UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark one)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 29, 2009

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 0-19528

QUALCOMM Incorporated

(Exact name of registrant as specified in its charter)

Delaware **(State or other jurisdiction of incorporation or organization)**	**95-3685934** **(I.R.S. Employer Identification No.)**
5775 Morehouse Dr., San Diego, California **(Address of principal executive offices)**	**92121-1714** **(Zip Code)**

(858) 587-1121
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past ninety days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☑	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes☐ No ☑

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

The number of shares outstanding of each of the issuer's classes of common stock, as of the close of business on April 27, 2009, were as follows:

Class	Number of Shares
Common Stock, $0.0001 per share par value	1,655,024,331

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PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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

	March 29, 2009	September 28, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,892	$ 1,840
Marketable securities	5,523	4,571
Accounts receivable, net	804	4,038
Inventories	409	521
Deferred tax assets	280	289
Collateral held under securities lending	—	173
Other current assets	324	291
Total current assets	11,232	11,723
Marketable securities	4,560	4,858
Deferred tax assets	941	830
Property, plant and equipment, net	2,282	2,162
Goodwill	1,502	1,517
Other intangible assets, net	3,123	3,104
Other assets	444	369
Total assets	$ 24,084	$ 24,563
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Trade accounts payable	$ 444	$ 570
Payroll and other benefits related liabilities	313	406
Income taxes payable	109	20
Unearned revenues	421	394
Obligations under securities lending	—	173
Other current liabilities	970	728
Total current liabilities	2,257	2,291
Unearned revenues	3,599	3,768
Income taxes payable	276	227
Other liabilities	839	333
Total liabilities	6,971	6,619
Commitments and contingencies (Note 7)		
Stockholders' equity:		
Preferred stock, $0.0001 par value; issuable in series; 8 shares authorized; none outstanding at March 29, 2009 and September 28, 2008	—	—
Common stock, $0.0001 par value; 6,000 shares authorized; 1,653 and 1,656 shares issued and outstanding at March 29, 2009 and September 28, 2008, respectively	—	—
Paid-in capital	7,648	7,511
Retained earnings	10,241	10,717
Accumulated other comprehensive loss	(776)	(284)
Total stockholders' equity	17,113	17,944
Total liabilities and stockholders' equity	$ 24,084	$ 24,563

See Notes to Condensed Consolidated Financial Statements.

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

	Three Months Ended		Six Months Ended	
	March 29, 2009	March 30, 2008	March 29, 2009	March 30, 2008
Revenues:				
Equipment and services	$ 1,412	$ 1,725	$ 2,835	$ 3,429
Licensing and royalty fees	1,043	881	2,137	1,618
Total revenues	2,455	2,606	4,972	5,047
Operating expenses:				
Cost of equipment and services revenues	738	820	1,493	1,604
Research and development	604	553	1,207	1,064
Selling, general and administrative	375	420	789	808
Litigation settlement (Note 9)	748	—	748	—
Total operating expenses	2,465	1,793	4,237	3,476
Operating (loss) income	(10)	813	735	1,571
Investment (loss) income, net (Note 4)	(91)	93	(385)	265
(Loss) income before income taxes	(101)	906	350	1,836
Income tax expense	(188)	(140)	(298)	(303)
Net (loss) income	$ (289)	$ 766	$ 52	$ 1,533
Basic (loss) earnings per common share	$ (0.18)	$ 0.47	$ 0.03	$ 0.94
Diluted (loss) earnings per common share	$ (0.18)	$ 0.47	$ 0.03	$ 0.93
Shares used in per share calculations:				
Basic	1,651	1,617	1,652	1,626
Diluted	1,651	1,643	1,665	1,653
Dividends per share announced	$ 0.16	$ 0.14	$ 0.32	$ 0.28

See Notes to Condensed Consolidated Financial Statements.

QUALCOMM Incorporated
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)
(Unaudited)

	Six Months Ended	
	March 29, 2009	March 30, 2008
Operating Activities:		
Net income	$ 52	$ 1,533
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	306	219
Revenues related to non-monetary exchanges	(57)	—
Non-cash portion of income tax expense	166	82
Non-cash portion of share-based compensation expense	285	255
Incremental tax benefit from stock options exercised	(32)	(101)
Net realized losses (gains) on marketable securities and other investments	33	(118)
Other-than-temporary losses on marketable securities and other investments	601	119
Other items, net	(20)	(11)
Changes in assets and liabilities, net of effects of acquisitions:		
Accounts receivable, net	2,824	8
Inventories	113	(135)
Other assets	(30)	42
Trade accounts payable	(103)	20
Payroll, benefits and other liabilities	710	(66)
Unearned revenues	(84)	(20)
Net cash provided by operating activities	4,764	1,827
Investing Activities:		
Capital expenditures	(468)	(428)
Purchases of available-for-sale securities	(4,296)	(2,960)
Proceeds from sale of available-for-sale securities	2,461	3,989
Cash received for partial settlement of investment receivables	317	—
Other investments and acquisitions, net of cash acquired	(40)	(275)
Change in collateral held under securities lending	173	87
Other items, net	6	26
Net cash (used) provided by investing activities	(1,847)	439
Financing Activities:		
Proceeds from issuance of common stock	101	236
Incremental tax benefit from stock options exercised	32	101
Dividends paid	(528)	(455)
Repurchase and retirement of common stock	(285)	(1,670)
Change in obligations under securities lending	(173)	(87)
Other items, net	(3)	—
Net cash used by financing activities	(856)	(1,875)
Effect of exchange rate changes on cash	(9)	1
Net increase in cash and cash equivalents	2,052	392
Cash and cash equivalents at beginning of period	1,840	2,411
Cash and cash equivalents at end of period	$ 3,892	$ 2,803

See Notes to Condensed Consolidated Financial Statements.

Note 1 — Basis of Presentation

Financial Statement Preparation. The accompanying interim condensed consolidated financial statements have been prepared by QUALCOMM Incorporated (the Company or QUALCOMM), without audit, in accordance with the instructions to Form 10-Q and, therefore, do not necessarily include all information and footnotes necessary for a fair presentation of its consolidated financial position, results of operations and cash flows in accordance with accounting principles generally accepted in the United States. The condensed consolidated balance sheet at September 28, 2008 was derived from the audited financial statements at that date but may not include all disclosures required by accounting principles generally accepted in the United States. The Company operates and reports using a 52-53 week fiscal year ending on the last Sunday in September. The three-month and six-month periods ended March 29, 2009 and March 30, 2008 both included 13 weeks and 26 weeks, respectively.

In the opinion of management, the unaudited financial information for the interim periods presented reflects all adjustments, which are only normal and recurring, necessary for a fair statement of results of operations, financial position and cash flows. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended September 28, 2008. Operating results for interim periods are not necessarily indicative of operating results for an entire fiscal year.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts and the disclosure of contingent amounts in the Company's financial statements and the accompanying notes. Actual results could differ from those estimates. Certain prior year amounts have been reclassified to conform to the current year presentation.

Principles of Consolidation. The Company's condensed consolidated financial statements include the assets, liabilities and operating results of majority-owned subsidiaries. The ownership of the other interest holders of consolidated subsidiaries is reflected as minority interest and is not significant. All significant intercompany accounts and transactions have been eliminated. Certain of the Company's foreign subsidiaries are included in the consolidated financial statements one month in arrears to facilitate the timely inclusion of such entities in the Company's condensed consolidated financial statements. The Company is not the primary beneficiary, nor does it hold a significant variable interest, in any variable interest entity.

Earnings (Loss) Per Common Share. Basic earnings (loss) per common share is computed by dividing net income (loss) by the weighted-average number of common shares outstanding during the reporting period. Diluted earnings per common share is computed by dividing net income by the combination of dilutive common share equivalents, comprised of shares issuable under the Company's share-based compensation plans and shares subject to written put options, and the weighted-average number of common shares outstanding during the reporting period. Dilutive common share equivalents include the dilutive effect of in-the-money share equivalents, which is calculated based on the average share price for each period using the treasury stock method. Under the treasury stock method, the exercise price of an option, the amount of compensation cost, if any, for future service that the Company has not yet recognized, and the estimated tax benefits that would be recorded in paid-in capital, if any, when the option is exercised are assumed to be used to repurchase shares in the current period. Due to the net loss for the three months ended March 29, 2009, the assumed exercise of 221,307,000 common share equivalents had an anti-dilutive effect and was therefore excluded from the computation of diluted loss per share. The incremental dilutive common share equivalents, calculated using the treasury stock method, for the six months ended March 29, 2009 was 13,281,000. The incremental dilutive common share equivalents, calculated using the treasury stock method, for the three months and six months ended March 30, 2008 were 26,447,000 and 27,453,000, respectively.

Employee stock options to purchase approximately 157,035,000 shares of common stock during the six months ended March 29, 2009 and employee stock options to purchase approximately 125,081,000 and 121,278,000 shares of common stock during the three months and six months ended March 30, 2008, respectively, were outstanding but not included in the computation of diluted earnings per common share because the effect on diluted earnings per share would be anti-dilutive. The computation of diluted earnings per share for the six months ended March 29, 2009 excluded 55,000 restricted stock units issued during fiscal 2008 because the effect on diluted earnings per share would be anti-dilutive.

QUALCOMM Incorporated
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Comprehensive Income (Loss). Total comprehensive income consisted of the following (in millions):

	Three Months Ended		Six Months Ended	
	March 29, 2009	March 30, 2008	March 29, 2009	March 30, 2008
Net (loss) income	$ (289)	$ 766	$ 52	$ 1,533
Other comprehensive income (loss):				
Foreign currency translation	(2)	(1)	(60)	9
Net unrealized gains (losses) on marketable securities and derivative instruments, net of income taxes	120	(268)	(948)	(367)
Reclassification of net realized losses (gains) on marketable securities and derivative instruments included in net income, net of income taxes	4	(8)	26	(56)
Reclassification of other-than-temporary losses on marketable securities included in net income, net of income taxes	172	28	490	62
Total other comprehensive income (loss)	294	(249)	(492)	(352)
Total comprehensive income (loss)	$ 5	$ 517	$ (440)	$ 1,181

Accumulated other comprehensive loss consisted of the following (in millions):

	March 29, 2009	September 28, 2008
Net unrealized losses on marketable securities, net of income taxes	$ (730)	$ (291)
Net unrealized gains on derivative instruments, net of income taxes	29	22
Foreign currency translation	(75)	(15)
	$ (776)	$ (284)

Share-Based Payments. Total estimated share-based compensation expense was as follows (in millions):

	Three Months Ended		Six Months Ended	
	March 29, 2009	March 30, 2008	March 29, 2009	March 30, 2008
Cost of equipment and services revenues	$ 10	$ 9	$ 20	$ 19
Research and development	68	60	137	117
Selling, general and administrative	62	61	128	121
Share-based compensation expense before income taxes	140	130	285	257
Related income tax expense (benefit)	5	(42)	(42)	(83)
Share-based compensation expense, net of income taxes	$ 145	$ 88	$ 243	$ 174

During the second quarter of fiscal 2009, the Company recorded tax expense of $47 million to reflect the future impact of California budget legislation enacted February 20, 2009 (Note 5). The Company recorded $31 million and $35 million in share-based compensation expense during the six months ended March 29, 2009 and March 30, 2008, respectively, related to share-based awards granted during those periods. In addition, for the six months ended March 29, 2009 and March 30, 2008, $32 million and $101 million, respectively, was reclassified to reduce net cash provided by operating activities with an offsetting increase in net cash used by financing activities to reflect the incremental tax benefits from stock options exercised in those periods. At March 29, 2009, total unrecognized estimated compensation cost related to non-vested stock options granted prior to that date was $1.4 billion, which is expected to be recognized over a weighted-average period of 3.4 years. Net stock options, after forfeitures and cancellations, granted during the six months ended March 29, 2009 and March 30, 2008 represented 1.2% and 1.5%, respectively, of outstanding shares as of the beginning of each fiscal period. Total stock options granted during the six months ended March 29, 2009 and March 30, 2008 represented 1.3% and 1.8%, respectively, of outstanding shares as of the end of each fiscal period.

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Future Accounting Requirements. In December 2007, the FASB revised Statement No. 141 (FAS 141R), "Business Combinations," which establishes principles and requirements for how the acquirer in a business combination (i) recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree, (ii) recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase and (iii) determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. FAS 141R will be effective for the Company's fiscal 2010 beginning September 28, 2009. The Company is in the process of determining the effects, if any, the adoption of FAS 141R will have on its consolidated financial statements.

FASB Statement No. 157 (FAS 157), "Fair Value Measurements," issued in September 2006, defines fair value, establishes a framework for measuring fair value and expands disclosures about assets and liabilities measured at fair value in the financial statements. In February 2008, the FASB issued FASB Staff Position 157-2 (FSP 157-2) which allows for the delay of the effective date of FAS 157 for one year for all nonfinancial assets and liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis. The Company adopted FAS 157 for financial assets and liabilities effective September 29, 2008 but elected a partial deferral under the provision of FSP 157-2 related to nonfinancial assets and liabilities that are measured at fair value on a nonrecurring basis, including goodwill, wireless licenses, other intangible and long-lived assets, guarantees and asset retirement obligations. The Company is in the process of determining the effects, if any, FAS 157's application to such nonfinancial assets and liabilities will have on its consolidated financial statements.

In April 2009, the FASB issued FASB Staff Position FAS 115-2 and FAS 124-2 (FSP 115-2 and 124-2), "Recognition and Presentation of Other-Than-Temporary Impairments," which amends the existing guidance on determining whether an impairment is other-than-temporary for investments in debt securities. In addition, the FASB issued FASB Staff Position FAS 157-4 (FSP 157-4), "Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly," which provides additional guidance on determining the fair value of financial assets in an inactive market or when a distressed transaction is present. FSP 115-2 and 124-2 and FSP 157-4 will be effective for the Company's third quarter of fiscal 2009, as the Company has not elected to early adopt either FSP. The Company is in the process of determining the effects, if any, the adoption of both FSPs will have on its consolidated financial statements.

Note 2 — Fair Value Measurements

Effective September 29, 2008, the first day of the Company's fiscal year 2009, the Company adopted FAS 157 and FASB Statement No. 159 (FAS 159), "The Fair Value Option for Financial Assets and Financial Liabilities — Including an Amendment of FASB Statement No. 115," for financial assets and liabilities. The Company did not record an adjustment to retained earnings as a result of the adoption of FAS 157, and the adoption did not have a material effect on the Company's results of operations. FAS 159 provides companies the irrevocable option to measure many financial assets and liabilities at fair value with changes in fair value recognized in earnings. The Company has not elected to measure any financial assets or liabilities at fair value that were not previously required to be measured at fair value.

Under FAS 157, fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. FAS 157 also establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs market participants would use in valuing the asset or liability and are developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the factors market participants would use in valuing the asset or liability. FAS 157 establishes three levels of inputs that may be used to measure fair value:

- Level 1 includes financial instruments for which quoted market prices for identical instruments are available in active markets. Level 1 assets consist of money market funds, equity mutual and exchange-traded funds, equity securities and U.S. Treasury securities as they are traded in an active market with sufficient volume and frequency of transactions. Level 1 liabilities are associated with the Company's deferred incentive compensation plans.

QUALCOMM Incorporated
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

- Level 2 includes financial instruments for which there are inputs other than quoted prices included within Level 1 that are observable for the instrument such as quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets with insufficient volume or infrequent transactions (less active markets) or model-driven valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data, including market interest rate curves, referenced credit spreads and pre-payment rates. Level 2 assets and liabilities consist of certain marketable debt instruments and derivative contracts whose values are determined using inputs that are observable in the market or can be derived principally from or corroborated by observable market data. Marketable debt instruments in this category include government-related securities, corporate bonds and notes, preferred securities, AAA-rated mortgage- and asset-backed securities and certain non-investment-grade debt securities.

- Level 3 includes financial instruments for which fair value is derived from valuation techniques including pricing models and discounted cash flow models in which one or more significant inputs are unobservable, including the Company's own assumptions. The pricing models incorporate transaction details such as contractual terms, maturity and, in certain instances, timing and amount of future cash flows, as well as assumptions related to liquidity and credit valuation adjustments of marketplace participants. Level 3 assets primarily consist of certain marketable debt instruments whose values are determined using inputs that are both unobservable and significant to the values of the instruments being measured, including marketable debt instruments that are priced using indicative prices that the Company is unable to corroborate with observable market quotes. Marketable debt instruments in this category include auction rate securities, certain subordinated mortgage- and asset-backed securities and certain non-investment-grade debt securities.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurements. The Company reviews the fair value hierarchy classification on a quarterly basis. Changes in the observability of valuation inputs may result in a reclassification of levels for certain securities within the fair value hierarchy.

The following table presents the Company's fair value hierarchy for assets and liabilities measured at fair value on a recurring basis as of March 29, 2009 (in millions):

	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	$ 3,272	$ 426	$ —	$ 3,698
Marketable securities	1,841	8,044	198	10,083
Derivative instruments	—	112	—	112
Other investments (1)	89	—	—	89
Total assets measured at fair value	$ 5,202	$ 8,582	$ 198	$ 13,982
Liabilities				
Derivative instruments	$ —	$ 51	$ —	$ 51
Other liabilities (1)	89	—	—	89
Total liabilities measured at fair value	$ 89	$ 51	$ —	$ 140

(1) Comprised of the Company's deferred compensation plan liability and related assets which are invested in mutual funds.

Derivative instruments include foreign currency option contracts to hedge certain foreign currency transactions. Derivative instruments are valued using standard calculations/models which are primarily based on observable inputs, including foreign currency exchange rates, volatilities and interest rates.

QUALCOMM Incorporated
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(Unaudited)

The following table includes the activity for marketable securities classified within Level 3 of the valuation hierarchy for the three months and six months ended March 29, 2009. When a determination is made to classify an asset or liability within Level 3, the determination is based upon the significance of the unobservable inputs to the overall fair value measurement.

	Three Months Ended March 29, 2009	Six Months Ended March 29, 2009
	(In millions)	
Beginning balance of Level 3 marketable securities	$ 184	$ 211
Total realized and unrealized (losses) gains:		
Included in investment loss, net	(3)	(8)
Included in other comprehensive income (loss)	6	(9)
Purchases, sales and settlements	(4)	(11)
Transfers into (out of) Level 3, net	15	15
Ending balance of Level 3 marketable securities	$ 198	$ 198

The Company measures certain financial assets, including cost and equity method investments, at fair value on a nonrecurring basis. These assets are recognized at fair value when they are deemed to be other-than-temporarily impaired. During the three months and six months ended March 29, 2009, the Company recorded $5 million and $9 million, respectively, in other-than-temporary impairments on such assets, which were based on fair value measurements classified within Level 3 of the valuation hierarchy.

Note 3 — Composition of Certain Financial Statement Items

Marketable Securities.

	Current		Noncurrent	
	March 29, 2009	September 28, 2008	March 29, 2009	September 28, 2008
	(In millions)		(In millions)	
Available-for-sale:				
U.S. Treasury securities and government-related securities	$ 1,113	$ 514	$ —	$ —
Corporate bonds and notes	2,862	3,296	413	175
Mortgage- and asset-backed securities	620	499	24	—
Auction rate securities	—	—	171	186
Non-investment-grade debt securities	32	23	1,927	2,030
Equity securities	108	150	962	1,187
Equity mutual funds and exchange-traded funds	—	—	854	1,280
Debt mutual funds	788	89	209	—
	$ 5,523	$ 4,571	$ 4,560	$ 4,858

Marketable securities in the amount of $169 million at September 28, 2008 were loaned under the Company's securities lending program. There were no marketable securities loaned under the Company's securities lending program at March 29, 2009.

At March 29, 2009 and September 28, 2008, unrealized gains on marketable securities were $169 million and $102 million, respectively, and unrealized losses were $1.1 billion and $449 million, respectively. The following table shows the gross unrealized losses and fair values of the Company's investments in individual securities that have been in a continuous unrealized loss position deemed to be temporary for less than 12 months and for more than 12 months, aggregated by investment category, at March 29, 2009 (in millions):

QUALCOMM Incorporated
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

	Less than 12 months		More than 12 months	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Corporate bonds and notes	$ 1,256	$ (88)	$ 290	$ (16)
Mortgage- and asset-backed securities	133	(8)	41	(6)
Auction rate securities	171	(21)	—	—
Non-investment-grade debt securities	717	(162)	130	(29)
Equity securities	595	(197)	47	(14)
Equity mutual funds and exchange-traded funds	771	(412)	—	—
Debt mutual funds	584	(113)	1	—
	$ 4,227	$ (1,001)	$ 509	$ (65)

The unrealized losses on the Company’s investments in marketable securities were caused primarily by a major disruption in U.S. and foreign financial markets including a deterioration of confidence and a severe decline in the availability of capital and demand for debt and equity securities. The result has been depressed securities values in most types of investment- and non-investment-grade debt obligations, mortgage- and asset-backed securities and equity securities. When assessing marketable securities for other-than-temporary declines in value, the Company considers factors including: the significance of the decline in value compared to the cost basis, the underlying factors contributing to a decline in the prices of securities in a single asset class, how long the market value of the investment has been less than its cost basis, the performance of the investee’s stock price in relation to the stock price of its competitors within the industry, expected market volatility and the market in general, analyst recommendations, the views of external investment managers, any news or financial information that has been released specific to the investee and the outlook for the overall industry in which the investee operates. The Company’s relative weighting of these factors is reassessed when market or economic conditions change. In the first quarter of fiscal 2009, due to further disruption in the credit and financial markets, the Company performed a reassessment. For equity securities, in response to increased volatility in the market, the Company evaluated the duration of declines and probability of recovery based on these factors, as well as additional analysis of the expected volatility for the securities over the near term. At March 29, 2009, the Company’s analyses of the severity and duration of price declines, market research, industry reports, economic forecasts and the specific circumstances of issuers indicate that it is reasonable to expect marketable securities with unrealized losses to recover up to the Company’s cost bases within a reasonable period of time. Further, the Company has the ability and the intent to hold such securities until they recover, which is expected to be within a reasonable time for all equity securities, all funds and most debt securities. For certain debt securities, the Company intends to hold the securities for a longer period in order to recover the loss, which could be until maturity. Accordingly, the Company considers the unrealized losses to be temporary at March 29, 2009.

Accounts Receivable.

	March 29, 2009	September 28, 2008
	(In millions)	
Trade, net of allowances for doubtful accounts of $41 and $38, respectively	$ 753	$ 3,583
Long-term contracts	38	33
Investment receivables	—	412
Other	13	10
	$ 804	$ 4,038

Trade accounts receivable at September 28, 2008 included a $2.5 billion licensing receivable that was paid in October 2008. Investment receivables at September 28, 2008 primarily related to amounts due for redemptions of money market investments for which the Company received partial payment in the six months ended March 29, 2009. The remaining $80 million net receivable for such redemptions was classified as an other noncurrent asset at March 29, 2009 due to the uncertainty regarding the timing of distributions.

QUALCOMM Incorporated
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Property, Plant and Equipment.

	March 29, 2009	September 28, 2008
	(In millions)	
Land	$ 186	$ 183
Buildings and improvements	1,348	1,287
Computer equipment	960	932
Machinery and equipment	1,294	1,184
Furniture and office equipment	62	59
Leasehold improvements	300	206
	4,150	3,851
Less accumulated depreciation and amortization	(1,868)	(1,689)
	$ 2,282	$ 2,162

The gross book values of property under capital leases included in buildings and improvements totaled $162 million and $140 million at March 29, 2009 and September 28, 2008, respectively. Capital lease additions were $9 million and $25 million during the three months and six months ended March 29, 2009, respectively, and $8 million and $14 million during the three months and six months ended March 30, 2008, respectively.

Note 4 — Investment (Loss) Income, Net

	Three Months Ended		Six Months Ended	
	March 29, 2009	March 30, 2008	March 29, 2009	March 30, 2008
	(In millions)		(In millions)	
Interest and dividend income	$ 121	$ 117	$ 256	$ 270
Interest expense	(4)	(6)	(7)	(13)
Net realized gains (losses) on marketable securities	—	13	(33)	91
Net realized gains on other investments	—	24	—	27
Other-than-temporary losses on marketable securities	(204)	(47)	(592)	(104)
Other-than-temporary losses on other investments	(5)	(15)	(9)	(15)
Gains on derivative instruments	13	4	13	6
Equity in (losses) earnings of investees	(12)	3	(13)	3
	$ (91)	$ 93	$ (385)	$ 265

Note 5 — Income Taxes

The Company currently estimates its annual effective income tax rate to be approximately 35% for fiscal 2009, compared to the 17% effective income tax rate in fiscal 2008. The 2009 annual effective rate includes the impact of recording a $748 million pre-tax litigation settlement charge (Note 9) in the second fiscal quarter with a discrete tax benefit computed at a rate less than the United States federal rate. The Company also recorded a tax expense of $52 million in the second quarter of 2009 to adjust net deferred tax assets primarily to reflect the future impact of California budget legislation enacted February 20, 2009. As a result, the effective tax rate for the second quarter of fiscal 2009 was negative 186% as compared to the 35% estimated annual effective tax rate.

The estimated annual effective tax rate for fiscal 2009 is equal to the United States federal statutory rate primarily due to benefits of approximately 15% related to foreign earnings taxed at less than the United States federal rate and 4% related to research and development tax credits, offset by the impact of an increase in valuation allowance related to capital losses of 10%, state taxes of approximately 5% and the revaluation of deferred items of 4%. The prior fiscal year rate was lower than the United States federal statutory rate primarily due to benefits related to foreign earnings taxed at less than the United States federal rate and the generation of research and development credits, partially offset by state taxes and an increase in the valuation allowance.

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The Company files income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. The Company is no longer subject to U.S. federal examinations by taxing authorities for years prior to fiscal 2005. The Internal Revenue Service is currently conducting an examination of the Company's U.S. income tax returns for fiscal 2005, 2006 and 2007, which is anticipated to be completed by August 2009. The Company is participating in the IRS Compliance Assurance Program, whereby the IRS and the Company endeavor to agree on the treatment of all issues in the fiscal 2009 tax return prior to the return being filed. The Company is subject to examination by the California Franchise Tax Board for fiscal 2003 through 2007 and is currently under examination for fiscal 2004 and 2005. The Company is also subject to income taxes in many state and local taxing jurisdictions in the U.S. and around the world, many of which are open to tax examinations for periods after fiscal 2002. Due to the anticipated resolution of the U.S. federal examination within the next twelve months, it is reasonably possible that the Company's unrecognized tax benefits will decrease significantly as a result of their resolution via an adjustment by the taxing authority or recognition in the income tax provision.

The Company has not provided United States income taxes nor foreign withholding taxes on a cumulative total of approximately $7.2 billion of undistributed earnings of certain non-United States subsidiaries indefinitely invested outside the United States. Should the Company decide to repatriate foreign earnings, the Company would have to adjust the income tax provision in the period management determined that the earnings will no longer be indefinitely invested outside the United States.

Deferred tax assets, net of valuation allowance, increased from September 28, 2008 to March 29, 2009 primarily due to changes in unrealized marketable securities gains and losses. The Company can only use realized capital losses to offset realized capital gains. Based upon the Company's assessment of when capital gains and losses will be realized, the Company estimates that its future capital gains will not be sufficient to utilize all of the realized and unrealized capital losses that were recorded through March 29, 2009. In fiscal 2009, the Company expects to provide an additional $333 million valuation allowance for the portion of deferred tax assets related to capital losses that it estimates are not likely to be realized. In the six months ended March 29, 2009, the Company recorded additional valuation allowance of $112 million as an increase in other comprehensive loss. The remainder of the increase in the valuation allowance will be recorded as a component of the income tax provision for fiscal 2009, a portion of which was recorded in the six months ended March 29, 2009. Significant judgment is required to forecast the timing and amount of future capital gains and the timing of realization of capital losses. Adjustments to the Company's valuation allowance based on changes to its forecast of capital gains in future years are reflected in the period the change is made.

Note 6 — Stockholders' Equity

Changes in stockholders' equity for the six months ended March 29, 2009 were as follows (in millions):

Balance at September 28, 2008	$ 17,944
Net income	52
Other comprehensive loss	(492)
Repurchase of common stock	(285)
Net proceeds from the issuance of common stock	106
Share-based compensation	285
Tax benefit from exercise of stock options	28
Dividends	(528)
Other	3
Balance at March 29, 2009	$ 17,113

Stock Repurchase Program. During the six months ended March 29, 2009, the Company repurchased and retired 8,920,000 shares of the Company's common stock for $284 million, before commissions. The Company did not repurchase any shares during the three months ended March 29, 2009. During the three months and six months ended March 30, 2008, the Company repurchased and retired 20,227,000 and 42,616,000 shares of the Company's common stock, respectively, for $762 million and $1.7 billion, respectively, before commissions and net of the premium received related to a put option that was exercised during the three months ended December 30, 2007. At March 29, 2009, approximately $1.7 billion remained authorized for repurchase under the Company's stock repurchase program. The stock repurchase program has no expiration date.

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Dividends. On March 3, 2009, the Company announced an increase in its quarterly dividend effective for dividends payable after March 27, 2009 from $0.16 to $0.17 per share of common stock. On April 8, 2009, the Company announced a cash dividend of $0.17 per share on the Company's common stock, payable on June 26, 2009 to stockholders of record as of May 29, 2009. Cash dividends announced in the six months ended March 29, 2009 and March 30, 2008 were as follows (in millions, except per share data):

	2009		2008	
	Per Share	Total	Per Share	Total
First quarter	$ 0.16	$ 264	$ 0.14	$ 228
Second quarter	0.16	264	0.14	227
Total	$ 0.32	$ 528	$ 0.28	$ 455

Note 7 — Commitments and Contingencies

Litigation. *Actions between Broadcom Corporation and the Company:* On April 26, 2009, the Company entered into a Settlement and Patent License and Non-Assert Agreement with Broadcom Corporation (Note 9), which will result in the dismissal with prejudice of all litigation between the companies, including the dissolution of all injunctions, and Broadcom will withdraw the complaints it filed with the European Commission and the Korea Fair Trade Commission.

European Commission Complaint: On October 28, 2005, it was reported that six companies (Broadcom, Nokia, Texas Instruments, NEC, Panasonic and Ericsson) filed complaints with the European Commission, alleging that the Company violated European Union competition law in its WCDMA licensing practices. The Company has received the complaints and has submitted replies to the allegations, as well as documents and other information requested by the European Commission. On October 1, 2007, the European Commission announced that it was initiating a proceeding, though it has not decided to issue a Statement of Objections, and it has not made any conclusions as to the merits of the complaints. As part of its agreement with the Company, Nokia has withdrawn the complaint it filed with the European Commission, and pursuant to the Company's settlement with Broadcom (Note 9), Broadcom also will withdraw the complaint it filed with the European Commission, though the investigation remains active.

Tessera, Inc. v. QUALCOMM Incorporated: On April 17, 2007, Tessera, Inc. filed a patent infringement lawsuit in the United States District Court for the Eastern Division of Texas and a complaint with the ITC pursuant to Section 337 of the Tariff Act of 1930 against the Company and other companies, alleging infringement of two patents relating to semiconductor packaging structures and seeking monetary damages and injunctive and other relief. The District Court action is stayed pending resolution of the ITC proceeding. The USPTO's Central Reexamination Unit has issued office actions rejecting all of the asserted patent claims on the grounds that they are invalid in view of certain prior art. Tessera is contesting these rejections, and the USPTO has not made a final decision. On December 1, 2008, the ALJ ruled that the patents are valid but not infringed. The ITC may affirm or reverse the ALJ's determination. The final determination is targeted for May 20, 2009.

Other: The Company has been named, along with many other manufacturers of wireless phones, wireless operators and industry-related organizations, as a defendant in purported class action lawsuits, and individually filed actions pending in Pennsylvania and Washington D.C., seeking monetary damages arising out of its sale of cellular phones. The cases in which the Company has been named as a defendant have been dismissed by the lower courts and are now on appeal by the plaintiffs. The courts that have reviewed similar claims against other companies to date have held that there was insufficient scientific basis for the plaintiffs' claims in those cases.

In April 2008, two complaints were filed in San Diego Federal Court and San Diego Superior Court on behalf of purported classes of individuals who purchased UMTS devices or service, seeking damages and injunctive relief under federal and/or state antitrust and unfair competition laws as a result of the Company's licensing practices. The Superior Court action has been removed to the San Diego Federal Court, and the plaintiff's request for remand has been denied. The Company filed motions to dismiss the complaints. On March 3, 2009, the court granted the Company's motions and dismissed both complaints.

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In November 2008, a complaint was filed in San Diego Federal Court on behalf of a purported class of individuals who purchased CDMA devices or service, seeking damages and injunctive relief under federal and/or state antitrust and unfair competition laws and common law as a result of the Company's licensing practices. The Company filed a motion to dismiss the complaint. On March 3, 2009, the court granted the Company's motion and dismissed the complaint. On April 2, 2009, the plaintiff filed an amended complaint re-asserting some, but not all, of the claims in its original complaint.

The Company understands that two U.S. companies (Texas Instruments and Broadcom) and two South Korean companies (Nextreaming Corp. and Thin Multimedia, Inc.) filed complaints with the Korea Fair Trade Commission alleging that the Company's business practices are, in some way, a violation of South Korean anti-trust regulations. On February 17, 2009, the Korea Fair Trade Commission (KFTC) issued a Case Examiner's report setting forth allegations with respect to the lawfulness of certain business practices related to the Company's integration of multimedia solutions into its chipsets, rebates and discounts provided to its chipset customers and of certain licensing practices. The Case Examiner's report does not indicate what specific remedies may be sought, although cases brought against other technology companies have involved requests of fines and modification of business practices by the KFTC. The Company will respond to the Case Examiner's report and will present its defense at a hearing before the KFTC Commissioners. It is contemplated that the KFTC will adjudicate this matter during the next 12 months. The Company would have the right to appeal to the South Korean courts, if necessary. Pursuant to the Company's settlement with Broadcom (Note 9), Broadcom will withdraw its complaint to the KFTC, though the case remains active.

The Japan Fair Trade Commission has also received unspecified complaints alleging the Company's business practices are, in some way, a violation of Japanese law. The Company has not received the complaints but continues to submit certain requested information and documents to the Japan Fair Trade Commission.

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

Purchase Obligations. The Company has agreements with suppliers and other parties to purchase inventory, other goods and services and long-lived assets. Noncancelable obligations under these agreements at March 29, 2009 for the remainder of fiscal 2009 and for each of the subsequent four years from fiscal 2010 through 2013 were approximately $660 million, $235 million, $59 million, $67 million and $18 million, respectively, and $55 million thereafter. Of these amounts, for the remainder of fiscal 2009 and for fiscal 2010, commitments to purchase integrated circuit product inventories comprised $539 million and $15 million, respectively.

Leases. The Company leases certain of its facilities and equipment under noncancelable operating leases, with terms ranging from less than one year to 30 years and with provisions in certain leases for cost-of-living increases. The Company leases certain property under capital lease agreements that expire at various dates through 2043. Capital lease obligations are included in other liabilities. The future minimum lease payments for all capital leases and operating leases at March 29, 2009 were as follows (in millions):

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	Capital Leases	Operating Leases	Total
Remainder of fiscal 2009	$ 6	$ 39	$ 45
2010	12	77	89
2011	12	59	71
2012	11	35	46
2013	12	19	31
Thereafter	322	210	532
Total minimum lease payments	$ 375	$ 439	$ 814
Deduct: Amounts representing interest	211		
Present value of minimum lease payments	164		
Deduct: Current portion of capital lease obligations	2		
Long-term portion of capital lease obligations	$ 162		

Note 8 — Segment Information

The Company is organized on the basis of products and services. The Company aggregates four of its divisions into the Qualcomm Wireless & Internet segment. Reportable segments are as follows:

- Qualcomm CDMA Technologies (QCT) — develops and supplies integrated circuits and system software for wireless voice and data communications, multimedia functions and global positioning system products based on its CDMA technology and other technologies;
- Qualcomm Technology Licensing (QTL) — grants licenses to use portions of the Company's intellectual property portfolio, which includes certain patent rights essential to and/or useful in the manufacture and sale of certain wireless products, including, without limitation, products implementing cdmaOne, CDMA2000, WCDMA, CDMA TDD, GSM/GPRS/EDGE and/or OFDMA standards and their derivatives, and collects license fees and royalties in partial consideration for such licenses;
- Qualcomm Wireless & Internet (QWI) — comprised of:
  - Qualcomm Internet Services (QIS) — provides technology to support and accelerate the convergence of the wireless data market, including its BREW and QChat products and services;
  - Qualcomm Government Technologies (QGOV) — provides development, hardware and analytical expertise to United States government agencies involving wireless communications technologies;
  - Qualcomm Enterprise Services (QES) — provides satellite- and terrestrial-based two-way data messaging, position reporting, wireless application services and managed data services to transportation and logistics companies, construction equipment fleets and other enterprise companies. QES also sells products that operate on the Globalstar low-Earth-orbit satellite-based telecommunications system and provides related services; and
  - Firethorn — builds and manages software applications that enable financial institutions and wireless operators to offer mobile commerce services.
- Qualcomm Strategic Initiatives (QSI) — manages the Company's strategic investment activities, including FLO TV Incorporated (FLO TV), formerly MediaFLO USA, Inc., the Company's wholly-owned wireless multimedia operator subsidiary. QSI makes strategic investments to promote the worldwide adoption of CDMA-based products and services.

The Company evaluates the performance of its segments based on earnings (loss) before income taxes (EBT). EBT includes the allocation of certain corporate expenses to the segments, including depreciation and amortization expense related to unallocated corporate assets. Certain income and charges are not allocated to segments in the Company's management reports because they are not considered in evaluating the segments' operating performance. The table below presents revenues and EBT for reportable segments (in millions):

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	QCT	QTL	QWI	QSI	Reconciling Items	Total
For the three months ended:						
March 29, 2009						
Revenues	$ 1,316	$ 954	$ 176	$ 8	$ 1	$ 2,455
EBT	217	839	25	(102)	(1,080)	(101)
March 30, 2008						
Revenues	$ 1,620	$ 795	$ 194	$ 2	$ (5)	$ 2,606
EBT	427	684	—	(63)	(142)	906
For the six months ended:						
March 29, 2009						
Revenues	$ 2,650	$ 1,961	$ 346	$ 13	$ 2	$ 4,972
EBT	385	1,713	28	(200)	(1,576)	350
March 30, 2008						
Revenues	$ 3,194	$ 1,445	$ 405	$ 4	$ (1)	$ 5,047
EBT	897	1,224	24	(117)	(192)	1,836

Reconciling items in the previous table were as follows (in millions):

	Three Months Ended		Six Months Ended	
	March 29, 2009	March 30, 2008	March 29, 2009	March 30, 2008
Revenues				
Elimination of intersegment revenue	$ (3)	$ (5)	$ (6)	$ (8)
Other nonreportable segments	4	—	8	7
Reconciling items	$ 1	$ (5)	$ 2	$ (1)
Earnings (losses) before income taxes				
Unallocated cost of equipment and services revenues	$ (10)	$ (9)	$ (20)	$ (19)
Unallocated research and development expenses	(95)	(78)	(178)	(154)
Unallocated selling, general and administrative expenses	(92)	(82)	(150)	(164)
Unallocated litigation settlement	(748)	—	(748)	—
Unallocated investment (loss) income, net	(82)	81	(377)	242
Other nonreportable segments	(52)	(52)	(101)	(95)
Intracompany eliminations	(1)	(2)	(2)	(2)
Reconciling items	$ (1,080)	$ (142)	$ (1,576)	$ (192)

During the three months and six months ended March 29, 2009, unallocated research and development expenses included $68 million and $137 million, respectively, and unallocated selling, general and administrative expenses included $62 million and $128 million, respectively, of share-based compensation expense. During the three months and six months ended March 30, 2008, unallocated research and development expenses included $60 million and $117 million, respectively, and unallocated selling, general and administrative expenses included $61 million and $119 million, respectively, of share-based compensation expense. Unallocated cost of equipment and services revenues was comprised entirely of share-based compensation expense.

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Revenues from external customers and intersegment revenues were as follows (in millions):

	QCT	QTL	QWI	QSI
For the three months ended:				
March 29, 2009				
Revenues from external customers	$ 1,314	$ 954	$ 175	$ 8
Intersegment revenues	2	—	1	—
March 30, 2008				
Revenues from external customers	$ 1,618	$ 794	$ 192	$ 2
Intersegment revenues	2	1	2	—
For the six months ended:				
March 29, 2009				
Revenues from external customers	$ 2,647	$ 1,960	$ 344	$ 13
Intersegment revenues	3	1	2	—
March 30, 2008				
Revenues from external customers	$ 3,190	$ 1,444	$ 401	$ 4
Intersegment revenues	4	1	4	—

Intersegment revenues are based on prevailing market rates for substantially similar products and services or an approximation thereof, but the purchasing segment may record the cost of revenues at the selling segment's original cost. The elimination of the selling segment's gross margin is included with other intersegment eliminations in reconciling items.

Segment assets are comprised of accounts receivable, finance receivables and inventories for QCT, QTL and QWI. The QSI segment assets include certain marketable securities, notes receivable, wireless licenses, other investments and all assets of QSI's consolidated subsidiary, FLO TV, including property, plant and equipment. QSI's assets related to the FLO TV business totaled $1.2 billion at both March 29, 2009 and September 28, 2008. Reconciling items for total assets included $376 million and $277 million at March 29, 2009 and September 28, 2008, respectively, of goodwill and other assets related to the Qualcomm MEMS Technologies division, a nonreportable segment developing display technology for mobile devices and other applications. Total segment assets differ from total assets on a consolidated basis as a result of unallocated corporate assets primarily comprised of certain cash, cash equivalents, marketable securities, property, plant and equipment, deferred tax assets, goodwill and other intangible assets of nonreportable segments. QCT segment assets decreased primarily due to the timing of cash payments on accounts receivable. QTL segment assets decreased primarily due to collection of a $2.5 billion licensing receivable in October 2008. Segment assets and reconciling items were as follows (in millions):

	March 29, 2009	September 28, 2008
QCT	$ 681	$ 1,425
QTL	345	2,668
QWI	162	183
QSI	1,454	1,458
Reconciling items	21,442	18,829
Total consolidated assets	$ 24,084	$ 24,563

Note 9- Subsequent Event

On April 26, 2009, the Company entered into a Settlement and Patent License and Non-Assert Agreement with Broadcom. The agreement will result in the dismissal with prejudice of all litigation between the companies (Note 7). Under the agreement, the companies have granted certain rights to each other under their respective patent portfolios. The Company will pay Broadcom $891 million, of which $200 million will be paid in the Company's quarter ending June 28, 2009 and the remainder will be paid ratably through April 2013. The Company estimates that the fair value of the assets to be received pursuant to the agreement is $38 million. As a result of this agreement, the Company recorded a $748 million pre-tax litigation settlement charge in the second quarter of fiscal 2009, representing the difference between the total payment obligation and the sum of the fair value of the assets to be received, amounts accrued in prior fiscal periods and imputed interest. (See Note 5 for discussion of the tax benefit recorded as a result of this charge.) The Company will record the assets during the third quarter of fiscal 2009 and expects to amortize those assets over their future periods of benefit.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This information should be read in conjunction with the condensed consolidated financial statements and the notes thereto included in Item 1 of Part I of this Quarterly Report and the audited consolidated financial statements and notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ended September 28, 2008 contained in our 2008 Annual Report on Form 10-K.

In addition to historical information, the following discussion contains forward-looking statements that are subject to risks and uncertainties. Actual results may differ substantially from those referred to herein due to a number of factors, including but not limited to risks described in the section entitled Risk Factors and elsewhere in this Quarterly Report.

Overview

Recent Developments

Revenues for the second quarter of fiscal 2009 were $2.5 billion, with net loss of $289 million, which were impacted by the following key items:

- Both revenues and net loss were adversely impacted by lower demand for CDMA-based MSM integrated circuits as a result of the continuing global financial crisis and the resulting slowdown in the worldwide economy. We shipped approximately 69 million Mobile Station Modem (MSM) integrated circuits for CDMA-based wireless devices, a decrease of 19%, compared to approximately 85 million MSM integrated circuits in the year ago quarter.
- CDMA-based device shipments totaled approximately 128 million units, an increase of 14% over the approximate 112 million units shipped in the year ago quarter. (1)
- The average selling price of CDMA-based devices was estimated to be approximately $201, a decrease of approximately 9% from the year ago quarter(1)
- On April 26, 2009, we entered into a Settlement and Patent License and Non-Assert Agreement with Broadcom Corporation. Under the agreement, the companies have granted certain rights to each other under their respective patent portfolios. We will pay Broadcom $891 million, of which $200 million will be paid in our quarter ending June 28, 2009 and the remainder will be paid ratably through April 2013. As a result of this agreement, we recorded a $748 million pre-tax litigation settlement charge in our second quarter.
- The financial crisis has, and may continue to have, an impact on the value of our marketable securities and net investment income (loss).

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

- Worldwide wireless subscribers grew by approximately 5% to reach approximately 4.2 billion(2)
- CDMA subscribers, including both 2G (cdmaOne) and 3G (CDMA2000 1X, 1xEV-DO, WCDMA, HSPA and TD-SCDMA), are approximately 19% of total worldwide wireless subscribers to date. (2)
- 3G subscribers (all CDMA-based) grew to approximately 780 million worldwide including approximately 430 million CDMA2000 1X/1xEV-DO subscribers and approximately 350 million WCDMA/HSPA subscribers. (2)
- In the handset market, CDMA-based unit shipments grew an estimated 5% year-over-year, compared to an estimated decline of 11% year-over-year across all technologies. (3)

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(1) December quarter shipments derived from reports provided by our licensees/manufacturers during the quarter and our own estimates of unreported activity.

(2) According to estimates reported by Wireless Intelligence, an independent source of wireless operator data, as of April 24, 2009.

(3) Based on current reports by Strategy Analytics, a global research and consulting firm, in their calendar Q408 Global Handset Market Share Update.

Our Business and Operating Segments

We design, manufacture, have manufactured on our behalf and market digital wireless telecommunications products and services based on our CDMA technology and other technologies. We derive revenues principally from sales of integrated circuit products, license fees and royalties for use of our intellectual property, messaging and other services and related hardware sales, software development and licensing and related services, software hosting services and services related to delivery of multimedia content. Operating expenses primarily consist of cost of equipment and services, research and development and selling, general and administrative expenses.

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

QCT is a leading developer and supplier of CDMA-based integrated circuits and system software for wireless voice and data communications, multimedia functions and global positioning system products. QCT's integrated circuit products and system software are used in wireless devices, particularly mobile phones, laptops, data modules, handheld wireless computers, data cards and infrastructure equipment. The integrated circuits for wireless devices include the Mobile Station Modem (MSM), Radio Frequency (RF) and Power Management (PM) devices. These integrated circuits for wireless devices and system software perform voice and data communication, multimedia and global positioning functions, radio conversion between RF and baseband signals and power management. QCT's system software enables the other device components to interface with the integrated circuit products and is the foundation software enabling equipment manufacturers to develop devices utilizing the functionality within the integrated circuits. The infrastructure equipment integrated circuits and system software perform the core baseband CDMA modem functionality in the wireless operator's base station equipment. QCT revenues comprised 54% and 62% of total consolidated revenues in the second quarter of fiscal 2009 and 2008, respectively, and 53% and 63% of total consolidated revenues for the first six months of fiscal 2009 and 2008, respectively.

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

QTL grants licenses to use portions of our intellectual property portfolio, which includes certain patent rights essential to and/or useful in the manufacture and sale of certain wireless products, including, without limitation, products implementing cdmaOne, CDMA2000, WCDMA, CDMA TDD, GSM/GPRS/EDGE and/or OFDMA standards and their derivatives. QTL receives license fees as well as ongoing royalties based on worldwide sales by licensees of products incorporating or using our intellectual property. License fees are fixed amounts paid in one or more installments. Ongoing royalties are generally based upon a percentage of the wholesale selling price of licensed products, net of certain permissible deductions (e.g. certain shipping costs, packing costs, VAT, etc.). QTL revenues comprised 39% and 31% of total consolidated revenues in the second quarter of fiscal 2009 and 2008, respectively, and 39% and 29% of total consolidated revenues for the first six months of fiscal 2009 and 2008, respectively. The vast majority of such revenues have been generated through our licensees' sales of cdmaOne, CDMA2000 and WCDMA products.

QWI, which includes Qualcomm Enterprise Services (QES), Qualcomm Internet Services (QIS), Qualcomm Government Technologies (QGOV) and Firethorn, generates revenues primarily through mobile communication products and services, software and software development aimed at support and delivery of wireless applications. QES sells equipment, software and services used by transportation and other companies to connect wirelessly with their assets, products and workforce. QES also sells products that operate on the Globalstar low-Earth-orbit satellite-based telecommunications system and provides related services. Through March 2009, QES has shipped approximately 1,325,000 terrestrial-based and satellite-based communications systems. QIS provides BREW-based

(Binary Runtime Environment for Wireless) products that include user interface and content delivery and management products and services for the wireless industry. QIS also provides QChat, which enables virtually instantaneous push-to-talk functionality on CDMA-based wireless devices. QGOV provides development, hardware and analytical expertise involving wireless communications technologies to United States government agencies. Firethorn builds and manages software applications that enable financial institutions and wireless operators to offer mobile commerce services. QWI revenues comprised 7% of total consolidated revenues in the second quarter of both fiscal 2009 and 2008, and 7% and 8% of total consolidated revenues for the first six months of fiscal 2009 and 2008, respectively.

QSI manages our strategic investment activities, including FLO TV Incorporated (FLO TV), formerly MediaFLO USA, Inc., our wholly-owned wireless multimedia operator subsidiary. QSI also makes strategic investments to promote the worldwide adoption of CDMA-based products and services. Our strategy is to invest in CDMA-based operators, licensed device manufacturers and early-stage companies that we believe open new markets for CDMA technology, support the design and introduction of new CDMA-based products or possess unique capabilities or technology. Our FLO TV subsidiary offers its service over our nationwide multicasting network based on our MediaFLO Media Distribution System (MDS) and FLO technology. This network is utilized as a shared resource for wireless operators and their customers in the United States. The commercial availability of the FLO TV service to retail wireless consumers continues to be determined by our wireless operator partners. FLO TV's network uses the 700 MHz spectrum for which we hold licenses nationwide. Additionally, FLO TV has and will continue to procure, aggregate and distribute content in service packages which we will make available on a wholesale basis to our wireless operator customers (whether they operate on CDMA or GSM/WCDMA networks) in the United States. Distribution, marketing, billing and customer care remain functions that are provided primarily by our wireless operator partners. As part of our strategic investment activities, we intend to pursue various exit strategies at some point in the future, which may include distribution of our ownership interest in FLO TV to our stockholders in a spin-off transaction.

Nonreportable segments include: the Qualcomm MEMS Technologies division, which is developing an interferometric modulator (IMOD) display technology based on micro-electro-mechanical-system (MEMS) structure combined with thin film optics; the Qualcomm Flarion Technologies division, which is developing OFDM/OFDMA technologies; the MediaFLO Technologies division, which is developing our MediaFLO MDS and FLO technology and markets MediaFLO for deployment outside of the United States; and other product initiatives.

Looking Forward

We expect the global financial crisis and the resulting slowdown in the worldwide economy to continue to cause lower demand for CDMA-based products in various regions. We expect a greater mix of lower-priced CDMA-based products for emerging markets to impact our financial results for the second half of fiscal 2009 as compared to the second half of fiscal 2008. In addition, the financial crisis may continue to have an impact on the value of our marketable securities and net investment income (loss).

The deployment of 3G networks (CDMA2000 and WCDMA) enables increased voice capacity and higher data rates, thereby supporting more minutes of use and a range of mobile broadband data applications for handsets, 3G connected computing devices and other consumer electronics. Data applications include broadband connectivity, streaming video, location based services, mobile social networking and multimedia messaging. As a result, we expect continued growth in the coming years in consumer demand for 3G products and services around the world. As we look forward to the next several months, the following items are likely to have an impact on our business:

- 3G network launches/expansion in China, including CDMA2000 by China Telecom, WCDMA by China Unicom and TD-SCDMA by China Mobile will encourage competition and growth of 3G products and services in that region.
- The transition to 3G CDMA-based networks is expected to continue:
  - More than 550 operators have commercially launched 3G networks, including 275 CDMA2000 1X networks and 275 WCDMA networks;[1][2]
  - More than 105 CDMA2000 operators have commercially launched the higher data speeds of 1xEV-DO and more than 60 have launched EV-DO Revision A. [1]
  - More than 255 WCDMA operators have commercially launched the higher data speeds of HSDPA, while more than 70 have launched HSUPA and 4 have launched HSPA+; [2][3] and

- We expect that CDMA-based device prices will continue to segment into high and low end due to high volumes and vibrant competition in marketplaces around the world. As more operators deploy the higher data speeds of HSPA and EV-DO Revision A and as manufacturers introduce additional highly-featured, converged devices, we expect consumer demand for advanced 3G devices to continue at a strong pace.
- To meet growing demand for advanced 3G wireless devices and increased multimedia functionality, we intend to continue to invest significant resources toward the development of wireless baseband chips, converged computing/communication chips, multimedia products, software and services for the wireless industry. We expect that a portion of our research and development initiatives in fiscal 2009 will not reach commercialization until several years in the future.
- We expect demand for cost-effective wireless devices to continue to grow and have developed a family of Qualcomm Single Chip (QSC) products, which integrate the baseband, radio frequency and power management functions into single chip or package, lowering component counts and enabling faster time-to-market for our customers. While we continue to invest aggressively to expand our QSC product family to address the low-end market more effectively with CDMA-based products, we still face significant competition from GSM-based products, particularly in emerging markets.
- We will continue to invest in the evolution of CDMA and a broad range of other technologies as part of our vision to enable a range of technologies, each optimized for specific services, including the following products and technologies:
  - The continued evolution of CDMA-based technologies, including the long-term roadmaps of 1xEV-DO and High Speed Packet Access (HSPA);
  - OFDM and OFDMA-based technologies;
  - Our service applications platform, content delivery services and user interfaces;
  - Our Snapdragon platform to help create new CDMA-based connected computing products and drive connectivity beyond traditional wireless devices;
  - Our Gobi mobile data modems to provide worldwide CDMA-based embedded connectivity for existing computing platforms;
  - Our MediaFLO MDS and FLO technology for delivery of multimedia content; and
  - Our IMOD display technology.

In addition to the foregoing business and market-based matters, the following items are likely to have an impact on our business and results of operations over the next several months:

- We will continue to devote resources to working with and educating all participants in the wireless value chain as to the benefits of our business model in promoting a highly competitive and innovative wireless market. However, we expect that certain companies may continue to be dissatisfied with the need to pay reasonable royalties for the use of our technology and not welcome the success of our business model in enabling new, highly cost-effective competitors to their products. We expect that such companies will continue to challenge our business model in various forums throughout the world. For example, we expect that we will continue to be involved in litigation, and to appear in front of administrative and regulatory bodies, including the European Commission, the Korea Fair Trade Commission and the Japan Fair Trade Commission to defend our business model and to rebuff efforts by companies seeking to gain competitive advantage or negotiating leverage.
- We have been and will continue evaluating and providing reasonable assistance to our customers. This includes, in some cases, certain levels of financial support to minimize the impact of the litigation in which we are involved.

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(1) According to public reports made available at www.cdg.org.

(2) As reported by the Global mobile Suppliers Association, an international organization of WCDMA and GSM (Global System for Mobile Communications) suppliers in their April 2009 reports.

(3) As reported by operators Telstra, Telekom Austria, Starhub and CSL Limited.

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

Revenue Concentrations

Revenues from customers in South Korea, China, Japan and the United States comprised 34%, 21%, 11% and 7%, respectively, of total consolidated revenues for the first six months of fiscal 2009, as compared to 35%, 22%, 16% and 10%, respectively, for the first six months of fiscal 2008. We distinguish revenues from external customers by geographic areas based on the location to which our products, software or services are delivered and, for QTL's licensing and royalty revenues, the invoiced addresses of our licensees. Combined revenues from customers in South Korea, Japan and the United States decreased as a percentage of total revenues, from 61% to 52%, primarily due to an increase in the relative mix of license fees and royalty revenues from licensees in Finland, Taiwan and Canada and shipments of integrated circuits to CDMA device manufacturers with locations in Canada.

Second Quarter of Fiscal 2009 Compared to Second Quarter of Fiscal 2008

Revenues. Total revenues for the second quarter of fiscal 2009 were $2.46 billion, compared to $2.61 billion for the second quarter of fiscal 2008.

Revenues from sales of equipment and services for the second quarter of fiscal 2009 were $1.41 billion, compared to $1.73 billion for the second quarter of fiscal 2008. Revenues from sales of integrated circuit products decreased $308 million, primarily due to a decrease of $339 million related to lower unit shipments, mostly consisting of MSM and accompanying RF and PM integrated circuits, caused by the contraction in CDMA-based channel inventory.

Revenues from licensing and royalty fees for the second quarter of fiscal 2009 were $1.04 billion, compared to $881 million for the second quarter of fiscal 2008. The increase in revenues from licensing and royalty fees was primarily related to amounts received from Nokia in the second quarter of fiscal 2009 while no significant amounts were received in the second fiscal quarter of 2008. In addition, there was an increase in sales of CDMA-based products reported by QTL's licensees, driven by the continued adoption of WCDMA at higher average selling prices than CDMA2000.

Cost of Equipment and Services. Cost of equipment and services revenues for the second quarter of fiscal 2009 was $738 million, compared to $820 million for the second quarter of fiscal 2008. Cost of equipment and services revenues as a percentage of equipment and services revenues was 52% for the second quarter of fiscal 2009, compared to 48% for the second quarter of fiscal 2008. The decrease in margin percentage in the second quarter of fiscal 2009 compared to fiscal 2008 was primarily attributable to a decrease in QCT gross margin relating to the net effects of product price reductions and increases in reserves for excess and obsolete inventory, partially offset by a decrease in average unit costs. Cost of equipment and services revenues in the second quarter of fiscal 2009 included $10 million in share-based compensation, compared to $9 million in the second quarter of fiscal 2008. Cost of equipment and services revenues as a percentage of equipment and services revenues may fluctuate in future quarters depending on the mix of products sold and services provided, competitive pricing, new product introduction costs and other factors.

Research and Development Expenses. For the second quarter of fiscal 2009, research and development expenses were $604 million or 25% of revenues, compared to $553 million or 21% of revenues for the second quarter of fiscal 2008. The dollar increase was primarily attributable to a $39 million increase in costs related to the development of integrated circuit products, next generation CDMA and OFDMA technologies, the expansion of our intellectual property portfolio and other initiatives to support the acceleration of advanced wireless products and services, including lower cost devices, the integration of wireless with consumer electronics and computing, the convergence of multiband, multimode, multinetwork products and technologies, third-party operating systems and services platforms. The technologies supporting these initiatives may include CDMA2000 1X, 1xEV-DO, EV-DO Revision A, EV-DO Revision B, WCDMA, HSDPA, HSUPA, HSPA+ and OFDMA. Research and development expenses for the second quarter of fiscal 2009 included share-based compensation and in-process research and development of $68 million and $6 million, respectively, compared to $60 million included in share-based compensation in the second quarter of fiscal 2008.

Selling, General and Administrative Expenses. For the second quarter of fiscal 2009, selling, general and administrative expenses were $375 million or 15% of revenues, compared to $420 million or 16% of revenues for the second quarter of fiscal 2008. The dollar decrease was primarily attributable to a $22 million decrease in costs related to litigation and other legal matters and a $21 million decrease in other professional fees. Selling, general and administrative expenses for the second quarter of fiscal 2009 included share-based compensation of $62 million, compared to $61 million in the second quarter of fiscal 2008.

Litigation Settlement. The second quarter of fiscal 2009 operating expenses included a $748 million litigation settlement charge related to the Settlement and Patent License and Non-Assert Agreement with Broadcom, which will result in the dismissal with prejudice of all litigation between the companies.

Net Investment (Loss) Income. Net investment loss was $91 million for the second quarter of fiscal 2009, compared to net investment income of $93 million for the second quarter of fiscal 2008. The net decrease was comprised as follows (in millions):

	Three Months Ended		
	March 29, 2009	March 30, 2008	Change
Interest and dividend income	$ 121	$ 117	$ 4
Interest expense	(4)	(6)	2
Net realized gains on investments:			
Corporate and other segments	—	13	(13)
QSI	—	24	(24)
Other-than-temporary losses on investments:			
Corporate and other segments	(199)	(47)	(152)
QSI	(10)	(15)	5
Gains on derivative instruments	13	4	9
Equity in (losses) earnings of investees	(12)	3	(15)
	$ (91)	$ 93	$ (184)

The increase in interest and dividend income on cash, cash equivalents and marketable securities was a result of higher average balances held by corporate and segments other than QSI. Other-than-temporary losses on marketable securities and the reduction in net realized gains on corporate investments related primarily to depressed securities values caused by a major disruption in U.S. and foreign financial markets including a deterioration of confidence in financial markets and a severe decline in the availability of capital and demand for debt and equity securities.

Net realized gains on QSI investments in the second quarter of fiscal 2008 were related to the sale of our investment in a wireless CDMA-based operator in Romania.

Income Tax Expense. Income tax expense was $188 million for the second quarter of fiscal 2009, compared to $140 million for the second quarter of fiscal 2008. The effective tax rate for the second quarter of fiscal 2009 was negative 186%, as compared to 15% for the second quarter of fiscal 2008. In the second quarter of fiscal 2009, we recorded a $748 million pre-tax litigation settlement charge attributable to the Settlement and Patent License and Non-Assert Agreement with Broadcom with a discrete tax benefit computed at a rate less than the United States federal rate. In addition, we recorded a tax expense of $52 million to adjust net deferred tax assets primarily to reflect the future impact of California budget legislation enacted February 20, 2009.

The estimated annual effective tax rate for fiscal 2009 is equal to the United States federal statutory rate primarily due to benefits of approximately 15% related to foreign earnings taxed at less than the United States federal rate and 4% related to research and development tax credits, offset by the impact of an increase in valuation allowance related to capital losses of 10%, state taxes of approximately 5% and the revaluation of deferred items of 4%.

First Six Months of Fiscal 2009 Compared to First Six Months of Fiscal 2008

Revenues. Total revenues for the first six months of fiscal 2009 were $4.97 billion, compared to $5.05 billion for the first six months of fiscal 2008. Revenues from two customers of our QCT, QTL and QWI segments (each of whom accounted for more than 10% of our consolidated revenues for the period) comprised approximately 30% in aggregate of total consolidated revenues in the first six months of both fiscal 2009 and 2008.

Revenues from sales of equipment and services for the first six months of fiscal 2009 were $2.84 billion, compared to $3.43 billion for the first six months of fiscal 2008. Revenues from sales of integrated circuit products decreased $562 million, primarily due to a decrease of $734 million related to lower unit shipments, mostly consisting of MSM and accompanying RF and PM integrated circuits, caused by the contraction in CDMA-based channel inventory. This decrease was partially offset by an increase of $123 million related to the net effects of changes in integrated circuit product mix and the average sales prices of such products.

Revenues from licensing and royalty fees for the first six months of fiscal 2009 were $2.14 billion, compared to $1.62 billion for the first six months of fiscal 2008. The increase in revenues from licensing and royalty fees primarily related to an increase in sales of CDMA-based products reported by QTL's licensees, driven by the continued adoption of WCDMA at higher average selling prices than CDMA2000. In addition, revenues from licensing and royalties in the first six months of fiscal 2008 did not include any significant amounts from Nokia.

Cost of Equipment and Services. Cost of equipment and services revenues for the first six months of fiscal 2009 was $1.49 billion, compared to $1.60 billion for the first six months of fiscal 2008. Cost of equipment and services revenues as a percentage of equipment and services revenues was 53% for the first six months of fiscal 2009, compared to 47% for the first six months of fiscal 2008. The decrease in margin percentage in the first six months of fiscal 2009 compared to the first six months of fiscal 2008 was primarily attributable to a decrease in QCT gross margin relating to the net effects of product price reductions and increases in reserves for excess and obsolete inventory, partially offset by a decrease in average unit costs. Cost of equipment and services revenues in the first six months of fiscal 2009 included $20 million in share-based compensation, compared to $19 million in the first six months of fiscal 2008. Cost of equipment and services revenues as a percentage of equipment and services revenues may fluctuate in future quarters depending on the mix of products sold and services provided, competitive pricing, new product introduction costs and other factors.

Research and Development Expenses. For the first six months of fiscal 2009, research and development expenses were $1.21 billion or 24% of revenues, compared to $1.06 billion or 21% of revenues for the first six months of fiscal 2008. The dollar increase was primarily attributable to a $116 million increase in costs related to the development of integrated circuit products, next generation CDMA and OFDMA technologies, the expansion of our intellectual property portfolio and other initiatives to support the acceleration of advanced wireless products and services, including lower cost devices, the integration of wireless with consumer electronics and computing, the convergence of multiband, multimode, multinetwork products and technologies, third-party operating systems and services platforms. The technologies supporting these initiatives may include CDMA2000 1X, 1xEV-DO, EV-DO Revision A, EV-DO Revision B, WCDMA, HSDPA, HSUPA, HSPA+ and OFDMA. Research and development expenses in the first six months of fiscal 2009 included share-based compensation and in-process research and development of $137 million and $6 million, respectively, compared to $117 million and $2 million, respectively, in the first six months of fiscal 2008.

Selling, General and Administrative Expenses. For the first six months of fiscal 2009, selling, general and administrative expenses were $789 million or 16% of revenues, compared to $808 million or 16% of revenues for the first six months of fiscal 2008. The dollar decrease was primarily attributable to a $34 million decrease in costs related to litigation and other legal matters and a $20 million decrease in other professional fees, partially offset by an $18 million increase in employee-related expenses and an $11 million increase in marketing expenses for FLO TV, including development funds, marketing research and promotional activities. Selling, general and administrative expenses in the first six months of fiscal 2009 included share-based compensation of $128 million, compared to $121 million in the first six months of fiscal 2008.

Litigation Settlement. The first six months of fiscal 2009 operating expenses included a $748 million litigation settlement charge related to the Settlement and Patent License and Non-Assert Agreement with Broadcom, which will result in the dismissal with prejudice of all litigation between the companies.

Net Investment (Loss) Income. Net investment loss was $385 million for the first six months of fiscal 2009, compared to net investment income of $265 million for the first six months of fiscal 2008. The net decrease was comprised as follows (in millions):

	Six Months Ended		
	March 29, 2009	March 30, 2008	Change
Interest and dividend income:			
Corporate and other segments	$ 255	$ 269	$ (14)
QSI	1	1	—
Interest expense	(7)	(13)	6
Net realized (losses) gains on investments:			
Corporate and other segments	(38)	83	(121)
QSI	5	35	(30)
Other-than-temporary losses on investments:			
Corporate and other segments	(586)	(104)	(482)
QSI	(15)	(15)	—
Gains on derivative instruments	13	6	7
Equity in (losses) earnings of investees	(13)	3	(16)
	$ (385)	$ 265	$ (650)

The decrease in interest and dividend income on cash, cash equivalents and marketable securities held by corporate and other segments was a result of lower interest rates earned on interest-bearing securities. Other-than-temporary losses on marketable securities and net realized losses on corporate investments related primarily to depressed securities values caused by a major disruption in U.S. and foreign financial markets including a deterioration of confidence in financial markets and a severe decline in the availability of capital and demand for debt and equity securities.

Net realized gains on QSI investments in the first six months of fiscal 2008 related primarily to the sale of our investment in a wireless CDMA-based operator in Romania.

Income Tax Expense. Income tax expense was $298 million for the first six months of fiscal 2009, compared to $303 million for the first six months of fiscal 2008. The effective tax rate was 85% for the first six months of fiscal 2009, compared to 17% for the first six months of fiscal 2008. The annual effective tax rate is estimated to be 35% for fiscal 2009, compared to the annual effective rate of 17% for fiscal 2008. The 85% effective tax rate recorded in the first six months of fiscal 2009 was higher than the estimated annual effective tax rate for fiscal 2009 due to the effect of discrete items recorded in the first six months of fiscal 2009, primarily the litigation settlement charge attributable to the Settlement and Patent License and Non-Assert Agreement with Broadcom with a discrete tax benefit computed at a rate less than the United States federal rate and the revaluation of net deferred tax assets to reflect changes in California law.

The estimated annual effective tax rate for fiscal 2009 is equal to the United States federal statutory rate primarily due to benefits of approximately 15% related to foreign earnings taxed at less than the United States federal rate and 4% related to research and development tax credits, offset by the impact of an increase in valuation allowance related to capital losses of 10%, state taxes of approximately 5% and the revaluation of net deferred items of 4%.

Deferred tax assets, net of valuation allowance, increased from September 28, 2008 to March 29, 2009 primarily due to changes in unrealized marketable securities gains and losses. We can only use realized capital losses to offset realized capital gains. Based upon our assessment of when capital gains and losses will be realized, we estimate that our future capital gains will not be sufficient to utilize all of the realized and unrealized capital losses that were recorded through March 29, 2009. In fiscal 2009, we expect to provide an additional $333 million valuation allowance for the portion of deferred tax assets related to capital losses that we estimate are not likely to be realized. In the six months ended March 29, 2009, we recorded additional valuation allowance of $112 million as an increase in other comprehensive loss. The remainder of the increase in the valuation allowance will be recorded as a component of the income tax provision for fiscal 2009, a portion of which was recorded in the six months ended March 29, 2009. Significant judgment is required to forecast the timing and amount of future capital gains and the timing of realization of capital losses. Adjustments to our valuation allowance based on changes to our forecast of capital gains in future years are reflected in the period the change is made.

Our Segment Results for the Second Quarter of Fiscal 2009 Compared to the Second Quarter of Fiscal 2008

The following should be read in conjunction with the second quarter financial results of fiscal 2009 for each reporting segment. See “Notes to Condensed Consolidated Financial Statements, Note 8 — Segment Information.”

QCT Segment. QCT revenues for the second quarter of fiscal 2009 were $1.32 billion, compared to $1.62 billion for the second quarter of fiscal 2008. Equipment and services revenues, mostly consisting of MSM and accompanying RF and PM integrated circuits, were $1.27 billion for the second quarter of fiscal 2009, compared to $1.58 billion for the second quarter of fiscal 2008. The decrease in equipment and services revenues resulted primarily from a decrease of $339 million related to lower unit shipments, caused by the contraction in CDMA-based channel inventory. Approximately 69 million MSM integrated circuits were sold during the second quarter of fiscal 2009, compared to approximately 85 million for the second quarter of fiscal 2008.

QCT’s earnings before taxes for the second quarter of fiscal 2009 were $217 million, compared to $427 million for the second quarter of fiscal 2008. QCT’s operating income as a percentage of its revenues (operating margin percentage) was 17% in the second quarter of fiscal 2009, compared to 26% in the second quarter of fiscal 2008. The decrease in operating margin percentage was primarily due to the combined effect of increased research and development expenses while revenues declined and the net effects of product price reductions and increases in reserves for excess and obsolete inventory, partially offset by a decrease in average unit costs, on the gross margin percentage.

QTL Segment. QTL revenues for the second quarter of fiscal 2009 were $954 million, compared to $795 million for the second quarter of fiscal 2008. QTL’s earnings before taxes for the second quarter of fiscal 2009 were $839 million, compared to $684 million for the second quarter of fiscal 2008. QTL’s operating margin percentage was 86% in both the second quarter of fiscal 2009 and the second quarter of fiscal 2008. The increase in revenues from licensing and royalty fees was primarily related to amounts received from Nokia in the second quarter of fiscal 2009 while no significant amounts were received in the second fiscal quarter of 2008. In addition, there was an increase in sales of CDMA-based products reported by QTL’s licensees, driven by the continued adoption of WCDMA at higher average selling prices than CDMA2000. The increases in earnings before taxes and operating margin percentage were primarily attributable to the increase in revenues.

QWI Segment. QWI revenues for the second quarter of fiscal 2009 were $176 million, compared to $194 million for the second quarter of fiscal 2008. Revenues decreased primarily due to a $16 million decrease in QES revenues and a $4 million decrease in QIS revenues. The decrease in QES revenues was primarily attributable to a $10 million decrease in revenues from hardware product sales, including a $2 million decrease related to reduced business with Globalstar. The decrease in revenues from QES hardware product sales is due to an 8,000-unit reduction, or 43%, decrease in the number of units shipped. The decrease in QIS revenues was primarily attributable to a $10 million decrease in BREW revenues resulting from lower consumer demand and lower prices due to the slowdown in global economies and competitive pricing pressures, partially offset by a $6 million increase in QChat revenues resulting from a software release.

QWI’s earnings before taxes for the second quarter of fiscal 2009 were $25 million, compared to less than $1 million for the second quarter of fiscal 2008. QWI’s operating margin percentage was 15% in the second quarter of fiscal 2009, compared to less than 1% in the second quarter of fiscal 2008. The increase in QWI’s earnings before taxes and operating margin percentage was primarily attributable to a decrease in research and development and selling, general and administrative expenses at QES and QIS.

QSI Segment. QSI revenues for the second quarter of fiscal 2009 were $8 million, compared to $2 million for the second quarter of fiscal 2008. QSI’s loss before taxes for the second quarter of fiscal 2009 was $102 million, compared to $63 million for the second quarter of fiscal 2008. QSI’s losses before taxes increased by $39 million primarily due to a $34 million increase in net investment losses and a $5 million increase in our FLO TV subsidiary’s loss before taxes comprised primarily of an increase of $8 million in cost of equipment and services revenues.

Our Segment Results for the First Six Months of Fiscal 2009 Compared to the First Six Months of Fiscal 2008

The following should be read in conjunction with the first six months financial results of fiscal 2009 for each reporting segment. See "Notes to Condensed Consolidated Financial Statements — Note 8 — Segment Information."

QCT Segment. QCT revenues for the first six months of fiscal 2009 were $2.65 billion, compared to $3.19 billion for the first six months of fiscal 2008. Equipment and services revenues, mostly consisting of MSM and accompanying RF and PM integrated circuits, were $2.55 billion for the first six months of fiscal 2009, compared to $3.11 billion for the first six months of fiscal 2008. The decrease in equipment and services revenues resulted primarily from a decrease of $734 million related to lower unit shipments, caused by the contraction in CDMA-based channel inventory. This decrease was partially offset by an increase of $123 million related to the net effects of changes in product mix and the average sales prices of such products. Approximately 132 million MSM integrated circuits were sold during the first six months of fiscal 2009, compared to approximately 163 million for the first six months of fiscal 2008.

QCT's earnings before taxes for the first six months of fiscal 2009 were $385 million, compared to $897 million for the first six months of fiscal 2008. QCT's operating income as a percentage of its revenues (operating margin percentage) was 15% in the first six months of fiscal 2009, compared to 28% in the first six months of fiscal 2008. The decrease in operating margin percentage was primarily due to the combined effect of increased research and development expenses while revenues declined and the net effects of product price reductions and increases in reserves for excess and obsolete inventory, partially offset by a decrease in average unit costs, on the gross margin percentage.

QTL Segment. QTL revenues for the first six months of fiscal 2009 were $1.96 billion, compared to $1.45 billion for the first six months of fiscal 2008. QTL's earnings before taxes for the first six months of fiscal 2009 were $1.71 billion, compared to $1.22 billion for the first six months of fiscal 2008. QTL's operating margin percentage was 86% in the first six months of fiscal 2009, compared to 85% in the first six months of fiscal 2008. The increase in revenues from licensing and royalty fees primarily related to an increase in sales of CDMA-based products reported by QTL's licensees, driven by the continued adoption of WCDMA at higher average selling prices than CDMA2000. In addition, QTL revenues from licensing and royalties in the first six months of fiscal 2008 did not include any significant amounts from Nokia. The increases in earnings before taxes and operating margin percentage were primarily attributable to the increase in revenues.

QWI Segment. QWI revenues for the first six months of fiscal 2009 were $346 million, compared to $405 million for the first six months of fiscal 2008. Revenues decreased primarily due to a $41 million decrease in QES revenues and a $16 million decrease in QIS revenues. The decrease in QES revenues was primarily attributable to a $29 million decrease in revenues from hardware product sales, including a $9 million decrease related to reduced business with Globalstar. The decrease in revenues from QES hardware product sales is due to a 30,000-unit reduction, or 55%, in the number of units shipped. The decrease in QIS revenues was primarily attributable to a $16 million decrease in BREW revenues resulting from lower consumer demand and lower prices due to the slowdown in global economies and competitive pricing pressures.

QWI's earnings before taxes for the first six months of fiscal 2009 were $28 million, compared to $24 million for the first six months of fiscal 2008. QWI's operating margin percentage was 8% and 6% in the first six months of fiscal 2009 and the first six months of fiscal 2008, respectively. The increase in QWI's earnings before taxes was primarily due to a decrease in QIS research and development and selling, general and administrative expenses. The increase in QWI's operating margin percentage was primarily attributable to the improvements in QIS and QES gross margin percentages as a result of cost containment measures.

QSI Segment. QSI revenues for the first six months of fiscal 2009 were $13 million, compared to $4 million for the first six months of fiscal 2008. QSI's loss before taxes for the first six months of fiscal 2009 was $200 million, compared to $117 million for the first six months of fiscal 2008. QSI's losses before taxes increased by $83 million primarily due to a $45 million increase in net investment losses (unrelated to FLO TV) and a $34 million increase in our FLO TV subsidiary's loss before taxes, primarily comprised of an increase of $22 million in cost of equipment and services revenues and a $16 million increase in selling, general and administrative expenses.

Liquidity and Capital Resources

Our principal sources of liquidity are our existing cash, cash equivalents and marketable securities, cash generated from operations and proceeds from the issuance of common stock under our stock option and employee stock purchase plans. Cash, cash equivalents and marketable securities were $14.0 billion at March 29, 2009, an increase of $2.7 billion from September 28, 2008. Our cash, cash equivalents and marketable securities at March 29, 2009 consisted of $6.3 billion held domestically with the remaining balance of $7.7 billion held by foreign subsidiaries. Due to tax considerations, we derive liquidity for operations primarily from domestic cash flow and investments held domestically. Total cash provided by operating activities increased to $4.8 billion during the first six months of fiscal 2009, compared to $1.8 billion during the first six months of fiscal 2008 primarily due to collection of the $2.5 billion trade receivable related to the new license and settlement agreements completed with Nokia in September 2008.

During the first six months of fiscal 2009, we repurchased and retired 8,920,000 shares of our common stock for $284 million. At March 29, 2009, approximately $1.7 billion remained authorized for repurchases under our stock repurchase program. The stock repurchase program has no expiration date. We intend to continue to repurchase shares of our common stock under this program subject to capital availability and periodic determinations that such repurchases are in the best interest of our stockholders.

We announced dividends totaling $264 million, or $0.16 per share, during the second quarter of fiscal 2009, which were paid on March 27, 2009. On April 8, 2009, we announced a cash dividend of $0.17 per share on our common stock, payable on June 26, 2009 to stockholders of record as of May 29, 2009. We intend to continue to pay quarterly dividends subject to capital availability and periodic determinations that cash dividends are in the best interest of our stockholders.

Since September 2007, there has been a major disruption in U.S. and foreign financial markets including a deterioration of confidence and a severe decline in the availability of capital and demand for debt and equity securities. At March 29, 2009, gross unrealized gains on marketable securities were $169 million and gross unrealized losses were $1.1 billion. When assessing marketable securities for other-than-temporary declines in value, we consider a number of factors. Our relative weighting of these factors is reassessed when market or economic conditions change. In the first quarter of fiscal 2009, due to further disruption in the credit and financial markets, we performed a reassessment. For equity securities, in response to increased volatility in the market, we evaluated the duration of declines and probability of recovery based on these factors, as well as additional analysis of the expected volatility for the securities over the near term. At March 29, 2009, our analyses of the severity and duration of price declines, market research, industry reports, economic forecasts and the specific circumstances of issuers indicate that it is reasonable to expect marketable securities with unrealized losses to recover up to our cost bases within a reasonable period of time. Further, we have the ability and the intent to hold such securities until they recover, which is expected to be within a reasonable time for all equity securities, all funds and most debt securities. For certain debt securities, we intend to hold the securities for a longer period in order to recover the loss, which could be until maturity. As a result, we do not believe the decline in the fair value of our marketable securities will materially affect our liquidity.

At March 29, 2009, we classified our auction rate securities with recorded values of $171 million as noncurrent assets due to a disruption in credit markets that caused the auction mechanism to fail to set market-clearing rates and provide liquidity for sellers. However, a failed auction does not represent a default by the issuer of the underlying security. Our auction rate securities are predominantly rated AAA/Aaa, are collateralized by student loans substantially guaranteed by the U.S. government and continue to pay interest in accordance with their contractual terms. The cash values of our auction rate securities, which are held by a foreign subsidiary, may not be accessible until a successful auction occurs, a buyer is found outside of the auction process, the securities are called by the issuer or the underlying securities have been prepaid or have matured. Due to the combined strength of our significant cash, short-term investments and operating cash flows, we do not anticipate the current illiquidity of auction rate securities to affect our operating plans.

Accounts receivable decreased approximately 15% during the second quarter of fiscal 2009. Days sales outstanding, on a consolidated basis, were 29 days at March 29, 2009 compared to 33 days at December 28, 2008. The decreases in accounts receivable and the related days sales outstanding were primarily due to the net effects of the timing of cash payments related to certain customers and licensees and the extension of certain payment terms.

We believe our current cash and cash equivalents, marketable securities and our expected cash flow generated from operations will provide us with flexibility and satisfy our working and other capital requirements over the next fiscal year and beyond based on our current business plans. Our total research and development expenditures were $1.2 billion in the first six months of fiscal 2009 and $2.3 billion in fiscal 2008, and we expect to continue to invest heavily in research and development for new technologies, applications and services for the wireless industry. Capital expenditures were $468 million in the first six months of fiscal 2009 and $1.4 billion in fiscal 2008. Our purchase obligations for the remainder of fiscal 2009 and for fiscal 2010, some of which relate to research and development activities and capital expenditures, totaled $660 million and $235 million, respectively, at March 29, 2009. Pursuant to the Settlement and Patent License and Non-Assert Agreement with Broadcom, we are obligated to pay $891 million, of which $200 million will be paid in our quarter ending June 28, 2009 and the remainder will be paid ratably through April 2013. Cash used for strategic investments and acquisitions, net of cash acquired, was $40 million in the first six months of fiscal 2009 and $298 million in fiscal 2008, and we expect to continue making strategic investments and acquisitions to open new markets for our technology, expand our technology, obtain development resources, grow our patent portfolio or pursue new business opportunities.

Contractual Obligations/Off-Balance Sheet Arrangements

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

Our consolidated balance sheet at March 29, 2009 includes a $276 million noncurrent liability for uncertain tax positions, of which $227 million may result in cash payment. While the current IRS audit, covering fiscal 2005, 2006 and 2007, is expected to be completed by August 2009, we are not updating the disclosures in our long-term contractual obligations table presented in our 2008 Form 10-K because of the difficulty in making reasonably reliable estimates of the timing of cash settlements with the taxing authorities.

Additional information regarding our financial commitments at March 29, 2009 is provided in the notes to our condensed consolidated financial statements. See “Notes to Condensed Consolidated Financial Statements, Note 5 — Income Taxes” and “Note 7 — Commitments and Contingencies.”

Future Accounting Requirements

In December 2007, the FASB revised Statement No. 141 (FAS 141R), “Business Combinations,” which establishes principles and requirements for how the acquirer in a business combination (i) recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree, (ii) recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase and (iii) determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. FAS 141R will be effective for our fiscal 2010 beginning September 28, 2009. We are in the process of determining the effects, if any, the adoption of FAS 141R will have on our consolidated financial statements.

FASB Statement No. 157 (FAS 157), “Fair Value Measurements,” issued in September 2006, defines fair value, establishes a framework for measuring fair value and expands disclosures about assets and liabilities measured at fair value in the financial statements. In February 2008, the FASB issued FASB Staff Position 157-2 (FSP 157-2) which allows for the delay of the effective date of FAS 157 for one year for all nonfinancial assets and liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis. We adopted FAS 157 for financial assets and liabilities effective September 29, 2008 but elected a partial deferral under the provision of FSP 157-2 related to nonfinancial assets and liabilities that are measured at fair value on a nonrecurring basis, including goodwill, wireless licenses, other intangible and long-lived assets, guarantees and asset retirement obligations. We are in the process of determining the effects, if any, FAS 157’s application to such nonfinancial assets and liabilities will have on our consolidated financial statements.

In April 2009, the FASB issued FASB Staff Position FAS 115-2 and FAS 124-2 (FSP 115-2 and 124-2), “Recognition and Presentation of Other-Than-Temporary Impairments,” which amends the existing guidance on determining whether an impairment is other-than-temporary for investments in debt securities. In addition, the FASB issued FASB Staff Position FAS 157-4 (FSP 157-4), “Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Indentifying Transactions That Are Not Orderly,” which provides additional guidance on determining the fair value of financial assets in an inactive market or when a distressed transaction is present. FSP 115-2 and 124-2 and FSP 157-4 will be effective for our third quarter of fiscal 2009, as we have not elected to early adopt either FSP. We are in the process of determining the effects, if any, the adoption of both FSPs will have on our consolidated financial statements.

Risk Factors

You should consider each of the following factors as well as the other information in this Quarterly Report in evaluating our business and our prospects. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently consider immaterial may also impair our business operations. If any of the following risks actually occur, our business and financial results could be harmed. In that case, the trading price of our common stock could decline. You should also refer to the other information set forth in this Quarterly Report and in our Annual Report on Form 10-K for the fiscal year ended September 28, 2008, including our financial statements and the related notes.

If deployment of our technologies does not expand as expected, our revenues may not grow as anticipated.

We focus our business primarily on developing, patenting and commercializing CDMA technology for wireless telecommunications applications. Other digital wireless communications technologies, particularly GSM technology, have been more widely deployed than CDMA technology. If adoption and use of CDMA-based wireless communications standards do not continue in the countries where our products and those of our customers and licensees are sold, our business and financial results could suffer. If GSM wireless operators do not select CDMA for their networks or update their current networks to any CDMA-based third-generation (3G) technology, our business and financial results could suffer since we have not previously generated significant revenues from sales of products that implement GSM but do not implement CDMA. In addition to CDMA technology, we continue to invest in developing, patenting and commercializing OFDMA technology, which has not yet been widely adopted and commercially deployed, and FLO technology, which was commercially deployed in the United States in fiscal 2007. If OFDMA is not widely adopted and commercially deployed and/or FLO technology is not more widely adopted by consumers in the United States or commercially deployed internationally, our investments in OFDMA and FLO technologies may not provide us an adequate return.

Our business and the deployment of our technologies, products and services are dependent on the success of our customers, licensees and CDMA-based wireless operators, as well as the timing of their deployment of new services. Our licensees and CDMA-based wireless operators may incur lower operating margins on products or services based on our technologies than on products using alternative technologies as a result of greater competition or other factors. If CDMA-based wireless operators, wireless device and/or infrastructure manufacturers cease providing CDMA-based products and/or services, the deployment of CDMA technology could be negatively affected, and our business could suffer.

We are dependent on the commercial deployment and upgrades of 3G wireless communications equipment, products and services to increase our revenues, and our business may be harmed if wireless network operators delay or are unsuccessful in the commercial deployment or upgrade of 3G technology or if they deploy other technologies.

To increase our revenues in future periods, we are dependent upon the commercial deployment and upgrades of 3G wireless communications equipment, products and services based on our CDMA technology. Although wireless network operators have commercially deployed CDMA2000 and WCDMA, we cannot predict the timing or success of further commercial deployments or expansions or upgrades of CDMA2000, WCDMA or other CDMA systems. If existing deployments are not commercially successful or do not continue to grow their subscriber base, or if new commercial deployments of CDMA2000, WCDMA or other CDMA-based systems are delayed or unsuccessful, our business and financial results may be harmed. In addition, our business could be harmed if wireless network operators deploy other technologies or switch existing networks from CDMA to GSM without upgrading to WCDMA or if wireless network operators introduce new technologies. A limited number of wireless operators have started testing OFDMA technology, but the timing and extent of OFDMA deployments is uncertain, and we might not be successful in developing and marketing OFDMA products.

Our patent portfolio may not be as successful in generating licensing income with respect to other technologies as it has been for CDMA-based technologies.

Although we own a very strong portfolio of issued and pending patents related to GSM, GPRS, EDGE, OFDM, OFDMA and/or Multiple Input, Multiple Output (MIMO) technologies, our patent portfolio licensing program in these areas is less established and might not be as successful in generating licensing income as our CDMA portfolio licensing program. Many wireless operators are investigating or have selected LTE or WiMAX as next-generation technologies for deployment in existing or future spectrum bands as complementary to their existing CDMA-based networks. Although we believe that our patented technology is essential and useful to implementation of the LTE and WiMAX standards and have granted royalty-bearing licenses to eight companies to make and sell products implementing those standards (including Nokia and another major handset OEM), we might not achieve the same royalty revenues on such LTE or WiMAX deployments as on CDMA-based deployments, and we might not achieve the same level of success in selling LTE or WiMAX products as we have in CDMA-based products.

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

Our revenues and earnings have fluctuated significantly in the past and may fluctuate significantly in the future. General economic or other conditions have caused and could continue to cause a downturn in the market for our products or technology. The continuing financial disruption affecting the banking system and financial markets and the concern as to whether investment banks and other financial institutions will continue operations in the foreseeable future have resulted in a tightening in the credit markets, a low level of liquidity in many financial markets and extreme volatility in credit and equity markets. In addition to the current impact on the value of our marketable securities, there have been and could continue to be a number of follow-on effects from the credit crisis on our business that could also adversely affect our operating results. The continuing credit crisis may result in the insolvency of key suppliers resulting in product delays; delays in reporting and/or payments from our licensees; the inability of our customers to obtain credit to finance purchases of our products; customer/licensee insolvencies that impact our customers'/licensees' ability to pay us and/or cause our customers to change delivery schedules, cancel committed purchase orders or reduce purchase order commitment projections; a slowdown in global economies which could result in lower consumer demand for CDMA-based products; counterparty failures negatively impacting our treasury operations; increased impairments of our investments; and the inability to utilize federal and/or state capital loss carryovers. Net investment income could vary depending on the gains or losses realized on the sale or exchange of securities, gains or losses from equity method investments, impairment charges related to marketable securities, changes in interest rates and changes in fair values of derivative instruments. Our cash and marketable securities investments represent significant assets that may be subject to fluctuating or even negative returns depending upon interest rate movements and financial market conditions in fixed income and equity securities. The current volatility in the financial markets and overall economic uncertainty increase the risk of substantial quarterly and annual fluctuations in our earnings. At March 29, 2009, gross unrealized losses on marketable securities were $1.1 billion, which could be recognized into earnings in future periods if market conditions do not improve.

Our future operating results may be affected by many factors, including, but not limited to: our ability to retain existing or secure anticipated customers or licensees, both domestically and internationally; our ability to develop, introduce and market new technology, products and services on a timely basis; management of inventory by us and our customers and their customers in response to shifts in market demand; changes in the mix of technology and products developed, licensed, produced and sold; seasonal customer demand; disputes with our customers and licensees; and other factors described elsewhere in this Quarterly Report and in these risk factors.

These factors affecting our future earnings are difficult to forecast and could harm our quarterly and/or annual operating results. If our earnings fail to meet the financial guidance we provide to investors, or the expectations of investment analysts or investors in any period, securities class action litigation could be brought against us and/or the market price of our common stock could decline.

Global economic conditions that impact the wireless communications industry could negatively affect our revenues and operating results.

We believe the continuing global economic conditions caused a contraction in the channel inventory and have resulted and could continue to result in lower consumer demand for our products and for the products of our customers, particularly wireless communications equipment manufacturers or other members of the wireless industry, such as wireless network operators. We cannot predict other negative events that may have adverse effects on the economy, on demand for wireless device products or on wireless device inventories at CDMA-based equipment manufacturers and wireless operators. Inflation and/or deflation and economic recessions that adversely affect the global economy and capital markets also adversely affect our customers and our end consumers. For example, our customers' ability to purchase or pay for our products and services, obtain financing and upgrade wireless networks could be adversely affected, leading to cancellation or delay of orders for our products. Also, our end consumers' standards of living could be lowered, and their ability to purchase wireless devices based on our technology could be diminished. Inflation could also increase our costs of raw materials and operating expenses and harm our business in other ways, and deflation could reduce our revenues if product prices fall. Any of these results from worsening global economic conditions could negatively affect our revenues and operating results.

During the first six months of fiscal 2009, 66% of our revenues were from customers and licensees based in South Korea, Japan and China, as compared to 73% during the first six months of fiscal 2008, respectively. During fiscal 2008, 70% of our revenues were from customers and licensees based in South Korea, Japan and China, as compared to 69% during fiscal 2007. These customers sell their products to markets worldwide, including in Japan, South Korea, China, India, North America, South America and Europe. A significant downturn in the economies of Asian countries where many of our customers and licensees are located, particularly the economies of South Korea, Japan and China, or the economies of the major markets they serve could materially harm our business. In addition, the continued threat of terrorism and heightened security and military action in response to this threat, or any future acts of war or terrorism, may cause disruptions to the global economy and to the wireless communications industry and create uncertainties. Should such negative events occur, subsequent economic recovery might not benefit us in the near term. If it does not, our ability to increase or maintain our revenues and operating results may be impaired. In addition, because we intend to continue to make significant investments in research and development and to maintain extensive ongoing customer service and support capability, any decline in the rate of growth of our revenues will have a significant adverse impact on our operating results.

Our four largest customers accounted for 49% and 41% of consolidated revenues in the first six months of fiscal 2009 and 2008, respectively, and 43% and 34% of total consolidated revenues in fiscal 2008 and 2007, respectively. The loss of any one of our major customers or any reduction in the demand for devices utilizing our CDMA technology could reduce our revenues and harm our ability to achieve or sustain desired levels of operating results.

The loss of any one of our QCT segment's significant customers or the delay, even if only temporary, or cancellation of significant orders from any of these customers would reduce our revenues in the period of the cancellation or deferral and harm our ability to achieve or sustain expected levels of operating results. We derive a significant portion of our QCT segment revenues from four major customers. Accordingly, unless and until our QCT segment diversifies and expands its customer base, our future success will significantly depend upon the timing and size of any future purchase orders from these customers. Factors that may impact the size and timing of orders from customers of our QCT segment include, among others, the following:

- the product requirements of our customers and the network operators;
- the financial and operational success of our customers;
- the success of our customers' products that incorporate our products;
- changes in wireless penetration growth rates;
- value added features which drive replacement rates;
- shortages of key products and components;
- fluctuations in channel inventory levels;
- the success of products sold to our customers by competitors;
- the rate of deployment of new technology by the wireless network operators and the rate of adoption of new technology by the end consumers;
- the extent to which certain customers successfully develop and produce CDMA-based integrated circuits and system software to meet their own needs or source such products from other suppliers;
- general economic conditions; and
- changes in governmental regulations in countries where we or our customers currently operate or plan to operate.

We derive a significant portion of our royalty revenues in our QTL segment from a limited number of licensees and our future success depends on the ability of our licensees to obtain market acceptance for their products.

Our QTL segment today derives royalty revenues primarily from sales of CDMA products by our licensees. Although we have more than 165 licensees, we derive a significant portion of our royalty revenues from a limited number of licensees. Our future success depends upon the ability of our licensees to develop, introduce and deliver high-volume products that achieve and sustain market acceptance. We have little or no control over the sales efforts of our licensees, and our licensees might not be successful. Reductions in the average selling price of wireless communications devices utilizing our CDMA technology, without a comparable increase in the volumes of such devices sold, could have a material adverse effect on our business.

We may not be able to modify some of our license agreements to license later patents without modifying some of the other material terms and conditions of such license agreements, and such modifications may impact our revenues.

The licenses granted to and from us under a number of our license agreements include only patents that are either filed or issued prior to a certain date, and, in a small number of agreements, royalties are payable on those patents for a specified time period. As a result, there are agreements with some licensees where later patents are not licensed by or to us under our license agreements. In order to license any such later patents, we will need to extend or modify our license agreements or enter into new license agreements with such licensees. We might not be able to modify such license agreements in the future to license any such later patents or extend such date(s) to incorporate later patents without affecting the material terms and conditions of our license agreements with such licensees.

Efforts by some telecommunications equipment manufacturers and component suppliers to avoid paying fair and reasonable royalties for the use of our intellectual property may create uncertainty about our future business prospects, may require the investment of substantial management time and financial resources, and may result in legal decisions and/or political actions by foreign governments that harm our business.

A small number of companies have initiated various strategies in an attempt to renegotiate, mitigate and/or eliminate their need to pay royalties to us for the use of our intellectual property in order to negatively affect our business model and that of our other licensees. These strategies have included (i) litigation, often alleging infringement of patents held by such companies, patent misuse, patent exhaustion and patent and license unenforceability, or some form of unfair competition, (ii) taking questionable positions on the interpretation of contracts with us, with royalty reduction as the likely true motive, (iii) appeals to governmental authorities, such as the complaints filed with the European Commission (EC) during the fourth calendar quarter of 2005 and with the Korea Fair Trade Commission (KFTC) and the Japan Fair Trade Commission (JFTC) during 2006, (iv) collective action intended to depress license fees, including working with carriers, standards bodies, other like-minded technology companies and other organizations, formal and informal, to adopt intellectual property policies and practices which could have the effect of limiting returns on intellectual property innovations and (v) lobbying with governmental regulators and elected officials for the purpose of seeking the imposition of some form of compulsory licensing and/or to weaken a patent holder's ability to enforce its rights or obtain a fair return for such rights. A number of these strategies are purportedly based on interpretations of the policies of certain standards development organizations concerning the licensing of patents that are or may be essential to industry standards and our alleged failure to abide by these policies.

Six companies (Nokia, Ericsson, Panasonic, Texas Instruments, Broadcom and NEC) submitted separate formal complaints to the Competition Directorate of the EC accusing our business practices, with respect to licensing of patents and sales of chipsets, to be in violation of Article 82 of the EC treaty. We received the complaints, submitted a response and have cooperated with the EC in its investigation. On October 1, 2007, the EC announced that it had initiated a proceeding though it has not decided to issue a Statement of Objections, and it has not made any conclusions as to the merits of the complaints. On July 23, 2008, we entered into an agreement with Nokia in which Nokia agreed to withdraw its complaint as part of the settlement of disputes between the parties, and on April 26, 2009, we entered into an agreement with Broadcom in which Broadcom agreed to withdraw its complaint as part of the settlement of disputes between the parties; however, although Nokia has withdrawn its complaint and Broadcom will withdraw its complaint, the investigation remains active. While the EC's actions to date do not indicate that the EC has found any evidence of a violation by us and we believe that none of our business practices violate the legal requirements of Article 82 of the EC treaty, if the EC determines liability as to any of the alleged violations, it could impose fines and/or require us to modify our practices. Further, the continuation of this investigation could be expensive and time consuming to address, divert management attention from our business and harm our reputation. Although such potential adverse findings may be appealed within the EC legal system, an adverse final determination could have a significant negative impact on our revenues and/or earnings. We understand that two

U.S. companies (Texas Instruments and Broadcom) and two South Korean companies (Nextreaming Corp. and Thin Multimedia, Inc.) filed complaints with the KFTC alleging that our business practices are, in some way, a violation of South Korean anti-trust regulations. On February 17, 2009, the KFTC issued a Case Examiner's report setting forth allegations with respect to the lawfulness of certain business practices related to our integration of multimedia solutions into our chipsets, rebates and discounts provided to our chipset customers and of certain licensing practices. The Case Examiner's report does not indicate what specific remedies may be sought, although cases brought against other technology companies have involved requests of fines and modification of business practices by the KFTC. We will respond to the Case Examiner's report and will present our defense at a hearing before the KFTC Commissioners. It is contemplated that the KFTC will adjudicate this matter during the next 12 months. We would have the right to appeal to the South Korean courts, if necessary. As a result of the Settlement and Patent License and Non-Assert Agreement, Broadcom will withdraw its complaint to the KFTC, although the case remains active. The JFTC has also received unspecified complaints alleging that our business practices are, in some way, a violation of Japanese law. We have not received the complaints but have submitted certain requested information and documents to the JFTC regarding the non-assert, cross-licensing and royalty provisions in our license agreements and BREW agreements. We believe that none of our business practices violate the legal requirements of South Korean competition law or Japanese competition law. However, we have cooperated with the investigations of these complaints in South Korea and Japan, and any continuation or expansion of these investigations could be expensive and time consuming to address, divert management attention from our business and harm our reputation. An adverse final determination on these charges could have a significant negative impact on our business, including our revenues and/or earnings.

Although we believe that these challenges are without merit, and we will continue to vigorously defend our intellectual property rights and our right to continue to receive a fair return for our innovations, the distractions caused by challenges to our business model and licensing program are undesirable and the legal and other costs associated with defending our position have been and continue to be significant. We assume, as should investors, that such challenges will continue into the foreseeable future and may require the investment of substantial management time and financial resources to explain and defend our position.

The enforcement and protection of our intellectual property rights may be expensive and could divert our valuable resources.

We rely primarily on patent, copyright, trademark and trade secret laws, as well as nondisclosure and confidentiality agreements and other methods, to protect our proprietary information, technologies and processes, including our patent portfolio. Policing unauthorized use of our products and technologies is difficult and time consuming. We cannot be certain that the steps we have taken will prevent the misappropriation or unauthorized use of our proprietary information and technologies, particularly in foreign countries where the laws may not protect our proprietary intellectual property rights as fully or as readily as United States laws. We cannot be certain that the laws and policies of any country, including the United States, or the practices of any of the standards bodies, foreign or domestic, with respect to intellectual property enforcement or licensing, issuance of wireless licenses or the adoption of standards, will not be changed in a way detrimental to our licensing program or to the sale or use of our products or technology.

The vast majority of our patents and patent applications relate to our wireless communications technology and much of the remainder of our patents and patent applications relate to our other technologies and products. We may need to litigate to enforce our intellectual property rights, protect our trade secrets or determine the validity and scope of proprietary rights of others. As a result of any such litigation, we could lose our ability to enforce one or more patents or incur substantial unexpected operating costs. Any action we take to enforce our intellectual property rights could be costly and could absorb significant management time and attention, which, in turn, could negatively impact our operating results. In addition, failure to protect our trademark rights could impair our brand identity.

Claims by other companies that we infringe their intellectual property or that patents on which we rely are invalid could adversely affect our business.

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

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

In addition, intellectual property rights claims in our industry are common, and, as the number of competitors or other patent holders in the market increases and the functionality of our products expands to include additional technologies and features, we may become subject to claims of infringement or misappropriation of the intellectual property rights of others. Any claims, regardless of their merit, could be time consuming to address, result in costly litigation, divert the efforts of our technical and management personnel or cause product release or shipment delays, any of which could have a material adverse effect upon our operating results. In any potential dispute involving other companies' patents or other intellectual property, our chipset customers could also become the targets of litigation. Any such litigation could severely disrupt the business of our chipset customers and their wireless operator customers, which in turn could hurt our relationships with our chipset customers and wireless operators and could result in a decline in our chipset market share and/or a reduction in our licensees' sales to wireless operators, causing a corresponding decline in our chipset and/or licensing revenues.

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

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

Our industry is subject to competition that could result in decreased demand for our products and the products of our customers and licensees and/or declining average selling prices for our licensees' products and our products, negatively affecting our revenues and operating results.

We currently face significant competition in our markets and expect that competition will continue. Competition in the telecommunications market is affected by various factors, including:

- comprehensiveness of products and technologies;
- value added features which drive replacement rates and selling prices;
- manufacturing capability;
- scalability and the ability of the system technology to meet customers' immediate and future network requirements;
- product performance and quality;
- design and engineering capabilities;
- compliance with industry standards;
- time-to-market;
- system cost; and
- customer support.

This competition may result in increased development costs and reduced average selling prices for our products and those of our customers and licensees. Reductions in the average selling price of our licensees' products, unless offset by an increase in volumes, generally result in reduced royalties payable to us. While pricing pressures from competition may, to a large extent, be mitigated by the introduction of new features and functionality in our licensees' products as evidenced by the recent success of feature rich, data capable devices (e.g. iPhone and Blackberry Storm) there is no guarantee that such mitigation will continue to occur. We anticipate that additional competitors will enter our markets as a result of growth opportunities in wireless telecommunications, the trend toward global expansion by foreign and domestic competitors, technological and public policy changes and relatively low barriers to entry in selected segments of the industry.

Companies that promote non-CDMA technologies (e.g. GSM, WiMAX) and companies that design competing CDMA-based integrated circuits are generally included amongst our competitors or potential competitors in the United States or abroad. Examples (some of whom are strategic partners of ours in other areas) include Broadcom, Freescale, Fujitsu, Icera, Infineon, Intel, Mediatek, NEC, nVidia, Renesas, ST-Ericsson (a joint venture between Ericsson Mobile Platforms and ST-NXP Wireless), Texas Instruments and VIA Telecom. With respect to our QES business, our competitors are aggressively pricing products and services and are offering new value-added products and services which may impact margins, intensify competition in current and new markets and harm our ability to compete in certain markets.

Many of these current and potential competitors have advantages over us, including:

- longer operating histories and market presence;
- greater name recognition;
- motivation by our customers in certain circumstances to find alternate suppliers;
- access to larger customer bases;
- economies of scale and cost structure advantages;
- greater sales and marketing, manufacturing, distribution, technical and other resources; and
- government support of other technologies.

As a result of these and other factors, our competitors may be more successful than us. In addition, we anticipate additional competitors will begin to offer and sell products based on 3G standards, LTE and WiMAX. These competitors may have more established relationships and distribution channels in markets not currently deploying CDMA-based wireless communications technology. These competitors also may have established or may establish financial or strategic relationships among themselves or with our existing or potential customers, resellers or other third parties. These relationships may affect our customers' decisions to purchase products or license technology from us or to use alternative technologies. Accordingly, new competitors or alliances among competitors could emerge and rapidly acquire significant market share of sales to our detriment. In addition to the foregoing, we have seen, and believe we will continue to see, an increase in customers requesting that we develop products, including chipsets, that will operate in an "open source" environment, which offers practical accessibility to a product's source code. Developing open source compliant products, without imperiling the intellectual property rights upon which our licensing business depends, may prove difficult under certain circumstances, thereby placing us at a competitive disadvantage for new product designs.

While we continue to believe our QMT Division's IMOD displays will offer compelling advantages to users of displays, there can be no assurance that other technologies will not continue to improve in ways that reduce the advantages we anticipate from our IMOD displays. Sales of flat panel displays are currently, and we believe will likely continue to be for some time, dominated by displays based on liquid crystal display (LCD) technology. Numerous companies are making substantial investments in, and conducting research to improve characteristics of, LCDs. Additionally, several other flat panel display technologies have been, or are being, developed, including technologies for the production of organic light-emitting diode (OLED), field emission, inorganic electroluminescence, gas plasma and vacuum fluorescent displays. In each case, advances in LCD or other flat panel display technologies could result in technologies that are more cost effective, have fewer display limitations, or can be brought to market faster than our IMOD technology. These advances in competing technologies might cause display manufacturers to avoid entering into commercial relationships with us, or not renew planned or existing relationships with us. Our QMT Division had $376 million in assets (including $133 million in goodwill) at March 29, 2009. If we do not achieve adequate market penetration with our IMOD display technology, our assets may become impaired, which could negatively impact our operating results.

Successful attempts by certain companies to amend or modify Standards Development Organizations' (SDOs) and other industry forums' intellectual property policies could impact our licensing business.

Some companies have proposed significant changes to existing intellectual property policies for implementation by SDOs and other industry organizations, some of which would require a maximum aggregate intellectual property royalty rate for the use of all essential patents owned by all of the member companies to be applied to the selling price of any product implementing the relevant standard. They have further proposed that such maximum aggregate royalty rate be apportioned to each member company with essential patents based upon the size of its essential patent portfolio. In May 2007, seven companies (Nokia, Nokia-Siemens, NEC, Ericsson, SonyEricsson, Alcatel-Lucent, and Nextwave) issued a press release announcing their commitment to the principles described above with respect to the licensing of patents essential to LTE and inviting all other industry participants to join them in adopting such policies. Although the European Telecommunications Standards Institute (ETSI) IPR Special Committee and the Next Generation Mobile Network industry group have thus far determined that such proposals should not be adopted as amendments to existing ETSI policies or new policies, and no other companies have joined these seven companies, such proposals as described above might be revisited within ETSI and might be adopted by other SDOs or industry groups, formal and/or informal, resulting in a potential disadvantage to our business model either by artificially limiting our return on investment with respect to new technologies or forcing us to work outside of the SDOs or such other industry groups for promoting our new technologies.

We depend upon a limited number of third-party suppliers to manufacture and test component parts, subassemblies and finished goods for our products. If these third-party suppliers do not allocate adequate manufacturing and test capacity in their facilities to produce products on our behalf, or if there are any disruptions in the operations, or the loss, of any of these third parties, it could harm our ability to meet our delivery obligations to our customers, reduce our revenues, increase our cost of sales and harm our business.

A supplier's ability to meet our product manufacturing demand is limited mainly by its overall capacity and current capacity availability. Our ability to meet customer demand depends, in part, on our ability to obtain timely and adequate delivery of parts and components from our suppliers. A reduction or interruption in our product supply source, an inability of our suppliers to react to shifts in product demand or an increase in component prices could have a material adverse effect on our business or profitability. Component shortages could adversely affect our ability and that of our customers to ship products on a timely basis and, as a result, our customers' demand for our products. Any such shipment delays or declines in demand could reduce our revenues and harm our ability to achieve or sustain desired levels of profitability. Additionally, failure to meet customer demand in a timely manner could damage our reputation and harm our customer relationships. Our operations may also be harmed by lengthy or recurring disruptions at any of our suppliers' manufacturing facilities and by disruptions in the distribution channels from our suppliers and to our customers. Any such disruptions could cause significant delays in shipments until we are able to shift the products from an affected manufacturer to another manufacturer. If the affected supplier was a sole-source supplier, we may not be able to obtain the product without significant cost and delay. The loss of a significant third-party supplier or the inability of a third-party supplier to meet performance and quality specifications or delivery schedules could harm our ability to meet our delivery obligations to our customers and negatively impact our revenues and business operations.

QCT Segment. Although we have entered into long-term contracts with our suppliers, most of these contracts do not provide for long-term capacity commitments, except as may be provided in a particular purchase order that has been accepted by our supplier. To the extent that we do not have firm commitments from our suppliers over a specific time period, or in any specific quantity, our suppliers may allocate, and in the past have allocated, capacity to the production and testing of products for their other customers while reducing capacity to manufacture our products. Accordingly, capacity for our products may not be available when we need it or available at reasonable prices. We have experienced capacity limitations from our suppliers, which resulted in supply constraints and our inability to meet certain customer demand. There can be no assurance that we will not experience these or other supply constraints in the future, which could result in our failure to meet customer demand.

While our goal is to establish alternate suppliers for technologies that we consider critical, some of our integrated circuits products are only available from single sources, with which we do not have long-term capacity commitments. Our reliance on sole- or limited-source suppliers involves significant risks including possible shortages of manufacturing capacity, poor product performance and reduced control over delivery schedules, manufacturing capability and yields, quality assurance, quantity and costs. Our arrangements with our suppliers may oblige us to incur costs to manufacture and test our products that do not decrease at the same rate as decreases in pricing to our customers which may result in lowering our operating margins. In addition, the timely readiness of our foundry suppliers to support transitions to smaller geometry process technologies could impact our ability to meet customer demand, revenues and cost expectations. The timing of acceptance of the smaller technology designs by our customers may subject us to the risk of excess inventories of earlier designs.

In the event of a loss of, or a decision to change, a key third-party supplier, qualifying a new foundry supplier and commencing volume production or testing could involve delay and expense, resulting in lost revenues, reduced operating margins and possible loss of customers. We work closely with our customers to expedite their processes for evaluating new integrated circuits from our foundry suppliers; however, in some instances, transition of integrated circuit production to a new foundry supplier may cause a temporary decline in shipments of specific integrated circuits to individual customers.

Under our Integrated Fabless Manufacturing (IFM) model, we purchase die from semiconductor manufacturing foundries, contract with separate third-party manufacturers for back-end assembly and test services and ship the completed integrated circuits to our customers. We are unable to directly control the services provided by our semiconductor assembly and test (SAT) suppliers, including the timely procurement of packaging materials for our products, availability of assembly and test capacity, manufacturing yields, quality assurance and product delivery schedules. We have a limited history of working with the SAT suppliers under the IFM model, and cannot guarantee that our lack of control will not cause disruptions in our operations that could harm our ability to meet our delivery obligations to our customers, reduce our revenues, or increase our cost of sales.

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

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

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

We, and our licensees, are subject to the risks of conducting business outside the United States.

A significant part of our strategy involves our continued pursuit of growth opportunities in a number of international market locations. We market, sell and service our products internationally. We have established sales offices around the world. We expect to continue to expand our international sales operations and to sell products in additional countries and locations. This expansion will require significant management attention and financial resources to successfully develop direct and indirect international sales and support channels, and we cannot assure you that we will be successful or that our expenditures in this effort will not exceed the amount of any resulting revenues. If we are not able to maintain or increase international market demand for our products and technologies, we may not be able to maintain a desired rate of growth in our business.

Our international customers sell their products to markets throughout the world, including China, India, Japan, South Korea, North America, South America and Europe. We distinguish revenues from external customers by geographic areas based on the location to which our products, software or services are delivered and, for QTL's licensing and royalty revenue, the invoiced address of our licensees. Consolidated revenues from international customers as a percentage of total revenues were 93% and 90% in the first six months of fiscal 2009 and 2008, respectively, and 91% and 87% in fiscal 2008 and 2007, respectively. In many international markets, barriers to entry are created by long-standing relationships between our potential customers and their local service providers and protective regulations, including local content and service requirements. In addition, our pursuit of international growth opportunities may require significant investments for an extended period before we realize returns, if any, on our investments. Our business could be adversely affected by a variety of uncontrollable and changing factors, including:

- difficulty in protecting or enforcing our intellectual property rights and/or contracts in a particular foreign jurisdiction, including challenges to our licensing practices under such jurisdictions' competition laws;
- adoption of mandatory licensing provisions by foreign jurisdictions (either with controlled/regulated royalties or royalty free);
- challenges pending before foreign competition agencies to the pricing and integration of additional features and functionality into our wireless chipset products;
- our inability to succeed in significant foreign markets, such as China, India or Europe;
- cultural differences in the conduct of business;
- difficulty in attracting qualified personnel and managing foreign activities;
- longer payment cycles for and greater difficulties collecting accounts receivable;
- export controls, tariffs and other trade protection measures;
- nationalization, expropriation and limitations on repatriation of cash;
- social, economic and political instability;
- natural disasters, acts of terrorism, widespread illness and war;
- taxation;
- variability in the value of the dollar against foreign currency; and
- changes in laws and policies affecting trade, foreign investments, licensing practices, loans and employment.

We cannot be certain that the laws and policies of any country with respect to intellectual property enforcement or licensing, issuance of wireless licenses or the adoption of standards will not be changed or enforced in a way detrimental to our licensing program or to the sale or use of our products or technology.

The wireless markets in China and India, among others, represent growth opportunities for us. If wireless operators in China or India, or the governments of China or India, make technology deployment or other decisions that result in actions that are adverse to the expansion of CDMA technologies, our business could be harmed.

We are subject to risks in certain global markets in which wireless operators provide subsidies on wireless device sales to their customers. Increases in device prices that negatively impact device sales can result from changes in regulatory policies related to device subsidies. Limitations or changes in policy on device subsidies in South Korea, Japan, China and other countries may have additional negative impacts on our revenues.

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

We are exposed to risk from fluctuations in currencies, which may change over time as our business practices evolve, that could impact our operating results, liquidity and financial condition. We operate and invest globally. Adverse movements in currency exchange rates may negatively affect our business due to a number of situations, including the following:

- If the effective price of products sold by our customers were to increase as a result of fluctuations in the exchange rate of the relevant currencies, demand for the products could fall, which in turn would reduce our royalty and chipset revenues.
- Our products and those of our customers and licensees that are sold in U.S. dollars become less price-competitive in international markets if the value of the U.S. dollar increases relative to foreign currencies, and our revenues may not grow as quickly as they otherwise might in response to worldwide growth in wireless products and services.
- Declines in currency values in selected regions may adversely affect our operating results because our products and those of our customers and licensees may become more expensive to purchase in the countries of the affected currencies.
- Assets or liabilities of our consolidated subsidiaries and our foreign investees that are not denominated in the functional currency of those entities are subject to the effects of currency fluctuations, which may affect our reported earnings. Our exposure to foreign currencies may increase as we increase our presence in existing markets or expand into new markets.
- Investments in our consolidated foreign subsidiaries and in other foreign entities that use the local currency as the functional currency may decline in value as a result of declines in local currency values.
- Certain of our revenues, such as royalty revenues, are derived from licensee or customer sales that are denominated in foreign currencies. If these revenues are not subject to foreign exchange hedging transactions, weakening of currency values in selected regions could adversely affect our near term revenues and cash flows. In addition, continued weakening of currency values in selected regions over an extended period of time could adversely affect our future revenues and cash flows.
- We may engage in foreign exchange hedging transactions that could affect our cash flows and earnings because they may require the payment of structuring fees, and they may limit the U.S. dollar value of royalties from licensees’ sales that are denominated in foreign currencies.
- Our trade receivables are generally U.S. dollar denominated. Any significant increase in the value of the dollar against our customers’ or licensees’ functional currencies could result in an increase in our customers’ or licensees’ cash flow requirements and could consequently affect our ability to sell products and collect receivables.
- Strengthening currency values in selected regions may adversely affect our operating results because the activities of our foreign subsidiaries, and the costs of procuring component parts and chipsets from foreign vendors, may become more expensive in U.S. dollars.
- Strengthening currency values in selected regions may adversely affect our cash flows and investment results because strategic investment obligations denominated in foreign currencies may become more expensive, and the U.S. dollar cost of equity in losses of foreign investees may increase.
- Weakening currency values in selected regions may adversely affect the value of our marketable securities issued in foreign markets.

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

From time to time, we engage in acquisitions or strategic transactions or make investments with the goal of maximizing stockholder value. We acquire businesses, enter into joint ventures or other strategic transactions and purchase equity and debt securities, including minority interests in publicly-traded and private companies, non-investment-grade debt securities, equity and debt mutual and exchange traded funds, corporate bonds/notes, auction rate securities and mortgage/asset-backed securities. Many of our strategic investments are in CDMA wireless operators, early-stage companies or venture funds to support our business, including the global adoption of CDMA-based technologies and related services. Most of our strategic investments entail a high degree of risk and will not become liquid until more than one year from the date of investment, if at all. Our acquisitions or strategic investments (either those we have completed or may undertake in the future) may not generate financial returns or result in increased adoption or continued use of our technologies. In addition, our other investments may not generate financial returns or may result in losses due to market volatility, the general level of interest rates and inflation expectations. In some cases, we make strategic investments in early-stage companies, which require us to consolidate or record our share of the earnings or losses of those companies. Our share of any losses will adversely affect our financial results until we exit from or reduce our exposure to these investments.

Achieving the anticipated benefits of acquisitions depends in part upon our ability to integrate the acquired businesses in an efficient and effective manner. The integration of companies that have previously operated independently may result in significant challenges, and we may be unable to accomplish the integration smoothly or successfully. The difficulties of integrating companies include, among others:

- retaining key employees;
- maintenance of important relationships of Qualcomm and the acquired business;
- minimizing the diversion of management's attention from ongoing business matters;
- coordinating geographically separate organizations;
- consolidating research and development operations; and
- consolidating corporate and administrative infrastructures.

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

Defects or errors in our products and services or in products made by our suppliers could harm our relations with our customers and expose us to liability. Similar problems related to the products of our customers or licensees could harm our business. If we experience product liability claims or recalls, we may incur significant expenses and experience decreased demand for our products.

Our products are inherently complex and may contain defects and errors that are detected only when the products are in use. For example, as our chipset product complexities increase, we are required to migrate to integrated circuit technologies with smaller geometric feature sizes. The design process interface issues are more complex as we enter into these new domains of technology, which adds risk to yields and reliability. Because our products and services are responsible for critical functions in our customers' products and/or networks, such defects or errors could have a serious impact on our customers, which could damage our reputation, harm our customer relationships and expose us to liability. Defects or impurities in our components, materials or software or those used by our customers or licensees, equipment failures or other difficulties could adversely affect our ability, and that of our customers and licensees, to ship products on a timely basis as well as customer or licensee demand for our products. Any such shipment delays or declines in demand could reduce our revenues and harm our ability to achieve or sustain desired levels of profitability. We and our customers or licensees may also experience component or software failures or defects that could require significant product recalls, reworks and/or repairs that are not covered by warranty reserves and which could consume a substantial portion of the capacity of our third-party manufacturers or those of our customers or licensees. Resolving any defect or failure related issues could consume financial and/or engineering resources that could affect future product release schedules. Additionally, a defect or failure in our products or the products of our customers or licensees could harm our reputation and/or adversely affect the growth of 3G wireless markets.

Testing, manufacturing, marketing and use of our products and those of our licensees and customers entail the risk of product liability. The use of wireless devices containing our products to access untrusted content creates a risk of exposing the system software in those devices to viral or malicious attacks. We continue to expand our focus on this issue and take measures to safeguard the software from this threat. However, this issue carries the risk of general product liability claims along with the associated impacts on reputation and demand. Although we carry product liability insurance to protect against product liability claims, we cannot assure you that our insurance coverage will be sufficient to protect us against losses due to product liability claims, or that we will be able to continue to maintain such insurance at a reasonable cost. Furthermore, not all losses associated with alleged product failure are insurable. Our inability to maintain insurance at an acceptable cost or to protect ourselves in other ways against potential product liability claims could prevent or inhibit the commercialization of our products and those of our licensees and customers and harm our future operating results. In addition, a product liability claim or recall, whether against our licensees, customers or us could harm our reputation and result in decreased demand for our products.

FLO TV does not fully control promotional activities necessary to stimulate demand for our services.

Our FLO TV business is a wholesale provider of a mobile entertainment and information service to our wireless operator partners. As such, we do not set the retail price of our service to the consumer, nor do we directly control all of the marketing and promotion of the service to the wireless operator's subscriber base. Therefore, we are dependent upon our wireless operator partners to price, market and otherwise promote our service to the end users. If our wireless operator partners do not effectively price, market and otherwise promote the service to their subscriber base, our ability to achieve the subscriber and revenue targets contemplated in our business plan will be negatively impacted.

Consumer acceptance and adoption of our MediaFLO technology and mobile commerce applications will have a considerable impact on the success of our FLO TV and Firethorn businesses, respectively.

Consumer acceptance of the services our FLO TV and Firethorn businesses offer is, and will continue to be, affected by technology-based differences and by the operational performance, quality, reliability and coverage of our wireless network and services platforms. Consumer demand could be impacted by differences in technology, coverage and service areas, network quality, consumer perceptions, program and service offerings and rate plans. Our wireless operator and financial services partners may have difficulty retaining subscribers if we are unable to meet subscriber expectations for network quality and coverage, customer care, content or security. Obtaining content for our FLO TV business that is appealing to subscribers on economically rational terms may be limited by our content provider partners' inability to obtain the mobile rights to such programming. An inability to address these issues could limit our ability to expand our subscriber base and place us at a competitive disadvantage. Additionally, adoption and deployment of our MediaFLO technology could be adversely impacted by government regulatory practices that support a single standard other than our technology, wireless operator selection of competing technologies or consumer preferences.

Our business and operating results will be harmed if we are unable to manage growth in our business.

Certain of our businesses have experienced periods of rapid growth and/or increased their international activities, placing significant demands on our managerial, operational and financial resources. In order to manage growth and geographic expansion, we must continue to improve and develop our management, operational and financial systems and controls, including quality control and delivery and service capabilities. We also need to continue to expand, train and manage our employee base. We must carefully manage research and development capabilities and production and inventory levels to meet product demand, new product introductions and product and technology transitions. We cannot assure you that we will be able to timely and effectively meet that demand and maintain the quality standards required by our existing and potential customers and licensees.

In addition, inaccuracies in our demand forecasts, or failure of the systems used to develop the forecasts, could quickly result in either insufficient or excessive inventories and disproportionate overhead expenses. If we ineffectively manage our growth or are unsuccessful in recruiting and retaining personnel, our business and operating results will be harmed.

Our stock price may be volatile.

The stock market in general, and the stock prices of technology-based and wireless communications companies in particular, have experienced volatility that often has been unrelated to the operating performance of any specific public company. The market price of our common stock has fluctuated in the past and is likely to fluctuate in the future as well. Factors that may have a significant impact on the market price of our stock include:

- announcements concerning us or our competitors, including the selection of wireless communications technology by wireless operators and the timing of the roll-out of those systems;
- court or regulatory body decisions or settlements regarding intellectual property licensing and patent litigation and arbitration;
- receipt of substantial orders or order cancellations for integrated circuits and system software products;
- quality deficiencies in services or products;
- announcements regarding financial developments or technological innovations;
- international developments, such as technology mandates, political developments or changes in economic policies;
- lack of capital to invest in 3G networks;
- new commercial products;
- changes in recommendations of securities analysts;
- general stock market volatility;
- disruption in the U.S. and foreign credit and financial markets affecting both the availability of credit and credit spreads on investment securities;
- government regulations, including tax regulations;
- energy blackouts;
- acts of terrorism and war;
- inflation and deflation;
- concerns regarding global economic conditions that may impact one or more of the countries in which we, our customers or our licensees compete;
- widespread illness;
- proprietary rights or product or patent litigation against us or against our customers or licensees;
- strategic transactions, such as spin-offs, acquisitions and divestitures; or
- rumors or allegations regarding our financial disclosures or practices.

Our future earnings and stock price may be subject to volatility, particularly on a quarterly basis. Shortfalls in our revenues or earnings in any given period relative to the levels expected by securities analysts could immediately, significantly and adversely affect the trading price of our common stock.

In the past, securities class action litigation often has been brought against a company following periods of volatility in the market price of its securities. Due to changes in the potential volatility of our stock price, we may be the target of securities litigation in the future. Securities and patent litigation could result in substantial uninsured costs and divert management's attention and resources. In addition, stock price volatility may be precipitated by failure to meet earnings expectations or other factors, such as the potential uncertainty in future reported earnings created by the assumptions used for share-based compensation and the related valuation models used to determine such expense.

Our industry is subject to rapid technological change, and we must make substantial investments in new products and technologies to compete successfully.

New technological innovations generally require a substantial investment before they are commercially viable. We intend to continue to make substantial investments in developing new products and technologies, and it is possible that our development efforts will not be successful and that our new technologies will not result in meaningful revenues. In particular, we intend to continue to invest significant resources in developing integrated circuit products to support high-speed wireless internet access and multimode, multiband, multinetwork operation and multimedia applications, which encompass development of graphical display, camera and video capabilities, as well as higher computational capability and lower power on-chip computers and signal processors. We also continue to invest in the development of our BREW applications development platform, our MediaFLO MDS and FLO technology and our IMOD display technology. Certain of these new products and technologies face significant competition, and we cannot assure that the revenues generated from these products or the timing of the deployment of these products or technologies, which may be dependent on the actions of others, will meet our expectations. We cannot be certain that we will make the additional advances in development that may be essential to commercialize our IMOD technology successfully.

The market for our wireless products and technology is characterized by many factors, including:

- rapid technological advances and evolving industry standards;
- changes in customer requirements and consumer expectations;
- frequent introductions of new products and enhancements;
- evolving methods for transmission of wireless voice and data communications; and
- intense competition from companies with greater resources, customer relationships and distribution capabilities.

Our future success will depend on our ability to continue to develop and introduce new products, technology and enhancements on a timely basis. Our future success will also depend on our ability to keep pace with technological developments, protect our intellectual property, satisfy customer requirements, price our products competitively and achieve market acceptance. The introduction of products embodying new technologies and the emergence of new industry standards could render our existing products and technology, and products and technology currently under development, obsolete and unmarketable. If we fail to anticipate or respond adequately to technological developments or customer requirements, or experience any significant delays in development, introduction or shipment of our products and technology in commercial quantities, demand for our products and our customers' and licensees' products that use our technology could decrease, and our competitive position could be damaged.

Changes in assumptions used to estimate the values of share-based compensation have a significant effect on our reported results.

We are required to estimate and record compensation expense in the statement of operations for share-based payments, such as employee stock options, using the fair value method. This method has a significant effect on our reported earnings, although it will not affect our cash flows, and could adversely impact our ability to provide accurate guidance on our future reported financial results due to the variability of the factors used to estimate the values of share-based payments. If factors change and/or we employ different assumptions or different valuation methods in future periods, the compensation expense that we record may differ significantly from amounts recorded previously, which could negatively affect our stock price and our stock price volatility.

There are significant differences among valuation models, and there is a possibility that we will adopt different valuation models in the future. This may result in a lack of consistency in future periods and materially affect the fair value estimate of share-based payments. It may also result in a lack of comparability with other companies that use different models, methods and assumptions.

Theoretical valuation models and market-based methods are evolving and may result in lower or higher fair value estimates for share-based compensation. The timing, readiness, adoption, general acceptance, reliability and testing of these methods is uncertain. Sophisticated mathematical models may require voluminous historical information, modeling expertise, financial analyses, correlation analyses, integrated software and databases, consulting fees, customization and testing for adequacy of internal controls. Market-based methods are emerging that, if employed by us, may dilute our earnings per share and involve significant transaction fees and ongoing administrative expenses. The uncertainties and costs of these extensive valuation efforts may outweigh the benefits to our investors.

Potential tax liabilities could adversely affect our results.

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

The high amount of capital required to obtain radio frequency licenses, deploy and expand wireless networks and obtain new subscribers could slow the growth of the wireless communications industry and adversely affect our business.

Our growth is dependent upon the increased use of wireless communications services that utilize our technology. In order to provide wireless communications services, wireless operators must obtain rights to use specific radio frequencies. The allocation of frequencies is regulated in the United States and other countries throughout the world, and limited spectrum space is allocated to wireless communications services. Industry growth may be affected by the amount of capital required to: obtain licenses to use new frequencies; deploy wireless networks to offer voice and data services; expand wireless networks to grow voice and data services; and obtain new subscribers. The significant cost of licenses, wireless networks and subscriber additions may slow the growth of the industry if wireless operators are unable to obtain or service the additional capital necessary to implement or expand 3G wireless networks. Our growth could be adversely affected if this occurs.

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

Concerns over the effects of radio frequency emissions, even if unfounded, may have the effect of discouraging the use of wireless devices, which may decrease demand for our products and those of our licensees and customers. In recent years, the FCC and foreign regulatory agencies have updated the guidelines and methods they use for evaluating radio frequency emissions from radio equipment, including wireless phones and other wireless devices. In addition, interest groups have requested that the FCC investigate claims that wireless communications technologies pose health concerns and cause interference with airbags, hearing aids and medical devices. Concerns have also been expressed over the possibility of safety risks due to a lack of attention associated with the use of wireless devices while driving. Any legislation that may be adopted in response to these expressions of concern could reduce demand for our products and those of our licensees and customers in the United States as well as foreign countries.

Our QES and FLO TV businesses depend on the availability of satellite and other networks.

Our OmniTRACS and OmniVision systems operate on leased Kurtz-under band (Ku-band) satellite transponders in the United States, Mexico and Europe. Our primary data satellite transponder and position reporting satellite transponder lease for the system in the United States runs through September 2012 and includes transponder and satellite protection (back-up capacity in the event of a transponder or satellite failure). The transponder lease for the system in Mexico runs through April 2010 and does not currently have back-up capability. Our agreement with a third party to provide network management and satellite space (including procuring satellite space) in Europe expires in February 2013. We believe our agreements will provide sufficient transponder capacity for our OmniTRACS and OmniVision operations through the expiration dates. A failure to maintain adequate satellite capacity could harm our business, operating results, liquidity and financial position. QES terrestrial-based products rely on wireless terrestrial communication networks operated by third parties. The unavailability or nonperformance of these network systems could harm our business. The products and services that we sell for use on Globalstar Inc.'s (Globalstar) low-Earth-orbit satellite network are dependent on the availability and performance of the Globalstar satellite system. Globalstar has announced that many of its satellites are experiencing an anomaly resulting in degraded performance of the amplifiers for the S-band satellite communications antenna. This anomaly is adversely impacting Globalstar's ability to provide uninterrupted two-way voice and data services. Globalstar has announced that eight spare Globalstar satellites were successfully launched with a view to reduce gaps in its two-way voice and data services until the commercial availability of its second-generation satellite constellation, scheduled for initial launch in the second half of 2009. If Globalstar is unable to launch a second-generation satellite constellation, this degraded performance will continue to have an adverse impact on sales of our products and services that rely on the Globalstar network.

Our FLO TV network and systems currently operate in the United States market on a leased Ku-band satellite transponder. Our primary program content and data distribution satellite transponder lease runs through December 2012 and includes transponder and satellite protection (back-up capacity in the event of a transponder or satellite failure), which we believe will provide sufficient transponder capacity for our United States FLO TV service through fiscal 2012. Additionally, our FLO TV transmitter sites are monitored and controlled by a variety of terrestrial-based data circuits relying on various terrestrial and satellite communication networks operated by third parties. A failure to maintain adequate satellite capacity or the unavailability or nonperformance of the terrestrial-based network systems could have an adverse effect on our business and operating results.

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

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

Data transmissions for QES operations are formatted and processed at the Network Management and Data Center in San Diego, California, with a redundant backup Network Management and Data Center located in Las Vegas, Nevada. Content from third parties for FLO TV operations is received, processed and retransmitted at the Broadcast Operations Center in San Diego, California. Certain BREW products and services provided by our QIS operations are hosted at the Network Operations Center in San Diego, California with a fully redundant backup Network Operations Center located in Las Vegas, Nevada. The centers, operated by us, are subject to system failures, which could interrupt the services and have an adverse effect on our operating results.

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

Noncompliance with environmental or safety regulations could cause us to incur significant expenses and harm our business.

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

Our stock repurchase program may not result in a positive return of capital to stockholders and may expose us to counterparty risk.

At March 29, 2009, we had authority to repurchase up to $1.7 billion of our common stock. Our stock repurchases may not return value to stockholders because the market price of the stock may decline significantly below the levels at which we repurchased shares of stock. Our stock repurchase program is intended to deliver stockholder value over the long-term, but stock price fluctuations can reduce the program's effectiveness.

As part of our stock repurchase program, we may sell put options or engage in structured derivative transactions to reduce the cost of repurchasing stock. In the event of a significant and unexpected drop in stock price, these arrangements may require us to repurchase stock at price levels that are significantly above the then-prevailing market price of our stock. Such overpayments may have an adverse effect on the effectiveness of our overall stock repurchase program and may reduce value for our stockholders. In the event of financial insolvency or distress of a counterparty to our put options, structured derivative transactions or 10b5-1 stock repurchase plan, we may be unable to settle transactions.

We cannot provide assurance that we will continue to declare dividends at all or in any particular amounts.

We intend to continue to pay quarterly dividends subject to capital availability and periodic determinations that cash dividends are in the best interest of our stockholders. Future dividends may be affected by, among other items, our views on potential future capital requirements, including those related to research and development, creation and expansion of sales distribution channels and investments and acquisitions, legal risks, stock repurchase programs, changes in federal income tax law and changes to our business model. Our dividend payments may change from time to time, and we cannot provide assurance that we will continue to declare dividends at all or in any particular amounts. A reduction in our dividend payments could have a negative effect on our stock price.

Government regulation and policies of industry standards bodies may adversely affect our business.

Our products and services and those of our customers and licensees are subject to various regulations, including FCC regulations in the United States and other international regulations, as well as the specifications of national, regional and international standards bodies. Changes in the regulation of our activities, including changes in the allocation of available spectrum by the United States government and other governments or exclusion or limitation of our technology or products by a government or standards body, could have a material adverse effect on our business, operating results, liquidity and financial position.

We hold licenses in the United States from the FCC for the spectrum referred to as Block D in the Lower 700 MHz Band (also known as TV Channel 55) covering the entire nation and spectrum referred to as Block E in the Lower 700 MHz Band (also known as TV Channel 56) covering five economic areas on the east and west coasts for use in our FLO TV business. In addition, we hold licenses for the spectrum referred to as B Block in the Lower 700 MHz Band for use initially in our various research and development initiatives. In using the licensed spectrum, we are regulated by the FCC pursuant to the terms of our licenses and the Federal Communications Act of 1934, as amended, and pursuant to Part 27 of the FCC's rules, which are subject to a variety of ongoing FCC proceedings. It is impossible to predict with certainty the outcome of pending FCC or other federal or state regulatory proceedings relating to our FLO TV service or our use of the spectrum for which we hold licenses. Unless we are able to obtain relief, existing laws and regulations may inhibit our ability to expand our business and to introduce new products and services. In addition, the adoption of new laws or regulations or changes to the existing regulatory framework could adversely affect our business plans. In 2006, the U.S. Congress enacted a law requiring television stations to vacate TV channels 52 to 69 and to transition from analog to digital transmission by February 17, 2009. In February 2009, Congress passed a bill to postpone that date to June 12, 2009. The postponement of the DTV transition date has delayed FLO TV's ability to launch its service in certain markets and from expanding its coverage in other existing markets.

We hold licenses in the United Kingdom from the Office of Communications (Ofcom) to use 40 MHz of spectrum in the so-called L-Band (1452 MHz to 1492 MHz). These licenses give us the right to use this spectrum throughout the entire United Kingdom. In using this spectrum, we are regulated by Ofcom pursuant to the terms of our license and the United Kingdom's Wireless Technology Act of 2006. The adoption of new laws or regulations or changes to the existing regulatory framework could adversely affect our business plans.

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

Our future success depends largely upon the continued service of our board members, executive officers and other key management and technical personnel. Our success also depends on our ability to continue to attract, retain and motivate qualified personnel. In addition, implementing our product and business strategy requires specialized engineering and other talent, and our revenues are highly dependent on technological and product innovations. The market for such specialized engineering and other talented employees in our industry is extremely competitive. In addition, existing immigration laws make it more difficult for us to recruit and retain highly skilled foreign national graduates of U.S. universities, making the pool of available talent even smaller. Key employees represent a significant asset, and the competition for these employees is intense in the wireless communications industry. In the event of a labor shortage, or in the event of an unfavorable change in prevailing labor and/or immigration laws, we could experience difficulty attracting and retaining qualified employees. We continue to anticipate increases in human resource needs, particularly in engineering, through fiscal 2009. If we are unable to attract and retain the qualified employees that we need, our business may be harmed.

We may have particular difficulty attracting and retaining key personnel in periods of poor operating performance given the significant use of incentive compensation by our competitors. We do not have employment agreements with our key management personnel and do not maintain key person life insurance on any of our personnel. To the extent that new regulations make it less attractive to grant share-based awards to employees or if stockholders do not authorize shares for the continuation of equity compensation programs in the future, we may incur increased compensation costs, change our equity compensation strategy or find it difficult to attract, retain and motivate employees, each of which could materially and adversely affect our business.

Compliance with changing regulation of corporate governance and public disclosure may result in additional expenses.

Changing laws, regulations and standards relating to corporate governance and public disclosure may create uncertainty regarding compliance matters. New or changed laws, regulations and standards are subject to varying interpretations in many cases. As a result, their application in practice may evolve over time. We are committed to maintaining high standards of corporate governance and public disclosure. Complying with evolving interpretations of new or changed legal requirements may cause us to incur higher costs as we revise current practices, policies and procedures, and may divert management time and attention from revenue generating to compliance activities. If our efforts to comply with new or changed laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to practice, our reputation might also be harmed. Further, our board members, chief executive officer and chief financial officer could face an increased risk of personal liability in connection with the performance of their duties. As a result, we may have difficulty attracting and retaining qualified board members and executive officers, which could harm our business.

Our charter documents and Delaware law could limit transactions in which stockholders might obtain a premium over current market prices.

Our certificate of incorporation includes a provision that requires the approval of holders of at least 66 2/3% of our voting stock as a condition to certain mergers or other business transactions with, or proposed by, a holder of 15% or more of our voting stock. Under our charter documents, stockholders are not permitted to call special meetings of our stockholders or to act by written consent. These charter provisions may discourage certain types of transactions involving an actual or potential change in our control, including those offering stockholders a premium over current market prices. These provisions may also limit our stockholders' ability to approve transactions that they may deem to be in their best interests.

Further, our Board of Directors has the authority under Delaware law to fix the rights and preferences of and issue shares of preferred stock, and our preferred share purchase rights agreement will cause substantial dilution to the ownership of a person or group that attempts to acquire us on terms not approved by our Board of Directors. While our Board of Directors approved our preferred share purchase rights agreement to provide the board with greater ability to maximize shareholder value, these rights could deter takeover attempts that the board finds inadequate and make it more difficult to bring about a change in our ownership.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Financial market risks related to interest rates, foreign currency exchange rates and equity prices are described in our 2008 Annual Report on Form 10-K. At March 29, 2009, there have been no other material changes to the market risks described at September 28, 2008 except as described below. Additionally, we do not anticipate any other near-term changes in the nature of our market risk exposures or in management's objectives and strategies with respect to managing such exposures.

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

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

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

	2009	2010	2011	2012	2013	Thereafter	No Single Maturity	Total
Fixed interest-bearing securities:								
Cash equivalents	$ 426	$ —	$ —	$ —	$ —	$ —	$ —	$ 426
Interest rate	1.4%							
Available-for-sale securities:								
Investment grade	$ 565	$619	$ 702	$375	$ 85	$ 248	$1,281	$3,875
Interest rate	3.0%	3.5%	4.0%	4.2%	5.4%	7.0%	4.6%	
Non-investment grade	$ 22	$ 15	$ 29	$ 64	$ 78	$ 491	$ 6	$ 705
Interest rate	6.3%	9.8%	11.7%	8.9%	8.7%	10.2%	3.3%	
Floating interest-bearing securities:								
Cash equivalents	$3,272	$ —	$ —	$ —	$ —	$ —	$ —	$3,272
Interest rate	0.6%							
Available-for-sale securities:								
Investment grade	$ 359	$724	$ 427	$129	$ —	$ 157	$ 529	$2,325
Interest rate	1.9%	1.9%	1.9%	1.6%		8.6%	4.8%	
Non-investment grade	$ 6	$ 19	$ 46	$ 78	$135	$ 272	$ 698	$1,254
Interest rate	3.5%	7.5%	7.3%	7.3%	7.1%	8.4%	5.3%	

Cash equivalents and available-for-sale securities are recorded at fair value.

Credit Market Risk. Since September 2007, there has been a major disruption in U.S. and foreign financial markets including a deterioration of confidence and a severe decline in the availability of capital and demand for debt and equity securities. The result has been depressed security values and widening credit spreads in most types of investment- and non-investment-grade bonds and debt obligations and mortgage- and asset-backed securities. We do not have material direct investments in the lowest credit quality, or subprime, mortgages, nor do we have investments collateralized by assets that include subprime mortgages. We have indirect exposure to subprime mortgages to the extent of our investments in large, diversified financial companies, commercial banks, insurance companies and public/private investments funds that participate or invest in subprime mortgage loans, mortgage insurance or loan servicing, which could impact the fair values of our securities. At March 29, 2009, we held a significant portion of our corporate cash in diversified portfolios of fixed- and floating-rate, investment-grade marketable securities, mortgage- and asset-backed securities, non-investment-grade bank loans and bonds, preferred stocks and other securities that have been affected by these credit market concerns and had temporary gross unrealized losses of $443 million. Although we consider these unrealized losses to be temporary, there is a risk that we may incur other-than-temporary impairment charges or realized losses on the values of these and other similarly affected securities if U.S. credit and equity markets do not stabilize and recover to previous levels in the coming quarters.

Equity Price Risk. The continuing major disruption in U.S. and foreign credit and financial markets caused increased volatility in the fair values of our equity securities and equity mutual and exchange-traded fund shares. We have a diversified marketable securities portfolio that includes equities held by mutual and exchange-traded fund shares that are subject to equity price risk. The recorded values of marketable equity securities decreased to $1.07 billion at March 29, 2009 from $1.34 billion at September 28, 2008. The recorded values of equity mutual and exchange-traded fund shares decreased to $854 million at March 29, 2009 from $1.28 billion at September 28, 2008. We have made investments in marketable equity securities of companies of varying size, style, industry and geography, and changes in investment allocations may affect the price volatility of our investments. A 10% decrease in the market price of our marketable equity securities and equity mutual fund and exchange-traded fund shares at March 29, 2009 would cause a corresponding 10% decrease in the carrying amounts of these securities, or $192 million. At March 29, 2009, gross unrealized losses of our marketable equity securities and equity mutual and exchange-traded fund shares were approximately $623 million.

Foreign Exchange Risk. We manage our exposure to foreign exchange market risks, when deemed appropriate, through the use of derivative financial instruments, including foreign currency forward and option contracts with financial counterparties. Such derivative financial instruments are viewed as hedging or risk management tools and are not used for speculative or trading purposes. At March 29, 2009, we had a net asset of $48 million related to foreign currency option contracts that hedge the foreign currency risk on royalties earned from certain international licensees on their sales of CDMA and WCDMA products and a net asset of $13 million related to foreign currency option contracts that have been rendered ineffective as a result of changes in our forecast of royalty revenues. In the event of the financial insolvency or distress of a counterparty to our derivative financial instruments, we may be unable to settle transactions, which could materially impact our results. If our forecasted royalty revenues were to decline by 20% and foreign exchange rates were to change unfavorably by 20% in each of our hedged foreign currencies, we would incur a loss of approximately $24 million resulting from a decrease in the fair value of the portion of our hedges that would be rendered ineffective. In addition, we are subject to market risk on foreign currency option contracts that have been deemed ineffective. If the foreign exchange rates relevant to those contracts were to change unfavorably by 20%, we would incur a loss of approximately $46 million.

ITEM 4. CONTROLS AND PROCEDURES

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

Changes in Internal Control over Financial Reporting. There have been no changes in our internal control over financial reporting during the second quarter of fiscal 2009 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

A review of our current litigation is disclosed in the notes to our condensed consolidated financial statements. See “Notes to Condensed Consolidated Financial Statements, Note 7 — Commitments and Contingencies.” We are also engaged in other legal actions arising in the ordinary course of our business and believe that the ultimate outcome of these actions will not have a material adverse effect on our results of operations, liquidity or financial position.

ITEM 1A. RISK FACTORS

We have provided updated Risk Factors in the section labeled “Risk Factors” in Part I, Item 2, Management’s Discussion and Analysis of Financial Condition and Results of Operations. The “Risk Factors” section provides updated information in certain areas, but we do not believe those updates have materially changed the type or magnitude of the risks we face in comparison to the disclosure provided in our most recent Annual Report on Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On March 11, 2008, we announced that we had been authorized to repurchase up to $2.0 billion of our common stock with no expiration date. At March 29, 2009, approximately $1.7 billion remained authorized for repurchase. While we did not repurchase any of our shares during the second quarter of fiscal 2009, we continue to evaluate repurchases under this program.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Our Annual Meeting of Stockholders was held on March 3, 2009. On the record date, 1,648,945,537 shares of our common stock were entitled to vote. At the meeting, 1,461,937,018 shares were represented in person or by proxy. Two proposals were considered.

Proposal 1: Election of twelve directors to hold office until the 2010 Annual Meeting:

	For	Withheld
Barbara T. Alexander	1,455,133,175	6,803,843
Stephen M. Bennett	1,455,034,770	6,902,248
Donald G. Cruickshank	1,455,122,128	6,814,890
Raymond V. Dittamore	1,455,003,848	6,933,170
Thomas W. Horton	1,455,166,831	6,770,187
Irwin Mark Jacobs	1,441,329,820	20,607,198
Paul E. Jacobs	1,444,207,878	17,729,140
Robert E. Kahn	1,441,839,569	20,097,449
Sherry Lansing	1,454,958,604	6,978,414
Duane A. Nelles	1,442,830,711	19,106,307
Brent Scowcroft	1,440,342,928	21,594,090
Marc I. Stern	1,439,362,375	22,574,643

All of the foregoing candidates were elected, and each received affirmative votes from more than a majority of the outstanding shares.

Proposal 2: Ratify the selection of PricewaterhouseCoopers LLP as the Company's independent public accountants for the Company's fiscal year ending September 27, 2009. This proposal received the following votes:

For	Against	Abstain
1,436,801,198	24,328,213	807,607

The foregoing proposal was approved.

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS

Exhibits

3.1	Restated Certificate of Incorporation. (1)
3.2	Certificate of Amendment of Certificate of Designation. (2)
3.4	Amended and Restated Bylaws. (3)
10.82	Amended and Restated Qualcomm Incorporated 2001 Employee Stock Purchase Plan. (4)
10.83	Amended and Restated Executive Retirement Matching Contribution Plan. (4)
31.1	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for Paul E. Jacobs.
31.2	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for William E. Keitel.
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for Paul E. Jacobs.
32.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for William E. Keitel.

(1) Filed as an exhibit to the Registrant's Current Report on Form 8-K filed on March 13, 2006.

(2) Filed as an exhibit to the Registrant's Current Report on Form 8-K filed on September 30, 2005.

(3) Filed as an exhibit to the Registrant's Current Report on Form 8-K filed on December 12, 2008.

(4) Indicates management or compensatory plan or arrangement required to be identified pursuant to Item 15(a).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

QUALCOMM Incorporated

/s/ William E. Keitel
William E. Keitel
Executive Vice President and Chief Financial Officer

Dated: April 29, 2009

Exhibit 10.82

AMENDED AND RESTATED QUALCOMM INCORPORATED
2001 EMPLOYEE STOCK PURCHASE PLAN

Originally Effective February 27, 2001
Amended and Restated Effective November 12, 2007
Includes First Amendment Adopted on February 11, 2009

SECTION 1 Establishment, Purpose and Term of Plan.

1.1 Establishment. The QUALCOMM Incorporated 2001 Employee Stock Purchase Plan, which was originally established as of February 27, 2001, is hereby amended and restated by the Committee as of November 12, 2007.

1.2 Purpose. The purpose of the Plan is to advance the interests of the Company and its stockholders by providing an incentive to attract, retain and reward Eligible Employees of the Participating Company Group and by motivating such persons to contribute to the growth and profitability of the Participating Company Group. The Plan provides such Eligible Employees with an opportunity to acquire a proprietary interest in the Company through the purchase of Stock. The Company intends that the Plan qualify as an "employee stock purchase plan" under Section 423 of the Code (including any amendments or replacements of such section), and the Plan shall be so construed, although the Company makes no undertaking nor representation to maintain such qualification. In addition, this Plan document authorizes the grant of rights to purchase Stock under a Non-423(b) Plan which do not qualify under Section 423(b) of the Code, pursuant to rules, procedures or sub-plans adopted by the Board or Committee designed to achieve tax, securities law or other Company compliance objectives in particular locations outside the United States.

1.3 Term of Plan. The Plan shall continue in effect until the earlier of its termination by the Board or the date on which all of the shares of Stock available for issuance under the Plan have been issued.

SECTION 2 Definitions and Construction.

2.1 Definitions. Any term not expressly defined in the Plan but defined for purposes of Section 423 of the Code shall have the same definition herein for purposes of the Code Section 423(b) Plan. Whenever used herein, the following terms shall have their respective meanings set forth below:

(a) "Board" means the Board of Directors of the Company. If one or more Committees have been appointed by the Board to administer the Plan, "Board" also means such Committee(s).

(b) "Code" means the U.S. Internal Revenue Code of 1986, as amended, and any applicable regulations promulgated thereunder.

(c) "Code Section 423(b) Plan" means an employee stock purchase plan which is designed to meet the requirements set forth in Section 423(b) of the Code, as amended. The provisions of the Code Section 423(b) Plan shall be construed, administered and enforced in accordance with Section 423(b).

(d) "Committee" means the Compensation Committee or other committee of the Board duly appointed to administer the Plan and having such powers as shall be specified by the Board. Unless the powers of the Committee have been specifically limited, the Committee shall have all of the powers of the Board granted herein, including, without limitation, the power to amend or terminate the Plan at any time, subject to the terms of the Plan and any applicable limitations imposed by law. To the extent determined by the Board or the Compensation Committee, the term “Committee” shall also mean such officers of the Company as the Board or Compensation Committee shall specify.

(e) “Company” means QUALCOMM Incorporated, a Delaware corporation, or any Successor.

(f) “Compensation” means, with respect to any Offering Period, all salary, wages (including amounts elected to be deferred by the employee, that would otherwise have been paid, under any cash or deferred arrangement established by the Company) and overtime pay, but excluding commissions, bonuses, payments under the 2-for-1 vacation program, profit sharing, the cost of employee benefits paid for by the Company, education or tuition reimbursements, imputed income arising under any Company group insurance or benefit program, traveling expenses, business and moving expense reimbursements, income received in connection with stock options, contributions made by the Company under any employee benefit plan, and similar items of compensation. Compensation shall also include payments while on a leave of absence during which participation continues pursuant to Section 2.1(g) to such extent as may be provided by the Company’s leave policy.

(g) “Eligible Employee” means an Employee who meets the requirements set forth in Section 5 for eligibility to participate in the Plan. Eligible Employee shall also mean any other employee of a Participating Company to the extent that local law requires participation in the Plan to be extended to such employee.

(h) “Employee” means a person treated as an employee of a Participating Company for purposes of Section 423 of the Code. A Participant shall be deemed to have ceased to be an Employee either upon an actual termination of employment or upon the corporation employing the Participant ceasing to be a Participating Company. For purposes of the Plan, an individual shall not be deemed to have ceased to be an Employee while on any military leave or other leave of absence approved by the Company of ninety (90) days or less. If an individual’s leave of absence exceeds ninety (90) days, the individual shall be deemed to have ceased to be an Employee on the ninety-first (91st) day of such leave unless the individual’s right to reemployment with the Participating Company Group is guaranteed either by statute or by contract.

(i) “Fair Market Value” means, as of any date:

(i) If the Stock is listed on any established stock exchange or traded on the Nasdaq Global Select Market or the Nasdaq Global Market, the Fair Market Value of a share of Stock shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or market (or if the stock is traded on more than one exchange or market, the exchange or market with the greatest volume of trading in the Stock) on the day of determination, in any case as reported in The Wall Street Journal or such other source as the Board deems reliable. In the absence of such markets for the Stock, the Fair Market Value shall be determined in good faith by the Board.

(ii) For purposes of this Plan, if the date as of which the Fair Market Value is to be determined is not a market trading day, then solely for the purpose of determining Fair Market Value such date shall be: (A) in the case of the Offering Date, the first market trading day following the Offering Date; (B) in the case of the Purchase Date, the last market trading day prior to the Purchase Date.

(j) "Non-423(b) Plan" means an employee stock purchase plan which does not meet the requirements set forth in Section 423(b) of the Code, as amended.

(k) "Offering" means an offering of Stock as provided in Section 6.

(l) "Offering Date" means, for any Offering, the first day of the Offering Period.

(m) "Offering Period" means a period established in accordance with Section 6.

(n) "Parent Corporation" means any present or future "parent corporation" of the Company, as defined in Section 424(e) of the Code.

(o) "Participant" means an Eligible Employee who has become a participant in an Offering Period in accordance with Section 7 and remains a participant in accordance with the Plan.

(p) "Participating Company" means the Company and any Parent Corporation or Subsidiary Corporation. The Board or Committee may determine that some or all employees of any Participating Company shall participate in the Non-423(b) Plan.

(q) "Participating Company Group" means, at any point in time, the Company and all other corporations collectively which are then Participating Companies.

(r) "Plan" shall mean the Amended and Restated QUALCOMM Incorporated 2001 Employee Stock Purchase Plan, as amended from time to time, which includes a Code Section 423(b) Plan and a Non-423(b) Plan component.

(s) "Purchase Date" means, for any Offering, the last day of the Offering Period; provided, however, that the Board in its discretion may establish one or more additional Purchase Dates during any Offering Period.

(t) "Purchase Price" means the price at which a share of Stock may be purchased under the Plan, as determined in accordance with Section 9.

(u) "Purchase Right" means an option granted to a Participant pursuant to the Plan to purchase such shares of Stock as provided in Section 8, which the Participant may or may not exercise during the Offering Period in which such option is outstanding. Such option arises from the right of a Participant to withdraw any accumulated payroll deductions of the Participant not previously applied to the purchase of Stock under the Plan and to terminate participation in the Plan during an Offering Period, in accordance with such rules and procedures as may be established by Board.

(v) "Spinoff Transaction" means a transaction in which the voting stock of an entity in the Participating Company Group is distributed to the stockholders of a parent corporation as defined by Section 424(e) of the Code, of such entity.

(w) "Stock" means the common stock of the Company, as adjusted from time to time in accordance with Section 4.2.

(x) "Subscription Agreement" means an agreement in such form as specified by the Company which is delivered in written form or by communicating with the Company in such other manner as the Company may authorize, stating an Employee's election to participate in the Plan and authorizing payroll deductions under the Plan from the Employee's Compensation.

(y) "Subscription Date" means the Offering Date of an Offering Period, or such earlier date as the Company shall establish.

(z) "Subsidiary Corporation" means any present or future "subsidiary corporation" of the Company, as defined in Section 424(f) of the Code.

(aa) "Successor" means a corporation into or with which the Company is merged or consolidated or which acquires all or substantially all of the assets of the Company and which is designated by the Board as a Successor for purposes of the Plan.

2.2 Construction. Captions and titles contained herein are for convenience only and shall not affect the meaning or interpretation of any provision of the Plan. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

SECTION 3 Administration.

3.1 Administration by the Board. The Plan shall be administered by the Board and its designees. Subject to the provisions of the Plan, the Board shall determine all of the relevant terms and conditions of Purchase Rights; provided, however, that all Participants granted Purchase Rights pursuant to an Offering under the Code Section 423(b) Plan shall have the same rights and privileges within the meaning of Section 423(b)(5) of the Code in such Offering. All expenses incurred in connection with the administration of the Plan shall be paid by the Company.

3.2 Authority of Officers. Any officer of the Company shall have the authority to act on behalf of the Company with respect to any matter, right, obligation, determination or election that is the responsibility of or that is allocated to the Company herein, provided that the officer has actual authority with respect to such matter, right, obligation, determination or election. Any decision or determination of the Company made by an officer having actual authority with respect thereto, shall be final, binding and conclusive on the Participating Company Group, any Participant, and all persons having an interest in the Plan, or any Purchase Right granted hereunder, unless such officer's decision or determination is arbitrary or capricious, fraudulent, or made in bad faith.

3.3 Policies and Procedures Established by the Company. The Company may, from time to time, consistent with the Plan and, for purposes of the Code Section 423(b) Plan, the requirements of Section 423 of the Code, establish, interpret change or terminate such rules, guidelines, policies, procedures, limitations, or adjustments as deemed advisable by the Company, in its discretion, for the proper administration of the Plan, including, without limitation, (a) a minimum payroll deduction amount required for participation in an Offering, (b) a limitation on the frequency or number of changes permitted in the rate of payroll deduction during an Offering, (c) an exchange ratio applicable to amounts withheld in a currency other than United States dollars, (d) a payroll deduction greater than or less than the amount designated by a Participant in order to adjust for the Company's delay or mistake in processing a Subscription Agreement or in otherwise effecting a Participant's election under the Plan or, for purposes of the Code Section 423(b) Plan, as advisable to comply with the requirements of Section 423 of the Code, and (e) determination of the date and manner by which the Fair Market Value of a share of Stock is determined for purposes of administration of the Plan.

The Board's determination of the construction and interpretation of any provision of the Plan, and any actions taken, and any decisions or determinations made pursuant to the terms of the Plan, shall be final, binding and conclusive on the Participating Company Group, any Participant, and any person having an interest in the Plan or any Purchase Right granted hereunder unless the Board's action, decision or determination is arbitrary or capricious, fraudulent, or made in bad faith.

3.4 Indemnification. In addition to such other rights of indemnification as they may have as members of the Board or officers or Employees of the Participating Company Group, members of the Board and any officers or Employees of the Participating Company Group to whom authority to act for the Board or the Company is delegated shall be indemnified by the Company against all reasonable expenses, including attorneys' fees, actually and necessarily incurred in connection with the defense of any action, suit or proceeding, or in connection with any appeal therein, to which they or any of them may be a party by reason of any action taken or failure to act under or in connection with the Plan, or any right granted hereunder, and against all amounts paid by them in settlement thereof (provided such settlement is approved by independent legal counsel selected by the Company) or paid by them in satisfaction of a judgment in any such action, suit or proceeding, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such person is liable for gross negligence, bad faith or intentional misconduct in duties; provided, however, that within sixty (60) days after the institution of such action, suit or proceeding, such person shall offer to the Company, in writing, the opportunity at its own expense to handle and defend the same and to retain complete control over the litigation and/or settlement of such suit, action or proceeding.

SECTION 4 Shares Subject to Plan.

4.1 Maximum Number of Shares Issuable. Subject to adjustment as provided in Section 4.2, the maximum aggregate number of shares of Stock that may be issued under the Plan shall be 24,709,466; provided, however that no more than an aggregate of 24,309,466 shares of Stock may be issued under the Code section 423(b) Plan. The maximum aggregate number of shares of Stock available under the Code Section 423(b) Plan and the Non-423(b) Plan shall consist of authorized but unissued or reacquired shares of Stock, or any combination thereof. If an outstanding Purchase Right for any reason expires or is terminated or canceled, the shares of Stock allocable to the unexercised portion of that Purchase Right shall again be available for issuance under the Plan; provided, however, that any such shares of Stock allocable to a Purchase Right that has expired, terminated or been canceled under the Non-423(b) Plan shall only be available again for issuance under the Non-423(b) Plan.

4.2 Adjustments for Changes in Capital Structure. In the event of any stock dividend, stock split, reverse stock split, recapitalization, combination, reclassification or similar change in the capital structure of the Company, or in the event of any merger (including a merger effected for the purpose of changing the Company's domicile), sale of assets or other reorganization in which the Company is a party, appropriate adjustments shall be made in the number and class of shares subject to the Plan, each Purchase Right, and in the Purchase Price. If a majority of the shares of the same class as the shares subject to outstanding Purchase Rights are exchanged for, converted into, or otherwise become (whether or not pursuant to an Ownership Change Event) shares of another corporation (the "New Shares"), the Board may unilaterally amend the outstanding Purchase Rights to provide that such Purchase Rights are exercisable for New Shares. In the event of any such amendment, the number of shares subject to, and the Purchase Price of, the outstanding Purchase Rights shall be adjusted in a fair and equitable manner, as determined by the Board, in its discretion. Notwithstanding the foregoing, any fractional share resulting from an adjustment pursuant to this Section 4.2 shall be rounded down to the nearest whole number, and in no event may the Purchase Price be decreased to an amount less than the par value, if any, of the stock subject to the Purchase Right.

SECTION 5 Eligibility.

5.1 Employees Eligible to Participate. Except as otherwise provided in this Section 5, an Employee shall be eligible to participate in an Offering if such Employee, as of the Offering Date, is employed by the Company or any other Participating Company designated by the Board as a corporation whose Employees may participate in the Offering. However, unless otherwise required under applicable local law, an Employee may not be eligible to participate in an Offering if the Employee, as of the Offering Date, either: (a) is customarily employed by the Participating Company Group for twenty (20) hours or less per week, (b) is customarily employed by the Participating Company Group for not more than five (5) months in any calendar year or (c) has not completed thirty (30) days of service with a Participating Company, or such other service requirement, up to a maximum of 2 years, which the Board may require. Employees of a Participating Company designated to participate in the Non-423(b) Plan are eligible to participate in the Non-423(b) Plan only if they are selected to participate by the Board or Committee, which selection shall be in the sole discretion of the Board or Committee. Notwithstanding the foregoing, no employee of the Company or a Participating Company designated to participate in the Non-423(b) Plan shall be eligible to participate in the Non-423(b) Plan if he or she is an officer or director of the Company subject to the requirements of Section 16 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") with respect to the Company's securities.

5.2 Exclusion of Certain Stockholders. Notwithstanding any provision of the Plan to the contrary, no Employee shall be treated as an Eligible Employee and granted a Purchase Right under the Plan if, immediately after such grant, the Employee would own or hold options to purchase stock of the Company or of any Parent Corporation or Subsidiary Corporation possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of such corporation, as determined in accordance with Section 423(b)(3) of the Code. For purposes of this Section 5.2, the attribution rules of Section 424(d) of the Code shall apply in determining the stock ownership of such Employee.

5.3 Determination by Company. The Company shall determine in good faith and in the exercise of its discretion whether an individual has become or has ceased to be an Employee or an Eligible Employee and the effective date of such individual's attainment or termination of such status, as the case may be. For purposes of an individual's eligibility to participate in or other rights, if any, under the Plan as of the time of the Company's determination, all such determinations by the Company shall be final, binding and conclusive, unless the Company's determination is arbitrary or capricious, fraudulent, or made in bad faith notwithstanding that the Company or any court of law or governmental agency subsequently makes a contrary determination.

SECTION 6 Offerings.

The Plan shall be implemented by sequential Offerings of approximately six (6) months duration or such other duration as the Board shall determine (an "Offering Period"). Offering Periods shall be established by the Board, in its sole and absolute discretion, and such Offering Periods may have different durations or different commencing or ending dates; provided, however, that no Offering Period may have a duration exceeding twenty-seven (27) months.

SECTION 7 Participation in the Plan.

7.1 Initial Participation. An Eligible Employee may become a Participant in an Offering Period by delivering a properly completed Subscription Agreement, in accordance with such rules and procedures as may be specified by the Company. An Eligible Employee who does not deliver a properly completed Subscription Agreement to the Company in the required time period shall not participate in the Plan for that Offering Period. Furthermore, the Eligible Employee may not participate in a subsequent Offering Period unless a properly completed Subscription Agreement is delivered to the Company on or before the Subscription Date for such subsequent Offering Period.

7.2 Continued Participation. A Participant shall automatically participate in the next Offering Period commencing immediately after the Purchase Date of each Offering Period in which the Participant participates provided that the Participant remains an Eligible Employee on the Offering Date of the new Offering Period and has not either (a) withdrawn from the Plan pursuant to Section 12.1 or (b) terminated employment as provided in Section 13. A Participant who may automatically participate in a subsequent Offering Period, as provided in this Section, is not required to deliver any additional Subscription Agreement for the subsequent Offering Period in order to continue participation in the Plan. However, a Participant may deliver a new Subscription Agreement for a subsequent Offering Period in accordance with the procedures set forth in Section 7.1 if the Participant desires to change any of the elections contained in the Participant's then effective Subscription Agreement.

SECTION 8 Right to Purchase Shares.

8.1 Grant of Purchase Right.

(a) Except as set forth below (or as otherwise specified by the Board prior to the Offering Date), on the Offering Date of each Offering Period, each Participant in that Offering Period shall be granted automatically a Purchase Right consisting of an option to purchase that number of whole shares of Stock determined by dividing Twelve Thousand Five Hundred Dollars ($12,500) by the Fair Market Value of a share of Stock on such Offering Date. In connection with any Offering made under this Plan, the Board or the Committee may specify a maximum number of shares of Stock which may be purchased by any employee as well as a maximum aggregate number of shares of Stock which may be purchased by all eligible employees pursuant to such Offering. In addition, in connection with any Offering which contains more than one Purchase Date, the Board or the Committee may specify a maximum aggregate number of shares which may be purchased by all eligible employees on any given Purchase Date under the Offering.

(b) Notwithstanding the foregoing, the aggregate number of shares for which Purchase Rights may be granted in any Offering Period may not exceed the maximum number of shares which have been, prior to the Offering Date for such Offering Period, reserved for the Plan and approved by the stockholders of the Company and not previously been purchased upon the exercise of Purchase Rights in any prior Offering Period.

(c) If the aggregate purchase of shares of Stock upon exercise of rights granted under the Offering would exceed any such maximum aggregate number, the Board or the Committee shall make a pro rata allocation of the shares of Stock available in as nearly a uniform manner as shall be practicable and as it shall deem to be equitable. No Purchase Right shall be granted on an Offering Date to any person who is not, on such Offering Date, an Eligible Employee.

8.2 Substitution of Rights. The grant of rights under an Offering may be done to carry out the substitution of rights under the Plan for pre-existing rights granted under another employee stock purchase plan, if such substitution is pursuant to a transaction described in Section 424(a) of the Code (or any successor provision thereto) and the characteristics of such substitute rights conform to the requirements of Section 424(a) of the Code (or any successor provision thereto) and will not cause the disqualification of the Code Section 423(b) Plan under Section 423 of the Code. Notwithstanding the other terms of the Plan, such substitute rights shall have the same characteristics as the characteristics associated with such pre-existing rights, including, but not limited to, the following:

(a) the date on which such pre-existing right was granted shall be the "Offering Date" of such substitute right for purposes of determining the date of grant of the substitute right;

(b) the Offering (as defined below) for such substitute right shall begin on its Offering Date and end coincident on the applicable Purchase Date, but no later than the end of the offering (as determined under the terms of such offering) under which the pre-existing right was granted.

8.3 Pro Rata Adjustment of Purchase Right. If the Board establishes an Offering Period of any duration other than six months, then any limitation on the number of shares of Stock subject to each Purchase Right granted on the Offering Date of such Offering Period set forth in Section 8.1(a) shall be prorated based upon the ratio which the number of months in such Offering Period bears to six (6).

8.4 Calendar Year Purchase Limitation. Notwithstanding any provision of the Plan to the contrary, no Participant shall be granted a Purchase Right which permits his or her right to purchase shares of Stock under the Plan to accrue at a rate which, when aggregated with such Participant's rights to purchase shares under all other employee stock purchase plans of a Participating Company intended to meet the requirements of Section 423 of the Code, exceeds Twenty-Five Thousand Dollars ($25,000) in Fair Market Value (or such other limit, if any, as may be imposed by the Code) for each calendar year in which such Purchase Right is outstanding at any time. For purposes of the preceding sentence, the Fair Market Value of shares purchased during a given Offering Period shall be determined as of the Offering Date for such Offering Period. The limitation described in this Section shall be applied in conformance with applicable regulations under Section 423(b)(8) of the Code.

SECTION 9 Purchase Price.

The Purchase Price for an Offering Period shall be eighty-five percent (85%) of the lesser of (a) the Fair Market Value of a share of Stock on the Offering Date of the Offering Period, or (b) the Fair Market Value of a share of Stock on the Purchase Date. Notwithstanding the foregoing, the Board, in its sole discretion, may establish the Purchase Price at which each share of Stock may be acquired in an Offering Period upon the exercise of all or any portion of a Purchase Right; provided, however, that the Purchase Price shall not be less than eighty-five percent (85%) of the lesser of (a) the Fair Market Value of a share of Stock on the Offering Date of the Offering Period or (b) the Fair Market Value of a share of Stock on the Purchase Date.

SECTION 10 Accumulation of Purchase Price through Payroll Deduction.

Shares of Stock acquired pursuant to the exercise of all or any portion of a Purchase Right may be paid for only by means of payroll deductions from the Participant's Compensation accumulated during the Offering Period for which such Purchase Right was granted, and, if a payroll deduction is not permitted under a statute, regulation, rule of a jurisdiction, or is not administratively feasible, such other payments as may be approved by the Company, subject to the following:

10.1 Amount of Payroll Deductions. Except as otherwise provided herein, the amount to be deducted under the Plan from a Participant's Compensation on each payday during an Offering Period shall be determined by the Participant's Subscription Agreement. The Subscription Agreement shall set forth the percentage of the Participant's Compensation to be deducted on each payday during an Offering Period in whole percentages, up to fifteen percent (15%). The Board may change the foregoing limits on payroll deductions effective as of any Offering Date.

10.2 Commencement of Payroll Deductions. Payroll deductions shall commence on the first payday following the Offering Date and shall continue through the last payday prior to the end of the Offering Period unless sooner altered or terminated as provided herein.

10.3 Election to Change or Stop Payroll Deductions. During an Offering Period, to the extent provided for in the Offering, a Participant may elect to decrease the rate of, or to stop, deductions from his or her Compensation by delivering to the Company an amended Subscription Agreement, in such form and manner as specified by the Company, authorizing such change on or before the Change Notice Date, as defined below. A Participant who elects, effective following the first payday of an Offering Period, to decrease the rate of his or her payroll deductions to zero percent (0%) shall nevertheless remain a Participant in the current Offering Period unless such Participant withdraws from the Plan as provided in Section 12.1. The "Change Notice Date" shall be the day established in accordance with procedures established by the Company.

10.4 Company's Holding of Deductions. All payroll deductions from a Participant's Compensation shall be deposited with the general funds of the Company, and to the extent permitted by applicable law, may be used by the Company for any corporate purpose. No interest will accrue on the payroll deductions from a Participant under this Plan, except as otherwise required by applicable law. If such interest is required, all accrued interest will not be used to purchase additional shares of Stock on a Purchase Date, and such accrued interest shall be refunded to the Participant following such Purchase Date (or, if applicable, the Participant's withdrawal from the Plan pursuant to Section 12.1 or termination of employment or eligibility as described in Section 13).

10.5 Voluntary Withdrawal of Deductions. A Participant may withdraw payroll deductions credited to the Plan and not previously applied toward the purchase of Stock only as provided in Section 12.1.

10.6 Contributions under Non-423(b) Plan. In the sole discretion of the Board or Committee and if specified in the terms of the Offering, a Participant at a Participating Company designated to participate in the Non-423(b) Plan may make additional payments into his or her account, provided that such Participant has not had the maximum amount withheld during the Offering pursuant to subsection 10.1 above.

SECTION 11 Purchase of Shares.

11.1 Exercise of Purchase Right. On each Purchase Date, each Participant's accumulated payroll deductions and other additional payments specifically permitted by the Plan (without any increase for interest), will be applied to the purchase of whole shares of Stock, up to the maximum number of shares permitted pursuant to the terms of the Plan and the applicable Offering, at the Purchase Price for such Offering. No fractional shares shall be issued upon the exercise of Purchase Rights granted under the Plan. The amount, if any, of each Participant's accumulated payroll deductions remaining after the purchase of shares on the Purchase Date of an Offering shall be refunded in full to the Participant after such Purchase Date.

11.2 Pro Rata Allocation of Shares. If the number of shares of Stock which might be purchased by all Participants in the Plan on a Purchase Date exceeds the number of shares of Stock available in the Plan as provided in Section 4.1, the Company shall make a pro rata allocation of the remaining shares in as uniform a manner as practicable and as the Company determines to be equitable. Any fractional share resulting from such pro rata allocation to any Participant shall be disregarded.

11.3 Delivery of Shares. As soon as practicable after each Purchase Date, the Company shall arrange the delivery to each Participant of the shares acquired by the Participant on such Purchase Date; provided that the Company may deliver such shares to a broker designated by the Company that will hold such shares for the benefit of the Participant. Shares to be delivered to a Participant under the Plan shall be registered, or held in an account, in the name of the Participant, or, if requested by the Participant, such other name or names as the Company may permit under rules established for the operation and administration of the Plan.

11.4 Tax Withholding. At the time a Participant's Purchase Right is exercised, in whole or in part, or at the time a Participant disposes of some or all of the shares of Stock he or she acquires under the Plan, the Participant shall make adequate provision for the federal, state, local and foreign tax withholding obligations, if any, of the Participating Company Group which arise upon exercise of the Purchase Right or upon such disposition of shares, respectively. The Participating Company Group may, but shall not be obligated to, withhold from the Participant's compensation the amount necessary to meet such withholding obligations.

11.5 Expiration of Purchase Right. A Purchase Right shall expire immediately upon the end of the Offering Period to the extent it exceeds the number of shares of Stock which are purchased with a Participant's accumulated payroll deductions or other permitted contribution during any Offering Period.

11.6 Provision of Reports and Stockholder Information to Participants. Each Participant who has exercised all or part of his or her Purchase Right shall receive, as soon as practicable after the Purchase Date, a report of such Participant's account setting forth the total payroll deductions accumulated prior to such exercise, the number of shares of Stock purchased, the Purchase Price for such shares, the date of purchase and the cash balance, if any, remaining immediately after such purchase that is to be refunded. The report required by this Section may be delivered in such form and by such means, including by electronic transmission, as the Company may determine. In addition, each Participant shall be given access to information concerning the Company equivalent to that information provided generally to the Company's common stockholders.

SECTION 12 Withdrawal from Plan.

12.1 Voluntary Withdrawal from the Plan. A Participant may withdraw from the Plan by signing and delivering to the Company's designated office a written notice of withdrawal on a form provided by the Company for this purpose or by communicating with the Company in such other manner as the Company may authorize. A Participant who voluntarily withdraws from the Plan is prohibited from resuming participation in the Plan in the same Offering from which he or she withdrew, but may participate in any subsequent Offering by again satisfying the requirements of Sections 5 and 7.1. The Company may impose, from time to time, a requirement that the notice of withdrawal from the Plan be on file with the Company's designated office for a reasonable period prior to the effectiveness of the Participant's withdrawal.

12.2 Return of Payroll Deductions. Upon a Participant's voluntary withdrawal from the Plan pursuant to Section 12.1, the Participant's accumulated payroll deductions which have not been applied toward the purchase of shares shall be refunded to the Participant as soon as practicable after the withdrawal (and except as otherwise provided in Section 10.4, without the payment of any interest), and the Participant's participation in the Plan shall terminate. Such accumulated payroll deductions to be refunded in accordance with this Section may not be applied to any other Offering under the Plan.

SECTION 13 Termination of Employment.

13.1 General. Upon a Participant's ceasing, prior to a Purchase Date, to be an Employee of the Participating Company Group for any reason, the Participant's participation in the Plan shall terminate immediately, except as otherwise provided in Section 2.1(g) and Section 13.3.

13.2 Return of Payroll Deductions. Upon termination of participation, the terminated Participant's accumulated payroll deductions which have not been applied toward the purchase of shares shall, as soon as practicable, be returned to the Participant or, in the case of the Participant's death, to the Participant's legal representative, and all of the Participant's rights under the Plan shall terminate. Except as otherwise provided in Section 10.4, interest shall not be paid on sums returned pursuant to this Section 13. A Participant whose participation has been so terminated may again become eligible to participate in future Offerings under the Plan by satisfying the requirements of Sections 5 and 7.1.

13.3 Continued Participation Upon Release of Claims. Upon a Participant's ceasing, prior to a Purchase Date, to be an Employee of the Participating Company Group for any reason, the Participant's participation in the Plan shall continue, subject to the Participant's execution of a general release of claims satisfactory to the Company, for an additional three (3) months; provided, however, this Section shall not apply in the event of the Participant's death, a Spinoff Transaction, or to any Participant on a leave of absence governed by Section 2.1(g).

SECTION 14 Change in Control.

14.1 Definitions.

(a) An “Ownership Change Event” shall be deemed to have occurred if any of the following occurs with respect to the Company: (i) the direct or indirect sale or exchange in a single or series of related transactions by the stockholders of the Company of more than fifty percent (50%) of the voting stock of the Company; (ii) a merger or consolidation in which the Company is a party; (iii) the sale, exchange, or transfer of all or substantially all, as determined by the Board in its sole discretion, of the assets of the Company; or (iv) a liquidation or dissolution of the Company.

(b) A “Change in Control” shall mean an Ownership Change Event or a series of related Ownership Change Events (collectively, a “Transaction”) wherein the stockholders of the Company immediately before the Transaction do not retain immediately after the Transaction, in substantially the same proportions as their ownership of shares of the Company’s voting stock immediately before the Transaction, direct or indirect beneficial ownership of more than fifty percent (50%) of the total combined voting power of the outstanding voting securities of the Company or, in the case of a Transaction described in Section 14.1(a)(iii), the corporation or other business entity to which the assets of the Company were transferred (the “Transferee”), as the case may be. The Board shall determine in its sole discretion whether multiple sales or exchanges of the voting securities of the Company or multiple Ownership Change Events are related. Notwithstanding the preceding sentence, a Change in Control shall not include any Transaction in which the voting stock of an entity in the Participating Company Group is distributed to the stockholders of a parent corporation, as defined in Section 424(e) of the Code, of such entity. Any Ownership Change Event resulting from an underwritten public offering of the Company’s Stock or the stock of any Participating Company shall not be deemed a Change in Control for any purpose hereunder.

14.2 Effect of Change in Control on Purchase Rights. In the event of a Change in Control, the surviving, continuing, successor, or purchasing corporation or parent corporation thereof, as the case may be (the “Acquiring Corporation”), may assume the Company’s rights and obligations under the Plan. If the Acquiring Corporation elects not to assume the Company’s rights and obligations under outstanding Purchase Rights, the Purchase Date of the then current Offering Period shall be accelerated to a date before the date of the Change in Control specified by the Board, but the number of shares of Stock subject to outstanding Purchase Rights shall not be adjusted, provided, however, that the Purchase Date with respect to Purchase Rights granted pursuant to a Non-423(b) Plan shall be accelerated as contemplated by the foregoing sentence only to the extent the event constituting the Change in Control qualifies as a “change in ownership” or “change in effective control” of the Company or a “change in ownership of a substantial portion of the assets” of the Company, as these concepts are defined in U.S. Treas. Reg. § 1.409A-3(i)(5) or successor provisions. All Purchase Rights which are neither assumed by the Acquiring Corporation in connection with the Change in Control nor exercised as of the date of the Change in Control shall terminate and cease to be outstanding effective as of the date of the Change in Control.

SECTION 15 Nontransferability of Purchase Rights.

Neither payroll deductions nor a Participant's Purchase Right may be assigned, transferred, pledged or otherwise disposed of in any manner other than as provided by the Plan or by will or the laws of descent and distribution. Any such attempted assignment, transfer, pledge or other disposition shall be without effect, except that the Company may treat such act as an election to withdraw from the Plan as provided in Section 12.1. A Purchase Right shall be exercisable during the lifetime of the Participant only by the Participant.

SECTION 16 Compliance with Securities Law and other Applicable Requirements.

The issuance of shares under the Plan shall be subject to compliance with all applicable requirements of federal, state and foreign law with respect to such securities. A Purchase Right may not be exercised if the issuance of shares upon such exercise would constitute a violation of any applicable federal, state or foreign securities laws or other law or regulations or the requirements of any securities exchange or market system upon which the Stock may then be listed. In addition, no Purchase Right may be exercised unless (a) a registration statement under the U.S. Securities Act of 1933, as amended, shall at the time of exercise of the Purchase Right be in effect with respect to the shares issuable upon exercise of the Purchase Right, or (b) in the opinion of legal counsel to the Company, the shares issuable upon exercise of the Purchase Right may be issued in accordance with the terms of an applicable exemption from the registration requirements of said Act. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance and sale of any shares under the Plan shall relieve the Company of any liability in respect of the failure to issue or sell such shares as to which such requisite authority shall not have been obtained. Anything in the foregoing to the contrary notwithstanding, Purchase Rights granted under a Non-423(b) Plan may be suspended, delayed or otherwise deferred for any of the reasons contemplated in this Section 16 only to the extent such suspension, delay or deferral is permitted under U.S. Treas. Reg. §§ 1.409A-2(b)(7), 1.409A-1(b)(4)(ii) or successor provisions, or as otherwise permitted under Section 409A of the Code. As a condition to the exercise of a Purchase Right, the Company may require the Participant to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation, and to make any representation or warranty with respect thereto as may be requested by the Company.

SECTION 17 Rules for Foreign Jurisdictions.

17.1 Compliance with Foreign Law. The Board or Committee may adopt rules or procedures relating to the operation and administration of the Plan to accommodate the specific requirements of local laws and procedures. Without limiting the generality of the foregoing, the Board or Committee is specifically authorized to adopt rules and procedures regarding handling of payroll deductions, payment of interest, conversion of local currency, payroll tax, withholding procedures and handling of stock certificates which vary with local requirements.

17.2 Non-423(b) Plan Component. The Board or Committee may also adopt rules, procedures or sub-plans applicable to particular Participating Companies or locations, which sub-plans may be designed to be outside the scope of Code Section 423. The rules of such sub-plans may take precedence over other provisions of this Plan, with the exception of Section 4.1, but unless otherwise superseded by the terms of such sub-plan, the provisions of this Plan shall govern the operation of such sub-plan. To the extent inconsistent with the requirements of Section 423, such sub-plan shall be considered part of the Non-423(b) Plan, and rights granted thereunder shall not be considered to comply with Code Section 423.

SECTION 18 Rights As a Stockholder and Employee.

A Participant shall have no rights as a stockholder by virtue of the Participant's participation in the Plan until the date of the issuance of shares purchased pursuant to the exercise of the Participant's Purchase Right (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). No adjustment shall be made for dividends, distributions or other rights for which the record date is prior to the date such share is issued, except as provided in Section 4.2. Nothing herein shall confer upon a Participant any right to continue in the employ of the Participating Company Group or interfere in any way with any right of the Participating Company Group to terminate the Participant's employment at any time.

SECTION 19 Distribution on death.

If a Participant dies, the Company shall deliver any shares or cash credited to the Participant to the Participant's legal representative.

SECTION 20 Notices.

All notices or other communications by a Participant to the Company under or in connection with the Plan shall be deemed to have been duly given when received in the form specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

SECTION 21 Amendment or Termination of the Plan.

The Board may at any time amend or terminate the Plan, except that (a) such termination shall not affect Purchase Rights previously granted under the Plan, except as permitted under the Plan, and (b) no amendment may adversely affect a Purchase Right previously granted under the Plan (except to the extent permitted by the Plan or as may be necessary to qualify the Code Section 423(b) Plan as an employee stock purchase plan pursuant to Section 423 of the Code or to obtain qualification or registration of the shares of Stock under applicable federal, state or foreign securities laws). In addition, an amendment to the Plan must be approved by the stockholders of the Company within twelve (12) months of the adoption of such amendment if such amendment would increase the maximum aggregate number of shares of Stock that may be issued under the Plan (except by operation of the provisions of Section 4.1 or Section 4.2) or would change the definition of the corporations that may be designated by the Board as Participating Companies.

SECTION 22. Code Section 409A.

The Code Section 423(b) Plan is exempt from the application of Section 409A. The Non-423(b) Plan is intended to comply and shall be administered in a manner that is intended to comply with Section 409A of the Code and shall be construed and interpreted in accordance with such intent. To the extent a Purchase Right or the vesting, payment, settlement or deferral thereof is subject to Section 409A of the Code, the Purchase Right shall be granted, paid, exercised, settled or deferred in a manner that will comply with Section 409A of the Code, including the final regulations and other guidance issued with respect thereto, except as otherwise determined by the Committee. Any provision of the Non-423(b) Plan that would cause the grant of a Purchase Right or the payment, settlement or deferral thereof to fail to satisfy Section 409A of the Code shall be amended to comply with Section 409A of the Code on a timely basis, which amendment may be made on a retroactive basis, in accordance with the final regulations and guidance issued under Section 409A of the Code. Notwithstanding the foregoing, the Company shall have no liability to a Participant or any other party if the Purchase Right that is intended to be exempt from, or compliant with Section 409A of the Code is not so exempt or compliant or for any action taken by the Committee with respect thereto

Exhibit 10.83

QUALCOMM INCORPORATED

EXECUTIVE RETIREMENT
MATCHING CONTRIBUTION PLAN

Amended and Restated Effective: April 1, 2009

TABLE OF CONTENTS

ARTICLE I

INTRODUCTION

1.1 History. Qualcomm Incorporated (the “Company”) previously established the Qualcomm Incorporated Voluntary Executive Retirement Contribution Plan (the “ERC”) and the Qualcomm Incorporated Executive Retirement Matching Contribution Plan (the “Plan”), both non-qualified deferred compensation plans for a select group of management or highly compensated employees of the Employer, and both originally effective as of December 1, 1995.

1.2 Consolidation, Amendment and Restatement. The Company consolidated the ERC and the Plan as set forth in this document and amended and restated the Plan effective as of October 1, 2008. The Company amended and restated the Plan in its entirety effective as of December 30, 2008.

ARTICLE II

DEFINITIONS

2.1 **“Account(s)”** means the book entry account(s) established under the Plan for each Participant to which are credited the Participant’s Basic Deferrals, Bonus Deferrals, Performance-Based Compensation Deferrals, Matching Contributions, Discretionary Company Contributions and any Investment Returns with respect thereto. Account balances shall be reduced by any distributions made to the Participant or the Participant’s Beneficiary(ies) from the Plan and any charges that may be imposed on such Account(s) pursuant to the terms of the Plan. Separate Subaccounts may be established under the Plan as set forth herein. As the context may require, “Account” shall also refer to such Subaccounts.

2.2 “**Affiliate**” means any entity which controls, is controlled by or is under common control with the Company.

2.3 “**Base Salary**” means the annual base salary to be paid by the Employer, without regard to Basic Deferrals hereunder Base Salary shall not include, unless specifically authorized by the Committee, bonuses, overtime, distributions from this Plan, commissions, the value of any proceeds from the exercise of any qualified or non-qualified stock option, the proceeds from any stock purchase right under the Company’s employee stock purchase plans, incentive payments, non-monetary awards, auto allowances or any other form of compensation, whether taxable or non-taxable.

2.4 **“Basic Deferral(s)”** means the percentage of a Participant’s Base Salary and/or Director Fees which the Participant elects to defer pursuant to Section 4.1 of the Plan.

2.5 **“Benchmark Fund(s)”** means one or more of the mutual funds or contracts selected by the Committee pursuant to Article 6 of the Plan.

2.6 “**Beneficiary(ies)**” means the beneficiary(ies) designated by the Participant who are entitled to receive any distributions from the Plan payable upon the death of the Participant.

2.7 **“Benefit(s)”** means the total of the vested amount(s) credited to a Participant’s Account.

2.8 “**Board of Directors**” or **“Board”** means the Company’s Board of Directors.

2.9 **“Bonus”** means the annual cash incentive bonus normally paid to an Eligible Employee after the end of the fiscal year or such other amounts payable under the bonus policies maintained by the Employer determined without regard to any Bonus Deferral .

2.10 **“Bonus Deferral”** means the percentage of a Participant’s Bonus which the Participant defers pursuant to Section 4.2 of the Plan.

2.11 **“Cause”** means any of the following: (i) theft, dishonesty, or falsification of any Company documents or records; (ii) improper use or disclosure of the Company’s confidential or proprietary information; (iii) any action which has a detrimental effect on the Company’s reputation or business; (iv) failure or inability to perform any reasonable assigned duties after written notice from the Company of, and a reasonable opportunity to cure, such failure or inability; (v) any material breach of any employment or service agreement between the Participant and the Company, which breach is not cured pursuant to the terms of such agreement; (vi) conviction (including any plea of guilty or nolo contendere) of any criminal act which impairs the Participant’s ability to perform his or her duties; or (vii) violation of a material Company policy.

2.12 **“Change in Control”** means an Ownership Change Event or a series of related Ownership Change Events, as defined below (collectively, a “Transaction”), wherein the stockholders of the Company immediately before the Transaction do not retain immediately after the Transaction, in substantially the same proportions as their ownership of shares of the Company’s voting stock immediately before the Transaction, direct or indirect beneficial ownership of more than fifty percent (50%) of the total combined voting power of the outstanding voting securities of the Company or, in the case of a Transaction described in clause (iii) below, the corporation or other business entity to which the assets of the company were transferred (the “Transferee”), as the case may be. The Board shall determine in its discretion whether multiples sales or exchanges of the voting securities of the Company or multiple Ownership Change Events are related. Notwithstanding the preceding sentence, a Change in Control shall not include a Spinoff Transaction, as defined in Section 2.1 of the LTIP. For purposes of the foregoing, an “Ownership Change Event” shall be deemed to have occurred if any of the following occurs with respect to the company: (i) the direct or indirect sale or exchange in a single or series of related transactions by the stockholders of the Company of more than fifty percent (50%) of the voting stock of the Company; (ii) a merger or consolidation in which the Company is a party; (iii) the sale, exchange or transfer of all or substantially all, as determined by the Board in its discretion, of the assets of the Company; or (iv) a liquidation or dissolution of the Company.

2.13 **“Code”** means the Internal Revenue Code of 1986, as amended.

2.14 **“Committee”** means the Committee composed of such individuals who may be appointed by the Compensation Committee, and which shall function as the administrator of the Plan.

2.15 **“Common Stock”** means the common stock of the Company, par value $0.0001 per share.

2.16 **“Company”** means Qualcomm Incorporated, a Delaware corporation, and any successor thereto.

2.17 “**Compensation Committee**” means the Compensation Committee of the Company’s Board of Directors.

2.18 **“Deferrals”** means, as applicable to a Participant, Basic Deferrals, Bonus Deferrals and/or Performance-Based Compensation Deferrals made pursuant to the terms of the Plan.

2.19 **“Deferral Subaccount”** means a Subaccount under the Participant’s Account to which Deferrals are credited for a given Plan Year.

2.20 **“Director Fees”** shall mean all fees and retainers, including meeting fees, paid in cash to Non-Employee Directors of the Company, and specifically excludes any annual board retainer paid in stock units.

2.21 **“Disability”** means, to the extent applicable, a determination of disability in accordance with the Company’s long-term disability insurance policy covering the Participant, or, if none, “Disability” under this Plan shall mean the Participant is unable to engage in any substantial activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve months.

2.22 **“Discretionary Company Contribution”** means a Company contribution awarded to an Eligible Employee pursuant to Section 4.6 of the Plan.

2.23 **“Distribution Date”** means the date on which distribution of a Participant’s Benefits is made or commences pursuant to Article 9 of the Plan.

2.24 “**Effective Date**” means December 30, 2008.

2.25 **“Election(s)”** means the form or forms on which a Participant: (i) elects to make Deferrals, (ii) elects a Distribution Date for Plan Benefits, (iii) elects the method by which his or her Benefits will be distributed; and (iv) specifies his or her Beneficiary(ies) under the Plan. An Election shall be in such form or forms as may be prescribed by the Committee, including specifically an electronic form.

2.26 “**Eligible Employee**” means an employee of the Employer who is a member of a select group of management or highly compensated employees and who has been designated as eligible to participate in the Plan in accordance with Article 3 of the Plan.

2.27 “**Employer**” means the Company and any other Affiliate of the Company that has adopted the Plan.

2.28 “**Fair Market Value**” shall have the same meaning given such term in the LTIP.

2.29 **“Good Reason”** means any one or more of the following: (i) without the Participant’s express written consent, the assignment of any duties, or any limitation of responsibilities, substantially inconsistent with the Participant’s positions, duties, responsibilities and status with the Company immediately prior to the date of a Change in Control; (ii) without the Participant’s express written consent, the relocation of his or her principal place of employment or service to a location that is more than fifty (50) miles from the principal place of employment or service immediately prior to the date of a Change in Control, or the imposition of travel requirements substantially more demanding than those existing immediately prior to the date of a Change in Control; (iii) any failure by the Company to pay, or any material reduction by the Company of, (A) base salary in effect immediately prior to the date of a Change in Control (unless reductions comparable in amount and duration are concurrently made for all other employees of the Company with comparable responsibilities, organizational level and title, or (B) bonus compensation, if any, in effect immediately prior to the date of a Change in Control (subject to applicable performance requirements with respect to the actual amount of bonus compensation earned); any failure by the Company to (A) continue to provide the Participant with the opportunity to participate, on terms no less favorable than those in effect for the benefit of any employee or service provider group which customarily includes a person holding the employment or service provider position or a comparable position with the Company then held by the Participant, in any benefit or compensation plans and programs, including, but not limited to, the Company’s life, disability, health, dental, medical, savings, profit sharing, stock purchase and retirement plans, if any, in which the Participant was participating immediately prior to the date of the Change in Control, or their equivalent, or (B) provide the Participant with all other fringe benefits (or their equivalent) from time to time in effect for the benefit of any employee group which customarily includes a person holding the employment or service provider position or a comparable position with the Company then held by the Participant; any breach by the Company of any material agreement between the Participant and the Company concerning the Participant’s employment; or any failure by the Company to obtain the assumption of any material agreement between the Participant and the Company concerning he Participant’s employment by successor or assign of the Company.

2.30 **“In-Service Distribution Date”** means the date prior to a Separation from Service on which the distribution of a Participant’s Deferral Subaccount(s) is made or commences pursuant to an Election made under Article 9 of the Plan.

2.31 **“Investment Return”** means the investment return or loss determined in accordance with Article 6 of the Plan, which shall be credited to Participants’ applicable Subaccounts pursuant to the terms of the Plan.

2.32 **“LTIP”** shall mean the Qualcomm Incorporated 2006 Long-Term Incentive Plan, as amended, or any successor thereto.

2.33 **“Matching Contributions”** means the Company’s matching contributions of its Common Stock to the Plan on behalf of an Eligible Employee who is a Participant, as determined in accordance with Section 4.5 of the Plan.

2.34 **“Non-Employee Director”** means a director who is not an Employee.

2.35 **“Open Enrollment Period”** means such period as the Committee may specify for Participants to submit an Election to make Deferrals under the Plan. The Open Enrollment Period shall begin on the date selected by the Committee and end no later than (i) with respect to Basic Deferrals for any Plan Year, the first day of such Plan Year; (ii) with respect to Bonus Deferrals, the first day of the period for which the Bonus may be earned; (iii) with respect to Performance-Based Compensation Deferrals, the date that is six months before the end of the applicable performance period, provided the Participant performs services continuously from the later of the beginning of the performance period or the date the performance criteria are established through the date the Deferral Election is made and, provided, further that in no event may a Performance-Based Compensation Deferral Election be made after such Performance Based Compensation has become readily ascertainable within the meaning of Section 1.409A-2(a)(8) of the Treasury Regulations; and (iv) with respect to an Eligible Employee or Non-Employee Director who first becomes eligible to participate in the Plan, the date that is no later than thirty (30) days after first becoming an Eligible Employee or Non-Employee Director, with respect to compensation paid for services performed after the Election and, provided further, that where a Performance-Based Compensation Deferral Election is made in the first year of eligibility but after the beginning of the applicable performance period, the Election must apply only to the compensation paid for services performed after the Election.

2.36 “**Participant**” means an Eligible Employee or Non-Employee Director who becomes a Participant in the Plan as provided in Article 3.

2.37 **“Performance-Based Compensation”** means any cash compensation paid to an Eligible Employee which is contingent on the satisfaction of pre-established organizational or individual performance criteria relating to a performance period of at least 12 consecutive months, determined without regard to any Performance-Based Compensation Deferral.

2.38 **“Performance-Based Compensation Deferral”** means the percentage of a Participant’s Performance-Based Compensation which the Participant defers pursuant to Section 4.2 of the Plan.

2.39 **“Plan”** means this Qualcomm Incorporated Executive Retirement Matching Contribution Plan, effective as of October 1, 2008, as amended from time to time.

2.40 “**Plan Year**” means the 12 consecutive month period beginning on each January 1 and ending on the following December 31.

2.41 **“Retirement”** means the Participant’s Separation from Service with the Employer after obtaining the earlier of: (i) age sixty-five (65) or (ii) age sixty-two and one-half (62 1/2) with at least ten (10) Years of Service.

2.42 **“Separation from Service”** means separation from Service with the Employer whether by termination of employment or Board service. A Participant will be presumed to have had a Separation from Service where the level of bona fide services performed by such individual decreases to a level that is 20% less than the average level of bona fide services performed in the 12-month period immediately preceding the Separation from Service. Subject to the foregoing and the requirements of Section 409A of the Code and the regulations issued thereunder, the Committee, in its discretion, shall determine whether a Participant has had a Separation from Service and the effects thereof.

2.43 **“Service”** means an Eligible Employee’s employment or service with the Employer in the capacity of an employee or a member of the Board. An Eligible Employee’s Service shall include periods of employment or service with the Company and any subsidiary, regardless of whether the Company has determined that such a subsidiary will not be an Employer for purposes of the Plan.

2.44 “**Specified Employee**” means any Participant who, as of the date of Separation from Service, is a key employee of the Employer by reason of meeting the requirements of Section 416(i)(1)(A)(i), (ii) or (iii) of the Code (applied in accordance with the regulations thereunder and disregarding Section 416(i)(5)) at any time during the 12-month period ending on the last day of the Plan Year, or such other date as may be established by the Committee in a separate document applicable to all deferred compensation plans sponsored by the Company.

2.45 **“Subaccount(s)”** means the subaccount(s) established within a Participant’s Account with respect to the various types of Deferrals and Company contributions made under the Plan.

2.46 **“Total Compensation”** for a Plan Year means wages as defined in Section 3401(a) of the Code, any annual cash incentive bonus which is normally paid by the Employer to an Eligible Employee after the end of the fiscal year, and all other payments of compensation to an Eligible Employee by the Employer (in the course of the Employer’s trade or business) for which the Employer is required to furnish the Eligible Employee a written statement under Section 6041(d) or Section 6051(a)(3) of the Code for such Plan Year, excluding the following items: any bonus other than an annual cash incentive bonus which is normally paid by the Employer to an Eligible Employee after the end of the fiscal year, commissions, the value of a qualified, incentive or non-qualified stock option granted to the Eligible Employee by the Company to the extent such value is includable in the Eligible Employee’s taxable income, reimbursements or other expense allowances, fringe benefits (cash and non-cash), moving expenses, deferred compensation and welfare benefits, but including amounts that are not includable in the gross income of the Eligible Employee under a salary reduction agreement by reason of the application of Section 125, 402(e)(3), 402(h), or 403(b) of the Code or by reason of an election of the Eligible Employee to defer amounts of Base Salary under this Plan. Total Compensation must be determined without regard to any rules under Section 3401(a) of the Code that limit the remuneration included in wages based on the nature or location of the employment or the services performed (such as the exception for agricultural labor in Section 3401(a)(2) of the Code).

2.47 “**Trust**” means the legal entity created by the Trust Agreement(s).

2.48 “**Trust Agreement**” means the trust agreement entered into between the Company and the Trustee(s) to hold assets with respect to this Plan.

2.49 “**Trustee(s)**” means the person(s) or entity named as Trustee(s) in the Trust Agreement established to hold assets with respect to this Plan and any duly appointed and acting successor Trustee(s) appointed by the Employer pursuant to the terms of the Trust Agreement.

2.50 **“Year of Service”** means each 12 consecutive month period of completed Service.

ARTICLE III

ELIGIBILITY AND PARTICIPATION

3.1 Eligibility. Participation in the Plan shall be limited to Eligible Employees and Non-Employee Directors. Eligible Employees shall be notified as to their eligibility to participate in the Plan. Until changed by the Committee, an Eligible Employee shall be an employee designated by the Executive Vice President, Human Resources, of the Company; provided, however, that the Compensation Committee shall approve participation by any Eligible Employee whose transactions under the Plan are subject to Section 16 of the Securities Exchange Act of 1934, as amended. The Committee, in its discretion, may also limit the ability of Participants to make certain types of Deferrals or be credited with Company contributions under the Plan.

3.2 Commencement of Participation. Participation in the Plan is voluntary. An Eligible Employee or Non-Employee Director may begin participation in the Plan upon the execution and submission of an Election during the applicable Open Enrollment Period.

ARTICLE IV

DEFERRALS AND CONTRIBUTIONS

4.1 Basic Deferrals.

4.1.1. An Eligible Employee or Non-Employee Director may elect to reduce his or her Base Salary or Director Fees, as applicable, by the percentage of Base Salary or Director Fees, as applicable, set forth in an Election filed with the Committee, subject to the provisions of this Article 4. Basic Deferrals shall not be paid to the Participant, but shall be withheld from amounts otherwise payable to the Participant, and an amount equal to the Basic Deferrals for the Plan Year shall be credited to the Participant’s Basic Deferral Subaccount under the Plan.

4.1.2. The Election to make Basic Deferrals must be filed with the Committee during the Open Enrollment Period for the Plan Year to which such Election applies. A Participant’s Election with respect to Basic Deferrals shall remain in effect until changed by the Participant during a subsequent Open Enrollment Period. Each Election to make Basic Deferrals shall apply only to Base Salary or Director Fees, as applicable, earned after the effective date of such Election. Elections with respect to Basic Deferrals, once made, shall be irrevocable for the Plan Year.

4.2 Bonus Deferrals and Performance-Based Compensation Deferrals.

4.2.1 An Eligible Employee may elect to defer a percentage of any Bonus and/or Performance-Based Compensation by filing a written Election with the Committee, subject to the provisions of this Article 4. Such Bonus Deferrals and/or Performance-Based Compensation Deferrals shall not be paid to the Participant, but shall be withheld from the amounts otherwise payable to the Participant and credited to the Participant's applicable Deferral Subaccount under the Plan.

4.2.2 The Bonus Deferral Election and/or Performance-Based Compensation Deferral Election must be filed with the Committee during the applicable Open Enrollment Period. A Bonus and/or Performance-Based Compensation Deferral Election shall remain in effect until changed by the Participant during a subsequent Open Enrollment Period. Elections with respect to Bonus Deferrals and Performance-Based Compensation Deferrals, once made, shall be irrevocable for the applicable fiscal year or performance period.

4.3 Maximum Deferrals; Cash Deferrals Only. Subject to such further limits as the Committee may establish in its sole discretion:

(a), An Eligible Employee may not defer Base Salary in an amount that exceeds Base Salary reduced by the sum of (i) applicable employment tax withholding amounts (including, but not limited to, FICA and FUTA taxes); (ii) the applicable dollar amount that may be contributed to the Company's 401(k) Plan for the Plan Year in accordance with Section 402(g)(B) of the Code (without regard to "catch-up contributions" pursuant to Code Section 402(g)(C)); (iii) the maximum amount that may be contributed to the Company's employee stock purchase plan(s) for the Plan Year; and (iv) the actual amounts contributed under the Company's Code Section 125 plan and all other ERISA welfare benefit plans for the Plan Year.

(b) An Eligible Employee may not defer Bonus and/or Performance-Based Compensation in an amount that exceeds Bonus and/or Performance-Based Compensation reduced by applicable employment tax withholding amounts (including, but not limited to, FICA and FUTA taxes) attributable to such Bonus and/or Performance Based Compensation; as applicable.

(c) ADirector may elect to defer up to 100% of his or her cash Director Fees.

(d) Notwithstanding anything herein to the contrary, no Participant shall be permitted to defer stock-based compensation under the Plan.

4.4 No Withdrawal. Except as otherwise set forth herein, amounts credited to a Participant's Account may not be withdrawn by a Participant and shall be paid only in accordance with the provisions of this Plan.

4.5 Matching Contributions. The Company will credit Matching Contributions to the Accounts of Eligible Employees equal to fifty percent (50%) of the Eligible Employee's Deferrals credited to his or her Account for the Plan Year; provided, however, that the total Matching Contribution credited to the Account of any Eligible Employee for any Plan Year shall not exceed the remainder of (i) 10% of such Eligible Employee's Total Compensation for the applicable Plan Year, reduced by (ii) 50% of the maximum 401(k) plan contribution limit established under Section 402(g) of the Code for the Plan Year, determined without regard to "catch-up contributions" pursuant to Section 414(v) of the Code (the "401(k) Maximum Deferral"). With respect to the determination of Matching Contributions for an Eligible Employee who is employed for less than the entire Plan Year, the 401(k) Maximum Deferral shall be calculated on a pro-rated basis by multiplying the 401(k) Maximum Deferral as defined in the preceding sentence by a fraction, the numerator of which shall be the number of whole and partial months remaining in the Plan Year after the Eligible Employee's date of hire, and the denominator of which shall be twelve (12).

4.5.1 Quarterly Crediting of Matching Contributions. The Matching Contribution credited to an Eligible Employee's Account for each of the first three calendar quarters of each Plan Year shall be equal to fifty percent (50%) of the Basic Deferrals credited to the Eligible Employee's Account for such calendar quarter; provided, however, that the maximum amount of the Matching Contribution credited for any quarter shall not exceed the remainder of (i) 10% of the Participant's Base Salary for such quarter, reduced by (ii) 12.5% of the 401(k) Maximum Deferral. The Company's Matching Contribution credited to an Eligible Employee's Account for the fourth calendar quarter of the Plan Year shall be equal to the remainder of (i) the Matching Contribution for the Plan Year determined under Section 4.5, reduced by (ii) the sum of the Matching Contribution credited to the Eligible Employee's Account for the first three calendar quarters of the Plan Year.

4.5.2 Timing of Quarterly Matching Contributions. Matching Contributions credited for the first calendar quarter shall be credited as soon as administratively reasonable after March 31; Matching Contributions for the second calendar quarter shall be credited as soon as administratively reasonable after June 30; Matching Contributions for the third calendar quarter shall be credited as soon as administratively reasonable after September 30; and Matching Contributions for the fourth calendar quarter shall be credited as soon as administratively reasonable after December 31.

4.5.3 Matching Contributions in the Form of Common Stock. All Matching Contributions to the Plan shall be credited to an Eligible Employee's Account solely in the form of whole shares of the Company's Common Stock. For purposes of converting a Company Matching Contribution from a dollar value to a number of whole shares of the Company's Common Stock, the Fair Market Value of the Company's Common Stock shall be the average of the Fair Market Value of the Company's Common Stock over the ten (10) trading days immediately preceding the last day of the applicable calendar quarter. Notwithstanding any other Plan provision to the contrary, the Company's Matching Contribution for a given Eligible Employee for a specific quarterly contribution period shall be rounded up to the next whole number of shares of the Company's Common Stock.

4.6 Discretionary Company Contributions. From time to time the Company may, as recommended by the Compensation Committee and approved by the Board in its complete discretion, credit to an Eligible Employee's Account a Discretionary Company Contribution, in such amounts and at such times as the Company may determine. Such Discretionary Company Contributions may be denominated in cash or shares of Company Common Stock, as determined by the Board. The Company shall be under no obligation to continue to make Discretionary Company Contributions and may discontinue such contributions at any time.

4.7 Adjustments. Shares to be issued under the Plan are reserved for issuance under the LTIP, and shall be subject to adjustment in the event of a change in the Company's capital structure, in accordance with Section 4.2 of the LTIP.

ARTICLE V

ACCOUNTS

Accounts; Subaccounts. Separate Accounts and Subaccounts shall be established and maintained for each Participant in accordance with the terms of the Plan. Each Participant's applicable Subaccounts shall be credited with the Participant's Basic Deferrals, Bonus and/or Performance-Based Compensation Deferrals, Matching Contributions and Discretionary Company Contributions, if any. Participants' Accounts shall be credited (or debited) with the applicable Investment Return as set forth in Article 6. Participants' Accounts shall be reduced by losses, distributions and any other charges which may be imposed on the Accounts pursuant to the terms of the Plan.

ARTICLE VI

PLAN INVESTMENTS AND EARNINGS ON PARTICIPANTS' ACCOUNTS

6.1 Investment of Matching Contributions and Discretionary Company Contributions Credited in Stock.

6.1.1 As set forth in Article 4, each Participant's Matching Contributions and Discretionary Company Contributions Subaccount (to the extent a contribution is denominated in Company Common Stock) shall be credited to the Participant's Account in shares of the Company's Common Stock, and shall be accounted for and reported in terms of whole shares of the Company's Common Stock.

6.1.2 In the event that the Trust established with respect to Matching Contributions or Discretionary Company Contributions in the form of the Company's Common Stock for any reason holds cash or other property sufficient to purchase a whole share of the Company's Common Stock, the Trustee shall first arrange to acquire additional shares of the Company's Common Stock, either by purchasing such shares in the public market or by acquiring such shares directly from the Company, unless the Committee, in its discretion, determines to credit such cash or other property to Participants' Accounts. In the event that the Trust for any reason holds cash or other property in an amount insufficient to purchase a whole share of the Company's Common Stock, such amount shall be held in cash or a cash equivalent determined by the Committee. Notwithstanding any other provision of the Plan to the contrary, in the event there are insufficient shares of the Company's Common Stock reserved and available for issuance to make Matching or Discretionary Company Contributions in the form of Company Common Stock, the Company may credit cash amounts in lieu of shares of Company Common Stock to the applicable Subaccounts of one or more Participants for some or all of the Matching and Discretionary Company Contribution amounts.

6.1.3 Earnings on Matching Contributions and Discretionary Company Contributions shall be calculated and allocated to a Participant's Account as of the last day of each Plan Year and such other dates as shall be determined by the Committee in its discretion.

6.2 Investment of Deferrals and Discretionary Company Contributions Denominated in Cash.

6.2.1 The Committee may designate the particular funds or contracts which shall constitute the Benchmark Funds with respect to Basic Deferrals, Bonus and/or Performance-Based Compensation Deferrals and Discretionary Company Contributions awarded in cash and the Company may, in its sole discretion, change or add to the Benchmark Funds; provided, however, that the Committee shall notify Participants of any such change prior to the effective date of the change.

6.2.2 Each Participant may select among the Benchmark Funds and specify the manner in which each of his or her applicable Subaccounts shall be deemed to be invested, solely for purposes of determining the Participant's Investment Return. The Committee shall establish and communicate the rules, procedures and deadlines for making and changing Benchmark Fund selections. The Company shall have no obligation to acquire investments corresponding to the Participant's Benchmark Fund selections.

6.2.3 The Investment Return is based on the asset unit value, net of administrative fees and investment management fees and other applicable fees or charges, of the Benchmark Fund(s) designated by the Committee. The Investment Return may be negative if the applicable Benchmark Fund(s) sustain a loss. The Investment Return shall be credited (or debited) monthly, or more frequently as the Committee may specify.

ARTICLE VII

BENEFICIARIES

A Participant shall have the right to designate on an Election prescribed by the Committee one or more Beneficiaries to receive any Benefits due under the Plan in the event of the Participant's death.

If the Participant has not properly designated a Beneficiary, or if for any reason such designation shall not be legally effective, or if said designated Beneficiary shall predecease the Participant, then the Participant's Beneficiary shall be the Participant's surviving spouse. In the event there is no surviving spouse, the Participant's Beneficiary shall be the Participant's estate.

The Participant shall have the right at any time to revoke a previous Beneficiary designation and to substitute one or more other Beneficiary(ies); provided, however, that the most recent Beneficiary Designation received prior to a Participant's death shall supersede all prior Beneficiary designations made under the Plan.

ARTICLE VIII

VESTING

8.1 Vesting of Deferrals. All Deferrals credited to a Participant's Account shall always be 100% vested.

8.2 Vesting of Matching and Discretionary Company Contributions. A Participant's Matching and Discretionary Company Contribution Subaccounts shall vest in accordance with whichever one of the following vesting schedules results in the largest vested balance in the Participant's Account.

8.2.1 One hundred percent (100%) shall be vested upon the Participant's death, Disability, or attainment of age 65 while employed by the Employer.

8.2.2 For a Participant who has attained age 61 and completed three (3) Years of Service, the Participant's Matching and Discretionary Company Contribution Subaccounts shall be vested on the day on which the foregoing conditions are satisfied, provided that the Participant has not terminated employment with all Employers by that date (the "Age 61 and 3 Vesting Date"), in an amount determined by multiplying the value of such Participant's Account, on such date, by the product of 20% multiplied by the number of whole years (with fractional years rounded down) by which such Participant's age exceeds 60. On each anniversary of the Age 61 and 3 Vesting Date thereafter, the vested value of such Participant's Subaccounts shall be recalculated by using the formula for calculating the vested value of such Participant's Subaccounts on the Age 61 and 3 Vesting Date, provided that the Participant has not terminated employment by that date.

8.2.3 A Participant shall be partially or fully vested in the discretion of the Compensation Committee.

8.2.4 A Participant shall be one hundred percent (100%) vested upon involuntary termination of employment without Cause or voluntary termination of employment for Good Reason, in either case at any time within twenty-four (24) months following a Change in Control.

8.2.5 Twenty-five percent (25%) of the Matching Contributions and Company Discretionary Contributions credited to a Participant's Account in any Plan Year (including any Investment Return with respect thereto) shall vest on the first day of the second, third, fourth and fifth Plan Years thereafter (the "Vesting Dates"); provided, however, that the Participant is an employee of the Employer on such Vesting Date and makes deferrals into the Plan in the Plan Year immediately preceding such Vesting Date. If the Participant is not making deferrals into the Plan during the Plan Year immediately preceding the Vesting Date, then all further vesting under this provision shall be suspended for that Participant. Suspended vesting installments shall vest as follows: (i) the suspended vesting installment shall vest on the first day of any Plan Year following a Plan Year in which (A) the Participant is an employee of the Employer for the entire duration of such Plan Year, and (B) the Participant is making deferrals into the Plan during such Plan Year; and (ii) only the oldest suspended vesting installment relating to contributions made for a particular Plan Year shall vest as a result of a Participant satisfying the conditions set forth in clause (i) of this sentence. Other suspended vesting installments relating to contributions made to a Participant's Account for a particular Plan Year shall vest one at a time on the first day of each later Plan Year following satisfaction of the conditions set forth in clause (i) of the preceding sentence.

8.3 Amounts credited to a Participant which are not vested at the time that the Participant has a Separation from Service with the Employer shall be forfeited. A Participant who forfeits any such amounts shall have no rights to the restoration of such amounts in the event that he or she once again becomes eligible to participate in the Plan.

ARTICLE IX

BENEFIT DISTRIBUTIONS

9.1 Benefit Amount. The value of a Participant's Benefit shall equal the vested value of the Participant's Subaccount(s) on the applicable Distribution Date. Distributions from a Participant's Matching Contributions or Discretionary Company Contributions Subaccount credited as shares of Company Common Stock shall be paid in whole shares of the Company's Common Stock.

9.2 Timing of Distributions. In accordance with the Participant's Election made at the time of the original deferral (or a permissible later election, if applicable), Benefits shall be paid (or payments shall commence) within sixty (60) days following the earliest of:

9.2.1 The date of the Participant's Separation from Service (including due to Retirement);

9.2.2 The In-Service Distribution Date designated by the Participant (solely with respect to distributions of Deferral Subaccounts);

9.2.3 The date of the Participant's death or Disability; or

9.2.4 The date of a Change in Control of the Company.

Notwithstanding anything herein to the contrary, Participants shall not be entitled to elect an In-Service Distribution Date with respect to their Matching and Discretionary Company Contribution Subaccounts. Any Matching Contribution or Company Discretionary Contribution that vests pursuant to Section 8.2.4 of the Plan after the date of a Change of Control shall be distributed upon the Participant's subsequent Separation from Service.

9.3. Methods of Distribution.

9.3.1 Distribution Methods. A Participant's Benefit shall be paid in a single lump sum payment, unless the Participant specifies in an Election that (1) a distribution of Deferrals made pursuant to such Election and any Matching Contributions credited with respect to such Election in the event of Retirement or Disability or (2) a distribution of Deferrals made pursuant to such Election (but not any Matching Contributions credited with respect to such Election) upon an In-Service Distribution Date shall be paid in quarterly or annual installment payments of substantially equal amounts over a period as provided below:

Reason for Distribution	Installment Period
Retirement	5 or 10 Years
Disability	5 or 10 Years
In-Service Distribution Date	2/3/4/5 Years

9.3.2 A Participant may amend a previous lump sum payment Election to take a distribution upon Retirement, Disability or an In-Service Distribution Date in installments, by filing an amended Election at least twelve (12) months in advance of the date specified in the original Election. With respect to a distribution upon Retirement or an In-Service Distribution Date, the new Distribution Date must be at least five (5) years after the date of the first distribution specified in the original Election. No such amendment may accelerate the date that any distribution would be made from the Plan.

9.3.3 The Participant's method of distribution selected in his or her Election shall remain in effect for all future similar Deferrals until changed by the Participant during a subsequent Open Enrollment Period. The Participant's method of distribution may be changed only in accordance with the requirements of Section 9.3.2.

9.3.4 Failure to Properly Specify Form of Distribution. If, at the time of his or her Distribution Date, a Participant has failed to elect a form of distribution or a Participant who elects an installment distribution does not satisfy the requirements for the installment term elected, then such Participant's Benefits shall be distributed in a single lump sum payment.

9.3.5 Installment Amounts. For purposes of this Section 9.3, installment distributions shall commence within sixty (60) days following a Participant's Retirement or Disability, and shall thereafter be paid within the thirty (30) day period beginning on the last business day of each calendar quarter beginning with the calendar quarter next following the quarter in which the initial payment date occurred (for quarterly installments) or on a date that is within 30 days of each anniversary of the initial payment date (for annual installments). Installment distributions with respect to an In-Service Distribution Date shall commence on the business day corresponding with or immediately following the date elected by the Participant and be paid within the 30-day period beginning on the last business day of each calendar quarter beginning with the calendar quarter next following the quarter in which the initial payment date occurred (for quarterly installments) or on a date that is within 30 days of each subsequent anniversary of the In-Service Distribution Date (for annual installments).

9.3.6 Reemployed After Installments Begin. If a former Participant is reemployed after having begun to receive installment distributions from the Plan, then such former Participant, upon once again becoming an Eligible Employee, may begin a new period of participation in the Plan; provided, however, that the installment distributions previously commenced will continue to be paid to the Participant over the specified installment period.

9.3.7 Minimum Account Balance Necessary for Installments. Notwithstanding anything in the Plan to the contrary, if a Participant's Account balance is less than $50,000 at the time elected to begin installment distributions, the Participant's Benefit will automatically be distributed in a single lump sum.

9.4 Election of In-Service Distribution Date.

9.4.1 Initial Election. Upon filing an Election to make Deferrals for any Plan Year, a Participant may specify an In-Service Distribution Date for the Subaccount to which such Deferrals are credited, subject to the following:

9.4.1.1 A Participant must elect an In-Service Distribution Date for all of the Deferrals credited to such Subaccounts for the Plan Year.

9.4.1.2 The In-Service Distribution Date elected for any Deferral Subaccount must be at least two (2) years after the end of the Plan Year for which the Deferrals to such Subaccount are made.

9.4.1.3 Benefits shall be paid (or payments shall commence in accordance with Section 9.3.5) on the elected In-Service Distribution Date elected for such Deferral Subaccount.

9.4.2 Revocation or Amendment of In-Service Distribution Election. A Participant who has elected an In-Service Distribution Date may revoke and/or amend the In-Service Distribution Date Election by filing a revocation or an amended Election at least twelve (12) months in advance of the In-Service Distribution Date specified in the Election being revoked or amended. The amended In-Service Distribution Date must be in a Plan Year that is at least five (5) years after the In-Service Distribution Date specified in the prior Election. An In-Service Distribution Date Election for any Deferral Subaccount may be amended only once. Nothing in this Section 9.4.2 shall preclude a Participant from amending his or her Election as to the method of distribution in accordance with Section 9.3.3, above.

9.4.3 Separation from Service Before the Planned In-Service Distribution Date. If the Participant has a Separation from Service with the Employer before his In-Service Distribution Date for any reason (other than Retirement or Disability, to the extent of a valid Retirement or Disability election), distribution of the Participant's Account shall be made in a single lump sum payment within sixty (60) days after the Participant's Separation from Service.

9.4.4 Separation from Service After Commencement of Installment In-Service Distributions. Notwithstanding any prior Election, if the Participant has a Separation from Service with the Employer for any reason (other than Retirement or Disability, to the extent of a valid Retirement or Disability election) while receiving In-Service Distributions in the form of installments, distribution of the Participant's remaining installments shall be made in a single lump sum payment within sixty (60) days after the Participant's Separation from Service.

9.5 Distribution Upon Death of Participant. If a Participant dies before his or her Benefit payments have commenced, then such Participant's Benefits shall be paid to his or her designated Beneficiary in a single lump sum cash payment within sixty (60) days following the date of the Participant's death. If a Participant dies after installment payments have commenced, his or her remaining Account balance shall be paid to the Beneficiary in a single lump sum payment within sixty (60) days after the Participant's death.

9.6 Specified Employees. In the event of a distribution to a Specified Employee based upon such individual's Separation from Service, no distributions will be made, irrespective of any Election or provision of this Plan to the contrary, before the date which is six (6) months and ten (10) days after the date of Separation from Service, or if earlier, the date of death of the Specified Employee.

9.7 Limitation on Distributions to Covered Employees. Notwithstanding any other provision of this Article 9, and subject to the requirements of Section 409A of the Code, in the event the Participant is a "covered employee" as that term is defined in Section 162(m)(3) of the Code, or would be a covered employee if Benefits were distributed in accordance with his or her Election, the maximum amount which may be distributed from the Participant's Account in any Plan Year shall not exceed one million dollars ($1,000,000), less the amount of compensation paid to the Participant in such Plan Year which is not "performance-based" (as defined in Code Section 162(m)(4)(C)), which amount shall be reasonably determined by the Committee at the time of the proposed distribution. Any amount which is not distributed to the Participant in a Plan Year as a result of this limitation shall be distributed to the Participant during the first Plan Year in which the Company reasonably anticipates that the deduction will not be barred by application of Section 162(m) of the Code, subject to compliance with the foregoing limitations set forth in this Section 9.7.

9.8 Tax Withholding. Distributions under this Article 9 shall be subject to all applicable withholding requirements for federal, state and local income or other taxes. Amounts required to be withheld pursuant to this Section 9.8 shall be taken first from distributions of cash and second, to the extent necessary to satisfy the minimum tax withholding requirements, from the proceeds of the sale of shares of Company Common Stock distributed to the Participant, which sale the Participant authorizes as a condition of participation in the Plan.

9.9 Section 280G Parachute Payment. In the event that any distribution from the Plan received or to be received by a Participant (a "Distribution") would (i) constitute a "parachute payment" within the meaning of Section 280G of the Code, and (ii) but for this Section 9.9, cause the Participant to become subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax") or increase such Participant's Excise Tax liability, then such Distribution may be reduced to the largest amount which the Participant, in his or her sole discretion, determines would result in no portion of the Distribution being subject to the Excise Tax. The determination by a Participant of any reduction shall be conclusive and binding upon the Employer, the Company, and the Committee. The Committee shall reduce a Distribution and/or shall accept the return of some or all of a Distribution previously made to a Participant only upon written notice by the Participant indicating the amount of such reduction. Any amounts returned to the Plan pursuant to this Section 9.9 shall be treated as a forfeiture and shall be used to reduce the Company's future contributions to the Plan or to pay costs associated with the operation and administration of the Plan.

9.10 409A Transition Rule Elections. The Plan Committee, in its sole discretion and to the extent it deems appropriate, may permit Participants to make changes to existing payment elections to be made prior to December 31, 2008 or such earlier date as the Committee may specify. Any election changes made pursuant to this Section 9.10 may not defer into later years amounts that would have been payable in 2008 or cause payment of amounts payable in later years to be accelerated into 2008. Elections under this Section 9.10 shall comply in all respects with the provisions of IRS Notice 2007-86 and other applicable IRS and Treasury guidance. In addition, notwithstanding anything in this Plan to the contrary, deferral elections may be made prior to January 1, 2009, pursuant to the rules specified in IRS Notice 2007-86. Any deferral or election changes made after January 1, 2009 shall be required to comply with the requirements set forth in this Plan.

ARTICLE X

ADMINISTRATION

10.1 Committee Structure. The initial number of Committee members shall be three (3), until such number is changed by the approval of the majority of the Compensation Committee. A member of the Committee must be an employee of the Employer or a member of the Board and shall continue to serve until such member (i) resigns, (ii) is removed or (iii) terminates employment with the Employer and no longer serves on the Board for any reason. The approval of at least two-thirds (2/3) of the members of the Compensation Committee shall be required to remove a member of the Committee. A majority of the remaining members of the Committee may fill one or more vacancies on the Committee. The Committee may allocate and delegate some or all of its responsibilities described in this Article 10 and otherwise as set forth in the Plan. The Committee's authority under this Article 10 shall at all times be subject to the ability of the Compensation Committee to remove any or all of the members of the Committee for any reason, change the number of members of the Committee, fill vacancies on such committee, and establish rules and procedures for the Committee.

10.2 Committee Powers and Responsibilities. The Committee shall have control of the administration of the Plan, with all powers necessary to enable it properly to carry out its duties in that respect, including, but not limited to, the power and authority to:

10.2.1 Construe the Plan and any Trust Agreement(s) to determine all questions that shall arise as to interpretations of the Plan's provisions, including determinations of which individuals are Eligible Employees and the extent of their eligibility to participate in the Plan, which individuals are Specified Employees, and determinations related to the amounts credited to a Participant's Account and the appropriate timing and method of Benefit payments;

10.2.2 Establish reasonable rules and procedures which shall be applied to Elections, the establishment of Accounts and Subaccounts, and all other discretionary provisions of the Plan;

10.2.3 Establish rules, procedures and formats for the electronic administration of the Plan, including specifically the distribution of Participant communications, Elections and tax information;

10.2.4 Establish the rules and procedures by which the Plan will operate that are consistent with the terms of the Plan documents and Code Section 409A;

10.2.5 Compile and maintain all records it determines to be necessary, appropriate or convenient in connection with the administration of the Plan;

10.2.6 Adopt amendments to the Plan which are deemed necessary or desirable to facilitate administration of the Plan and/or to bring Plan-related documents into compliance with all applicable laws and regulations; provided, however, that the Committee shall not have the authority to adopt any Plan amendment that will result in substantially increased costs to the Company unless such amendment is contingent upon ratification by the Compensation Committee before becoming effective;

10.2.7 Employ such persons or organizations to perform services with respect to the administrative responsibilities of the Committee under the Plan as the Committee determines to be necessary and appropriate, including, but not limited to, attorneys, accountants, and benefit, financial and administrative consultants;

10.2.8 Select, review and retain or change the Benchmark Funds which are used for determining the Investment Return under the Plan;

10.2.9 Direct the investment of the assets of the Trust(s);

10.2.10 Review the performance of the Trustee(s) with respect to the Trustee's duties, responsibilities and obligations under the Plan and the Trust Agreement(s); and

10.2.11 Take such other actions as may be necessary or appropriate to the management and investment of the assets held with respect to this Plan.

10.3 Decisions of the Committee. Decisions of the Committee made in good faith upon any matter within the scope of its authority shall be final, conclusive and binding upon all persons, including Participants and their legal representatives or Beneficiaries. Any discretion granted to the Committee shall be exercised in accordance with rules and policies established by the Committee.

10.4 Indemnification. To the extent permitted by law, the Company shall indemnify each member of the Committee, and any other Employee or member of the Board with duties under the Plan, against losses and expenses (including any amount paid in settlement) reasonably incurred by such person in connection with any claims against such person by reason of such person's conduct in the performance of his or her duties under the Plan, except in relation to matters as to which such person has acted fraudulently or in bad faith in the performance of his or her duties. Notwithstanding the foregoing, the Company shall not indemnify any person for any expense incurred through any settlement or compromise of any action unless the Company consents in writing to the settlement or compromise.

10.5 Claims Procedure. Benefits shall be provided from this Plan through procedures initiated by the Committee, and the Participant need not file a claim. However, if a Participant or

Beneficiary believes he or she is entitled to a Benefit different from the one received, then the Participant or Beneficiary may file a claim for the Benefit by writing a letter to the Committee.

10.5.1 If any claim for Benefits under the Plan is wholly or partially denied, the claimant shall be given notice in writing of such denial within 90 days of the date the letter claiming benefits is received by the Committee. If special circumstances require an extension of time, written notice of the extension shall be furnished to the claimant within the initial 90-day period.

10.5.2 Notice of the denial shall set forth the following information: (a) the specific reason or reasons for the denial; (b) specific references to pertinent Plan provisions on which the denial is based; (c) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; (d) an explanation that a full review by the Committee of the decision denying the claim may be requested by the claimant or his or her authorized representative by filing with the Company, within 60 days after such notice has been received, a written request for such review; and (e) if such request is so filed, the claimant or his or her authorized representative may review pertinent documents and submit issues and comments in writing within the same 60 day period.

10.5.3 The decision of the Committee upon review shall be made promptly, and not later than 60 days after the Committee's receipt of the request for review, unless special circumstances require an extension of time for processing, in which case the claimant shall be so notified and a decision shall be rendered as soon as possible, but not later than 120 days after receipt of the request for review. If the claim is denied, wholly or in part, the claimant shall be promptly given a copy of the decision. The decision shall be in writing and shall include specific reasons for the denial, specific references to the pertinent Plan provisions on which the denial is based and shall be written in a manner calculated to be understood by the claimant. No further legal action may be initiated claiming benefits under this Plan until the claims procedure set forth in this Article 10 is complete.

10.6 Plan Expenses. The Company shall pay all costs and expenses related to the operation and administration of the Plan.

ARTICLE XI

AMENDMENT AND TERMINATION

11.1 Right to Amend. The Committee shall have the right to amend the Plan, at any time and with respect to any of its provisions, and all parties claiming any interest under the Plan shall be bound by such amendment; provided, however, that no such amendment shall deprive a Participant of a right accrued under the Plan prior to the date of the amendment, unless such an amendment is required by applicable law or deemed necessary to preserve the preferred tax treatment of the Plan. Notwithstanding anything herein to the contrary, only the Compensation Committee shall have the authority to adopt amendments that result in a change to the matching contribution formula under Section 4.5 of the Plan.

11.2 Amendments to Ensure Proper Characterization of Plan. Notwithstanding the provisions of Section 11.1, the Plan may be amended by the Committee or the Compensation Committee at any time, and retroactively if required, if found necessary, in the opinion of the Committee or the Compensation Committee, in order to conform the Plan to the provisions and requirements of applicable law (including, but not limited to, Section 409A of the Code, and other applicable portions of ERISA and the Code). No such amendment shall be considered prejudicial to any interest of a Participant hereunder.

11.3 Plan Termination or Plan Suspension. The Company reserves the right, by action of the Compensation Committee, to terminate the Plan at any time, to suspend the operation of the Plan for a fixed or indeterminate period of time, or to terminate the Plan and provide for all amounts to be distributed in a lump sum, to the extent permitted under Section 409A of the Code and the regulations issued thereunder.

11.4 Successor to Company. Any corporation or other business organization which is a successor to the Company by reason of a consolidation, merger or purchase of all or substantially all of the assets of the Company, or any other Change in Control, shall have the right to become a party to the Plan by means of a resolution of the entity's board of directors or other appropriate governing body.

ARTICLE XII

PLAN TRANSFERS

12.1 Transfers to Other Plans. In the event that a Participant becomes employed by any affiliated company, subsidiary corporation, parent corporation or unrelated corporation with which the Company enters into a transaction to acquire the assets or stock of such unrelated corporation, the Committee shall have the right, but not the obligation, to direct the Trustee to transfer funds in an amount equal to the amount credited to such Participant's Account (the "Transferred Account") to a trust established under a Transferee Plan. The Committee shall determine, in its sole discretion, whether such transfer shall be made and the timing of such transfer. Such transfer shall be made if, and only to the extent that, approval of such transfer is obtained from the Trustee.

12.1.1 Transferee Plan. For purposes of this Section 12.1, "Transferee Plan" shall mean an unfunded, nonqualified deferred compensation plan described in Sections 201(2), 301(a)(3) and 401(a)(l) of ERISA maintained by any of the Company's affiliated entities, subsidiary corporations, parent corporations or any corporation unrelated to the Company with which the Company has successfully closed a transaction in which the Company acquired the assets or the outstanding stock of such unrelated corporation.

12.2 Transfers in from Other Plans. There may be transferred directly from the trustee of another nonqualified, funded, deferred compensation plan (an "Other Plan") to the Trustee, subject to the approval of the transferor corporation maintaining the Other Plan and the Committee, funds in an amount not to exceed the amounts credited to the Other Plan accounts maintained for the benefit of that Eligible Employee. Amounts transferred pursuant to this Section 12.2, and any gains or losses allocable thereto, (i) shall be accounted for separately

(“Transfer Account”) from amounts otherwise allocable to the Eligible Employee under this Plan, and (ii) the Transfer Account shall be distributed in accordance with the Eligible Employee’s deferral election under the Other Plan, as such election may be amended pursuant to the terms of the Other Plan. Subsequent earnings on the amount in the Transfer Account shall be credited to a separate Account for the Eligible Employee established pursuant to this Plan and shall be determined under the Plan’s investment procedures in Article 6.

12.3 Effect of Section. This Section 12 shall only be operable to the extent the Committee determines and in its sole and absolute discretion at the time of any proposed transfer that such transfer will not impact the Plan and any deferred amounts in a tax disadvantageous manner under Section 409A of the Code.

ARTICLE XIII

MISCELLANEOUS

13.1 No Assignment. The right of any Participant, any Beneficiary or any other person to the payment of any benefits under this Plan shall not be assigned, transferred, pledged or encumbered, including pursuant to domestic relations orders.

13.2 No Secured Interest. The obligations of the Company to Participants under this Plan shall not be funded or otherwise secured, and shall be paid out of the general assets of the Company. Participants are general unsecured creditors of the Company with respect to the Company’s contributions hereunder and shall have no legal or equitable interest in the assets of the Company, including any assets the Company may set aside or reserve against its obligations under this Plan.

13.3 Successors. This Plan shall be binding upon and inure to the benefit of the Employer, its successors and assigns and the Participant and his or her heirs, executors, administrators and legal representatives.

13.4 No Employment Agreement. Nothing contained herein shall be construed as conferring upon any Participant the right to continue in the Service of the Company or any Affiliate.

13.5 Attorneys’ Fees. If the Employer, the Participant, any Beneficiary and/or successor in interest to any of the foregoing, brings legal action to enforce any of the provisions of this Plan, the prevailing party in such legal action shall be reimbursed by the other party for the prevailing party’s legal costs, including, without limitation, reasonable fees of attorneys, accountants and similar advisors and expert witnesses.

13.6 Entire Agreement. This Plan constitutes the entire understanding and agreement with respect to the subject matter contained herein, and supersedes any and all agreements, understandings, restrictions, representations or warranties among any Participant and the Employer other than those set forth or provided for in this Plan.

13.7 Severability. If any provision of this Plan is held to be invalid, illegal or unenforceable, such invalidity, illegality, or unenforceability shall not affect any other provision of this Plan, and the Plan shall be construed and enforced as if such provision had not been included. In addition, if such provision is invalid, illegal or unenforceable due to changes in applicable law or accounting requirements, the Company may amend the Plan, without the consent and without providing any advance notice to any Participant, as may be necessary or desirable to comply with changes in the applicable law or financial accounting of deferred compensation plans.

13.8 Governing Law. This Plan shall be construed under the laws of the State of California, except to the extent preempted by federal law.

EXHIBIT 31.1

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Paul E. Jacobs, certify that:

1. I have reviewed this quarterly report on Form 10-Q of QUALCOMM Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's Board of Directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: April 29, 2009

/s/ Paul E. Jacobs
Paul E. Jacobs,
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, William E. Keitel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of QUALCOMM Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's Board of Directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: April 29, 2009

/s/ William E. Keitel
William E. Keitel,
Executive Vice President and Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)

In connection with the accompanying Quarterly Report of QUALCOMM Incorporated (the Company) on Form 10-Q for the fiscal quarter ended March 29, 2009 (the Report), I, Paul E. Jacobs, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: April 29, 2009

/s/ Paul E. Jacobs
Paul E. Jacobs,
Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)

In connection with the accompanying Quarterly Report of QUALCOMM Incorporated (the Company) on Form 10-Q for the fiscal quarter ended March 29, 2009 (the Report), I, William E. Keitel, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: April 29, 2009

/s/ William E. Keitel
William E. Keitel,
Executive Vice President and Chief Financial Officer