Thank you, Warren, and good afternoon, everyone. Let me begin by saying how pleased I am with our performance this year as we delivered record earnings per share and record MSM chipset volumes. Looking forward, our outlook reflect strong revenue and earnings growth in fiscal 2011. In the coming year, we expect continued healthy growth in CDMA-based device shipments including smartphones and other data-centric devices driven by the global adoption of 3G and accelerating consumer demand for wireless data.

There's been a number of highlights this year. First, QCT continued to execute. Our Snapdragon platforms set the competitive benchmark for smartphone silicon, and we've taken a leadership position in offering our chipsets for key operating systems such as Android and Windows Phone 7. We offer the industry's broadest 3G product roadmap, and we continued to grow share in WCDMA chipsets.

Our Licensing business continues to be well positioned in 3G and multimode 3G LTE and now has over 185 licensees. Of note, we added another 14 new Chinese licensees in fiscal 2010, bringing the total number of Chinese licensees to 65. Our licensing program continues to foster innovation and supports the 3G ecosystem that benefits wireless consumers worldwide.

In terms of our Display business, we believe mirasol is a disruptive technology for the mobile display industry. The combined benefits of extremely low power consumption with sunlight viewability and support for color, video and touch sets us apart from the competition. We've made strong progress in the development of this display technology as we brought our first batch online and are targeting limited volume commercial 5.7-inch display devices in the first half of 2011. We're very excited about that prospects for this technology, and we'll be providing more details at our upcoming Analyst Day.

In FLO TV, we have decided to change directions, stepping back from the direct to consumer business and commencing a restructuring plan, under which we expect to exit the current FLO TV Service business. We're in discussions with a variety of interested parties and are continuing to evaluate other options for this business. Possibilities range from a new wholesale model, sale or joint venture with the third-party and/or sale of the spectrum licenses and discontinuance of the operation of the network.

Overall, we had strong earnings and cash flow performance in fiscal 2010. We returned more than $4 billion to shareholders in the form of a $3 billion buyback and over $1 billion in cash dividend. We ended the year well positioned with a strong balance sheet, including $18.4 billion in cash and marketable securities.

Turning to calendar 2011. We expect CDMA and multimode 3G 4G-based device shipments to grow to approximately 765 million units, up 20% year-over-year based on the midpoint of our projections. This growth will be driven by the global adoption of 3G, the continued demand for wireless data, strength in consumer demand for smartphones, growth in new connected device categories as well as 3G momentum in emerging regions.

Operators around the world continue to benefit from the growth in wireless data. Japan is approaching a tipping point where data ARPU will exceed that of voice. In the United States, AT&T recently reported a 30% year-over-year growth in data revenues, and Verizon Wireless stated that data comprised over 35% of its revenues this quarter.

We expect this trend of data growth to continue as operators increasingly experiment with variable pricing plans that provide more choice and lower total cost of ownership alternatives to consumers. To meet the network needs, resulting from this rapid growth in wireless data use, operators continue to make investments in the latest air interface technologies. TDDI recently announced its fourth quarter device lineup, and seven of the new devices included support for multi-carrier EV-DO also known as EV-DO Rev. B.

According to the GSA, to date, there are a total of 81 operators who have launched HSPA+ Networks, of which nine support dual carrier HSPA+ with data rates of 42 megabits per second. The rate of HSPA+ Network launches is faster today than when HSUPA was first introduced. We're also seeing strong momentum behind LTE led by Verizon's expected launch this quarter. Our multimode capabilities are essential for device on these networks, and we're very well positioned to capitalize on these dynamics by leveraging our time-to-market advantages and industry-leading modem solutions.

Smartphones remain the strongest area of growth within the Wireless segment, driven by continued innovation and competition. According to analysts, the global smartphone shipments exceeded 80 million units this quarter, representing a 30% increase quarter-over-quarter and a 95% increase from the year prior.

Looking forward, according to Gartner, smartphones as a percentage of the total handset market is expected to grow from approximately 16% in 2009 to greater than 45% in 2014. These numbers would be even greater if they had included blue mobile platform based phones in their numbers.

And our emergence of new connected device category is also a favorable trend for our business. As volumes in new categories like 3G connected e-readers and tablets continue to grow, they represent incremental growth opportunities for our businesses, driving adoption of multiple 3G devices for consumer.

The growth of 3G and emerging regions is another catalyst for our business. China represents a significant opportunity with a low CDMA penetration rate of 13%. With 3G networks now maturing, operators have turned to increasing the number of devices available on their networks. For example, China Telecom reported more than 100 EV-DO handset models in supply by the first half of 2010. In China, Unicom had over 90 3G models available as of June.

In India, 3G licenses had been issued, and the majority of newly licensed operators plan to launch 3G services before the end of calendar year 2010. Tata DOCOMO became the first private Indian operator to launch 3G. 3G services will be available across all nine of their circles this week.

On the legal front, as we noted in our 10-K, in September, the company was notified by the SEC of a formal investigation that arose from a whistleblower's allegations made in December 2009 to the audit committee of the Board of Directors and to the SEC. The audit committee has conducted a review into the allegations and related accounting practice with the assistance of independent counsel and independent forensic accountants. This recently concluded review did not identify any errors in the company's financial statements. The company continued to cooperate with the SEC's ongoing investigation and look forward to resolving this matter.

And separately, I'm pleased to report that the arbitrator in the Panasonic arbitration issued an interim order in the first day of the process denying Panasonic's claims that we've breached our license agreement with them. We're pleased with this initial finding as it supports our belief that Panasonic's claims are without merit.

So to wrap up, we've completed another record year at Qualcomm, and I'd like to thank all of our employees and partners for their tremendous efforts. With our broad licensing program and industry-leading chipset roadmap, we're extremely well positioned to take advantage of key 3G growth opportunities in both developed and emerging regions around the world.

In looking forward, I am pleased with our outlook for improved revenue and earnings growth in fiscal 2011 and strong growth in CDMA-based device shipments, driven by the global migration in the 3G and the increasing consumer appetite for data-centric devices, particularly smartphones.

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 delivered strong results this year in a dynamic environment, reflecting growing demand across our product portfolio. We had another record quarter, shipping 111 billion MSMs, which was a great follow-on to our record results in the June quarter.

We also had a record year shipping just under 400 million MSMs. We are extremely pleased to deliver stronger-than-expected revenues and operating profit for the quarter and for the fiscal year with operating margins exceeding the top end of our guidance. As we anticipated in July, demand for smartphones continued to grow in the September quarter. This is clearly a favorable trend for our business. Shipments of integrated 7,000 and 8,000-series chipsets increased more than 30% quarter-over-quarter and nearly 100% year-over-year. We also saw continued strong demand for our QSC and data-centric products. Our broad, industry-leading chipset roadmap help us grow share in both WCDMA handsets and in mobile application processors this year.

As forecasted a year ago, we experienced a greater-than-normal decline in our average revenue per MSM during fiscal year 2010. In the first half, this was driven by competitive pricing pressure and an increase in sales of chips for entry level and lower-tier feature phones. In the second half, we saw even stronger-than-anticipated demand for our higher-tier integrated chipsets, evidenced by the fact that we shipped 4x the number of Snapdragon chipsets in the second half of fiscal 2010 than we did in the first half.

This favorable mix trend is likely to continue into fiscal Q1, resulting in a sequential increase in average revenue per MSM. Growth in demand for smartphone chipsets continues to be an important driver for our business, and we expect to see an increase in the variety and tiering of smartphones in the future. We continue to see upside in the high-end of the market as well as the new wave of opportunity coming in the form of lower cost, high volume 3G phones in both developed and developing geographies. The cost advantages of our integrated approach and platform compatibility among our products positions us to grow as these trends play out in the market place.

We have a significant and growing number of design wins based on our integrated solutions, encompassing multiple-priced tiers and form factors. On the high end, devices based on the newest members of our Snapdragon family, the 8X55 and 7X30 chipsets are expected to be available this holiday season and devices based on our dual core products are expected to be available in the first half of calendar 2011.

New, lower-cost smartphones based on our integrated 7X27 and 7X25 chipsets are also growing, including offerings from LG, Motorola, Sony Ericsson and Huawei. In China alone, we have seen a nearly 30% growth in our customer base, with over 40 new designs in this tier. The majority of these are based on the Android operating system.

Our investments to support multiple operating systems positions as well to gain share from smartphone growth. We now have seven different integrated chipsets that support the Android operating system. We are also Microsoft's lead chipset partner for the Windows Phone 7 launch. Our Snapdragon chipset powers all nine of the new Windows Phone 7 handsets, which are expected to be in stores in Europe, the U.S. and Southeast Asia this holiday season.

On the modem side, our innovation, products quality and ability to execute continue to set us apart. In emerging markets like India and China, our single chip QSC product family positions us to benefit from the 2G to 3G transition. A number of customers including Lenovo, Yu Long and Long Xer [ph] have already launched devices based on our 6240 and 6270 chipsets, and we have more than 25 designs in progress at multiple customers in China.

In mature markets, the 3G to 4G transition has started, driven by the increasing demand of smartphones and tablet. Our MDM9600 chipset is the first and only multimode LTE solution designed to help our customers seamlessly bridge this complex technology transition. We have sampled this product and expect to see the first commercial products based off of it this quarter.

We are very pleased that we finished the 2010 fiscal year at such a strong note and above targets, driven by an increase in demand for smartphone chipsets. We expect this trend to continue into the first quarter along with initial demand for LTE chipsets. In the second half, we expect the change in mix as the demand shifts to more mass-market smartphone products and emerging market chipsets driven by the transition from 2G to 3G. We will continue to price in order to gain share in this environment as we did in fiscal 2010. You will also see a major product transition in our portfolio as we sample our first 28-nanometer parts and increase the focus on cost-optimized smartphone solutions.

In closing, we believe the QCT team executed well in fiscal 2010 and continued to drive our technology and integration leadership position in the industry. We believe we are in a strong competitive position to continue to grow share and to lead the transition to smartphones and the growth of mobility in the market. That concludes my remarks. And I now turn the call over to Bill Keitel.

William Keitel

Thank you, Steve, and good afternoon, everyone. We have good results to report to you today. Our fiscal fourth quarter revenues were $2.95 billion, up 10% year-over-year, and non-GAAP earnings per share was $0.68, up 42% year-over-year, both exceeding our prior guidance.

QCT had record MSM shipments and favorable product mix including HSUPA and EV-DO integrated chipsets. QCT's operating margin increased to 28%, reflecting strong volume and increased mix of higher-tiered chipsets.

QTL revenues were $921 million, and total report device sales by our licensees were approximately $28 billion for activity in the June quarter, towards the high end of our prior guidance and up 12% sequentially, reflecting strength in Europe and North America.

We estimate that approximately 153 to 157 million subscriber units were shipped by our licensees in the June quarter at an average selling price of approximately $179 to $185.

As Paul mentioned, we are excited to see the introduction and growing sales of the increasing number of new 3G-enabled products including tablets. It will drive incremental growth for QTL and QCT. As we have explained in the past, our Licensee business for sometime has had a voluntary royalty capping program for certain kinds of the devices, including 3G-enabled laptop computers.

In order to help drive the broadest possible adoption of 3G connectivity in these new incremental product categories, we have decided for now to extend our voluntary royalty capping program to cover some additional types of connected devices such as tablets that meet certain requirements. Depending on selling prices of these devices, the royalty caps may results in a royalty payable on something less than the full ceiling price of the device.

QTL's implied royalty rate decreased slightly quarter-over-quarter, and it's one of the key drivers in the growth of these new connected device sales, notably tablets.

Operating cash flow was $1.1 billion, and our cash and marketable securities balance was $18.4 billion at the end of the quarter, with $6.3 billion onshore and $12.1 billion offshore. Our non-GAAP tax rate was approximately 19% in the fiscal fourth quarter.

Non-GAAP earnings per share for the fourth quarter were up $0.11 over the third quarter. QCT contributed $0.07 on higher MSM shipments and a favorable product mix, while QTL was better by $0.04, driven by higher shipments of CDMA-based devices. The improvements in investment income and our tax rate offset the sequential growth in operating expenses, including two non-recurring operating expense items.

Turning to our results for fiscal 2010, revenues were approximately $11 billion, up 6% year-over-year and in line with the midpoint of our original guidance at the outset of the fiscal year. GAAP earnings for fiscal 2010 were $1.96 per share. Non-GAAP operating income was $4.3 billion, up 37% year-over-year, and non-GAAP earnings were $2.46 per share, up 88% year-over-year. Our business continued to generate strong cash flow. Operating cash flow for fiscal 2010 was more than $4 billion and approximately 37% of revenue.

QCT's fiscal 2010 operating margin was 25% above our original guidance at the outset of the fiscal year, driven by strong volumes and favorable product mix in the second half of the year, including healthy demand for our integrated smartphone chipsets.

QTL's operating margins was 83% for fiscal 2010, and we estimate that the fiscal 2010 device ASP, as reported by our licensees, was approximately $183 to $189. Our non-GAAP and GAAP tax rates were approximately 20% of fiscal 2010. We are updating our estimate for calendar 2010 CDMA device shipments. We now expect approximately 625 million to 650 million devices to be shipped. Based on the 638 million midpoint of our estimates, we expect worldwide CDMA device shipments to grow approximately 26% year-over-year. Our prior estimate had been 23% midpoint growth.

Turning to next year. We estimate calendar 2011 CDMA device shipments will increase approximately 16% to 24% over our 2010 midpoint estimate, with unit shipments of approximately 740 million to 790 million units. Based on the current business outlook, we anticipate fiscal 2011 non-GAAP revenues to be in the range of approximately $12.4 billion to $13 billion, a double-digit increase of 13% to 18% year-over-year. We expect non-GAAP operating income to be in the range of $4.8 billion to $5.3 billion in fiscal 2011, an increase of 11% to 23% year-over-year. We expect fiscal 2011 non-GAAP earnings per share to be in the range of $2.63 to $2.77, an increase of 7% to 13% year-over-year.

We are encouraged by the progress we are making in resolving the two licensing disputes. While the outcomes remain uncertain and the disputes may not be resolved in 2011, we have included some benefit in the high-end of our 2011 guidance relating to resolution of the disputes. Our total amount expected by the licensees is significantly greater than what's in our guidance when prior years and total fiscal 2011 disputed royalties are included. We are trying to be prudent pending resolution of the matters. Once the disputes are resolved, we will adjust our guidance and provide you with an appropriate explanation so that you can understand the impact.

In the QCT segment, we expect a modest decline in revenue per MSM in fiscal 2011, more consistent with historical norms prior to fiscal 2010. We anticipate that non-GAAP R&D and SG&A combined expenses will grow approximately 7% year-over-year and driven primarily by growth in R&D expense.

We have begun a restructuring plan to exit the current FLO TV Service business and expect to incur restructuring charges in fiscal 2011 to reduce ongoing expenses. This in turn better positions us for the strategic alternatives we are considering.

We expect our non-GAAP tax rate in fiscal 2011 to be approximately 21% and our GAAP tax rate to be approximately 19%.

Turning to the first quarter of fiscal 2011, we estimate non-GAAP revenues to be approximately $3 billion to $3.4 billion, an increase of 14% to 26% year-over-year. We anticipate the non-GAAP earnings per share will be approximately $0.70 to $0.74, an increase of 13% to 19% year-over-year. This estimate includes shipments of approximately 115 to 119 million chipsets during the December quarter due to continued strong demand for smartphones in developed markets.

We expect total reported device sales of approximately $31.5 billion to $33.5 billion by our licensees for shipments in the September quarter, and we expect a favorable foreign exchange benefit of several dollars, mostly due to the euro.

We believe that the channel inventory level is going through a seasonal build for the holiday season, although early indications are that the build may be a bit larger than what we've seen in recent years. We expect non-GAAP R&D and SG&A combined expenses to be approximately flat sequentially. The Qualcomm Investor Relations website includes an extensive slide presentation on the many data points included on this conference call, and we look forward to seeing you in New York for our Analyst Day meeting on November 17, where we will share additional data points regarding our fiscal

2011 guidance, including regional device shipment estimates, average selling prices and channel inventory. The Analyst Day event will be webcast for those of you unable to attend.

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

Warren Kneeshaw

Thanks, Bill. I'd like to remind our participants that our goal on this call is to address as many questions as possible before we run out of time. I would encourage you therefore to limit your questions to one per caller. Operator, we're ready for questions.

Question-and-Answer Session

Operator

[Operator Instructions] Maynard Um from UBS.

Maynard Um - UBS Investment Bank

If you could first just talk about in terms of the tablets and the other devices within your guidance, how much it were? If you can emphasize that market in terms of how much is embedded into your guidance currently? And then secondly if I just look at your fiscal year guidance, the math seems to imply that your operating margins in either your QCT or QTL or both will actually decline pretty significantly going into the last three quarters of the year, by my math, maybe below 25% on chipsets if I'm holding 80% margins on my QTL business. Can you just walk through kind of the puts and takes of the margin linearity through the rest of the year?

William Keitel

Maynard, this is Bill. On the tablet question, we are considering whether we share more data on the market estimate and connected devices, specifically for a couple of weeks in New York. It's not currently in the presentation, but it is under consideration for inclusion. On the fiscal year operating margin, you are correct. We are expecting some decline after the first quarter. As Steve mentioned, we are looking at a channel inventory build here in the December quarter. Typically, that begins to run off into the March and June quarters, number one. And number two, Steve talked about some product transitions that we foresee here in the second half of the year. So we are expecting operating margins to decline a bit in the QCT business.

Operator

Michael Walkley from Cannacord.

T. Michael Walkley - Canaccord Genuity

Bill, I was wondering if you could update us on mirasol. You said last year it was about $180 million to $190 million if my memory's right in terms of your guidance for fiscal '10. Can you update us on what might be included in the guidance for fiscal '11? And then just building an Maynard's question in terms of the margins, I know usually in the March quarter, you have an ASP lead price of lower prices ending the year of your QCT divisions. Is that how we should think about that division also?

William Keitel

Mike, on mirasol, I think we've got some good information to share with everybody in a couple of weeks on how we see that business developing and unfolding. We had said at the outset of this year that we expected about $190 million operating loss in that business, and we did do a little bit better than that, kind of $15 million or so better this year. The operating loss within this guidance, we're projecting a higher loss for fiscal 2011, and we'll give some specifics on that in a couple of weeks. On the average ASP within QCT, as the year unfolds right now, we think we're in an -- developed market for us is developing one kind of add and the other one flows a bit as you progress. Right now, we think we are very much in an add-on in the developed market. The latter part of this year, we are expecting emerging market to do a bit better. So that would suggest a bit of a decline in average revenue per MSM.

Operator

Brian Modoff from Deutsche Bank.

Brian Modoff - Deutsche Bank AG

Bill, first, you talked about the cap in non-handset devices that you'll charge. Is that cap lower than what you might collect on a higher-end smartphone ASP? And then a question for Steve as well. You talked about kind of the mix changing a little in the back half of the year. What are you assuming for products like a Snapdragon dual core? Should we be seeing that soon? And then the overall smartphone mix, do you expect that to continue to increase as a percent of your overall chip mix in terms of shipments in the back half of the year?

Derek Aberle

Brian, this Derek. Let me address your first question. We have had generally, across our licensing program, a capping program for some time. Now, what we're rolling out I think in a little more breadth is some specific caps to specific devices. And I think as for those, the expectation is that they will be below the caps that would apply generally to the broader set of the handset devices.

Brian Modoff - Deutsche Bank AG

Someone selling a smartphone might pay you more royalty than someone selling a netbook or a pad device.

Derek Aberle

Yes.

Steven Mollenkopf

Brian, this is Steve. On your smartphone mix question, I think what you're saying is in the first quarter, certainly in the quarter that we gave guidance on, we continued to see very strong shipments of smartphones and probably, as I mentioned in my script, a little bit more than we even thought a couple of quarters ago. In the second half of the year, what we anticipate happening is that this shift will be probably a little bit more to the developing market, which would kind of pull that down a little bit in terms of the type of device that we ship. It's more of a statement I think about how I think strong it is at the moment versus kind of what's happening in the second half. Although in the second half, as Bill said, it kind of goes back and fourth between developed markets versus emerging markets. We saw that happen this year as well. In terms of dual core, dual core, we have today over 10 different companies designing tablets on our dual core solutions. So we feel very good about where they're going. And then also in the handset space, you'll see that as well. That mix will start to happen through the year. The tablets space at this point, it's difficult to say how big that space is going to be. I've seen a lot of different estimates on that, and it will be interesting to see what happens. As we've probably talked before, we see that developed world being one type of market. In the developing world, I think you'll tend to see a number of different types of devices go in there, mainly because there is no laptop market for them to have to displace, and we've already seen that with some of our product today. You've seen products going into India based off of smartphone chips. So there'll be a little bit of a mix there. In all cases, I think we're still trying to figure out how big that market is and how it will develop throughout the year.

Operator

Tim Long from Bank of Montreal.

Tim Long - BMO Capital Markets U.S.

Just a question maybe for Derek and Steve on LTE and timing of impact. I think, Steve, you talked about getting some chips in the market for the data cards this quarter. Could you talk a little bit about the timeline for phones? I think it's going to be single-chip for a while and when do we get the integrated chip? And then Derek, if you could just talk a little bit about when you think LTE devices will really start hitting the numbers and what impact we could expect from them for next year?

Steven Mollenkopf

This is Steve, I'll handle the first part of that. I think you'll see, consistent with what we've said before, you'll see first products launch on our chipset here in this quarter that we're in today. I think you'll see a big push on more handset and other connected products, probably around the timing of CES, and those will start to come in at the high-end of the portfolio next year and certainly built. We are addressing that really in three different ways. The first product is the MDM9600, which is the one I mentioned on the script and that's going into production in customer's devices here this quarter. And we will augment that with both our single core and dual core chipsets through next year and then follow that up with our integrated 28-nanometer device that we've talked about. So it's a portfolio of products that will develop through next year according to that transition progression.

Derek Aberle

Let me take the second half of that. As you know, the royalties that are generated are paid in arrears, so we do expect some volume of LTE 3G multi-mode devices in the fiscal year, although given the QTL fiscal year to be less than what you would expect in a full calendar year. The licensing structure we have in place, as you know, already applies to multimode 3G LTE devices so that the royalties will continue to get paid on those devices without the need for us to go out and sign new agreements. I think we do expect, to some extent, upward movement on the ASP front of these devices, given that the introduction of products with new technologies tend to start out at a little higher price point and work its way down, so it could be a positive contribution to ASP.

Operator

Tim Luke from Barclays Capital.

Timothy Luke - Barclays Capital

Both on your numbers in your guidance with respect to the question, I was wondering, Steve, in providing your guidance for somewhat lower ASP assumption in the back half of next year for the Chip business, could that partially be reflective of some customers requiring based on functionality rather than an integrated-based band and application offering. And also if you could clarify from Bill's comment, he said that he might expect slightly higher inventory levels to be sustained through this calendar quarter and you've state about strength of smartphones into the first quarter. How do we think about those two elements and what might be underpinning them?

Steven Mollenkopf

I think what you're seeing is more of a -- or at least at we've modeled is more of a shift within the integrated portfolio as opposed to a change in architecture. As I mentioned in the script, we're seeing very strong traction with our integrated solution, I think more of what is likely to happen. And again, this is a difficult thing to model. You're predicting mix and inventory levels out two or three quarters, which I think history is sometimes difficult to do. But our current plan assumes that shift tends to be more toward the mass market smartphone, which is a different type of product than I think we're selling right now in a lot of the developed market. It's I think a good trend for the business because that also tends to pull 2G subscribers over to 3G. And I mentioned how in the China market, for example, we're getting a lot of design traction on what I would consider to be mass-market smartphones. I think more of the growth of that market segment is occurring versus any change in architecture.

William Keitel

Tim, this is Bill. On the channel inventory question, as you know, we are aware typically see a little more channel inventory building in this December quarter for the holiday season. And then you look back in past years, the work-off of that extra inventory is typically in the March quarter, but sometimes, it extends into the June quarter. We're trying to monitor this very closely this year. We are, as we said, a little suspect that there's a bit more inventory build than what we've seen in prior years, and it's just around new devices, new OEMs and a lot of excitement around the whole smartphone market. So we're going to continue to monitor this here over the next couple of weeks, and when we're in New York, we'll share with you our best view of it, as of that point in time as to just how much of an increase is it, and do we think it's a March unwind or a March and June quarter unwind.

Operator

Simona Jankowski from Goldman Sachs.

Simona Jankowski - Goldman Sachs Group Inc.

Just a couple of questions on the QTL. Bill, I think you said that the implied royalty rate decreased quarter-on-quarter partly because of the capping program in tablets. And I would imagine that the capping program impacts ASPs but not the royalty rate, if you can just clarify that. And then the second question on QTL was it looks like ASP has actually declined a little bit sequentially and I understand that they're one quarter in arrears, but Q2 is really strong quarter for smartphone. So I'm just curious why ASPs were down. And then just lastly, in QTL, the 82% level for operating margins, is that now a normalized level for that business? Or are there still any excess legal costs or any thing that's unusual there that's depressing that margin?

Derek Aberle

This is Derek. Let me take the first one. So basically, yes, there is a sequential decline in the implied rate. As Bill mentioned, the devices that are coming through a total reported device sales are coming throughout at a full ASP. And to the extent that as a royalty cap in place, that means the royalty will actually get paid on something less than that complete selling price, so that does have a downward effect on the implied rate that you would calculate based on the information that we provide. And as typical, some of the revenue outside of the subscriber base tend to be a bit lumpy. Audit recovers were a bit down this quarter as well. That was contributed to the quarter-over-quarter change.

Paul Jacobs

On the ASP question, ASPs for the September quarter we just reported were pretty much in line with what we expected. It was a modest decline from the prior quarter, and as we had mentioned last time, that was primarily the euro. There was a few dollars of euro FX impact that reduced the average selling price. But on that same point, as I mentioned earlier, we're seeing the opposite impact here in this coming December quarter. We're looking for several dollars of positive impact, again primarily due to the euro. On the operating margin side for our Licensing business. Last quarter, we reported approximately 80%. This quarter, we reported 83%. So we did indicate that last quarter was an abnormal quarter. And then in terms of the full year, obviously, we're looking for good earnings growth and part of that is we are looking to grow revenues and operating income at a faster rate than our operating expenses. So we are looking to leverage that pace of operating expense that we already have in place. So on balance, operating margins, I think, are on a positive trend here.

Operator

Mark McKechnie with Gleacher & Company.

Mark McKechnie - Gleacher & Company, Inc.

I want to ask about the non-recognized licensees. In the past, you said it was about $200 million or so. Has that run rate increased? And then would they'd be included in your guidance, a kind of a catch-up? Because it's been a couple of years since they've paid. And then I also have a question on the chip side, in terms of overall content, I think the big driver on the increase generally is going to be apps processor and maybe move to 4G, so maybe if Steve can give us an update on -- I want to clarify that. And then second is any update on your connectivity solutions in terms of growing your footprint into WiFi into GPS?

William Keitel

Mark, it's Bill. On your first point on the licensees, yes, last year we indicated that we thought there was approximately $200 million of revenues that we would not be recognizing, and that $200 million was -- the estimate as of the end of fiscal '10. We updated that during the year and indicated we're still in that range of approximately $200 million. The number, obviously, we haven't given you a specific for where it stands. Our estimate as of the end of fiscal '11, it is substantially larger. And we thought it best not to do so. The number is quite large, and we thought it was better just to put in a prudent estimate into our guidance, the high-end of our guidance for what we expect to be able to recognize and get paid for and get reported on by licensees here in this fiscal year. And as we reach resolution, we will update everybody on the specifics and give best clarity we can as to what will prior year impacts and what's the current year impact.

Derek Aberle

Just to be clear, the number that's in the high-end of our guidance does not include the amount from prior periods.

Steven Mollenkopf

In terms of the AP tax rate that is growing we talked about in June that we had a 50% or nearly 50% sequential growth in our 7K and 8K units. We just reported 32% sequential from June to September. And then looking forward, we expect to see solid double-digit percentage gain on a sequential basis into Q1. So we think that, that business is going quite well or that business segment is going quite well in terms of growing share. 4G, we think, is a positive catalyst for us as well on the ASP side as well as on the content side. As we've talked about before, a number of -- I think there are two things that differentiate us on the 4G side. One is our multimode capability, that ability to seamlessly handle or provide simultaneous services across the 3G and the 4G networks. And then also I think just our ability to execute what we saw through the quarter was a build in terms of demand for LTE chipsets, and I think that's probably a good data point for how we're able to deliver. In terms of connectivity, GPS is a big component of our solution today. It has been for a long time. It's something that has a very high attach rate with our solution across the feature phones as well as smartphones. We're now shipping Bluetooth in the tens of millions a year-type of quantity, and that has started to move into being an integrated solution in our smartphone roadmap. That will be followed by our Wireless LAN solution, and then we will integrate that as well. So if you look at our product portfolio, we started sampling stand-alone Bluetooth devices several years ago, and now we've migrated that into the MSM. We're a little bit delayed relative to the Bluetooth schedule, but same strategy is playing out on wireless LAN. So it's a standalone product today will be integrated here in the future and you'll hear more announcements about that in the future.

Operator

Ehud Gelblum from Morgan Stanley.

Ehud Gelblum - Morgan Stanley

Steve, you spoke about your WCDMA chips share going up. Can you give us a sense as to where you think that is? Because it sounds that you do track it in a sense, and you gave great information on the integrated 7,000 and 8,000, how they've grown in the last couple of quarters. But can you give us again a sense as to roughly what percent you are of your total MSMs are now of the 7,000 or 8,000 just to give us any ballpark that we have 50% again and we still are in the 20%, 30%, so something that's sort last couple really strong quarters. And then another clarification. Bill, you said that I just want to make sure I heard that right, that all out or was it the majority of the royalty rate decline this quarter I calculate around 3.25% versus we were expecting an income of 3.4%. Was that all due to the caps or were there other things in there so we kind of back-end?

Steven Mollenkopf

It's Steve. I'll talk about the share issue. We think we are building share. At least -- I think we're building share, both in the handset market or actually in the handset market and overall. I think in the past, the WCDMA market has been strong growth in data cards and then really what happened was there's been, I think, a pretty strong move into smartphones. That transition into smartphones I think has been a good transition for us in terms of share. We expect that to continue through fiscal year '11. And as I said in my remarks, we will be continue to be aggressive in both protecting slots as well as trying to grow our share throughout the year. And as things move, I think a little bit more to being integrated solutions in the smartphones space, we think that the market will move into a direction that plays to our strengths. I think there was a question there on 4G as well in terms of share or no?

Ehud Gelblum - Morgan Stanley

First of all if you could quantify all of that -- the share you talk about NWB and then second of all, the integrated percent of your total MSMs under integrated, you've told us they've grown 50% and then 33% last two quarters. But if you could give us a sense quantitatively where -- what the penetration rate of your total MSMs are right now of the integrated or the 7,000 or 8,000?

Steven Mollenkopf

Sure. On both of those, I don't think we've provided that type of guidance in the past. I would say that in terms of the percentage gain, it's a significant amount that I think the growth in percentage is actually meaningful as opposed to a law of small numbers type of issue. But of course, I don't think that's something that we've broken out in the past.

Donald Rosenberg

This is Don. On the royalty rate question, in this quarter we just reported what we call the implied royalty rate as compared to the third quarter decreased 10 basis points. The primary driver of that was just this connected device point that we've made. But then, as Derek mentioned, a contributor as well, was the fact that audit recoveries, which tend to be lumpy where not as much in the fourth fiscal quarter as they were in the third fiscal quarter.

Ehud Gelblum - Morgan Stanley

So the majority of the 10 bips was the connected device cap?

Donald Rosenberg

Yes. The primary driver was connected devices.

Operator

James Faucette from Pacific Crest.

James Faucette - Pacific Crest Securities, Inc.

I wanted to follow up on the tablets and I think in response to Maynard's question at the outset of the Q&A session, is that you indicated you were debating whether to give more view into what you think the tablet market may look like. I just want to clarify that you do have some tablet build into your guidance for fiscal year 2011 first. Second, as part of that, several years ago you gave a statistic of tens of millions of units shipped related to connectivity, and I think most of those were laptop cards. How are you thinking about cannibalization of tablets into what you've been getting from things like USB, dongles, et cetera? And then finally, just a contribution from TD-SCDMA, in the past, there has been some comments that you may start to try to address that market but can you just give us a rough outline of how we should be thinking about TD-SCDMA's contribution to your fiscal year 2011 outlook and when you might be participating in the Chipset business there.

William Keitel

James, I'll take the first two. This is Bill. On the tablet market, yes, we do have an estimate in our forward guidance. Yes, we do have that in. And then how we think of tablets in terms of our cannibalization, I think the key point there is that we see tablets being sold with a higher rate of Wide Area Network connectivity, 3G connectivity than what we were seeing laptops go with that same capability. So we think as time goes on, tablets will substitute, to some degree, for a laptop. But on balance, the connectivity stays at an increment. It's clearly a positive for Qualcomm.

Steven Mollenkopf

This is Steve. On the chipset side, it really looks like an incremental market to us. And the interesting thing about it is I think it's unlike the netbook space and the laptop space, the embedded attach rate of wireless LAN is quite high, which I think helps us in two ways. One is that it just sets up the market better for us. The other one is that I think it encourages a number of the handset players to pull up into that space. So it looks very much like a different market to us form the chipset side, one that we could leverage our traditional strengths on.

Derek Aberle

At this point, we don't really see that cannibalizing the dongle space either. Let me just comment on TD-SCDMA. I think its a similar story, I think, as we've said in the past, we've got a large number of companies that are licensed for TD-SCDMA where we're collecting royalties from those licensees on nice segment of the devices being sold in China. However, we still got some work to do and we're continuing to engage in discussions and try to enter into agreements with the remaining companies that are supplying in

China that are not yet licensed. And I think we'll be in a position to put a little more color on that in a couple of weeks in New York.

Operator

Albert Yanni from Bank of America Merrill Lynch.

Unidentified Analyst

I'd like to look into your guidance. You mentioned that you have some contribution from tablets, I'm wondering if you can quantify? And then you also mentioned there is some contribution from the licensing dispute, and I'm wondering if you can quantify also this one. And the third point, mirasol this year, as far I remember, it was $0.09 of losses from my calculations. What's embedded in your guidance for next year? Are you assuming substantial increase or not? And then can you also discuss -- you said that you maybe able to update us soon on mirasol, but can you discuss what's going to be the impact of any investment you have there? What could be the impact on your guidance?

William Keitel

This is Bill. On the constitution from tablets, what we said was that on our presentation as it stands right now, in New York, but we are considering and we're having a good discussion on whether we would include a breakout estimate of connected devices. So it's under consideration, but we haven't decided that yet. It's a new developing market, a little harder to forecast because of that reason, but we are considering that. On the licensing dispute, I'll just recount I think what I think are the key points we made here. If you recall, we had said it was approximately $200 million as of the end of fiscal '10. That was due to loss and of course some licensee is paying. But we haven't recognized it. So revenues and earnings that we haven't recognized. And that number for fiscal '11 is substantially greater. And so the decision was rather than put forth it was a pretty large number. We thought it was better to just put in a very prudent estimate into our guidance of what we think will be ultimately recognizable in fiscal '11, and we did not include in that any prior year. So it would only be a prudent estimate of what is earned and what we think we will report to recognize in fiscal '11. From a timing standpoint, we'll put that in the second half of the year, but that's what we've got right now. On the mirasol side, the 2010 operating loss was approximately $180 million. We do have on a percentage basis I would say it's a fairly substantial increase year-over-year. Operating loss I think, as you know, we're pretty optimistic about the potential here we've got, and we'll get into some more specifics on that on what's in the guidance and where we stand on that business in a couple of weeks when we see in New York.

Operator

Rod Hall from JPMorgan.

Rod Hall - JP Morgan Chase & Co

One, I guess given the election results last night, I wonder if you guys can talk a little bit about what you think the timing on potential legislation to let you repay trade with what international cash might look like and just generally comment on what you think the probabilities are there? I'd also be interested in whether you think paying a dividends earlier or getting to some sort of a dividend like Cisco had done would help your chances with the government? So that's one question. And then another one, it's just I know it's been asked several times, but I want to clarify again, on the royalty caps, can you just confirm that you're using an absolute U.S. dollar amount for the cap? And then can you also talk about how you're basing that cap? In other words, should we assume that the absolute U.S. dollar royalty payment on these devices is going to be based off of what you're already receiving as an average on existing smartphone royalties? Or is it something completely different?

Paul Jacobs

This is Paul, let me take the repatriation question since I've been in the middle of having those discussions with the members of the administration and Congress people. The discussions have really focused around what the use of that money would be, whether it be used for things like building factories in the United States or other forms of CapEx, creating more R&D jobs so funding innovation or dividends. I've been a pretty strong proponent that dividends would be a good use of that money, because of it create a velocity of money in the economy. I would not say that I've gotten great traction with that at this point, but we're continuing to do that. we're doing an economic study about repatriation and when that is completed, we'll be going around Washington. Hopefully, demonstrating to people the value of repatriation. So far, dividends hasn't been something that's been a leverage point, but as I said, we'll continue to try and drive that thought.

William Keitel

Then on the tablet question, again what we're looking to do is on a specific set of device categories, what we really want to help drive a higher penetration of 3G put in place on specifically tailored caps. And as I said, they are lower than sort of the traditional caps that apply generally or broadly across the licensing program, but at this point, we're not really going to get any more detail as to exactly how they're calculated or what they are.

Operator

Stacy Rasgon from Sanford Bernstein.

Stacy Rasgon - Bernstein Research

I'm just having a little bit of trouble reconciling it. So if I take the midpoint in fiscal '11, you got revenues up 16%. You've got operating profit of about the same amount 17%, with OpEx up only 7% or 8%, so I can see where the margin compression is coming from here. But you got EPS up only about 10%. So it sounds like there's quite a bit of cost or some other kind of compression below the line thus affecting the difference between the operating profit increase and the EPS increase. Can you give me some feeling for what that actually is?

Steven Mollenkopf

It's pretty straightforward. We don't include it in our guidance a forecast of unrealized capital gains on the investment portfolio. Just the net of what we might realize versus what we might have to impair we feel is an area that's difficult to forecast, so we just don't include it in our guidance.

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

I think at the beginning of the fiscal year, there were a lot of concerns about our competitive Chipset division and growth opportunities in the Licensing business, and I'm really happy with our performance in the year and also with our projections going forward. The Snapdragon sales really highlight our strength in smartphones. Smartphones and also these new device types are driving a lot of opportunities for the Licensing business. And so I was very excited by what we see as a potential going forward. The reason is because the wireless industry really continues to innovate in an extremely rapid pace, and it's doing that because it's responding to consumer traction and excitement, and the amount of focus on this space I think is almost higher than it's ever been. And so I feel like Qualcomm is extremely well positioned there. We are going to continue to drive that dynamic as hard as we can with new products and new technologies in 2011 and beyond. So we thank you very much for your support and thanks for being on the call today, and we look forward to seeing you in New York.