Thank you, Brent, and good afternoon everyone. Today's call will include prepared remarks by Steve Mollenkopf, Derek Aberle, and George Davis. In addition, Cristiano Amon, Murthy Renduchintala, and Don Rosenberg will join the question-and-answer session. An Internet presentation and audio broadcast is accompanying this call and you can access them by visiting our Web site at www.qualcomm.com.

During this conference call, we will use non-GAAP financial measures as defined in Regulation G, and you can find the related reconciliations to GAAP on our Web site. I'd also like to direct you to our 10-Q and earnings release, which were filed and furnished respectively with the SEC today and are available on our Web site.

During this conference call, we will make forward-looking statements regarding future events or the future business or results of the Company. Actual events or results could differ materially from those projected in the forward-looking statements. Please refer to our SEC filings, including our most recent 10-Q, which contain important factors that could cause actual results to differ materially from the forward-looking statements.

And now to comments from Qualcomm's Chief Executive Officer, Steve Mollenkopf.

Steve Mollenkopf

Thank you, Warren, and good afternoon everyone. We delivered a strong quarter, achieving record revenues and non-GAAP operating income. QCT shipped a record number of MSM chipsets and delivered our highest ever revenue and earnings before tax. QTL operating performance was ahead of expectations and I am pleased to report that we have resolved our previously disclosed dispute with a large Chinese licensee. We are continuing to cooperate with the NDRC, as it conducts its investigation and believe it is progressing toward a resolution. During the quarter we also returned approximately $2.4 billion to stockholders through dividends and buyback activity, consistent with our increased capital return targets.

Turning to QCT, our first fiscal quarter was very strong with revenues in MSM chip shipments up 14% and 27% year-over-year respectively. MSM chip shipments were at the high end of our expectations as we saw broad strength across multiple OEMs, driven by demand in emerging regions and strong device replacement in the U.S.

While our outlook for the first half of the fiscal year is ahead of our prior expectations, our QCT forecast for the second half of the fiscal year has been reduced due to a number of factors. First, we are currently seeing a shift in share among OEMs at the premium tier, which has reduced the near term addressable opportunity for our Snapdragon processors and has skewed our product mix towards more modem chipsets in this tier. Second, we now expect that our Snapdragon 810 processor will not be in the upcoming design cycle of a large customer's flagship device, impacting our outlook for both volume and content in that device.

And thirdly, although we had a very strong competitive position exiting fiscal 2014, we are seeing heightened competition in China at the mid and high tiers. We are continuing to gain share year-over-year with OEMs based in China, but not at the pace we had previously expected. This is in part due to some product challenges with one of our chips in meeting some of the more demanding design points of those tiers. This has provided an opening to competitors who are being very aggressive in order to establish a position in the marketplace, resulting in more pricing pressure than previously expected.

We have already addressed many of the initial product challenges in order to support early customer device launches in these tiers and are continuing to further enhance the performance of this chip. As a result, we continue to expect to see a broad range of devices successfully launch and drive volume with this chip. We estimate that these factors will impact our QCT revenue growth and operating margins through the near term product cycles. However despite these near term factors, our view of the long-term strategic environment and QCT's leadership position remains strong.

Despite -- our design momentum for the Snapdragon 810 processor remains robust, with more than 60 products in the pipeline, including the recently announced LG G Flex2 and the Xiaomi Mi Pro Note. Snapdragon 810 is performing well and we look forward to a growing number of devices to be launched by our customers throughout the year. Snapdragon 810 delivers 64 bit CPU capability using licensed technology and is fabricated in 20 nanometer. As you know, the use of internally designed custom CPUs has been a core part of our strategy that has worked well for some time. With the 810 we made a conscious decision to use licensed cores to accommodate the accelerated shift to 64 bit. The competitive landscape has underscored the importance of differentiation associated with our internal custom designs and looking ahead, our next premium processor will use our own 64 bit custom CPU architecture as well as the most advanced process node. We expect this product to sample in the latter half of calendar 2015.

In China, the expanded FDD licenses increased competition between carriers, and the accelerated pace of LTE device penetration aligns with QCT's LTE leadership. We believe we are well positioned going forward for three primary reasons. First, we expect a modem transition driven by LTE Advanced, including uplink carrier aggregation will drive a new device design cycle beginning later this year, which our roadmap anticipates. Second, we will drive our roadmap to advanced performance nodes to enable us to competitively address the opportunities ahead. And finally we are differentiated both in terms of features and scale, which will allow us to help OEM's based in China, meet the specification and deployment challenges related to expanding their businesses outside of China.

For Qualcomm overall, our longer-term growth drivers remain strong, both in smartphones and adjacent areas where our mobile technologies and capabilities can bring next generation solutions; areas such as automotive, Internet of Things, mobile computing, networking, small cells and datacenter solutions. As a Consumer Electronics Show, it was clear that many industries looking to leverage mobile technologies into their products and businesses are looking to the leaders in mobile such as Qualcomm for support creating an Internet of Everything. We demonstrated a broad set of products and equipment that are already shipping with Qualcomm solutions inside, including the areas of automotive, smart home, smart city, networking, mobile healthcare and wearables.

On a related note, the very strong results of the AWS-3 spectrum auction here in the U.S. reinforces the need to continue to invest in cutting edge modem technologies that provide great user experiences, while helping operators improve their return on the spectrum asset investments. We are very well positioned to enable operators and OEMs to bring new spectrum bands online as quickly and as broadly as possible with technologies such as advanced carrier aggregation.

I would like to now turn the call over to Derek Aberle.

Derek Aberle

Thank you Steve and good afternoon everyone. QTL delivered a strong quarter with revenue and earnings ahead of expectations and total reported device sales of $56.4 billion, which was slightly above the midpoint of our prior guidance. I am also pleased to report that we have resolved the dispute with major Chinese licensee that we previously disclosed. Importantly, we were able to successfully resolve this dispute despite the pending NDRC investigation. In addition to the licensee agreeing to report and pay royalties on past unreported sales, the resolution includes an expansion of the existing license agreement to include royalty bearing licenses for 4G only products, including 3-mode LTE smartphones sold for use in China.

We believe the licensee has fully reported its September quarter shipments in our first fiscal quarter and we expect the licensee to report in our second fiscal quarter a catch up for units that were sold in periods prior to the September quarter, but were not previously reported due to the dispute. We continue to believe that some of our Chinese licensees are not reporting all of their sales of licensed products. We have increased the number of audits that we are conducting of these licensees and are attempting to resolve the instances of under reporting.

While we always prefer to resolve these types of issues amicably with our licensees, we are of course prepared to enforce our rights under our license agreements if that becomes necessary. Although we continue to sign new 4G only and other license agreements, including in China and the recent resolution of the licensee dispute gives us even greater confidence that we'll be able to collect royalties over time on substantially all LTE device shipments, including 3-mode devices in China, and other currently unlicensed products. OEMs supplying a meaningful portion of 3-mode devices and lower Tier 3G connected tablets remained unlicensed. We are in discussions with many of these OEMs and are making progress, but we expect it will take some time to conclude all of the negotiations.

As to the NDRC investigation we are continuing to engage and fully cooperate with the NDRC as it conducts its investigation. We have discussed with the NDRC a number of proposals for addressing its concerns and we believe we are making progress towards a potential resolution. Having said that, the timing and outcome of any potential resolution remains uncertain as does the potential impact on our future business in China.

Now let me provide an update of our view of global 3G/4G device demand. We’re seeing demand for global 3G/4G devices continue to grow at a very healthy pace and we have increased our calendar global 3G/4G device shipment estimate to approximately 1.35 billion units, up approximately 25% year-over-year. As a reminder, this includes those devices we expect to be reported to us through the first calendar quarter of 2015 as well as our estimates of unreported and unlicensed device sales, but excludes TD-SCDMA devices that do not implement LTE. The broad availability of compelling devices at the mid and low price tiers in emerging regions is driving strong demand for and migration to 3G/4G devices. We’re also seeing an increase in the replacement rate of devices in the United States.

Looking forward, we are also increasing our estimate for calendar 2015 global 3G/4G device shipments. We now expect approximately 1.5 billion to 1.6 billion units to be shipped during 2015, up approximately 11% to 19% year-over-year, with a bias towards the high end of the range driven by continued positive upgrade trends in the United States and accelerating migrations to 3G/4G devices in China, and other emerging regions.

As we explained last quarter, several factors primarily related to challenges in China are currently causing shipments reported by our licensees to be less than the global 3G/4G unit shipments I just explained. For calendar year 2014 we are increasing our estimate of reported 3G/4G devices to between 1.135 billion and 1.175 billion units, which is approximately 200 million units below the global 3G/4G device estimate of approximately 1.35 billion units at the mid-point. This represents our current view of unreported and unlicensed activity for calendar year 2014, and after adjusting for resolution of the dispute, is in line with our prior expectation of the percentage of global device shipments that we expect to be unreported or unlicensed.

Turning to estimated 3G/4G device ASPs, the ASP of devices reported to QTL during the first quarter of fiscal 2015 was approximately $197 at the mid-point. The sequential decline in the reported ASP was primarily driven by a weaker premium tier in the September quarter, ahead of new flagship launches, heavier price reductions of certain handset models, additional reported units from the Chinese licensee whose dispute we resolved and foreign exchange effects.

In the second fiscal quarter, we expect both the global and reported ASPs to be higher sequentially as the strong holiday season at the mid and high-tiers more than offset some additional foreign exchange headwinds. We expect the reported ASP will be significantly impacted by the dilutive effects of catch up units sold during several prior periods that we expect to be reported in the second quarter as a result of resolution of a licensee dispute.

We are now forecasting global 3G/4G device ASPs to decline approximately 12% to 13% year-over-year in fiscal 2015 instead of our previous estimate of 9% to 10%. With the delta being driven by stronger than expected unit growth in emerging regions, the September quarter pause in the premium tier, increased OEM competition and mix shifts and negative effects of foreign exchange, which alone contributes approximately $2 of the ASP decline. Within this overall view we are seeing relative stability in developed region ASPs as well as increasing ASPs from Chinese based OEMs.

In total we expect global 3G/4G device sales in fiscal 2015 to be up approximately 6% to 9% over fiscal 2014 global 3G/4G device sales, which is in line with previous expectations as the growth in volume from an increase in the replacement rates in the U.S. and accelerated emerging region migration offsets moderately increased ASP declines, including the expected impact of foreign exchange headwinds.

To conclude, we continue to see strong 3G/4G device demand from both higher replacement rates and faster 2G to 3G/4G migration. We are pleased to have resolved the previously disclosed dispute with the major Chinese licensee, and we remain focused on resolving our remaining challenges in China.

That concludes my comments. I will now turn the call over to George Davis.

George Davis

Thank you Derek and good afternoon everyone. Our first quarter results came in above expectations on better than expected operating performance from both QCT and QTL. Fiscal first quarter revenues were a record $7.1 billion, up 7% year-over-year and non-GAAP earnings per share were $1.34, up 6% year-over-year.

Non-GAAP earnings per share were $0.10 above the $1.24 mid-point of our prior guidance range. QCT accounted for approximately half of the upside on strong MSM demand and lower operating expenses, with the balance coming from improved total reported device sales, lower operating expenses in QTL and other businesses, as well as the restatement of the R&D tax credit. In QTL total reported device sales by our licensees were $56.4 billion, slightly above the mid-point of our guidance range, with an average selling price of $197 at the mid-point and reported shipments of 286 million 3G/4G based devices at the mid-point.

QCT achieved a number of records in this quarter including shipments of 270 million MSMs, revenues of $5.2 billion and earnings before tax of $1.1 billion. Revenue for MSM was lower sequentially as expected, reflecting a greater mix of modems. QCT operating margin was 22% in the fiscal first quarter, reflecting strong MSM shipments and lower operating expenses. For the Company overall, non-GAAP combined R&D and SG&A expenses were lower than our expectations, decreasing 3% sequentially, reflecting timing of certain program spending and cost initiatives in the quarter.

Turning to capital structure, during the fiscal first quarter, we returned approximately $2.4 billion to stockholders, or 112% of free cash flow, including approximately $700 million of dividends paid and approximately $1.7 billion in stock repurchases. As of the end of the first fiscal quarter, we had approximately $3.6 billion remaining of our stock repurchase authorization. Additionally, since the end of the fiscal first quarter, we have repurchased an additional 6.8 million shares for approximately $500 million.

Cash flow from operations was approximately $2.4 billion or 33% of revenues and we ended the fiscal first quarter with cash and marketable securities of $31.6 billion. Our non-GAAP tax rate was 18% in the fiscal first quarter and we now estimate that our fiscal 2015 non-GAAP tax rate will be approximately 18%, slightly higher than our original estimates on business mix.

Now turning to our guidance for fiscal 2015, our revised financial guidance for the fiscal year reflects a reduced outlook for the QCT business in the second half of the fiscal year. We now expect 2015 total Qualcomm revenue to be in the range of $26 billion to $28 billion, up approximately 2% year-over-year at the midpoint and lower than our previous guidance midpoint by $800 million. We now expect 2015 non-GAAP earnings per share to be in the range of $4.75 to $5.05, down approximately 7% year-over-year at the midpoint and down 6% from our previous full year guidance midpoint. We estimate fiscal 2015 QCT operating margins will now be in the range of 16% to 18%, which reflects a reduction of about 200 basis points at the midpoint.

Our QTL forecast for the fiscal year is modestly improved, driven by an improved TRDS outlook, partially offset by a modest increase and the impact of foreign exchange. We continue to expect that fiscal 2015 QTL operating margins will be approximately 85% to 86%. Combined non-GAAP, R&D and SG&A expenses are expected to grow approximately 3% to 5% year-over-year, in line with prior expectations. As a reminder, we continue to expect lower investment income in fiscal 2015 as compared to the strong investment gains supported in fiscal 2014 as we rebalance the risk levels in our investment portfolio.

Looking to our guidance for the second quarter of fiscal 2015, we estimate revenues to be in the range of approximately $6.5 billion to $7.1 billion, up approximately 7% year-over-year at the midpoint. We estimate non-GAAP earnings per share in our second fiscal quarter to be approximately $1.28 to $1.40 per share, up approximately 2% year-over-year at the midpoint. We anticipate second fiscal quarter non-GAAP combined R&D and SG&A expenses will be up 6% to 8% sequentially, reflecting normal increased seasonal expenses primarily related to employee payroll taxes.

In QTL, we estimate total reported device sales of $69.5 billion to $75.5 billion will be reported by our licensees in the March quarter for shipments they made in the December quarter, up approximately 9% year-over-year at the midpoint, reflecting the busy holiday season. We also expect to see a benefit from previously uncollected royalties for prior period sales related to the resolution of a customer dispute in China.

In QCT, we anticipate MSM shipments of approximately 220 million to 240 million units during the March quarter, down approximately 15% at the midpoint sequentially coming off the busy holiday quarter and up approximately 22% year-over-year at the midpoint. We expect revenue per MSM to be relatively flat quarter-over-quarter. We expect QCT operating margin to be approximately 16% to 17% in the fiscal second quarter, lower sequentially, reflecting the impact of lower seasonal volumes.

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

Warren Kneeshaw

Thank you, George. Brent, we are ready for questions.

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from the line of James Faucette with Morgan Stanley. Please go ahead with your question.

James Faucette

I guess I just want to focus on operating margins for QCT, et cetera. Can you give a little bit of color on what’s driving those down in the -- for the year, like how you're having to spend additional funding or spend additional money versus just pricing pressure and that kind of thing. And I'm also wondering if you can talk through more medium to long run what you think your to do list looks like to recapture the loss share and better reassert yourself in the markets where you're feeling the most pressure. Thank you.

George Davis

This is George. Really the out margin effect in the near-term that we're talking about is really typical seasonal, coming off of a very strong December quarter. For the full year the reduction of the 200 basis points we talked about is really a function of the change in outlook for the year, which is being driven by impacts at the premium tier and so that’s having margin pressure. You're also seeing some of the OpEx benefit we saw in the first half was really timing of programs, and so that will be in the second half of the year, impacting margins as well.

Steve Mollenkopf

And this is Steve. With respect to the medium tier, long tier, or long-term I think I would view this more as a product cycle issue versus anything else. If you look at -- one of the hardest things for us do is to project what the mix is going to be, whether we're going to sell a lot of thin modems or whether it’s going to be Snapdragon processors. And I think the largest impact in terms of the change of the outlook is really due to the mix of products. As I said in my remarks, the 810 is actually doing quite well. Any concerns about the 810 in terms of design traction really are probably limited to one OEM versus anything else.

In the low tier in China it's very competitive right now, primarily because there are a number of new entrants trying to get share. We think there will be a modem transition in the second half of this year and we are anticipating that. We think that will be a good strategy. I think long-term though, I don't think we see a change in the competitive dynamic, or even a change in the strategy of particular customers. We think this is more of a product issue.

Operator

Your next question comes from the line of Brian Modoff with Deutsche Bank. Please go ahead with your question.

Brian Modoff

Steve, off that last statement you made in terms of modem transition in the back half of the year, can you give us more color around this? Is this still 20 nanometer? Is it going to be more of a 16? How is it going to different? And then what you're seeing competitively in China? Are you seeing competitors coming with something more than a 3-mode solution? Are you seeing something more advanced than that? And then on George, the question, or Derek, this licensee that you settled with in China, can you give us an idea of what the rates are for that licensee? Is it around your corporate average and it does include single mode LTE as well, and an ability to collect on that as well as collect on multimode that includes TD-SCDMA.

Steve Mollenkopf

So Brian in China, we're not seeing anything different than really 3-mode in China. We're not seeing much ability for the competitors to go outside of China. And we have anticipated that carrier aggression would be important in China across tiers and we think that that will happen here sometime in the second half of the year. It's always difficult to time transitions in China, but as you're aware, it's a pretty fast moving situation there. If you look at really kind of year-over-year, we're still going to see share move up in China in these tiers. We just anticipated that it would grow even more. And that's exacerbated by the pricing pressures as I mentioned. And so we're looking forward to see a modem transition. We will follow that up with FinFET products. Eventually we are going to transition our existing products to move advanced nodes but I'll try to keep some of that proprietary for us right now.

Derek Aberle

Brian this is Derek. Yes, we can't talk too specifically about the terms in the agreement, including the rates, but I guess I'll just say that we're pleased with the resolution of the dispute. As I said we believe that in this quarter the licensee has now reported sort of the full volume that they were supposed to report under their agreement. They will also we expect be reporting a catch up amount for prior period sales next quarter. That will benefit for us. And then we were able to extend the scope of the agreement to your question, to include LTE only licenses. This particular licensee was already licensed for 3G, but we've now extended that to include 4G-only, including the 3-mode devices sold on China mobiles network. So all-in-all, we feel very good about the result.

Operator

Your next question comes from the line of Tim Long with BMO Capital Markets. Please go ahead with your question.

Tim Long

Just one follow-up and another one if I could. If we could just go back to the, maybe George, the $800 million revenue reduction and $0.30 in earnings, it seems like pretty large incremental margin implied there. So maybe you can just walk us through how there is that big of an impact on that type of revenue mix? And then I loved the opinion of you guys on this Xiaomi-Ericsson deal in India, where you guys -- Xiaomi allowed to ship with your products in there. Just curious what do you think that means for the chipset business for the Chinese to export, and does it mean anything for the licensing business and potential discussions with NDRC? Thank you.

George Davis

Hi Tim, this is George. So on the flow through issue, which is essentially seeing $0.30 off for the full year on what we’re looking at, what you’re really seeing is the fact that while we describe kind of three themes in terms of impacting the second half of the year for QCT, it’s really the themes that impact the premium tier that are driving the impact. And so the margin flow through impact on that revenue is in line with the adjustment that we’re talking about. So it’s really driven by the fact that the impact is happening at place a where we have strong operating margins.

Derek Aberle

Tim this is Derek. Let me answer your question on Xiaomi. So I think we’ve consistently said that we believe that we’re uniquely positioned to help the Chinese OEMs build their businesses outside the China. That comes obviously both from a product perspective, in terms of our scale and ability to do that, as well as the cross license rights that we’ve obtained as we've negotiated agreements over the years and I think you're seeing some of that play out now in India.

On the licensing side, I wouldn't draw any direct correlation to the NDRC, but what I would say is we've talked from time to time about tools that we have at our disposal to deal with companies that are not complying with their agreements or not signing licenses, and I think you can look at what's going on in India as just one example of the tools that are available.

Operator

Your next question comes from the line of Mike Walkley with Canaccord Genuity. Please go ahead with your question.

Mike Walkley

Just for Steve, going back to the QCT guidance, can you update us on expectations for revenue per MSM that's implied in your guidance with the mix shift? And also just longer term, on a bigger picture view, which Qualcomm's long-term business model really has been about increasing dollar content or revenue per MSM over time. After this product cycle, some of the misses do you think this metric can return to growth in fiscal 2016? Thank you.

George Davis

Mike, this is George. On the outlook for the year, we haven't guided but effectively what we did say it will be relatively flat quarter-over-quarter. For the full year in the second half, again pointing to the premium tier waiting of some of these issues, it will have a dampening effect but we'll just leave it at that.

Steve Mollenkopf

Mike, this is Steve. Also in the longer term I would say I'm not sure we see a difference in terms of what the market is looking for. In fact I would suggest that even though our mix is probably more in modem versus Snapdragon based, the overall market appears to be absorbing new technology quite rapidly, even to the point where it appears that perhaps even in certain tiers, the replacement rate is improving, because people are upgrading to a larger screen and what have you. And we think that's a good trend for our business both on a licensing side as well as the chip side eventually.

I want to be clear. I think -- the 810, we think is going to be quite strong in terms of design traction, and they will be in a lot of devices. As I said, it will be over 60 devices. And it will be interesting to see how it sell through. But we're definitely getting the sense that you still have to provide leadership technology in order to win.

Operator

Your next question comes from the line Ehud Gelblum with Citi. Please go ahead with your question.

Ehud Gelblum

A couple of questions. Can we just hit at the heart of the 810 issues, obviously been lot of news in the press about overheating and if you can just kind of hit on your -- just want to confirm, is it your opinion or thought process that the issues with that flagship device happened on a compatibility issue or incompatibility issue between the 810 and that particular device and that in any other device those issues are not a concern? If you can just give us a little detail on why that might be, to let us get a feeling as to, maybe there is nothing particularly wrong with 810 per say, but that it just happened to be a matchup with that one device, that would be helpful.

George, or Derek, now that you have that licensee signed up, can you give us sense as to how large is this catch up going to be next quarter and is that in guidance, so we can kind of take that out and get a sense as to what the pure guidance for next quarter will be without that catch up. And your new numbers for the recognized volume for 2014 I believe it was, included just 20 million higher than it was before. So 195 million is the delta between the recognized and unrecognized TRDSs whereas now -- so now it's 195. Last time it was 215 million. I don't mean to get too complicated, but is that 20 million improvement and the difference between the global TRDS and your recognized TRDS, is that all due to this one licensee. Thank you.

Steve Mollenkopf

Ehud, this is Steve. On the 810, let me be very clear. The device is working the way that we expected it work and we have design traction that reflects that. If you look at the number of designs, it's over 60. It's essentially won all the premium designs across multiple ecosystems in China, Windows Mobile, as well as Android. So we're quite pleased with how that is performing. There is a concern. As you mentioned it's related to one OEM, and I don't think you should extend that to imply that something has changed fundamentally between us and that OEM. And of course that OEM has a number of different models that we feel well positioned across our entire product tiers.

So I think that's going to be a great product for us. We are going to follow that up as I mentioned in my script with a device that returns to our internally developed CPU with integrated modem and are going at the latest node. So, I don't think we see any change in strategy, and we're quite pleased with that device. We just wish it had won one more design.

Derek Aberle

Ehud, its Derek. So you might recall that when we gave prior guidance, just given the amount of issues that were on the table and the uncertainty associated with the timing of resolution of each of those, we gave quite a wide range and said to get towards the higher end of the range we needed to resolve or make progress on several of them. So in essence, the resolution of the dispute was already baked into guidance from that perspective. The catch-up payment is also effectively included within the guidance that we provided for Q2.

On the math exercise, I actually figured somebody was going to ask this question. So let me try to break it down for you. Remember we gave quite a wide range of the under-reported or unreported amount, because again there is uncertainty around exactly what that would be. And everybody kind of gravitated towards using the midpoint of 215 as the talking point, although we don't have any more confidence necessarily in the midpoint than we do on other parts of the range. And the way you get to the 215 is sort of assuming at the low end of the range there is no resolution with this particular licensee, and at the high end of the range assuming that there would be full resolution. So the midpoint is actually something in between.

So when you actually try to deconstruct the math, it's pretty hard to get there. But let me just basically tell you, the net-net of all this is, there is an improvement based on resolution of the dispute. So therefore less units being under-reported. But also the overall end market we believe, is going to grow at a faster pace than we did during the last time we provided guidance.

And so even though the percentage of units that we believe will be unreported is basically staying in line with our prior expectation, the actual number of units would have gone up, but for the resolution. So the net-net of this is it comes down, but it doesn't necessarily -- can't attribute the delta exactly to the amount that's resolved from the dispute.

Operator

Your next question comes from the line of Timothy Arcuri with Cowen & Company. Please go ahead with your question.

Timothy Arcuri

Derek, just on that point about the increase in the TAM for 2014 and then also 2015, can you talk about what regions that that's coming from and maybe what portion of that is China? And then as a follow up for George, just on capital return, the stock is down now sort of into the mid-60s here post market. You bought back $500 million during January, which is sort of the same run rate that you bought back during the entirety of calendar Q4. Yet it doesn't even really scratch the surface on really what you could do. Is the thinking around more capital return just China and getting that resolved?

Derek Aberle

Tim, its Derek. So I think on your first question, really the growth in the market is primarily coming from a stronger view on emerging regions, which includes China, but it's not entirely China. So other regions such as India, Middle East and Africa and some others are contributing to that as well.

George Davis

Tim, on capital return, obviously we increased our program in this area substantially starting last year. And this quarter we talked about returning over 112%, our minimum commitment being 75% return of capital. So we're pleased to be increasing in this environment. But we'll continue to focus on shareholder returns but we're again not going to forecast our future repurchases other than we're committed to the return of capital commitments that we made in our program announcement last year.

Operator

Your next question comes from the line of Stacy Rasgon with Bernstein. Please go ahead with your question.

Stacy Rasgon

I have two. First, I want to take a little bit of exception to the -- your point that the unit TAM is going up. It looks like the unit TAM is going up, but for the global market. But your global ASPs, you guided them down quite a bit. They were down 9 to 10, now they're down 12 to 13. It doesn't look like you took your estimate for the global market value up that all. So all of these units are coming in, but they're coming in at lower ASP and there is no revenue growth upside versus where you were modeling before. So how should we be thinking about I guess the impact of elasticity here in units and growth and how do we think about the market growth going forward?

Secondly, I'd love to get some feeling. I know you're enabling -- doing your best to enable the China OEMs to grow outside of China. And maybe you don't have any choice. So I'm just wondering is that a good thing to do? Maybe get back to the first one, what does it mean for the long term business as the China OEMs gain share outside of China and start to take share in potentially developed markets with ASPs that are probably quite a bit lower than what you're enjoying there today.

Derek Aberle

Stacy, its Derek. On the market growth, effectively when we think back to the discussion we had in New York, really what we said is about 6% to 9% global TRDS growth, and we had a view on what ASPs would do throughout the calendar year. But we also made the point that in 2014 and ’15, we really view this fundamentally as an elasticity of demand exercise, and as ASPs come down, that units would go up. So even if there was an increasing pressure or decline on the ASP in the next year or so, that would drive higher units and essentially that’s what we're seeing. So those two dynamics are playing out. The growth in the market overall from a TRDS perspective is in line with what we expected in New York earlier in the year, but it’s just a little different mix in terms of units versus ASP.

And you might recall we did talk about a number of factors, which we think long-term cause the ASP declines to moderate. And I think that also applies to your comment on the Chinese OEMs. I think a couple of things we expect will happen over time. One is that there is going to be consolidation among the Chinese OEM base. There's just really too many players to sustain themselves long-term. And if that happens, as well as they become more successful outside of China, invest in building their brand, invest more in R&D, that there is no reason that their pricing profile would not become more in line with what we're seeing from some of the other OEMs today. And actually we commented on that today in the scripts, that we actually are starting to see Chinese OEM ASPs increase.

Steve Mollenkopf

Stacy, its Steve. I think also you should think about the Chinese OEMs really as being multiple tiers. We see a grouping that in many ways is filling in some of the gaps that are being left because some handset manufacturers that historically have been in the United States and Northern Europe or even in Japan have exited portions of the world, and they've been filled in largely by some of the higher tier Chinese OEMs and they have strong ambitions and they're really developing the assets to be able to do that. In addition there is a lower tier product which I think is being used really to drive the migration from 2G to 3G/4G and both of those trends we think are good for our business.

Operator

Your next question comes from the line of Tavis McCourt with Raymond James. Please go ahead with your question.

Tavis McCourt

Steve two for you. Just to clarify on your answer to Ehud's question on the large OEM, is that a product line that you'll be selling a thin modem into or no chipset at all? And then secondly you mentioned or I guess hinted at a modem transition in China later this year. I suspect that's carrier aggression. Do you have any sense of your lead against your major competitor there on getting a carrier aggression chip in that market. Thanks.

Steve Mollenkopf

It's Steve. I'll try to stay away from talking a lot about the different design dynamics in a particular OEM, in part because I'm not sure it's even been determined yet as to how that's going to settle out, and also it's just part of our -- we just don't talk about those things. But we did think it was important to disclose how it impacted our financials with respect to the 810.

On carrier aggression, and I would say LTE feature set broadly, which is quite diverse as you probably recall from our trip in November to New York, we feel like we're in a very strong position, not just in terms of future leadership at the high tier, but we have moved carrier aggression down in through the tiers. And similar to what we did with the transition to 4G where we made a transition to make sure that we were there for that move in China, we think there will be feature updates happening in China. We also believe that long-term you need to offer international markets to the Chinese OEMs because of the answer to the previous question. And therefore you trip on the requirement to add new bands, to support things like VoLTE and SRVCC, things that really stress the modem feature set. So we feel like we have a strong lead there. We are starting to see 3-mode competition come in, but we don't believe that to be enough of the feature set to really cause us to change our view of the strategic environment.

Operator

Your next question comes from the line of Kulbinder Garcha with Credit Suisse. Please go ahead with your question.

Kulbinder Garcha

My first question for Steve which is the, with this transition of the major OEM, I guess I know you got a lot of 810 design wins. That's reassuring. The issue being at the high-end of the market, what has become very clear in the last three years or four years is its two vendors. One of them doesn't use your Snapdragon, which is the one seems to be deemphasizing it frankly. And so the issue here being is that, if that condition prevails, you're making a better market share in the high-end which has proved very hard to track if there is somehow [ph] change. And what confidence do you have that therefore that the 810 will drive an improving mix at some point towards three quarters? I'm just trying to understand the dynamic of whether confidence coming from it could be a good product for you in the QCT business, really?

And then for Derek, my question is on the resolution you've had of this one licensee in China. The lower-end of your TDRS range has gone up by only $5 billion. And so high-end hasn't going up. You probably anticipate it maybe coming through. What I'm trying to get is -- has the outlook for the licensing opportunity in 2015 echo this resolution [indiscernible] ForEx or ASPs or mix and that kind of thing? Is that the right way of thinking about it ex this resolution.

Steve Mollenkopf

Kulbinder, its Steve. So in terms of the long-term, I think our view is that it probably won't consolidate to just two OEMs. And in fact I think it would be broader than just two ecosystems will be successful in the mobile computing area. And I think even in the near term if you were to look at a market or a region such as China and you would look at how the share has changed around over time, you've seen a number of different OEMs who have really taken share at the premium tier. They tend not to be household names in the U.S. or in the developed world yet, but we think there is an opportunity for that to occur.

In addition I don't think you've seen things -- we haven't seen things settle out in terms of how the different ecosystems will play over a multiyear period. And I think if you look at the views that we have had over the years in terms of which OEM was going to win, we've been very, very hesitant to make a particular bet or a strategy based off of that, and just to shift chairs between what's happened in either Nokia or RIM or what you have over the years have really I think reinforced that to be the right place. What we tend to do is drive technology. We tend to have an interest in technology and make sure that that's a key thing. Now we are very, very aware that as the market opportunity narrows because of a particular thin modem going better versus the CAP, we have to watch that in terms of how we spend our investment and we're trying to do that judiciously.

Derek Aberle

Kulbinder, this is Derek. On the second question, really if you look at, like you said, we kept the high end of the reported TRDS range the same, but brought up the bottom into the range by about $5 billion which would actually shift the midpoint up. And there is a bunch of puts and takes in that. Obviously the resolution of the dispute would push it up but there's also some offsetting factors with FX, ASP and unit. So you can necessarily triangulate the 5 billion just to the licensee dispute, but the net-net of that is actually probably a more positive not negative picture and I would say kind of incrementally we're feeling more positive about the outlook for the business in the fiscal year than in November even.

Operator

Your next question comes from the line Tal Liani with Bank of America. Please go ahead with your question.

Tal Liani

I have questions about your cash position, U.S. cash position. It declined year-over-year substantially from $8.7 billion to $4.1 billion if my numbers are right. And that means that you will run out of domestic cash in the next nine months or so if you burn the amount of cash. So it also declined substantially sequentially. What are the puts and takes in the cash burn? Is there anything else outside of dividends and buybacks that we need to consider? Then the second question is assuming you're going to have access to more capital, whether it's through debt raising or repatriation even, whatever it is, what are going to be the uses of cash? Are you going to increase the dividend substantially or do you have any agenda on the right dividends if you have more access to capital. Thanks.

Steve Mollenkopf

So consistent with what we've said, the step up and our return of capital is going to drive down our domestic cash balance and that's really what you've seen. We indicated either on the last call or at the Analyst Meeting, I believe it was on the last call, we would actually be in the market raising debt in our second fiscal quarter, which we still believe we will do, and again really to try and maintain a cash balance in the $2 billion to $4 billion range at all times domestically for flexibility. But as you've seen, in '14 we returned capital ahead of our minimum commitment of 75%, closer to 100% and we're ahead of that in the first quarter, having returned 112%. So it's really returning capital more aggressively in the former share repurchase, plus the last two dividend increases where 40% and 20%. So significant increase in our divided outlays as well, all part of our program that we talked about last year and are executing to.

Operator

Your next question comes from the line of Rod Hall with JPMorgan. Please go ahead with your question.

Rod Hall

Thanks for taking my question. I guess you talked a lot about the Snapdragon and what's going on there and the redesign of the -- using your core and so on. I wonder if you could talk a little bit about the second half of the year and the trajectory of the baseband business, the thin modem business. Do you think that you expect to maintain share in the second half of the year? Do you think that share starts to slip a little bit as new competitors come on? Can you just walk us through kind of how you see share progressing on that through the year. And then I wanted to return back to this market growth question. Our model is now predicting a further deceleration of unit volume in 2016. So looking out another year. And I'm just wondering, do you think that ASP declines like you're expecting this year continue on into that year? Are we looking at a year with even slower growth on the total market value? I know that's a long ways out but I'd be curious to know what you're thinking there on ASPs.

Steve Mollenkopf

Rod, this is Steve. So on share, I think what you're really seeing is a change in mix versus a fundamental share picture in QCT. You tend to see more thin modems versus Snapdragon processors. And as everybody is working through changing their portfolio to respond I think to a very strong player in the premium tier that's changed the mix of products. And then in addition I would say in China, we're going to see share gains year-over-year but not as much as we had expected. It's pretty competitive in terms of the environment there. But it's really more a mix story versus a share story.

Derek Aberle

Rod, this is Derek. Let me just kind of go back. I'll try to recap some of the stuff we talked about in New York. We really gave a view on ASPs for '14 and '15 and then talked about -- we think that they're going to stabilize or moderate more longer term. And so we haven't given guidance all the way out into '16. But if you kind of think back to some of the drivers that we still see as playing out over the longer term, right now we think a lot of this is coming from an accelerated growth of emerging region volume, which we think will -- the relative growth versus developed will moderate over time.

We also think there's going to be a replacement cycle over time in the developing regions. And then we gave a number of statistics I think back in New York around increases and affordability and the amount of disposable income that people are willing to spend on their mobile device. And in fact there was just a Boston consulting group report that was released last week in Davos that really underscored that. I think in India it was about 45% of disposable income. It's what people would spend on their mobile device. China was around that same range, maybe a little lower.

So we see a longer term picture where affordability and then people trading up as they move into the smartphone tiers will help actually stabilize or even increase selling prices in emerging regions. And then as we talked about on the -- with the Chinese OEMs, one of the things that's going on right now is basically share shift between non-Chinese players to Chinese OEMs in China and other regions. And today that's coming at a lower ASP, although we think over the long term that that will stabilize as well as there is consolidation and these companies get a stronger position in the market.

Operator

Your next question comes from the line of Amit Shah with Nomura. Please go ahead with your question.

Amit Shah

Derek, you may have read that Apple and Ericsson are in a licensing dispute, with Apple saying that among other things that the royalty should be -- the rate should be based on the price of the baseband chip. And that sort of added to concerns that we may have this spillover effect from China and into other regions. I was hoping you could talk about that. And if you could just update us on when there might be some major contract renewals?

Derek Aberle

Why don't I take the first -- I'll try very hard not to comment specifically on the litigation between Apple and Ericsson, given that they're both partners and customers. But let me just kind of take it up a level and talk about the baseband chip licensing. There have been I would say efforts or arguments made for a number of years, both in patent litigation as well as standards bodies that the appropriate royalty base should be the chip instead of the full device. Those have actually never succeeded anywhere where the argument has been made. And even the damage as well in the U.S. is not consistent with that when you think about portfolio based licensing.

So we'll have to watch this and see where it goes. But certainly the norm in our industry has been very much in line with the way that we have licensed historically and we think there's a lot of good reasons that support that long term. Also I don't want to comment too specifically on China. There have been obviously a lot of rumors and things in the press. But you even look at the Chinese OEMs that have disclosed how they might license their IP portfolios and they talk about licensing at the handset level, not the chip level, and some of the decisions that have come out of China, and the legal system has been consistent with that as well. So there certainly will be arguments made over the years because there's a lot of incentives to make those arguments, but at least as the law stands today, I think we're pretty comfortable with the way that we've structured our program.

Operator

Your next question comes from the line of Mark Sue with RBC Capital Markets. Please go ahead with your question.

Mark Sue

In the early stages of the smartphone market, it was really about getting your phones out to market, velocity [ph] of market, getting it out there. And so that favored the integrated solutions. Now with this concentrated market share and the increased choice of components, local competition in China and as the market further matures, is this part of a broader trend to kind of unbundle and disintegrate components in flagship devices? How we should be thinking about it over the longer term?

Steve Mollenkopf

Mark this is Steve. So I'd say when we look at the accounts and we look at the competitive situation, I would really not make that conclusion. Most of -- in fact without question every competitive solution is trying to get to an integrated space. Part of that is in order to compete in the marketplace, you have to fit within an area and a cost target that without integration very, very difficult to do. It's really only one OEM that doesn't do that and does that well. And they tend to play at a very high tier which gives you little bit more freedom not to do that. But the vast majority of units worldwide don't have that luxury. And so we tend to see everybody trying to produce integrated solutions.

Operator

Your next question comes from the line of Brett Simpson with Arete. Please go ahead with your question.

Brett Simpson

Just on QCT, the high-end, the situation with the 810 share loss, is this really focused on one launched device with this OEM or will it something that you see impacting other flagship launch devices with this OEM throughout the year? And just as a follow-up on QCT, I wanted to square this relationship you have with Samsung LSI. So, on hand you are competing with Samsung LSI's Exynos chip and on the other you are partnering with Samsung LSI on the foundry side for FinFET. So can you help us make sense of this and how this isn’t a dangerous position for Qualcomm? Why are you so confident this is good for the Company?

Steve Mollenkopf

Sure Brett on your first about the 810 and in a particular account, I would think of it as isolated really to one account and one portion of their portfolio. I can’t really talk about what would happen in the future. It’s really a better question for them versus us. Broadly in the industry I think we're quite pleased with the design traction and we just would love to see them take more share versus some other folks in the -- see premium tier growing more would be great for that product, I think this is really the key.

In terms of the relationship with Samsung LSI and Samsung in general, it really hasn’t changed. We've had a long standing relationship with Samsung across different things, whether it’s the licensing or our product business or the foundry or even our collaboration across mobile and different devices. We have a very broad relationship. I wouldn’t think that there is a change in that and it’s not a new relationship as well. As I've mentioned number of times, the fact that Samsung now has a leading node tends to be something that’s good for the Qualcomm business. It allows us to compete with other competitors in the marketplace. So we have a very intricate, but I think a good relationship with Samsung.