technology development and innovation. These efforts have resulted in a leading intellectual property portfolio related to, among other things, wireless technology. Because all commercially deployed forms of CDMA and their derivatives require the use of our patents, our patent portfolio is the most widely and extensively licensed portfolio in the industry with over 220 licensees. Over the years a number of companies have challenged our patent position but at this time most, if not all, companies in the industry recognize that any company seeking to develop, manufacture and/or sell products that use CDMA technologies will require a license or other rights to use our patents.

As part of our strategy to generate licensing revenues that continue to support our research and development investments and support worldwide adoption of our CDMA technology, we provide rights to design, manufacture and sell products utilizing certain portions of our intellectual property to other companies, including those companies listed on our Internet site (www.qualcomm.com).

We have licensed or otherwise provided rights to use our patented technologies to interested companies on terms that are fair, reasonable and free from unfair discrimination. Unlike some other companies in our industry that hold back certain key technologies, we offer interested companies essentially our entire patent portfolio for use in cellular subscriber devices and cell site infrastructure equipment. Our strategy to make our patented technologies broadly available has been a catalyst for industry growth, helping to enable a wide range of companies offering a broad array of wireless products and features while driving down average and low-end selling prices for 3G handsets and other wireless devices. By licensing or otherwise providing rights to use our patented technologies to a wide range of equipment manufacturers, encouraging innovative applications, supporting equipment manufacturers with integrated chipset and software products, and focusing on improving the efficiency of the airlink for wireless operators, we have helped 3G CDMA evolve, grow and reduce device pricing all at a faster pace than the second generation technologies that preceded it (e.g., GSM).

Under our subscriber unit, infrastructure equipment and test equipment license agreements, licensees are generally required to pay us a fixed license fee as well as ongoing royalties based on a percentage of the wholesale (i.e., licensee's) selling price, net of certain permissible deductions (e.g., certain shipping costs, packing costs, VAT, etc.), of each licensed product and/or a fixed per unit amount. License fees are paid in one or more installments, while royalties generally are payable based on sales throughout the life of the licensed patents. Our licensing terms are reasonable and fair to the companies that benefit from our intellectual property and provide significant incentives for others to invest in CDMA applications, as evidenced by the significant growth in the CDMA portion of the wireless industry and the number of CDMA participants. Our license agreements generally provide us rights to use certain of our licensees' technology and intellectual property rights to manufacture and sell certain components (e.g., Application-Specific Integrated Circuits) and related software, subscriber units and/or infrastructure equipment. In most cases, our use of our licensees' technology and intellectual property does not require us to pay royalties based on the sale of our products. However, under some of the licenses, if we incorporate certain of our licenses' licensed technology or intellectual property into certain of our products, we are obligated to pay royalties on the sale of such products.

Corporate Responsibility

At Qualcomm, we realize that we have a significant role to play as we strive to better our local and global communities through ethical business practices, socially empowering technology applications, educational and environmental programs and employee diversity and volunteerism.

- *Our Company.* We strive to meet and exceed industry standards for ethical business practices, product responsibility, and supplier management.
- *Our Environment.* We aim to grow our operations while minimizing our carbon footprint, conserving water and reducing waste.
- *Our Community.* We are committed to growing strategic relationships with a wide range of local organizations and programs that develop and strengthen communities worldwide.
- *Our Workplace.* We provide a safe and healthy work environment where diversity is embraced and various opportunities for training, growth, and advancement are strongly encouraged for all employees.
- *Wireless Reach.* We invest in projects that foster entrepreneurship, aid in public safety, enhance delivery of health care, enrich teaching and learning and improve environmental sustainability through the use of 3G and next-generation technologies.

Employees

At September 30, 2012, we employed approximately 26,600 full-time, part-time and temporary employees. During fiscal2012, the number of employees increased by approximately 5,400, primarily due to increases in engineering resources.

Available Information

Our Internet address is www.qualcomm.com. There we make available, free of charge, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission (SEC). We also make available on our Internet site public financial information for which a report is not required to be filed with or furnished to the SEC. Our SEC reports and other financial information can be accessed through the investor relations section of our Internet site. The information found on our Internet site is not part of this or any other report we file with or furnish to the SEC.

The public may read and copy any materials that we file with the SEC at the SEC's Public Reference Room located at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at (202) 551-8090. The SEC also maintains electronic versions of our reports on its website at www.sec.gov.

Executive Officers

Our executive officers (and their ages at September 30, 2012) are as follows:

Paul E. Jacobs, age 49, has served as Chairman of the Board of Directors since March 2009, as a director since June 2005 and as Chief Executive Officer since July 2005. He served as Group President of QWI from July 2001 to June 2005. In addition, he served as Executive Vice President from February 2000 to June 2005. Dr. Jacobs was a director of A123 Systems, Inc. from November 2002 to July 2012. Dr. Jacobs holds a B.S. degree in Electrical Engineering and Computer Science, an M.S. degree in Electrical Engineering and a Ph.D. degree in Electrical Engineering and Computer Science from the University of California, Berkeley.

Steven R. Altman, age 51, has served as Vice Chairman since November 2011. He served as President from July 2005 to November 2011, as Executive Vice President from November 1997 to June 2005 and as President of QTL from September 1995 to April 2005. Mr. Altman holds a B.S. degree in Police Science and Administration from Northern Arizona University and a J.D. degree from the University of San Diego.

Derek K. Aberle, age 42, has served as Executive Vice President and Group President since November 2011. He served as Executive Vice President and President of QTL from September 2008 to November 2011 and as Senior Vice President and General Manager of QTL from October 2006 to September 2008. Mr. Aberle joined Qualcomm in December 2000 and prior to October 2006 held positions ranging from Legal Counsel to Vice President and General Manager of QTL. Mr. Aberle holds a B.A. degree in Business Economics from the University of California, Santa Barbara and a J.D. degree from the University of San Diego.

Cristiano R. Amon, age 42, has served as Executive Vice President, Qualcomm Technologies, Inc. (a wholly-owned subsidiary of Qualcomm Incorporated) and Co-President of Qualcomm Mobile & Computing (QMC) since October 2012. He served as Senior Vice President, Qualcomm Incorporated and Co-President of QMC from June 2012 to October 2012, as Senior Vice President, QCT Product Management from October 2007 to June 2012 and as Vice President, QCT Product Management from September 2005 to October 2007. Mr. Amon joined Qualcomm in 1995 as an engineer and throughout his tenure at Qualcomm held several other technical and leadership roles. Mr. Amon holds a B.S. degree in Electrical Engineering from UNICAMP, the State University of Campinas, Brazil.

Andrew M. Gilbert, age 49, has served as Executive Vice President, Qualcomm Europe, Inc. (a wholly-owned subsidiary of Qualcomm Incorporated) and European Innovation Development since January 2011. He served as Executive Vice President and President of Qualcomm Europe from September 2010 to January 2011, as Executive Vice President and President of QIS and Qualcomm Europe from May 2009 to September 2010 and as Executive Vice President and President of QIS, MFT and Qualcomm Europe from January 2008 to May 2009. He served as Senior Vice President and President of Qualcomm Europe from November 2006 to January 2008 and as President of Qualcomm Europe from February 2006 to November 2006. Mr. Gilbert joined Qualcomm in January 2006 as Vice President of Qualcomm Europe. Prior to joining Qualcomm, he served as Vice President and General Manager of Flarion Technologies' European, Middle Eastern and African regions from May 2002 to January 2006.

Matthew S. Grob, age 46, has served as Executive Vice President, Qualcomm Technologies, Inc. and Chief Technology Officer since October 2012. He served as Executive Vice President, Qualcomm Incorporated and Chief Technology Officer from July 2011 to October 2012 and as Senior Vice President, Engineering from July 2006 to July 2011. Mr. Grob joined Qualcomm in August 1991 as an engineer and throughout his tenure at Qualcomm held several other technical and leadership roles. Mr. Grob holds a B.S. degree in Electrical Engineering from Bradley University and an M.S. degree in Electrical Engineering from Stanford University.

Margaret "Peggy" L. Johnson, age 50, has served as Executive Vice President, Qualcomm Technologies, Inc. and President of Global Market Development since October 2012. She served as Executive Vice President, Qualcomm Incorporated and President of Global Market Development from January 2011 to October 2012. She served as Executive Vice President of the

Americas and India from January 2008 to January 2011 and as Executive Vice President since December 2006. She served as President of MFT from December 2005 to January 2008 and as President of QIS from July 2001 to January 2008. She served as Senior Vice President and General Manager of QIS from September 2000 to July 2001. Ms. Johnson holds a B.S. degree in Electrical Engineering from San Diego State University.

William E. Keitel, age 59, has served as Executive Vice President since December 2003 and as Chief Financial Officer since February 2002. He previously served as Senior Vice President and Corporate Controller from May 1999 to February 2002. Mr. Keitel holds a B.A. degree in Business Administration from the University of Wisconsin and an M.B.A. from Arizona State University.

James P. Lederer, age 52, has served as Executive Vice President, Qualcomm Technologies, Inc. and General Manager of QCT since October 2012. He served as Executive Vice President, Qualcomm Incorporated and General Manager of QCT from May 2009 to October 2012, as Executive Vice President, QCT Business Planning and Finance from May 2008 to May 2009 and as Senior Vice President, Finance from April 2005 to May 2008. Mr. Lederer joined Qualcomm in 1997 as Senior Manager, Corporate Finance and throughout his tenure at Qualcomm held several other finance and leadership roles. Mr. Lederer holds a B.S. degree in Business Administration (Finance/MIS) and an M.B.A. from the State University of New York at Buffalo.

Steven M. Mollenkopf, age 43, has served as President and Chief Operating Officer since November 2011. He served as Executive Vice President and Group President from September 2010 to November 2011, as Executive Vice President and President of QCT from August 2008 to September 2010, as Executive Vice President, QCT Product Management from May 2008 to July 2008, as Senior Vice President, Engineering and Product Management from July 2006 to May 2008 and as Vice President, Engineering from April 2002 to July 2006. Mr. Mollenkopf joined Qualcomm in 1994 as an engineer and throughout his tenure at Qualcomm held several other technical and leadership roles. Mr. Mollenkopf holds a B.S. degree in Electrical Engineering from Virginia Tech and an M.S. degree in Electrical Engineering from the University of Michigan.

Venkata S.M. “Murthy” Renduchintala, age 47, has served as Executive Vice President, Qualcomm Technologies, Inc. and Co-President of QMC since October 2012. He served as Senior Vice President, Qualcomm Incorporated and Co-President of QMC from June 2012 to October 2012, as Senior Vice President, QCT Engineering from October 2007 to June 2012 and as Vice President, QCT Engineering from April 2004 to October 2007. Dr. Renduchintala holds a B.E. in Electrical Engineering, an M.B.A. and a Ph.D. degree in Digital Communication from the University of Bradford, United Kingdom.

Donald J. Rosenberg, age 61, has served as Executive Vice President, General Counsel and Corporate Secretary since October 2007. He served as Senior Vice President, General Counsel and Corporate Secretary for Apple Inc. from December 2006 to October 2007. From May 1975 to November 2006, Mr. Rosenberg held numerous positions at IBM Corporation, including Senior Vice President and General Counsel. Mr. Rosenberg holds a B.S. degree in Mathematics from the State University of New York at Stony Brook and a J.D. from St. John’s University School of Law.

James H. Thompson, age 48, has served as Executive Vice President, Engineering for Qualcomm Technologies, Inc. since October 2012. He served as Senior Vice President, Engineering for Qualcomm Incorporated from July 1998 to October 2012. Dr. Thompson joined Qualcomm in 1992 as a senior engineer and throughout his tenure at Qualcomm held several other technical and leadership roles. Dr. Thompson holds B.S., M.S. and Ph.D. degrees in Electrical Engineering from the University of Wisconsin, Madison.

Daniel L. Sullivan, age 61, has served as Executive Vice President of Human Resources since August 2001. He previously served as Senior Vice President of Human Resources from February 1996 to July 2001. Dr. Sullivan holds a B.S. degree in Communication from Illinois State University, an M.A. degree in Communication from West Virginia University and a Ph.D. in Communication from the University of Nebraska.

Item 1A. Risk Factors

You should consider each of the following factors as well as the other information in this Annual Report in evaluating our business and our prospects. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently consider immaterial may also impair our business operations. If any of the following risks actually occur, our business and financial results could be harmed. In that case, the trading price of our common stock could decline. You should also refer to the other information set forth in this Annual Report, including our financial statements and the related notes.

Risks Related to Our Businesses

Our revenues are dependent on the commercial deployment of CDMA, OFDMA and other communications technologies and our customers’ and licensees’ sales of communications equipment, products and services based on these technologies.

We develop, patent and commercialize technology and products based on CDMA, OFDMA and other communications technologies. Our revenues are dependent upon the commercial deployment of these technologies and our customers’ and

licensees' sales of wireless communications equipment, products and services based on these technologies. Our business may be harmed, and our substantial investments in these technologies may not provide us an adequate return, if:

- wireless operators delay 3G and/or 3G/4G multimode deployments, expansions or upgrades and/or delay moving 2G customers to 3G or 3G/4G multimode devices;
- LTE, an OFDMA-based 4G wireless standard, is not more widely deployed or commercial deployment is delayed;
- government regulators delay the reallocation of 2G spectrum to allow wireless operators to upgrade to 3G, thereby restricting the expansion of 3G wireless connectivity, primarily outside of major population areas;
- wireless operators are unable to drive improvements in 3G network performance and/or capacity; or
- wireless operators and other industries using these technologies deploy other technologies.

Our business is dependent on our ability to increase our share of components sold and to continue to drive the adoption of our products and services into 3G, 3G/4G multimode and 4G wireless devices and networks. We are also dependent on the success of our customers, licensees, operators of CDMA- and OFDMA-based wireless networks and other industries using our technologies, as well as the timing of their deployment of new products and services, and they may incur lower gross margins on products or services based on these technologies than on products using alternative technologies. If commercial deployment or upgrades of these technologies or upgrades of 2G subscribers to 3G, 3G/4G multimode or 4G wireless communications equipment, products or services based on these technologies do not continue or are delayed, our revenues could be negatively impacted, and our business could suffer.

Our industry is subject to competition in an environment of rapid technological change that could result in decreased demand and/or declining average selling prices for our products and those of our licensees and/or result in new specifications or requirements placed upon our products, each of which could negatively affect our revenues and operating results.

Our industry is subject to rapid technological change, and we must make substantial investments in new products, services and technologies to compete successfully. Technological innovations generally require a substantial investment before they are commercially viable. We intend to continue to make substantial investments in developing new products and technologies, and it is possible that our development efforts will not be successful and that our new technologies will not result in meaningful revenues. Our products, services and technologies face significant competition, and the revenues generated or the timing of their deployment, which may be dependent on the actions of others, may not meet our expectations. Competition in the communications industry is affected by various factors that include, among others: evolving industry standards and business models; evolving methods of transmission for voice and data communications; networking; value-added features that drive replacement rates and selling prices; turnkey, integrated product offerings that incorporate hardware, software, user interface and applications; and scalability and the ability of the system technology to meet customers' immediate and future network requirements.

Our future success will depend on, among other factors, our ability to:

- increase and/or accelerate demand for our integrated circuit products and drive their adoption into the most popular device models and across a broad spectrum of devices, such as smartphones, tablets and other mobile computing devices, and into a new generation of products for consumer electronics and connectivity, including gaming, wireless charging, eHealth and the connected home;
- strengthen our integrated circuit product roadmap for, and develop channel relationships in, emerging geographic regions requiring turnkey product offerings for low-end smartphones;
- be a preferred partner (and sustain preferred relationships) providing products that support Android, Windows Phone/RT and other operating system platforms and the effective commercialization of new devices using these platforms;
- continue to be a leader in 4G technology evolution, including expansion of our OFDMA-based single mode licensing program, and continue our timely introduction of 4G turnkey, integrated products and services;
- be a leader serving original equipment manufacturers, high level operating systems (HLOS) providers, operators and other industry participants as new market entrants and other factors affect the industry landscape;
- become a leading supplier of small cell technology (which allows inexpensive cell sites deployed by users to connect to traditional cellular networks through wired internet connections) to enable significant network capacity expansion to meet anticipated growth in mobile data traffic;
- develop brand recognition as we compete against better known companies in mobile computing and other consumer driven arenas;

- focus our service businesses on key opportunities, such as wireless charging, eHealth and machine-to-machine technologies (allowing both wireless and wired systems to communicate with other devices) that create standalone value and/or contribute to the success of our other businesses; and
- succeed in significant foreign regions, such as China, India and Europe.

Companies that promote standards that are neither CDMA- nor OFDMA-based (e.g., GSM) and companies that design integrated circuits based on CDMA, OFDMA or their derivatives are generally competitors or potential competitors. Examples (some of which are strategic partners of ours in other areas) include Broadcom, CSR plc, Freescale, HiSilicon Technologies, Intel, Lantiq, Marvell Technology, Matsushita, MediaTek, Motorola Mobility, nVidia, Renesas Electronics, Samsung, Spreadtrum Communications, ST-Ericsson (a joint venture between Ericsson Mobile Platforms and ST-NXP Wireless), Texas Instruments and VIA Telecom. Many of these current and potential competitors have advantages over us that include, among others: motivation by our customers in certain circumstances to find alternate suppliers; foreign government support of other technologies; more extensive relationships with local distribution companies and original equipment manufacturers in emerging geographic regions (e.g., China); and/or a more established presence in certain device markets.

Certain of our software and our suppliers' software may contain or may be derived from "open source" software, and we have seen, and believe we will continue to see, an increase in customers requesting that we develop products, including software associated with our integrated circuit products, that incorporate open source software elements and operate in an open source environment, which, under certain open source licenses, may offer accessibility to a portion of a product's source code and may expose related intellectual property to adverse licensing conditions. Licensing of such software may impose certain obligations on us if we were to distribute derivative works of the open source software. For example, these obligations may require us to make source code for the derivative works available to our customers in a manner that allows them to make such source code available to their customers, or license such derivative works under a particular type of license that is different than what we customarily use to license our software. Developing open source products, while adequately protecting the intellectual property rights upon which our licensing business depends, may prove burdensome and time-consuming under certain circumstances, thereby placing us at a competitive disadvantage for new product designs. Also, our use and our customers' use of open source software may subject our products and our customers' products to governmental scrutiny and delays in product certification, which could cause customers to view our products as less desirable than our competitors' products. While we believe we have taken appropriate steps and employed adequate controls to protect our intellectual property rights, our use of open source software presents risks that could have an adverse effect on these rights and on our business.

Competition may reduce average selling prices for our chipset products and the products of our customers and licensees. Total royalties payable to us will generally decrease as a result of reductions in the average selling prices of our licensees' products, unless offset by an increase in volumes. We anticipate that additional competitors will introduce products as a result of growth opportunities in wireless communications, the trend toward global expansion by foreign and domestic competitors, technological and public policy changes and relatively low barriers to entry in selected segments of the industry.

We derive a significant portion of our consolidated revenues from a small number of customers and licensees. If revenues derived from these customers or licensees decrease or the timing of such revenues fluctuate, our operating results could be negatively affected.

Our QCT segment derives a significant portion of revenues from a small number of customers, and we may be unable to further diversify our customer base. In addition, our industry is experiencing and may continue to experience an increasing concentration of device share among a few companies, and this trend may result in an increasing portion of our revenues being derived from a small number of customers. Further, there has been and continues to be litigation among certain of our customers and other industry participants, and the potential outcomes of such litigation, including but not limited to injunctions against devices that incorporate our products, could impact our business. The loss of any one of our significant customers, a reduction in the purchases of our products by such customers, or the delay, even if only temporary, or cancellation of significant purchases from any of these customers would reduce our revenues in the period of the delay or cancellation and harm our ability to achieve or sustain expected operating results. Further, concentration of device share among a few companies, and the corresponding purchasing power of these companies, may result in lower prices for our products which, if not accompanied by a sufficient increase in volume, could have an adverse effect on our revenues. In addition, the timing and size of purchases by our significant customers may be impacted by the timing of such customers' new or next generation product introductions, over which we have little or no control, and the timing of such introductions may cause our operating results to fluctuate. Accordingly, unless and until our QCT segment diversifies and expands its customer base, our future success will largely depend upon and be impacted by future purchases and the timing and size of any such future purchases by these customers.

Further, companies that provide HLOS for devices, including large companies, such as Microsoft and Google, have entered the device market. If we fail to effectively partner with these companies, or their partners or their customers, they may decide not to purchase (either directly or through their contract manufacturers), or to reduce or discontinue their purchases of, our integrated circuit products.

Although we have more than 220 licensees, our QTL segment derives a significant portion of licensing revenues from a limited number of licensees. Our future success depends upon the ability of our licensees to develop, introduce and deliver high-volume products that achieve and sustain customer acceptance. We have little or no control over the sales efforts of our licensees, and our licensees might not be successful. Reductions in the average selling price of wireless devices sold by our major licensees, without a sufficient increase in the volumes of such devices sold, could have an adverse effect on our revenues.

Our licensing revenues can be impacted by the deployment of other technologies in place of technologies based on CDMA, OFDMA and their derivatives, by the need to extend certain existing license agreements that are expiring and/or to cover additional later patents or by the success of our licensing programs for 4G single mode products and in emerging, machine-to-machine (M2M) services markets.

Although we own a very strong portfolio of issued and pending patents related to GSM, GPRS, EDGE, OFDM, OFDMA, WLAN, Multiple Input, Multiple Output (MIMO) and other technologies, our patent portfolio licensing program in these areas is less established and might not be as successful in generating licensing income as our CDMA licensing program. Many wireless operators are investigating or have selected LTE (or to a lesser extent WiMAX) as their next-generation 4G technologies for deployment in existing or future wireless spectrum bands as complementary to their existing CDMA-based networks. While multimode 3G/4G products are generally covered by existing 3G licensing agreements, products that implement 4G and do not implement 3G are generally not covered by existing 3G licensing agreements. Although we believe that our patented technology is essential and useful to implementation of the LTE and WiMAX industry standards and have granted royalty-bearing licenses to more than 30 companies (including LG, Nokia and Samsung) to make and sell products implementing 4G standards but not implementing 3G standards, the royalty rates for single mode 4G products are generally lower than our royalty rates for 3G and 3G/4G multimode products, and therefore, we might not achieve the same licensing revenues on such LTE or WiMAX products as on 3G-based or multimode 3G/4G-based products. In addition, new connectivity services are emerging that rely on devices that may or may not be used on traditional cellular networks, such as devices used in gaming and the connected home. Standards, even de facto standards, that develop as these technologies mature may impact our ability to obtain royalties that are equivalent to those that we receive for 3G products used in cellular communications. Although we believe that our patented technology is essential and useful to the commercialization of such services, the royalties we receive may be lower than those we receive from our current licensing program.

The licenses granted to and from us under a number of our license agreements include only patents that are either filed or issued prior to a certain date and, in a small number of agreements, royalties are payable on those patents for a specified time period. As a result, there are agreements with some licensees where later patents are not licensed by or to us and/or royalties are not owed to us under such license agreements after the specified time period. In order to license or to obtain a license to such later patents, or to receive royalties after the specified time period, we will need to extend or modify such license agreements or enter into new license agreements with such licensees. We might not be able to modify those license agreements, or enter into new license agreements, in the future without affecting the material terms and conditions of our license agreements with such licensees, and such modifications or new agreements may impact our revenues. If we are unable to reach agreement on such modifications or new agreements, it could result in patent infringement litigation with such companies.

Efforts by some communications equipment manufacturers or their customers to avoid paying fair and reasonable royalties for the use of our intellectual property may require the investment of substantial management time and financial resources and may result in legal decisions and/or actions by governments, courts, Standards Development Organizations (SDOs) or other industry organizations that harm our business.

A small number of companies have initiated various strategies to attempt to renegotiate, mitigate and/or eliminate their need to pay royalties to us for the use of our intellectual property in order to negatively affect our business model and that of our other licensees. These strategies have included (i) litigation, often alleging infringement of patents held by such companies, patent misuse, patent exhaustion, and/or patent and/or license unenforceability, or some form of unfair competition, (ii) taking positions contrary to our understanding of their contracts with us, (iii) appeals to governmental authorities, (iv) collective action, including working with wireless operators, standards bodies, other like-minded companies and other organizations, on both formal and informal bases, to adopt intellectual property policies and practices that could have the effect of limiting returns on intellectual property innovations, and (v) lobbying governmental regulators and elected officials for the purpose of seeking the imposition of some form of compulsory licensing and/or to weaken a patent holder’s ability to enforce its rights or obtain a fair return for such rights.

Some companies or entities have proposed significant changes to existing intellectual property policies for implementation by SDOs and other industry organizations, some of which would require a maximum aggregate intellectual property royalty rate for the use of all essential patents owned by all of the member companies to be applied to the selling price of any product implementing the relevant standard. They have further proposed that such maximum aggregate royalty rate be apportioned to each member company with essential patents based upon the number of essential patents held by such company. Others have proposed that injunctions not be an available remedy for infringement of essential patents and/or have made proposals that could severely limit damage awards and other remedies by courts for patent infringement (e.g., by severely limiting the base

upon which the royalty percentage may be applied). A number of these strategies are purportedly based on interpretations of the policies of certain SDOs concerning the licensing of patents that are or may be essential to industry standards and our and/or other companies' alleged failure to abide by these policies. There is a risk that relevant courts or governmental agencies will interpret some or all of those proposals in a manner adverse to our interests or that some SDOs may adopt such proposals as so-called clarifications or amendments to their intellectual property policies. If such proposals and strategies continue and are successful in the future, our business model would be harmed, either by artificially limiting our return on investment with respect to new technologies, limiting our ability to seek injunctions against infringers of our standards' essential patents, or forcing us to work outside of the SDOs or such other industry groups to promote our new technologies, and our results of operations could be negatively impacted. As well, the legal and other costs associated with defending our position have been and continue to be significant. We assume that such challenges, regardless of their merits, will continue into the foreseeable future and may require the investment of substantial management time and financial resources to explain and defend our position.

Other companies or entities have commenced, and may again commence, actions seeking to establish the invalidity of one or more of our patents. In the event that one or more of our patents are challenged, a court may invalidate the patent(s) or determine that the patent(s) is not enforceable, which could harm our competitive position. If our key patents are invalidated, or if the scope of the claims in any of these patents is limited by court decision, we could be prevented from licensing the invalidated or limited portion of such patents. Such adverse decisions, depending upon their extent, could negatively impact our revenues. Even if such a patent challenge is not successful, it could be expensive and time consuming to address, divert management attention from our business and harm our reputation.

The enforcement and protection of our intellectual property rights may be expensive, could fail to prevent misappropriation or unauthorized use of our proprietary intellectual property rights, could result in the loss of our ability to enforce one or more patents or could be adversely affected by changes in patent laws, by laws in certain foreign jurisdictions that may not effectively protect our intellectual property rights or by ineffective enforcement of laws in such jurisdictions.

We rely primarily on patent, copyright, trademark and trade secret laws, as well as nondisclosure and confidentiality agreements and other methods, to protect our proprietary information, technologies and processes, including our patent portfolio. Policing unauthorized use of our products, technologies and proprietary information is difficult and time consuming. We cannot be certain that the steps we have taken, or may take in the future, will prevent the misappropriation or unauthorized use of our proprietary information and technologies, particularly in foreign countries where the laws may not protect our proprietary intellectual property rights as fully or as readily as United States laws or where the enforcement of such laws may be lacking or ineffective. Some industry participants who have a vested interest in devaluing patents generally, or standards essential patents in particular, have mounted attacks on certain patent systems, increasing the likelihood of changes to established patent laws. In the United States, patents laws governing, among other things, the granting of patents and the enforcement of patents will change in March 2013 as a result of the Leahy-Smith America Invents Act. Many observers anticipate that the European Union will adopt a unitary patent system that may broadly impact that region's patent regime in the near future. We cannot predict with certainty the long-term effects of these changes or proposed changes. In addition, we cannot be certain that the laws and policies of any country or the practices of any standards bodies, foreign or domestic, with respect to intellectual property enforcement or licensing or the adoption of standards, will not be changed in the future in a way detrimental to our licensing program or to the sale or use of our products or technology. We may have difficulty in protecting or enforcing our intellectual property rights and/or contracts in a particular foreign jurisdiction due to, among others: challenges to our licensing practices under such jurisdictions' competition laws; adoption of mandatory licensing provisions by foreign jurisdictions (either with controlled/regulated royalties or royalty free); failure of foreign courts to recognize and enforce judgments of contract breach and damages issued by courts in the United States; and challenges pending before foreign competition agencies to the pricing and integration of additional features and functionality into our chipset products.

We may need to litigate in the United States or elsewhere in the world to enforce our intellectual property rights, protect our trade secrets or determine the validity and scope of proprietary rights of others. As a result of any such litigation, we could lose our ability to enforce one or more patents or incur substantial unexpected operating costs. Any action we take to enforce our intellectual property rights could be costly and could absorb significant management time and attention, which, in turn, could negatively impact our operating results.

Claims by other companies that we infringe their intellectual property could adversely affect our business.

From time to time, companies have asserted, and may again assert, patent, copyright and other intellectual property rights against our products or products using our technologies or other technologies used in our industry. These claims have resulted and may again result in our involvement in litigation. We may not prevail in such litigation given the complex technical issues and inherent uncertainties in intellectual property litigation. If any of our products were found to infringe on another company's intellectual property rights, we could be subject to an injunction or required to redesign our products, which could be costly, or to license such rights and/or pay damages or other compensation to such other company. If we were unable to redesign our products, license such intellectual property rights used in our products or otherwise distribute our products through a licensed

supplier, we could be prohibited from making and selling such products. In any potential dispute involving other companies' patents or other intellectual property, our chipset foundries, semiconductor assembly and test providers and customers could also become the targets of litigation. We are contingently liable under certain product sales, services, license and other agreements to indemnify certain customers against certain types of liability and/or damages arising from qualifying claims of patent infringement by products or services sold or provided by us. Reimbursements under indemnification arrangements could have an adverse effect on our results of operations. Furthermore, any such litigation could severely disrupt the supply of our products and the businesses of our chipset customers and their customers, which in turn could hurt our relationships with them and could result in a decline in our chipset sales and/or reductions in our licensees' sales, causing a corresponding decline in our chipset and/or licensing revenues. Any claims, regardless of their merit, could be time consuming to address, result in costly litigation, divert the efforts of our technical and management personnel or cause product release or shipment delays, any of which could have an adverse effect upon our operating results.

We expect that we may continue to be involved in litigation and may have to appear in front of administrative bodies (such as the U.S. International Trade Commission) to defend against patent assertions against our products by companies, some of whom are attempting to gain competitive advantage or leverage in licensing negotiations. We may not be successful in such proceedings, and if we are not, the range of possible outcomes includes everything from royalty payment to an injunction on the sale of certain of our integrated circuit products (and on the sale of our customers' devices using such products). Any imposition of royalty payments might make purchases of our products less economical for our customers. A negative outcome in any such proceeding could severely disrupt the business of our chipset customers and their wireless operator customers, which in turn could harm our relationships with them and could result in a decline in our share of worldwide chipset sales and/or a reduction in our licensees' sales to wireless operators, causing corresponding declines in our chipset and/or licensing revenues.

A number of other companies have claimed to own patents essential to various CDMA standards, GSM standards and OFDMA standards or implementations of systems based on such standards. If we or other product manufacturers are required to obtain additional licenses and/or pay royalties to one or more of such other patent holders, this could have an adverse effect on the commercial implementation of our products and technologies, average sales prices of and demand for our licensees' products and our results of operations.

We depend on a limited number of third-party suppliers for our procurement, manufacture and testing of product inventories. If we fail to execute supply strategies that provide competitive advantage in terms of supply assurance, technology leadership and cost, our operating results and our business may be harmed.

Our QCT segment purchases raw materials, component parts, subassemblies and specialized manufacturing equipment from third-party suppliers and contracts with separate suppliers for probe, assembly, test and other services in the manufacture of product inventories. A reduction, interruption, delay or limitation in our product supply source, a failure by our suppliers to provide or allocate adequate manufacturing or test capacity for our products or their inability to react to shifts in product demand or an increase in raw material or component prices could have an adverse effect on our ability to meet customer demands, our business and/or our profitability. The loss of a supplier or the inability of a supplier to meet performance and quality specifications or delivery schedules could harm our ability to meet our delivery obligations to our customers and negatively impact our revenues, business operations and ability to compete for future business. In the event of a loss of or a decision to change a supplier, qualifying a new foundry supplier and commencing volume production or testing could cause us to incur additional expense and production delays, resulting in possible loss of customers.

While we have established alternate suppliers for certain technologies that we consider critical, we rely on sole- or limited-source suppliers for some products, subjecting us to significant risks, including: possible shortages of raw materials or manufacturing capacity; poor product performance; and reduced control over delivery schedules, manufacturing capability and yields, quality assurance, quantity and costs. To the extent we have established alternate suppliers, these suppliers may require significant levels of support to bring complex technologies to production. As a result, we may invest a significant amount of effort and resources in supporting, and incur higher costs to maintain, such alternate suppliers. 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. The ability of our suppliers to develop or maintain leading process technologies, including transitions to smaller geometry process technologies, and to effectively compete with the manufacturing performance of our competition, could also impact our ability to meet customer demand, increase our operating expenses and subject us to the risk of excess inventories. Our inability to meet customer demand due to sole- or limited-sourcing and/or the additional operating expenses that we incur because of these or other supply constraints or because of the need to support alternate suppliers could negatively impact our business, our revenues and our results of operations.

Although we have long-term contracts with our suppliers, many of these contracts do not provide for long-term capacity commitments. 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 or limiting capacity to manufacture or test our products. Accordingly, capacity for our

products may not be available when we need it or at reasonable prices. To the extent we do obtain long-term capacity commitments, we may incur additional costs related to those commitments. As an example, we experienced capacity limitations from our suppliers related to 28 nanometer integrated circuits, resulting in supply constraints and our inability to meet certain customer demand during fiscal 2012. Even as we continue to increase our supply of 28 nanometer integrated circuits, we may still experience supply shortages for our 28 nanometer integrated circuit products during the early part of fiscal 2013. We have incurred, and expect to continue to incur, increased operating expenses as we facilitate additional supply.

One or more of our suppliers or potential alternate suppliers may manufacture CDMA- or OFDMA-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 or limit 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.

Global economic conditions that impact the communications industry could negatively affect the demand for our products and our customers' products, which may negatively affect our revenues.

A decline in global economic conditions, particularly in geographic regions with high customer concentrations, could have adverse, wide-ranging effects on demand for our products and for the products of our customers, particularly equipment manufacturers or others in the wireless communications industry who buy their products, such as wireless operators. Any prolonged economic crisis may result in a downturn in demand for our products or technology; the insolvency of key suppliers; delays in reporting and/or payments from our licensees and/or customers; failures by counterparties; and negative effects on wireless device inventories. In addition, our direct and indirect customers' ability to purchase or pay for our products and services, obtain financing and upgrade wireless networks could be adversely affected by economic conditions, leading to a reduction, cancellation or delay of orders for our products.

Our stock price and earnings are subject to substantial quarterly and annual fluctuations and to market downturns.

Both the market price of our common stock and our earnings have fluctuated in the past and are likely to fluctuate in the future as well. Factors that may have a significant impact on the market price of our stock and/or earnings include, among others:

- volatility of the stock market in general and technology-based companies in particular that is often unrelated to the operating performance of any specific public company;
- announcements concerning us or our competitors, including the selection of wireless communications technology by wireless operators and the timing of the roll-out of those systems;
- international developments, such as technology mandates, political developments or changes in economic policies;
- changes in recommendations of securities analysts;
- earnings (or forecasts) that fail to meet financial guidance that we provided to investors or the expectations of investment analysts or investors;
- proprietary rights, product or patent litigation taken or threatened against us or against our customers or licensees;
- strategic transactions, such as spin-offs, acquisitions and divestitures;
- unexpected and/or significant changes in the average selling price of our licensees' products and our products;
- unresolved disputes with licensees that result in non-payment and/or non-recognition of royalty revenues that may be owed to us;
- declines in the value or performance of our significant marketable securities portfolio, which is subject to financial market volatility and liquidity, interest rate, credit and other risks; or
- inquiries, rumors or allegations regarding our financial disclosures, practices or compliance programs.

In the past, securities class action litigation often has been brought against a company following periods of volatility in the market price of its securities. Due to changes in our stock price, we may be the target of securities litigation in the future. Securities litigation could result in substantial uninsured costs and divert management's attention and resources.

We may engage in acquisitions or strategic transactions or make strategic investments that could adversely affect our financial results or fail to enhance stockholder value.

We engage in acquisitions or strategic transactions or make strategic investments with the goal of maximizing stockholder value. We acquire businesses and other assets, including wireless spectrum, patents and other intangible assets, enter into joint ventures or other strategic transactions and purchase minority equity interests in or make loans to companies that are generally

private and early-stage. Our strategic activities are focused on expanding the wireless industry and promoting the global adoption of CDMA, OFDMA or other technologies and related services to enhance our stockholder value. Many of our acquisitions or strategic investments entail a high degree of risk, and investments may not become liquid for several years after the date of the 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. In addition, we may record impairment charges related to our strategic investments or other strategic assets, such as wireless spectrum and other intangible assets. Any losses or impairment charges that we incur related to strategic investments or other transactions will have a negative impact on our financial results, and we may continue to incur new or additional losses related to strategic assets or investments that we have not fully impaired or exited.

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, including, among others: retaining key employees; successfully integrating new employees, business systems and technology; retaining customers and suppliers of 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 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 or become subject to litigation. Additionally, we may not be successful in expanding into geographic regions and/or categories of products served by or adjacent to an acquired business and in addressing potential new opportunities that may arise out of the combination. Due to our inexperience with products of and/or geographic regions served by acquired businesses, we may overestimate the benefits, including product and other synergies and growth opportunities that we expect to realize, and we may not achieve them. If we do not achieve the anticipated benefits of business acquisitions, our results of operations may be adversely affected, and we may not enhance stockholder value by engaging in these transactions.

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 next generation IMOD display technology will offer compelling advantages to users of displays, other technologies may continue to improve in ways that reduce the advantages we anticipate. Sales of flat panel displays are currently dominated, and we believe will likely continue to be dominated for some time, by displays based on liquid crystal display (LCD) technology. Numerous companies are making substantial investments in, and conducting research to improve characteristics of, LCDs. Additionally, numerous companies have started investing in another flat panel display technology called organic light-emitting diode (OLED), which provides comparable performance to high end LCDs. In each case, advances in LCD or other flat panel display technologies, such as OLED, 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 or continuing licensing and/or commercial relationships with us.

During fiscal 2012, we updated the business plan and related internal forecasts for our QMT division to reflect a focus on licensing our next generation IMOD display technology while directly commercializing only certain IMOD products. We may not evolve our QMT division into a successful licensing business or IMOD product supplier if we are unable to develop our IMOD display technology to meet market demands or to cost-effectively manufacture and commercialize our IMOD products, among other factors. In addition, we have limited experience commercializing IMOD products, and we may be unsuccessful in selling such products. Our QMT division had $1.2 billion in assets (including $136 million in goodwill) at September 30, 2012. If we do not expect to achieve or do not achieve the cash flows anticipated in QMT's business plan, our assets may become impaired, negatively impacting our operating results, and we may not meet future earnings projections related to this business.

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 throughout the world in various currencies. Consolidated revenues from international customers as a percentage of total revenues were greater than 90% in each of the last three fiscal years. Adverse movements in currency exchange rates may negatively affect our business and our operating results due to a number of factors, including, among others:

- Our products and those of our customers and licensees that are sold outside the United States may become less price-competitive;
- Certain of our revenues, such as royalties, that are derived from licensee or customer sales that are denominated in foreign currencies could decrease;

- Foreign exchange hedging transactions that we engage in to reduce the impact of currency fluctuations 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;
- We may need additional cash to settle our loan and debenture obligations that are denominated in Indian rupees and the related interest;
- The U.S. dollar value of our marketable securities that are denominated directly or indirectly in foreign currencies may decline; and
- Labor and the cost of goods in currencies other than the U.S. dollar may increase, resulting in higher than expected costs.

Failures in our products and services or in the products of our customers, including those resulting from security vulnerabilities, defects or errors, could harm our business.

The use of devices containing our products to access untrusted content creates a risk of exposing the system software in those devices to viral or malicious attacks. While we continue to expand our focus on this issue and are taking measures to safeguard our products from cybersecurity threats, device capabilities continue to evolve in a 3G/4G environment, enabling more data and processes, such as mobile computing, and increasing the risk of security failures. Further, our products are inherently complex and may contain defects or 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 manufacturing yields and reliability. Manufacturing, testing, marketing and use of our products and those of our customers and licensees entail the risk of product liability. Because our products and services are responsible for critical functions in our customers' products and/or networks, security failures, defects or errors in our components, materials or software or in our customers' products could have an adverse impact on us, on our customers and on the end users of their products. Such adverse impact could include product liability claims or recalls, a decrease in demand for connected devices and wireless services, damage to our reputation and to our customer relationships and other financial liability or harm to our business.

Our business and operations could suffer in the event of security breaches.

Attempts by others to gain unauthorized access to our information technology systems are becoming more sophisticated. These attempts, which might be related to industrial or other espionage, include covertly introducing malware to our computers and networks and impersonating authorized users, among others. We seek to detect and investigate all security incidents and to prevent their recurrence, but in some cases, we might be unaware of an incident or its magnitude and effects. While we have identified several incidents of unauthorized access, none have caused material damage to our business. The theft, unauthorized use or publication of our intellectual property and/or confidential business information could harm our competitive position, reduce the value of our investment in research and development and other strategic initiatives or otherwise adversely affect our business. To the extent that any security breach results in inappropriate disclosure of our customers' or licensees' confidential information, we may incur liability. We expect to devote additional resources to the security of our information technology systems.

Potential tax liabilities could adversely affect our results of operations.

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 results of operations in the period or periods in which that determination is made could be negatively affected.

During the third quarter of fiscal 2012, we established our QCT segment's non-United States headquarters in Singapore. We obtained tax incentives in Singapore, including a tax exemption for the first five years provided that we meet specified employment and incentive criteria in Singapore. Our Singapore tax rate is expected to increase in fiscal 2017 and again in fiscal 2027 as a result of expiration of these incentives. If we do not meet the criteria required to benefit from such incentives, our results of operations may be adversely affected.

Tax rules may change in a manner that adversely affects 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 current needs for those earnings to be reinvested offshore as well as estimates that future domestic cash generation will be sufficient to meet future domestic cash needs for the foreseeable future. No provision has been made for United States federal and state or foreign taxes that may result from future remittances of undistributed earnings of

these foreign subsidiaries. Our future financial results and liquidity may be adversely affected if tax 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 customers and licensees may decrease.

Concerns over the effects of radio frequency emissions continue. Interest groups have requested that the FCC investigate claims that wireless communications technologies pose health concerns and cause interference with, among other things, airbags, hearing aids and medical devices. Legislation that may be adopted in response to these concerns or adverse news or findings about safety risks could reduce demand for our products and those of our licensees and customers in the United States as well as in foreign countries.

We are subject to government regulations. Our business may suffer as a result of changes in laws or regulations, our failure or inability to comply with laws or regulations or adverse rulings in enforcement or other proceedings.

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

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. Our costs could also increase if our vendors (e.g., third-party manufacturers or utility companies) pass on their costs to us. 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.

One of our subsidiaries in India holds broadband wireless access (BWA) spectrum that will be used to operate a wireless network. Bharti Airtel Limited (Bharti), an Indian wireless network operator, holds a 49% interest in this and other subsidiaries formed to operate the wireless network (the BWA subsidiaries). Our license to use the BWA spectrum is subject to minimum build-out requirements to be met within 5 years, by May 2017. If we do not meet these requirements, the Government of India's Department of Telecommunications could impose a fine or could rescind the license in the area(s) in which the build-out requirements are not met. There are also other contingencies, including unexpected regulatory delays or conditions, which could adversely impact our ability to successfully and timely exit the BWA subsidiaries as anticipated.

The SEC has recently adopted disclosure rules for companies that use conflict minerals in their products, with substantial supply chain verification requirements in the event that the materials come from, or could have come from, the Democratic Republic of the Congo or adjoining countries. These new rules and verification requirements, which will apply to our activities in calendar 2013, will impose additional costs on us and on our suppliers, and may limit the sources or increase the prices of materials used in our products. Further, if we are unable to certify that our products are conflict free, we may face challenges with our customers, which could place us at a competitive disadvantage, and our reputation may be harmed.

Laws, regulations and standards relating to corporate governance, business conduct, public disclosure and health care are complex and changing and may create uncertainty regarding compliance. Laws, regulations and standards are subject to varying interpretations in many cases, and their application in practice may evolve over time. As a result, our efforts to comply may fail, particularly if there is ambiguity as to how they should be applied in practice. New laws, regulations and standards or evolving interpretations of legal requirements may cause us to incur higher costs as we revise current practices, policies and/or procedures and may divert management time and attention to compliance activities.

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

Our future success depends largely upon the continued service of our executive officers and other key management and technical personnel and 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 employees in our industry is extremely competitive. Further, existing immigration laws make it more difficult for us to recruit and retain highly skilled foreign national graduates of universities in the United States, making the pool of available talent even smaller. We continue to anticipate increases in human resource needs, particularly in engineering. If we are unable to attract and retain the qualified employees, our business may be harmed.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

At September 30, 2012, 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
34	United States	Owned	4,671	Executive and administrative offices, research and development, sales and marketing, service functions, manufacturing and network management hub.
44	United States	Leased	1,501	Administrative offices, research and development, sales and marketing, service functions and network management hub.
2	Taiwan	Owned	1,804	Administrative offices, research and development and sales and marketing.
13	India	Leased	640	Administrative offices, research and development and sales and marketing.
13	Mexico	Leased	378	Administrative offices, sales and marketing, service functions, manufacturing and network management hub.
12	China	Leased	335	Administrative offices, research and development, sales and marketing, service functions and network operating centers.
3	India	Owned	136	Administrative offices, research and development and sales and marketing.
7	Taiwan	Leased	135	Administrative offices, research and development and sales and marketing.
4	Israel	Leased	104	Administrative offices, research and development and sales and marketing.
6	Canada	Leased	95	Administrative offices, research and development and sales and marketing.
3	South Korea	Leased	78	Administrative offices, research and development and sales and marketing.
4	England	Leased	55	Administrative offices, research and development and sales and marketing.
2	Singapore	Leased	44	Administrative offices, research and development and sales and marketing.
5	Germany	Leased	34	Administrative offices, research and development and sales and marketing.
2	Japan	Leased	22	Administrative offices, research and development and sales and marketing.
34	Other International	Leased	133	Administrative offices, research and development and sales and marketing.
	Total square footage		10,165	

In addition to the facilities above, we own or lease approximately 60,000 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 30, 2012, we also leased space on base station towers and buildings pursuant to lease arrangements related to our FLO TV business, which was shut down on March 27, 2011. As a result of the shut down of the FLO TV business, we do not intend to renew our site leases, and we continue to negotiate the exit of certain lease contracts.

Several owned and leased facilities are under construction totaling approximately 828,000 additional square feet to meet the requirements projected in our long-term business plan. In fiscal 2011, we initiated construction of a manufacturing facility in Taiwan for our display business with the initial phase expected to be completed in early fiscal 2013. In connection with our intention to license our next generation interferometric modulator (IMOD) display technology in the future, while directly commercializing only certain IMOD products, we are evaluating strategic options for this new manufacturing facility, which include, but are not limited to, operating the facility in support of our commercialization efforts and/or a sale to, or joint venture with, a third party.

We believe that our facilities will be suitable and adequate for the present purposes and that the productive capacity in facilities that are not under construction 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 District 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. The district court action was stayed pending resolution of the ITC proceeding, including all appeals. On May 20, 2009, the ITC issued a limited exclusion order and a cease and desist order, both of which were terminated when the patents expired on September 24, 2010. During the period of the exclusion order, we shifted supply of accused chips for customers who manufacture products that may be imported to the United States to a licensed supplier of Tessera, and we continued to supply those customers without interruption. The appeals court affirmed the ITC's orders, and on November 28, 2011, the U.S. Supreme Court denied our petition for review. On January 18, 2012, pursuant to the parties' stipulation, the district court in the Eastern District of Texas lifted the stay and ordered that the case be moved to the United States District Court for the Northern District of California. On March 1, 2012, that court consolidated the case with an earlier-filed lawsuit filed by Tessera against multiple parties, including some of our semiconductor chip package suppliers. Trial is scheduled for April 7, 2014. Tessera may continue to seek alleged past damages in the district court, but it cannot obtain injunctive relief due to the expiration of the patents.

MicroUnity Systems Engineering, Inc. v. QUALCOMM Incorporated et al.: MicroUnity filed a total of three patent infringement complaints, on March 16, 2010, June 3, 2010 and January 27, 2011, against us and a number of other technology companies, including Texas Instruments, Samsung, Apple, Nokia, Google and HTC, in the United States District Court for the Eastern District of Texas. MicroUnity currently alleges that certain of our Snapdragon products infringe 10 of its patents, and seeks unspecified damages and injunctive and other relief. The court consolidated the actions in May 2011. Trial is scheduled for June 3, 2013.

MOSAID Technologies Incorporated v. Dell, Inc. et al.: On March 16, 2011, MOSAID filed a complaint against Atheros Communications, Inc., which we acquired in May 2011 and was renamed Qualcomm Atheros, Inc. (Qualcomm Atheros), and 32 other entities in the United States District Court for the Eastern District of Texas alleging that certain of Atheros' WiFi products infringe six MOSAID patents. MOSAID seeks unspecified damages and injunctive and other relief. The case is in the discovery phase. On March 28, 2012, Qualcomm Atheros and the other defendants filed a motion to transfer the case to the Northern District of California. A decision on that motion is pending. A claim construction hearing is scheduled for April 16, 2013, and trial is scheduled for January 8, 2014.

ParkerVision, Inc. v. QUALCOMM Incorporated: On July 20, 2011, ParkerVision filed a complaint against us in the United States District Court for the Middle District of Florida alleging that certain of our products infringe seven of its patents alleged to cover direct-conversion (or Zero-IF/ZIF) receivers. The complaint seeks unspecified damages and injunctive and other relief. On February 28, 2012, ParkerVision filed an amended complaint dropping two patents from the case and adding one new patent. The parties have motions pending challenging the sufficiency of certain claims in the opposing party's pleadings. The parties also have motions pending addressing discovery disputes. A claim construction hearing was held on August 10, 2012, but the court has not yet issued a claim construction order. Discovery is scheduled to close on November 30, 2012, and trial is scheduled to begin on August 5, 2013.

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 were 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. On October 19, 2011, the Commission notified us that we should provide to the Commission additional documents and information. On January 16, 2012, we provided additional documents and information in response to that request. We continue to cooperate fully with the Commission's preliminary investigation.

Korea Fair Trade Commission (KFTC) Complaint: On January 4, 2010, the KFTC issued a written decision finding that we had 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, which we paid in the second quarter of fiscal 2010. We are appealing that decision in the Korean courts.

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 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 cease and desist order 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 the Japanese Antimonopoly 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 cease and desist order pending the administrative hearing before the JFTC. The JFTC has held hearings on 15 different dates, with another hearing scheduled for December 20, 2012 and additional hearing dates yet to be scheduled.

*Securities and Exchange Commission (SEC) Formal Order of Private Investigation and Department of Justice (DOJ) 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. In 2010, the audit committee completed an internal review of the allegations with the assistance of independent counsel and independent forensic accountants. This internal review into the whistleblower's allegations and related accounting practices did not identify any errors in our financial statements. On January 27, 2012, we learned that the U.S. Attorney's Office for the Southern District of California/DOJ (DOJ) had begun a preliminary investigation regarding our compliance with the Foreign Corrupt Practices Act (FCPA). We believe that FCPA compliance had also become a focus of the SEC investigation. The audit committee has commenced an internal review into our compliance with the FCPA with the assistance of independent counsel and independent forensic accountants.

We have discovered, and as a part of our ongoing cooperation with these investigations have informed the SEC and the DOJ of, instances in which special hiring consideration, gifts or other benefits (collectively, benefits) were provided to several individuals associated with Chinese state-owned companies or agencies. Based on the facts currently known, we believe the aggregate monetary value of the benefits in question to be less than $250,000, excluding employment compensation. We are continuing to investigate the circumstances relating to providing these benefits and are attempting to identify whether any other benefits were provided.

We are continuing to cooperate with the SEC and the DOJ, but are unable to predict the outcome of their investigations.

Other: We have been named, along with many other manufacturers of wireless phones, wireless operators and industry-related organizations, as a defendant in three lawsuits pending in Washington D.C. superior court, seeking monetary damages arising out of our sale of cellular phones.

We will vigorously defend ourselves in the foregoing actions. However, litigation and investigations are inherently uncertain. Accordingly, we cannot predict the outcome of these matters. We have not recorded any accrual at September 30, 2012 for contingent losses associated with these matters based on our belief that losses, while possible, are not probable. Further, any possible range of loss cannot be reasonably estimated at this time. Nonetheless, the unfavorable resolution of one or more of these matters could have a material adverse effect on our business, results of operations, financial condition or cash flows. 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 business, results of operations, financial condition or cash flows.

Item 4. Mine Safety Disclosures

Not applicable.