



INTERDIGITAL INC PA (IDCC-O)

TECHNOLOGY / TECH HWARE & EQUIPMNT / SEMICONDUCTORS

Gradient Opinion



The Gradient Opinion, provided by Gradient Analytics Inc, is an empirically-derived and historically back-tested stock rating system with buy, sell, and hold opinions. To develop a rating the quantitative system analyzes a firm's earnings quality, balance sheet, and income statement, conducts technical and valuation analysis and evaluates the transactions made by the company's management and directors (i.e. insiders).

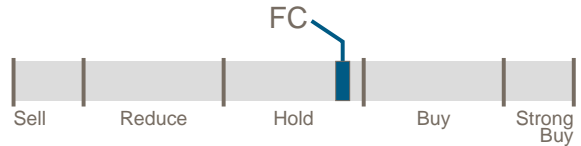
Gradient Analytics, Inc is a private independent research firm specializing in engineering institutional stock rating systems.



Analyst Recommendations

First Call Mean (FC): **Hold** (5 firms)

Independent Mean (IM): **NA** (0 firms)



First Call Mean (FC) is the mean recommendation of all analysts covering the stock. Independent Mean (IM) is the mean recommendation of only independent analysts, which includes quantitative firms that are not included in the FC mean.

Key Information

Price (01/03/11) (USD)	42.55
52-Week High (USD)	43.35
52-Week Low (USD)	22.30
Market Cap (USD)	1.8B
Avg Daily Vol	895,400
Exchange	NASDAQ
Dividend Yield	0.9%
Annual Dividend (USD)	--
Trailing PE	12.8
Forward PE	12.8
Forward PEG	0.7
LTG Forecast	17.5%
Exp Report Date	02/28/11
Annual Revenue (USD)	376M
ROE	73.5%
Inst. Ownership	63.5%
1-Mo Return	21.2%
3-Mo Return	40.9%
1-Yr Return	60.2%

1-Year Price Chart



5-Year Price Chart



Business Description

InterDigital, Inc. (InterDigital) designs and develops advanced digital wireless technologies for use in digital cellular and wireless IEEE 802-related products and networks. The Company is developing technologies that may be utilized to extend the life of the current generation of products, may be applicable to multiple generational standards, such as third generation (3G), long term evolution (LTE), and LTE-Advanced (LTE-A) cellular standards, as well as Institute of Electrical and Electronic Engineers (IEEE) 802 wireless standards. InterDigital offers licenses to its patents to equipment producers that manufacture, use and sell digital cellular and IEEE 802-related products. In addition, it offers for license or sale its mobile broadband modem solutions (modem Internet protocol (IP), know-how, and reference platforms) to mobile device manufacturers, semiconductor companies, and other equipment producers that manufacture, use and sell digital cellular products.

Please refer to the last page for important disclaimer and certification information



Peer Analysis

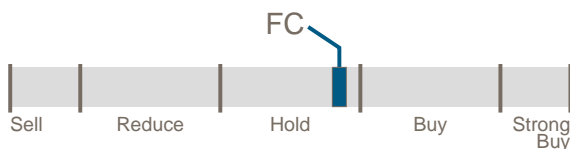
Ticker	Gradient Opinion	Price (01/03/11) (USD)	Market Cap (USD)	Dividend Yield	Trailing P/E	Forward P/E	LTG Forecast	Annual Revenue (USD)	Net Margin	1-Mo Return	3-Mo Return	1-Yr Return
FCS	Buy	15.67	1.9B	--	12.0	11.5	-9.9%	1.6B	8.6%	4.3%	68.5%	56.9%
MSCC	Buy	23.15	1.9B	--	19.6	12.6	12.5%	518M	4.3%	-3.3%	35.3%	30.3%
ISIL	Hold	14.67	1.9B	3.3%	84.8	19.5	15.0%	806M	14.6%	1.0%	27.9%	-4.4%
HITT	Hold	62.09	1.9B	--	26.3	22.7	11.0%	222M	32.5%	1.6%	29.7%	52.3%
TQNT	Buy	12.42	1.9B	--	16.0	12.4	17.5%	819M	46.8%	-2.4%	27.8%	107.0%
IDCC	Hold	42.55	1.8B	0.9%	12.8	12.8	17.5%	376M	38.6%	21.2%	40.9%	60.2%
CAVM	Hold	40.30	1.7B	--	56.2	33.8	46.8%	179M	9.0%	2.5%	40.2%	69.1%
OVTI	Hold	28.99	1.6B	--	21.9	13.5	10.0%	747M	12.1%	-6.8%	22.8%	99.7%
SMTC	Hold	22.91	1.4B	--	14.6	13.2	12.0%	423M	13.1%	-5.1%	13.3%	34.7%
CODE	--	21.26	1.4B	--	32.9	9.4	10.0%	--	--	5.2%	38.2%	--
AMKR	Hold	7.45	1.4B	--	6.9	7.0	--	2.9B	9.8%	0.0%	11.7%	4.1%
Average	--	--	1.7B	2.1%	27.6	15.3	14.2%	850M	18.9%	1.7%	32.4%	51.0%
Median	--	--	1.8B	2.1%	19.6	12.8	12.3%	633M	12.6%	1.0%	29.7%	54.6%

Peer Group

FCS	FAIRCHILD SEMICOND
MSCC	MICROSEMI
ISIL	INTERSIL
HITT	HITTITE MICROWAVE
TQNT	TRIQUINT SEMICONDUCT
CAVM	CAVIUM NETWORKS
OVTI	OMNIVISION TECH
SMTC	SEMTECH
CODE	SPANSION INC
AMKR	AMKOR TECHNOLOGY INC

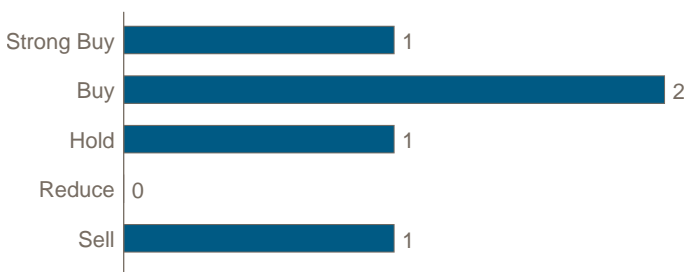
Analyst Recommendations

FC First Call Mean (FC): **Hold** (5 firms)
IM Independent Mean (IM): **NA** (0 firms)



Distribution

Analysts typically rate a stock based on a five-tier scale ranging from 'Strong Buy' to 'Sell'. The chart below displays the number of analysts in each tier.

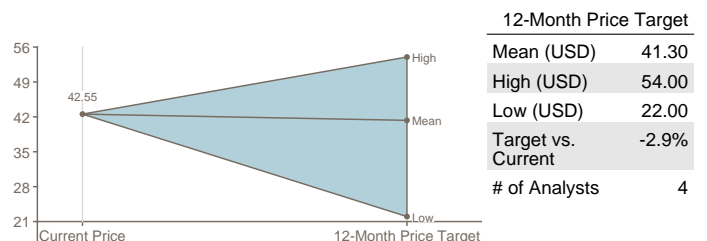


Earnings Highlights

- IDCC's current quarter consensus estimate has increased over the past 90 days from 0.74 to 0.79, a rise of 7.6%. Consensus estimates for the Semiconductors Subsector have moved an average 0.0% during the same time period.
- Over the past 90 days, the consensus price target for IDCC has increased notably from 33.50 to 41.30, a gain of 23.3%.
- There have been no upward or downward broker recommendation changes for INTERDIGITAL INC PA over the past 120 days.

Price Target

The chart below indicates where analysts predict the stock price will be within the next 12 months, as compared to the current price. The high, low, and mean price targets are presented.



Mean Estimate Trend

	Q 12-10	Q 03-11	Y 2010	Y 2011	Price Target
Current (USD)	0.79	0.68	3.47	3.08	41.30
30 Days Ago (USD)	0.79	0.74	3.48	2.98	36.30
90 Days Ago (USD)	0.74	0.73	3.22	2.58	33.50
% Change - Last 90 Days	7.6%	-7.3%	8.0%	19.2%	23.3%

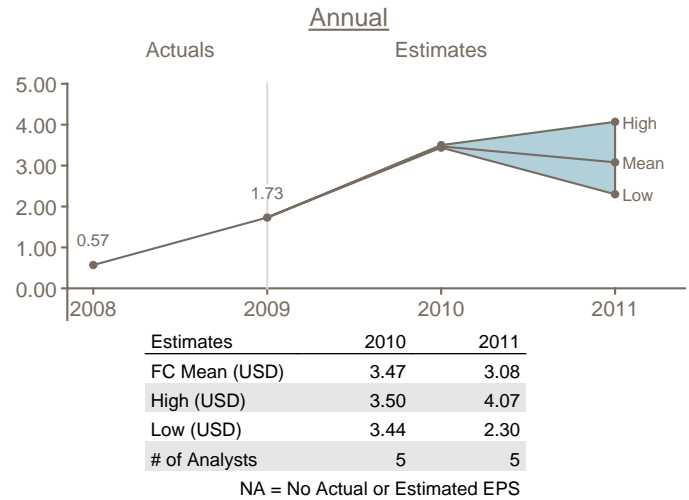
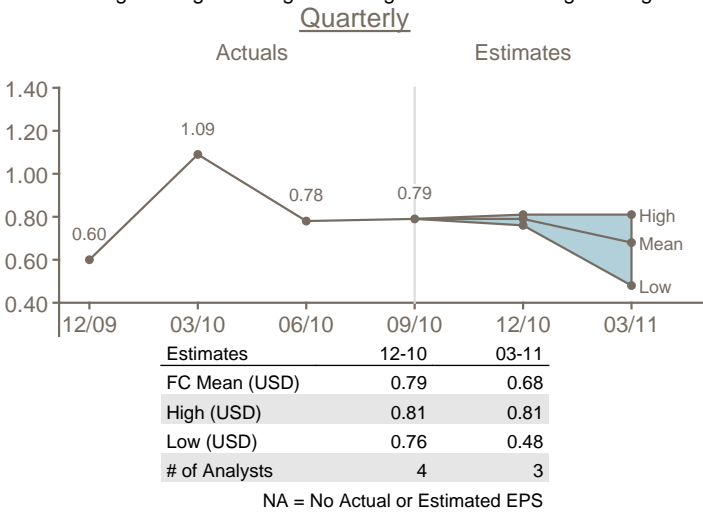
Next Expected Report Date: 02/28/11



Earnings Per Share

Earnings per share (EPS) is calculated by dividing a company's earnings by the number of shares outstanding. Analysts tend to interpret a pattern of increasing earnings as a sign of strength and flat or falling earnings as

a sign of weakness. The charts below provide a comparison between a company's actual and estimated EPS, including the high and low forecasts.



Earnings Surprise

Investors frequently compare a company's actual earnings to the mean expectation of professional analysts.

The difference between the two is referred to as a "positive" or "negative" surprise. Academic research has shown that when a company reports a surprise, it is often followed by more of the same surprise type.

Surprise Summary - Last 12 Quarters

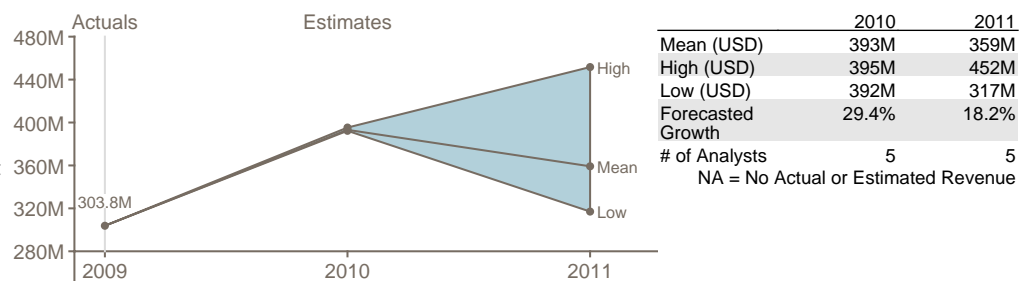
Surprise Type	#	%
Positive Quarters (> 2%)	8	66.7%
Negative Quarters (< -2%)	4	33.3%
In-Line Quarters (within 2%)	0	--

Surprise Detail - Last 6 Periods

Surprise Type	Announce Date	Period End Date	Actual EPS (USD)	Mean EPS (USD)	Surprise (%)
POSITIVE	10/27/10	09/10	0.790	0.723	9.3%
POSITIVE	07/28/10	06/10	0.780	0.610	27.9%
NEGATIVE	04/28/10	03/10	1.090	1.213	-10.1%
NEGATIVE	02/24/10	12/09	0.600	0.640	-6.3%
POSITIVE	10/28/09	09/09	0.690	0.580	19.0%
POSITIVE	07/28/09	06/09	0.590	0.533	10.7%

Annual Revenue

A pattern of increasing sales in conjunction with a rising EPS may influence a buy recommendation, while flat or falling sales and faltering earnings may explain a sell recommendation. A rising EPS with flat or falling sales may result from increased cost efficiency and margins, rather than market expansion. This chart shows the revenue forecast trend of all analysts and the highest and lowest projections for the current and next fiscal year.



Fundamental Highlights

- INTERDIGITAL INC PA's days sales in receivables of 151.4 is substantially longer than the Semiconductors Subsector average of 58.2.
- INTERDIGITAL INC PA's debt-to-capital of 0.3% is substantially above the Semiconductors Subsector average of 0.1%.
- INTERDIGITAL INC PA's net margin (trailing 4 quarters) of 38.6% is substantially above the Semiconductors Subsector average of 9.1%.



Fundamental Metrics

Profitability			Debt			Dividend		
	IDCC	Sector Avg		IDCC	Sector Avg		IDCC	Sector Avg
Revenue Growth For year over year ending 09/10	34.3%	33.9%	Current Ratio For year over year ending 09/10	2.9	4.1	Div. Growth Rate For year over year ending --	--	4.8%
Gross Margin For trailing 4 qtrs ending --	--	46.9%	Debt-to-Capital For trailing 4 qtrs ending 12/09	0.3%	0.1%	Dividend Funding For trailing 4 qtrs ending 09/10	0.0%	0.0%
Return on Equity For trailing 4 qtrs ending 09/10	73.5%	8.4%	Interest Funding For trailing 4 qtrs ending 09/10	0.0%	0.0	Dividend Coverage For trailing 4 qtrs ending --	--	2.9
Net Margin For trailing 4 qtrs ending 09/10	38.6%	9.1%	Interest Coverage For trailing 4 qtrs ending --	--	19.7	Current Div. Yield For trailing 4 qtrs ending --	0.9%	0.0%

The time period stated applies to the company-level data only. The Sector Average is a simple average of the most recent data from companies whose businesses most closely match each other.

Risk Highlights

- On days when the market is up, IDCC shares tends to outperform the S&P 500 index. However, on days when the market is down, the shares generally decrease by more than the S&P 500 index.
- In the short term, IDCC has shown high correlation (>0.4) with the S&P 500 index. The stock has, however, shown low correlation (>= 0.1 and 0.2) with the market in the long term.
- Over the last 90 days, IDCC's Standard Deviation has been 2.2 while that of the S&P 500 index has been 1.7.

Risk Metrics

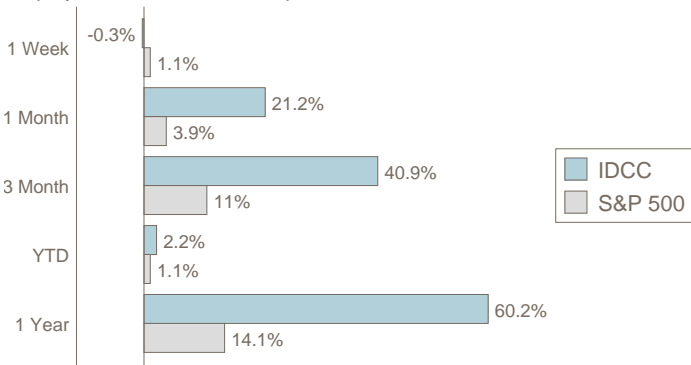
Standard Deviation		Beta vs. S&P		Correlation vs. S&P	
Last 90 Days	2.18	Positive Days Only	1.09	Last 90 Days	79%
Last 60 Months	14.23	Negative Days Only	1.10	Last 60 Months	19%
Intra-Day Swing		Beta vs. Sector		Correlation vs. Sector	
Last 90 Days Avg	3.4%	Positive Days Only	0.89	Last 90 Days	81%
Last 90 Days Largest	24.2%	Negative Days Only	0.99	Last 60 Months	32%
			1.13		

Price Analysis: Risk and Reward

Ticker	Last 90 Days			Last 60 Months		Last 10 Years				
	Best Daily Return	Worst Daily Return	# Days Up	# Days Down	Largest Intra-Day Swing	Best Monthly Return	Worst Monthly Return	Average January Return	Average February Return	Average March Return
IDCC	4.6%	-6.3%	31	33	24.2%	44.4%	-29.2%	16.7%	-5.2%	0.0%
S&P 500	2.2%	-1.6%	40	23	1.9%	9.4%	-16.9%	-1.7%	-2.0%	0.7%

Price Performance

Daily closing pricing data is used to calculate the price performance of a stock over five periods. The performance of the S&P 500 is also displayed as a means of comparison.



	IDCC (USD)	S&P 500
Close Price (01/03/11)	42.55	1272
52-Week High	43.35	1272
52-Week Low	22.30	1023

- On 01/03/11, IDCC closed at 42.55, 1.8% below its 52-week high and 90.8% above its 52-week low.
- IDCC shares are currently trading 16.2% above their 50-day moving average of 36.62, and 44.6% above their 200-day moving average of 29.42.
- The S&P 500 is currently trading at its 52-week high of 1272.

Relative Strength Indicator (scale 1-100, 100 being best)	
Last 1 Month	68
Last 3 Months	65
Last 6 Months	60

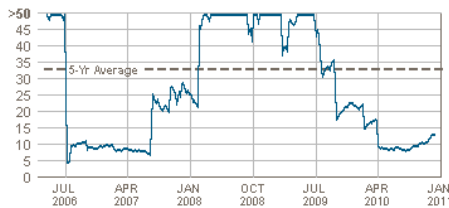


Valuation Multiples

	Trailing P/E	Forward P/E	Forward PEG
IDCC	12.8	12.8	0.7
S&P 500	21.2	18.0	1.6
Company Relative to Its 5-Yr Average	62% Discount	40% Discount	17% Discount
Company Relative to S&P 500	40% Discount	29% Discount	54% Discount

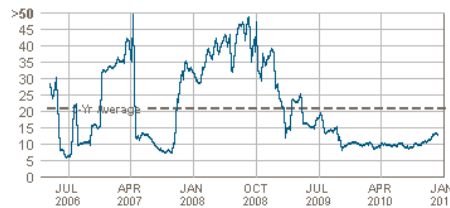
Trailing PE

Trailing P/E is calculated using the most recent closing price (updated weekly) divided by the sum of the four most recently reported quarterly earnings.



Forward PE

Forward P/E is calculated using the most recent closing price (updated weekly) divided by the sum of the four upcoming quarterly consensus estimates.



Forward PEG

Forward PEG is calculated by dividing the Forward P/E by the five-year, long term forecasted growth rate.



Insider Purchases and Sells

(Most recent transactions within the past 90 days)

Name	Role	Tran Date	Tran Type	Shares
Shay, Lawrence F	Officer	12/17/10-12/17/10	Sale	7,810
Brezski, Richard J	Officer	11/16/10-11/16/10	Sale	8,334
Kamins, Edward B	Director	11/15/10-11/15/10	Sale	10,000
Merritt, William J	CEO	11/08/10-11/08/10	Sale	56,750
Lemmo, Mark A	Officer	11/05/10-11/05/10	Sale	28,599

Seasonal Sells - Quarterly & Yearly

Time-series data for each quarter over the past three years allows you to easily analyze the longer-term trend in open-market insider selling.

	Q1 (USD)	Q2 (USD)	Q3 (USD)	Q4 (USD)	Full Year (USD)
2011	0	--	--	--	0
2010	2.61M	0.32M	2.80M	11.9M	17.6M
2009	2.45M	2.45M	2.13M	2.14M	9.16M
2008	0.31M	0.27M	0.19M	2.64M	3.41M

Seasonal Buys - Quarterly & Yearly

Time-series data for each quarter over the past three years allows you to easily analyze the longer-term trend in open-market insider buying.

	Q1 (USD)	Q2 (USD)	Q3 (USD)	Q4 (USD)	Full Year (USD)
2011	0	--	--	--	0
2010	0	0	0	0	0
2009	0	0	0	0	0
2008	0	0	0	0	0

Institutional Holders

(Updated weekly as of 01/01/11)

The top five institutional holders are presented based on the total number of shares held.

Institution	Inst. Type	# Shares Held	Reported Date
Barclays Global Investors, ...	Inv Mgmt	2.30M	09/30/10
Heartland Advisors Inc.	Inv Mgmt	2.27M	09/30/10
Vanguard Group, Inc.	Inv Mgmt	2.00M	09/30/10
Opus Capital Management, Inc.	Inv Mgmt	1.32M	09/30/10
State Street Global Advisor...	Inv Mgmt	1.19M	09/30/10

Top Executive Holders

(Updated monthly as of 11/21/10)

The top five insider holders are presented based on the total number of direct holdings. Indirect holdings are excluded. *Please see last page for role code legend.

Insider Name	* Role	# Direct Shares	Value (USD)	Reported Date
Campagna, Harry G	D	0.25M	8.45M	06/04/09
Merritt, William J	CEO	0.10M	3.36M	11/10/10
Clontz, Steven Terrell	D	81,448	2.72M	11/04/10
Lemmo, Mark A	O	50,687	1.69M	11/09/10
Roath, Robert S	D	46,992	1.57M	11/09/10



Distribution of Investment Ratings

As of 12/31/2010, Gradient Analytics covered 4360 companies, with 21.0% rated Buy, 65.5% rated Hold, and 13.5% rated Sell. Gradient Analytics does not engage in investment banking services.

Disclaimer

All information in this report is assumed to be accurate to the best of our ability. Past performance is not a guarantee of future results. The information contained in this report is not to be construed as advice and should not be confused as any sort of advice. Thomson Reuters, its employees, officers or affiliates, in some instances, have long or short positions or holdings in the securities or other related investments of companies mentioned herein. Investors should consider this report as only a single factor in making their investment decision.

Role Legend

AF	Affiliate	CT	CTO	R	Retired
B	Benef Owner	D	Director	SH	Shareholder
CB	Chairman	EVP	Exec VP	SVP	Sr VP
CEO	CEO	GC	Gen Counsel	T	Trustee
CFO	CFO	O	Officer	TR	Treasurer
CM	Committee Member	OH	Other	VC	Vice Chairman
CO	COO	P	President	VP	VP

Investment Methodology

Gradient Analytics, Inc (Gradient) is a private firm specializing in engineering stock rating systems and in providing independent specialized research to institutional clients. Gradient's exhaustive list of ratings include MSN/CNBC Money's StockScouter, and numerous institutional stock rating systems. Gradient also provides proprietary ratings of earnings quality, fundamental and valuation elements directly to institutional clients. Gradient was founded in 1996 by two former tenured professors, Dr. Carr Bettis and Dr. Donn Vickrey. Today the team consists of more than 30 financial engineers, research and business analysts and technology personnel.

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