



Ned Davis Research Evaluation

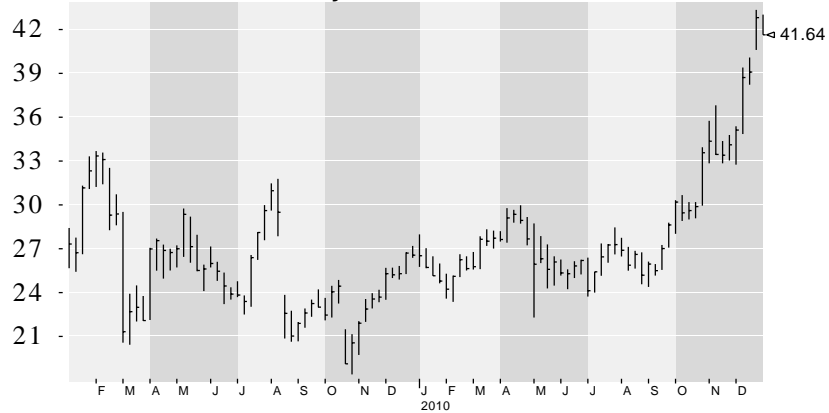
Overall Three-Tier Rating	NDR Enhanced Classification
Buy	Buy
Hold	Hold Long
Sell	Neutral
Sell	Sell

Long since 10/11/2010

Stock Statistics

Current Price:	\$41.64
Market Cap (billions)	\$1.85
Dividend Yield (%)	0.96
Earnings Yield (%)	8.62
NDR Insider Rating	Neutral

2-Year Stock Price History



InterDigital, Inc. - Summary

Both the **Fundamental Risk Model** and the **Technical Model** for IDCC remain in the **neutral zone**. Consequently, the stock remains on its 10/11/2010 **BUY** rating. Stocks that have a combined model reading that is neutral, but was previously positive, continue with the BUY rating until a negative combined model is produced. In this case, existing holders of such a stock should take no action, while those not holding a current position should wait for a combined positive model reading before taking on a new position.

The following favorable factors support IDCC's positive rating.

- IDCC's **Book Value / Price (Book Yield)** is a **bullish factor**, showing undervaluation based on its book yield relative to the previous five years. Book Value reflects the value at which assets are carried on the balance sheet. This ratio thus compares the stock's price to the net value of the company's assets minus liabilities.
- **Return on Assets (ROA) for IDCC is a bullish factor.** ROA, defined as net income divided by total assets, shows the profitability of IDCC's underlying assets and gauges how effectively the company can extract profits from its assets.
- IDCC's **volume action**, as measured by indicators applied to trading volume, **is currently showing strength**. Volume indicators are used to confirm the strength of price trends. Lack of confirmation may warn of a reversal.
- **The percentage of stocks on the New York Stock Exchange whose prices are above their respective moving averages is bullish for IDCC.** A broad number of stocks that trend together provide confirmation of the trend.

While our rating is favorable for IDCC there are some concerns going forward.

- **IDCC's measure of management confidence, as measured by stock repurchases / market capitalization, is bearish.** Company management may choose to use profits to repurchase company stock if it believes the stock is undervalued.
- **NDR's measure of market sentiment (investor optimism or pessimism) is at a level which historically has been unfavorable for IDCC.** Key turning points occur in the stock market when investor sentiment reaches optimistic or pessimistic extremes. Ned Davis Research analysis has shown that adjusting sentiment for the monetary environment enhances the reliability of this information.
- **Relative strength momentum for IDCC is negative.** Relative strength compares the performance of one stock relative to another. Momentum measures the rate of change in the relative strength and is used to detect trend strength or weakness. High Momentum readings (positive or negative) occur when a trend is at its strongest. Lower readings are found at the start and end of trends.

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December 31, 2010 Price History With Technical And Fundamental Risk Models Page 2

Model Summary: Both the Fundamental Risk Model and the Technical Model for IDCC remain in the neutral zone. Consequently, the stock remains on its 10/11/2010 BUY rating. Stocks that have a combined model reading that is neutral, but was previously positive, continue with the BUY rating until a negative combined model is produced. In this case, existing holders of such a stock should take no action, while those not holding a current position should wait for a combined positive model reading before taking on a new position.

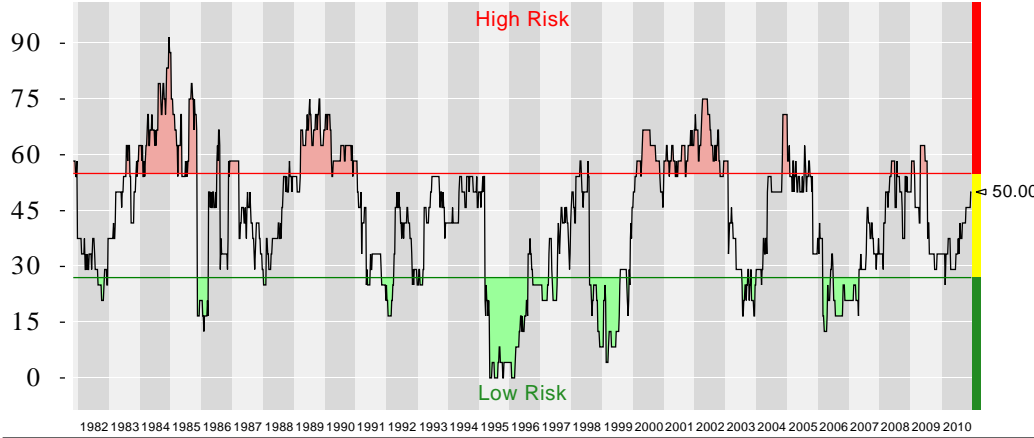
Ned Davis Research Evaluation

Table with 3 columns: Sell, Hold, Buy. The 'Buy' column is highlighted in green.

Long since 10/11/2010

Fundamental Risk Model

Derived from factors consistent in predicting future stock returns



IDCC has been in the High Risk Zone 26.2% of the time, with a -21.0% annualized gain within zone.

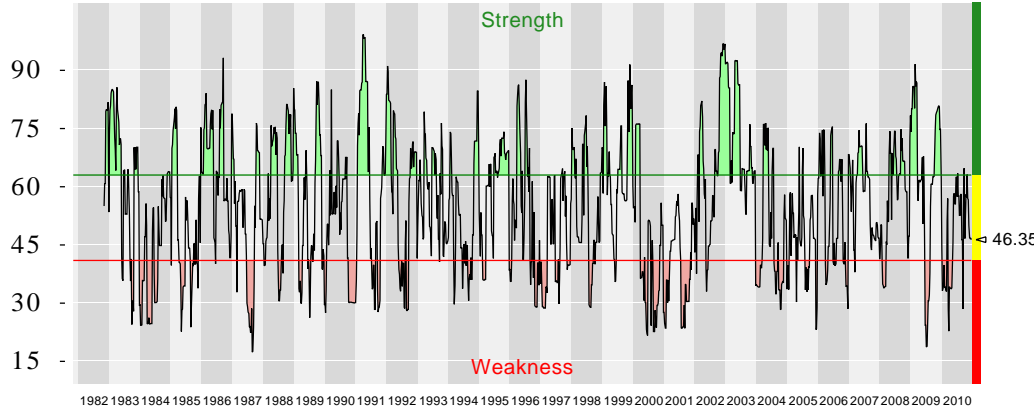
IDCC has been in the Neutral Risk Zone 52.8% of the time, with a 14.8% annualized gain within zone.

IDCC has been in the Low Risk Zone 21.0% of the time, with a 44.2% annualized gain within zone.

The Fundamental Risk Model is based on numerous factors, including company fundamentals and proprietary valuation metrics, which have been back-tested in a robust cross-validated framework. The model is produced by thoughtful, objective and disciplined research that has the flexibility to address a stock's unique characteristics. The research draws upon our knowledge of equity return anomalies, gained through an extensive empirical literature survey and our previous studies of sector drivers. The model blends the best of stock-specific information and macro (non-stock specific) information together to provide an unbiased view of the stock's risk profile. The reliability of the model is further enhanced by rigorous in-sample/out-of-sample performance evaluations.

Technical Model

Overall long-term direction of stock price



IDCC has been in the Bullish Zone 33.9% of the time, with a 62.4% annualized gain within zone.

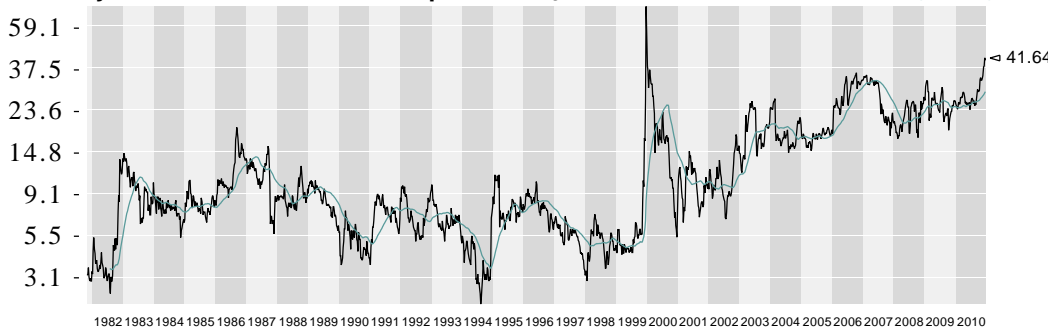
IDCC has been in the Neutral Zone 41.1% of the time, with a 1.1% annualized gain within zone.

IDCC has been in the Bearish Zone 25.0% of the time, with a -35.0% annualized gain within zone.

The Technical Model for each stock is created through a selection of stock-specific and broad-market factors that have demonstrated an historical relationship with price appreciation over the complete universe of stocks on a consistent basis. The selection of indicators for the stock's Technical Model and the reliability of the Technical Model are further enhanced by rigorous in-sample/out-of-sample performance evaluations. The inclusion of a technical model in the stock's overall rating helps us to stay on the right side of any major trend in the stock price, which is a primary investing rule of Ned Davis Research.

Weekly Historic Stock Price Perspective Log Scale

39 Week Moving Average



Stock Statistics

Table of stock statistics including Current Price (\$41.64), Market Cap (\$1.85 billion), 52-Week High/Low (42.82 / 23.48), One Year Price Change (56.8%), Percent Off High (-2.8%), One Year Earn Change (201.7%), Avg Volume (20-day) (882,974), and X-Dividend Date (1/10/2011).

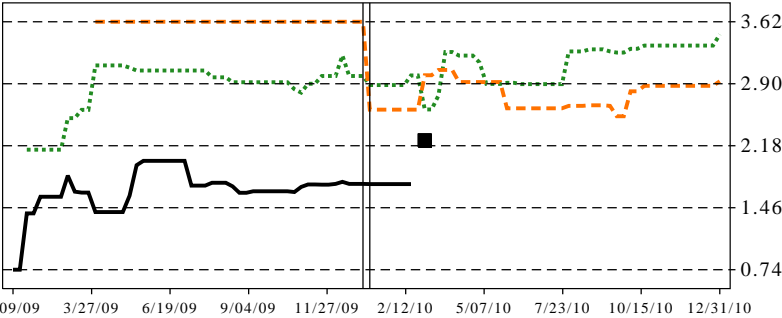
Methodology - Ned Davis Research believes in an objective, time-tested and disciplined approach to stock research. Based on that philosophy, we combine a fundamental risk model and a technical model to determine our overall rating for a stock. Each model provides a distinctive signal and has an equal influence in determining a stock's rating. Our testing has determined that when the models confirm each other, the stock's rating is strongest (buy or sell). When the models are mixed, it will be reflected by a neutral or hold rating.



**December 31, 2010 Earnings Estimates, Comparables, and Valuation Table Page 3**

In addition to our models providing a multi-dimensional approach to evaluating stocks, traditional valuation measures can be used to complement the stock ratings with comparisons in graphic form. The first chart below illustrates the earnings estimates for IDCC, showing estimates for different look-ahead periods.

**IDCC Earnings Estimates**

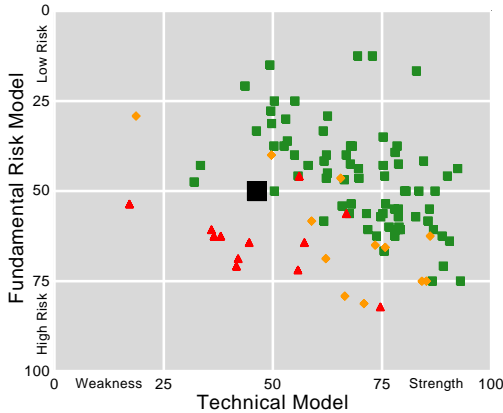


	12/2010	12/2011
Mean estimate	3.47	2.93
High estimate	3.49	3.49
Low estimate	3.44	2.30
No. analysts	3	3
Est P/E ratio	12.0	14.2

■ Actual 2009 earnings of \$2.24

Source: Zacks Investment Research. Operating earnings are used.

**Scatter Plot Showing Model Relationships**



The scatter plot shows IDCC in relation to the 99 stocks in the **Tech Hardware & Equipment Group** based on the raw scores of the two models on page two.

Stocks in the upper right represent better relative buying opportunities. This is due to lower fundamental risk and higher technical strength. Conversely, stocks in the lower left represent those with greater fundamental risk and technical weakness.

Green squares represent buys, orange diamonds are holds and red triangles show stocks with sell ratings. IDCC is the large, black square.

■ Buys = 75    ◆ Holds = 12    ▲ Sells = 12    ■ IDCC

The table below shows comparable stocks in IDCC's sub-industry, selected and sorted by market capitalization. One can use this table to find additional stocks or compare a stock's rating to the ratings of other stocks. If there are not enough sub-industry stocks to compare, we show stocks within the broader classification.

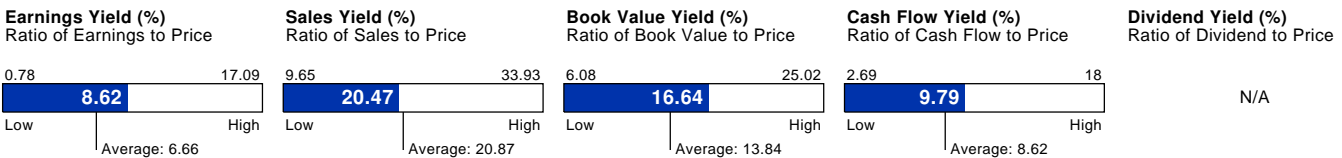
**IDCC and Five Comparable Stocks in the Communications Equipment Sub-Industry**

Rating	Tech Model	Risk Model	Ticker	Stock Name	Mkt Cap (\$Mil)	Sub-Industry
Buy	Neutral	Neutral	BRCD	Brocade Communications Sys Inc	2,468	Communications Equipment
Buy	Bullish	High Risk	ADTN	ADTRAN Inc	2,284	Communications Equipment
Buy	Bullish	Neutral	CIEN	Ciena Corporation	1,982	Communications Equipment
Buy	Neutral	Neutral	IDCC	InterDigital Inc	1,845	Communications Equipment
Hold	Bullish	High Risk	PLT	Plantronics Inc	1,773	Communications Equipment
Buy	Bullish	Neutral	BCSI	Blue Coat Systems Inc	1,290	Communications Equipment

The traditional fundamental variables below help measure the attractiveness of a security through relative historical valuation measures (for example, comparing the current value to the high and low values over the past five years). Results are shown in yield form to avoid irrelevant negative P/E ratios. These measures complement our model and offer the reader additional information. Our model considers these measures along with many others that have proven to be important in determining a stock's future performance. **NA** indicates insufficient or negative values.

**5-Year Valuation 1/13/2006 - 12/31/2010**

All Values Based on Last 5 Years on a Percentage Basis



**Historical Growth Rates of Per Share Values (%)**

	Earnings	Sales	Book Value	Cash Flow	Dividend
Full History Growth Rate	NA	16.88	10.96	NA	NA
Last Five Years Growth Rate	-4.27	20.13	0.59	0.81	NA
Change Over Last 12 Months	80.40	23.60	76.22	59.69	NA
Last Quarter Non-Annualized Growth	2.87	4.33	14.73	3.01	NA