

InterDigital, Inc.
Form 10-Q
October 31, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2013

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 1-33579
INTERDIGITAL, INC.
(Exact Name of Registrant as Specified in Its Charter)
PENNSYLVANIA 23-1882087
(State or Other Jurisdiction of (I.R.S. Employer
Incorporation or Organization) Identification No.)
200 Bellevue Parkway, Suite 300, Wilmington, DE 19809-3727
(Address of Principal Executive Offices and Zip Code)
(302) 281-3600
(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 12 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 90 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 (Section 232.405 of this chapter) 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 Smaller reporting company
R
(Do not check if a 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.

Common Stock, par value \$0.01 per share	41,192,391
Title of Class	Outstanding at October 29, 2013

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InterDigital® is a registered trademark and SlimChip™ is a trademark of InterDigital, Inc. All other trademarks, service marks and/or trade names appearing in this Quarterly Report on Form 10-Q are the property of their respective holders.	

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PART I — FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

INTERDIGITAL, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except per share data)

(unaudited)

	SEPTEMBER 30, 2013	DECEMBER 31, 2012
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$555,543	\$349,843
Short-term investments	201,299	227,436
Accounts receivable, less allowances of \$1,750	67,392	169,874
Deferred tax assets	24,541	36,997
Prepaid and other current assets	30,519	30,197
Total current assets	879,294	814,347
PROPERTY AND EQUIPMENT, NET	8,970	7,824
PATENTS, NET	193,787	177,557
DEFERRED TAX ASSETS	28,899	30,687
OTHER NON-CURRENT ASSETS	18,635	26,194
	250,291	242,262
TOTAL ASSETS	\$1,129,585	\$1,056,609
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	13,230	9,600
Accrued compensation and related expenses	11,910	20,661
Deferred revenue	71,225	106,305
Taxes payable	1,732	3,960
Dividends payable	4,119	—
Other accrued expenses	24,331	32,387
Total current liabilities	126,547	172,913
LONG-TERM DEBT	206,635	200,391
LONG-TERM DEFERRED REVENUE	248,989	161,820
OTHER LONG-TERM LIABILITIES	90	2,780
TOTAL LIABILITIES	582,261	537,904
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY:		
Preferred Stock, \$0.10 par value, 14,399 shares authorized, 0 shares issued and outstanding	—	—
Common Stock, \$0.01 par value, 100,000 shares authorized, 69,596 and 69,459 shares issued and 41,187 and 41,050 shares outstanding	696	695
Additional paid-in capital	593,564	579,852
Retained earnings	670,291	659,235
Accumulated other comprehensive income	154	864
	1,264,705	1,240,646

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Treasury stock, 28,409 shares of common held at cost	721,941	721,941
Total InterDigital, Inc. shareholders' equity	542,764	518,705
Noncontrolling interest	4,560	—
Total equity	547,324	518,705
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$1,129,585	\$1,056,609

The accompanying notes are an integral part of these statements.

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INTERDIGITAL, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except per share data)

(unaudited)

	FOR THE THREE MONTHS ENDED SEPTEMBER 30,		FOR THE NINE MONTHS ENDED SEPTEMBER 30,	
	2013	2012	2013	2012
REVENUES:				
Patent licensing royalties	\$55,755	\$58,384	\$169,876	\$189,310
Patent sales	—	375,000	—	384,000
Technology solutions	54,868	626	55,802	1,876
	\$110,623	\$434,010	\$225,678	\$575,186
OPERATING EXPENSES:				
Patent administration and licensing	36,786	45,551	106,825	94,979
Development	15,772	16,375	45,395	