Thanks, Warren, and good afternoon, everyone. I'm happy to report that Qualcomm delivered very strong results again this quarter in addition to successfully completing the acquisition of Atheros. Our business performed well across all key guidance metrics. We're off to a strong start with Atheros.

During this quarter, we sampled our Snapdragon MSM 8960 chipset based on 28-nanometer process technology. The MSM 8960 is a dual-core solution which uses our next-generation micro-architecture called Krait with integrated multimode modem technology, including EV-DO, Dual-Carrier HSPA+ and both the TDD and FDD variances LTE.

As we've said in the past, only one of our licensees WCDMA subscriber unit royalty obligations would expire, if not extended, prior to late 2017. I'm pleased to report that we have now successfully completed this remaining renewal. The Licensing business continues to be well positioned for strong growth ahead and this latest renewal again demonstrates the established value to the industry of Qualcomm's patented inventions.

In June, we hosted our second annual Uplinq conference here in San Diego. The event was a success as it brought together industry leaders from across the ecosystem, including application developers, operators and device manufacturers. Our support of multiple operating systems is highlighted by keynote presentations delivered by HP, HTC and Nokia. The convergence of the mobile and computing ecosystem is accelerating as smartphones and tablets are becoming full-blown computing devices. Traditional computing device manufacturers are working on mobile devices, and developers are increasing their emphasis on mobile. According to Strategy Analytics, by 2012, the installed base of smartphones is estimated to exceed the installed base of PCs. Our collaboration with Microsoft to enable Windows 8 to run on our Snapdragon family of chipsets, including MSM 8960, further underscores a shift in computing.

The migration from 2G to 3G continues as well, with Wireless Intelligence reporting that at the end of June, there were approximately 1.4 billion 3G subscriptions globally, up approximately 30% from a year ago. And Wireless Intelligence predicts that by the fourth quarter of this year, 3G will be contributing greater than 50% of net subscriber addition.

Driven by the increased demand for 3G and data-capable devices, wireless data traffic continues to accelerate. Operators continue to make network investments in the latest radio technologies for both existing and new spectrum. According to the GSA, the number of operators that have commercially launched HSPA+ now totals 136. 39 of these operators have commercially launched Dual-Carrier HSPA+, a 70% increase in the last 3 months. Additionally, there are now 218 operators that are investing in LTE, including 24 networks which have commercially launched.

According to the CDG, there are currently 7 commercial EV-DO Rev. B networks with an additional 11 operators planning to launch or trial the technology. CDMA device trends are healthy and demand for smartphones remain strong across multiple geographies around the world. According to Gartner, global smartphone sales exceeded 100 million devices in the first quarter of 2011, representing 85% year-over-year growth. Also, Google recently announced that more than 550,000 Android devices are activated every day, up from 100,000 activations per day in May of last year.

In developed regions, we continue to see strong trends for smartphone adoption. According to Gartner, sales of smartphones in North America are expected to increase by approximately 41% from 2010 to 2011 and smartphone sales are expected to exceed 50% of the total handsets sold this year. In Europe, smartphones continue to expand into more affordable price tiers. Recently in the U.K., the Vodafone smart and the LG ego feature phone were both operated -- both offered at GBP 75 as pay-as-you-go devices, further blurring the lines between the pricing of smart and feature phones.

Additionally, operators such as SFR, Orange and Mobistar in Belgium have each launched bundled data plans in which a second device can be added to an existing data plan as a means of increasing their wireless data subscriber base. We see positive trends in developing regions as well. I attended a CDMA industry summit and handset fair hosted by China Telecom in Guangzhou last month that attracted more than 11,000 attendees. According to press reports from the event, more than 50 EV-DO phones were announced by 20-plus manufacturers. It was also reported that China Telecom highlighted that 3G EV-DO handset sales are expected to reach 29 million units this year, increasing by 190% over 2010.

In May, China Unicom launched 21 megabit per second HSPA+ service 56 major cities. And in June, according to Sino MR [ph] data, the ZTE Blade, based on our 7,000 series chipset, set a daily sales record by a Chinese OEM and has become the second-highest selling 3G smartphone on Unicom's network. Earlier this week, I attended a China Unicom partner event in which China Unicom announced 15 new 3G devices, of which 13 were based on our chipset.

In India, 3G networks have now been live more than 6 months and operators are making plans to increase 3G coverage from over 100 cities today to over 1,000 towns by the end of the year. 3G devices in India is also expected to meet new levels of affordability with HSPA+ devices, such as the

Spice G-6550 being offered at under $90. At the higher end, 21 smartphones have been launched to date based on Snapdragon, including the HTC sensation based on our dual-core solution, so is the first Snapdragon-based tablet in India, the HTC Flyer.

So to conclude, while we've continued to execute on our strategic priorities, we've seen our opportunities expand at an even greater rate than we have previously expected. And accordingly, we're pleased to be raising our revenue and non-GAAP earnings guidance for the fiscal year driven by strong global smartphone adoption, as well as the addition of Atheros.

That concludes my comments and I'll now turn the call over to Steve Mollenkopf

Steven Mollenkopf

Thank you, Paul, and good afternoon, everyone. Our QCT business executed very well again this quarter. We shipped a record 120 million MSMs above our prior guidance range, reflecting strong demand for our integrated 7xxx and 8xxx series chipsets which were up 32% over last quarter. Our supply chain responded very well to the events in Japan, fulfilling all customer orders during the quarter, including a small amount of unexpected buffer demand, which we forecast will be worked off in the September quarter.

We also completed our acquisition of Atheros and the integration into QCT is progressing well. The team is executing according to its roadmap having already announced 3 new connectivity products and we are excited to welcome Craig and the entire Atheros team to Qualcomm.

Our average revenue per MSM in the third fiscal quarter was higher sequentially as expected, reflecting a richer mix of integrated smartphone chipsets, as well as approximately 5 weeks of Atheros revenues post acquisition close. QCT operating margins were in line with expectations. We continue to make significant investments in modem technology, application processing, connectivity, graphics and software.

Our leadership position in combining these technologies into a platform of integrated tiered chipset solutions is unmatched in our industry and aligns with both industry trends and the business priorities and device requirements of our OEM partners.

We also continue to expand our support of multiple operating systems with the launch of the latest version of webOS, as well as BlackBerry 7. Customer traction for our first dual-core Snapdragon chipsets, the MSM8660 dual-core platform, continues to grow, and there are now more than 100 designs in development based on that platform in addition to 6 smartphones and 4 tablets previously announced or commercially available.

Dual-core devices this quarter include the HTC Sensation, the HTC EVO 3D, Pantech Vega Racer, T-Mobile myTouch 4G and HP TouchPad. Including both single core and dual-core chipsets, our partners have now announced a total of 10 different Snapdragon-powered tablets and there are another 40 tablet designs in process. Our multimode 3G LTE solutions continue to lead the industry with several USB dongles and mobile router data devices based on our multimode 3G LTE chipsets launching this quarter. The complexity of supporting 2G, 3G and 4G standards across the proliferation of over 40 RF bands also plays well with our system-level approach to integration and we are unique in our ability to support all these requirements.

As Paul mentioned, we sampled the Snapdragon MSM 8960 ahead of schedule this quarter, which is the industry's first multimode 3G LTE dual core chipset for handsets. This is the first of multiple 28-nanometer chipsets on our roadmap and it is designed to integrate seamlessly with our new connectivity solution, the WCN3660, which supports dual band WiFi, Bluetooth and FM and is optimized for smartphone and tablet devices. As we announced at Computex, the MSM 8960 will be the first processor in the Snapdragon family to power devices using Windows 8.

The MSM 8960 and a broad platform of multimode 3G LTE chipsets on our roadmap will greatly expand the reach of LTE and take our high-performance high-efficiency designs to the next wave of smartphones, tablets and upcoming generations of Windows computing devices.

Demonstrating our potential expanded opportunities that the Atheros acquisition provides, since the deal closed in May, we have launched the industry's first FTC-certified WiFi system and package for microcontroller-based designs to enable machine-to-machine communications and introduced the industry's lowest EPON solutions for broadband over fiber networks and the power grid.

We continue to leverage the strong distribution channels and product portfolio that Atheros developed over the past decade. Specific to wireless LAN, the adoption of 11n and across all channels continues with 11n now making up over 70% of this revenue.

Sales to our PC OEMs increased significantly due to a strong adoption of our combination wireless LAN and Bluetooth products. Overall, we are excited about the platform and the business opportunities in front of us.

This year continues to progress much as we expected back in November. We are modestly increasing our R&D investments in the fiscal fourth quarter to support new process technologies, the commercialization of our expanding multi-core and LTE product offerings and to support multiple new customer opportunities. Our strategic focus on integrated system solutions, leveraging our modem application processor connectivity graphics and software leadership is working well, and we expect to see strong volume growth in the coming quarters.

That concludes my comments. I will now turn the call over to Bill Keitel.

William Keitel

Thank you, Steve, and good afternoon, everyone. Today, we reported strong financial results for our third fiscal quarter, and we are pleased to be raising our fiscal 2011 revenue and non-GAAP earnings per share guidance.

Given the size of the Atheros transaction and consistent with prevailing tech industry practice, we modified our non-GAAP reporting methodology. Starting with acquisitions completed in the third quarter of fiscal 2011, we are supplementing our non-GAAP reporting by excluding the step-up of inventories to fair value and amortization of certain intangible assets.

Fiscal third quarter revenues were $3.6 billion, which was at the high-end of our prior guidance range. Atheros contributed less than $100 million, reflecting approximately 5 weeks activity since the acquisition closed in late May. Non-GAAP earnings per share were $0.73 for the quarter including approximately $0.50 attributable to Atheros exceeding the high end of our prior guidance range. Our fiscal third quarter non-GAAP earnings per share were $0.03 better than the $0.70 midpoint of our prior guidance. Both QTL and QCT each added approximately $0.01 per share and investment income in Atheros each contributed approximately $0.50 per share.

We estimate that approximately 170 million to 174 million CDMA-based devices were shipped by our licensees in the March quarter at an average selling price of $209 to $215, up approximately $9 sequentially, primarily due to increasing sales of smartphones. We are seeing handset strength, handset ASP strength across both emerging and developed markets as well as increasing breadth of other connected devices such as tablets and e-readers. Our total cash position remains strong at approximately $20 billion despite using $3.1 billion of net cash to acquire Atheros.

Now turning to our guidance. We are reaffirming our estimate of between $750 million and $800 million CDMA-based device shipments in calendar 2011, up approximately 18% year-over-year at the midpoint. We now estimate that the average selling price of CDMA-based devices for fiscal 2011 will be approximately $204 to $210 per unit. The $207 midpoint is $3 above our prior $204 midpoint estimate, primarily driven by greater adoption of higher-priced devices such as smartphones around the world.

We are raising our fiscal 2011 revenue and non-GAAP earnings per share guidance, reflecting higher average selling prices for CDMA-based devices and the addition of the Atheros business. We expect fiscal 2011 revenues to be in the range of approximately $14.7 billion to $15 billion, up approximately 35% year-over-year at the midpoint, which includes approximately $350 million from Atheros.

We anticipate fiscal 2011 non-GAAP earnings per share to be in the range of $3.15 to $3.20, up 29% year-over-year at the midpoint. Of the approximate $0.09 non-GAAP earnings per share increase over our prior fiscal 2011 guidance range midpoint, approximately $0.06 reflects an improved outlook for QTL. Approximately $0.02 is related to Atheros and approximately $0.01 is the net benefit from greater investment income and modestly greater R&D expense.

We expect the combination of non-GAAP R&D and SG&A expense to grow approximately 20% to 21% year-over-year. As Steve Mollenkopf mentioned, we expect a modest increase in QCT R&D investment primarily related to new chipset and customer opportunities.

In QCT, operating margins are largely consistent with our prior expectations. Excluding Atheros, we expect operating margins to be in line with our prior guidance range of 22% to 24% for fiscal 2011. Including Atheros, we expect operating margins to be towards the low end of that range for the fiscal year.

Specific to the fiscal fourth quarter, we estimate revenues including Atheros to be in the range of approximately $3.86 billion to $4.16 billion, up approximately 36% year-over-year at the midpoint. We estimate non-GAAP earnings per share to be approximately $0.75 to $0.80, up approximately 14% year-over-year at the midpoint.

We estimate that our subscriber licensees will report total reported device sales of approximately $38 billion to $41 billion in the September quarter for shipments they made in the June quarter, up approximately 9% sequentially and approximately 40% year-over-year at the midpoint. We anticipate shipments of approximately 120 million to 125 million MSM units during the September quarter with revenue per MSM up sequentially driven by the inclusion of a full quarter of Atheros revenue and the particular mix of chipset products we expect to ship.

We estimate that the CDMA inventory channel declined a bit in the June quarter, consistent with our prior expectations. For the September quarter, our forecast anticipates an additional small bleed of channel inventory and we continue to estimate that the CDMA inventory channel will exit the fiscal year at or slightly below the low end of the historical 15- to 20-week range.

We anticipate fourth fiscal quarter non-GAAP R&D and SG&A expenses combined will increase sequentially, approximately 9%, reflecting Atheros and the increased QCT R&D investments we've previously mentioned.

That concludes my comments. I will now turn the call back to Warren Kneeshaw.

Warren Kneeshaw

Thank you, Bill. Operator, we're ready for questions.

Question-and-Answer Session

Operator

[Operator Instructions] Mike Walkley from Canaccord Genuity, please go ahead with your question.

T. Michael Walkley - Canaccord Genuity

Bill, just want to follow up on your updated guidance. Could you walk us through the QTL change again? I understand the better ASPs due to increasing smartphone mix. But with the units a little light this quarter, maybe you can walk us through where you see strength in the out-quarters to keep your full year unit guidance?

William Keitel

Mike, I'll give you a little bit more color first on the ASP. We are anticipating that $9 sequential average increase, we think about $6 of that is largely greater Asia and North America, higher average selling price and about $3 of foreign exchange. On the unit side, we are anticipating a fairly significant uptick going out of this fiscal year and into the first quarter of the calendar year. We held our estimates for the year constant at that 750 to 800 million units for the calendar year. Specifically, I mean we actually had a debate on whether we should raise it a bit. But given some of the economic malaise in the world, we thought best to hold it steady there. But we are seeing some good strength in a number of markets. So we feel pretty good about that forecast and do expect an uptick going into the first part of the fiscal year, the new fiscal year.

Operator

Tal Liani from Bank of America, please go ahead with your question.

Unknown Analyst -

This is Er Ginai [ph] for Tal. Just a question. If you do the math on any small number of butts [ph] based on your MSM chipsets and your MSM ASPs, you get to $2.196 billion. Just curious how do you include Atheros in there. Similarly for the guidance, you said $300 million, $350 million for the full year implying somewhere in the neighborhood of $270 million to $280 million for those. Just give a sense on how do we include or exclude that from the QCT number.

William Keitel

Sure. I wouldn't exclude it. We're giving a little bit more color on the Atheros this quarter for a couple of reasons. One, the guidance we gave at the outset of the quarter didn't include Atheros, so we thought it was appropriate to give more detail this quarter. Likewise, our prior guidance for the fiscal year had not included Atheros. So we're giving a little more detail this quarter. We won't to continue this going forward because our guidance from hereon will include Atheros. Specific to Atheros, for this fiscal year, again, you got to about 5 weeks from the June quarter and a full quarter into September. That will add approximately $350 million of revenue to this fiscal year, of which a little less than $100 million was from the June quarter. So that's included as you would calculate revenue per MSM. Obviously, revenue per MSM includes a wide variety of different products from QCT already, and so you've got any number of different chipsets. So you could see a little variability in that average. It's an indicator, but it's one people should be cautious on to taking too directly and imputing what that might mean, that being revenue per MSM.

Unknown Analyst -

And then a question for Steve. You said that yourself had to use 28-nanometer device. Realistically, how much of your overall mix do you think 28-nanometer should be in, let's say, 2 quarters from now?

Steven Mollenkopf

Sure, 28-nanometer, our first 28-nanometer device will really go commercial at the end of this calendar year so it really won't show up until the next calendar year. We, however, are very optimistic about that device. We've had great success with it so far in terms of how it's looking in the lab. I mentioned that we sampled that early, which is pretty rare for us and actually probably an indicator of how much priority is on that now as a company. I mentioned that we've added some additional OpEx in order to really -- I think we're pretty optimistic about that chip. We want to measure that we de-risk it as best as we can, but we expect that to be something really more in the middle of next fiscal year.

Operator

Matthew Hoffman from Cowen and Company please go ahead with your question.

Matthew Hoffman - Cowen and Company, LLC

Paul, you made a point of highlighting the TDD and FDD modes in the upcoming LTE chips. First question here, what's your outlook for TD-LTE versus FDD globally? Will TDD grow meaningfully outside of China and East Asia? And then second, strategically, how much of an advantage is it to support both modes and offer backward compatibility with CDMA and HSPA+?

Paul Jacobs

So we're watching governments allocate spectrum around the world, and there's clearly a number of places where unpaired spectrum was going to get allocated. In some cases, it will be used for things like supplemental downlinks so that you use it in conjunction with other FDD systems. But there's pretty clearly going to be a strong demand for TDD capabilities. Obviously, what's going on in China right now, we're still waiting to see and I think we'll wait for some time to see exactly when the government will provide the licenses. But there is work underway, trials going on underway. And obviously, in India, things are going quite well on the LTE TDD side. So I do think that'll be strong. What the mix will be -- it's really going to be driven, I think, mostly by how spectrum allocations get done. For us, we don't really care, actually. We're happy to support both and we have them in the chips. And your question about having multimode support, I think it's going to be very important because most operators are looking to roll out LTE as a supplemental data capacity in urban areas or in hotspots. And then over time, it will roll out more broadly. The other issue is that there's quite a large number of frequency bands that are being spec-ed for LTE, reflecting the fact that it's difficult to find spectrum for governments around the world. So then, you want to have the backwards compatibility to make sure that you have the global room and capability. We will, I think, see some single mode LTE rollout but I think the vast, vast majority of devices are going to be multimode. And therefore having all that capability and there in the single chips going to be very, very important.

Operator

Brian Moldoff [ph] from Deutsche Bank.

Unknown Analyst -

Bill, on the settlement you got, was there any impact on the numbers from the settlement? Did you get an out payment in the quarter or is that coming in the next quarter? And if it is, can you quantify it? And then Steve, just on the market share on the application processor aside of the business. Can you talk a little bit about how you see Snapdragon market share shaping up over the next few quarters particularly as you get the 8960 into the market?

Derek Aberle

Brian, this is Derek. Why don't I take your first question? Just to clarify, the renewal that we just announced is just the kind of the final remaining WCDMA subscriber extension. That wasn't a situation where we had a dispute, and so there's not a disputed amount in the past where you'll see a catch up. It's really just a renewal of an existing deal.

Steven Mollenkopf

Brian, your question about AT market share, we're very pleased with that actually. As I mentioned in my comments, we saw from quarter-to-quarter, we saw 32% rise actually in our integrated AP chipsets. That's really across tiers so we're quite happy with how that's looking. Looking forward, as you mentioned, the 28-nanometer devices do include integrated LTE as well as all the other modes and Wireless LAN. And I think what's going to happen here in next year is at the top end of the portfolio, it's going to be very, very important to have these high-end modems and connectivity integrated in very tightly with the apps process. We're seeing significant amount of customer traction on this device, and that's one of the reasons why we really kind of put the gas on it here in the fourth fiscal quarter.

Operator

Tim Long from Bank of Montréal.

Tim Long - BMO Capital Markets U.S.

Either Bill or Derek, if I could just follow up the $38 billion to $41 billion total device revenue guidance for June. Obviously, some of the OEMs in the June quarter have struggled pretty badly and you're guiding that number up 5% to 10% or so, a little more than that sequentially. Could you talk a little bit -- I know you mentioned ASPs, but could you talk specifically about maybe the impact of some new Asian OEMs and maybe just give us an update on how much contribution now we're seeing from broadband wireless, whether it's the modems and dongles or tablets or however you want to couch that?

William Keitel

I think, Tim, we'll stay away from any specifics on how one licensee or another is doing. Let me try and give you a little more color around your question. For this year, this calendar year, if you look on our website, you'll see a little more detail of what we're seeing by region. We called up a category that we've been identifying for WCDMA Asia, called up pretty substantially. We're seeing really good strength in China and then across Southeast Asia, Middle East Africa. China, the strength is with 3G, and Southeast Asia, Middle East Africa, we're seeing a GSM migration to 3G pick up pace. Although we're seeing that uplift there, we soften a bit our forecast for WCDMA Europe, I think the economic troubles there are holding back the consumer a bit. And then, it's similar for India. We softened that a bit. But in total, we're holding that. So it gives you a little bit more color maybe by region of what we're seeing happening. On the modules and data devices, that continues at a strong pace. We're seeing embedded being a little bit stronger than the dongles themselves. So but overall -- e-books as well coming on strong. So overall, we think the market there is pretty strong. There are a number of -- a pretty wide number of product launches that are scheduled for later this quarter, early in what would be our first fiscal quarter. So we're looking for that to drive some further uptick in the market.

Operator

Simona Jankowski from Goldman Sachs.

Simona Jankowski - Goldman Sachs Group Inc.

I just wanted to ask you a question for chipset next quarter and I guess this is probably is for Steve. But just as far as, Steve, you're looking at only about the 0 to 5 million unit increase sequentially. That's a little bit lower than the street was looking for and I think some of us had basically been expecting a couple of the customers you referred to such as whether it's BlackBerry 7 or Nokia in there as well as some other large customers in there as well. And I know you commented in your prepared remarks about some buffer build in the June quarter that might get worked down in September. So can you just quantify for us the magnitude of that buffer build and hopefully just help explain to us why you were not seeing more of the sequential lift?

Steven Mollenkopf

Yes, this is Steve. Maybe your first part of the question, obviously, I'm going to try to shy away from talking about any particular launch for an OEM, but I think it's important or it's pretty difficult I think sometimes to get the timing of launches. However, that being said, we are quite bullish in terms of how our forward-looking share -- the trajectory on it from what we've seen so far. So we are quite positive. And then, as I mentioned in my remarks that we are ramping our, essentially the resources that it takes in order to support customers. So that's for the first part. The second part about the buffer build, as I mentioned, I think there was a certain -- certain OEMs had a reaction to the Japan crisis, which was to make sure that they had product on hand. It's not a large number, but we are working through some of that with some of the OEMs to work through. Obviously, as I'm sure is well known, that crises or that supply chain event in terms of disruption is really behind us now, which is a good thing.

Operator

Ehud Gelblum from Morgan Stanley, please go ahead with your question.

Ehud Gelblum - Morgan Stanley

A couple of questions around -- Steve, first of all, the QCT operating margin, the EBIT margin of 19.6%, declined a little bit from last quarter. You said it was in line with your expectations. Did Atheros have an impact on that at all? And if it did, can you take that out so we can see what it would have been on an apples-to-apples basis? And then, how should we be looking at that for next quarter? Does it go back up again? You've been talking previously that when you get in the 28-nanometer at the end of the year going to next year, sort of now there were 8960 that we see that bounce back up again. So I want to make sure that we're still -- or just understand that the trajectory of that is going forward. And then you also were talking about spending some extra R&D and OpEx at the end of this quarter going into next for some opportunity that you see happening. I'm wondering that 120 to 125 MSMs next quarter. If those opportunities you're talking about come through, would we see that impact next quarter? So could that 120 to 125 be significantly higher and give us a sense as to what the odds are around for the standard deviation around that number is if some of those projects that you seemed to be eagerly working on the R&D side comes through?

William Keitel

This is Bill. I'll take the first part of your question on the QCT op margin. For fiscal Q3, the Atheros was about a -- it's about 500 basis points impact to our operating margin. That number should decrease a bit going into the next quarter but just modestly. For the quarter, look for operating margins in QCT to be in that similar range as Q3. As we commented, we're not, at this point, seeing a significant increase in the MSM volume. And as Steve noted, he's stepping up his R&D because of some opportunities that we see here in the near term.

Steven Mollenkopf

Maybe I can add a little bit more color. This is Steve. On the R&D investment, it's really a combination of things. The majority of it is things that I would consider to be more onetime events in the sense that they are increases in terms of integration platforms that we use internally to develop the devices or tape-outs or things that you would do that accelerate the program because you're confident in it or you have more confidence in it. We also, as we announced in the quarter, we announced a small acquisition, which closed in the September quarter that's also now in the results or in the OpEx forecast as well. So very much on track in terms of how we guided you in terms of OpEx, op margin trajectory and what we expect. And then looking into next year, we tend to invest into units a little bit ahead of -- more than one quarter ahead, I think, in terms of the volume ramp. So it's really the products that we're going to ramp in fiscal year '12.

Operator

Rod Hall from JPMorgan, please go ahead with your question.

Rod Hall - JP Morgan Chase & Co

Just a couple. I quick one on the inventory. I think, Bill, you said you expect CDMA inventory to decline a little bit again in fiscal Q4 down towards 15 weeks. I'm just wondering, do you think that 15- to 20-week range is normal going forward? Or do you think we should be expecting normal inventory levels more down towards the 15-week level? And I guess that leads on into another question, which is, are you guys thinking vendors are going to be running into the end of the year season pretty light on inventory generally speaking? Have you seen them cutting back on inventory levels, maybe anticipating a little weaker demand?

William Keitel

Sure, Rod. Yes, we are expecting -- we think we've seen a little bit of inventory consumption in the June quarter and we're expecting a bit more in the September quarter. We think going out of the fiscal year, we'll just be a nod below that average 15- to 20-week channel inventory level that we've seen for several years. I think it's best to assume that, that channel holds it down at a relatively low level. This has been in line with our forecast all year that the global economy is a bit stronger but it's not certainly not that robust level that I think a lot of vendors are going to want to step up too much on inventory. Frankly, I hope it holds at this level. I hope maybe overall, the channels maybe just got a little more efficient since the 2008, 2009 crisis. But for the time being, I would -- I think it's best to assume that it stays at that lower level. We'll share our updates what we see for fiscal '12 when we're in New York in November.

Operator

Jeff Kvaal from Barclays Capital, please go ahead with your question.

Jeffrey Kvaal - Barclays Capital

I was wondering if you might comment a bit on opportunities in the China region for vendors, how you feel about your position in the China market in general and then with the domestic vendors overall. That would be helpful.

Steven Mollenkopf

This is Steve. I'll talk about it from the perspective of the chipsets that you're asking. We have, really for some time, had a strong relationship with Chinese domestic manufacturers. I think for some time, we've been supporting their export businesses. I think it's a big portion of our business and I think recently here and then with the launch of 3G over the last several years, it's become more of a domestic-produced, domestic-consumed type of product for us, which is very good. We also, over the last year, augmented our product to support I think a different class of customer, a customer that has less R&D in China primarily for the emerging markets as well as China. And we've seen a fair amount of traction in those customer channels primarily coinciding with the advent of mass market smartphone happening with the rollout of 3G in some of these regions. So it's been -- I think it's been a real strong success for us over the last several years and over different types of products and we were pretty bullish about it moving forward.

Paul Jacobs

Can I just say -- this is Paul. As I just said in my prepared remarks, I just got back from a couple of carrier events where they were bringing their suppliers in to sort of rally the ecosystem and I gave the lead keynote address on both of those events and I think it really just shows the kind of influence that Qualcomm has in the market that operators want to make sure that we're there to give the technical roadmap to their suppliers and to make sure that everyone knows sort of where the industry's going to head, where they're going to drive new services from and the relationships that we have both on the manufacturing and the operator side in China are extremely strong right now.

Operator

Mark McKechnie from ThinkEquity please go ahead with your question.

Mark McKechnie - ThinkEquity LLC

And congrats on a good quarter guys and gals. Couple of questions here for Bill. Just housekeeping, interest income and investment income is a big swing factor. What do you have envisioned for your guidance here in the September outlook? And then also, Bill, if you could tell us how much onshore cash is remaining following your Atheros acquisition? And then I have a quick question for Derek after that.

William Keitel

Sure, Mark. On the investment income side, what we have been doing now for some time is including in our guidance obviously dividend and interest income. But what we've been doing for some time now is reaching out and including investment gains that we think we're highly confident will be realized, net investment gains for the quarter. So that's included in the guidance we shared with you. From here on out, it's kind of -- it's up to our investment managers as to whether they see opportunities that there's about $1 billion unrealized, net unrealized gain on the total portfolio. So as they see opportunities to move there, it's primarily fixed income that they would realize further gains. On the onshore-offshore, the onshore today and towards the end of this quarter should be in the $6 billion to $6.5 billion range and so you've got 13 to 14 offshore.

Mark McKechnie - ThinkEquity LLC

Great. And then Derek you mentioned -- I wanted to understand on these licensees. It sounds like you took care of one that was the next due. Can you lay out for us what kind of milestones or other events that we could see with licensees on that front? Or how long is it clear sailing? Or maybe give me a little some of the bigger legal events coming up.

Derek Aberle

So I think we've talked about this quite a bit historically that we've had 4 companies for several years back that we needed to extend their WCDMA subscriber royalty obligation by between now and the end of 2017. And so with this last renewal, we haven't really gotten more specific about what happens after 2017. But I think what you can take from today's announcement is that we have all the extensions done that we needed to get done within that timeframe. And I think as we've said we generally have very long-term agreements with our licensees and I think we all feel very well-positioned today, following this final renewal.

Operator

Stacy Rasgon from Sanford Bernstein.

Unknown Analyst -

First of all, you said you have $0.01 worth of EPS upside in QTL. How did you get that when your QTL results came in below the midpoint of your guidance? Can you also -- was it higher royalty rates or what? I was also -- one more question on Krait. So you're sampled and now shipping sometime next year beginning next year. You said it's going to support one of the -- I guess the integrated connectivity solutions from Atheros. My understanding was the Krait chips in general were going to have connectivity integrated directly on the dye. Can you verify do the MSM, the chipsets coming there, does it have connectivity capability that's integrated on the dye? Doesn't sound like it. And if it doesn't, can you give us some feel for what your connectivity integration roadmap actually looks like going through, I guess, going into 2012 as you roll those products out?

William Keitel

Stacy, it's Bill. On your EPS question, it has to do with the mix of licensees. So the TRDS [ph] was pretty spot on with what we expected and we saw some favorability because of the mix of licensees.

Steven Mollenkopf

This is Steve. I'll take the first part of the Krait question. Maybe ask Craig if he can handle the second part, probably better answers than I can give. But the 8960 device has, in addition to the application process of the GPU, all the modems, multi-mode modem functionality in GPS. It does have integrated wireless LAN. It is part of a digital dye, but the radio is actually outside of the device. We have, I think, a little bit different approach to integration than some of our competitors. And maybe, Craig, if you could provide a perspective on that would be great.

Craig Barratt

Sure, this is Craig. Obviously, from my Atheros background, we've been on both sides of this debate. But one of the key things is the attach rate of Wi-Fi is really going up to very high levels pretty much in all smartphone and tablet platforms and there's substantial benefits to integrating a significant part of the connectivity functions not just WiFi but also Bluetooth, FM. And as you know, GPS was being integrated actually for a long time. We can deliver much higher performance. There's benefits in terms of reducing overall system-level power. The solution ends up contributing a much smaller increase in PCB size. So the solution area is smaller and that's critical for more compact devices. And of course, I think there are benefits around cost as well. And so this is a trend that will fan out, I think, across many of the future MSM chips and other similar platforms in the future

Operator

Kulbinder Garcha from Credit Suisse.

Deepak Sitaraman - Crédit Suisse AG

This is actually Deepak [Sitaraman] for Kulbinder. First, just a clarification for Bill. Bill, you said you expect significant uptake on CDMA device volumes into calendar '12. I guess beyond just normal seasonality, is there anything driving that view? And then Steve, for you, on Snapdragon, there seems to be a lot of design activity ongoing as there has been for some time. Looking forward, do you think Snapdragon is best positioned for the smartphone or the tablet market? And maybe just give us your thoughts on how you see the tablet market x Apple evolving?

William Keitel

Kulbinder, this is Bill. I may have been a little confusing. Let me clarify. We're expecting an uptick in the fourth calendar quarter, which would be our first fiscal quarter of 2012. And as we mentioned, we're seeing a lot of new devices being prepared for launch that we think OEMs, carriers and consumers are going to be taking advantage of.

Steven Mollenkopf

And this is Steve. Perspectives on chipsets for tablets and phones. In some cases, the same device will be used for high-end phones that will be used for tablets. You've seen that in the market. And then in other cases, you may have a more specialized device. We have recently added both of those tiers into our roadmap. The difference between them may be a small amount of performance delta but also different interfaces that are required in a tablet, perhaps, than a phone depending on the class of tablet. In terms of the overall market, our perspective is quite bullish over the long term. If you look at mobile computing, we think that will really grow up and take a fairly significant share of the traditional laptop space really driven by the software that's being driven on phones. That software is getting better every day and

I think, as that happens, you'll see I think a little bit more diversity in terms of supply base for suppliers into that market as well as the market itself growing. Both of those things being good things for Qualcomm and the industry.

Operator

Mark Sue from RBC Capital Markets.

Mark Sue - RBC Capital Markets, LLC

Steve, since we can't predict the exact timing of new handset launches, perhaps you can give us your qualitative thoughts on share gains at strategic OEMs. And are we at a point where there's more at stake at particular customers as opposed to the past when it's typically a dual source opportunity? And Bill, the uplift in ASPs is there is some concern that it may be short-lived. I have seen sharp ASP declines in smartphones -- smartphone prices from the Asian vendors and the worry is that today's smartphones will be tomorrows feature phones.

Steven Mollenkopf

Mark, this is Steve. In terms of how the share picture looks to us, it really doesn't look that different than what it has historically for us. A number of our traditional customers have had second sourcing programs for some time. We've been able to, I think, really drive technology and maintain the most profitable segments of their business. And then also, just in terms of the dynamics, over the last 10 years or so, there's always been 1 or 2 OEMs that we haven't been able to get into for one reason or another. Historically, it's been Nokia, for example, if you go back many years. And now today, the market really looks much more accessible than it probably was 5 years ago in terms of overall upside. Still, the business though looks very similar. It's a technology velocity business. You have to drive technology as fast as possible and we think that that environment is existing now in the marketplace.

Derek Aberle

Mark, this is Derek. Let me answer your question on ASPs. I think as we see that penetration of smartphones into the mid- and lower tiers, it's actually -- we do a very good thing for our business. I think longer-term, you are going to see declines in overall ASP that we report to you just given the mix of volume from the developed markets into emerging markets and also maybe from the top tier down into the mid and lower tier smartphones. But what we expect to see with that, is very strong growth in volume and what will lead sort of to the combination of those two things that's continued strong growth and the total reported device sales that is the base of the royalty business. So I think all those trends are happening, but they will come together in a positive way for us over the long term.

Operator

James Faucette from Pacific Crest.

James Faucette - Pacific Crest Securities, Inc.

I had a couple of questions, I guess, related to operating margin. I'll let Bill and Steve, you guys, kind of suss [ph] that out as you will. First, given pretty good detail as to how you expect operating margins in QCT to develop in the near term. Can you talk a little bit about your long-term targets, stated long-term targets of getting that business up into the mid- to high 20s range and kind of how you would perceive that happening either from a timing standpoint as well as what conditions you would expect to come together to get margins to that level? And then secondly, I wanted to kind of follow up on the last question as it relates to competition. Can you give maybe a little more insight as to where you're -- what you're thinking in terms of pricing trends and where you feel like -- what segments where you may see more competition versus less going forward and how we should think about the potential for shared momentum in the different segments?

William Keitel

On the op margin -- James, it's Bill. I'll give you some thoughts and Steve can jump in if he wants to add anything to it. But historically, if you look back at Qualcomm on the chip side, we've enjoyed north of 25% operating margins for extended period of time. The environment -- I think we went through this in some detail in New York last year, the environment and how we think we can open up a smartphone mass market. The combination of those has led us to a lower op margin than what we've historically seen. As we said in New York back in November, we are targeting to improve that operating margin in the out years. We'll give a refresher on that at New York, but I don't think you're going to see much of a different outlook going forward that we do expect in the out years to be improving that operating margin for QCT.

Operator

Parag Agarwal from UBS.

Parag Agarwal - UBS Investment Bank

Steve, did you see any push out of programs from the September quarter into the December quarter? And also on the December quarter, I'm just wondering is it possible that the December quarter could be stronger than seasonality given that the stuff that's in the September quarter?

Steven Mollenkopf

Sure. I think your first question, I think, was really -- I'll answer assuming that the question was about our products. We really -- our products have really remained on track for -- that I've mentioned in the past. In terms of how that translates into customer designs and their schedule, it's a little bit difficult for me to be in a position I think to refer to their schedules so I'll be very careful not to do that. And I'm sorry, the second part of your question I missed.

Parag Agarwal - UBS Investment Bank

Now that the September quarter is kind of seasonally soft, is it possible that the December quarter could be seasonally strong?

Steven Mollenkopf

Yes, I want to hesitate from giving guidance for December. It's just a little too early for us to do that, but so it's probably something we'll check in with in New York.

Mohamed Elkatted - Day By Day

Okay, another question on midrange to low end smartphones. You indicated that you should start seeing some momentum there. So just wondering if you're seeing the momentum there. What is the outlook for this segment of the market?

Steven Mollenkopf

We have seen over the last year or so pretty strong demand for mass-market smartphones. It's one of the environmental factors I think supports Bill's answer to the last question. So it continues to be a strong portion of our business and it has been for several quarters. We don't anticipate a change in that.

Operator

Craig Berger from FBR, please go ahead sir your question.

Craig Berger - FBR Capital Markets & Co.

Thanks for taking my question. I guess the first thing I wanted to dig into is on the QTL ASPs. What do you think is the sustainability as more smart, feature phones mix in and how should we think about the next few quarters? And then I have a follow-up.

William Keitel

Yes, obviously, we're seeing some good strength here. Derek, I think, gave some good color on that. The only thing I would add to what Derek said was that -- which aligns with what Steve Mollenkopf just said on smartphones, we're seeing ASPs on average increase in any number of emerging markets now and we really think it's this mass-market smartphone getting into the areas of the world that a lot of us don't track otherwise that closely. So the ASP strength that we saw in our fiscal Q3 that we're seeing in our fiscal Q4 that Derek talked about is -- a good part of that is just emerging markets where we're seeing ASPs, the average ASPs actually increase. So how long that holds? We'll see, but the appetite for smartphones across the world is quite strong and it's got a ways to go in terms of penetration.

Operator

And ladies and gentlemen, we have reached the end of the allotted time for questions and answers. Dr. Jacobs, would you like to add anything further before closing the call?

Paul Jacobs

Thanks again, everybody, for joining us. I think the results and our guidance really highlights the fact that around the world, the smartphone excitement is continuing. As we look beyond that to mobile computing and new tablet devices coming to market, I think just a lot to look forward to. Really happy with this sampling of the 8960. It's probably one of the most exciting chips we've ever launched. And as we look ahead to sort of our strategy of Internet of everything and also continuing the computing enterprise and networking, the acquisition of Atheros just really fits nicely and it's been going extremely well. So excited about where we're sitting. Even more excited about the opportunities ahead. So thanks, everybody.