

Section 1: 10-Q (10-Q)

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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 March 31, 2018

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
(State or Other Jurisdiction of
Incorporation or Organization)

82-4936666
(I.R.S. Employer
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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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	34,746,191
Title of Class	Outstanding at April 24, 2018

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InterDigital® is a registered 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.

EXPLANATORY NOTE ABOUT INTERDIGITAL, INC.

On April 3, 2018, for the purpose of reorganizing its holding company structure, InterDigital, Inc., a Pennsylvania corporation and then-existing NASDAQ-listed registrant (the “Predecessor Company”), executed an Agreement and Plan of Merger (“Merger Agreement”) with InterDigital Parent, Inc., a Pennsylvania corporation (the “Successor Company”) 100% owned by the Predecessor Company, and another newly formed Pennsylvania corporation owned 100% by the Successor Company (“Merger Sub”). Pursuant to the Merger Agreement, on April 3, 2018, Merger Sub merged (the “Merger” or “Reorganization”) with and into the Predecessor Company, with the Predecessor Company surviving. As a result of the Merger, the Predecessor Company is now a wholly owned subsidiary of the Successor Company. Neither the business conducted by the Successor Company and the Predecessor Company in the aggregate, nor the consolidated assets and liabilities of the Successor Company and the Predecessor Company in the aggregate, changed as a result of the Reorganization. By virtue of the Merger, each share of the Predecessor Company’s outstanding common stock was converted, on a share-for-share basis, into a share of common stock of the Successor Company. As a result, each shareholder of the Predecessor Company became the owner of an identical number of shares of common stock of the Successor Company. Immediately following the Reorganization, the Successor Company was renamed as “InterDigital, Inc.,” identical to the Predecessor Company’s name prior to the Merger. The Successor Company’s common stock continues to be traded under the name “InterDigital, Inc.” and continues to be listed on the NASDAQ Global Select Market under the ticker symbol “IDCC.” In addition, immediately following the Merger the directors and executive officers of the Successor Company were the same individuals who were directors and executive officers, respectively, of the Predecessor Company immediately prior to the Merger.

For the purpose of this Quarterly Report on Form 10-Q, references to the Company, our Board of Directors or any committee thereof, or our management, employees, business or financial results at or for any period prior to the Merger refer to those of the Predecessor Company and thereafter to those of the Successor Company.

PART I — FINANCIAL INFORMATION
Item 1. FINANCIAL STATEMENTS

INTERDIGITAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except per share data)
(unaudited)

	MARCH 31, 2018	DECEMBER 31, 2017
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 417,481	\$ 433,014
Short-term investments	699,136	724,981
Accounts receivable, less allowances of \$456	66,789	216,293
Prepaid and other current assets	24,992	21,506
Total current assets	1,208,398	1,395,794
PROPERTY AND EQUIPMENT, NET	10,185	10,673
PATENTS, NET	321,977	325,408
DEFERRED TAX ASSETS	37,934	84,582
OTHER NON-CURRENT ASSETS	47,664	37,963
	417,760	458,626
TOTAL ASSETS	\$ 1,626,158	\$ 1,854,420
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 13,629	\$ 10,260
Accrued compensation and related expenses	12,753	24,571
Deferred revenue	75,652	307,142
Taxes payable	256	14,881
Dividends payable	12,164	12,156
Other accrued expenses	11,736	7,431
Total current liabilities	126,190	376,441
LONG-TERM DEBT	288,506	285,126
LONG-TERM DEFERRED REVENUE	165,966	309,671
OTHER LONG-TERM LIABILITIES	9,764	10,034
TOTAL LIABILITIES	590,426	981,272
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, 70,957 and 70,749 shares issued and 34,746 and 34,622 shares outstanding	709	707
Additional paid-in capital	672,692	680,040
Retained earnings	1,428,437	1,249,091
Accumulated other comprehensive loss	(4,279)	(2,083)
	2,097,559	1,927,755
Treasury stock, 36,211 and 36,127 shares of common held at cost	1,078,512	1,072,488
Total InterDigital, Inc. shareholders' equity	1,019,047	855,267
Noncontrolling interest	16,685	17,881
Total equity	1,035,732	873,148
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 1,626,158	\$ 1,854,420

The accompanying notes are an integral part of these statements.

INTERDIGITAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share data)
(unaudited)

	FOR THE THREE MONTHS ENDED MARCH 31,	
	2018	2017
REVENUES:		
Patent licensing royalties	\$ 87,098	\$ 89,226
Technology solutions	346	5,304
	87,444	94,530
OPERATING EXPENSES:		
Patent administration and licensing	26,916	26,880
Development	16,174	19,781
Selling, general and administrative	14,204	13,901
	57,294	60,562
Income from operations	30,150	33,968
OTHER EXPENSE (NET)	(6,336)	(2,814)
Income before income taxes	23,814	31,154
INCOME TAX BENEFIT	4,915	1,624
NET INCOME	\$ 28,729	\$ 32,778
Net loss attributable to noncontrolling interest	(1,196)	(978)
NET INCOME ATTRIBUTABLE TO INTERDIGITAL, INC.	\$ 29,925	\$ 33,756
NET INCOME PER COMMON SHARE — BASIC	\$ 0.86	\$ 0.98
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING — BASIC	34,641	34,370
NET INCOME PER COMMON SHARE — DILUTED	\$ 0.84	\$ 0.93
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING — DILUTED	35,606	36,220
CASH DIVIDENDS DECLARED PER COMMON SHARE	\$ 0.35	\$ 0.30

The accompanying notes are an integral part of these statements.

INTERDIGITAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)
(unaudited)

	FOR THE THREE MONTHS ENDED MARCH 31,	
	2018	2017
Net income	\$ 28,729	\$ 32,778
Unrealized (loss) gain on investments, net of tax	(1,747)	(45)
Comprehensive income	\$ 26,982	\$ 32,733
Comprehensive loss attributable to noncontrolling interest	(1,196)	(978)
Total comprehensive income attributable to InterDigital, Inc.	\$ 28,178	\$ 33,711

The accompanying notes are an integral part of these statements.

INTERDIGITAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

**FOR THE THREE MONTHS ENDED
MARCH 31,**

2018 2017

CASH FLOWS FROM OPERATING ACTIVITIES:	2018	2017
Net income	\$ 28,729	\$ 32,778
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	14,699	14,528
Amortization of deferred financing costs and accretion of debt discount	3,380	3,201
Deferred revenue recognized	(53,121)	(78,921)
Increase in deferred revenue	7,829	185,000
Deferred income taxes	(5,551)	(21,444)
Share-based compensation	816	5,317
Other	(4)	1
(Increase) decrease in assets:		
Receivables	24,396	(174,069)
Deferred charges and other assets	(9,100)	(13,486)
Increase (decrease) in liabilities:		
Accounts payable	1,083	2,516
Accrued compensation and other expenses	(7,781)	(9,805)
Accrued taxes payable and other tax contingencies	(5,970)	28,529
Net cash (used in) operating activities	(595)	(25,855)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of short-term investments	(94,134)	(429,941)
Sales of short-term investments	118,336	231,516
Purchases of property and equipment	(399)	(268)
Capitalized patent costs	(8,035)	(7,787)
Acquisition of patents	—	—
Long-term investments	(4,250)	(501)
Net cash provided by (used in) investing activities	11,518	(206,981)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from exercise of stock options	—	82
Dividends paid	(12,155)	(10,292)
Taxes withheld upon restricted stock unit vestings	(8,277)	(21,955)
Repurchase of common stock	(6,024)	—
Net cash (used in) financing activities	(26,456)	(32,165)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(15,533)	(265,001)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	433,014	404,074
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 417,481	\$ 139,073
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	2,370	2,370
Income taxes paid, including foreign withholding taxes	8,053	2,990
Non-cash investing and financing activities:		
Dividend payable	12,164	10,404
Accrued capitalized patent costs, property and equipment, and acquisition of patents	(2,286)	(1,128)

Refer to Note 1, "Basis of Presentation" for more information regarding the impact of our adoption of ASC 606.

The accompanying notes are an integral part of these statements.

INTERDIGITAL, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2018
(unaudited)

1. BASIS OF PRESENTATION

In the opinion of management, the accompanying unaudited, condensed consolidated financial statements contain all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of the financial position of InterDigital, Inc. (individually and/or collectively with its subsidiaries referred to as “InterDigital,” the “Company,” “we,” “us” or “our,” unless otherwise indicated) as of March 31, 2018, and the results of our operations for the three months ended March 31, 2018 and 2017 and our cash flows for the three months ended March 31, 2018 and 2017. The accompanying unaudited, condensed consolidated financial statements have been prepared in accordance with the instructions for Form 10-Q and, accordingly, do not include all of the detailed schedules, information and notes necessary to state fairly the financial condition, results of operations and cash flows in conformity with United States generally accepted accounting principles (“GAAP”). The year-end condensed consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by GAAP for year-end financial statements. Therefore, these financial statements should be read in conjunction with the financial statements and notes thereto contained in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2017 (our “2017 Form 10-K”) as filed with the Securities and Exchange Commission (“SEC”) on February 22, 2018. The results of operations for interim periods are not necessarily indicative of the results to be expected for the entire year. We have one reportable segment.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Change in Accounting Policies

There have been no material changes or updates to our existing accounting policies from the disclosures included in our 2017 Form 10-K except as set forth below under “New Accounting Guidance.”

Reclassifications

Certain reclassifications have been made to prior year amounts to conform to the current year presentation.

New Accounting Guidance

Accounting Standards Update: Revenue Recognition

In May 2014, the Financial Accounting Standards Board (“FASB”) issued ASU No. 2014-09, “Revenue from Contracts with Customers (Topic 606)” (“ASC 606”) which superseded most prior revenue recognition guidance (“ASC 605”), including industry-specific guidance. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. We adopted the requirements of the new standard as of January 1, 2018 using the modified retrospective transition method applied to those contracts that were not completed as of January 1, 2018. Accordingly, all periods prior to January 1, 2018 are presented in accordance with ASC Topic 605, “Revenue Recognition” (“ASC 605”).

The adoption of the new guidance affected our recognition of revenue from both our fixed-fee and per-unit license agreements. For accounting purposes under this new guidance, we separate our fixed-fee license agreements into two categories: (i) those agreements that provide rights, over the term of the license, to future technologies that are highly interdependent or highly interrelated to the technologies provided at the inception of the agreement (“Dynamic Fixed-Fee Agreements”) and (ii) those agreements that do not provide for rights to such future technologies (“Static Fixed-Fee Agreements”). Under our previous accounting practices, after the fair value allocation between the past and future components of the agreement, we recognized the future components of revenue from all fixed-fee license agreements on a straight-line basis over the term of the related license agreement. As a result of our adoption of the new guidance, we will continue to recognize revenue from Dynamic Fixed-Fee Agreements on a straight-line basis over the term of the related license agreement, while we expect to recognize most or all of the revenue from Static Fixed-Fee Agreements in the quarter the license agreement is signed. We will not recognize any ongoing revenue from Static Fixed-Fee Agreements already in existence at the time the guidance

was adopted. Additionally, in the event a significant financing component is determined to exist in any of our agreements, we will recognize more or less revenue and corresponding interest expense or income, as appropriate.

In addition, under our previous accounting practices, we recognized revenue from our per-unit license agreements in the period in which we received the related royalty report, generally one quarter in arrears from the period in which the underlying sales occurred (i.e. on a "quarter-lag"). We are now required to record per-unit royalty revenue in the same period in which the licensee's underlying sales occur. Because we generally do not receive the per-unit licensee royalty reports for sales during a given quarter within the time frame necessary to adequately review the reports and include the actual amounts in our quarterly results for such quarter, we accrue the related revenue based on estimates of our licensees' underlying sales, subject to certain constraints on our ability to estimate such amounts. As a result of accruing revenue for the quarter based on such estimates, adjustments will be required in the following quarter to true-up revenue to the actual amounts reported by our licensees. In addition, to the extent we receive prepayments related to per-unit license agreements that do not provide rights over the term of the license to future technologies that are highly interdependent or highly interrelated to the technologies provided at the inception of the agreement, we will recognize such prepayments as revenue in the period in which all remaining revenue recognition criteria have been met.

Finally, under our previous accounting practices, we established a receivable, and any related deferred tax asset for foreign withholding taxes, for payments expected to be received within twelve months from the balance sheet date, based on the terms of the license agreement. Our reporting of such payments resulted in increases to: accounts receivable and deferred revenue; and deferred tax assets and taxes payable. Under ASC 606, we will only recognize those amounts as they become due.

See below for a summary of adjustments related to our adoption of ASC 606. Amounts are in thousands.

	December 31, 2017	Static Fixed-Fee Agreements	Static Prepayments	Elimination of Quarter-Lag Reporting	Significant Financing Component	Related Tax Effects and Other Balance Sheet Impact	Total Adjustments	January 1, 2018
Accounts Receivable	\$ 216,293	\$ 6,000	\$ —	\$ 10,948	\$ —	\$ (171,727)	\$ (154,779)	\$ 61,514
Deferred Tax Assets	84,582	—	—	—	—	(52,199)	(52,199)	32,383
Taxes Payable	(14,881)	—	—	—	—	8,655	8,655	(6,226)
Deferred Revenue	(616,813)	99,466	85,146	—	3,235	171,727	359,574	(257,239)
Retained Earnings	(1,249,091)	(105,466)	(85,146)	(10,948)	(3,235)	43,544	(161,251)	(1,410,342)

Disaggregated Revenue

The following table presents the disaggregation of our revenue for first quarter 2018 under ASC 606. First quarter 2017 revenues are presented in accordance with ASC 605. Amounts are in thousands.

	For the Three Months Ended March 31,			Increase/(Decrease)	
	2018	2017			
Variable patent royalty revenue	\$ 6,083	\$ 15,859	\$ (9,776)	(62)%	
Fixed-fee royalty revenue	57,671	73,367	(15,696)	(21)%	
Current patent royalties ^a	63,754	89,226	(25,472)	(29)%	
Non-current patent royalties ^b	23,344	—	23,344	— %	
Total patent royalties	87,098	89,226	(2,128)	(2)%	
Current technology solutions revenue ^a	346	5,304	(4,958)	(93)%	
Total revenue	\$ 87,444	\$ 94,530	\$ (7,086)	(7)%	

a. Recurring revenues consist of current patent royalties, inclusive of Dynamic Fixed-Fee Agreement royalties, and current technology solutions revenue.

b. Non-current patent royalties for the three months ended March 31, 2018 consist of past patent royalties and royalties from static agreements. For the three months ended March 31, 2017, non-current patent royalties consist of past patent royalties.

We recognized as revenue in first quarter 2018 \$53.1 million that had been included in deferred revenue as of the beginning of the period. Additionally, upon adoption of ASC 606 on January 1, 2018, we had \$24.7 million of contract assets. As of March 31, 2018, we had contract assets of \$44.9 million and \$5.5 million included within accounts receivable and other non-current assets, respectively.

Impact of Adoption of ASC 606

In accordance with the new revenue standard requirements, the disclosure of the impact of adoption on our condensed current period consolidated income statement and balance sheet is presented below. We believe this additional information is vital during the transition year to allow readers of our financial statements to compare financial results from the preceding financial year given the absence of restatement of the prior period. The adoption of ASC 606 did not affect our reported total amounts of cash flows from operating, investing and financing activities. Amounts contained in the tables below are in thousands, except per share data.

	For the Three Months Ended March 31,			
	2018			2017
	As Reported ASC 606	Adjustment	ASC 605	As Reported (ASC 605)
REVENUES:				
Variable patent royalty revenue	\$ 6,083	\$ 3,994	\$ 10,077	\$ 15,859
Fixed-fee royalty revenue	57,671	20,511	78,182	73,367
Current patent royalties	63,754	24,505	88,259	89,226
Non-current patent royalties	23,344	(10,000)	13,344	—
Total patent royalties	87,098	14,505	101,603	89,226
Current technology solutions revenue	346	2,984	3,330	5,304
	\$ 87,444	\$ 17,489	\$ 104,933	\$ 94,530
OPERATING EXPENSES:	57,294	—	57,294	60,562
Income from operations	30,150	17,489	47,639	33,968
OTHER EXPENSE (NET)	(6,336)	4,676	(1,660)	(2,814)
Income before income taxes	23,814	22,165	45,979	31,154
INCOME TAX BENEFIT (EXPENSE)	4,915	(6,023)	(1,108)	1,624
NET INCOME	\$ 28,729	\$ 16,142	\$ 44,871	\$ 32,778
Net loss attributable to noncontrolling interest	(1,196)	—	(1,196)	(978)
NET INCOME ATTRIBUTABLE TO INTERDIGITAL, INC.	\$ 29,925	\$ 16,142	\$ 46,067	\$ 33,756
NET INCOME PER COMMON SHARE — BASIC	\$ 0.86	\$ 0.47	\$ 1.33	\$ 0.98
NET INCOME PER COMMON SHARE — DILUTED	\$ 0.84	\$ 0.45	\$ 1.29	\$ 0.93

	March 31, 2018			December 31, 2017
	As Reported ASC 606	Adjustment	ASC 605	As Reported (ASC 605)
	Accounts Receivable, net	\$ 66,789	\$ 177,532	\$ 244,321
Deferred Tax Assets	37,934	54,014	91,948	84,582
Other Non-current Assets	47,664	(5,500)	42,164	37,963
Taxes Payable	(256)	(16,493)	(16,749)	(14,881)
Deferred Revenue	(241,618)	(354,662)	(596,280)	(616,813)
Retained Earnings	(1,428,437)	145,109	(1,283,328)	(1,249,091)

Contracted Revenue

Based on contracts signed and committed Dynamic Fixed-Fee Agreement payments as of March 31, 2018, we expect to recognize the following amounts of revenue over the term of such contracts (in thousands):

	Revenue
Remainder 2018 \$	173,014
2019	230,685
2020	230,685
2021	169,039
2022	85,228

See below for our revised Revenue Recognition accounting policy upon adoption of the new guidance.

Revenue Recognition

We derive the vast majority of our revenue from patent licensing. The timing and amount of revenue recognized from each licensee depends upon a variety of factors, including the specific terms of each agreement and the nature of the deliverables and obligations. Such agreements are often complex and include multiple performance obligations. These agreements can include, without limitation, performance obligations related to the settlement of past patent infringement liabilities, patent and/or know-how licensing royalties on covered products sold by licensees, access to a portfolio of technology as it exists at a point in time, and access to a portfolio of technology at a point in time along with a promises to provide any technology updates to the portfolio during the term.

All agreements have been accounted for under the Financial Accounting Standards Board (“FASB”) revenue recognition guidance, “Revenue from Contracts with Customers,” or ASC 606. This guidance requires the use of a five-step model to achieve the core underlying principle that an entity should recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. These steps include (1) identifying the contract with the customer, (2) identifying the performance obligations, (3) determining the transaction price, (4) allocating the transaction price to the performance obligations, and (5) recognizing revenue as the entity satisfies the performance obligation(s). Additionally, we have elected to utilize certain practical expedients in the application of ASC 606. In evaluating the presence of a significant financing component in our agreements, we utilize the practical expedient to exclude any contracts wherein the gap between payment by our customers and the delivery of our performance obligation is less than one year. We have also elected to utilize the practical expedient related to costs of obtaining a contract where an entity may recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less. Contract assets due within less than twelve months of the balance sheet date are included within accounts receivable in our Condensed Consolidated Balance Sheets. Contract assets due more than twelve months after the balance sheet date are included in Other non-current assets.

Patent License Agreements

Upon signing a patent license agreement, we provide the licensee permission to use our patented inventions in specific applications. We account for patent license agreements in accordance with the guidance indicated above. Under our patent license agreements, we typically receive one or a combination of the following forms of payment as consideration for permitting our licensees to use our patented inventions in their applications and products:

Consideration for Past Patent Royalties

Consideration related to a licensee’s product sales from prior periods may result from a negotiated agreement with a licensee that utilized our patented inventions prior to signing a patent license agreement with us or from the resolution of a disagreement or arbitration with a licensee over the specific terms of an existing license agreement. We may also receive consideration for past patent royalties in connection with the settlement of patent litigation where there was no prior patent license agreement. In each of these cases, we record the consideration as revenue as prescribed by the five-step model.

Fixed-Fee Agreements

Fixed-fee agreements are up-front, non-refundable royalty payments that fulfill the licensee’s obligations to us under a patent license agreement for a specified time period or for the term of the agreement for specified products, under certain patents or patent claims, for sales in certain countries, or a combination thereof - in each case for a specified time period (including for the life of the patents licensed under the agreement).

Dynamic fixed-fee license agreements contain a single performance obligation that represents ongoing access to a portfolio of technology over the license term, since our promise to transfer to the licensee access to the portfolio as it exists at inception of the license, along with promises to provide any technology updates to the portfolio during the term, are not separately identifiable. Upon entering a new agreement, we allocate the transaction price to the performance obligations delivered at signing (e.g. our existing patent portfolio) and future performance obligations (e.g. the technology updates). We use a time-based input method of progress to determine the timing of revenue recognition, and as such we recognize the future deliverables on a straight-line basis over the term of the agreement. We utilize the straight-line method as we believe that it best depicts efforts expended to develop and transfer updates to the customer evenly throughout the term of the agreement.

Static fixed-fee license agreements are fixed-price contracts that generally do not include updates to technology we create after the inception of the license agreement or in which the customer does not stand to substantively benefit from those updates during the term. Generally, our performance obligations are satisfied at contract signing, and as such revenue is recognized at that time.

Variable Agreements

Upon entering a new variable patent license agreement, the licensee typically agrees to pay royalties or license fees on licensed products sold during the term of the agreement. We utilize the sales- or usage- based royalty exception for these agreements and recognize revenues during the contract term when the underlying sale or usage occurs. Our licensees under variable agreements provide us with quarterly royalty reports that summarize their sales of covered products and their related royalty obligations to us. We typically receive these royalty reports subsequent to the period in which our licensees' underlying sales occurred. As a result, we are required to estimate revenues, subject to the constraint on our ability to estimate such amounts.

Technology Solutions

Technology solutions revenue consists primarily of revenue from royalty payments. We recognize revenue from royalty payments using the same methods described above under our policy for recognizing revenue from patent license agreements. Technology solutions revenues also consist of revenues from software licenses, engineering services and product sales. The nature of these contracts and timing of payments vary.

Patent Sales

Our business strategy of monetizing our intellectual property includes the sale of select patent assets. As patent sales executed under this strategy represent a component of our ongoing major or central operations and activities, we will record the related proceeds as revenue. We will recognize the revenue in accordance with the five-step model, generally upon closing of the patent sale transaction.

Accounting Standards Update: Leases

In February 2016, the FASB issued new guidance related to leases that outlines a comprehensive lease accounting model and supersedes the current lease guidance. The new guidance requires lessees to recognize lease liabilities and corresponding right-of-use assets for all leases with lease terms of greater than 12 months. It also changes the definition of a lease and expands the disclosure requirements of lease arrangements. The new guidance must be adopted using the modified retrospective approach and will be effective for the Company starting in first quarter 2020. Early adoption is permitted. We are in the process of determining the effect the adoption will have on the Company's consolidated financial statements.

Accounting Standards Update: Financial Instruments

In January 2016, the FASB issued ASU No. 2016-01, "Financial Instruments (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities," which amends certain measurement, presentation, and disclosure requirements for financial instruments. The new guidance must be adopted by means of a cumulative-effect adjustment to the balance sheet in the year of adoption and became effective for the Company starting in first quarter 2018. We adopted this guidance in first quarter 2018, and it did not have a material effect on the Company's consolidated financial results.

Accounting Standards Update: Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income

In February 2018, the FASB issued ASU No. 2018-02, "Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income," which allow a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act of 2017 ("The Tax Reform Act"). The guidance is effective for fiscal years beginning after December 15, 2018 and early adoption is permitted. We early adopted this guidance in first quarter 2018, and reflected a \$0.4 million adjustment to retained earnings during the period.

2. INCOME TAXES

In first quarter 2018, based on the statutory federal tax rate net of discrete federal and state taxes, our effective tax rate was a benefit of 20.6%. The effective tax rate for first quarter 2018 was favorably impacted by provisions contained within the Tax Reform Act, discussed below. We recorded discrete benefits of \$3.4 million related to excess tax benefits related to share-based compensation and our sale of a commercial initiative. The effective rate would have been a benefit of 6.3% not including these discrete benefits. This is compared to an effective tax rate benefit of 5.2% based on the statutory federal tax rate net of discrete federal and state taxes during first quarter 2017. The first quarter 2017 effective tax rate included an \$11.8 million discrete net expense related to excess tax benefits related to share-based compensation.

During first quarter 2018 and 2017, we paid approximately \$7.8 million and \$3.0 million, respectively, of foreign source withholding tax. Additionally, as of March 31, 2018 and December 31, 2017, we have included \$0.3 million and \$14.9 million, respectively, of foreign source withholding tax within our taxes payable and deferred tax asset balances. These amounts are related to receivables from foreign licensees.

On December 22, 2017, the Tax Reform Act was signed into law. The Tax Reform Act significantly revised the U.S. corporate income tax regime by, among other things: lowering the U.S. corporate tax rate from 35% to 21% effective January 1, 2018; imposing a 13.125% tax rate on income that qualifies as Foreign Derived Intangible Income ("FDII"); repealing the deduction for domestic production activities; implementing a territorial tax system; and imposing a repatriation tax on deemed repatriated earnings of foreign subsidiaries. The first quarter 2018 effective tax rate includes a forecasted \$18.8 million net benefit related to our income qualifying as FDII. We will continue to monitor as additional guidance is released. The tax charge represents provisional amounts and the Company's current best estimates. Any adjustments recorded to the provisional amounts through fourth quarter 2018 will be included in net income as an adjustment to tax expense. The provisional amounts incorporate assumptions made based upon our current interpretation of the Tax Reform Act and may change as the Company receives additional clarification and implementation guidance.

The effective tax rate reported in any given year will continue to be influenced by a variety of factors, including timing differences between the recognition of book and tax revenue, the level of pre-tax income or loss, the foreign vs. domestic classification of the Company's customers, and any discrete items that may occur. The Company further notes that its tax positions could be altered by pending IRS regulations that could clarify certain provisions of the Tax Reform Act.

3. NET INCOME PER SHARE

Basic Earnings Per Share ("EPS") is calculated by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if options or other securities with features that could result in the issuance of common stock were exercised or converted to common stock. The following tables reconcile the numerator and the denominator of the basic and diluted net income per share computation (in thousands, except for per share data):

	For the Three Months Ended March 31,			
	2018		2017	
	Basic	Diluted	Basic	Diluted
Numerator:				
Net income applicable to InterDigital, Inc.	\$ 29,925	\$ 29,925	\$ 33,756	\$ 33,756
Denominator:				
Weighted-average shares outstanding: Basic	34,641	34,641	34,370	34,370
Dilutive effect of stock options, RSUs, convertible securities and warrants		965		1,850
Weighted-average shares outstanding: Diluted		35,606		36,220
Earnings Per Share:				
Net income: Basic	\$ 0.86	\$ 0.86	\$ 0.98	\$ 0.98
Dilutive effect of stock options, RSUs, convertible securities and warrants		(0.02)		(0.05)
Net income: Diluted		\$ 0.84		\$ 0.93

Certain shares of common stock issuable upon the exercise or conversion of certain securities have been excluded from our computation of EPS because the strike price or conversion rate, as applicable, of such securities was greater than the average market price of our common stock and, as a result, the effect of such exercise or conversion would have been anti-

dilutive. Set forth below are the securities and the weighted average number of shares of common stock underlying such securities that were excluded from our computation of EPS for the periods presented (in thousands):

	For the Three Months Ended March 31,	
	2018	2017
Restricted stock units and stock options	25	29
Convertible securities	—	—
Warrants	4,403	—
Total	4,428	29

Convertible Notes

During periods in which the average market price of the Company's common stock is above the applicable conversion price of the Company's 1.50% Senior Convertible Notes due 2020 (for purposes of this discussion, the "Convertible Notes") (\$71.74 per share as of March 31, 2018) or above the strike price of our outstanding warrants (\$87.68 per share as of March 31, 2018), the impact of conversion or exercise, as applicable, would be dilutive and such dilutive effect is reflected in diluted EPS. As a result, in periods where the average market price of the Company's common stock is above the conversion price or strike price, as applicable, under the treasury stock method, the Company calculates the number of shares issuable under the terms of the Convertible Notes and the warrants based on the average market price of the stock during the period, and includes that number in the total diluted shares outstanding for the period. See Note 7, "Long-Term Debt," for additional information about the Convertible Notes and warrants.

4. LITIGATION AND LEGAL PROCEEDINGS

ARBITRATIONS AND COURT PROCEEDINGS (OTHER THAN DE DISTRICT COURT ACTIONS RELATED TO USITC PROCEEDINGS)

Huawei China Proceedings

On February 21, 2012, InterDigital was served with two complaints filed by Huawei Technologies Co., Ltd. in the Shenzhen Intermediate People's Court in China on December 5, 2011. The first complaint named as defendants InterDigital, Inc. and its wholly owned subsidiaries InterDigital Technology Corporation and InterDigital Communications, LLC (now InterDigital Communications, Inc.), and alleged that InterDigital had abused its dominant market position in the market for the licensing of essential patents owned by InterDigital by engaging in allegedly unlawful practices, including differentiated pricing, tying and refusal to deal. The second complaint named as defendants the Company's wholly owned subsidiaries InterDigital Technology Corporation, InterDigital Communications, LLC (now InterDigital Communications, Inc.), InterDigital Patent Holdings, Inc. and IPR Licensing, Inc. and alleged that InterDigital had failed to negotiate on FRAND terms with Huawei. Huawei asked the court to determine the FRAND rate for licensing essential Chinese patents to Huawei and also sought compensation for its costs associated with this matter.

On February 4, 2013, the Shenzhen Intermediate People's Court issued rulings in the two proceedings. With respect to the first complaint, the court decided that InterDigital had violated the Chinese Anti-Monopoly Law by (i) making proposals for royalties from Huawei that the court believed were excessive, (ii) tying the licensing of essential patents to the licensing of non-essential patents, (iii) requesting as part of its licensing proposals that Huawei provide a grant-back of certain patent rights to InterDigital and (iv) commencing a USITC action against Huawei while still in discussions with Huawei for a license. Based on these findings, the court ordered InterDigital to cease the alleged excessive pricing and alleged improper bundling of InterDigital's Chinese essential and non-essential patents, and to pay Huawei 20.0 million RMB (approximately \$3.2 million) in damages related to attorneys' fees and other charges, without disclosing a factual basis for its determination of damages. The court dismissed Huawei's remaining allegations, including Huawei's claim that InterDigital improperly sought a worldwide license and improperly sought to bundle the licensing of essential patents on multiple generations of technologies. With respect to the second complaint, the court determined that, despite the fact that the FRAND requirement originates from ETSI's Intellectual Property Rights policy, which refers to French law, InterDigital's license offers to Huawei should be evaluated under Chinese law. Under Chinese law, the court concluded that the offers did not comply with FRAND. The court further ruled that the royalties to be paid by Huawei for InterDigital's 2G, 3G and 4G essential Chinese patents under Chinese law should not exceed 0.019% of the actual sales price of each Huawei product.

On March 11, 2013, InterDigital filed notices of appeal with respect to the judgments in both proceedings, seeking reversal of the court's February 4, 2013 rulings. On October 16, 2013, the Guangdong Province High Court issued a ruling

affirming the ruling of the Shenzhen Intermediate People's Court in the second proceeding, and on October 21, 2013, issued a ruling affirming the ruling of the Shenzhen Intermediate People's Court in the first proceeding.

InterDigital believes that the decisions are seriously flawed both legally and factually. For instance, in determining a purported FRAND rate, the Chinese courts applied an incorrect economic analysis by evaluating InterDigital's lump-sum 2007 patent license agreement with Apple (the "2007 Apple PLA") in hindsight to posit a running royalty rate. Indeed, the ALJ in USITC Inv. No. 337-TA-800 rejected that type of improper analysis. Moreover, the Chinese courts had an incomplete record and applied incorrect facts, including with respect to the now-expired and superseded 2007 Apple PLA, which had been found in an arbitration between InterDigital and Apple to be limited in scope.

On April 14, 2014, InterDigital filed a petition for retrial of the second proceeding with the Chinese Supreme People's Court ("SPC"), seeking dismissal of the judgment or at least a higher, market-based royalty rate for a license to InterDigital's Chinese standards-essential patents ("SEPs"). The petition for retrial argues, for example, that (1) the lower court improperly determined a Chinese FRAND running royalty rate by using as a benchmark the 2007 Apple lump sum fixed payment license agreement, and looking in hindsight at the unexpectedly successful sales of Apple iPhones to construct an artificial running royalty rate that neither InterDigital nor Apple could have intended and that would have varied significantly depending on the relative success or failure in hindsight of Apple iPhone sales; (2) the 2007 Apple PLA was also an inappropriate benchmark because its scope of product coverage was significantly limited as compared to the license that the court was considering for Huawei, particularly when there are other more comparable license agreements; and (3) if the appropriate benchmarks had been used, and the court had considered the range of royalties offered by other similarly situated SEP holders in the wireless telecommunications industry, the court would have determined a FRAND royalty that was substantially higher than 0.019%, and would have found, consistent with findings of the ALJ's initial determination in the USITC 337-TA-800 proceeding, that there was no proof that InterDigital's offers to Huawei violated its FRAND commitments.

The SPC held a hearing on October 31, 2014, regarding whether to grant a retrial and requested that both parties provide additional information regarding the facts and legal theories underlying the case. The SPC convened a second hearing on April 1, 2015 regarding whether to grant a retrial. If the retrial is granted, the SPC will likely schedule one or more additional hearings before it issues a decision on the merits of the case. The SPC retrial proceeding was excluded from the dismissal provisions of the August 2016 patent license agreement between Huawei and InterDigital, and a decision in this proceeding is still pending.

ZTE China Proceedings

On July 10 and 11, 2014, InterDigital was served with two complaints filed by ZTE Corporation in the Shenzhen Intermediate People's Court in China on April 3, 2014. The first complaint names as defendants the Company's wholly owned subsidiaries InterDigital Technology Corporation, InterDigital Communications, Inc., InterDigital Patent Holdings, Inc. and IPR Licensing, Inc. This complaint alleges that InterDigital has failed to comply with its FRAND obligations for the licensing of its Chinese standards-essential patents. ZTE is asking the court to determine the FRAND rate for licensing InterDigital's standards-essential Chinese patents to ZTE and also seeks compensation for its litigation costs associated with this matter. The second complaint names as defendants InterDigital, Inc. and its wholly owned subsidiaries InterDigital Technology Corporation and InterDigital Communications, Inc. This complaint alleges that InterDigital has a dominant market position in China and the United States in the market for the licensing of essential patents owned by InterDigital, and abused its dominant market position in violation of the Chinese Anti-Monopoly Law by engaging in allegedly unlawful practices, including excessively high pricing, tying, discriminatory treatment, and imposing unreasonable trading conditions. ZTE seeks relief in the amount of 20.0 million RMB (approximately \$3.2 million based on the exchange rate as of March 31, 2018), an order requiring InterDigital to cease the allegedly unlawful conduct and compensation for its litigation costs associated with this matter.

On August 7, 2014, InterDigital filed petitions challenging the jurisdiction of the Shenzhen Intermediate People's Court to hear the actions. On August 28, 2014, the court denied InterDigital's jurisdictional challenge with respect to the anti-monopoly law case. InterDigital filed an appeal of this decision on September 26, 2014. On September 28, 2014, the court denied InterDigital's jurisdictional challenge with respect to the FRAND case, and InterDigital filed an appeal of that decision on October 27, 2014. On December 18, 2014, the Guangdong High Court issued decisions on both appeals upholding the Shenzhen Intermediate Court's decisions that it had jurisdiction to hear these cases. On February 10, 2015, InterDigital filed a petition for retrial with the Supreme People's Court regarding its jurisdictional challenges to both cases.

The Shenzhen Court held hearings on the anti-monopoly law case on May 11, 13, 15 and 18, 2015. At the May hearings, ZTE withdrew its claims alleging discriminatory treatment and the imposition of unfair trading conditions and increased its damages claim to 99.8 million RMB (approximately \$15.9 million based on the exchange rate as of March 31,

2018). The Shenzhen Court held hearings in the FRAND case on July 29-31, 2015 and held a second hearing on the anti-monopoly law case on October 12, 2015. Both cases remain pending. It is possible that the court may schedule further hearings in these cases before issuing its decisions.

The Company has not recorded any accrual at March 31, 2018 for contingent losses associated with these matters based on its belief that losses, while reasonably possible, are not probable in accordance with accounting guidance.

Asustek Actions

On April 15, 2015, Asustek Computer Incorporated (“Asus”) filed a complaint in the CA Northern District Court against InterDigital, Inc., and its subsidiaries InterDigital Communications, Inc., InterDigital Technology Corporation, IPR Licensing, Inc., and InterDigital Patent Holdings, Inc. The complaint asserted the following causes of action: violation of Section Two of the Sherman Act, violation of Section 17200 of the California Business and Professions Code, breach of contract resulting from ongoing negotiations, breach of contract leading to and resulting in the parties’ April 2008 patent license agreement (the “2008 Asus PLA”), promissory estoppel, waiver, and fraudulent inducement to contract. Among other allegations, Asus alleged that InterDigital breached its FRAND commitment. As relief, Asus sought a judgment that the 2008 Asus PLA is void or unenforceable, damages in the amount of excess royalties Asus paid under the 2008 Asus PLA plus interest, a judgment setting the proper FRAND terms and conditions for InterDigital’s patent portfolio, an order requiring InterDigital to grant Asus a license on FRAND terms and conditions, and punitive damages and other relief.

In response, on May 30, 2015, InterDigital filed an Arbitration Demand with the ICDR. InterDigital claimed that Asus breached the 2008 Asus PLA’s dispute resolution provision by filing its CA Northern District Court lawsuit and sought declaratory relief that it is not liable for any of the claims in Asus’s complaint. On June 2, 2015, InterDigital filed in the CA Northern District Court a motion to compel arbitration on each of Asus’s claims. On August 25, 2015, the court granted InterDigital’s motion for all of Asus’s claims except its claim for breach of contract resulting from ongoing negotiations. Aside from this claim, the court ruled that the issue of arbitrability should be decided by an arbitrator, and stayed the proceedings pending that determination.

Asus asserted counterclaims in the arbitration that mirrored its CA Northern District Court claims, except that it did not assert the breach of contract claim that the court determined was not arbitrable and it added a claim of violation of the Delaware Consumer Fraud Act. Asus also contended that its counterclaims were not arbitrable. InterDigital added a claim for breach of the 2008 Asus PLA’s confidentiality provision.

On July 14, 2016, Asus filed a motion to lift the stay in the CA Northern District Court proceeding along with a notice of the arbitral tribunal’s decision on arbitrability, informing the court of the arbitrators’ decision that, other than InterDigital’s breach of contract claims and Asus’s fraudulent inducement claim, no other claim or counterclaim is arbitrable. Asus then filed in the CA Northern District Court an amended complaint on August 18, 2016. This amended complaint includes all of the claims in Asus’s first CA Northern District Court complaint except fraudulent inducement and adds a claim of violation of the Delaware Consumer Fraud Act. It seeks the same relief as its first CA Northern District Court complaint, but also seeks a ruling that each of InterDigital’s patents “declared [to standards-setting organizations] to be essential or potentially essential” is unenforceable and any contracts InterDigital entered into in furtherance of its unlawful conduct are void. On September 8, 2016, InterDigital filed its answer and counterclaims to Asus’s amended complaint. It denied Asus’s claims and filed a counterclaim for declaratory judgment that Asus’s tort claims are invalid or preempted as applied under the First Amendment to the U.S. Constitution, the Patent Clause of the U.S. Constitution, and Title 35 of the U.S. Code. On September 28, 2016, Asus answered and denied InterDigital’s counterclaims. On December 16, 2016, the court set a case schedule that includes a May 2019 trial date.

With respect to its arbitration counterclaim for fraudulent inducement, Asus stated in its pleadings that it was seeking return of excess royalties (which totaled close to \$63 million as of the August 2016 date referenced in the pleadings and had increased with additional royalty payments made by Asus since such time), plus interest, costs and attorneys’ fees. The evidentiary hearing in the arbitration was held in January 2017, and the parties presented oral closing arguments on March 22, 2017. On August 2, 2017, the arbitral tribunal issued its Final Award. The tribunal fully rejected Asus’s counterclaim, finding that InterDigital did not fraudulently induce Asus to enter into the 2008 Asus PLA. Accordingly, the tribunal dismissed Asus’s fraudulent inducement counterclaim in its entirety. The tribunal also dismissed InterDigital’s claims that Asus breached the confidentiality provisions and the dispute resolution provisions of the 2008 Asus PLA. On October 20, 2017, InterDigital and Asus jointly moved to confirm both the tribunal’s Final Award and the Interim Award on Jurisdiction in the CA Northern District. The court confirmed both awards on October 25, 2017.

On April 16, 2018, InterDigital filed a motion in the CA Northern District Court proceeding for leave to amend its counterclaims to include a claim of intentional interference with contract. This motion remains pending.

On April 17, 2018, the parties served opening expert reports in the CA Northern District Court proceeding. Asus's damages expert contends that Asus is currently owed damages in the amount of \$75.9 million based on its claims that InterDigital charged royalties inconsistent with its FRAND commitments. Those damages, which represent a substantial portion of the royalties paid by Asus through third quarter 2017, do not reflect Asus's most recent royalty payments. Asus also seeks interest, costs and attorneys' fees, as well as, in connection with its Sherman Act claim, treble damages.

The Company has not recorded any accrual at March 31, 2018, for contingent losses associated with the CA Northern District Court Proceeding. While a material loss is reasonably possible, the Company cannot estimate the potential range of loss given the range of possible outcomes, as this matter is not at a sufficiently advanced stage to allow for such an estimate.

REGULATORY PROCEEDINGS

Investigation by National Development and Reform Commission of China

On September 23, 2013, counsel for InterDigital was informed by China's National Development and Reform Commission ("NDRC") that the NDRC had initiated a formal investigation into whether InterDigital has violated China's Anti-Monopoly Law ("AML") with respect to practices related to the licensing of InterDigital's standards-essential patents to Chinese companies. Companies found to violate the AML may be subject to a cease and desist order, fines and disgorgement of any illegal gains. On March 3, 2014, the Company submitted to NDRC, pursuant to a procedure set out in the AML, a formal application for suspension of the investigation that included proposed commitments by the Company. On May 22, 2014, NDRC formally suspended its investigation of the Company based on the commitments proposed by the Company. The Company's commitments with respect to the licensing of its patent portfolio for wireless mobile standards to Chinese manufacturers of cellular terminal units ("Chinese Manufacturers") are as follows:

1. Whenever InterDigital engages with a Chinese Manufacturer to license InterDigital's patent portfolio for 2G, 3G and 4G wireless mobile standards, InterDigital will offer such Chinese Manufacturer the option of taking a worldwide portfolio license of only its standards-essential wireless patents, and comply with F/RAND principles when negotiating and entering into such licensing agreements with Chinese Manufacturers.
2. As part of its licensing offer, InterDigital will not require that a Chinese Manufacturer agree to a royalty-free, reciprocal cross-license of such Chinese Manufacturer's similarly categorized standards-essential wireless patents.
3. Prior to commencing any action against a Chinese Manufacturer in which InterDigital may seek exclusionary or injunctive relief for the infringement of any of its wireless standards-essential patents, InterDigital will offer such Chinese Manufacturer the option to enter into expedited binding arbitration under fair and reasonable procedures to resolve the royalty rate and other terms of a worldwide license under InterDigital's wireless standards-essential patents. If the Chinese Manufacturer accepts InterDigital's binding arbitration offer or otherwise enters into an agreement with InterDigital on a binding arbitration mechanism, InterDigital will, in accordance with the terms of the arbitration agreement and patent license agreement, refrain from seeking exclusionary or injunctive relief against such company.

The commitments contained in item 3 above will expire five years from the effective date of the suspension of the investigation, or May 22, 2019.

USITC PROCEEDINGS AND RELATED DELAWARE DISTRICT COURT PROCEEDINGS

2013 USITC Proceeding (337-TA-868) and Related ZTE Delaware District Court Proceeding

USITC Proceeding (337-TA-868)

On January 2, 2013, the Company's wholly owned subsidiaries InterDigital Communications, Inc., InterDigital Technology Corporation, IPR Licensing, Inc. and InterDigital Holdings, Inc. filed a complaint with the United States International Trade Commission (the "USITC" or "Commission") against Samsung Electronics Co., Ltd., Samsung Electronics America, Inc. and Samsung Telecommunications America, LLC, Nokia Corporation and Nokia Inc., Huawei Technologies Co., Ltd., Huawei Device USA, Inc. and FutureWei Technologies, Inc. d/b/a Huawei Technologies (USA) and ZTE Corporation and ZTE (USA) Inc. (collectively, the "337-TA-868 Respondents"), alleging violations of Section 337 of the Tariff Act of 1930 in that they engaged in unfair trade practices by selling for importation into the United States, importing into the United States and/or selling after importation into the United States certain 3G and 4G wireless devices (including WCDMA-, cdma2000- and LTE-capable mobile phones, USB sticks, mobile hotspots, laptop computers and tablets and components of such devices) that infringe one or more of up to seven of InterDigital's U.S. patents. The complaint also extended to certain WCDMA and cdma2000 devices incorporating Wi-Fi functionality.

USITC sought an exclusion order that would bar from entry into the United States infringing 3G or 4G wireless devices (and components), including LTE devices, that are imported by or on behalf of the 337-TA-868 Respondents, and also sought a cease-and-desist order to bar further sales of infringing products that have already been imported into the United States. Certain of the asserted patents were also asserted against Nokia, Huawei and ZTE in earlier pending USITC proceedings (including the Nokia, Huawei and ZTE 2011 USITC Proceeding (337-TA-800) and the Nokia 2007 USITC Proceeding (337-TA-613), as set forth below) and therefore were not asserted against those 337-TA-868 Respondents in this investigation.

On December 23, 2013, InterDigital and Huawei reached a settlement agreement to enter into binding arbitration to resolve their global patent licensing disputes. Pursuant to the settlement agreement, InterDigital and Huawei moved to dismiss all litigation matters pending between the parties except the action filed by Huawei in China to set a fair, reasonable and non-discriminatory (“FRAND”) rate for the licensing of InterDigital’s Chinese standards-essential patents (discussed above under “Huawei China Proceedings”), the decision in which InterDigital is permitted to further appeal. As a result, effective February 12, 2014, the Huawei Respondents were terminated from the 337-TA-868 investigation.

From February 10 to February 20, 2014, ALJ Essex presided over the evidentiary hearing in this investigation. The patents in issue in this investigation as of the hearing were U.S. Patent Nos. 7,190,966 (the “’966 patent”) and 7,286,847 (the “’847 patent”) asserted against ZTE and Samsung, and U.S. Patent No. 7,941,151 (the “’151 patent”) asserted against ZTE, Samsung and Nokia.

On June 3, 2014, InterDigital and Samsung filed a joint motion to terminate the investigation as to Samsung on the basis of settlement. The ALJ granted the joint motion by initial determination issued on June 9, 2014, and the USITC determined not to review the initial determination on June 30, 2014.

On June 13, 2014, the ALJ issued an Initial Determination (“ID”) in the 337-TA-868 investigation. In the ID, the ALJ found that no violation of Section 337 had occurred in connection with the importation of 3G/4G devices by ZTE or Nokia, on the basis that the accused devices do not infringe asserted claims 1-6, 8-9, 16-21 or 23-24 of the ’151 patent, claims 1, 3, 6, 8, 9, or 11 of the ’966 patent, or claims 3 or 5 of the ’847 patent. The ALJ also found that claim 16 of the ’151 patent was invalid as indefinite. Among other determinations, the ALJ further determined that InterDigital did not violate any FRAND obligations, a conclusion also reached by the ALJ in the 337-TA-800 investigation, and that Respondents have engaged in patent “hold out.”

On June 30, 2014, InterDigital filed a Petition for Review with the USITC seeking review and reversal of certain of the ALJ’s conclusions in the ID. On the same day, Respondents filed a Conditional Petition for Review urging alternative grounds for affirmance of the ID’s finding that Section 337 was not violated and a Conditional Petition for Review with respect to FRAND issues.

In June 2014, Microsoft Mobile Oy (“MMO”) was added as a respondent in the investigation.

On August 14, 2014, the Commission determined to review in part the June 13, 2014 ID but terminated the investigation with a finding of no violation.

On October 10, 2014, InterDigital filed a petition for review with the U.S. Court of Appeals for the Federal Circuit (the “Federal Circuit”), appealing certain of the adverse determinations in the Commission’s August 8, 2014 final determination including those related to the ’966 and ’847 patents. On June 2, 2015, InterDigital moved to voluntarily dismiss the Federal Circuit appeal, because, even if it were to prevail, it did not believe there would be sufficient time following the court’s decision and mandate for the USITC to complete its proceedings on remand such that the accused products would be excluded before the ’966 and ’847 patents expire in June 2016. The court granted the motion and dismissed the appeal on June 18, 2015.

Related Delaware District Court Proceeding

On January 2, 2013, the Company’s wholly owned subsidiaries InterDigital Communications, Inc., InterDigital Technology Corporation, IPR Licensing, Inc. and InterDigital Holdings, Inc. filed four related district court actions in the Delaware District Court against the 337-TA-868 Respondents. The proceedings against Huawei, Samsung and Nokia were subsequently dismissed, as discussed below. The remaining complaint alleges that ZTE infringes the same patents with respect to the same products alleged in the complaint filed by InterDigital in USITC Proceeding (337-TA-868). The complaint seeks a permanent injunction and compensatory damages in an amount to be determined, as well as enhanced damages based on willful infringement, and recovery of reasonable attorneys’ fees and costs.

On January 31, 2013, ZTE filed its answer and counterclaims to InterDigital’s Delaware District Court complaint; ZTE asserted counterclaims for breach of contract, equitable estoppel, waiver of right to enjoin and declarations that

InterDigital has not offered ZTE licenses on FRAND terms, declarations seeking the determination of FRAND terms and declarations of noninfringement, invalidity and unenforceability. In addition to the declaratory relief specified in its counterclaims, ZTE seeks specific performance of InterDigital's purported contracts with ZTE and standards-setting organizations, appropriate damages in an amount to be determined at trial, reasonable attorneys' fees and such other relief as the court may deem appropriate.

On March 21, 2013, pursuant to stipulation, the Delaware District Court granted InterDigital leave to file an amended complaint against ZTE to assert allegations of infringement of the '244 patent. On March 22, 2013, ZTE filed its answer and counterclaims to InterDigital's amended Delaware District Court complaint. On April 9, 2013, InterDigital filed a motion to dismiss ZTE's counterclaims relating to its FRAND allegations. On July 12, 2013, the Delaware District Court held a hearing on InterDigital's motion to dismiss. By order issued the same day, the Delaware District Court granted InterDigital's motion, dismissing ZTE's counterclaims for equitable estoppel and waiver of the right to injunction or exclusionary relief with prejudice. It further dismissed the counterclaims for breach of contract and declaratory relief related to InterDigital's FRAND commitments with leave to amend.

On August 6, 2013, ZTE filed its answer and amended counterclaims for breach of contract and for declaratory judgment seeking determination of FRAND terms. The counterclaims also continue to seek declarations of noninfringement, invalidity, and unenforceability. On August 30, 2013, InterDigital filed a motion to dismiss the declaratory judgment counterclaim relating to the request for determination of FRAND terms. On May 28, 2014, the court granted InterDigital's motion and dismissed ZTE's FRAND-related declaratory judgment counterclaim, ruling that such declaratory judgment would serve no useful purpose.

On December 30, 2013, InterDigital and Huawei filed a stipulation of dismissal on account of the confidential settlement agreement and agreement to arbitrate their disputes in this action. On the same day, the Delaware District Court granted the stipulation of dismissal and dismissed the action against Huawei.

On February 11, 2014, the Delaware District Court judge entered an InterDigital, Nokia, and ZTE stipulated Amended Scheduling Order that bifurcated issues relating to damages, FRAND-related affirmative defenses, and any FRAND-related counterclaims.

On August 28, 2014, the court granted in part a motion by InterDigital for summary judgment that the asserted '151 patent is not unenforceable by reason of inequitable conduct, holding that only one of the references forming the basis of defendants' allegations would remain in issue, and granted a motion by InterDigital for summary judgment that the asserted claims of the '966 and '847 patents are not invalid for lack of enablement.

On August 5, 2014, InterDigital and Samsung filed a stipulation of dismissal in light of the parties' settlement agreement. On the same day, the court granted the stipulation of dismissal and dismissed the action against Samsung with prejudice.

By order dated August 28, 2014, MMO was joined in the case against Nokia as a defendant.

The ZTE trial addressing infringement and validity of the '966, '847, '244 and '151 patents was held from October 20 to October 27, 2014. During the trial, the judge determined that further construction of certain claim language of the '151 patent was required, and the judge decided to hold another trial as to ZTE's infringement of the '151 patent at a later date. On October 28, 2014, the jury returned a unanimous verdict in favor of InterDigital, finding that the '966, '847 and '244 patents are all valid and infringed by ZTE 3G and 4G cellular devices. The court issued formal judgment to this effect on October 29, 2014.

On November 26, 2014, ZTE filed a motion for judgment as a matter of law that the asserted claims of the '966, '847 and '244 patents are not infringed and, in the alternative, for a new trial. InterDigital filed an opposition on December 15, 2014, and ZTE filed a reply on January 7, 2015.

The ZTE trial addressing infringement of the '151 patent was held from April 20 to April 22, 2015. On April 22, 2015, the jury returned a verdict in favor of ZTE, finding that the '151 patent is not infringed by ZTE 3G and 4G cellular devices.

On May 29, 2015, the court entered a new scheduling order for damages and FRAND-related issues, scheduling the ZTE trial related to damages and FRAND-related issues for October 2016.

On September 14, 2015, a panel of Administrative Law Judges of the United States Patent and Trademark Office Patent Trial and Appeal Board (the "PTAB") issued a final written decision in two Inter Partes Review ("IPR") cases concerning the '244 patent. These IPR proceedings were commenced on petitions filed by ZTE Corporation and ZTE (USA)

Inc. and by Microsoft Corporation, respectively. Specifically, the panel determined that a number of claims of the '244 patent are unpatentable as obvious. IPR Licensing, Inc. appealed to the Federal Circuit seeking review of the PTAB's decision. Oral argument in the appeal was heard on April 7, 2017. On April 20, 2017, the Federal Circuit affirmed the PTAB's decision that most of the challenged claims of the '244 patent are unpatentable as obvious. However, the court vacated and remanded the PTAB's obviousness finding as to claim 8, which returned the matter to the PTAB for further proceedings as to that claim. On July 28, 2017, IPR Licensing, Inc., filed a petition for a writ of certiorari with the U.S. Supreme Court seeking to appeal the Federal Circuit decision, arguing that the petition should be held pending the Supreme Court's decision in *Oil States Energy Services, LLC v. Greene's Energy Group, LLC*, which will determine whether the IPR process as a whole is unconstitutional. On October 2, 2017, ZTE filed a response to the petition for a writ of certiorari in which ZTE agreed that the petition should be held pending the Court's decision in *Oil States* and then disposed of as appropriate in light of that decision. On April 24, 2018, the Supreme Court rejected the petitioner's constitutional challenge to the IPR process in the *Oil States* case. Accordingly, InterDigital expects that the Supreme Court will deny IPR Licensing, Inc.'s July 28, 2017 petition for a writ of certiorari. On March 6, 2018, in the PTAB remand proceeding, the PTAB again found claim 8 to be invalid. On April 10, 2018, IPR Licensing, Inc. appealed to the Federal Circuit seeking review of the PTAB's decision. That appeal remains pending.

On December 21, 2015, the district court entered another scheduling order that vacated the October 2016 date for the ZTE trial related to damages and FRAND-related issues as set forth in the May 2015 scheduling order.

On March 18, 2016, the court denied ZTE's motion for judgment as a matter of law, or in the alternative for a new trial, with respect to the '966 and '847 patents. The court postponed its ruling on ZTE's motion as to the '244 patent pending the Federal Circuit's decision on InterDigital's appeal of the September 14, 2015 PTAB ruling and administratively closed that portion of the motion.

On April 18, 2016, ZTE filed a stipulated request for dismissal with prejudice of its counterclaims for breach of contract and patent unenforceability based on FRAND and withdrew its corresponding FRAND-related affirmative defenses. The court granted this request the same day. Also on April 18, 2016, ZTE filed a motion under Federal Rule of Civil Procedure 54(b) seeking certification of partial final judgment on the claims for infringement of the '966 and '847 patents to allow ZTE to file an immediate appeal as to those patents. The motion was granted on June 7, 2016, and a partial final judgment was entered on June 20, 2016. On July 18, 2016, ZTE filed its notice of appeal with the Federal Circuit regarding the Delaware District Court's judgment against ZTE with respect to the '966 and '847 patents. Oral argument on ZTE's appeal was heard on October 4, 2017. On November 3, 2017, the Federal Circuit issued its decision affirming the Delaware District Court judgment finding that the '966 and '847 patents are not invalid and are infringed by ZTE 3G and 4G cellular devices. On December 4, 2017, ZTE filed a petition for panel rehearing of the Federal Circuit's decision. The Federal Circuit denied ZTE's petition on December 20, 2017, and the court's mandate issued on December 27, 2017.

On May 15, 2017, InterDigital and Nokia/MMO filed a stipulation of dismissal of the case against MMO, Nokia Corporation and Nokia, Inc. pursuant to a Settlement Agreement and Release of Claims among InterDigital, Microsoft Corporation, Microsoft Mobile, Inc., and MMO, dated May 9, 2017, (the "Microsoft Settlement Agreement"). On May 16, 2017, the Delaware District Court granted the stipulation and dismissed the case against MMO, Nokia Corporation and Nokia, Inc. with prejudice.

The case against ZTE remains pending. On January 16, 2018, InterDigital and ZTE filed a joint status report that informed the court of the Federal Circuit's decision regarding the '966 and '847 patents and that the PTAB proceedings regarding the '244 patent remained pending. The parties jointly requested that the case be stayed for an additional 90 days so that the portion of the case related to damages potentially owed by ZTE as to the three patents-in-suit may be coordinated. The court granted this request on January 17, 2018. On April 13, 2018, the parties jointly requested that the stay be maintained pending InterDigital's appeal of the PTAB's March 6, 2018 decision as to the '244 patent. On the same day, the court issued an order continuing the stay for an additional 90 days, through July 12, 2018.

2011 USITC Proceeding (337-TA-800) and Related ZTE Delaware District Court Proceeding

USITC Proceeding (337-TA-800)

On July 26, 2011, InterDigital's wholly owned subsidiaries InterDigital Communications, LLC (now InterDigital Communications, Inc.), InterDigital Technology Corporation and IPR Licensing, Inc. filed a complaint with the USITC against Nokia Corporation and Nokia Inc., Huawei Technologies Co., Ltd. and FutureWei Technologies, Inc. d/b/a Huawei Technologies (USA) and ZTE Corporation and ZTE (USA) Inc. (collectively, the "337-TA-800 Respondents"), alleging violations of Section 337 of the Tariff Act of 1930 in that they engaged in unfair trade practices by selling for importation into the United States, importing into the United States and/or selling after importation into the United States certain 3G wireless devices (including WCDMA- and cdma2000-capable mobile phones, USB sticks, mobile hotspots and tablets and components

of such devices) that infringe several of InterDigital's U.S. patents. The action also extended to certain WCDMA and cdma2000 devices incorporating WiFi functionality. InterDigital's complaint with the USITC sought an exclusion order that would bar from entry into the United States any infringing 3G wireless devices (and components) that are imported by or on behalf of the 337-TA-800 Respondents, and also sought a cease-and-desist order to bar further sales of infringing products that have already been imported into the United States. In May 2012, Huawei Device USA, Inc. was added as a 337-TA-800 Respondent.

The ALJ held an evidentiary hearing from February 12-21, 2013. The patents in issue as of the hearing were U.S. Patent Nos. 8,009,636 (the "'636 patent"), 7,706, 830 (the "'830 patent"), 7,502,406 (the "'406 patent"), 7,616,970 (the "'970 patent"), 7,706,332 (the "'332 patent"), 7,536,013 (the "'013 patent") and 7,970,127 (the "'127 patent"). The ALJ's Initial Determination ("ID") issued on June 28, 2013, finding no violation because the asserted patents were not infringed and/or invalid. Among other determinations, with respect to the 337-TA-800 Respondents' FRAND and other equitable defenses, the ALJ found that Respondents had failed to prove either that InterDigital violated any FRAND obligations, that InterDigital failed to negotiate in good faith, or that InterDigital's licensing offers were discriminatory. The ALJ also found that InterDigital is not precluded from seeking injunctive relief based on any alleged FRAND commitments.

Petitions for review of the ID to the Commission were filed by InterDigital and the 337-TA-800 Respondents on July 15, 2013. On September 4, 2013, the Commission determined to review the ID in its entirety.

On December 19, 2013, the Commission issued its final determination. The Commission adopted, with some modification, the ALJ's finding of no violation of Section 337 as to Nokia, Huawei, and ZTE. The Commission did not rule on any other issue, including FRAND and domestic industry, and stated that all other issues remain under review.

On December 20, 2013, InterDigital filed in the Federal Circuit a petition for review seeking reversal of the Commission's final determination. On February 18, 2015, the Federal Circuit issued a decision affirming the USITC's determinations that the claims of the '830, '636, '406 and '332 patents were not infringed, that the claims of the '970 patent are invalid, and that the Respondents did not violate Section 337. On April 6, 2015, InterDigital filed a combined petition for panel rehearing and rehearing *en banc* as to the '830 and '636 patents. The petition was denied on May 12, 2015, and the court's mandate issued on May 19, 2015.

Related Delaware District Court Proceeding

On July 26, 2011, the same date that InterDigital filed USITC Proceeding (337-TA-800), it filed a parallel action in the United States District Court for the District of Delaware against the 337-TA-800 Respondents alleging infringement of the same asserted patents identified in USITC Proceeding (337-TA-800). The Delaware District Court complaint seeks a permanent injunction and compensatory damages in an amount to be determined, as well as enhanced damages based on willful infringement, and recovery of reasonable attorneys' fees and costs. On September 23, 2011, the defendants in the Delaware District Court complaint filed a motion to stay the Delaware District Court action pending the parallel proceedings in the USITC. Because the USITC has instituted USITC Proceeding (337-TA-800), the defendants have a statutory right to a mandatory stay of the Delaware District Court proceeding pending a final determination in the USITC. On October 3, 2011, InterDigital amended the Delaware District Court complaint, adding LG as a defendant and adding the same additional patent that InterDigital requested be added to USITC Proceeding (337-TA-800). On October 11, 2011, the Delaware District Court granted the defendants' motion to stay. The case is currently stayed through June 11, 2018.

On January 14, 2014, InterDigital and Huawei filed a stipulation of dismissal of their disputes in this action on account of the confidential settlement agreement mentioned above. On the same day, the Delaware District Court granted the stipulation of dismissal.

On May 15, 2017, InterDigital and Nokia filed a stipulation of dismissal of their dispute pursuant to the Microsoft Settlement Agreement discussed above. On May 16, 2017, the Delaware District Court granted the stipulation and dismissed the case with prejudice with respect to Nokia Corporation and Nokia Inc.

In December 2017, InterDigital entered into a patent license agreement with LG, pursuant to which the parties agreed to terms for dismissal by InterDigital of the outstanding litigation among the parties and their affiliates. Accordingly, on December 5, 2017, InterDigital and LG filed a stipulation of dismissal of the case against LG. On the same day, the Delaware District Court granted the stipulation and dismissed the case against LG with prejudice.

The case remains pending with respect to ZTE.

OTHER

We are party to certain other disputes and legal actions in the ordinary course of business, including arbitrations and legal proceedings with licensees regarding the terms of their agreements and the negotiation thereof. We do not currently believe that these matters, even if adversely adjudicated or settled, would have a material adverse effect on our financial condition, results of operations or cash flows. None of the preceding matters have met the requirements for accrual or disclosure of a potential range as of March 31, 2018.

5. EQUITY TRANSACTIONS

Changes in shareholders' equity for the three months ended March 31, 2018 and March 31, 2017 were as follows (in thousands):

	For the Three Months Ended March 31,	
	2018	2017
Balance beginning of period, December 31	\$ 855,267	\$ 739,709
Cumulative effect of change in accounting principle	161,251	—
Net income attributable to InterDigital, Inc.	29,925	33,756
Unrealized (loss) gain on investments, net	(1,747)	(45)
Cash dividends declared	(12,164)	(10,404)
Repurchase of common stock	(6,024)	—
Exercise of common stock options	—	82
Taxes withheld upon vesting of restricted stock units	(8,277)	(21,955)
Share-based compensation	816	5,317
Total InterDigital, Inc. shareholders' equity end of period	\$ 1,019,047	\$ 746,460
Noncontrolling Interest Balance beginning of period, December 31	17,881	14,659
Net loss attributable to noncontrolling interest	(1,196)	(978)
Noncontrolling interest	16,685	13,681
Total Equity end of period	\$ 1,035,732	\$ 760,141

Repurchase of Common Stock

In June 2014, our Board of Directors authorized a \$300 million share repurchase program (the "2014 Repurchase Program"). In June 2015, our Board of Directors authorized a \$100 million increase to the program, and in September 2017, our Board of Directors authorized another \$100 million increase to the program, bringing the total amount of the 2014 Repurchase Program to \$500 million. The Company may repurchase shares under the 2014 Repurchase Program through open market purchases, pre-arranged trading plans or privately negotiated purchases.

The table below sets forth the number of shares repurchased and the dollar value of shares repurchased under the 2014 Repurchase Program from inception of the program through first quarter 2018 (in thousands).

	2014 Repurchase Program	
	# of Shares	Value
2018	84	\$ 6,024
2017	107	7,692
2016	1,304	64,685
2015	1,836	96,410
2014	3,554	152,625
Total	6,885	\$ 327,436

Dividends

Cash dividends on outstanding common stock declared in 2018 and 2017 were as follows (in thousands, except per share data):

	2018	Per Share	Total	Cumulative by Fiscal Year
First quarter		\$ 0.35	\$ 12,164	\$ 12,164
		<u>\$ 0.35</u>	<u>\$ 12,164</u>	
	2017	Per Share	Total	Cumulative by Fiscal Year
First quarter		\$ 0.30	\$ 10,404	\$ 10,404
Second quarter		0.30	10,413	20,817
Third quarter		0.35	12,149	32,966
Fourth quarter		0.35	12,156	45,122
		<u>\$ 1.30</u>	<u>\$ 45,122</u>	

In September 2017, we announced that our Board of Directors had approved an increase in the Company's quarterly cash dividend to \$0.35 per share. We currently expect to continue to pay dividends comparable to our quarterly \$0.35 per share cash dividend in the future; however, continued payment of cash dividends and changes in the Company's dividend policy will depend on the Company's earnings, financial condition, capital resources and capital requirements, alternative uses of capital, restrictions imposed by any existing debt, economic conditions and other factors considered relevant by our Board of Directors.

6. CONCENTRATION OF CREDIT RISK AND FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Concentration of Credit Risk and Fair Value of Financial Instruments

Financial instruments that potentially subject us to concentration of credit risk consist primarily of cash equivalents, short-term investments, and accounts receivable. We place our cash equivalents and short-term investments only in highly rated financial instruments and in United States government instruments.

Our accounts receivable and contract assets are derived principally from patent license and technology solutions agreements. At March 31, 2018 and December 31, 2017, five and three licensees comprised 83% and 96% of our net accounts receivable balance, respectively. We perform ongoing credit evaluations of our licensees, who generally include large, multinational, wireless telecommunications equipment manufacturers. We believe that the book values of our financial instruments approximate their fair values.

Fair Value Measurements

We use various valuation techniques and assumptions when measuring the fair value of our assets and liabilities. We utilize market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. This guidance established a hierarchy that prioritizes fair value measurements based on the types of input used for the various valuation techniques (market approach, income approach and cost approach). The levels of the hierarchy are described below:

Level 1 Inputs — Level 1 includes financial instruments for which quoted market prices for identical instruments are available in active markets.

Level 2 Inputs — 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 3 Inputs — 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.

Our assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of financial assets and financial liabilities and their placement within the fair value hierarchy. We use quoted market prices for similar assets to estimate the fair value of our Level 2 investments. Our financial assets are included within short-term investments on our condensed consolidated balance sheets, unless otherwise indicated. Our financial assets that are accounted for at fair value on a recurring basis are presented in the tables below as of March 31, 2018 and December 31, 2017 (in thousands):

	Fair Value as of March 31, 2018			
	Level 1	Level 2	Level 3	Total
Assets:				
Money market and demand accounts (a)	\$ 237,032	\$ —	\$ —	\$ 237,032
Commercial paper (b)	—	138,279	—	138,279
U.S. government securities (b)	—	540,214	—	540,214
Corporate bonds, asset backed and other securities	—	201,092	—	201,092
	<u>\$ 237,032</u>	<u>\$ 879,585</u>	<u>\$ —</u>	<u>\$ 1,116,617</u>

(a) Included within cash and cash equivalents.

(b) Includes \$100.6 million of commercial paper and \$79.8 million of U.S. government securities that are included within cash and cash equivalents.

	Fair Value as of December 31, 2017			
	Level 1	Level 2	Level 3	Total
Assets:				
Money market and demand accounts (a)	\$ 417,348	\$ —	\$ —	\$ 417,348
Commercial paper (b)	—	66,132	—	66,132
U.S. government securities	—	511,032	—	511,032
Corporate bonds, asset backed and other securities	—	163,483	—	163,483
	<u>\$ 417,348</u>	<u>\$ 740,647</u>	<u>\$ —</u>	<u>\$ 1,157,995</u>

(a) Included within cash and cash equivalents.

(b) Includes \$15.7 million of commercial paper that is included within cash and cash equivalents.

The principal amount, carrying value and related estimated fair value of the Company's senior convertible debt reported in the condensed consolidated balance sheets as of March 31, 2018 and December 31, 2017 are as follows (in thousands):

	March 31, 2018			December 31, 2017		
	Principal Amount	Carrying Value	Fair Value	Principal Amount	Carrying Value	Fair Value
Total Long-Term Debt	<u>\$ 316,000</u>	<u>\$ 288,506</u>	<u>\$ 367,154</u>	<u>\$ 316,000</u>	<u>\$ 285,126</u>	<u>\$ 377,029</u>

The aggregate fair value of the principal amount of the long-term debt (Level 2 Notes as defined in Note 7 “*Long-Term Debt*”) was calculated using inputs such as actual trade data, benchmark yields, broker/dealer quotes and other similar data, which were obtained from independent pricing vendors, quoted market prices or other sources.

7. LONG-TERM DEBT

2020 Senior Convertible Notes, and related Note Hedge and Warrant Transactions

On March 11, 2015, we issued \$316.0 million in aggregate principal amount of 1.50% Senior Convertible Notes due 2020 (the “2020 Notes”). The 2020 Notes bear interest at a rate of 1.50% per year, payable in cash on March 1 and September 1 of each year, commencing September 1, 2015, and mature on March 1, 2020, unless earlier converted or repurchased.

The 2020 Notes will be convertible into cash, shares of our common stock or a combination thereof, at our election, at a current conversion rate of 13.9392 shares of common stock per \$1,000 principal amount of 2020 Notes (which is equivalent to a conversion price of approximately \$71.74 per share), as adjusted pursuant to the terms of the indenture for the 2020 Notes (the "Indenture"). The conversion rate, and thus the conversion price, may be adjusted under certain circumstances, including in connection with conversions made following certain fundamental changes and under other circumstances set forth in the Indenture. It is our current intent and policy to settle all conversions through combination settlement of cash and shares of common stock, with a specified dollar amount of \$1,000 per \$1,000 principal amount of the 2020 Notes and any remaining amounts in shares.

Prior to 5:00 p.m., New York City time, on the business day immediately preceding December 1, 2019, the 2020 Notes will be convertible only under certain circumstances as set forth in the Indenture, including on any date during any calendar quarter (and only during such calendar quarter) if the closing sale price of our common stock was more than 130% of the applicable conversion price (approximately \$93.26 based on the current conversion price) on each applicable trading day for at least 20 trading days in the period of the 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter.

Commencing on December 1, 2019, the 2020 Notes will be convertible in multiples of \$1,000 principal amount, at any time prior to 5:00 p.m., New York City time, on the second scheduled trading day immediately preceding the maturity date of the 2020 Notes.

The Company may not redeem the 2020 Notes prior to their maturity date.

On March 5 and March 9, 2015, in connection with the offering of the 2020 Notes, we entered into convertible note hedge transactions that cover approximately 3.8 million and approximately 0.6 million shares of our common stock, respectively, at a strike price that corresponds initially to the initial conversion price of the 2020 Notes and are exercisable upon conversion of the 2020 Notes.

The cost of the March 5 and March 9, 2015 convertible note hedge transactions was approximately \$51.7 million and approximately \$7.7 million, respectively.

On March 5 and March 9, 2015, we sold warrants to acquire approximately 3.8 million and approximately 0.6 million, respectively, of common stock, subject to customary anti-dilution adjustments. As of March 31, 2018, the warrants had a strike price of approximately \$87.68 per share, as adjusted. The warrants become exercisable and expire in daily tranches over a three and a half month period starting in June 2020. As consideration for the warrants issued on March 5 and March 9, 2015, we received approximately \$37.3 million and approximately \$5.6 million, respectively.

On April 3, 2018, in connection with the reorganization of the Company's holding company structure, the predecessor company (now known as InterDigital Wireless, Inc., the "Predecessor Company") and the successor company (now known as InterDigital, Inc., the "Successor Company") entered into a First Supplemental Indenture (the "Supplemental Indenture") to the Indenture with the trustee. The Supplemental Indenture effected certain amendments to the Indenture in connection with the Reorganization, which, among other things, amended the conversion right of the 2020 Notes so that at the effective time of the Reorganization, the holder of each Note outstanding as of the effective time of the Reorganization will have the right to convert, subject to the terms of the Indenture, each \$1,000 principal amount of such 2020 Note into the number of shares of the Successor Company's common stock that a holder of a number of shares of the Predecessor Company's common stock equal to the conversion rate immediately prior to the effective time of the Reorganization would have been entitled to receive upon the Reorganization. In addition, pursuant to the Supplemental Indenture, the Successor Company guaranteed the Predecessor Company's obligations under the 2020 Notes and the Indenture.

Accounting Treatment of the 2020 Notes and related Convertible Note Hedge and Warrant Transactions

The offering of the 2020 Notes on March 5, 2015 was for \$275.0 million and included an overallotment option that allowed the initial purchasers to purchase up to an additional \$41.0 million aggregate principal amount of 2020 Notes. The initial purchasers exercised their overallotment option on March 9, 2015, bringing the total amount of 2020 Notes issued on March 11, 2015 to \$316.0 million.

In connection with the offering of the 2020 Notes, as discussed above, InterDigital entered into convertible note hedge transactions with respect to its common stock. The \$59.4 million cost of the convertible note hedge transactions was partially offset by the proceeds from the sale of the warrants described above, resulting in a net cost of \$16.5 million. Both the convertible note hedge and warrants were classified as equity.

The Company bifurcated the proceeds from the offering of the 2020 Notes between liability and equity components. On the date of issuance, the liability and equity components were calculated to be approximately \$256.7 million and \$59.3 million, respectively. The initial \$256.7 million liability component was determined based on the fair value of similar debt instruments excluding the conversion feature. The initial \$59.3 million (\$38.6 million net of tax) equity component represents

the difference between the fair value of the initial \$256.7 million in debt and the \$316.0 million of gross proceeds. The related initial debt discount of \$59.3 million is being amortized using the effective interest method over the life of the 2020 Notes. An effective interest rate of 5.89% was used to calculate the debt discount on the 2020 Notes.

In connection with the above-noted transactions, the Company incurred \$9.3 million of directly related costs. The initial purchasers' transaction fees and related offering expenses were allocated to the liability and equity components in proportion to the allocation of proceeds and accounted for as debt and equity issuance costs, respectively. We allocated \$7.0 million of debt issuance costs to the liability component, which were capitalized as deferred financing costs. These costs are being amortized to interest expense over the term of the debt using the effective interest method. The remaining \$2.4 million of costs allocated to the equity component were recorded as a reduction of the equity component.

The following table reflects the carrying value of the 2020 Notes as of March 31, 2018 and December 31, 2017 (in thousands):

	March 31, 2018	December 31, 2017
Principal	\$ 316,000	\$ 316,000
Less:		
Unamortized interest discount	(24,830)	(27,863)
Deferred financing costs	(2,664)	(3,011)
Net carrying amount of 2020 Notes	<u>\$ 288,506</u>	<u>\$ 285,126</u>

The following table presents the amount of interest cost recognized, which is included within "*Other Expense*" in our condensed consolidated statements of income, for the three months ended March 31, 2018 and March 31, 2017 relating to the contractual interest coupon, accretion of the debt discount, and the amortization of financing costs (in thousands):

	For the Three Months Ended March 31,	
	2018	2017
Contractual coupon interest	\$ 1,185	\$ 1,185
Accretion of debt discount	3,033	2,854
Amortization of deferred financing costs	347	347
Total	<u>\$ 4,565</u>	<u>\$ 4,386</u>

8. VARIABLE INTEREST ENTITIES

As further discussed below, we are the primary beneficiary of two variable interest entities. As of March 31, 2018, the combined book values of the assets and liabilities associated with these variable interest entities included in our condensed consolidated balance sheet were \$37.5 million and \$3.7 million, respectively. Assets included \$15.9 million of cash and cash equivalents, \$10.0 million of accounts receivable, and \$11.1 million of patents, net. As of December 31, 2017, the combined book values of the assets and liabilities associated with these variable interest entities included in our condensed consolidated balance sheet were \$34.4 million and \$0.2 million, respectively. Assets included \$23.3 million of cash and cash equivalents and \$11.1 million of patents, net. We recognized \$10.0 million of non-current patent royalties during the quarter related to a patent license agreement signed by the Signal Trust for Wireless Innovation (the "Signal Trust").

Convida Wireless

In September 2015, we renewed and expanded our joint venture with Sony, Convida Wireless, to include 5G technologies. Convida Wireless was launched in 2013 to combine Sony's consumer electronics expertise with our pioneering Internet of Things ("IoT") expertise to drive IoT communications and connectivity. Based on the terms of the agreement, the parties will contribute funding and resources for additional research and platform development, which we will perform. SCP IP Investment LLC, an affiliate of Stephens Inc., is a minority investor in Convida Wireless.

Convida Wireless is a variable interest entity. Based on our provision of research and platform development services to Convida Wireless, we have determined that we remain the primary beneficiary for accounting purposes and will continue to consolidate Convida Wireless. For the three months ended March 31, 2018 and 2017, we have allocated approximately \$1.2 million and \$1.0 million, respectively, of Convida Wireless's net loss to noncontrolling interests held by other parties.

Signal Trust for Wireless Innovation

During 2013, we announced the establishment of the Signal Trust, the goal of which is to monetize a large InterDigital patent portfolio related to cellular infrastructure.

The more than 500 patents and patent applications transferred from InterDigital to the Signal Trust focus primarily on 3G and LTE technologies, and were developed by InterDigital's engineers and researchers over more than a decade, with a number of the innovations contributed to the worldwide standards process.

InterDigital is the primary beneficiary of the Signal Trust. The distributions from the Signal Trust will support continued research related to cellular wireless technologies. A small portion of the proceeds from the Signal Trust will be used to fund, through the Signal Foundation for Wireless Innovation, scholarly analysis of intellectual property rights and the technological, commercial and creative innovations they facilitate.

The Signal Trust is a variable interest entity. Based on the terms of the trust agreement, we have determined that we are the primary beneficiary for accounting purposes and must consolidate the Signal Trust.

9. COMMITMENTS

On March 1, 2018, we announced that we had made a binding offer to purchase the patent licensing business of Technicolor for \$150.0 million in cash plus certain future contingent consideration. The transaction includes the right to acquire a patent portfolio that currently includes more than 21,000 patents and applications across a broad range of technologies, including over 2,500 worldwide video coding patents and applications; the assumption by InterDigital of Technicolor's role as sole licensing agent for the joint licensing program with Sony Corporation for digital televisions and computer display monitors; and jointly funded research and development to supplement InterDigital's portfolio. Technicolor's global team of licensing professionals, patent managers and support staff will join InterDigital and work with its existing licensing team.

We will pay Technicolor \$150.0 million in cash upon close of the transaction. Technicolor will also receive 42.5% of all future cash receipts (net of operating expenses) from our new licensing efforts in the consumer electronics field. There will be no revenue sharing associated with our licensing efforts in the mobile field.

After completing the required consultation with Technicolor's works council, we expect to execute a definitive acquisition agreement, the terms of which have been negotiated. The transaction is expected to close in mid-2018, subject to the receipt of certain consents, the satisfaction of customary closing conditions and any regulatory approvals.

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

OVERVIEW

The following discussion should be read in conjunction with the unaudited, condensed consolidated financial statements and notes thereto contained in Part I, Item 1 of this Quarterly Report on Form 10-Q, in addition to our 2017 Form 10-K, other reports filed with the SEC and the *Statement Pursuant to the Private Securities Litigation Reform Act of 1995 — Forward-Looking Statements* below.

Throughout the following discussion and elsewhere in this Form 10-Q, we refer to "recurring revenues" and "non-current patent royalties." Recurring revenues are comprised of "current patent royalties" and "current technology solutions revenue." Non-current patent royalties are comprised of "past patent royalties" and "static fixed-fee revenue."

New License Agreements

During first quarter 2018, we signed a multi-year, worldwide, non-exclusive, royalty-bearing patent license agreement with Kyocera Corporation ("Kyocera"). The agreement covers sales by Kyocera and its affiliates of terminal unit products designed to operate in accordance with WCDMA and LTE standards, providing Kyocera expanded coverage for products in addition to those covered under its existing license agreement with InterDigital. We recognized \$10.0 million of non-current patent royalties during the quarter related to this new license agreement.

During first quarter 2018, the Signal Trust for Wireless Innovation (the "Signal Trust"), established by the Company in 2013, signed a patent license agreement with a provider of telecommunications infrastructure equipment. The Signal Trust holds a patent portfolio related to cellular infrastructure, and it is a variable interest entity. Based on the terms of the trust agreement, we have determined that we are the primary beneficiary of the Signal Trust for accounting purposes and, therefore, must consolidate the Signal Trust. We recognized \$10.0 million of non-current patent royalties during the quarter related to this new license agreement.

New Accounting Guidance

In first quarter 2018, we adopted ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)" ("ASC 606"). We adopted the requirements of the new standard as of January 1, 2018 using the modified retrospective method. This resulted in a cumulative adjustment of \$161.3 million to retained earnings.

The adoption of the new guidance affected our recognition of revenue from both our fixed-fee and per-unit license agreements. For accounting purposes under this new guidance, we separate our fixed-fee license agreements into two categories: (i) those agreements that provide rights, over the term of the license, to future technologies that are highly interdependent or highly interrelated to the technologies provided at the inception of the agreement ("Dynamic Fixed-Fee Agreements") and (ii) those agreements that do not provide for rights to such future technologies ("Static Fixed-Fee Agreements"). As a result of our adoption of the new guidance, we will continue to recognize revenue from Dynamic Fixed-Fee Agreements on a straight-line basis over the term of the related license agreement, while we expect to recognize most or all of the revenue from Static Fixed-Fee Agreements in the quarter the license agreement is signed. We will not recognize any ongoing revenue from Static Fixed-Fee Agreements already in existence at the time the guidance was adopted. Additionally, in the event a significant financing component is determined to exist in any of our agreements, we will recognize more or less revenue and corresponding interest expense or income, as appropriate.

Assuming we had not adopted ASC 606, we would have recognized \$17.5 million of additional revenue and \$4.7 million less interest expense, which after taxes would have resulted in \$16.1 million of additional net income for the quarter. See Note 1, "*Basis of Presentation*," in the Notes to Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for further discussion on adoption of ASC 606.

Recurring Revenue

First quarter 2018 recurring revenue was \$64.1 million. Under ASC 605, recurring revenue for first quarter 2018 would have been \$91.6 million, compared to \$94.5 million in 2017, with the decrease primarily driven by the expiration of a technology solutions agreement. Refer to "Results of Operations -- First Three Months 2018 Compared to First Three Months 2017" for further discussion of our 2018 revenue.

Technicolor Asset Acquisition

On March 1, 2018, we announced that we had made a binding offer to purchase the patent licensing business of Technicolor for \$150 million in cash plus certain future contingent consideration. The transaction includes the right to acquire a patent portfolio that currently includes more than 21,000 patents and applications across a broad range of technologies, including over 2,500 worldwide video coding patents and applications; the assumption by InterDigital of Technicolor's role as sole licensing agent for the joint licensing program with Sony Corporation for digital televisions and computer display monitors; and jointly funded research and development to supplement InterDigital's portfolio. Technicolor's global team of licensing professionals, patent managers and support staff will join InterDigital and work with its existing licensing team. We plan to deploy the acquired assets into our existing mobile industry licensing efforts and extend our licensing program into new activities in the consumer electronics field.

We will pay Technicolor \$150 million in cash upon close of the transaction. Technicolor will also receive 42.5% of all future cash receipts (net of operating expenses) from our new licensing efforts in the consumer electronics field. There will be no revenue sharing associated with our licensing efforts in the mobile field. As part of the transaction, we will also grant back to Technicolor a perpetual license for patents acquired in the transaction. With respect to patents generated through the jointly funded research and development efforts, InterDigital will own the patents, and Technicolor will receive a license back to the assets resulting from the targeted research conducted by its research and innovation team.

After completing the required consultation with Technicolor's works council, we expect to execute a definitive acquisition agreement, the terms of which have been negotiated. The transaction is expected to close in mid-2018, subject to the receipt of certain consents, the satisfaction of customary closing conditions and any regulatory approvals.

Share Repurchase Program

During first quarter 2018, we repurchased 0.1 million shares for \$6.0 million under the 2014 Repurchase Program. As of March 31, 2018, there was approximately \$172.6 million remaining under the stock repurchase authorization.

Comparability of Financial Results

When comparing first quarter 2018 financial results against other periods, the following items should be taken into consideration:

- \$20.0 million of non-current patent royalties primarily attributable to new patent license agreements signed during the quarter;

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- the recognition of discrete tax benefits totaling \$3.4 million related to share-based compensation and our sale of a commercial initiative; and
- as discussed above, assuming we had not adopted ASC 606, we would have recognized \$17.5 million of additional revenue and \$4.7 million less interest expense, which after taxes would have resulted in \$16.1 million of additional net income.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our significant accounting policies are described in Note 1 of the *Notes to Consolidated Financial Statements* included in our 2017 Form 10-K. A discussion of our critical accounting policies, and the estimates related to them, are included in *Management's Discussion and Analysis of Financial Condition and Results of Operations* in our 2017 Form 10-K. With the exception of our adoption of ASC 606 as discussed below, there have been no material changes to our existing critical accounting policies from the disclosures included in our 2017 Form 10-K. Refer to Note 1, "Basis of Presentation," in the *Notes to Condensed Consolidated Financial Statements* included in Part I, Item 1 of this Quarterly Report on Form 10-Q for updates related to new accounting pronouncements. See below for critical accounting estimates from the current year period.

Revenue Recognition

Beginning January 1, 2018, we adopted ASC 606. See Note 1, "Basis of Presentation," to the Notes to Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for discussion regarding this new accounting policy.

FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

Our primary sources of liquidity are cash, cash equivalents and short-term investments, as well as cash generated from operations. We believe we have the ability to obtain additional liquidity through debt and equity financings. Based on our past performance and current expectations, we believe our available sources of funds, including cash, cash equivalents and short-term investments and cash generated from our operations, will be sufficient to finance our operations, capital requirements, debt obligations, existing stock repurchase program and dividend program for the next twelve months as well as the Technicolor asset acquisition discussed above.

Cash, cash equivalents and short-term investments

At March 31, 2018, and December 31, 2017, we had the following amounts of cash, cash equivalents and short-term investments (in thousands):

	March 31, 2018	December 31, 2017	Increase / (Decrease)
Cash and cash equivalents	\$ 417,481	\$ 433,014	\$ (15,533)
Short-term investments	699,136	724,981	(25,845)
Total cash and cash equivalents and short-term investments	<u>\$ 1,116,617</u>	<u>\$ 1,157,995</u>	<u>\$ (41,378)</u>

The net decrease in cash, cash equivalents and short-term investments was primarily attributable to \$26.5 million used in financing activities for dividend payments, share repurchases and cash payments for payroll taxes upon vesting of restricted stock units. Additionally, cash used in investing activities contributed \$12.7 million to the decrease, including capital investments for patents and fixed assets, as well as long-term investments. Please see below for further discussion of these items.

Cash flows from operations

We used the following cash flows from our operating activities in first quarter 2018 and 2017 (in thousands):

	For the Three Months Ended March 31,		
	2018	2017	Increase / (Decrease)
Net cash used in operating activities	\$ (595)	\$ (25,855)	\$ 25,260

Our cash flows provided by operating activities are principally derived from cash receipts from patent license and technology solutions agreements offset by cash operating expenses and income tax payments. The decrease in cash flows used in operating activities of \$25.3 million was primarily attributable to an increase in cash receipts of \$29.7 million, partially offset

by an increase in income taxes paid of \$5.1 million. The increases in cash receipts and taxes paid were primarily driven by collections and related foreign withholding taxes of a portion of the royalty payments from the LG Electronics, Inc. ("LG"), patent license agreement during the three months ended March 31, 2018. The table below sets forth the significant items comprising our cash flows provided by operating activities during the three months ended March 31, 2018 and 2017 (in thousands).

	For the Three Months Ended March 31,		
	2018	2017	Increase / (Decrease)
Cash Receipts:			
Patent royalties	\$ 50,930	\$ 20,823	\$ 30,107
Technology solutions	5,912	6,368	(456)
Total cash receipts	\$ 56,842	\$ 27,191	\$ 29,651
Cash Outflows:			
Cash operating expenses ^a	41,779	40,717	1,062
Income taxes paid ^b	8,053	2,990	5,063
Total cash outflows	49,832	43,707	6,125
Other working capital adjustments	(7,605)	(9,339)	1,734
Cash flows used in operating activities	\$ (595)	\$ (25,855)	\$ 25,260

(a) Cash operating expenses include operating expenses less depreciation of fixed assets, amortization of patents and non-cash compensation.

(b) Income taxes paid include foreign withholding taxes.

Working capital

We believe that working capital adjusted to exclude cash, cash equivalents and short-term investments and to include current deferred revenue provides additional information about non-cash assets and liabilities that might affect our near-term liquidity. While we believe cash and short-term investments are important measures of our liquidity, the remaining components of our current assets and current liabilities, with the exception of deferred revenue, could affect our near-term liquidity and/or cash flow. We have no material obligations associated with our deferred revenue, and the amortization of deferred revenue has no impact on our future liquidity and/or cash flow. Our adjusted working capital, a non-GAAP financial measure, reconciles to working capital, the most directly comparable GAAP financial measure, at March 31, 2018, and December 31, 2017 (in thousands), as follows:

	March 31, 2018	December 31, 2017	Increase / (Decrease)
Current assets	\$ 1,208,398	\$ 1,395,794	\$ (187,396)
Less: current liabilities	126,190	376,441	(250,251)
Working capital	1,082,208	1,019,353	62,855
Subtract:			
Cash and cash equivalents	417,481	433,014	(15,533)
Short-term investments	699,136	724,981	(25,845)
Add:			
Current deferred revenue	75,652	307,142	(231,490)
Adjusted working capital	\$ 41,243	\$ 168,500	\$ (127,257)

The \$127.3 million net decrease in adjusted working capital is primarily attributable to a decrease in accounts receivable with an offset to deferred revenue as a result of our adoption of ASC 606. Refer to Note 1, "*Basis of Presentation*," for more information.

Cash flows from investing and financing activities

Net cash provided by investing activities for first quarter 2018 was \$11.5 million, a \$218.5 million increase from \$207.0 million net cash used in first quarter 2017. We sold \$24.2 million, net of purchases, of short-term marketable securities in first quarter 2018, as compared to purchases of \$198.4 million, net of sales, in first quarter 2017. Investment costs associated with capitalized patent costs were \$8.0 million in first quarter 2018 compared to \$7.8 million in first quarter 2017.

Net cash used in financing activities for first quarter 2018 was \$26.5 million, a \$5.7 million decrease from \$32.2 million in first quarter 2017. This decrease was primarily attributable to a \$13.7 million decrease in payroll taxes upon the vesting of restricted stock units, partially offset by a \$6.0 million increase in repurchases of common stock and a \$1.9 million increase in dividends paid. The decrease in payroll taxes was driven by both a greater number of restricted stock units vested and a higher share price on their vesting date in first quarter 2017 as compared to restricted stock unit vestings in first quarter 2018. The increase in dividend payments was attributable to the September 2017 increase in the Company's regular quarterly cash dividend, from \$0.30 per share to \$0.35 per share.

Other

Our combined short-term and long-term deferred revenue balance at March 31, 2018 was approximately \$241.6 million, a decrease of \$375.2 million from December 31, 2017. The decrease was primarily due to our adoption of ASC 606. Refer to Note 1, "*Basis of Presentation*," for more information. Additionally, deferred revenue decreased by \$53.1 million of deferred revenue recognized. These decreases were partially offset by \$7.8 million primarily associated with fixed-fee agreement payments. The deferred revenue recognized was comprised entirely of amortized fixed-fee royalty payments.

Based on current license agreements, we expect the amortization of fixed-fee royalty payments to reduce the March 31, 2018 deferred revenue balance of \$241.6 million by \$75.7 million over the next twelve months.

Convertible Notes

Our 1.50% Senior Convertible Notes due 2020 (for purposes of this discussion, the "Convertible Notes") are included in the dilutive earnings per share calculation using the treasury stock method. Under the treasury stock method, we must calculate the number of shares of common stock issuable under the terms of the Convertible Notes based on the average market price of our common stock during the applicable reporting period, and include that number in the total diluted shares figure for the period. At the time we issued the Convertible Notes, we entered into convertible note hedge and warrant agreements that together were designed to have the economic effect of reducing the net number of shares that will be issued in the event of conversion of the Convertible Notes by, in effect, increasing the conversion price of the Convertible Notes from our economic standpoint. However, under GAAP, since the impact of the convertible note hedge agreements is anti-dilutive, we exclude from the calculation of fully diluted shares the number of shares of our common stock that we would receive from the counterparties to these agreements upon settlement.

During periods in which the average market price of the Company's common stock is above the applicable conversion price of the Convertible Notes (\$71.74 per share as of March 31, 2018) or above the strike price of the warrants (\$87.68 per share as of March 31, 2018), the impact of conversion or exercise, as applicable, would be dilutive and such dilutive effect is reflected in diluted earnings per share. As a result, in periods where the average market price of the Company's common stock is above the conversion price or strike price, as applicable, under the treasury stock method, the Company calculates the number of shares issuable under the terms of the Convertible Notes and the warrants based on the average market price of the stock during the period, and includes that number in the total diluted shares outstanding for the period.

Under the treasury stock method, changes in the price per share of our common stock can have a significant impact on the number of shares that we must include in the fully diluted earnings per share calculation. As described in Note 7, "*Long-Term Debt*," it is our current intent and policy to settle all conversions of the Convertible Notes through a combination settlement of cash and shares of common stock, with a specified dollar amount of \$1,000 per \$1,000 principal amount of the Convertible Notes and any remaining amounts in shares ("net share settlement"). Assuming net share settlement upon conversion, the following table illustrates how, based on the \$316.0 million aggregate principal amount of Convertible Notes outstanding as of March 31, 2018 and the approximately 4.4 million warrants outstanding as of the same date, changes in our stock price would affect (i) the number of shares issuable upon conversion of the Convertible Notes, (ii) the number of shares issuable upon exercise of the warrants subject to the warrant agreements, (iii) the number of additional shares deemed outstanding with respect to the Convertible Notes, after applying the treasury stock method, for purposes of calculating diluted earnings per share ("Total Treasury Stock Method Incremental Shares"), (iv) the number of shares of common stock deliverable to us upon settlement of the hedge agreements and (v) the number of shares issuable upon concurrent conversion of the Convertible Notes, exercise of the warrants and settlement of the convertible note hedge agreements:

Market Price Per Share	Shares Issuable Upon		Total Treasury Stock	Shares Deliverable to	Incremental Shares Issuable ^(a)
	Conversion of Convertible Notes	Shares Issuable Upon Exercise of Warrants	Method Incremental Shares	InterDigital upon Settlement of the Hedge Agreements	
(Shares in thousands)					
\$75	191	—	191	(191)	—
\$80	455	—	455	(455)	—
\$85	687	—	687	(687)	—
\$90	894	114	1,008	(894)	114
\$95	1,078	339	1,417	(1,078)	339
\$100	1,245	543	1,788	(1,245)	543
\$105	1,395	727	2,122	(1,395)	727
\$110	1,532	894	2,426	(1,532)	894
\$115	1,657	1,046	2,703	(1,657)	1,046
\$120	1,771	1,186	2,957	(1,771)	1,186

(a) Represents incremental shares issuable upon concurrent conversion of convertible notes, exercise of warrants and settlement of the hedge agreements.

RESULTS OF OPERATIONS

First Quarter 2018 Compared to First Quarter 2017

Revenues

The following table compares first quarter 2018 revenues to first quarter 2017 revenues (in thousands):

	For the Three Months Ended March 31,		Components of Increase/(Decrease)				
	2018	2017	Total Increase/(Decrease)		Due to ASC 606	Operational	Total
Variable patent royalty revenue	\$ 6,083	\$ 15,859	\$ (9,776)	(62)%	\$ (3,994)	\$ (5,782)	\$ (9,776)
Fixed-fee royalty revenue	57,671	73,367	(15,696)	(21)%	(20,511)	4,815	(15,696)
Current patent royalties (a)	63,754	89,226	(25,472)	(29)%	(24,505)	(967)	(25,472)
Non-current patent royalties (b)	23,344	—	23,344	—%	10,000	13,344	23,344
Total patent royalties	87,098	89,226	(2,128)	(2)%	(14,505)	12,377	(2,128)
Current technology solutions revenue (a)	346	5,304	(4,958)	(93)%	(2,984)	(1,974)	(4,958)
Total revenue	\$ 87,444	\$ 94,530	\$ (7,086)	(7)%	\$ (17,489)	\$ 10,403	\$ (7,086)

a. Recurring revenues consist of current patent royalties, inclusive of Dynamic Fixed-Fee Agreement royalties, and current technology solutions revenue.

b. Non-current patent royalties for the three months ended March 31, 2018 consist of past patent royalties and royalties from static agreements. For the three months ended March 31, 2017, non-current patent royalties consist of past patent royalties.

As discussed above, we adopted new revenue guidance, ASC 606, effective January 1, 2018. Consistent with the modified retrospective adoption method, our results of operations for periods prior to our adoption of ASC 606 remain unchanged. As a result, the difference in accounting principles resulting from the adoption of ASC 606 was attributable for \$17.5 million of the decrease in net revenue. This adjustment included \$27.9 million primarily related to pre-existing static fixed-fee license agreements and prepayment agreements, as well as the elimination of quarter-lag reporting for our per-unit license agreements. This \$27.9 million decrease due to change in policy was partially offset by upfront revenue recognition from a static fixed-fee license agreement signed in first quarter 2018.

The \$10.4 million "Operational" increase in total revenue was primarily driven by the LG dynamic fixed-fee agreement signed in fourth quarter 2017 and non-current patent royalties, resulting from new agreements signed in first quarter

2018. These increases were partially offset by the expiration of certain other fixed-fee and technology solutions agreements at the end of 2017.

In first quarter 2018 and first quarter 2017, 76% and 66% of our total revenue, respectively, was attributable to companies that individually accounted for 10% or more of our total revenue. In first quarter 2018 and first quarter 2017, the following companies accounted for 10% or more of our total revenue:

	For the Three Months Ended March 31,	
	2018	2017
Apple	32%	30%
Samsung	22%	18%
Kyocera	11%	<10%
Customer of Signal Trust	11%	—%
Huawei	—%	18%

Operating Expenses

The following table summarizes the changes in operating expenses between first quarter 2018 and first quarter 2017 by category (in thousands):

	For the Three Months Ended March 31,			
	2018	2017	Increase/(Decrease)	
Patent administration and licensing	\$ 26,916	\$ 26,880	\$ 36	—%
Development	16,174	19,781	(3,607)	(18)%
Selling, general and administrative	14,204	13,901	303	2%
Total operating expenses	\$ 57,294	\$ 60,562	\$ (3,268)	(5)%

Operating expenses decreased to \$57.3 million in first quarter 2018 from \$60.6 million in first quarter 2017. The \$3.3 million decrease in total operating expenses was primarily due to changes in the following items (in thousands):

	Increase/ (Decrease)
Performance-based incentive compensation	\$ (3,031)
Commercial initiatives	(2,035)
Patent maintenance	(1,202)
Other	137
Consulting services	1,395
Intellectual property enforcement and non-patent litigation	1,468
Total increase in operating expenses	\$ (3,268)

The \$3.0 million decrease in performance-based incentive compensation was primarily related to higher accrual rates in first quarter 2017. The \$2.0 million decrease in costs associated with commercial initiatives was primarily attributable to lower share-based compensation expense in first quarter 2018. Patent maintenance costs decreased by \$1.2 million consistent with the Company's initiatives to more efficiently prosecute and maintain its patent portfolio. These decreases were partially offset by an increase in intellectual property enforcement due to increased activity related to existing licensee disputes, as well as an increase in consulting services. The \$1.4 million increase in consulting services primarily related to spending on corporate initiatives, including costs associated with the Technicolor asset acquisition.

Patent Administration and Licensing Expense: The slight increase in patent administration and licensing expense primarily resulted from the above-noted increase in intellectual property enforcement. This increase was partially offset by decreased patent maintenance costs and performance-based incentive compensation as discussed above.

Development Expense: The decrease in development expense primarily resulted from the above-noted decreases in commercial initiatives expense and performance-based incentive compensation.

Selling, General and Administrative Expense: The slight increase in selling, general and administrative expense primarily resulted from the above-noted increase in consulting services expenses. This increase was partially offset by decreased performance-based incentive compensation as discussed above.

Other (Expense) Income

The following table compares first quarter 2018 other (expense) income to first quarter 2017 other (expense) income (in thousands):

	For the Three Months Ended March 31,		Change	
	2018	2017		
Interest expense	\$ (9,243)	\$ (4,386)	\$ (4,857)	(111)%
Other	(16)	(217)	201	93 %
Interest and investment income	2,923	1,789	1,134	63 %
	<u>\$ (6,336)</u>	<u>\$ (2,814)</u>	<u>\$ (3,522)</u>	<u>(125)%</u>

Related to the adoption of ASC 606, as discussed above, first quarter 2018 includes \$4.7 million of interest expense related to significant financing components of patent license agreements. The remaining change between periods was primarily due to the increase in interest and investment income of \$1.1 million primarily due to higher average investment balances and higher returns during first quarter 2018 as compared to first quarter 2017.

Income tax provision

In first quarter 2018, based on the statutory federal tax rate net of discrete federal and state taxes, our effective tax rate was a benefit of 20.6%. The effective tax rate for first quarter 2018 was favorably impacted by provisions contained within the Tax Cuts and Jobs Act of 2017 (the "Tax Reform Act"), discussed below. We recorded discrete benefits of \$3.4 million related to excess tax benefits related to share-based compensation and our sale of a commercial initiative. This is compared to an effective tax rate benefit of 5.2% based on the statutory federal tax rate net of discrete federal and state taxes during first quarter 2017. The first quarter 2017 effective tax rate included an \$11.8 million discrete net expense related to excess tax benefits related to share-based compensation.

On December 22, 2017, the Tax Reform Act was signed into law. The Tax Reform Act significantly revised the U.S. corporate income tax regime by, among other things: lowering the U.S. corporate tax rate from 35% to 21% effective January 1, 2018; imposing a 13.125% tax rate on income that qualifies as FDII; repealing the deduction for domestic production activities; implementing a territorial tax system; and imposing a repatriation tax on deemed repatriated earnings of foreign subsidiaries. The first quarter 2018 effective tax rate includes a forecasted \$18.8 million net benefit related to our income qualifying as FDII.

STATEMENT PURSUANT TO THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 — FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Such statements include certain information under the heading "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" and other information regarding our current beliefs, plans and expectations, including without limitation the matters set forth below. Words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "forecast," "goal," variations of any such words or similar expressions are intended to identify such forward-looking statements. Forward-looking statements in this Quarterly Report on Form 10-Q include, without limitation, statements regarding:

- Our expectations regarding the potential effects of new accounting standards, including the new revenue recognition guidance, on our financial position, results of operations or cash flows;
- Our expectation that the amortization of fixed-fee royalty payments will reduce our March 31, 2018 deferred revenue balance over the next twelve months;
- Our expectations with respect to revenue to be recognized based on contracts signed and committed Dynamic Fixed-Fee Agreement payments as of March 31, 2018;
- Our expectations and estimations regarding the income tax effects, and the impact on the Company, of the Tax Reform Act, including our forecasted net benefit related to our income qualifying as FDII;

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- The timing, outcome and impact of, and plans, expectations and beliefs with respect to, our various litigation, arbitration, regulatory and administrative matters;
- Our belief that we have the ability to obtain additional liquidity through debt and equity financings;
- Our belief that our available sources of funds will be sufficient to finance our operations, capital requirements, debt obligations, existing stock repurchase program and dividend program for the next twelve months as well as the Technicolor asset acquisition; and
- Our expectation that we will continue to pay dividends comparable to our quarterly \$0.35 per share cash dividend in the future.

Forward-looking statements concerning our business, results of operations and financial condition are inherently subject to risks and uncertainties that could cause actual results, and actual events that occur, to differ materially from results contemplated by the forward-looking statements. These risks and uncertainties include, but are not limited to, the risks and uncertainties outlined in greater detail in Part I, Item 1A of our 2017 Form 10-K and Part II, Item 1A Risk Factors in this Quarterly Report on Form 10-Q. We undertake no obligation to revise or update publicly any forward-looking statement for any reason, except as otherwise required by law.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

There have been no material changes in quantitative and qualitative market risk from the disclosures included in our 2017 Form 10-K.

Item 4. CONTROLS AND PROCEDURES.

The Company's principal executive officer and principal financial officer, with the assistance of other members of management, have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective to ensure that the information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and to ensure that the information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, as amended, is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. There were no changes in our internal control over financial reporting that occurred during the quarter ended March 31, 2018, that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS.

Asustek Actions

Reference is made to the Asustek actions previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2017 (the “2017 Form 10-K”). On April 16, 2018, InterDigital filed a motion in the CA Northern District Court proceeding for leave to amend its counterclaims to include a claim of intentional interference with contract. This motion remains pending. On April 17, 2018, the parties served opening expert reports in the CA Northern District Court proceeding. Asus’s damages expert contends that Asus is currently owed damages in the amount of \$75.9 million based on its claims that InterDigital charged royalties inconsistent with its FRAND commitments. Those damages, which represent a substantial portion of the royalties paid by Asus through third quarter 2017, do not reflect Asus’s most recent royalty payments. Asus also seeks interest, costs and attorneys’ fees, as well as, in connection with its Sherman Act claim, treble damages.

2013 USITC Proceeding (337-TA-868) and Related ZTE Delaware District Court Proceeding

Reference is made to the USITC proceeding and related Delaware District Court proceeding initiated in January 2013 involving InterDigital and ZTE previously disclosed in the 2017 Form 10-K. On March 6, 2018, in the United States Patent and Trademark Office Patent Trial and Appeal Board (“PTAB”) remand proceeding, the PTAB again found claim 8 of the '244 patent to be invalid. On April 10, 2018, IPR Licensing, Inc. appealed to the Federal Circuit seeking review of the PTAB's decision. That appeal remains pending. On April 13, 2018, InterDigital and ZTE jointly requested that the stay in the Delaware District Court proceeding be maintained pending InterDigital's appeal of the PTAB's March 6, 2018 decision as to the '244 patent. On the same day, the court issued an order continuing the stay for an additional 90 days, through July 12, 2018.

On April 24, 2018, the Supreme Court rejected the petitioner’s constitutional challenge to the IPR process in *Oil States Energy Services, LLC v. Greene’s Energy Group, LLC*. Accordingly, InterDigital expects that the Supreme Court will deny IPR Licensing, Inc.’s July 28, 2017 petition for a writ of certiorari to the U.S. Supreme Court seeking to appeal the April 20, 2017 Federal Circuit decision affirming the PTAB’s initial September 14, 2015 decision on the '244 patent, arguing that the petition should be held pending the Supreme Court’s decision in *Oil States*.

2011 USITC Proceeding (337-TA-800) and Related ZTE Delaware District Court Proceeding

Reference is made to the USITC proceeding and related Delaware District Court proceeding initiated in July 2011 involving InterDigital and ZTE previously disclosed in the 2017 Form 10-K. The Delaware District Court proceeding is now stayed through June 11, 2018.

See Note 4, “*Litigation and Legal Proceedings*,” to the Notes to Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for further discussion regarding these and other proceedings.

Item 1A. RISK FACTORS.

Reference is made to Part I, Item 1A, “Risk Factors” included in the 2017 Form 10-K for information concerning risk factors. We are updating the risk factors contained in the 2017 Form 10-K to include the risk factor set forth below.

The following risk factor should be read in conjunction with the risk factors discussed in Part 1, Item 1A of the Form 10-K, in addition to the factors set forth in the Statement Pursuant to the Private Securities Litigation Reform Act of 1995 -- Forward-Looking Statements in Part I, Item 2 of this Quarterly Report on Form 10-Q. You should carefully consider such factors, which could materially affect our business, financial condition or future results. The risks described in this Quarterly Report on Form 10-Q and in the 2017 Form 10-K are not the only risks facing our company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially and adversely affect our business, financial condition and/or operating results.

We may not be able to consummate our acquisition of the Technicolor patent licensing business, or the consummation of such transaction may be delayed, which may delay or disable our business plans relating to the acquisition and affect our business, results of operations and stock price.

On March 1, 2018, we announced that we had made a binding offer to purchase the patent licensing business of Technicolor and that as part of such transaction we would also assume Technicolor’s role as the exclusive licensing agent for the joint licensing program with Sony Corporation for digital televisions and computer display monitors and engage in jointly

funded research and development with Technicolor (together, the “Technicolor Transaction”). The Technicolor Transaction is expected to close in mid-2018; however, the consummation of the definitive acquisition agreement is subject to the completion of the required consultation with Technicolor’s works council, as well as the receipt of certain consents, satisfaction of customary closing conditions and any regulatory approvals. There may be delays in completing the works council process, and we may not be able to obtain the required consents or approvals or satisfy such other closing conditions, in which case the consummation of the Technicolor Transaction may be delayed or thwarted. If the Technicolor Transaction is not consummated or is materially delayed for this or any other reason, our plans to expand our technology footprint in mobile devices and accelerate our expansion into additional addressable markets would be delayed or disabled. In such event, our business and operations, and our stock price, may be adversely affected.

In addition, if the Technicolor Transaction is not completed, our stock price could fall to the extent that our current price reflects an assumption that we will complete it. Furthermore, if the proposed transaction is not completed, we would not realize any of the expected benefits of the proposed transaction, and we may suffer other consequences that could adversely affect our business, results of operations and stock price, including, among others:

- we will have incurred and may continue to incur costs relating to the proposed transaction, many of which are payable by us whether or not the proposed transaction is completed;
- matters relating to the proposed transaction (including integration planning) require substantial commitments of time and resources by our management team and numerous others throughout our organization, which could otherwise have been devoted to other opportunities; and
- the failure to consummate the proposed transaction may result in negative publicity and a negative perception of us in the investment community.

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

Issuer Purchases of Equity Securities

The following table provides information regarding Company purchases of its common stock during first quarter 2018.

Period	Total Number of Shares (or Units) Purchased (1)	Average Price Paid Per Share (or Unit)	Total Number of Shares (or Units) Purchases as Part of Publicly Announced Plans or Programs (2)	Maximum Number (or Approximate Dollar Value) of Shares (or Units) That May Yet Be Purchased Under the Plans or Programs (3)
January 1, 2018 - January 31, 2018	—	\$ —	—	\$ 178,578,011
February 1, 2018 - February 28, 2018	—	\$ —	—	\$ 178,578,011
March 1, 2018 - March 31, 2018	84,147	\$ 71.58	84,147	\$ 172,553,135
Total	84,147	\$ 71.58	84,147	\$ 172,553,135

(1) Total number of shares purchased during each period reflects share purchase transactions that were completed (i.e. settled) during the period indicated.

(2) Shares were purchased pursuant to the Company’s \$500 million share repurchase program (the “2014 Repurchase Program”), \$300 million of which was authorized by the Company’s Board of Directors on June 11, 2014 and announced on June 12, 2014, \$100 million of which was authorized by the Company’s Board of Directors and announced on June 11, 2015, and \$100 million of which was authorized by the Company’s Board of Directors and announced on September 14, 2017. The 2014 Repurchase Program has no expiration date. The Company may repurchase shares under the 2014 Repurchase Program through open market purchases, pre-arranged trading plans or privately negotiated purchases.

(3) Amounts shown in this column reflect the amounts remaining under the 2014 Repurchase Program.

Item 4. MINE SAFETY DISCLOSURES.

Not applicable.

Item 6. EXHIBITS.

The following is a list of exhibits filed with this Quarterly Report on Form 10-Q:

Exhibit Number	Exhibit Description
*2.1	Agreement and Plan of Merger, dated as of April 3, 2018, by and among InterDigital, Inc., InterDigital Parent, Inc. and InterDigital Merger Sub, Inc. (Exhibit 2.1 to InterDigital, Inc.'s Current Report on Form 8-K dated April 3, 2018).
*4.1	Amended and Restated Articles of Incorporation of InterDigital, Inc. (as amended April 3, 2018) (Exhibit 4.1 to InterDigital, Inc.'s Current Report on Form 8-K dated April 3, 2018).
*4.2	Amended and Restated Bylaws of InterDigital, Inc. (Exhibit 4.2 to InterDigital, Inc.'s Current Report on Form 8-K dated April 3, 2018).
*4.3	First Supplemental Indenture, dated as of April 3, 2018, among InterDigital Wireless, Inc., InterDigital, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee. (Exhibit 4.3 to InterDigital, Inc.'s Current Report on Form 8-K dated April 3, 2018).
10.1	Retirement & Transition Agreement and Release by and between Scott McQuilkin and InterDigital, Inc. dated April 2, 2018.†
10.2	Retirement & Transition Agreement and Release by and between Lawrence F. Shay and InterDigital, Inc. dated April 2, 2018.†
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended.
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended.
32.1	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350.**
32.2	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350.**
101	The following financial information from InterDigital, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2018, filed with the Securities and Exchange Commission on April 26, 2018, formatted in eXtensible Business Reporting Language: (i) Condensed Consolidated Balance Sheets at March 31, 2018 and December 31, 2017, (ii) Condensed Consolidated Statements of Income for the three months ended March 31, 2018 and 2017, (iii) Condensed Consolidated Statements of Comprehensive Income for the three months ended March 31, 2018 and 2017, (iv) Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2018 and 2017 and (v) Notes to Condensed Consolidated Financial Statements.

* Incorporated by reference to the filing indicated.

† Management contract or compensatory plan or arrangement.

** This exhibit will not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (15 U.S.C. 78r), or otherwise subject to the liability of that section. Such exhibit will not be deemed to be incorporated by reference into any filing under the Securities Act or Securities Exchange Act, except to the extent that InterDigital, Inc. specifically incorporates it by reference.

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.

INTERDIGITAL, INC.

Date: April 26, 2018

/s/ WILLIAM J. MERRITT

William J. Merritt
President and Chief Executive Officer

Date: April 26, 2018

/s/ RICHARD J. BREZSKI

Richard J. Brezski
Chief Financial Officer

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Section 2: EX-10.1 (EXHIBIT 10.1 - MCQUILKIN RETIREMENT AND TRANSITION AGREEMENT AND RELEASE)

RETIREMENT & TRANSITION AGREEMENT AND RELEASE

This Retirement & Transition Agreement and Release (“Agreement”) is made by and between Scott McQuilkin (“Executive”) and InterDigital, Inc. (the “Company”) (collectively referred to as the “Parties” or individually referred to as a “Party”).

RECITALS

WHEREAS, Executive was employed by the Company as its Senior Executive Vice President, Innovation;

WHEREAS, Executive signed an Amended and Restated Employment Agreement with the Company on January 1, 2013 (the “Employment Agreement”);

WHEREAS, Executive signed an Nondisclosure and Assignment of Ideas Agreement with InterDigital Communications, LLC, on July 9, 2007, which was subsequently assigned to the Company on January 1, 2013 (the “Confidentiality Agreement”);

WHEREAS, Executive signed an Indemnity Agreement with the Company on July 9, 2007 (“Indemnity Agreement”);

WHEREAS, the Company and Executive have entered into certain stock option agreements granting Executive the option to purchase shares of the Company’s common stock, as well as certain restricted stock unit agreements granting Executive the right to receive shares of the Company’s common stock, both subject to the terms and conditions of the applicable Company equity plan and the stock option agreement or restricted stock purchase agreement applicable to such option grant or restricted stock unit award (collectively the “Stock Agreements”);

WHEREAS, Executive has participated in that certain short-term incentive plan (“STIP”) and Deferred Compensation Plan, effective as of June 12, 2013 (“NQDC”);

WHEREAS, Executive is retiring and separating from Executive’s employment with the Company effective as of April 1, 2018 (the “Retirement Date”);

WHEREAS, in order to ensure an orderly transition of responsibilities to successor, Executive has agreed to provide certain Transition Services, as defined herein;

WHEREAS, the Parties have agreed to a lump sum retirement payment for years of service and in lieu of salary continuation to enforce the non-compete and non-solicitation provisions provided in the Employment Agreement; and

WHEREAS, the Parties wish to resolve any and all disputes, claims, complaints, grievances, charges, actions, petitions, and demands that Executive may have against the Company and any of the Releasees as defined below, including, but not limited to, any and all claims arising out of or in any way related to Executive's employment with or separation from the Company;

NOW, THEREFORE, in consideration of the mutual promises made herein, the Company and Executive hereby agree as follows:

COVENANTS

1. Consideration. In consideration of Executive's execution of this Agreement and Executive's fulfillment of all of its terms and conditions, and provided that Executive does not revoke the Agreement under Section 7 below, the Company agrees as follows:

a. *COBRA Payments.* The Company shall pay on Executive's behalf for COBRA coverage for Executive and his covered dependents for a period of twelve (12) months, provided Executive timely elects and pays for continuation coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), within the time period prescribed pursuant to COBRA (the "COBRA Payments").

b. *Transition.* Following the Retirement Date, has requested and Executive has agreed to provide limited transition assistance services to the Company (the "Transition Services") on a part-time basis. The Transition Services shall be provided for a period of 100 calendar days after the Retirement Date (the "Transition Period") unless otherwise terminated by Executive by providing a written notice to the Company five (5) calendar days prior to the termination date. The Parties reasonably anticipate that during the Transition Period, Executive will provide services to the Company at a level of more than 20% of Executive's level of services during the thirty-six (36) month period prior to the Retirement Date, but in no event shall Executive be required to provide services for more than two (2) days per any calendar week. Accordingly, the Company has reasonably determined that a "separation from service" within the meaning of Treasury Regulation Section 1.409A-1(h) did not occur as of the Retirement Date, but shall continue throughout the Transition Period. For the avoidance of doubt, the Parties agree that a break in service occurred as of the Retirement Date for purposes of the Stock Agreements. The nature, timing, location, and scope for the Transition Services will be (i) mutually determined by the Parties at such time, (ii) within reasonable market practices for such transition services, and (iii) commensurate with Executive's skills and experience. All requests for Transition Services shall be made by the CEO of the Company. The Company shall pay Executive a total of \$120,000 for the Transition Services (the "Transition Payment") and the Transition Payment shall be payable to Executive in 3 equal payments on May 1, 2018, June 1, 2018, and July 1, 2018. In the event Executive terminates the Transition Services prior to the last day of the Transition Period, the Transition Payment shall be prorated on a daily basis and paid to Executive within five (5) business days after the date of termination.

c. *Supplemental Release Consideration.* For the years of service provided by Executive, in compliance with Section 7 of the Executive's Employment Agreement and subject to Executive executing and not revoking the Supplemental Release Agreement attached hereto as Exhibit B (the "Supplemental Release"), the Company, it will pay Executive a lump sum total of Five Hundred Ninety-Six Thousand Eight Hundred Fourteen Dollars (\$596,814.00), less applicable withholdings (the "Supplemental Retirement Payment"). The Company will make this payment to Executive on March 15, 2019. The Parties agree that the COBRA Payments and the Supplemental Retirement Payment shall constitute consideration for the promises contained in this Agreement, the Supplemental Release, and Executive's obligations under Section 7 of the Employment Agreement. Executive acknowledges further that the COBRA Payments and the Supplemental Release Payment constitute satisfaction in full of the Company's obligations pursuant to Section 7.4 of the Employment Agreement, specifically including the Company's obligation in subsection (z) of the second full paragraph of Section 7.4 of the Employment Agreement which is hereby superseded and replaced by Sections 1.b. and 1.c. of this Agreement, and that the Restricted Period shall run until April 1, 2019. Regardless of Executive's death or incapacity prior to the Supplemental Retirement Payment being made, so long as Executive has otherwise complied with his obligations, the Company shall be obligated to make such payment as required under this Agreement.

d. *Supplemental Release Agreement.* In exchange for the Supplemental Retirement Payment, Executive agrees to execute, within ten (10) days after the Transition Period, the Supplemental Release attached hereto as Exhibit B, which agreement will serve to cover the time period from the Effective Date of this Agreement through the Supplemental Release Effective Date; provided, however, the Parties agree to modify the Supplemental Release to comply with any new laws that become applicable prior to the end of Executive's post-separation services to the Company while maintaining as close as possible the intent of the parties as of the execution of this Agreement. If Executive refuses to sign the Supplemental Release, Executive shall be deemed to have failed to abide by the material terms of this Agreement. Further, Executive understands

and agrees that Executive will only be entitled to the consideration set forth in Section 1.c. if Executive executes the Supplemental Release Agreement within the time allotted in this Section 1.d. and does not revoke that agreement.

e. General. Executive acknowledges that without this Agreement, Executive is otherwise not entitled to the consideration listed in this Section 1.

2. Officer Resignations. Effective as of the Retirement Date, Executive agrees to resign from all positions Executive holds in the Company and all of its Related Entities (as defined below in Section 6)..

3. Stock. The Parties acknowledge that Exhibit A hereto sets forth and reflects those stock options and restricted stock units held by Executive as of the Retirement Date, but which number shall in all instances be governed by the terms of the applicable Stock Agreements, except as amended by this Agreement. The Parties agree that for purposes of determining the number of shares of the Company's common stock that Executive is entitled to purchase from the Company pursuant to the exercise of outstanding options, Executive will be considered to have vested only up to the Retirement Date; any unvested stock options and any unvested restricted stock units shall forfeit immediately upon the Retirement Date (for clarity any stock options or restricted stock units scheduled to vest prior to the Retirement Date shall vest in accordance with the terms of the Stock Agreements). The exercise of Executive's vested options shall continue to be governed by the terms and conditions of the Company's Stock Agreements. The Stock Agreements provide that Executive's vested options shall be exercisable for 180 days following the Retirement Date.

4. Benefits. Executive's health insurance benefits as an employee shall cease on the last day of the month in which the Retirement Date occurs, subject to Executive's right to continue Executive's health insurance under COBRA. Executive's participation in all benefits and incidents of employment, including, but not limited to, vesting in stock options, and the accrual of bonuses, vacation, and paid time off, will cease as of the Retirement Date.

5. Payment of Salary and Receipt of All Benefits. Executive acknowledges and represents that, other than the consideration set forth in this Agreement, the Company and its agents have paid or provided all salary, wages, bonuses, STIP and LTIP payments, accrued vacation/paid time off, notice periods, premiums, leaves, housing allowances, relocation costs, interest, severance, outplacement costs, fees, reimbursable expenses, commissions, stock, stock options, vesting, and any and all other benefits and compensation due to Executive. For clarity, Executive's 2017 STIP payment was made in the first quarter of 2018. As of the Retirement Date, Executive forfeits any rights to any 2018 STIP payment in accordance with the terms of the STIP.

6. Release of Claims. Executive agrees that the foregoing consideration represents settlement in full of all outstanding obligations owed to Executive by the Company and its current and former officers, directors, employees, agents, investors, attorneys, shareholders, administrators, affiliates, benefit plans, plan administrators, professional employer organization or co-employer, insurers, trustees, subsidiaries, "Related Entities", predecessor and successor corporations and assigns (collectively, the "Releasees"). "Related Entities" shall include, but not be limited to, any and all past, present or future entities, which, directly or indirectly, control, are controlled by or are under common control of or with, InterDigital, Inc. Executive, on Executive's own behalf and on behalf of Executive's respective heirs, family members, executors, agents, and assigns, hereby and forever releases the Releasees from, and agrees not to sue concerning, or in any manner to institute, prosecute, or pursue, any claim, complaint, charge, duty, obligation, demand, or cause of action relating to any matters of any kind, whether presently known or unknown, suspected or unsuspected, that Executive may possess against any of the Releasees arising from any omissions, acts, facts, or damages that have occurred up until and including the Effective Date of this Agreement, including, without limitation:

a. any and all claims relating to or arising from Executive's employment relationship with the Company and the termination of that relationship;

b. any and all claims relating to, or arising from, Executive's right to purchase, or actual purchase of shares of stock of the Company, including, without limitation, any claims for fraud, misrepresentation, breach of fiduciary duty, breach of duty under applicable state corporate law, and securities fraud under any state or federal law;

c. any and all claims for wrongful discharge of employment; termination in violation of public policy; discrimination; harassment; retaliation; breach of contract, both express and implied; breach of covenant of good faith and fair dealing, both express and implied; promissory estoppel; negligent or intentional infliction of emotional distress; fraud; negligent or intentional misrepresentation; negligent or intentional interference with contract or prospective economic advantage; unfair business practices; defamation; libel; slander; negligence; personal injury; assault; battery; invasion of privacy; false imprisonment; conversion; and disability benefits;

d. any and all claims for violation of any federal, state, or municipal statute, including, but not limited to, Title VII of the Civil Rights Act of 1964; the Civil Rights Act of 1991; the Rehabilitation Act of 1973; the Americans with Disabilities Act of 1990; the Equal Pay Act; the Fair Labor Standards Act; the Fair Credit Reporting Act; the Age Discrimination in Employment Act of 1967; the Older Workers Benefit Protection Act; the Employee Retirement Income Security Act of 1974; the Worker Adjustment and Retraining Notification Act; the Family and Medical Leave Act; the Uniformed Services Employment and Reemployment Rights Act; Delaware Discrimination in Employment Law; Delaware Handicapped Persons Employment Protection Act; Delaware Equal Pay Law; Delaware Whistleblowers' Protection Act; Delaware Minimum Wage Act; Delaware Wage Payment and Collection Act; Pennsylvania Human Relations Act, 43 Pa. Cons. Stat. § 951 et seq.; Pennsylvania Equal Pay Law, as amended, 43 Pa. Cons. Stat. § 336.1 et seq.; Pennsylvania Wage Payment and Collection Law, as amended, 43 Pa. Cons. Stat. § 260.1 et seq.; Pennsylvania Minimum Wage Act of 1968, 43 Pa. Cons. Stat. § 333.101 et seq.; Pennsylvania Worker and Community Right-to-Know Act, 41 Pa. Cons. Stat. § 7301 et seq.;

e. any and all claims for violation of the federal or any state constitution;

f. any and all claims arising out of any other laws and regulations relating to employment or employment discrimination;

g. any claim for any loss, cost, damage, or expense arising out of any dispute over the nonwithholding or other tax treatment of any of the proceeds received by Executive as a result of this Agreement; and

h. any and all claims for attorneys' fees and costs.

Executive agrees that the release set forth in this section shall be and remain in effect in all respects as a complete general release as to the matters released. This release does not extend to any obligations incurred under this Agreement. This release does not release claims that cannot be released as a matter of law, including any Protected Activity (as defined below). This release does not extend to any right Executive may have to unemployment compensation benefits or workers' compensation benefits. Executive represents that Executive has made no assignment or transfer of any right, claim, complaint, charge, duty, obligation, demand, cause of action, or other matter waived or released by this Section.

7. Acknowledgment of Waiver of Claims under ADEA. Executive acknowledges that Executive is waiving and releasing any rights Executive may have under the Age Discrimination in Employment Act of 1967 ("ADEA"), and that this waiver and release is knowing and voluntary. Executive agrees that this waiver and release does not apply to any rights or claims that may arise under the ADEA after the Effective Date of this Agreement. Executive acknowledges that the consideration given for this waiver and release is in addition to anything of value to which Executive was already entitled. Executive further acknowledges that Executive has been advised by this writing that: (a) Executive should consult with an attorney prior to executing this Agreement; (b) Executive has twenty-one (21) days within which to consider this Agreement; (c) Executive has seven (7) days following Executive's execution of this Agreement to revoke this Agreement; (d) this Agreement shall not be effective until after the revocation period has expired; and (e) nothing in this Agreement

prevents or precludes Executive from challenging or seeking a determination in good faith of the validity of this waiver under the ADEA, nor does it impose any condition precedent, penalties, or costs for doing so, unless specifically authorized by federal law. In the event Executive signs this Agreement and returns it to the Company in less than the 21-day period identified above, Executive hereby acknowledges that Executive has freely and voluntarily chosen to waive the time period allotted for considering this Agreement. Executive acknowledges and understands that revocation must be accomplished by a written notification to the undersigned Company representative that is received prior to the Effective Date. The Parties agree that changes, whether material or immaterial, do not restart the running of the 21-day period.

8. No Pending or Future Lawsuits. Executive represents that Executive has no lawsuits, claims, or actions pending in Executive's name, or on behalf of any other person or entity, against the Company or any of the other Releasees. Executive also represents that Executive does not intend to bring any claims on Executive's own behalf or on behalf of any other person or entity against the Company or any of the other Releasees.

9. Trade Secrets and Confidential Information/Company Property. Executive reaffirms and agrees to observe and abide by Section 7 of the Employment Agreement (the terms of which are expressly incorporated in this Agreement and survive the Retirement Date, except as modified by Section 1 above) (the "Surviving Provision") and the Confidentiality Agreement, specifically including the provisions therein regarding nondisclosure of the Company's trade secrets and confidential and proprietary information, noncompetition and nonsolicitation of Company employees and customers. Executive agrees that the above reaffirmation and agreement with the Confidentiality Agreement and the Surviving Provision shall constitute a new and separately enforceable agreement to abide by the terms of the Confidentiality Agreement and the Surviving Provision, entered and effective as of the Effective Date. Executive specifically acknowledges and agrees that any violation of the Surviving Provision or the Confidentiality Agreement shall constitute a material breach of this Agreement. Executive's signature below constitutes Executive's certification under penalty of perjury that Executive has returned all documents and other items provided to Executive by the Company, developed or obtained by Executive in connection with Executive's employment with the Company, or otherwise belonging to the Company, including, but not limited to, all passwords to any software or other programs or data that Executive used in performing services for the Company.

10. No Cooperation. Executive agrees that Executive will not knowingly encourage, counsel, or assist any attorneys or their clients in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints by any third party against any of the Releasees, unless under a subpoena or other court order to do so or as related directly to the ADEA waiver in this Agreement. Executive agrees both to immediately notify the Company upon receipt of any such subpoena or court order, and to furnish, within three (3) business days of its receipt, a copy of such subpoena or other court order. If approached by anyone for counsel or assistance in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints against any of the Releasees, Executive shall state no more than that Executive cannot provide counsel or assistance.

11. Nondisparagement. Executive agrees to refrain from any disparagement, defamation, libel, or slander of any of the Releasees, and agrees to refrain from any tortious interference with the contracts and relationships of any of the Releasees. The Company agrees for itself and the Related Entities that it will not encourage, condone or authorize anyone to make any negative comments or disparaging remarks about Executive and it will specifically instruct its Board members and officers not to disparage or otherwise communicate negative statements or opinions about Executive.

12. Breach. In addition to the rights provided in the "Attorneys' Fees" section below, Executive acknowledges and agrees that any material breach of this Agreement, unless such breach constitutes a legal action by Executive challenging or seeking a determination in good faith of the validity of the waiver herein under the ADEA, or of any provision of the Confidentiality Agreement shall entitle the Company immediately to recover and/or cease providing the consideration provided to Executive under this Agreement and to obtain

damages, except as provided by law, provided, however, that the Company shall not recover One Hundred Dollars (\$100.00) of the consideration already paid pursuant to this Agreement and such amount shall serve as full and complete consideration for the promises and obligations assumed by Executive under this Agreement, the Surviving Provision, and the Confidentiality Agreement.

13. No Admission of Liability. Executive understands and acknowledges that this Agreement constitutes a compromise and settlement of any and all actual or potential disputed claims by Executive. No action taken by the Company hereto, either previously or in connection with this Agreement, shall be deemed or construed to be (a) an admission of the truth or falsity of any actual or potential claims or (b) an acknowledgment or admission by the Company of any fault or liability whatsoever to Executive or to any third party.

14. Costs. The Parties shall each bear their own costs, attorneys' fees, and other fees incurred in connection with the preparation of this Agreement.

15. ARBITRATION. THE PARTIES AGREE THAT ANY AND ALL DISPUTES ARISING OUT OF THE TERMS OF THIS RETIREMENT AGREEMENT, THEIR INTERPRETATION, EMPLOYEE'S EMPLOYMENT WITH THE COMPANY OR THE TERMS THEREOF, OR ANY OF THE MATTERS HEREIN RELEASED, SHALL BE SUBJECT TO ARBITRATION IN PHILADELPHIA, PENNSYLVANIA, BEFORE JUDICIAL ARBITRATION & MEDIATION SERVICES ("JAMS"), PURSUANT TO ITS EMPLOYMENT ARBITRATION RULES & PROCEDURES ("JAMS RULES"). THE ARBITRATOR MAY GRANT INJUNCTIONS AND OTHER RELIEF IN SUCH DISPUTES. THE ARBITRATOR SHALL ADMINISTER AND CONDUCT ANY ARBITRATION IN ACCORDANCE WITH PENNSYLVANIA LAW, INCLUDING THE PENNSYLVANIA RULES OF CIVIL PROCEDURE, AND THE ARBITRATOR SHALL APPLY SUBSTANTIVE AND PROCEDURAL PENNSYLVANIA LAW TO ANY DISPUTE OR CLAIM, WITHOUT REFERENCE TO ANY CONFLICT-OF-LAW PROVISIONS OF ANY JURISDICTION. TO THE EXTENT THAT THE JAMS RULES CONFLICT WITH PENNSYLVANIA LAW, PENNSYLVANIA LAW SHALL TAKE PRECEDENCE. THE DECISION OF THE ARBITRATOR SHALL BE FINAL, CONCLUSIVE, AND BINDING ON THE PARTIES TO THE ARBITRATION. THE PARTIES AGREE THAT THE PREVAILING PARTY IN ANY ARBITRATION SHALL BE ENTITLED TO INJUNCTIVE RELIEF IN ANY COURT OF COMPETENT JURISDICTION TO ENFORCE THE ARBITRATION AWARD. THE PARTIES TO THE ARBITRATION SHALL EACH PAY AN EQUAL SHARE OF THE COSTS AND EXPENSES OF SUCH ARBITRATION, AND EACH PARTY SHALL SEPARATELY PAY FOR ITS RESPECTIVE COUNSEL FEES AND EXPENSES; PROVIDED, HOWEVER, THAT THE ARBITRATOR SHALL AWARD ATTORNEYS' FEES AND COSTS TO THE PREVAILING PARTY, EXCEPT AS PROHIBITED BY LAW. THE PARTIES HEREBY AGREE TO WAIVE THEIR RIGHT TO HAVE ANY DISPUTE BETWEEN THEM RESOLVED IN A COURT OF LAW BY A JUDGE OR JURY. NOTWITHSTANDING THE FOREGOING, THIS SECTION WILL NOT PREVENT EITHER PARTY FROM SEEKING INJUNCTIVE RELIEF (OR ANY OTHER PROVISIONAL REMEDY) FROM ANY COURT HAVING JURISDICTION OVER THE PARTIES AND THE SUBJECT MATTER OF THEIR DISPUTE RELATING TO THIS AGREEMENT AND THE AGREEMENTS INCORPORATED HEREIN BY REFERENCE. SHOULD ANY PART OF THE ARBITRATION AGREEMENT CONTAINED IN THIS PARAGRAPH CONFLICT WITH ANY OTHER ARBITRATION AGREEMENT BETWEEN THE PARTIES, THE PARTIES AGREE THAT THIS ARBITRATION AGREEMENT SHALL GOVERN.

16. Tax Consequences. The Company makes no representations or warranties with respect to the tax consequences of the payments and any other consideration provided to Executive or made on Executive's behalf under the terms of this Agreement. Executive agrees and understands that Executive is responsible for payment, if any, of local, state, and/or federal taxes on the payments and any other consideration provided hereunder by the Company and any penalties or assessments thereon. Executive further agrees to indemnify and hold the Company harmless from any claims, demands, deficiencies, penalties, interest, assessments, executions, judgments, or recoveries by any government agency against the Company for any amounts claimed

due on account of (a) Executive's failure to pay, or Executive's delayed payment of, federal or state taxes, or (b) damages sustained by the Company by reason of any such claims, including attorneys' fees and costs.

17. Authority. The Company represents and warrants that the undersigned has the authority to act on behalf of the Company and to bind the Company and all who may claim through it to the terms and conditions of this Agreement. Executive represents and warrants that Executive has the capacity to act on Executive's own behalf and on behalf of all who might claim through Executive to bind them to the terms and conditions of this Agreement. Each Party warrants and represents that there are no liens or claims of lien or assignments in law or equity or otherwise of or against any of the claims or causes of action released herein.

18. Protected Activity. Executive understands that nothing in this Agreement shall in any way limit or prohibit Executive from engaging for a lawful purpose in any Protected Activity. For purposes of this Agreement, "Protected Activity" shall mean filing a charge, complaint, or report with, or otherwise communicating with, cooperating with or participating in any investigation or proceeding that may be conducted by, any federal, state or local government agency or commission, including the Securities and Exchange Commission, the Equal Employment Opportunity Commission, the Occupational Safety and Health Administration, and the National Labor Relations Board ("Government Agencies"). Executive understands that in connection with such Protected Activity, Executive is permitted to disclose documents or other information as permitted by law, and without giving notice to, or receiving authorization from, the Company. Notwithstanding the foregoing, Executive agrees to take all reasonable precautions to prevent any unauthorized use or disclosure of any information that may constitute Company confidential information under the Confidentiality Agreement or the Surviving Provision to any parties other than the relevant Government Agencies. Executive further understands that "Protected Activity" does not include the disclosure of any Company attorney-client privileged communications, and that any such disclosure without the Company's written consent shall constitute a material breach of this Agreement.

19. No Representations. Executive represents that Executive has had an opportunity to consult with an attorney, and has carefully read and understands the scope and effect of the provisions of this Agreement. Executive has not relied upon any representations or statements made by the Company that are not specifically set forth in this Agreement.

20. Severability. In the event that any provision or any portion of any provision hereof or any surviving agreement made a part hereof becomes or is declared by a court of competent jurisdiction or arbitrator to be illegal, unenforceable, or void, this Agreement shall continue in full force and effect without said provision or portion of provision.

21. Attorneys' Fees. Except with regard to a legal action challenging or seeking a determination in good faith of the validity of the waiver herein under the ADEA, in the event that either Party brings an action to enforce or effect its rights under this Agreement, the prevailing Party shall be entitled to recover its costs and expenses, including the costs of mediation, arbitration, litigation, court fees, and reasonable attorneys' fees incurred in connection with such an action.

22. Entire Agreement. This Agreement represents the entire agreement and understanding between the Company and Executive concerning the subject matter of this Agreement and Executive's employment with and separation from the Company and the events leading thereto and associated therewith, and supersedes and replaces any and all prior agreements and understandings concerning the subject matter of this Agreement and Executive's relationship with the Company, including the Employment Agreement, with the exception of the Surviving Provision (except as modified herein), the Confidentiality Agreement, and the Stock Agreements.

23. No Oral Modification. This Agreement may only be amended in a writing signed by Executive and the Company's Chief Executive Officer.

24. Governing Law. This Agreement shall be governed by the laws of the Commonwealth of Pennsylvania, without regard for choice-of-law provisions. Executive consents to personal and exclusive jurisdiction and venue in the Commonwealth of Pennsylvania.

25. Effective Date. Executive understands that this Agreement shall be null and void if not executed by Executive, and returned to the Company, within the twenty-one (21) day period set forth above. Executive has seven (7) days after Executive signs this Agreement to revoke it. This Agreement will become effective on the later of (a) the eighth (8th) day after Executive signed this Agreement, so long as it has been signed by the Parties and has not been revoked by Executive before that date, or (b) the date it has been signed by both Parties (the "Effective Date").

26. Counterparts. This Agreement may be executed in counterparts and each counterpart shall be deemed an original and all of which counterparts taken together shall have the same force and effect as an original and shall constitute an effective, binding agreement on the part of each of the undersigned. The counterparts of this Agreement may be executed and delivered by facsimile, photo, email PDF, DocuSign/EchoSign or a similarly accredited secure signature service, or other electronic transmission or signature. This Agreement may be executed in one or more counterparts, and counterparts may be exchanged by electronic transmission (including by email), each of which will be deemed an original, but all of which together constitute one and the same instrument.

27. Section 409A. It is intended that this Agreement comply with, or be exempt from, Code Section 409A and the final regulations and official guidance thereunder ("Section 409A") and any ambiguities herein will be interpreted to so comply and/or be exempt from Section 409A. The separation payment set forth in Section 1.c is intended to constitute deferred compensation for purposes of Section 409A and comply with Section 409A pursuant to Treasury Regulation Section 1.409A-3(i)(1). Each payment and benefit to be paid or provided under this Agreement is intended to constitute a series of separate payments for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations. The Company and Executive will work together in good faith to consider either (i) amendments to this Agreement; or (ii) revisions to this Agreement with respect to the payment of any awards, which are necessary or appropriate to avoid imposition of any additional tax or income recognition prior to the actual payment to Executive under Section 409A. In no event will the Company reimburse Executive for any taxes that may be imposed on Executive as a result of Section 409A.

28. Voluntary Execution of Agreement. Executive understands and agrees that Executive executed this Agreement voluntarily, without any duress or undue influence on the part or behalf of the Company or any third party, with the full intent of releasing all of Executive's claims against the Company and any of the other Releasees. Executive acknowledges that:

- (a) Executive has read this Agreement;
- (b) Executive has been represented in the preparation, negotiation, and execution of this Agreement by legal counsel of Executive's own choice or has elected not to retain legal counsel;
- (c) Executive understands the terms and consequences of this Agreement and of the releases it contains; and
- (d) Executive is fully aware of the legal and binding effect of this Agreement.

[Remainder of page intentionally blank; signature page follows]

IN WITNESS WHEREOF, the Parties have executed this Agreement on the respective dates set forth below.

SCOTT MCQUILKIN, an individual

Dated: 04/01/2018

/s/ Scott McQuilkin

Scott McQuilkin

INTERDIGITAL, INC.

Dated: 04/02/2018

By /s/ William J. Merritt

William J. Merritt
President & Chief Executive Officer

EXHIBIT A
Vested Equity Awards Held by Executive in his E*TRADE Employee Stock Plan
account as of Retirement Date

Grant Type	Grant Number	Grant Date	Vest Date	Value Basis	Sellable	
RSU	6033	3/20/2008	1/1/2011	\$ 41.64	1,112	
RSU	A006655	1/1/2009	1/1/2012	\$ 43.57	1,157	
RSU	6096	1/1/2009	1/1/2011	\$ 41.64	1,144	
RSU	6424	1/1/2009	1/1/2012	\$ 43.57	3,934	
RSU	6759	1/1/2010	1/1/2011	\$ 41.64	708	
RSU	6759	1/1/2010	1/1/2012	\$ 43.57	710	
RSA	6769	1/15/2010	1/15/2010	\$ 25.72	704	
RSU	6968	11/1/2010	1/1/2013	\$ 41.09	1,427	
RSU	7127	12/30/2010	12/30/2010	\$ 42.00	469	
RSU	7127	12/30/2010	12/30/2011	\$ 43.57	474	
RSU	7127	12/30/2010	12/30/2012	\$ 39.89	473	
RSU	7269	1/1/2011	1/1/2014	\$ 29.49	1,299	
RSU	8035	1/18/2013	1/18/2016	\$ 44.02	2,805	
RSU	7902	1/18/2013	1/18/2013	\$ 44.19	2,638	
RSU	7902	1/18/2013	1/18/2014	\$ 28.70	2,679	
RSU	7902	1/18/2013	1/18/2015	\$ 51.99	2,705	
PSU	8229	1/18/2013	1/1/2014	\$ 29.49	2,582	
PSU	8378	1/18/2013	1/1/2015	\$ 52.90	3,519	
RSU	9398	3/15/2014	3/15/2017	\$ 85.45	4,387	
PSU	9299	3/15/2014	3/15/2017	\$ 85.45	18,890	
RSU	9679	3/15/2015	3/15/2018	\$ 75.00	3,420	
PSU	9687	3/15/2015	3/15/2018	\$ 75.00	11,504	
Grant Type	Grant Number	Grant Date	Vest Date	Exercise Price	Options Exercisable	
NQ	8192	1/18/2013	1/18/2016	\$ 44.19	4,256	all 3 tranches fully vested
ISO	8191	1/18/2013	1/18/2016	\$ 44.19	6,786	all 3 tranches fully vested
ISO	8864	3/15/2014	3/15/2017	\$ 30.69	3,260	all 3 tranches fully vested
NQ	8865	3/15/2014	3/15/2017	\$ 30.69	20,650	all 3 tranches fully vested
ISO	9701	3/15/2015	3/15/2018	\$ 52.85	1,892	all 3 tranches fully vested
NQ	9702	3/15/2015	3/15/2018	\$ 52.85	13,531	all 3 tranches fully vested
NQ	8851	3/30/2016	3/30/2018	\$ 54.93	13,114	2 of 3 tranches fully vested

EXHIBIT B

SUPPLEMENTAL RELEASE AGREEMENT

This Supplemental Release Agreement (“Supplemental Release”) is made by and between Scott McQuilkin (“Executive”) and InterDigital, Inc. (the “Company”) (collectively referred to as the “Parties” or individually referred to as a “Party”).

1. Consideration. In consideration for the Supplemental Retirement Consideration in Section 1.b. of the Retirement & Transition Agreement and Release signed between Executive and the Company in or around April 2018 (the “Retirement Agreement”), Executive hereby extends Executive’s release and waiver of claims to any claims that may have arisen between the Effective Date (as such term is defined in the Retirement Agreement) and the Supplemental Release Effective Date, as defined below.

2. Incorporation of Terms of Retirement Agreement. The undersigned Parties further acknowledge that the terms of the Retirement Agreement, including, but not limited to, 5 (Payment of Salary and Receipt of All Benefits), 6 (General Release of Claims), 8 (No Pending or Future Lawsuits), 9 (Trade Secrets and Confidential Information/Company Property), 10 (No Cooperation), 11 (Nondisparagement), 12 (Breach), and 18 (Protected Activity) shall apply to this Supplemental Release and are incorporated herein to the extent that they are not inconsistent with the express terms of this Supplemental Release.

3. Supplemental Release Effective Date. Executive understands that this Supplemental Release shall be null and void if not executed by Executive, and returned to the Company, within the twenty-one (21) days after the end of the Transition Period. Each Party has seven (7) days after that Party signs this Supplemental Release to revoke it. This Supplemental Release will become effective on the eighth (8th) day after Executive signed this Supplemental Release, so long as it has been signed by the Parties and has not been revoked by either Party before that date (the “Supplemental Release Effective Date”). The Company will provide Executive the consideration provided in Section 1.b of the Retirement Agreement on March 15, 2019, in accordance with the terms of that agreement.

4. Voluntary Execution of Agreement. Executive understands and agrees that Executive executed this Supplemental Release voluntarily, without any duress or undue influence on the part or behalf of the Company or any third party, with the full intent of releasing all of Executive’s claims against the Company and any of the other Releasees. Executive acknowledges that:

- (a) Executive has read this Supplemental Release;
- (b) Executive cannot sign the Supplemental Release before the end of the Transition Period;
- (c) Executive has been represented in the preparation, negotiation, and execution of this Supplemental Release by legal counsel of Executive’s own choice or has elected not to retain legal counsel;
- (d) Executive understands the terms and consequences of this Supplemental Release and of the releases it contains; and
- (e) Executive is fully aware of the legal and binding effect of this Supplemental Release.

[Remainder of page intentionally blank; signature page follows]

IN WITNESS WHEREOF, the Parties have executed this Agreement on the respective dates set forth below.

SCOTT MCQUILKIN, an individual

Dated: _____

Scott McQuilkin

INTERDIGITAL, INC.

Dated: _____

By

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Section 3: EX-10.2 (EXHIBIT 10.2 - SHAY RETIREMENT AND TRANSITION AGREEMENT AND RELEASE)

RETIREMENT & TRANSITION AGREEMENT AND RELEASE

This Retirement Agreement and Release (“Agreement”) is made by and between Lawrence F. Shay (“Executive”) and InterDigital, Inc. (the “Company”) (collectively referred to as the “Parties” or individually referred to as a “Party”).

RECITALS

WHEREAS, Executive was employed by the Company as its Senior Executive Vice President, Future Wireless, and Chief Intellectual Property Counsel;

WHEREAS, Executive signed an Amended and Restated Employment Agreement with the Company on January 21, 2013 (the “Employment Agreement”), and capitalized terms not otherwise defined herein shall have the respective meanings for such terms as set forth in the Employment Agreement;

WHEREAS, Executive signed an Nondisclosure and Assignment of Ideas Agreement with InterDigital Communications, LLC, on October 3, 2007, which was subsequently assigned to the Company on January 1, 2013, (the “Confidentiality Agreement”);

WHEREAS, Executive signed an Indemnity Agreement with InterDigital Communications Corporation on March 19, 2003, which was subsequently assigned to Company pursuant to an Assignment and Assumption of Indemnity Agreement, executed on July 2, 2007 (collectively “Indemnity Agreement”);

WHEREAS, the Company and Executive have entered into certain stock option agreements granting Executive the option to purchase shares of the Company’s common stock, as well as certain restricted stock unit agreements granting Executive the right to receive shares of the Company’s common stock, both subject to the terms and conditions of the applicable Company equity plan and

the stock option agreement or restricted stock purchase agreement applicable to such option grant or restricted stock unit award (collectively the "Stock Agreements");

WHEREAS, Executive has participated in that certain short-term incentive plan ("STIP") and Deferred Compensation Plan, effective as of June 12, 2013 ("NQDC");

WHEREAS, Executive is retiring and separating from Executive's employment with the Company effective as of April 1, 2018 (the "Retirement Date");

WHEREAS, in order to ensure an orderly transition of responsibilities to successor, Executive has agreed to provide certain Transition Services, as defined herein;

WHEREAS, the Parties have agreed to a lump sum retirement payment for years of service and in lieu of salary continuation to enforce the non-compete and non-solicitation provisions provided in the Employment Agreement; and

WHEREAS, in addition to the other terms in this Agreement, the Parties wish to resolve any and all disputes, claims, complaints, grievances, charges, actions, petitions, and demands that Executive may have against the Company and any of the Releasees as defined below, including, but not limited to, any and all claims arising out of or in any way related to Executive's employment with or separation from the Company while preserving, however, certain preexisting rights of Employee hereinafter described as well as those rights arising under this Agreement which survive the Retirement Date;

NOW, THEREFORE, in consideration of the mutual promises made herein, the Company and Executive hereby agree as follows:

COVENANTS

1. Consideration. In consideration of Executive's execution of this Agreement and Executive's fulfillment of its terms and conditions, and provided that Executive does not revoke the Agreement under Section 7 below, the Company agrees as follows:

a. *COBRA Payments*. The Company shall pay on Executive's behalf for COBRA coverage for Executive and his covered dependents for a period of twelve (12) months, provided Executive timely elects for continuation coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), within the time period prescribed pursuant to COBRA (the "COBRA Payments").

b. *Transition*. Following the Retirement Date, the Company has requested and Executive has agreed to provide limited transition assistance services to the Company (the "Transition Services") on a part-time basis. The Transition Services shall be provided for a period of 100 calendar days after the Retirement Date (the "Transition Period") unless otherwise terminated by Executive by providing a written notice to the Company five (5) calendar days prior to the termination date. The Parties reasonably anticipate that during the Transition Period, Executive will provide services to the Company at a level of more than 20% of Executive's level of services during the thirty-six (36) month period prior to the Retirement Date, but in no event shall Executive be required to provide services for more than two (2) days per any calendar week. Accordingly, the Company has reasonably determined that a "separation from service" within the meaning of Treasury Regulation Section 1.409A-1(h) did not occur as of the Retirement Date, but shall continue throughout the Transition Period. For the avoidance of doubt, the Parties agree that a break in service occurred as of the Retirement Date for purposes of the Stock Agreements. The nature, timing, location, and scope for the Transition Services will be (i) mutually determined by the Parties at such time, (ii) within reasonable market practices for such transition services, and (iii) commensurate with Executive's skills and experience. In no event shall the Transition Services include travel other than, from time to time, as mutually agreed by the Parties. All requests for Transition Services shall be made by the CEO of the Company, and, in no event, shall the Transition Services be deemed to constitute legal advice. The Company shall rely on the Transition Services at its own discretion. The Company shall pay Executive a total of \$120,000 for the Transition Services (the "Transition Payment") and the Transition Payment shall be payable to Executive in 3 equal payments on May 1, 2018, June 1, 2018, and July 1, 2018. In the event Executive terminates the Transition Services prior to the last day of the Transition Period, the Transition Payment shall be prorated on a daily basis and paid to Executive within five (5) business days after the date of termination. The Company shall reimburse Executive for any expenses, including travel expenses, incurred in connection with Executive's performance of the Transition Services promptly following submittal of copies of receipts for such expenses by Executive.

c. *Supplemental Retirement Consideration*. For the years of service provided by Executive, in compliance with Section 7 of Executive's Employment Agreement and subject to Executive executing and not revoking the Supplemental Release Agreement attached hereto as Exhibit B (the "Supplemental Release"), the Company agrees that Executive will be entitled to a retirement payment equal to a lump sum total of Five Hundred Ninety-Six Thousand Eight Hundred Fourteen Dollars (\$596,814.04) (the "Supplemental Retirement Payment"). In accordance with the NQDC and Treasury Regulation Section 1.409A-2(a)(11), the Supplemental Retirement Payment shall be deferred under the NQDC until the fifth (5th) anniversary following the date of Executive's "separation from service" within the meaning of Treasury Regulation Section 1.409A-1(h) (the "Supplemental Retirement Payment Date"). In accordance with the NQDC, the Supplemental Retirement Payment shall be credited to Executive's Account (as defined in the NQDC) upon the date of Executive's "separation from service" within the meaning of Treasury Regulation Section 1.409A-1(h). Absent an early termination by the Executive of the Transition Services, the parties

expect Executive's "separation from service" to occur on the date immediately following the last day of the Transition Period (i.e., July 11, 2018). Credits to Executive's Account may be notionally invested in accordance with the terms of the NQDC. The then-existing value of the Supplemental Retirement Payment (whether such amount is higher or lower or the same than the original notional value) shall be distributed in a lump sum to Executive on the Supplemental Retirement Payment Date. The Parties agree that absent this Agreement, Executive did not have any legally binding right to any separation pay related to his retirement on the Retirement Date. For the avoidance of doubt, this Section 1.c shall serve as a "Deferral Election Form" and a "Distribution Election Form," in each case, as defined in the NQDC.

The Parties agree that the COBRA Payments and the Supplemental Retirement Payment shall constitute consideration for the years of service, the promises contained in this Agreement, the Supplemental Release, and Executive's obligations under Section 7 of the Employment Agreement. Executive acknowledges further that the COBRA Payments and the Supplemental Retirement Payment constitute satisfaction in full of the Company's obligations pursuant to Section 7.4 of the Employment Agreement, specifically including the Company's obligation in subsection (z) of the second full paragraph of Section 7.4 of the Employment Agreement which is hereby superseded and replaced by Sections 1.b. and 1.c. of this Agreement, and that the Restricted Period shall run until April 1, 2019. Regardless of Executive's death or incapacity prior to the Supplemental Retirement Payment being made, so long as Executive has otherwise complied with his obligations, the Company shall be obligated to make such payment as required under this Agreement.

d. *Supplemental Release.* The Company agrees to execute the Supplemental Release at the time of signing of the Supplemental Release by Executive. In exchange for the Supplemental Retirement Payment, Executive agrees to execute, within ten (10) days after the end of the Transition Period, the Supplemental Release attached hereto as Exhibit B, which Release will serve to cover the time period from the Retirement Date of this Agreement through the Supplemental Release Effective Date; provided, however, the Parties agree to modify the Supplemental Release to comply with any new laws that become applicable prior to the end of Executive's post-separation services to the Company while maintaining as close as possible the intent of the parties as of the execution of this Agreement. Executive understands and agrees that absent death or incapacity Executive will only be entitled to the consideration set forth in Section 1.c. if Executive executes the Supplemental Release Agreement within the time allotted in this Section 1.d. and does not revoke that agreement.

e. *General.* Executive acknowledges that without this Agreement, Executive is otherwise not entitled to the consideration listed in this Section 1.

2. Officer Resignations. Effective as of the Retirement Date, Executive agrees to resign from all positions Executive holds in the Company and all of its Related Businesses (as defined below in Section 6).

3. Stock. The Parties acknowledge that Exhibit A hereto sets forth and reflects those vested stock options and vested restricted stock units held by Executive in his E*TRADE Employee Stock Plan account as of the Retirement Date, but which number shall in all instances be governed by the terms of the applicable Stock Agreements, except as amended by this Agreement. The Parties agree that for purposes of determining the number of shares of the Company's common stock that Executive is entitled to purchase from the Company pursuant to the exercise of outstanding options, Executive will be considered to have vested only up to and including the Retirement Date; any unvested stock options and any unvested restricted stock units shall forfeit immediately upon the Retirement Date (for clarity, any stock options or restricted stock units scheduled to vest prior to the Retirement Date shall vest in accordance with the terms of the Stock Agreements, assuming continuous service through the Retirement Date). The exercise of Executive's vested options shall continue to be governed by the terms and conditions of the Company's Stock Agreements. The Stock Agreements provide that Executive's vested options shall be exercisable for 180 days following the Retirement Date.

4. Benefits. Executive's health insurance benefits as an employee shall cease on the last day of the month in which the Retirement Date occurs, subject to Executive's right to continue Executive's health insurance under COBRA. Executive's participation in all benefits, including, but not limited to, vesting in stock options, and the accrual of bonuses, vacation, and paid time off, will cease as of the Retirement Date.

5. Payment of Salary and Receipt of All Benefits. Executive acknowledges and represents that, other than the consideration set forth in this Retirement Agreement, the payment of salary, wages, reimbursable expenses, vacation/paid time off and other similar payments that are earned or accrued, but unpaid as of the Retirement Date, and the compensation set forth in Section 5.a below, the Company and its agents have paid or provided all salary, wages, bonuses, STIP and LTIP payments, accrued vacation/paid time off, notice periods, premiums, leaves, housing allowances, relocation costs, interest, severance, outplacement costs, fees, reimbursable expenses, commissions, stock, stock options, vesting, and any and all other benefits and compensation due to Executive. For clarity, Executive's 2017 STIP payment was made in the first quarter of 2018. As of the Retirement Date, Executive forfeits any rights to any 2018 STIP payments in accordance with the terms of the STIP.

a. *Payments Continuing to be Due.* The following benefits and compensation shall continue to be due to Executive after the Retirement Date: (i) equity awarded and vested under the Company's LTCP through the Retirement Date; (ii) any matching contributions to be made by Company under the Company's 401(k) plan and/or the NQDC in accordance with the terms of each plan for contributions made by Executive through the Retirement Date; and (iii) payments of deferred compensation in accordance with the NQDC.

6. Release of Claims. Executive agrees that the foregoing consideration represents settlement in full of all outstanding obligations owed to Executive by the Company and its current and former officers, directors, employees, agents, investors, attorneys, shareholders, administrators, benefit plans, plan administrators, professional employer organization or co-employer, insurers, trustees and the "Related Businesses" which, for purposes of this Agreement, shall mean the Company and all of its, parent corporations, subsidiaries, affiliated companies and entities and divisions, including without limitation the Signal Trust and the Signal Foundation, and all predecessor and successor corporations, entities, and assigns of the Related Businesses (all of the foregoing collectively, the "Releasees"). Executive, on Executive's own behalf and on behalf of Executive's respective heirs, family members, executors, agents, and assigns, hereby and forever releases the Releasees from, and agrees not to sue concerning, or in any manner to institute, prosecute, or pursue, any claim, complaint, charge, duty, obligation, demand, or cause of action relating to any matters of any kind, whether presently known or unknown, suspected or unsuspected, that Executive may possess against any of the Releasees arising from any omissions, acts, facts, or damages that have occurred up until and including the Effective Date of this Agreement, including, without limitation:

a. any and all claims relating to or arising from Executive's employment relationship with the Company and the termination of that relationship;

b. any and all claims relating to, or arising from, Executive's right to purchase, or actual purchase of shares of stock of the Company, including, without limitation, any claims for fraud, misrepresentation, breach of fiduciary duty, breach of duty under applicable state corporate law, and securities fraud under any state or federal law;

c. any and all claims for wrongful discharge of employment; termination in violation of public policy; discrimination; harassment; retaliation; breach of contract, both express and implied; breach of covenant of good faith and fair dealing, both express and implied; promissory estoppel; negligent or intentional infliction of emotional distress; fraud; negligent or intentional misrepresentation; negligent or intentional interference with contract or prospective economic advantage; unfair business practices; defamation; libel; slander; negligence; personal injury; assault; battery; invasion of privacy; false imprisonment; conversion; and disability benefits;

d. any and all claims for violation of any federal, state, or municipal statute, including, but not limited to, Title VII of the Civil Rights Act of 1964; the Civil Rights Act of 1991; the Rehabilitation Act of 1973; the

Americans with Disabilities Act of 1990; the Equal Pay Act; the Fair Labor Standards Act; the Fair Credit Reporting Act; the Age Discrimination in Employment Act of 1967; the Older Workers Benefit Protection Act; the Employee Retirement Income Security Act of 1974; the Worker Adjustment and Retraining Notification Act; the Family and Medical Leave Act; the Uniformed Services Employment and Reemployment Rights Act; Delaware Discrimination in Employment Law; Delaware Handicapped Persons Employment Protection Act; Delaware Equal Pay Law; Delaware Whistleblowers' Protection Act; Delaware Minimum Wage Act; Delaware Wage Payment and Collection Act; Pennsylvania Human Relations Act, 43 Pa. Cons. Stat. § 951 et seq.; Pennsylvania Equal Pay Law, as amended, 43 Pa. Cons. Stat. § 336.1 et seq.; Pennsylvania Wage Payment and Collection Law, as amended, 43 Pa. Cons. Stat. § 260.1 et seq.; Pennsylvania Minimum Wage Act of 1968, 43 Pa. Cons. Stat. § 333.101 et seq.; Pennsylvania Worker and Community Right-to-Know Act, 41 Pa. Cons. Stat. § 7301 et seq.;

- e. any and all claims for violation of the federal or any state constitution;
- f. any and all claims arising out of any other laws and regulations relating to employment or employment discrimination;
- g. any claim for any loss, cost, damage, or expense arising out of any dispute over the nonwithholding or other tax treatment of any of the proceeds received by Executive as a result of this Agreement; and
- h. any and all claims for attorneys' fees and costs.

Executive agrees that the release set forth in this section shall be and remain in effect in all respects as a complete general release as to the matters released. Notwithstanding anything in this Agreement or any other document previously, contemporaneously or hereafter executed by Executive in connection with this Agreement which purports to fully release the Company (the "Release Agreements") or any Releasees (as defined above), no release by Executive given under the Release Agreements shall relieve Company or any Releasees of any obligation to Executive under (a) such Release Agreements or (b) the Indemnity Agreement, the Articles of Incorporation, Bylaws, agreements or other documents of any of the Releasees, or (c) policies of liability insurance, including D&O coverage currently covering Executive against personal liability for actions as an employee, office or director, or (d) under its 401(k) and the NQDC to provide matching contributions to either benefit plan for the benefit of Executive, or (e) personnel policies requiring Company to pay Executive: (i) for PTO days not taken through the Retirement Date and (ii) reimbursable expenses, salary, wages and similar payments earned or accrued, but unpaid as of the Retirement Date, nor shall any release herein be deemed to discharge any other payment obligation in respect of Executive's employment specified in Section 5 above. Additionally, no release given by Executive under the Agreements shall be deemed to release claims against Company or the Releasees that cannot be released as a matter of law, including any Protected Activity (as defined below); or waive any right Executive may have to receive unemployment compensation benefits or workers' compensation benefits. Executive represents that Executive has made no assignment or transfer of any right, claim, complaint, charge, duty, obligation, demand, cause of action, or other matter waived or released by this Section.

7. Acknowledgment of Waiver of Claims under ADEA. Executive acknowledges that Executive is waiving and releasing any rights Executive may have under the Age Discrimination in Employment Act of 1967 ("ADEA"), and that this waiver and release is knowing and voluntary. Executive agrees that this waiver and release does not apply to any rights or claims that may arise under the ADEA after the Effective Date of this Agreement. Executive acknowledges that the consideration given for this waiver and release is in addition to anything of value to which Executive was already entitled. Executive further acknowledges that Executive has been advised by this writing that: (a) Executive should consult with an attorney prior to executing this Agreement; (b) Executive has twenty-one (21) days within which to consider this Agreement; (c) Executive has seven (7) days following Executive's execution of this Agreement to revoke this Agreement; (d) this Agreement shall not be effective until after the revocation period has expired; and (e) nothing in this Agreement prevents or precludes Executive from challenging or seeking a determination in good faith of the validity of this waiver under the ADEA, nor does it impose any condition precedent, penalties, or costs for doing so, unless specifically authorized by federal law. In the event Executive signs this Agreement and returns it to the Company in less than the 21-day period identified above, Executive hereby acknowledges that Executive

has freely and voluntarily chosen to waive the time period allotted for considering this Agreement. Executive acknowledges and understands that revocation must be accomplished by a written notification to the undersigned Company representative that is received prior to the Effective Date. The Parties agree that changes, whether material or immaterial, do not restart the running of the 21-day period.

8. No Pending or Future Lawsuits. Executive represents that Executive has no lawsuits, claims, or actions pending in Executive's name, or on behalf of any other person or entity, against the Company or any of the other Releasees. Executive also represents that Executive does not intend at this time to bring any claims on Executive's own behalf or on behalf of any other person or entity against the Company or any of the other Releasees. To Company's knowledge, none of the Related Businesses have claims of any kind or nature against Executive.

9. Trade Secrets and Confidential Information/Company Property. Executive reaffirms and agrees to observe and abide by Section 7 of the Employment Agreement (the terms of which are expressly incorporated in this Agreement and survive the Retirement Date, except as modified by Section 1 above) (the "Surviving Provision") and the Confidentiality Agreement, specifically including the provisions therein regarding nondisclosure of the Company's trade secrets and confidential and proprietary information, noncompetition and nonsolicitation of Company employees and customers. Executive agrees that the above reaffirmation and agreement with the Confidentiality Agreement and the Surviving Provision shall constitute a new and separately enforceable agreement to abide by the terms of the Confidentiality Agreement and the Surviving Provision, entered and effective as of the Effective Date. Executive specifically acknowledges and agrees that any violation of the Surviving Provision or the Confidentiality Agreement shall constitute a material breach of this Agreement. Executive's signature below constitutes Executive's certification under penalty of perjury that Executive has returned all documents and other items provided to Executive by the Company, developed or obtained by Executive in connection with Executive's employment with the Company, or otherwise belonging to the Company, including, but not limited to, all passwords to any software or other programs or data that Executive used in performing services for the Company.

10. No Cooperation. Executive agrees that Executive will not knowingly encourage, counsel, or assist any attorneys or their clients in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints by any third party against any of the Releasees, unless under a subpoena or other court order to do so or as related directly to the ADEA waiver in this Agreement. Executive agrees both to immediately notify the Company upon receipt of any such subpoena or court order, and to furnish, within three (3) business days of its actual receipt by Executive, a copy of such subpoena or other court order. If approached by anyone for counsel or assistance in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints against any of the Releasees, Executive shall state no more than that Executive cannot provide counsel or assistance.

11. Nondisparagement. Executive agrees to refrain from any disparagement, defamation, libel, or slander of any of the Releasees, and agrees to refrain from any tortious interference with the contracts and relationships of any of the Releasees. The Company agrees for itself and the Related Businesses that it will not encourage, condone or authorize anyone to make any negative comments or disparaging remarks about you and it will specifically instruct its Board members and officers not to disparage or otherwise communicate negative statements or opinions about Executive.

12. Breach. Executive acknowledges and agrees that for any material breach of this Agreement or the Confidentiality Agreement, in each case as determined in the Arbitration, unless such breach constitutes a legal action by Executive challenging or seeking a determination in good faith of the validity of the waiver herein under the ADEA, the Company can seek relief which would include a request for the Company to recover and/or cease providing the consideration provided to Executive under this Agreement and to obtain damages, except as provided by law, provided, however, that the Company shall not seek recovery of One Hundred Dollars (\$100.00) of the consideration already paid pursuant to this Agreement and such amount

shall serve as full and complete consideration for the promises and obligations assumed by Executive under this Agreement, the Surviving Provision, and the Confidentiality Agreement.

13. No Admission of Liability. Executive understands and acknowledges that this Agreement constitutes a compromise and settlement of any and all actual or potential disputed claims by Executive. No action taken by the Company hereto, either previously or in connection with this Agreement, shall be deemed or construed to be (a) an admission of the truth or falsity of any actual or potential claims or (b) an acknowledgment or admission by the Company of any fault or liability whatsoever to Executive or to any third party.

14. Costs. The Parties shall each bear their own costs, attorneys' fees, and other fees incurred in connection with the preparation of this Agreement.

15. Continuing Duty of Indemnification. Notwithstanding Executive's separation as an employee, officer and Board member of the Company and any of the other Related Businesses, or any provision of this Agreement to the contrary, as a material inducement of Executive to enter into this Agreement, Company hereby acknowledges, agrees and confirms that this Agreement shall neither release, eliminate, limit or modify any contractual, common law or statutory duty or obligation imposed upon the Company, or any of the Related Businesses, to indemnify and/or defend Executive from third party claims arising out of his employment, his role as an officer or director, or consulting relationship with the Company or any of the other Related Businesses, including, without limitation, under the organizational documents of the Company, or any of the Related Businesses such as its or their Articles of Incorporation and Bylaws, and under the Indemnity Agreement; nor shall it be deemed to release, eliminate, limit or modify, any rights Executive may have independent of this Agreement under any of the Company's or other Related Businesses' officers and directors and other insurance policies providing coverage for the actions of Executive based on his employment, his role as an officer or director, or consulting relationship with the Company, or any of the other Related Businesses. To the extent that any riders or amendments to such policies shall be necessary to provide or continue such coverage of Executive as aforesaid on and after the Retirement Date, the Company shall procure same at its sole cost and expense for the benefit of Executive.

16. Arbitration. THE PARTIES AGREE THAT ANY AND ALL DISPUTES ARISING OUT OF THE TERMS OF THIS RETIREMENT AGREEMENT, THEIR INTERPRETATION, EMPLOYEE'S EMPLOYMENT WITH THE COMPANY OR THE TERMS THEREOF, OR ANY OF THE MATTERS HEREIN RELEASED, SHALL BE SUBJECT TO ARBITRATION IN PHILADELPHIA, PENNSYLVANIA, BEFORE JUDICIAL ARBITRATION & MEDIATION SERVICES ("JAMS"), PURSUANT TO ITS EMPLOYMENT ARBITRATION RULES & PROCEDURES ("JAMS RULES"). THE ARBITRATOR MAY GRANT INJUNCTIONS AND OTHER RELIEF IN SUCH DISPUTES. THE ARBITRATOR SHALL ADMINISTER AND CONDUCT ANY ARBITRATION IN ACCORDANCE WITH PENNSYLVANIA LAW, INCLUDING THE PENNSYLVANIA RULES OF CIVIL PROCEDURE, AND THE ARBITRATOR SHALL APPLY SUBSTANTIVE AND PROCEDURAL PENNSYLVANIA LAW TO ANY DISPUTE OR CLAIM, WITHOUT REFERENCE TO ANY CONFLICT-OF-LAW PROVISIONS OF ANY JURISDICTION. TO THE EXTENT THAT THE JAMS RULES CONFLICT WITH PENNSYLVANIA LAW, PENNSYLVANIA LAW SHALL TAKE PRECEDENCE. THE DECISION OF THE ARBITRATOR SHALL BE FINAL, CONCLUSIVE, AND BINDING ON THE PARTIES TO THE ARBITRATION. THE PARTIES AGREE THAT THE PREVAILING PARTY IN ANY ARBITRATION SHALL BE ENTITLED TO INJUNCTIVE RELIEF IN ANY COURT OF COMPETENT JURISDICTION AND TO ENFORCE THE ARBITRATION AWARD. THE PARTIES TO THE ARBITRATION SHALL EACH PAY AN EQUAL SHARE OF THE COSTS AND EXPENSES OF SUCH ARBITRATION, AND EACH PARTY SHALL SEPARATELY PAY FOR ITS RESPECTIVE COUNSEL FEES AND EXPENSES; PROVIDED, HOWEVER, THAT THE ARBITRATOR SHALL AWARD ATTORNEYS' FEES AND COSTS TO THE PREVAILING PARTY, EXCEPT AS PROHIBITED BY LAW. THE PARTIES HEREBY AGREE TO WAIVE THEIR RIGHT TO HAVE ANY DISPUTE HEREUNDER BETWEEN THEM RESOLVED IN A COURT

OF LAW BY A JUDGE OR JURY. SHOULD ANY PART OF THE ARBITRATION AGREEMENT CONTAINED IN THIS PARAGRAPH CONFLICT WITH ANY OTHER ARBITRATION AGREEMENT BETWEEN THE PARTIES, THE PARTIES AGREE THAT THIS ARBITRATION AGREEMENT SHALL GOVERN.

17. Tax Consequences. The Company makes no representations or warranties with respect to the tax consequences of the payments and any other consideration provided to Executive or made on Executive's behalf under the terms of this Agreement. Executive agrees and understands that Executive is responsible for any local, state, and/or federal taxes and any penalties or assessments thereon imposed on Executive by law or otherwise, on the payments and any other consideration provided hereunder by the Company, and the Company will be responsible for any local, state, and/or federal taxes and any penalties or assessments thereon, imposed on the Company by law or otherwise. Each party further agrees to indemnify and hold the other Party harmless from any claims, demands, deficiencies, penalties, interest, assessments, executions, judgments, or recoveries by any government agency for any amounts claimed due on account of (a) a Party's failure to pay, or a Party's delayed payment of, federal or state taxes, or (b) damages sustained by the other Party by reason of any such claims, including attorneys' fees and costs.

18. Authority. The Company represents and warrants that the undersigned has the authority to act on behalf of the Company and to bind the Company and all who may claim through it to the terms and conditions of this Agreement. Executive represents and warrants that Executive has the capacity to act on Executive's own behalf and on behalf of all who might claim through Executive to bind them to the terms and conditions of this Agreement. Each Party warrants and represents that there are no liens or claims of lien or assignments in law or equity or otherwise of or against any of the claims or causes of action released herein.

19. Protected Activity. Executive understands that nothing in this Agreement shall in any way limit or prohibit Executive from engaging for a lawful purpose in any Protected Activity. For purposes of this Agreement, "Protected Activity" shall mean filing a charge, complaint, or report with, or otherwise communicating with, cooperating with or participating in any investigation or proceeding that may be conducted by, any federal, state or local government agency or commission, including the Securities and Exchange Commission, the Equal Employment Opportunity Commission, the Occupational Safety and Health Administration, and the National Labor Relations Board ("Government Agencies"). Executive understands that in connection with such Protected Activity, Executive is permitted to disclose documents or other information as permitted by law, and without giving notice to, or receiving authorization from, the Company. Notwithstanding the foregoing, Executive agrees to take all reasonable precautions to prevent any unauthorized use or disclosure of any information that may constitute Company confidential information under the Confidentiality Agreement or the Surviving Provision to any parties other than the relevant Government Agencies. Executive further understands that "Protected Activity" does not include the disclosure of any Company attorney-client privileged communications, and that any such disclosure without the Company's written consent shall constitute a material breach of this Agreement.

20. No Representations. Executive represents that Executive has had an opportunity to consult with an attorney, and has carefully read and understands the scope and effect of the provisions of this Agreement. Executive has not relied upon any representations or statements made by the Company that are not specifically set forth in this Agreement.

21. Severability. In the event that any provision or any portion of any provision hereof or any surviving agreement made a part hereof becomes or is declared by a court of competent jurisdiction or arbitrator to be illegal, unenforceable, or void, this Agreement shall continue in full force and effect without said provision or portion of provision.

22. Entire Agreement. This Agreement represents the entire agreement and understanding between the Company and Executive concerning the subject matter of this Agreement and Executive's employment with and separation from the Company and the events leading thereto and associated therewith,

and supersedes and replaces any and all prior agreements and understandings concerning the subject matter of this Agreement and Executive's relationship with the Company, including the Employment Agreement, with the exception of the Surviving Provision (except as modified herein), the Confidentiality Agreement, and the Stock Agreements.

23. No Oral Modification. This Agreement may only be amended in a writing signed by Executive and the Company's Chief Executive Officer.

24. Governing Law. This Agreement shall be governed by the laws of the Commonwealth of Pennsylvania, without regard for choice-of-law provisions. Executive and the Company consent to personal and exclusive jurisdiction and venue in the Commonwealth of Pennsylvania.

25. Effective Date. Executive understands that this Agreement shall be null and void if not executed by Executive, and returned to the Company, within the twenty-one (21) day period set forth above. Executive has seven (7) days after Executive signs this Agreement to revoke it. This Agreement will become effective on the later of (a) the eighth (8th) day after Executive signed this Agreement, so long as it has been signed by the Parties and has not been revoked by Executive before that date, or (b) the date it has been signed by both Parties (the "Effective Date").

26. Counterparts. This Agreement may be executed in counterparts and each counterpart shall be deemed an original and all of which counterparts taken together shall have the same force and effect as an original and shall constitute an effective, binding agreement on the part of each of the undersigned. The counterparts of this Agreement may be executed and delivered by facsimile, photo, email PDF, DocuSign/EchoSign or a similarly accredited secure signature service, or other electronic transmission or signature. This Agreement may be executed in one or more counterparts, and counterparts may be exchanged by electronic transmission (including by email), each of which will be deemed an original, but all of which together constitute one and the same instrument.

27. Section 409A. It is intended that this Agreement comply with, or be exempt from, Code Section 409A and the final regulations and official guidance thereunder ("Section 409A") and any ambiguities herein will be interpreted to so comply and/or be exempt from Section 409A. Amounts deferred under Section 1.c of this Agreement under the NQDC are intended to comply with Section 409A under Treasury Regulation Section 1.409A-2(a)(11). Each payment and benefit to be paid or provided under this Agreement is intended to constitute a series of separate payments for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations. The Company and Executive will work together in good faith to consider either (i) amendments to this Agreement; or (ii) revisions to this Agreement with respect to the payment of any awards, which are necessary or appropriate to avoid imposition of any additional tax or income recognition prior to the actual payment to Executive under Section 409A.

28. Voluntary Execution of Agreement. Executive understands and agrees that Executive executed this Agreement voluntarily, without any duress or undue influence on the part or behalf of the Company or any third party, with the full intent of releasing all of Executive's claims against the Company and any of the other Releasees as set forth in this Agreement. Executive acknowledges that:

- (a) Executive has read this Agreement;
- (b) Executive has been represented in the preparation, negotiation, and execution of this Agreement by legal counsel of Executive's own choice or has elected not to retain legal counsel;
- (c) Executive understands the terms and consequences of this Agreement and of the releases it contains; and

(d) Executive is fully aware of the legal and binding effect of this Agreement.

29. Successors and Assigns. This Agreement shall inure to the benefit of and be enforceable by Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees (collectively, "Executive's Assigns") and shall be binding and inure to the benefit of Company, Releasees and their successors and permitted assigns. Company may assign this Agreement in connection with a reorganization or change in control of the Company as long as the Company and the assignee are bound by the terms of this Agreement. The provisions hereof are solely for the benefit of the Company (and its permitted successors and assigns) and Executive and Executive's Assigns, and are not intended, and shall not be construed, to confer a right or benefit on any other person.

30. Notices. Any notices required or permitted by this Agreement shall be in writing and shall be delivered as follows with notice deemed given as indicated: (i) by personal delivery when delivered personally; (ii) by overnight courier upon written verification of receipt; (iii) by email or facsimile transmission upon acknowledgment of receipt by recipient of electronic transmission; or (iv) by certified or registered mail, return receipt requested, upon verification of receipt. Notice shall be sent Executive at the address set forth in the Company's personnel records and to the Company as its principal place of business, or such other address as either party may specify in writing. Copies of any notices to Executive hereunder shall also be sent to Executive's counsel as follows: Dominic Liberi, Esq. at Obermayer, Rebmann, Maxwell & Hippel, LLP, Centre Square West, 1500 Market Street, Suite 3400, Philadelphia, PA 19102-2101.

31. Headings. Headings are for convenience only and shall not control or affect the meaning or construction of any provision of this Agreement.

32. Further Assurances. In connection with this Agreement and the transactions contemplated thereby, each Party shall execute and deliver any additional documents and instruments and perform any additional acts that may be necessary or appropriate to effectuate and perform the provisions of this Agreement and such transactions.

[Remainder of page intentionally blank; signature page follows]

IN WITNESS WHEREOF, the Parties have executed this Agreement on the respective dates set forth below.

Dated: 3/31/2018

/s/ Lawrence F. Shay

Lawrence F. Shay, individually

INTERDIGITAL, INC.

Dated: 4/02/2018

By /s/ William J. Merritt

William J. Merritt
President & Chief Executive Officer

EXHIBIT A

**Vested Equity Awards Held by Executive in his E*TRADE Employee Stock Plan
account as of Retirement Date**

Summary of Sellable Shares effective April 1, 2018

Grant Type	Grant Number	Grant Date	Vest Date	Value Basis	Shares Sellable
RSA	006768	1/15/2010	1/15/2010	\$ 25.72	704
RSU	007125	12/30/2010	12/30/2012	\$ 39.89	709
RSU	007904	1/18/2013	1/18/2014	\$ 28.70	3,334
RSU	009357	3/15/2014	3/15/2017	\$ 85.45	4,387
PSU	009264	3/15/2014	3/15/2017	\$ 85.45	11,043
RSU	009675	3/15/2015	3/15/2018	\$ 75.00	3,420
PSU	009683	3/15/2015	3/15/2018	\$ 75.00	11,697

Grant Type	Grant Number	Grant Date	Vest Date	Exercise Price	Shares Exercisable	
ISO	008195	1/18/2013	1/18/2016	\$ 44.19	6,786	all 3 tranches fully vested
ISO	008856	3/15/2014	3/15/2017	\$ 30.69	3,260	all 3 tranches fully vested
ISO	009693	3/15/2015	3/15/2018	\$ 52.85	1,892	all 3 tranches fully vested
NQ	008196	1/18/2013	1/18/2016	\$ 44.19	7,937	all 3 tranches fully vested
NQ	008857	3/15/2014	3/15/2017	\$ 30.69	20,650	all 3 tranches fully vested
NQ	009694	3/15/2015	3/15/2017	\$ 52.85	13,531	all 3 tranches fully vested
NQ	008843	3/30/2016	3/30/2017	\$ 54.93	6,557	1 of 3 tranches vested
NQ	008843	3/30/2016	3/30/2018	\$ 54.93	6,557	2 of 3 tranches vested

EXHIBIT B

SUPPLEMENTAL RELEASE AGREEMENT

This Supplemental Release Agreement (“Supplemental Release”) is made by and between Lawrence F. Shay (“Executive”) and InterDigital, Inc. (the “Company”) (collectively referred to as the “Parties” or individually referred to as a “Party”). Capitalized terms, if not otherwise defined herein, shall have the respective meanings ascribed to them in that certain Retirement Agreement and Release by and between Company and Executive as of April 1, 2018 (the “Retirement Agreement”).

1. Retirement Consideration. In consideration for payment of the amount specified as the Supplemental Retirement Consideration in Section 1.c. of the Retirement Agreement, Executive hereby extends Executive’s release and waiver of claims to any claims (except for any outstanding claims arising from or in connection with the Company’s obligations under the Retirement Agreement, any other agreement executed in connection with the Retirement Agreement, or any agreement between Executive and any of the Related Businesses coming into existence following the Retirement Date) that may have arisen between the Effective Date (as such term is defined in the Retirement Agreement) and the Supplemental Release Effective Date, as defined below. This Supplemental Release is not intended to expand the scope of the releases and waivers of Executive set for in, or otherwise modify the terms of, the Retirement Agreement.

2. Incorporation of Terms of Retirement Agreement. The undersigned Parties further acknowledge that the terms of the Retirement Agreement, including, but not limited to, 5 (Payment of Salary and Receipt of All Benefits), 6 (Release of Claims, subject to the caveats and exceptions stated therein), 8 (No Pending or Future Lawsuits), 9 (Trade Secrets and Confidential Information/Company Property), 10 (No Cooperation), 11 (Nondisparagement), 12 (Breach), and 19 (Protected Activity) shall apply to this Supplemental Release and are incorporated herein to the extent that they are not inconsistent with the express terms of this Supplemental Release.

3. Supplemental Release Effective Date. This Supplemental Release will become effective upon its execution by the Executive (the “Supplemental Release Effective Date”). Following the Supplemental Release Effective Date, the Company shall disburse the consideration specified in, and in the manner required by, Section 1.c. of the Retirement Agreement in accordance with the terms of that agreement and the NQDC.

4. Voluntary Execution of Agreement. Executive understands and agrees that Executive executed this Supplemental Release voluntarily, without any duress or undue influence on the part or behalf of the Company or any third party, with the full intent of releasing (except as provided in this Supplemental Release) all of Executive’s claims against the Company and any of the other Releasees. Executive acknowledges that:

- (a) Executive has read this Supplemental Release;
- (b) Executive cannot sign the Supplemental Release before the end of the Transition Period;
- (c) Executive has been represented in the preparation, negotiation, and execution of this Supplemental Release by legal counsel of Executive’s own choice or has elected not to retain legal counsel;
- (d) Executive understands the terms and consequences of this Supplemental Release and of the releases it contains; and
- (e) Executive is fully aware of the legal and binding effect of this Supplemental Release.

[Remainder of page intentionally blank; signature page follows]

IN WITNESS WHEREOF, the Parties have executed this Supplemental Release Agreement on the respective dates set forth below.

Dated: _____

Lawrence F. Shay, individually

INTERDIGITAL, INC.

Dated: _____

By

William J. Merritt
President & Chief Executive Officer

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Section 4: EX-31.1 (EXHIBIT 31.1 - CERTIFICATION OF CEO)

EXHIBIT 31.1

CERTIFICATIONS

I, William J. Merritt, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of InterDigital, Inc.;
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(s) 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(s) 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 the 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.

Date: April 26, 2018

/s/ William J. Merritt

William J. Merritt

President and Chief Executive Officer

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Section 5: EX-31.2 (EXHIBIT 31.2 - CERTIFICATION OF CFO)

EXHIBIT 31.2

CERTIFICATIONS

I, Richard J. Brezski, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of InterDigital, Inc.;
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(s) 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(s) 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 the 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

Date: April 26, 2018

/s/ Richard J. Brezski

Richard J. Brezski

Chief Financial Officer

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Section 6: EX-32.1 (EXHIBIT 32.1 - CERTIFICATION OF CEO - SECTION 1350)

EXHIBIT 32.1

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the accompanying Quarterly Report on Form 10-Q of InterDigital, Inc. (the "Company") for the quarter ended March 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, William J. Merritt, President and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 26, 2018

/s/ William J. Merritt

William J. Merritt

President and Chief Executive Officer

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Section 7: EX-32.2 (EXHIBIT 32.2 - CERTIFICATION OF CFO - SECTION 1350)

EXHIBIT 32.2

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the accompanying Quarterly Report on Form 10-Q of InterDigital, Inc. (the "Company") for the quarter ended March 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Richard J. Brezski, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 26, 2018

/s/ Richard J. Brezski

Richard J. Brezski

Chief Financial Officer

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