InterDigital, Inc.
Form DEF 14A
April 18, 2018
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under §240.14a-12

INTERDIGITAL, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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InterDigital, Inc.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held May 31, 2018

TO THE SHAREHOLDERS OF INTERDIGITAL, INC.:

We are pleased to invite you to attend our 2018 annual meeting of shareholders, which will be held on Thursday, May 31, 2018, at 11:00 AM Eastern Time. This year s annual meeting will be held as a virtual meeting. You will be able to attend and participate in the annual meeting online via a live webcast by visiting IDCC.onlineshareholdermeeting.com. In addition to voting by submitting your proxy prior to the annual meeting, you also will be able to vote your shares electronically during the annual meeting. Further details regarding the virtual meeting are included in the accompanying proxy statement. At the annual meeting, the holders of our outstanding common stock will act on the following matters:

1. Election of the nine director nominees named in the proxy statement, each for a term of one year;

2. Advisory resolution to approve executive compensation;

3. Ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the year ending December 31, 2018; and

4. Such other business as may properly come before the annual meeting.

We are pleased to be using the Securities and Exchange Commission rules that allow companies to furnish proxy materials to their shareholders primarily over the Internet. We believe that this process expedites shareholders receipt of the proxy materials, lowers the costs of the annual meeting and helps to conserve natural resources. We also believe that hosting a virtual meeting will enable participation by more of our shareholders in our annual meeting while lowering the cost of conducting the meeting. Shareholders attending the virtual meeting will be afforded the same rights and opportunities to participate as they would at an in-person meeting. On or about April 18, 2018, we began mailing our shareholders a Notice of Internet Availability of Proxy Materials (the Notice) containing instructions on how to access our 2018 proxy statement and 2017 annual report and how to vote online. The Notice also includes instructions on how to request a paper copy of the proxy materials, including the notice of annual meeting, 2018 proxy statement, 2017 annual report and proxy card.

All holders of record of shares of our common stock (NASDAQ: IDCC) at the close of business on April 6, 2018, are entitled to vote at the annual meeting and at any postponements or adjournments of the annual meeting. Your vote is important. Regardless of whether you plan to attend the annual meeting, please cast your vote as instructed in the Notice as promptly as possible. Alternatively, if you wish to receive paper copies of your proxy materials, including the proxy card, please follow the instructions in the Notice. Once you receive paper copies of your proxy materials, please complete, sign, date and promptly return the proxy card in the postage-prepaid return envelope provided, or follow the instructions set forth on the proxy card to vote your shares over the Internet or by telephone. Your prompt response is necessary to ensure that your shares are represented at the annual meeting. Voting by Internet, telephone or mail will not affect your right to vote at the annual meeting if you decide to attend the virtual meeting through IDCC.onlineshareholdermeeting.com. If you are a shareholder who holds stock in a brokerage account (a street name holder), you will receive instructions from the holder of record, which you must follow in order for your shares to be voted. Certain of these institutions offer Internet and telephone voting.

IF YOU PLAN TO ATTEND THE ANNUAL MEETING:

The annual meeting will be held as a virtual meeting and begin promptly at 11:00 AM Eastern Time. In order to attend and participate in the annual meeting, you will need to visit IDCC.onlineshareholdermeeting.com and follow the instructions that are included in the Notice, on your proxy card or in the voting instructions accompanying your proxy materials. You will also need the 16-digit control number provided therein, and, if you have elected to receive electronic delivery of your proxy materials, the four-digit PIN number established at the time of your enrollment. Online check-in will begin at 10:30 AM Eastern Time. Please allow sufficient time to complete the online check-in process.

By Order of the Board of Directors,

JANNIE K. LAU

Chief Legal Officer, General Counsel
and Corporate Secretary

April 18, 2018

Wilmington, Delaware

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INTERDIGITAL, INC.

200 Bellevue Parkway, Suite 300

Wilmington, Delaware 19809-3727

PROXY STATEMENT

This proxy statement contains information relating to our annual meeting of shareholders to be held on Thursday, May 31, 2018, at 11:00 AM Eastern Time, and at any postponements or adjournments of the annual meeting. This year s annual meeting of shareholders will be held as a virtual meeting. Shareholders attending the virtual meeting will be afforded the same rights and opportunities to participate as they would at an in-person meeting. You will be able to attend and participate in the annual meeting online via a live webcast by visiting IDCC.onlineshareholdermeeting.com. In addition to voting by submitting your proxy prior to the annual meeting, you also will be able to vote your shares electronically during the annual meeting. Your proxy for the annual meeting is being solicited by our Board of Directors (the Board).

INTERNET AVAILABILITY OF PROXY MATERIALS

As permitted by Securities and Exchange Commission (SEC) rules, we are making this proxy statement and our annual report available to our shareholders primarily via the Internet, rather than mailing printed copies of these materials to each shareholder. We believe that this process will expedite shareholders receipt of the proxy materials, lower the costs of the annual meeting and help to conserve natural resources. On or about April 18, 2018, we began mailing to each shareholder (other than those who previously requested electronic delivery of all materials or previously elected to receive delivery of a paper copy of the proxy materials) a Notice of Internet Availability of Proxy Materials (the Notice) containing instructions on how to access and review the proxy materials, including our proxy statement and our annual report, on the Internet and how to access an electronic proxy card to vote on the Internet or by telephone. The Notice also contains instructions on how to receive a paper copy of the proxy materials. If you receive a Notice by mail, you will not receive a printed copy of the proxy materials unless you request one. If you receive a Notice by mail and would like to receive a printed copy of our proxy materials, please follow the instructions included in the Notice.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders

to Be Held on May 31, 2018:

The Notice of Meeting and Proxy Statement and 2017 Annual Report are available at http://ir.interdigital.com/FinancialDocs.

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,

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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., just like 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, the directors and executive officers of the Successor Company are the same individuals who were directors and executive officers, respectively, of the Predecessor Company immediately prior to the Merger.

For the purpose of this proxy statement, references to the company, the Board or any committee thereof, or our management, employees or business at any period prior to the Merger refer to those of the Predecessor Company and thereafter to those of the Successor Company.

ABOUT THE ANNUAL MEETING AND VOTING

What is the purpose of the annual meeting?

At our annual meeting, shareholders will act upon the matters outlined in the notice of meeting provided with this proxy statement, including: the election of directors, the advisory resolution to approve executive compensation, the ratification of the appointment of our independent registered public accounting firm, and such other business as may properly come before the annual meeting. In addition, management will report on the performance of the company s business and respond to questions from shareholders.

Who may attend the annual meeting?

You are entitled to participate in the annual meeting only if you were a shareholder of record as of the close of business on April 6, 2018 or if you hold a valid proxy for the annual meeting. As noted above, this year s annual meeting will be held as a virtual meeting that you may attend online via a live webcast by visiting IDCC.onlineshareholdermeeting.com. Shareholders attending the virtual meeting will be afforded the same rights and opportunities to participate as they would at an in-person meeting.

In order to attend and participate in the annual meeting, you will need to visit IDCC.onlineshareholdermeeting.com and follow the instructions that are included in the Notice, on your proxy card or in the instructions accompanying your proxy materials. You are required to complete an online check-in process once you have connected to IDCC.onlineshareholdermeeting.com. To complete this process, you will need the 16-digit control number provided on your Notice, your proxy card or the instructions accompanying your proxy materials. In addition, if you previously elected to receive electronic delivery of your proxy materials (i.e., you receive your proxy communications via e-mail), you will need the four-digit PIN number established at the time of your enrollment. Online check-in will begin at 10:30 AM Eastern Time, and the annual meeting will begin promptly at 11:00 AM Eastern Time. Please allow sufficient time to complete the online check-in process.

Instructions on how to attend and participate via the Internet, including how to demonstrate proof of stock ownership and how to obtain any codes you may need, are posted at IDCC.onlineshareholdermeeting.com. In addition, questions regarding how to attend and participate will be answered by calling 855-449-0991 (international: 720-378-5962) beginning at 10:30 AM Eastern Time the day of the meeting.

Who is entitled to vote at the annual meeting?

Only shareholders of record at the close of business on April 6, 2018, the record date, are entitled to receive notice of and to vote at the annual meeting. If you were a shareholder on that date, you will be entitled to vote all of the shares that you held on that date at the annual meeting, or any postponements or adjournments of the annual meeting. There were 34,753,299 shares of our common stock outstanding on the record date.

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What are the voting rights of the holders of the company s common stock?

Each share of our common stock outstanding on the record date will be entitled to one vote on each director nominee and one vote on each other matter considered at the annual meeting.

What constitutes a quorum?

A quorum is the minimum number of our shares of common stock that must be represented at a duly called meeting in person, which includes participation by electronic means such as a live webcast, or by proxy in order to conduct business legally at the annual meeting. For the annual meeting, the presence, in person or by proxy, of the holders of a majority of the shares entitled to vote will be considered a quorum. If you are a registered shareholder, voting by Internet or telephone or, if you requested a paper copy of the proxy materials, by mail, or attendance at the annual meeting in person, will cause you to be counted in the determination of a quorum. If you are a street name shareholder, your broker or other nominee will vote your shares pursuant to your instructions, and such shares will count in the determination of a quorum. If you do not provide any specific voting instructions to your broker or other nominee, your shares will still count for purposes of attaining a quorum.

How do I vote?

If you are a registered shareholder, you may vote by Internet or telephone by following the instructions in the Notice. If you requested a paper copy of the proxy materials, you also may submit your proxy by mail by following the instructions included with your proxy card. The deadline for submitting your proxy by Internet or telephone is 11:59 PM Eastern Time on May 30, 2018. The designated proxy will vote according to your instructions. If you attend the live webcast of the annual meeting you also will be able to vote your shares electronically at the meeting up until the time the polls are closed.

If you are a street name holder, your broker or nominee firm is the legal, registered owner of the shares, and it may provide you with a Notice. Follow the instructions on the Notice to access our proxy materials and vote or to request a paper or email copy of our proxy materials. If you receive these materials in paper form, the materials include a voting instruction card so that you can instruct your broker or nominee how to vote your shares. Please check your Notice or voting instruction card or contact your broker or other nominee to determine whether you will be able to deliver your voting instructions by Internet or telephone in advance of the meeting and whether, if you attend the live webcast of the annual meeting, you will be able to vote your shares electronically at the meeting up until the time the polls are closed.

If you own shares through a retirement or savings plan or other similar plan, you may submit your voting instructions by Internet, telephone or mail by following the instructions included with your voting instruction card. The deadline for submitting your voting instructions by Internet or telephone is 11:59 PM Eastern Time on May 28, 2018. The trustee or administrator of the plan will vote according to your instructions and the rules of the plan.

If you sign and submit your proxy without specifying how you would like your shares voted, your shares will be voted in accordance with the Board s recommendations specified below under What are the Board s recommendations? and in accordance with the discretion of the proxy holders with respect to any other matters that may be voted upon at the annual meeting.

Even if you plan to attend the annual meeting, we recommend that you also submit your proxy card or vote by Internet or telephone by the applicable deadline so that your vote will be counted if you later decide not to attend the meeting.

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Can I change my vote after I return my proxy or voting instruction card?

If you are a registered shareholder, you may revoke or change your vote at any time before the proxy is voted by filing with our Corporate Secretary either a written notice of revocation or a duly executed proxy bearing a later date. If you attend the live webcast of the annual meeting you may revoke your proxy or change your proxy vote by voting electronically at the meeting. Your attendance at the annual meeting will not by itself revoke a previously granted proxy.

If your shares are held in street name or you hold shares through a retirement or savings plan or other similar plan, please check your voting instruction card or contact your broker, nominee, trustee or administrator to determine whether you will be able to revoke or change your vote.

Will my vote be confidential?

It is our policy to maintain the confidentiality of proxy cards, ballots and voting tabulations that identify individual shareholders except as might be necessary to meet any applicable legal requirements and, in the case of any contested proxy solicitation, as might be necessary to allow proper parties to verify proxies presented by any person and the results of the voting.

What are the Board s recommendations?

The Board recommends that you vote:

- ***For*** election of each of the director nominees named in this proxy statement (see Proposal 1);

- ***For*** the advisory resolution to approve executive compensation (see Proposal 2); and

- ***For*** ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the year ending December 31, 2018 (see Proposal 3).

What vote is required to approve each proposal?

Election of directors. We have adopted majority voting in uncontested director elections. Accordingly, under our articles of incorporation and bylaws, director nominees must receive the affirmative vote of a majority of the votes cast in order to be elected. A majority of the votes cast means that the number of votes cast for a director nominee must exceed the number of votes cast against that nominee. Abstentions, while included for purposes of attaining a quorum, will have no effect on the outcome of director elections. Under Pennsylvania law and our articles of incorporation and bylaws, an incumbent director who does not receive the votes required to be re-elected remains in office until his or her successor is elected and qualified, thereby continuing as a holdover director. Under the director resignation policy in our corporate governance principles, a director who is not re-elected must tender his or her resignation to the Nominating and Corporate Governance Committee of the Board, which will make a recommendation to the Board as to whether or not the resignation offer should be accepted. In deciding whether to accept the resignation offer, the Board will consider the recommendation of the Nominating and Corporate Governance Committee as well as any additional information and factors that the Board believes to be relevant. The Board will act on the Nominating and Corporate Governance Committee s recommendation within ninety (90) days following certification of the election results.

Advisory resolution to approve executive compensation. The affirmative vote of a majority of the votes cast is required for approval. Because the vote is advisory, it will not be binding on the Board or the company. Abstentions, while included for purposes of attaining a quorum, will have no effect on the outcome of the proposal.

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Ratification of the appointment of PricewaterhouseCoopers LLP. The affirmative vote of a majority of the votes cast is required for ratification. Abstentions, while included for purposes of attaining a quorum, will have no effect on the outcome of the proposal. Ratification of the appointment of our independent registered public accounting firm is not legally required; the Board asks shareholders to ratify the appointment as a matter of good corporate governance. If shareholders do not ratify the appointment, the Audit Committee will consider whether it is appropriate to select another independent registered public accounting firm in future years.

What is a broker non-vote ?

If you hold your shares in street name through a broker or other nominee, your broker or nominee may not be permitted to exercise voting discretion with respect to some proposals if you do not provide voting instructions. Broker non-votes are shares that a broker or nominee does not vote because it has not received voting instructions and does not have discretionary authority to vote (or does not exercise that authority). For the annual meeting, if you do not provide specific voting instructions, your broker or nominee may not exercise voting discretion with respect to: Proposal 1, the election of directors, or Proposal 2, the approval of the advisory resolution on executive compensation. If you do not provide specific voting instructions, your broker or nominee may exercise voting discretion with respect to Proposal 3, the ratification of the appointment of the company s independent registered public accounting firm. Broker non-votes will be counted for the purposes of calculating whether a quorum is present at the annual meeting. However, broker non-votes will have no effect on the outcome of the vote on Proposal 1 or Proposal 2.

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GOVERNANCE OF THE COMPANY

Where can I find information about the governance of the company?

The company has adopted corporate governance principles that, along with the charters of each of the Board committees, provide the framework for the governance of the company. The Nominating and Corporate Governance Committee is responsible for annually reviewing the principles and recommending any proposed changes to the Board for approval. A copy of our corporate governance principles is posted on our website at *http://ir.interdigital.com* under the IR menu heading Corporate Governance, along with the charters of each of our Board committees and other information about our governance practices. We will provide to any person without charge a copy of any of these documents upon written request to our Corporate Secretary at our principal executive offices: InterDigital, Inc., 200 Bellevue Parkway, Suite 300, Wilmington, Delaware 19809-3727.

Code of Ethics

Does the company have a code of ethics?

We have adopted a Code of Ethics that applies to all directors, officers, employees and consultants, including our principal executive, financial and accounting officers or persons performing similar functions. The Code of Ethics is available on the company s website at *http://ir.interdigital.com* under the IR menu heading Corporate Governance Governance Documents. We intend to disclose future amendments to certain provisions of the Code of Ethics, or any waiver of such provisions granted to executive officers and directors, on the website within four business days following the date of such amendment or waiver. We will provide to any person without charge a copy of our Code of Ethics upon written request to our Corporate Secretary at InterDigital, Inc., 200 Bellevue Parkway, Suite 300, Wilmington, Delaware 19809-3727.

Director Independence

Which directors are considered independent, and how does the Board determine their independence?

Each year, prior to the annual meeting of shareholders, the Board reviews and assesses the independence of its directors and makes a determination as to the independence of each director. During this review, the Board considers transactions and relationships between each director or any member of his or her immediate family and our company and its subsidiaries and affiliates. As a result of this review, the Board affirmatively determined that each of Messrs. Jeffrey K. Belk, S. Douglas Hutcheson, John A. Kritzmacher, John D. Markley, Jr., Kai O. Öistämö and Philip P. Trahanas and Mses. Joan H. Gillman and Jean F. Rankin are independent under the rules of the SEC and the listing standards of the NASDAQ Stock Market.

Board Leadership

Who is the Chairman of the Board, and are the positions of Chairman of the Board and Chief Executive Officer separated?

Mr. Hutcheson, who is an independent director, has served as Chairman of the Board since June 2015. The Board has a general policy that the positions of Chairman of the Board and Chief Executive Officer should be held by separate persons as an aid in the Board s oversight of management. This policy is affirmed in the Board s published corporate governance principles, which state that the Chairman of the Board is an independent director. The Board believes that this leadership structure is appropriate for the company at this time because of the advantages to having an independent chairman for matters such as: communications and relations between the Board and the Chief Executive Officer and other senior management; reaching consensus on company strategies and policies; and facilitating robust Board, committee and Chief Executive Officer evaluation processes. The Board periodically reviews its leadership structure to determine whether it is appropriate given the specific characteristics and circumstances of the company.

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Board Oversight of Risk

What is the Board s role in risk oversight?

The Board is responsible for overseeing the major risks facing the company and the company s enterprise risk management (ERM) efforts. The Board has delegated to the Audit Committee primary responsibility for overseeing and monitoring these efforts. Under its charter, the Audit Committee is responsible for discussing with management and the company s independent registered public accounting firm significant risks and exposures relating to the company s quarterly and annual financial statements and assessing management s steps to mitigate them, and for reviewing corporate insurance coverage and other risk management programs, including those related to data privacy and information security risks. At least quarterly, the Audit Committee receives presentations and reports directly from the company s Chief Legal Officer, who leads the company s day-to-day ERM efforts. The Audit Committee briefs the Board on the company s ERM activities as part of its regular reports to the Board on the activities of the committee, and the Chief Legal Officer also periodically delivers presentations and reports to the full Board as appropriate.

Board Structure and Committee Membership

What is the size of the Board, and how often are directors elected?

The Board currently has nine directors. All directors are subject to election for one-year terms at each annual meeting of shareholders.

How often did the Board meet during 2017?

The Board met ten times during 2017. Each director is expected to attend each meeting of the Board and those committees on which he or she serves. Each director attended at least 75% of the aggregate of all Board meetings and meetings of committees on which the director served during 2017. We typically schedule one of the meetings of the Board on the day immediately preceding or following our annual meeting of shareholders, and it is the policy of the Board that directors are expected to attend our annual meeting of shareholders absent unusual circumstances. Nine directors attended the 2017 annual meeting of shareholders, constituting all of our current directors. Mr. Robert S. Roath, who retired at the end of his term in June 2017, did not attend the 2017 annual meeting.

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What are the roles of the primary Board committees?

The Board has standing Audit, Compensation, and Nominating and Corporate Governance Committees. During 2017, the Board also had a standing Investment Committee, which was renamed the Finance Committee effective January 1, 2018. Each of the Audit, Compensation, and Nominating and Corporate Governance Committees is composed entirely of independent directors, as determined by the Board in accordance with the applicable rules of the SEC and the listing standards of the NASDAQ Stock Market. Each of the Board committees operates under a written charter that has been approved by the Board. The following table provides information about the current membership of the committees and the number of meetings of each committee held in 2017.

Name	**Audit Committee**	**Compensation Committee**	**Nominating and Corporate Governance Committee**	**Finance/ Investment Committee**
Jeffrey K. Belk		X	Chair	
Joan H. Gillman	X			X
S. Douglas Hutcheson		X	X	
John A. Kritzmacher	Chair		X	
John D. Markley, Jr.	X			X
Kai O. Öistämö	X			Chair
Jean F. Rankin		Chair	X	
Philip P. Trahanas		X		X
Number of Meetings in 2017	9	8	3	7

Audit Committee

The Audit Committee assists the Board in fulfilling its oversight responsibilities relating to the company s corporate accounting, its financial reporting practices, audits of its financial statements and compliance with applicable requirements regarding the maintenance of accurate books and records. Among other things, the committee:

- Reviews the company s annual and quarterly financial statements and discusses them with management and the company s independent registered public accounting firm;

- Appoints, compensates, retains, evaluates, oversees the work of (including resolution of disagreements between management and the Independent Accountant regarding financial reporting) and, if deemed appropriate, replaces the company s independent registered public accounting firm;

Reviews and discusses the company s practices with respect to risk assessment and risk management, including data privacy and information security risks, and discusses with management and the Independent Accountant significant risks and exposures and assesses management s steps to minimize them;

Receives from the independent registered public accounting firm reports required by applicable SEC rules and professional standards, including reviewing and discussing with the independent registered public accounting firm the matters required to be discussed under Auditing Standard No. 1301, as adopted by the Public Company Accounting Oversight Board and amended from time to time;

Reviews the adequacy and effectiveness of the company s system of internal control over financial reporting and disclosure controls and procedures;

Reviews and approves, at least annually, the management, scope, plans, budget, staffing and relevant processes and programs of the company s internal audit function;

Establishes and oversees procedures for receiving and handling reports of potential misconduct, including violations of law or the company s Code of Ethics and complaints received by the company regarding accounting, internal accounting controls, auditing or federal securities law matters and the confidential, anonymous submission by our employees of concerns regarding questionable accounting, auditing or federal securities law matters;

Oversees the company s other compliance policies and programs, including the implementation and effectiveness of the company s Code of Ethics;

Oversees the Company s compliance with data privacy rules and regulations;

Oversees and monitors the company s ERM efforts; and

Reviews and provides guidance to the Board with respect to tax planning and corporate insurance coverage.

All of the Audit Committee members are financially literate. The Board has determined that two of the current members of the Audit Committee, Messrs. Kritzmacher and Markley, qualify as audit committee financial experts within the meaning of applicable SEC regulations. Mr. Kritzmacher acquired his expertise primarily through his prior and current experience as a chief financial officer of a publicly traded company. Mr. Markley acquired his expertise primarily through his almost 20 years of investment experience, including more than 15 years at a venture capital firm. In addition, Mr. Markley has extensive experience analyzing and evaluating financial statements of a wide variety of companies, with significant focus in technology and related industry investments.

Compensation Committee

The Compensation Committee assists the Board in discharging its responsibilities relating to the compensation of the Chief Executive Officer and other executive officers; develops, reviews and approves the principles guiding the company s compensation policies; oversees the company s compensation-related policies and programs and the level of awards to employees; and assists the Board and the Chairman of the Board in succession planning. Among other things, the committee:

Reviews and approves the corporate goals and objectives relevant to the compensation of our Chief Executive Officer and other executive officers, evaluates their performance in light of such goals and objectives and, based on its evaluations and appropriate recommendations, reviews and approves the compensation of our Chief Executive Officer and other executive officers, including approving the grant of equity awards, each on an annual basis;

Assists the Board in developing and evaluating potential candidates for executive positions and oversees and annually reviews the development of executive succession plans;

Reviews and discusses with management the Compensation Discussion and Analysis required by SEC rules, recommends to the Board whether the Compensation Discussion and Analysis should be included in the company s annual report and proxy statement and oversees the preparation of the Compensation Committee report required by SEC rules for inclusion in the company s annual report and proxy statement;

Assesses the results of the company s most recent advisory vote on executive compensation, and considers and recommends to the Board the frequency of the company s advisory vote on executive compensation;

Reviews periodically compensation for non-employee directors of the company and recommends changes to the Board as appropriate;

Reviews and approves compensation packages for new executive officers and severance packages for executive officers whose employment terminates with the company;

Reviews and makes recommendations to the Board with respect to the adoption or amendment of incentive and other equity-based compensation plans;

Administers the company s equity incentive plans;

Reviews periodically, revises as appropriate and monitors compliance by directors and executive officers with the company s stock ownership guidelines;

Reviews and considers compensation policies and/or practices as they relate to risk management practices and/or incentives that enhance risk-taking, as the committee determines to be appropriate; and

Is directly responsible for the appointment, compensation and oversight of the work of any consultants and other advisors retained by the committee, and assesses the independence of any consultants and other advisors (whether retained by the committee or management) that provide advice to the committee in accordance with the listing standards of the NASDAQ Stock Market and applicable law.

The Compensation Committee may delegate authority to the committee chair or a sub-committee, as the committee may deem appropriate, subject to such ratification by the committee as the committee may direct. The Compensation Committee also may delegate to one or more officers of the company the authority to make grants of stock options or other supplemental awards at specified levels, under specified circumstances, to eligible employees who are not executive officers of the company, subject to reporting to and such ratification by the committee as the committee may direct.

Compensation Committee Interlocks and Insider Participation

Messrs. Belk, Hutcheson and Trahanas and Ms. Rankin served on the Compensation Committee during all or part of 2017. No director serving on the Compensation Committee during any part of 2017 was, at any time either during or before such fiscal year, an officer or employee of the company or any of its subsidiaries. In addition, none of our executive officers has served as a member of a board of directors or a compensation committee, or other committee serving an equivalent function, of any other entity, one of whose executive officers served as a member of the company s Board or Compensation Committee.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee assists the Board in identifying qualified individuals to become Board and committee members, considers matters of corporate governance and assists the Board in evaluating the Board s effectiveness. Among other things, the committee:

Develops and recommends to the Board criteria for Board membership (including issues of character, integrity, judgement, diversity, independence, skills, education, business acumen, business experience, understanding of the company s business and the like);

Identifies, reviews the qualifications of and recruits candidates for election to the Board and to fill vacancies or new positions on the Board;

Assesses the contributions of incumbent directors in determining whether to recommend them for re-election to the Board;

Reviews candidates recommended by the company s shareholders for election to the Board;

Assesses the independence of directors, director nominees and director candidates under applicable standards, including any heightened independence requirements applicable to Audit and Compensation Committee members, and recommends independence determinations to the Board;

Reviews annually our corporate governance principles and recommends changes to the Board as appropriate;

Recommends to the Board, after consultation with the Audit Committee, changes to our Code of Ethics;

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- Assists the Board in ensuring proper attention and effective response to shareholder concerns regarding corporate governance;

- Reviews and makes recommendations to the Board with respect to the Board s and each committee s size, structure, composition and functions;

- Oversees the process for evaluating the Board and its committees; and

- Periodically reviews the Board s leadership structure and recommends changes to the Board as appropriate.

The committee will consider director candidates recommended by our shareholders. Shareholders recommending candidates for consideration by the Nominating and Corporate Governance Committee should send their recommendations to our Corporate Secretary at InterDigital, Inc., 200 Bellevue Parkway, Suite 300, Wilmington, Delaware 19809-3727. The recommendation must include the candidate s name, biographical data and qualifications and a written statement from the candidate of his or her consent to be named as a candidate and, if nominated and elected, to serve as a director. The committee may ask candidates for additional information as part of the process of assessing a shareholder-recommended director candidate. The committee evaluates director candidates recommended by shareholders based on the same criteria used to evaluate candidates from other sources.

While the Board has not established a formal policy for considering diversity when evaluating director candidates, among the criteria the Board may consider are experience and diversity. As described in our corporate governance principles, with respect to diversity, the Nominating and Corporate Governance Committee may consider such factors as gender, race, ethnicity, differences of perspective, professional background, experience at policy-making levels in business, finance and technology and other areas, education, skill and other individual qualities and attributes that are relevant to the company s global activities and contribute to Board heterogeneity. The selection criteria for director candidates also include the following:

- Each director should be an individual of the highest personal and professional ethics, integrity and values.

- Each director should be committed to representing the long-term interests of the company s shareholders and demonstrate a commitment to long-term service on the Board.

- Each director should have an inquisitive and objective perspective, practical wisdom and mature judgment.

The Nominating and Corporate Governance Committee periodically evaluates the composition of the Board to assess the skills and experience that are currently represented on the Board, as well as the skills and experience that the Board will find valuable in the future. This evaluation of the Board s composition enables the Board to update the skills and experience it seeks in the Board as a whole, and in individual directors, as the company s needs evolve and change over time and to assess the effectiveness of efforts at pursuing diversity. See Proposals to be Voted On Election of Directors (Proposal 1) for a summary of the qualifications, experience and other relevant attributes of the directors nominated for election at this year s annual meeting.

In recruiting the director who joined the Board in 2017, the Nominating and Corporate Governance Committee retained The Lapham Group, Inc. to help identify director prospects, perform candidate outreach, assist in reference checks, and provide other related services. The recruiting process typically involves either the search firm or a member of the Nominating and Corporate Governance Committee contacting a prospect to gauge his or her interest and availability. A candidate will then meet with several members of the Board, including our Chief Executive Officer, William J. Merritt. At the same time, the Nominating and Corporate Governance Committee or other Board members, as appropriate, and the search firm will contact references for the prospect. A background check is completed before the Board approves any final recommendation from the committee to appoint a candidate to the Board.

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Finance Committee

The primary role of the Finance Committee is to monitor, and provide guidance to the company s management team and recommend actions to the Board with respect to, certain investment and financial policies and strategies and the capital structure of the company, and to approve certain investment and divestment activities of the company and funding for certain affiliated entities of the company. Among its specific duties and responsibilities, the committee:

- Reviews and provides guidance to the Board with respect to:
  - the company s capital structure, including the issuance of debt, equity or other securities;
  - shareholder distributions, including share repurchases and dividends:
  - cash management investment policies;
  - foreign currency investment policies; and
  - on a periodic basis, the integrity of the company s financial models;
- Approves minority investments in other companies by the company;
- Approves divestments of minority equity interests in other companies by the company; and
- Approves the establishment of non-core operating businesses as entities partially owned by the company, including approval of contributions to such entities and the ownership structure of such entities.

The committee may delegate authority to the committee chair or a sub-committee, as the committee may deem appropriate, subject to such ratification by the committee as the committee may direct.

Communications with the Board

How can shareholders communicate with the Board?

Shareholders and other parties interested in communicating directly with any individual director, including the Chairman, the Board as a whole or the non-employee directors as a group may do so by writing to Investor Relations, InterDigital, Inc., 200 Bellevue Parkway, Suite 300, Wilmington, Delaware 19809-3727, or by sending an email to *Directors@InterDigital.com*. Our Investor Relations department reviews all such correspondence and, in consultation with appropriate directors and/or the company s Legal department as necessary, generally screens communications from shareholders to identify communications that (i) are solicitations for products and services, (ii) relate to matters of a personal nature not relevant for the company s shareholders to act on or for the Board to consider or (iii) matters that are of a type that render them improper or irrelevant to the functioning of the Board or the company. The Investor Relations department regularly forwards to the Board or specified director(s) a summary of all relevant correspondence and copies of all correspondence that deals with the functions of the Board or its committees or that otherwise requires their attention. Directors may, at any time, review a log of all correspondence we receive that is addressed to members of the Board and request copies of any such correspondence.

Communications about Accounting Matters

How can individuals report concerns relating to accounting, internal control, auditing or federal securities law matters?

Concerns relating to accounting, internal control, auditing or federal securities law matters may be submitted by writing to our Corporate Secretary at InterDigital, Inc., 200 Bellevue Parkway, Suite 300, Wilmington, Delaware 19809-3727. All correspondence will be brought to the attention of the chair of the Audit Committee and handled in accordance with procedures established by the Audit Committee with respect to these matters.

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DIRECTOR COMPENSATION

How are directors compensated?

During 2017, our non-employee directors were paid annual cash retainers for their Board and committee participation as follows:

	Chair	Member
Board	$ 50,000*	$ 40,000
Audit Committee	$ 30,000	$ 12,000
Compensation Committee	$ 20,000	$ 10,000
Nominating and Corporate Governance Committee	$ 15,000	$ 7,500
Investment Committee	$ 15,000	$ 7,500

* The annual cash retainer paid to the Chairman of the Board is in addition to the annual cash retainer paid to all non-employee Board members.

All cash retainers are generally paid quarterly in arrears and based upon service for a full year, and prorated payments are made for service of less than a full year.

The compensation program is designed to compensate each non-employee director for participating in up to eight Board meetings per year and up to eight meetings per year for each committee on which the non-employee director serves. Additional compensation is paid to each non-employee director for participating in meetings during the Board term (which runs from annual meeting date to annual meeting date) in excess of these thresholds, as follows: $4,000 for each additional Board meeting and $1,000 for each additional committee meeting.

In addition, non-employee directors are paid a per diem fee of $1,000 for attendance at or participation in events, conferences or meetings, in their capacity as a director, at the request of InterDigital, Inc. senior management, provided that such attendance or participation requires a significant time commitment and would be considered outside of the director s typical Board and/or committee duties. Any per diem fee payments are subject to the approval of the Compensation Committee.

For his or her service during the 2017-2018 Board term, each non-employee director received a restricted stock unit (RSU) award in an amount equal in value to $150,000 that vests in full one year from the grant date. Upon his or her initial appointment to the Board, new directors receive a pro-rated RSU award for his or her partial service during the then current Board term, as well as an initial appointment award of RSUs in an amount equal in value to $150,000 that vests in full one year from the grant date. The number of RSUs granted is calculated using the closing stock price of the Company s common stock on the date of grant. RSU awards may be deferred. Except in certain limited circumstances, an election to defer must be made in the calendar year preceding the year during which services are rendered and the compensation is earned. Unvested time-based RSUs and deferred RSUs accrue dividend equivalents, which are paid in the form of additional shares of stock at the time, and only to the extent, that the awards vest or at the end of the deferral period, as applicable.

To align the interests of non-employee directors and executives with those of our shareholders, the company has adopted stock ownership guidelines. The stock ownership guidelines applicable to the non-employee directors are set at a target of the lesser of (a) company stock valued at an amount equal to five times their annual cash retainer of

$40,000 or (b) 4,000 shares/units of the company s stock. Qualifying stock includes: shares of common stock, restricted stock and, on a pre-tax basis, unvested time-based RSUs. For purposes of calculating the value of company stock holdings, each share or other qualifying stock unit is priced at a price per share/unit equal to the average closing stock price of the company s common stock for the 200 trading days leading up to and including the calculation date. The 200-day average closing stock price is calculated annually on the date of

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the company s annual meeting of shareholders. Any director who has not reached or fails to maintain the target ownership level must retain at least 50% of any after-tax shares derived from vested RSUs or exercised options until the target ownership level is met. A director may not make any disposition of shares that results in his or her holdings falling below the target ownership level without the express approval of the Compensation Committee. As of March 31, 2018, all of the non-employee directors had reached their target ownership levels.

The company s directors are also eligible to participate in the company s nonqualified deferred compensation plan by deferring receipt of their annual Board fees. None of the directors elected to defer any of their 2017 Board fees. For more information about the deferred compensation plan, see Executive Compensation Nonqualified Deferred Compensation.

2017 Director Compensation Table

The following table sets forth the compensation paid to each person who served as a director of the company in 2017 for their service in 2017. Directors who also serve as employees of the company do not receive any additional compensation for their services as a director. For Mr. Merritt s 2017 compensation, see Executive Compensation Summary Compensation Table.

Name	Fees Earned or Paid in Cash ($)(2)	Stock Awards ($)(3)	Total ($)
Jeffrey K. Belk	65,000	150,050	215,050
Joan H. Gillman	38,100	328,087	366,187
S. Douglas Hutcheson	116,000	150,050	266,050
John A. Kritzmacher	78,500	150,050	228,550
John D. Markley, Jr.	59,500	150,050	209,550
Kai O. Öistämö	60,500	150,050	210,550
Jean F. Rankin	68,500	150,050	218,550
Robert S. Roath(1)	21,850		21,850
Philip P. Trahanas	63,000	150,050	213,050

(1) Mr. Roath retired at the end of his term in June 2017.

(2) Amounts reported represent the aggregate annual Board, Chairman of the Board, committee chair and committee membership retainers earned by each non-employee director in 2017, plus any fees earned for attendance at additional meetings during the Board term, as described above.

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(3) Amounts shown reflect the aggregate grant date fair value computed in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 718 for RSU awards granted pursuant to our compensation program for non-management directors in 2017. The assumptions used in valuing these RSU awards are incorporated by reference to Notes 2 and 9 to our audited financial statements included in our annual report on Form 10-K for the year ended December 31, 2017. The following table sets forth the grant date fair value of each RSU award granted to our non-employee directors in 2017.

Name	Grant Date	Number of Restricted Stock Units (#)	Grant Date Fair Value of Stock Awards ($)
Jeffrey K. Belk	6/14/2017	1,821	150,050
Joan H. Gillman	4/1/2017	1,739	150,076
	4/1/2017	324	27,961
	6/14/2017	1,821	150,050
S. Douglas Hutcheson	6/14/2017	1,821	150,050
John A. Kritzmacher	6/14/2017	1,821	150,050
John D. Markley, Jr.	6/14/2017	1,821	150,050
Kai O. Öistämö	6/14/2017	1,821	150,050
Jean F. Rankin	6/14/2017	1,821	150,050
Philip P. Trahanas	6/14/2017	1,821	150,050

As of December 31, 2017, each person who served as a non-employee director of the company in 2017 had the following aggregate amounts of unvested RSU awards (including accrued dividend equivalents) outstanding. None of our directors had any options outstanding as of December 31, 2017. This table does not include RSUs that, as of December 31, 2017, had vested according to their vesting schedule, but had been deferred.

Name	Outstanding Restricted Stock Units (#)
Jeffrey K. Belk	1,836
Joan H. Gillman	3,596
S. Douglas Hutcheson	1,836
John A. Kritzmacher	1,836
John D. Markley, Jr.	1,836
Kai O. Öistämö	1,836
Jean F. Rankin	1,836
Philip P. Trahanas	1,836

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PROPOSALS TO BE VOTED ON

Election of Directors

(Proposal 1)

Description

Which directors are nominated for election?

Messrs. Jeffrey K. Belk, S. Douglas Hutcheson, John A. Kritzmacher, John D. Markley, Jr., William J. Merritt, Kai O. Öistämö and Philip P. Trahanas and Mses. Joan H. Gillman and Jean F. Rankin are recommended by the Nominating and Corporate Governance Committee and nominated by the Board for election at the 2018 annual meeting, each to serve a one-year term until our annual meeting in 2019 and until his or her successor is elected and qualified.

Set forth below is biographical information about the nine nominees, each of whose current terms of office expire at the 2018 annual meeting, and other information about the skills and qualifications of our directors that contribute to the effectiveness of the Board.

What are their backgrounds?

Jeffrey K. Belk, 55, has been a director of the company since March 2010. Mr. Belk is the Chief Executive Officer of ICT Capital, LLC, DBA Forecast Ventures, which he has led since 2008 and which is focused on developing and investing in select global growth opportunities in the information and communications technologies space. In 2014, he founded Velocity Growth, a social customer relationship management and services company where he serves as Executive Chairman. Formerly, Mr. Belk spent almost 14 years at Qualcomm Incorporated (Qualcomm), a developer and provider of digital wireless communications products and services, where, from 2006 until his departure in early 2008, he was Qualcomm s Senior Vice President of Strategy and Market Development, focused on examining changes in the wireless ecosystem and formulating approaches to help accelerate mobile broadband adoption and growth. From 2000 through 2006, Mr. Belk served as Qualcomm s Senior Vice President, Global Marketing, leading a team responsible for all facets of Qualcomm s corporate messaging, communications and marketing worldwide. He also served on the board of directors of Peregrine Semiconductor Corp. from 2008 until it was acquired by Murata Corporation in 2014. The Board has concluded that Mr. Belk should serve as a director of the company because his extensive industry-specific experience in strategy and marketing makes him a valuable resource and provides him with unique insights on the challenges and opportunities facing the company in the wireless markets.

Joan H. Gillman, 54, has been a director of the company since April 2017. From 2006 to 2016, Ms. Gillman served as Executive Vice President of Time Warner Cable, Inc. (Time Warner Cable), as well as Chief Operating Officer of Time Warner Cable Media and President of Time Warner Cable Media, LLC. Ms. Gillman joined Time Warner Cable as Vice President of Interactive TV and Advanced Advertising in 2005. Prior to Time Warner Cable, among other roles, she served as the President of Static2358, the interactive TV, games and production subsidiary of OpenTV, and as Director, Business Development, of British Interactive Broadcasting, the digital and interactive TV joint venture between BSkyB, BT, HSBC and Matsushita. Ms. Gillman began her career working in public affairs, serving in various roles for a U.S. Senator, including as Legislative Director and State Director. Since October 2016, Ms. Gillman has also been a member of the board of directors of Centrica plc, an international energy and services company based in the United Kingdom. In addition, since November 2016, she has served on the board of directors of Airgain, Inc., a leading provider of embedded antenna technologies used to enable high performance wireless networking, and she is currently a member such board s audit, compensation, and nominating and corporate governance committees. The Board has concluded that Ms. Gillman should serve as a director of the company because her more than 20 years of executive experience in the media and communications industries and her knowledge of content development and distribution as well as key areas like partnership, M&A and marketing make her a valuable resource and strengthen the company s knowledge of the companies and industries shaping its existing and future markets.

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S. Douglas Hutcheson, 62, has been a director of the company since July 2014, and he assumed the role of Chairman of the Board in June 2015. Since 2015, Mr. Hutcheson has served as a senior advisor of Technology, Media and Telecom (TMT) for Searchlight Capital, a global private investment firm. From March 2014 through May 2017, Mr. Hutcheson served as CEO and a director of Laser, Inc., a corporation created in connection with the acquisition of Leap Wireless International, Inc. (Leap Wireless), a wireless communications carrier, by AT&T in March 2014. Prior to March 2014, Mr. Hutcheson served as CEO of Leap Wireless and its operating subsidiary, Cricket Communications, for nine years, where he was responsible for developing and implementing strategy, all operations, and the oversight of all relationships and partnerships. Before serving as CEO, Mr. Hutcheson held other executive positions at Leap Wireless, including President and Chief Financial Officer. Prior to joining Leap Wireless, he was Vice President of Marketing in the wireless infrastructure division at Qualcomm for three years, where he led multiple teams. Since 2012, Mr. Hutcheson has also served on the board of directors of Pitney Bowes Inc., and currently serves on the audit and finance committees of such board. He previously served on the board of directors of Leap Wireless from 2005 to 2014. The Board has concluded that Mr. Hutcheson should serve as a director of the company because, with his significant operational and financial expertise as an experienced former chief executive officer of a wireless communications company and his broad business background, which includes strategic planning and product and business development and marketing, he brings valuable insight that is needed to evolve and execute the company s strategy.

John A. Kritzmacher, 57, has been a director of the company since June 2009. Since 2013, Mr. Kritzmacher has served as Executive Vice President and Chief Financial Officer of John Wiley & Sons, Inc., a global provider of knowledge and knowledge-based services in the areas of research, professional development and education. From October 2012 through February 2013, Mr. Kritzmacher served as Senior Vice President Business Operations and Organizational Planning at WebMD Health Corp., a leading provider of health information services, where Mr. Kritzmacher was responsible for leading a major restructuring initiative. Previously, Mr. Kritzmacher served as Executive Vice President and Chief Financial Officer of Global Crossing Limited (Global Crossing), a global provider of IP-based telecommunications solutions, from October 2008 to October 2011, when Global Crossing was acquired by Level 3 Communications, Inc. Prior to that, Mr. Kritzmacher rose through a variety of positions with increasing responsibility, including Senior Vice President and Corporate Controller, during his 10 years at Lucent Technologies Inc. (Lucent), a provider of telecommunications systems and services, to become Chief Financial Officer in 2006. After playing a leading role in the planning and execution of Lucent s merger with Alcatel in 2006, Mr. Kritzmacher became Chief Operating Officer of the Services Business Group at Alcatel-Lucent until joining Global Crossing in 2008. The Board has concluded that Mr. Kritzmacher should serve as a director of the company because he is a veteran of the telecommunications and high technology industries with extensive operational and leadership experience and financial expertise. As such, Mr. Kritzmacher contributes valuable advice and guidance, especially with respect to complex financial and accounting issues, and qualifies as an audit committee financial expert.

John D. Markley, Jr., 52, has been a director of the company since November 2016. Since 2014, Mr. Markley has served as Managing Partner and Co-Founder of New Amsterdam Growth Capital, a growth equity firm focused on the cloud computing, mobile and communications infrastructure sectors. In addition, since 2009, he has been a Managing Member of Bear Creek Capital Management, an investor in communications, media and technology companies. From 1996 to 2009, he was a partner with Columbia Capital, a venture capital firm, where he served in a number of capacities including partner, venture partner and portfolio company executive. Prior to Columbia Capital, Mr. Markley served as a policy advisor at the Federal Communications Commission from 1994 to 1996, where he and his team were instrumental in developing and launching the commercial spectrum auction process. Mr. Markley has also been a director of Charter Communications, Inc., since 2009, currently serving as chair of its nominating and corporate governance committee and as a member of its audit committee. He previously served on the boards of directors of Millennial Media, Inc., from 2006 to 2014, and of BroadSoft, Inc., from 2002 until its acquisition by Cisco Systems, Inc. in February 2018. The Board has concluded that Mr. Markley should serve as a director of the company based on his private equity and operating experience and his extensive experience with communications, media and technology companies, which allow him to contribute guidance and advice relating to the development and execution of the company s strategy and analysis of potential business opportunities. He also qualifies as an audit committee financial expert.

William J. Merritt, 59, has been a director of the company since May 2005. He has also served as President and Chief Executive Officer of the company since May 2005, and prior to that served as the company s General Patent Counsel for four years. Since 2014, Mr. Merritt has been a member of the board of directors of privately owned Shared Spectrum Company, a leading innovator of dynamic spectrum access and wireless spectrum intelligence technology. The Board has concluded that Mr. Merritt should serve as a director of the company because, in his current and former roles, Mr. Merritt has played a vital role in managing the company s intellectual property assets and overseeing the growth of its patent licensing business. He also possesses tremendous knowledge about the company from short- and long-term strategic perspectives and from a day-to-day operational perspective and serves as a conduit between the Board and management while overseeing management s efforts to realize the Board s strategic goals.

Kai O. Öistämö, 53, has been a director of the company since November 2014. Since September 2016, Mr. Öistämö has been an Executive Partner at Siris Capital, a private equity firm; he initially joined Siris Capital in October 2015 as an advisor. Mr. Öistämö led corporate strategy and business development at Nokia Corporation (Nokia), a leader in the fields of network infrastructure, location-based technologies and advanced technologies and a wireless handset manufacturer, as Executive Vice President, Chief Development Officer from 2010 until his departure in 2014, with responsibility for strategic partnerships and alliances. Previous roles during his 23-year tenure at Nokia included the position of Executive Vice President, Devices, from 2008 to 2010. Mr. Öistämö was also a member of the Nokia leadership team from 2005 to 2014. Mr. Öistämö serves on the board of directors of two Finnish public companies: Sanoma Corporation since 2011 and QT Group Plc since March 2015. The Board has concluded that Mr. Öistämö should serve as a director of the company because his extensive global experience in the wireless communications industry and executive leadership and corporate strategy background serve as a great asset to the company and the Board and enable him to contribute guidance and advice relating to the development and execution of the company s strategy and the assessment of the challenges and opportunities facing the company.

Jean F. Rankin, 59, has been a director of the company since June 2010. Ms. Rankin served as Executive Vice President, General Counsel and Secretary at LSI Corporation (LSI), a leading provider of innovative silicon, systems and software technologies for the global storage and networking markets, from 2007 to May 2014, when LSI was acquired by Avago Technologies Limited (Avago). In this role, she served LSI and its board of directors as Corporate Secretary, in addition to managing the company s legal, intellectual property licensing and stock administration organizations. Ms. Rankin joined LSI in 2007 as part of the merger with Agere Systems Inc. (Agere), where she served as Executive Vice President, General Counsel and Secretary from 2000 to 2007. Prior to joining Agere in 2000, Ms. Rankin was responsible for corporate governance and corporate center legal support at Lucent, including mergers and acquisitions, securities laws, labor and employment, public relations, ERISA, investor relations and treasury. She also supervised legal support for Lucent s microelectronics business. The Board has concluded that Ms. Rankin should serve as a director of the company because she has extensive experience and expertise in matters involving intellectual property licensing, the company s core business, and her current and former roles as chief legal officer and corporate secretary at other publicly traded companies enable her to contribute legal expertise and advice as to best practices in corporate governance.

Philip P. Trahanas, 47, has been a director of the company since February 2016. He is Partner of Lampros Capital Partners, a private investment company. Until the end of 2014, Mr. Trahanas was a Managing Director at General Atlantic LLC, a leading global private equity firm with significant focus in technology and related industry investments. At General Atlantic, he served as a senior investment leader, and sat on the boards of directors of a range of public and private portfolio companies. Prior to joining General Atlantic in 2000, Mr. Trahanas worked in the mergers and acquisitions team at Morgan Stanley for four years. He began his career as an electrical engineer with

General Electric, where he specialized in communications equipment and

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semiconductor design. Mr. Trahanas has been a member of the board of directors of QTS Realty Trust, Inc. since 2009, and currently serves as its lead director and as a member of its compensation committee. The Board has concluded that Mr. Trahanas should serve as a director of the company because his extensive operating, investment banking and private equity experience allow him to contribute guidance and advice relating to the development and execution of the company s strategy and analysis of potential business opportunities.

Summary of Director Qualifications, Experience and Other Relevant Attributes

The following table summarizes the key qualifications, skills, and attributes most relevant to the decision to nominate the above-listed candidates to serve on the Board. A mark indicates a specific area of focus or expertise on which the Board relies most. The lack of a mark does not necessarily mean the director does not possess that qualification or skill. Each director biography above describes each director s qualifications and relevant experience in more detail.

Experience, expertise or attribute	**Belk**	**Gillman**	**Hutcheson**	**Kritzmacher**	**Markley**	**Merritt**	**Öistämö**	**Rankin**	**Trahanas**
High tech roadmap									
IPR/IP licensing / patent acquisitions									
Wireless equipment									
Wireless services and OTT									
CEO (current/former)									
Finance / audit									
Corporate strategy									
High tech investment									
Marketing									
Operations									
Public company board service and governance									
Ethnic, gender, national or other diversity									

Vote Required and Board Recommendation

Director nominees receiving the affirmative vote of the majority of votes cast for him or her will be elected to serve as directors for the next year and until his or her successor is elected and qualified. A majority of the votes cast means that the number of votes cast for a director nominee must exceed the number of votes cast against that nominee.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE *FOR*

EACH OF THE NOMINEES.

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Advisory Resolution to Approve Executive Compensation

(Proposal 2)

Description

We are asking shareholders to vote on an advisory resolution to approve the company s executive compensation as reported in this proxy statement. As described below in the Compensation Discussion and Analysis section of this proxy statement, the Compensation Committee has structured our executive compensation program to align management s interests with those of its shareholders and to attract, retain and motivate talented individuals who will drive the successful execution of the company s strategic plan. We motivate our executives primarily by paying for performance, or rewarding the accomplishment of individual performance and corporate goals through the use of performance-based compensation. As discussed in Compensation Discussion and Analysis, the achievement of financial and strategic corporate goals, as well as departmental and individual performance, determine the short-term and long-term incentive compensation paid to our executives. Our executive compensation programs have a number of features designed to promote these objectives.

We urge shareholders to read the Compensation Discussion and Analysis below, which describes how our executive compensation policies and procedures operate and are designed to achieve our compensation objectives, as well as the Summary Compensation Table and other related compensation tables and narrative below, which provide detailed information on the compensation of our named executive officers. The Compensation Committee and the Board believe that the policies and procedures articulated in the Compensation Discussion and Analysis are effective in achieving our goals and that the compensation of our named executive officers reported in this proxy statement reflects and supports these compensation policies and procedures.

The Board has adopted a policy providing for an annual advisory resolution to approve executive compensation. In accordance with Section 14A of the Securities Exchange Act of 1934, as amended (the Exchange Act), and as a matter of good corporate governance, we are asking shareholders to approve the following advisory resolution at the 2018 annual meeting of shareholders:

RESOLVED, that the shareholders of InterDigital, Inc. (the company) approve, on an advisory basis, the compensation of the company s named executive officers disclosed in the Compensation Discussion and Analysis, the Summary Compensation Table and the related compensation tables, notes and narrative in the proxy statement for the company s 2018 annual meeting of shareholders.

This advisory resolution, commonly referred to as a say on pay resolution, is non-binding on the Board. Although non-binding, the Board and the Compensation Committee will review and consider the voting results when making future decisions regarding our executive compensation program. Unless the Board modifies its policy on the frequency of future say on pay votes, the next say on pay vote will be held at the 2019 annual meeting of shareholders.

Vote Required and Board Recommendation

The affirmative vote of the majority of votes cast is required to approve this advisory resolution.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE *FOR*

THE ADVISORY RESOLUTION TO APPROVE EXECUTIVE COMPENSATION.

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Ratification of Appointment of

Independent Registered Public Accounting Firm

(Proposal 3)

Description

The Audit Committee has appointed PricewaterhouseCoopers LLP (PwC) as the company s independent registered public accounting firm for the year ending December 31, 2018. PwC has served as the independent registered public accounting firm of the company since 2002.

Although ratification of the appointment of PwC is not legally required, the Board is asking the shareholders to ratify the appointment as a matter of good corporate governance. If the shareholders do not ratify the appointment, the Audit Committee will consider whether it is appropriate to select another independent registered public accounting firm in future years. Even if the shareholders ratify the appointment, the Audit Committee in its discretion may select a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of the company and its shareholders.

Representatives from PwC are expected to be present at the annual meeting, will have the opportunity to make a statement if they so desire and are expected to be available to respond to appropriate questions.

Fees of Independent Registered Public Accounting Firm

Aggregate fees for professional services delivered by PwC, the company s independent registered public accounting firm, for the fiscal years ended December 31, 2017 and 2016 were as follows:

	2017	2016
Type of Fees		
Audit Fees(1)	$ 943,607	$ 767,500
Audit-Related Fees(2)	$ 277,424	$ 330,956
Tax Fees(3)	$ 175,000	$ 250,000
All Other Fees(4)	$ 1,800	$ 1,800
Total	$ 1,397,831	$ 1,350,256

(1) Audit Fees consist of the aggregate fees billed by PwC for the above fiscal years for professional services rendered by PwC for the integrated audit of the company s consolidated financial statements and the company s internal control over financial reporting as required by Section 404 of the Sarbanes-Oxley Act of 2002, for review of the company s interim consolidated quarterly financial statements included in the company s quarterly reports on Form 10-Q and for services that are normally provided by PwC in connection with regulatory filings or engagements for the above fiscal years. Such fees also include fees billed by PwC in connection with its audit of the financial statements of Convida Wireless, LLC (Convida Wireless), the company s joint venture with Sony Corporation of America (Sony).

(2) *Audit-Related Fees* consist of the aggregate fees billed by PwC for the above fiscal years for assurance and related services by PwC that were reasonably related to the performance of the audit or review of the company s financial statements and are not reported above under the caption Audit Fees. Such fees relate to consultation concerning financial accounting and reporting standards and also include fees billed by PwC in connection with attestation and audit services performed over the financial statements of the Signal Trust for Wireless Innovation, a Delaware statutory trust formed in 2013.

(3) *Tax Fees* consist of the aggregate fees billed by PwC for the above fiscal years related to a foreign tax study and other technical advice pertaining to foreign and domestic tax matters. In addition, such fees for 2016 also include fees billed by PwC in connection with a transfer pricing analysis, and, for 2017, such fees also include fees for tax compliance services.

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(4) *All Other Fees* consist of the aggregate fees billed by PwC for the above fiscal years for certain accounting research software licensed by the company from PwC.

Audit Committee Pre-Approval Policy for Audit and Non-Audit Services of Independent Registered Public Accounting Firm

The Audit Committee has adopted a policy that requires the committee to pre-approve all audit and non-audit services to be performed by the company s independent registered public accounting firm. Unless a service falls within a category of services that the Audit Committee already has pre-approved, an engagement to provide the service requires specific pre-approval by the Audit Committee. Also, proposed services exceeding pre-approved cost levels require specific pre-approval.

Consistent with the rules established by the SEC, proposed services to be provided by the company s independent registered public accounting firm are evaluated by grouping the services and associated fees under one of the following four categories: *Audit Services, Audit-Related Services*, *Tax Services* and *All Other Services*. All proposed services for the following year are discussed and pre-approved by the Audit Committee, generally at a meeting or meetings that take place during the October through December time period. In order to render approval, the Audit Committee has available a schedule of services and fees approved by category for the current year for reference, and specific details are provided.

The Audit Committee has delegated pre-approval authority to its chair for cases where services must be expedited. In cases where the Audit Committee chair pre-approves a service provided by the independent registered public accounting firm, the chair is required to report the pre-approval decisions to the Audit Committee at its next scheduled meeting. The company s management periodically provides the Audit Committee with reports of all pre-approved services and related fees by category incurred during the current fiscal year, with forecasts of any additional services anticipated during the year.

All of the services performed by PwC related to fees disclosed above were pre-approved by the Audit Committee.

Vote Required and Board Recommendation

The affirmative vote of the majority of votes cast at the annual meeting is required to ratify the appointment of PwC as the company s independent registered public accounting firm for the year ending December 31, 2018.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE *FOR*

RATIFICATION OF THE APPOINTMENT OF PRICEWATERHOUSECOOPERS LLP AS THE COMPANY S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

FOR THE YEAR ENDING DECEMBER 31, 2018.

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REPORT OF THE AUDIT COMMITTEE

As more fully described in its charter, the Audit Committee oversees the company s financial reporting processes on behalf of the Board. In fulfilling our oversight responsibilities, the Audit Committee reviewed and discussed with management the company s audited consolidated financial statements for the year ended December 31, 2017, including a discussion of the acceptability and appropriateness of significant accounting principles and management s assessment of the effectiveness of the company s internal control over financial reporting. Management represented to us that the company s consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States and considered appropriate in the circumstances to present fairly the company s financial position, results of operations and cash flows. The Audit Committee also reviewed and discussed with PwC, the company s independent registered public accounting firm, the matters required to be discussed with the independent registered public accounting firm under applicable Public Company Accounting Oversight Board (PCAOB) standards.

The Audit Committee also received and reviewed the written disclosures and the letter from PwC required by applicable requirements of the PCAOB regarding PwC s communications with the Audit Committee concerning independence and discussed with PwC their independence.

Based on the reviews and discussions with management and the independent registered public accounting firm referred to above, the Audit Committee recommended to the Board that the audited financial statements be included in the company s annual report on Form 10-K for the year ended December 31, 2017 for filing with the SEC, and the Audit Committee retained PwC as the company s independent registered public accounting firm for the year ending December 31, 2018.

AUDIT COMMITTEE:

John A. Kritzmacher, Chair

Joan H. Gillman

John D. Markley, Jr.

Kai O. Öistämö

The foregoing Audit Committee report shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended (the Securities Act) or the Exchange Act and shall not otherwise be deemed filed under these acts, except to the extent specifically incorporated by reference.

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EXECUTIVE OFFICERS

Set forth below is certain information concerning our executive officers as of March 31, 2018:

Name	Age	Position
William J. Merritt	59	President and Chief Executive Officer
Richard J. Brezski	45	Chief Financial Officer and Treasurer
Jannie K. Lau	42	Chief Legal Officer, General Counsel and Corporate Secretary
James J. Nolan	57	Executive Vice President, Products

There are no family relationships among the individuals serving as our directors or executive officers. Set forth below are the name, office and position held with our company and principal occupations and employment of each of our executive officers. Biographical information on Mr. Merritt is discussed under the caption Election of Directors above.

Richard J. Brezski is InterDigital s Chief Financial Officer, responsible for overseeing the company s finance, accounting, audit, tax, treasury, IT and facilities functions, including the company s internal and external financial reporting and analysis. Mr. Brezski joined the company as Director and Controller in May 2003. Mr. Brezski was promoted to Senior Director in July 2006 and in January 2007 was appointed Chief Accounting Officer. In January 2009, Mr. Brezski was promoted to Vice President, Controller and Chief Accounting Officer, and in March 2011 he was appointed to the additional post of Treasurer. In May 2012, he was appointed Chief Financial Officer. Prior to joining InterDigital, Mr. Brezski served as an audit manager for PwC in its technology, information, communications and entertainment practice, where he provided business advisory and auditing services to product and service companies in the electronics, software and technology industries. Mr. Brezski earned a Bachelor of Science in Accountancy from Villanova University and an Executive Master of Business Administration from Hofstra University.

Jannie K. Lau is InterDigital s Chief Legal Officer, General Counsel and Corporate Secretary, responsible for managing the company s legal and government affairs functions. Ms. Lau joined InterDigital in 2008 as Associate General Counsel and was promoted to Deputy General Counsel in 2010. She was appointed Executive Vice President, General Counsel and Secretary in October 2012 and assumed responsibility for oversight of the company s intellectual property litigation and management of its intellectual property assets at the end of 2015. Ms. Lau s title was changed to Chief Legal Officer, General Counsel and Corporate Secretary at the beginning of 2018. Prior to joining InterDigital, Ms. Lau served as securities and transactional counsel at IKON Office Solutions, Inc., then a Fortune® 500 document management solutions company. Before beginning her in-house career, she was an associate at leading global law firms in New York and Boston, where she represented public and pre-IPO companies as well as private equity and venture capital funds. Ms. Lau serves on the board of trustees of the Pennsylvania Academy of the Fine Arts and on the Comcast NBCUniversal Joint Diversity Advisory Council. Ms. Lau earned a Juris Doctor, with honors, from the University of Pennsylvania Law School and holds a Bachelor of Arts in English and Comparative Literature from Columbia University.

James J. Nolan is InterDigital s Executive Vice President, Products. As head of the company s product portfolio, Mr. Nolan oversees the advancement of the company s market-ready technologies toward commercialization as well as manages the company s existing product portfolio. Since joining the company in 1996, Mr. Nolan has held a variety of engineering and management positions. Prior to assuming his current role in 2018, Mr. Nolan led Chordant , InterDigital s Smart City-focused IoT business, and the company s IoT Solutions group, overseeing the development of

IoT technology and solutions under InterDigital Labs and the advancement of market-ready IoT technologies toward commercialization. From 2014 to the end of 2015, he served as head of InterDigital Solutions and was responsible for advancing the company s market-ready technologies toward commercialization as well as establishing and developing strategic business relationships and identifying potential new business opportunities. Prior to that, he was InterDigital s Executive Vice

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President, Research and Development, from 2009 to 2014 (which included the role of head of InterDigital Labs from 2013 to 2014). In those roles, Mr. Nolan led InterDigital s research and development teams, overseeing the development of standards-based technology as well as next generation technology initiatives. Prior to leading the company s engineering and R&D organizations, he led technology and product development of modems, protocol software and radio designs for multiple wireless standards. Mr. Nolan serves on the board of directors of Convida Wireless, the company s joint venture with Sony, and he also serves as co-chair of the Dean s advisory board for Hofstra University s School of Engineering and Applied Science. Mr. Nolan earned a Bachelor of Science in Electrical Engineering from the State University of New York at Buffalo, a Master of Science in Electrical Engineering from Polytechnic University (now known as New York University Tandon School of Engineering) and an Executive Master of Business Administration from Hofstra University.

The company s executive officers are appointed to the offices set forth above to hold office until their successors are duly appointed.

Effective March 9, 2018, Scott A. McQuilkin, retired Senior Executive Vice President, Innovation, and Lawrence F. Shay, retired Senior Executive Vice President, Future Wireless, and Chief Intellectual Property Counsel, each ceased to be an executive officer of the company, as such term is defined by Exchange Act Rule 3b-7, and effective April 1, 2018, each retired from their service to the company.

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EXECUTIVE COMPENSATION

Compensation Committee Report

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on its review and discussions, has recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement and the company s Annual Report on Form 10-K.

COMPENSATION COMMITTEE:

Jean F. Rankin, Chair

Jeffrey K. Belk

S. Douglas Hutcheson

Philip P. Trahanas

The foregoing Compensation Committee report shall not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act and shall not otherwise be deemed filed under these acts, except to the extent specifically incorporated by reference.

Compensation Discussion and Analysis

This Compensation Discussion and Analysis covers all material elements of compensation awarded to, earned by or paid to the company s Named Executive Officers (NEOs) during 2017 and focuses on the principles underlying the company s executive compensation policies and decisions. The following individuals are our NEOs for 2017:

- William J. Merritt President and Chief Executive Officer;

- Richard J. Brezski Chief Financial Officer and Treasurer;

- Jannie K. Lau Chief Legal Officer, General Counsel and Corporate Secretary;

- Scott A. McQuilkin Retired Senior Executive Vice President, Innovation; and

- Lawrence F. Shay Retired Senior Executive Vice President, Future Wireless, and Chief Intellectual Property Counsel.

Messrs. McQuilkin and Shay both ceased to be executive officers of the company effective March 9, 2018, and both retired effective April 1, 2018.

Executive Summary

2017 Company Performance

The company delivered a solid performance in 2017. Recurring revenue (comprised of current patent royalties and current technology solutions revenue) increased to $370 million in 2017, or by 4% compared to 2016. As a result, we ended the year with a strong recurring revenue base, even though total revenue decreased compared to 2016.

In addition, we also maintained a prolific pace of innovation, with approximately 300 U.S. patents and approximately 1,100 non-U.S. patents issued in 2017. Building on our solid foundation, we continued our creation of innovative technologies and leadership in standards development in 5G, while furthering our technology development efforts with respect to the technology areas of IoT, video, and sensor processing and fusion, among others.

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Good Governance Practices and Policies:

The Compensation Committee and the company strive to maintain good governance practices and regularly review and update such practices related to the compensation of our executive officers, including our NEOs. The following checklists summarize what we do and what we do not do in our executive compensation practices to highlight both the responsible practices we have implemented and the practices we have avoided in order to best serve our shareholders long-term interests.

WHAT WE DO:

We create a ***balanced compensation program*** through a mix of fixed and variable short- and long-term incentives.

We ***cap*** both our annual short-term incentive plan (STIP) pool and individual employee STIP payouts, including those of our NEOs, at two times target, even if company or individual performance would result in payouts in excess of two times target.

We have ***double-trigger*** severance payout provisions (i.e., an executive must be terminated in connection with a change in control in order to receive any severance) in all executive employment contracts.

We have a ***clawback policy*** under which the company may recover excess compensation paid to our executive officers if intentional misconduct or gross negligence by one or more of our executives results in a material restatement of our financial statements.

We have robust target ***stock ownership*** levels for our executive officers and directors. Each NEO has met the applicable stock ownership requirements as described below under Stock Ownership Guidelines.

We ***review compensation-related risk*** with an outside independent compensation consultant on an annual basis to ensure our plans do not create incentives that would put the company at risk of a material adverse effect.

WHAT WE DO NOT DO:

We do not have single-trigger payout provisions in our executive employment contracts.

We do not provide golden parachute tax gross-ups.

We do not guarantee minimum STIP payouts.

We do not use discretionary equity awards as a regular part of our executive compensation program. We may issue such awards from time to time when necessary to align with our compensation peer group or to reward performance. We did not grant a discretionary equity award to any of our NEOs in 2017.

We do not provide any perquisites to executive officers that other employees at or above the senior director level do not receive.

We do not permit the hedging of InterDigital stock by any employee, including executive officers.

We do not pay out dividend equivalents on unearned RSUs; accrued dividend equivalents are paid out only if and to the extent that the underlying RSU award vests.

2017 Compensation Decisions and Actions

Following are highlights of the key compensation decisions made by the Compensation Committee for 2017:

Base salaries were increased for just two NEOs, Mr. Brezski and Ms. Lau, who received increases of 3% and 4%, respectively. Please see 2017 Executive Compensation in Detail Base Salary below for details.

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The NEOs target *STIP levels* for 2017 remained at the same levels, stated as a percentage of base salary; the NEOs received *STIP payouts* ranging from 66% to 125% of target as a result of individual, departmental and corporate performance. This payout range was well below the NEO STIP payout range for 2016 (182% to 200%), reflecting the lower level of achievement with respect to company goals in 2017. Please see 2017 Executive Compensation in Detail Short-Term Incentive Plan below for details.

The CEO s *Long-Term Compensation Program* (LTCP) *equity awards* granted in 2017 saw a continued emphasis on performance-based equity with the same allocation as in 2016: 60% of the total value in the form of performance-based RSUs, 20% of the total value in the form of stock options, and 20% of the total value in the form of time-based RSUs. The equity allocation for the other NEOs also maintained an emphasis on performance-based equity with 75% of the total value in the form of performance-based RSUs and 25% of the total value in the form of time-based RSUs. In addition, the Compensation Committee determined the achievement level for the normalized cash flow goal associated with the performance-based RSUs granted for the three-year performance period January 1, 2015 through December 31, 2017 to be at least approximately 154% of the target goal, which resulted in the maximum payout of 200% of the target awards. This payout reflects the company s strong performance in 2015, 2016 and 2017, and in particular 2016, during which the company s licensing activities drove substantial cash flow. Please see 2017 Executive Compensation in Detail Long-Term Compensation Program below for details.

Results from 2017 Shareholder Advisory Vote on Executive Compensation

At the 2017 annual meeting of shareholders, we held an advisory vote on executive compensation. Approximately 94% of the votes cast supported the compensation of the company s named executive officers as disclosed in our 2017 proxy statement. Given this strong shareholder support as well as other factors considered by the Compensation Committee, the Compensation Committee determined not to make any significant changes to our existing compensation program and policies for 2017. The Compensation Committee considers the results of the annual advisory vote on executive compensation as a strong data point in its compensation decisions.

What Guides Our Program

Compensation Objectives and Philosophy

The primary purpose of our executive compensation program is to attract, retain and motivate talented individuals who will drive the successful execution of the company s strategic plan. Specifically, we:

Attract talented leaders to serve as executive officers of the company by setting total compensation levels and program targets at competitive levels for comparable roles in the marketplace;

Retain our executives by providing a balanced mix of short and long-term compensation;

Motivate our executives by paying for performance, or rewarding individual performance and the accomplishment of corporate goals, as determined by the Compensation Committee, through performance-based compensation; and

Align with shareholders interests; our compensation program seeks to reward our NEOs for increasing our stock price over the long term and maximizing shareholder value by providing a substantial portion of total compensation in the form of direct ownership in our company through long-term equity awards.

Pay for Performance (Principal Elements of Pay)

Our executive compensation program is intended to hold our executive officers accountable for business results and reward them for strong corporate performance and value creation for our shareholders by rewarding performance that meets or exceeds the goals established by the Compensation Committee. Our NEOs 2017 total compensation is comprised of a mix of base salary, STIP and LTCP awards. Consistent with our compensation philosophy, the actual compensation received by our NEOs will vary based on individual, departmental and corporate performance measured against annual and long-term performance goals. Additionally, because a significant percentage of our NEOs pay is comprised of equity awards, the value of their pay increases and decreases with changes in our stock price. For 2017, approximately 83% of our CEO s target compensation and 70%, on average, of the target compensation of our other NEOs was comprised of STIP and LTCP awards and thus variable based on the company s performance.

Role of the Compensation Committee

The Compensation Committee oversees the executive compensation program and has final approval with respect to the composition, structure and amount of all executive officer compensation, subject to Board review. The Compensation Committee is comprised of no less than three independent, non-employee members of the Board. Guided in the execution of its primary functions by the Board s philosophy that the interests of key leadership should be aligned with the long-term interests of the company and its shareholders, the Compensation Committee annually reviews and approves goals relevant to the performance-based incentive compensation of the Chief Executive Officer and other executive officers. The Compensation Committee works very closely with management and the Compensation Committee s independent consultant, Pearl Meyer & Partners (Pearl Meyer), to examine the effectiveness of the company s executive compensation program throughout the year. Details of the Compensation Committee s authority and responsibilities are specified in the Compensation Committee s charter, which is available on our website at http://ir.interdigital.com/CommitteeChart.

Role of Executive Officers

As part of the annual performance and compensation review for executive officers other than the Chief Executive Officer, the Compensation Committee considers the Chief Executive Officer s assessment of the other executive officers departmental and individual performances, reviewing major individual accomplishments and any other recommendations of the Chief Executive Officer regarding their compensation. The Chief Executive Officer also reports to the Compensation Committee on the company s achievement of objectively measurable goals established under performance-based incentive programs, based upon data related to achievement provided by the Chief Financial Officer and verified by the company s internal auditor.

Role and Independence of Advisors

As referenced above, the Compensation Committee has engaged Pearl Meyer, an independent compensation consultant, to assist in carrying out its responsibilities. The Compensation Committee selects the consultant, negotiates the fees paid and manages the engagement. The Compensation Committee retained the compensation consultant to advise it and the rest of the Board on matters including, but not limited to, trends in executive

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compensation, compensation peer group composition, assessing total direct compensation of the executives as compared to the compensation peer group, short and long-term incentive plan design and compensation of the company s executive officers. Based on consideration of the factors as set forth in the SEC rules and the listing standards of NASDAQ, the Compensation Committee has determined that Pearl Meyer has no conflicts of interest in providing its services.

Factors Considered in Setting Compensation Amounts and Targets

In establishing compensation amounts and incentive program targets for executives, the Compensation Committee seeks to provide compensation that is competitive in light of current market conditions and industry practices. Accordingly, the Compensation Committee annually reviews market data that is comprised of proxy-disclosed data from peer companies and information from nationally recognized published surveys for the general and high-technology industries, adjusted for size.

In November 2016, Pearl Meyer assisted the Compensation Committee with its process of identifying peer group companies for 2017 compensation purposes. When choosing compensation peers, we not only look for companies with similar revenue in the communications equipment industry, but also companies for which licensing revenue is a significant component of their total revenue stream (approximately 20% to 100% of total revenue) and that have a relatively similar profit margin and market capitalization. For 2017, the following companies were removed from the peer group due to acquisition or poor performance or significant changes to their revenue relative to those of the company: Acacia Research Corporation, ARM Holdings, Alkermes, plc and Immersion Corporation. Nine companies were added to the peer group; these additions included Infinera Corporation, Plantronics, Inc., CalAmp Corp. and Universal Electronics, Inc. as well as the following software companies with relatively similar profit margins: Aspen Technology, Ansys, Ubiquiti Networks, Manhattan Associates and Inovalon Holdings.

As a result of these changes, the companies comprising the 2017 compensation peer group were as follows:

ADTRAN Inc.	Harmonic Inc.	Synaptics Inc.
Ansys, Inc.	Infinera Corporation	TiVo Corporation*
Aspen Technology	Inovalon Holdings	Ubiquiti Networks
CalAmp Corp.	Manhattan Associates	Universal Display Corp.
Comtech Telecommunications Corp.	Plantronics, Inc.	Universal Electronics, Inc.
Dolby Laboratories, Inc.	Rambus Inc.	Xperi, Inc.
DTS Inc.	RPX Corporation	

* Rovi Corporation changed its name to TiVo Corporation after acquiring TiVo Corporation in September 2016.

Pearl Meyer conducted a compensation peer group review and reviewed market data from nationally recognized published surveys. Pearl Meyer then presented a report to the Compensation Committee that included such publicly available information about the levels and targets for base salary, short-term incentive compensation, long-term incentive compensation and total compensation for comparable executive-level positions at such peer group companies. The market data helps the Compensation Committee gain perspective on the compensation levels and practices at the compensation peer companies and to assess the relative competitiveness of the total compensation paid to the company s executives. The data thus guides the Compensation Committee in its efforts to set executive compensation levels and program targets at competitive levels for comparable roles in the marketplace. The Compensation Committee uses the data to look for outliers or, in other words, those executives whose total compensation is substantially below the 50th percentile and those executives whose total compensation is above the 75th percentile of compensation peer companies, but does not benchmark executive officer compensation to specific market percentages. In addition, the Compensation Committee takes into account other factors, such as the importance of each executive officer s role to the company, individual expertise, experience and performance, retention concerns and relevant compensation trends in the marketplace, in making its final compensation determinations.

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2017 Executive Compensation in Detail

Base Salary

Base salary is the fixed element of an executive s current cash compensation, which the company pays to afford each executive the baseline financial security necessary to focus on his or her day-to-day responsibilities. Base salaries for the executives are set at competitive levels to attract and retain highly qualified and talented leaders. The Compensation Committee reviews and approves base salaries for the executives annually. Salary adjustments for our NEOs in 2017 were based on consideration of each NEO s position, scope of responsibility and importance to the company and performance during 2016, as well as a review of the market data and a comparison of each NEO s total compensation against that of the other executive officers in the company s compensation peer group. Mr. Brezski and Ms. Lau were the only NEOs who received salary increases in 2017. Mr. Brezski, our Chief Financial Officer, received a salary increase of 3% to keep his base compensation competitive with the other NEOs. Ms. Lau received a 4% increase given her scope of responsibility and because her base salary was below the 50^{th} percentile.

Set forth below are the 2016 and 2017 base salaries for our NEOs:

NEO	2016	2017
William J. Merritt	$ 620,000	$ 620,000
Richard J. Brezski	385,000	396,550
Jannie K. Lau	365,000	379,600
Scott A. McQuilkin	415,000	415,000
Lawrence F. Shay	437,750	437,750

Short-Term Incentive Plan

The STIP annual incentive award is designed to provide a cash reward for the achievement of corporate goals and individual accomplishments during each fiscal year. Individual STIP payouts are determined based on performance against pre-determined strategic corporate goals, departmental performance and individual performance.

In first quarter 2017, the Compensation Committee approved target STIP levels for each of the NEOs at the same levels as 2016. The 2017 target STIP levels, set as a percentage of annual base salary, for the NEOs were as follows:

NEO	2017 Target STIP Level
William J. Merritt	100%
Richard J. Brezski	60%
Jannie K. Lau	60%
Scott A. McQuilkin	75%
Lawrence F. Shay	75%

The company s STIP provides for two separate incentive pools, an executive incentive pool from which all executive STIP payments are made and an incentive pool for the rest of the company s eligible employees. The aggregate value of the STIP awards paid to the company s executives, including the NEOs, and the company s other eligible employees cannot be greater than the total funded incentive pools.

The target executive incentive pool is an amount equal to the sum of the individual STIP targets of all eligible executives, plus an additional 25% of such sum that is reserved for discretionary awards for strategic leadership. Actual funding of the incentive pools may range from a minimum of 25% to a maximum of 200% of the target pools based on the achievement level attained with respect to a pre-determined financial goal. A floor of 25% of the target pool is set because the funding floor provides a mechanism for the company to reward

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extraordinary individual results of select employees, including executives, relative to objectives other than the financial goal, however, there is no minimum guaranteed individual payout for any participant; as a result, NEOs are not guaranteed an STIP payout. Individual STIP award payouts are capped at 200% of target.

For 2017, the STIP incentive pools were funded based on one normalized cash flow goal pre-established by the Compensation Committee. The normalized cash flow goal that set the STIP incentive pools for 2017 was as follows:

Threshold	**Target**	**Superior**
$220 million of normalized cash flow	$265 million of normalized cash flow	$310 million of normalized cash flow

Achievement below the threshold level of $220 million would result in minimum funding of 25% of target and performance at or above the superior achievement level would result in funding at the maximum 200% of target. Performance levels that fall below target achievement (i.e. between $220 million and $265 million) or above target achievement (i.e. between $265 million and $310 million) are determined using straight-line interpolation between the achievement level amounts. For additional information on the company s use of normalized cash flow as a performance measure, see Long-Term Compensation Program Normalized Cash Flow below.

In December 2017, the Compensation Committee certified that the company s normalized cash flow for the purpose of funding the 2017 STIP executive incentive pool was determined to be at least $310 million, which was the minimum achievement level required to fund the incentive pool at the maximum level of 200% of target. This determination was made prior to the end of the year to maximize the value of the company s corporate tax deduction in response to recent changes in tax laws. In January 2018, after reviewing the company s goal achievement as of December 31, 2017, the Compensation Committee certified that the company s final normalized cash flow for 2017 was determined to be at least $370 million, resulting in the funding of the incentive pool at the maximum 200% level. For 2017, total normalized cash flow was $386.9 million. Normalized cash flow is a measure used by the company solely for the purposes of its compensation plan goals and it is not calculated in accordance with generally accepted accounting principles (GAAP). A presentation showing how the $386.9 million normalized cash flow number was calculated based on numbers contained within the company s audited financial statements is set forth in Appendix A to this proxy statement.

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The actual 2017 STIP payout amounts for the NEOs are determined by considering performance against pre-determined strategic corporate goals, departmental performance and individual performance. The Compensation Committee approves strategic corporate goals with pre-defined targets and other goals that provide for discretion upon evaluation so that it can reward meeting and exceeding our targets while also considering the quality of our results and other factors not anticipated at the beginning of the year. For 2017, the strategic corporate goals for the company s executives and the relative weights assigned to each were as follows:

2017 STIP Strategic Corporate Performance Goals:

Goal	Description	Target Weight
Revenue Platform	Achieve specified amount for management s forecast at year end for the company s total expected revenues over the following 12-month period based on existing contracts/relationships	*20%*
IoT Revenue Platform	Achieve specified amount for management s forecast at year end for the company s total expected IoT revenues over the following 12-month period based on existing contracts/relationships	*10%*
Customer Agreements	Achieve a specified level in connection with the entry into customer agreements involving research and development or other cooperative components	*15%*
Innovation	Recognized and/or objectively measured innovation success	*15%*
Business and Corporate Development	Successful actions by management to further the company s business model and drive the company s core business and/or IoT business	*25%*
Compensation Committee Discretion	Allow Compensation Committee to adjust performance upward or downward as a result of unexpected outcomes or circumstances	*15%*
TOTAL		***100%***

These strategic corporate goals were structured to challenge and motivate executives and intended to align the executive team around a key set of company performance objectives.

In January 2018, the Chief Executive Officer reported to the Compensation Committee on the final achievement of the strategic corporate goals and provided his assessment with respect to departmental and individual executive officer performance for the year. For 2017, the strategic corporate goals related to total revenue platform, IoT revenue platform and business and corporate development fell short of target, while the achievement level with respect to customer agreements met target. The company s performance with respect to the innovation goal, however, far exceeded target. The innovation goal was exceeded, in part, as a result of our continued success in 5G innovation, which included the filing of over 500 patent applications in 2017, a substantial portion of which are applicable to 3GPP 5G, our continued recognition as a thought leader in the wireless and IoT technology areas as evidenced by the growing number of peer reviewed publications and invitations for speaking engagements, and the launch of Chordant, our Smart City-focused IoT business. Although the total revenue platform and IoT revenue platform goals fell short of target, the company nevertheless saw in increase in recurring revenue in 2017, in part, as a result of our new license agreement with LG Electronics, Inc. (LG) signed during the fourth quarter. The company also achieved some success in creating more meaningful customer relationships; for example, the LG agreement committed the parties to explore cooperation for projects related to research and development in certain technology areas. The Compensation

Committee reviewed the company s achievement with respect to all of the named strategic goals and also considered other developments in 2017 that were not captured specifically by the goals, including the company s efforts during the year with respect to mergers and acquisitions (M&A) activities. As a result, the Compensation Committee determined that the total achievement level with respect to the strategic corporate goals was 83%.

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The actual STIP payout for the Chief Executive Officer is based on achievement of the strategic corporate goals and his individual performance. The actual STIP award paid to all other NEOs is based on the achievement of the strategic corporate goals, and the NEO s individual performance, measured, in part, by how well such NEO s department performed during the year with respect to the department s goals/primary projects.

In determining the STIP payout to the Chief Executive Officer for 2017, the Compensation Committee considered the Board s assessment of his performance in 2017, as reflected in the recommendation of the non-executive Chairman of the Board, who is the primary liaison between the Chief Executive Officer and the full Board. Although the company s total achievement level with respect to its corporate goals was below target, the Compensation Committee recognized the significant efforts undertaken by Mr. Merritt in 2017 relating to M&A activities (which ultimately resulted in the company s announcement in first quarter 2018 of its plans to acquire Technicolor s patent licensing business), as well as additional actions he had taken to position the company for success going into 2018. These additional actions included management team succession planning related in part to the anticipated retirements of Messrs. McQuilkin and Shay (which were under consideration in 2017 and formally announced in first quarter 2018). As a result, based on the achievement level with respect to the strategic corporate goals and the performance of the Chief Executive Officer on an individual level, the Compensation Committee determined that Mr. Merritt s STIP payout for 2017 should be 100% of target.

For the other NEOs, the Compensation Committee reviewed the performance assessments provided by Mr. Merritt with respect to each executive s individual and departmental performance and considered its own direct interactions with each NEO as well. As a result of the achievement level with respect to the strategic corporate goals and departmental and individual performances, 2017 STIP payouts for Messrs. Brezski, McQuilkin and Shay ranged from 66% to 83% of target, while Ms. Lau received a payout of 125% of target.

The 2017 STIP awards paid to the NEOs were entirely in cash. The Grants of Plan-Based Awards Table below reports the threshold, target and maximum potential STIP payouts for each NEO for 2017, and the Summary Compensation Table below reports the amounts actually earned by each NEO for 2017 under the STIP.

Long-Term Compensation Program

The LTCP is designed to align management s interests with those of the company s shareholders to maximize the value of the company s stock over the long term and to enhance retention efforts by incentivizing executive officers to drive the company s long-term strategic plan. It currently consists of three components:

- *performance-based RSU*s, which align employee and shareholder interests by tying value to both business results and future stock price;

- *stock options*, which the Compensation Committee considers to be performance-based compensation and an important form of long-term incentive compensation because they are only valuable if our stock price increases over time; and

- *time-based RSUs,* which provide retention benefits and, in concert with our stock ownership guidelines, focus our executives on long-term share ownership and sustained value.

The Compensation Committee determines annually the participation level and components of each executive officer s LTCP award, emphasizing internal pay equity between the company s NEOs and other executives to motivate and incentivize performance across the senior management team and encourage collaboration and shared responsibility for executing the company s strategic plan. For performance-based RSUs, 100% achievement of the associated performance goal results in full vesting of the associated RSUs; threshold performance level is required for the vesting of a minimum number of RSUs; and performance above the target performance level results in the vesting of additional RSUs. Accordingly, for performance that falls below 80% achievement, no performance-based award would vest and vesting is capped at 200% of target.

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Payouts of performance-based awards under the LTCP have varied over the years, ranging from no payout for the 2013-2015 and the 2007-2009 performance periods to a 200% payout for the two most recent performance periods, 2014-2016 and 2015-2017:

Performance Period	LTCP Payout
2007-2009	None
2008-2010	86%
2009-2011	31%
2010-2012	100%
2011-2013	71%
2012-2014	110%
2013 2015	None
2014-2016	200%
2015-2017	200%

2015-2017 Cycle

For the performance cycle that began on January 1, 2015, and ended December 31, 2017 (the 2015-2017 cycle), each NEO received 50% of their target award in performance-based RSUs, 25% in stock options and 25% in time-based RSUs that vested in March 2018. The total target values of the awards granted to the NEOs in March 2015 for the 2015-2017 cycle were as follows:

NEO	Target
William J. Merritt	$ 1,575,000
Richard J. Brezski	700,000
Jannie K. Lau	400,000
Scott A. McQuilkin	1,000,000
Lawrence F. Shay	1,000,000

The goal associated with the performance-based RSU awards for the 2015-2017 cycle was as follows:

Threshold	Target	Superior/Maximum
$400 million of normalized cash flow	$800 million of normalized cash flow	$1,200 million of normalized cash flow

The performance-based RSU awards granted for the 2015-2017 cycle provided that for each 1% change above or below target achievement, the actual award amount would be adjusted by 2.5 percentage points, with a threshold payout of 50% of target and a maximum payout of 200% of target, as noted above. After reviewing the company s progress as of December 31, 2017 toward the performance goal for the 2015-2017 cycle, the Compensation Committee certified that the company s total normalized cash flow for the 2015-2017 performance period was determined to be at least $1,230 million, or approximately 154% of the target performance goal, which resulted in the vesting of the maximum number of performance-based RSUs, or 200% of the target awards. This payout reflects the company s strong performance in 2015, 2016 and 2017, and in particular 2016, during which the company s licensing activities drove substantial cash flow. The total amount of normalized cash flow achieved over the three-year period was $1,234.7 million. As stated above, normalized cash flow is a measure used by the company solely for the purposes of its compensation plan goals and it is not calculated in accordance with GAAP. A presentation showing how the $1,234.7 million normalized cash flow number was calculated based on numbers contained within the company s audited financial statements is set forth in Appendix A to this proxy statement.

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2017 LTCP Grant

The Compensation Committee approved LTCP equity grants in 2017 that were comprised of the following: the CEO received 60% of his total award in the form of performance-based RSUs, 20% of his total award in stock options and 20% in the form of time-based RSUs, while the other NEOs received 75% of their total award in the form of performance-based RSUs and 25% in the form of time-based RSUs. The time-based RSUs have a vest date of March 15, 2020. The performance-based RSUs granted for the 2017 LTCP will vest on March 15, 2020, subject to the achievement of pre-approved goals established by the Compensation Committee measured as of December 31, 2019, and the remaining unvested portion of such performance-based RSU awards, if any, shall remain eligible to vest on March 15, 2022, subject to the achievement of the same performance goals measured as of December 31, 2021. The goals associated with the performance-based RSU awards granted in 2017 are to achieve specified levels with respect to revenue and earnings over the performance measurement period(s). 100% achievement of the performance goal or goals associated with the award results in a 100% payout of the associated target amounts. Goal achievement for performance that falls between the amounts established for threshold, target and maximum achievement is calculated using straightline interpolation between the target achievement level and the actual achievement level, with a threshold payout of 50% of target and a maximum payout of 200% of target.

All 2017 LTCP equity awards were granted to the NEOs on March 30, 2017. To determine the number of performance-based RSUs and time-based RSUs awarded, the respective allocated target amounts were divided by the closing stock price on the day of grant. The number of stock options granted was calculated using the Black-Scholes option pricing model. For the options granted in 2017, the weighted average assumptions underlying the valuation under the Black-Scholes model are as follows: expected life of 4.5 years; volatility of 28.51%; a risk-free interest rate of 1.93%; and a dividend yield of 1.40%.

The total target values of the LTCP equity awards granted to the NEOs in March 2017 were as follows:

NEO	Target
William J. Merritt	$ 2,500,000
Richard J. Brezski	700,000
Jannie Lau	700,000
Scott A. McQuilkin	1,100,000
Lawrence F. Shay	1,100,000

While the target values of the LTCP awards for each NEO are generally consistent with the target long-term equity award values for the executives in our compensation peer group, when determining the value of the LTCP awards, the Compensation Committee reviews the total direct compensation of the executives in the compensation peer group to ensure that the aggregate target awards for each executive result in a total direct compensation level that is not substantially below the 50th percentile or above the 75th percentile of our compensation peer group. Pay and equity pay mix of our compensation peers and general industry companies is also considered.

Normalized Cash Flow

The Compensation Committee selected a normalized cash flow goal for the 2015-2017 LTCP cycle and for funding the incentive pool of the STIP because it believes that normalized cash flow most effectively aligns management s interests with those of the company and its shareholders and is the most accurate measure of the company s performance. As more fully described in our Annual Report on Form 10-K for the year ended December 31, 2017, revenue recognition for revenues derived from patent license agreements is complex, and we derive the vast majority of our revenue from patent licensing. The complicated and unpredictable nature of patent licensing revenue recognition make GAAP cash flow or revenue an inaccurate measure of performance for the company, and using such measures could also incentivize management to enter into patent license agreements that are structured in a way that helps meet incentive plan goals rather than in the way that is most beneficial for the company.

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The timing and amount of revenue recognized from each license depends upon a variety of factors, including the specific terms of each agreement and the nature of the deliverables and obligations and, as a result, components of our revenue tend to be highly variable year to year. In addition, the timing of our revenue recognition is often disjointed from the timing of the related cash receipts as a result of components of the agreement that provide for prepayment of royalties, past sales, etc. So that our executives are properly motivated to maximize the overall value of our patent portfolio and not to maximize short-term gains strictly for the purpose of attaining incentive plan goals, we normalize the cash inflow under our license agreements to treat all licensing revenue as if it were negotiated as royalty bearing over the life of the agreement.

In addition to normalizing our cash inflows, we also adjust our cash outflows to capture the appropriate cash expenditures for which we manage our business. This process begins with our total operating expenses and deducts defined non-cash expenses (e.g., depreciation and amortization) and then adds in capital expenditures. We also exclude certain items that (a) make the calculation iterative (e.g., performance-based compensation) or (b) are non-operational or non-recurring (e.g., repositioning costs and severance) in nature and which we would otherwise back out when evaluating our financial performance.

For example, when using normalized cash flow as a measure, if a patent licensing agreement includes a large up-front payment, in order to avoid having that payment disproportionately drive cash flow for the performance period, the payment is spread out over the term of the license agreement, mimicking what would happen if the cash was received pursuant to a running royalty-based license agreement. Strictly for illustrative purposes, assume the company set a GAAP cash flow goal of $100 for a three-year LTCP performance period and in each of the first two years of the performance period the company had generated $33 of cash flow from running royalties bringing the total cash flow achieved for the first two years to $66. Because the cash flow was from running royalties, the amount included toward the goal for the performance period would be the same under both a GAAP cash flow and a normalized cash flow measure. Then, during year 3 of the performance period, the company negotiates a new 5-year $100 patent license agreement. A GAAP cash flow goal could incentivize management to accept less than $100 in licensing royalties ($50 in this example) if the total discounted amount was paid up front (Deal A), which would then contribute $50 toward the achievement of the goal for the performance period, rather than the full $100 paid over five years (Deal B), which would contribute only $20 toward the achievement of the performance goal. Although Deal B is clearly better for the company and its shareholders, the use of a GAAP cash flow performance incentive measure could create an incentive to enter into Deal A, as that deal would have led to a larger incentive payout for the performance period (140% under Deal A vs. 65% under Deal B, as illustrated in the following table). By using normalized cash flow as the performance measure, management is properly incentivized to enter into Deal B, which not only leads to a higher incentive payout (65% under Deal B vs. no payout under Deal A, as illustrated in the following table), but also to the better outcome for the company and its shareholders.

Normalized Cash Flow Illustrative Example

	DEAL A Incentive Plan Performance Measure		**DEAL B Incentive Plan Performance Measure**	
Performance Period Year	**GAAP Cash Flow**	**Normalized Cash Flow**	**GAAP Cash Flow**	**Normalized Cash Flow**
Year 1	$ 33	$ 33	$ 33	$ 33
Year 2	$ 33	$ 33	$ 33	$ 33

Year 3	$ 50	$ 10	$ 20	$ 20
Total	$ 116	$ 76	$ 86	$ 86
Goal Achievement	116%	76%	86%	86%
LTCP Payout(a)	140%	0%	65%	65%

(a) In this example, for each 1% change above or below 100% achievement, the actual award amount is adjusted by 2.5 percentage points, with a threshold payout of 50% of target and a maximum payout of 200% of target. Accordingly, for performance that falls below 80% achievement, no performance-based award would vest.

Other Practices, Policies and Guidelines

Grant Practices

RSU awards and stock options granted to executives under the LTCP are targeted to be granted each year on the later of March 15 or on or after the date the Compensation Committee approves the goals associated with the performance-based RSUs. If a participant joins the company or becomes eligible to receive awards through a promotion after the annual grant date, he or she would be eligible for an award on the 15th of the month following his or her date of hire or promotion, respectively. The closing stock price on the date of grant determines the exercise price of stock option grants. For outstanding time-based and performance-based RSU grants made prior to 2017, the company s closing stock price on the day prior to the grant date was used to determine the number of RSUs granted. Beginning with the 2017 LTCP grants, the closing stock price on the date of grant is used to determine the number of RSUs granted. The Compensation Committee does not time equity grants to take advantage of material nonpublic information.

Performance-based RSUs granted through 2016 are tied to a three-year performance period. As noted above, the performance-based RSUs granted in 2017 have a three-year performance period with the potential for a five-year performance-period. Time-based RSUs vest 100% on the vest date, which is generally on or around the third anniversary of the grant date (i.e., cliff vesting). Stock options vest one-third on each of the first, second and third anniversaries of the grant date (i.e., ratable vesting), and expire on the seventh anniversary of the grant date.

The Compensation Committee may, in its sole discretion, grant additional equity awards to executives, including the NEOs, outside of the LTCP and the other compensation programs described above. As noted above, the Compensation Committee intends to limit the use of discretionary awards, but may issue such awards from time to time when necessary. In approving such awards, the Compensation Committee may consider the specific circumstances of the grantee, including, but not limited to, total compensation relative to our compensation peer group, compensation for his or her position, promotion, expansion of responsibilities, exceptional achievement recognition and retention concerns.

Stock Ownership Guidelines

To align the interests of our executive officers with those of our shareholders, the company has established stock ownership guidelines for its executive officers. The Chief Executive Officer s target ownership level is no less than the lesser of an amount of company stock with a value of at least five times his current annual base salary or 65,000 shares. The company s retired senior executive vice presidents (Messrs. McQuilkin and Shay) were expected to own no less than the lesser of an amount of company stock with a value of at least three times their current annual base salary or 25,000 shares, and the company s other executive officers (including Mr. Brezski and Ms. Lau) are expected to own no less than the lesser of an amount of company stock with a value of at least two times their current annual base salary or 12,500 shares.

Qualifying stock includes shares of common stock held outright or through the company s 401(k) Plan (as defined below), restricted stock and, on a pre-tax basis, unvested time-based RSUs. For purposes of calculating the value of company stock holdings, each share or other qualifying stock unit is priced at a price per share/unit equal to the average closing stock price of the company s common stock for the 200 trading days leading up to and including the calculation date. The 200-day average closing stock price is calculated annually on the date of the company s annual meeting of shareholders.

Any executive who has not reached or fails to maintain his or her target ownership level must retain at least 50% of any after-tax shares derived from vested RSUs or exercised options until his or her level is met. An executive may not make any disposition of shares that results in his or her holdings falling below the target level without the express approval of the Compensation Committee. As of March 31, 2018, all of the NEOs were in compliance with the guidelines and had reached their target ownership levels.

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Clawback Policy

In 2014, the Board adopted a clawback policy that would, under certain circumstances, entitle the company to recover certain compensation previously paid to the company s executive officers, in accordance with the requirements of Section 304 of the Sarbanes-Oxley Act of 2002 and Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. In the event of any intentional misconduct or gross negligence by one or more executives that results in a material restatement of any company financial statement that was filed during the company s then-current fiscal year or during one of the three prior full fiscal years, each executive would be required to repay or forfeit any excess compensation. The company will reevaluate its policy once final rules are adopted by the SEC and NASDAQ.

Savings and Protection and Nonqualified Deferred Compensation Plans

The company s Savings and Protection Plan (401(k) Plan) is a tax-qualified retirement savings plan pursuant to which employees, including NEOs, are able to contribute the lesser of 100% of their annual base salary and bonus or the annual limit prescribed by the Internal Revenue Service (IRS) on a pre-tax basis. The company provides a 50% matching contribution on the first 6% of an employee s eligible earnings contributed to the 401(k) Plan, up to the cap mandated by the IRS. The company offers this benefit to encourage employees to save for retirement and to provide a tax-advantaged means for doing so.

As noted above, the IRS imposes limits on the amounts that an employee may contribute annually to a 401(k) Plan account. The company s nonqualified deferred compensation plan (the deferred compensation plan) provides a select group of management and highly compensated employees, including the NEOs, with an opportunity to defer up to 40% of their base salary and up to 100% of their STIP payment. For 2017, the company matched up to 50% of the first 6% of the participant s eligible deferrals, determined on a combined plan basis taking into account deferred amounts under both the deferred compensation plan and the 401(k) Plan; these contributions will receive the investment performance of InterDigital common stock. Matching contributions are made once annually after the end of the year. Participants vest one-third in company matching contributions after one year of service, two-thirds after two years of service and fully after three years of service, a vesting schedule identical to the 401(k) Plan. For more information about the nonqualified deferred compensation plan, see Nonqualified Deferred Compensation.

Agreements with NEOs

In March 2013, the company entered into amended and restated employment agreements with each NEO. The agreements provided for an initial employment term of two years, which term automatically renews for additional successive one-year periods (unless either party provides notice of non-renewal at least 90 days before the expiration of the term (as extended by any renewal period)). Among other things, the agreements provide severance payments and benefits upon certain qualifying terminations of employment, including upon termination of the NEO s employment by the company without Cause or by the executive for Good Reason, and provide for enhanced payments and benefits if such termination occurs on or within one year after a Change in Control of the company, each as defined in the applicable agreement. For more information regarding the provisions governing these termination scenarios, see Potential Payments upon Termination or Change in Control.

Prohibition against Hedging

The company s insider trading policy prohibits directors, officers, employees and consultants of the company from engaging in any hedging transactions involving company stock.

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Impact of Tax Treatment

The Compensation Committee considered the deductibility of compensation when making decisions, but would authorize the payment of compensation that is not deductible when it believes it is appropriate. At the time the Compensation Committee made its compensation decisions for 2017, qualified performance-based compensation was not subject to Section 162(m) of the Code, which limits the company s tax deduction for compensation paid to our Chief Executive Officer and other NEOs to $1 million per person in any tax year. However, recent tax legislation eliminated the performance-based exception to Section 162(m) and, as a result, it is uncertain whether compensation that the Compensation Committee intended to structure as performance-based compensation will be deductible.

Compensation-Related Risk Assessment

We have assessed our employee compensation policies and practices and determined that any risks arising from our compensation policies and practices are not reasonably likely to have a material adverse effect on the company. In reaching this conclusion, the Compensation Committee considered all components of our compensation program and assessed any associated risks. The Compensation Committee also considered the various strategies and measures employed by the company that mitigate such risk, including: (i) the overall balance achieved through our use of a mix of cash and equity, annual and long-term incentives and time- and performance-based compensation; (ii) our use of multi-year vesting periods for equity grants; (iii) limits on the maximum goal achievement levels and overall payout amounts under the STIP and LTCP awards; (iv) the company s adoption of, and adherence to, various compliance programs, including a code of ethics, a clawback policy, a contract review and approval process and signature authority policy and a system of internal controls and procedures; (v) the use of normalized cash flow as a performance metric; and (vi) the oversight exercised by the Compensation Committee over the performance metrics and results under the STIP and the LTCP. In addition, compensation programs are reviewed with Pearl Meyer, the compensation consultant, on an annual basis to ensure plans do not create incentives that would put the company at excessive risk. Based on the assessment described above, the Compensation Committee concluded that any risks associated with our compensation policies and practices were not reasonably likely to have a material adverse effect on the company.

Accounting for Share-Based Compensation

We follow FASB ASC Topic 718 for our share-based compensation awards. FASB ASC Topic 718 requires companies to measure the compensation expense for all share-based compensation awards made to employees and directors, including stock options and RSUs, based on the grant date fair value of these awards. This calculation is performed for accounting purposes and reported in the compensation tables below, even though our NEOs may never realize any value from their awards; FASB ASC Topic 718 also requires companies to recognize the compensation cost of their share-based compensation awards in their income statements over the period that an executive officer is required to render services in exchange for the option or other award.

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Summary Compensation Table

The following table contains information concerning compensation awarded to, earned by or paid to our NEOs in the last three years (unless 2017 is the only year for which an executive officer has been deemed an NEO, in which case the table only includes such information for 2017). Our NEOs include: (i) William J. Merritt, our Chief Executive Officer, (ii) Richard J. Brezski, our Chief Financial Officer, and (iii) Jannie K. Lau, Scott A. McQuilkin and Lawrence F. Shay, who are our three other most highly compensated executive officers in 2017 who were serving as executive officers of the company at December 31, 2017. Messrs. McQuilkin and Shay both ceased to be executive officers of the company effective March 9, 2018 and both retired effective April 1, 2018. Additional information regarding the items reflected in each column follows the table.

Name and Principal Position	Year	Salary ($)(1)	Stock Awards ($)(2)(3)	Option Awards ($)(4)	Non-Equity Incentive Plan Compensation ($)(5)	All Other Compensation ($)(6)	Total ($)
William J. Merritt	2017	620,000	500,076	500,000	620,000	38,486	2,278,562
President and Chief	2016	620,000	387,806	385,000	1,240,000	78,925	2,711,731
Executive Officer	2015	613,846	393,785	393,780	1,100,000	59,406	2,560,817
Richard J. Brezski	2017	393,000	175,048		158,000	20,039	746,087
Chief Financial Officer and	2016	375,038	176,270	175,000	435,654	30,197	1,192,159
Treasurer	2015	343,076	175,039	175,000	381,239	24,820	1,099,174
Jannie K. Lau (7)	2017	375,000	175,048		284,000	19,947	853,995
Chief Legal Officer, GC and							
Corporate Secretary							
Scott A. McQuilkin	2017	415,000	275,063		233,000	24,246	947,309
Retired Senior EVP, Innovation	2016	415,000	277,012	275,000	587,001	25,790	1,579,803
	2015	410,846	250,033	250,000	517,694	26,703	1,455,276
Lawrence F. Shay	2017	437,750	275,063		273,000	25,271	1,011,085
Retired Senior EVP, Future	2016	437,750	277,012	275,000	656,625	45,668	1,692,055
Wireless, and Chief IP Counsel	2015	434,218	250,033	250,000	548,590	36,324	1,519,165

(1) Base salary increases, as applicable, for 2016 and 2017 did not become effective until April 1 of each year. Amounts reported for 2016 and 2017 reflect the value of base salary earned by each NEO during such years.

(2) Amounts reported reflect the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 for time-based RSU awards granted during the designated fiscal year. The assumptions used in valuing these awards are incorporated by reference to Notes 2 and 9 to our audited financial statements included in our annual report on Form 10-K for the year ended December 31, 2017. Under generally accepted accounting principles, compensation expense with respect to stock awards granted to our employees and directors is generally equal to

the grant date fair value of the awards and is recognized over the vesting periods applicable to the awards.

(3) Amounts reported also reflect the value at the grant date of performance-based RSUs granted in such years based upon the probable outcome of the performance conditions for such awards, consistent with the estimate of aggregate compensation cost to be recognized over the service period determined as of the grant date under FASB ASC Topic 718, excluding the effect of estimated forfeitures. The assumptions used in valuing these awards are incorporated by reference to Notes 2 and 9 to our audited financial statements included in our annual report on Form 10-K for the year ended December 31, 2017.

On March 30, 2017, the company granted performance-based RSU awards to its NEOs for the 2017 LTCP. As of the date of grant, consistent with the estimate determined as of the grant date under FASB ASC Topic 718, the probable outcome of the performance conditions for these grants did not meet the threshold for recording compensation cost, and, as a result, their grant date value was $0. Accordingly, there is no value reported for the performance-based RSUs granted to the NEOs in 2017. The following table sets forth the grant date fair value of the performance-based RSUs granted to the NEOs in 2017 assuming that the highest level of performance conditions will be achieved and the grants vest at their maximum level of 200%:

NEO	Maximum Value Performance-Based RSU Awards 2017 LTCP ($)
William J. Merritt	3,000,114
Richard J. Brezski	1,050,117
Jannie K. Lau	1,050,117
Scott A. McQuilkin	1,650,037
Lawrence F. Shay	1,650,037

(4) Amounts reported reflect the value recognized for financial statement reporting purposes in accordance with FASB ASC Topic 718.

(5) Amounts reported include the value of payouts earned under the company s STIP.

(6) The following table details each component of the All Other Compensation column in the Summary Compensation Table for fiscal 2017:

NEO	401(k) Plan Matching Contributions ($)(a)	Supplemental LTD ($)(b)	Deferred Compensation Plan Matching Contributions ($)(c)	Total ($)
William J. Merritt	8,100	5,006	25,380	38,486
Richard J. Brezski	8,100	3,495	8,444	20,039
Jannie K. Lau	8,100	3,438	8,409	19,947
Scott A. McQuilkin	8,100	5,391	10,755	24,246
Lawrence F. Shay	8,100	4,259	12,912	25,271

(a) Amounts represent company matching contributions to all employees, including the NEOs, on 50% of the first 6% of the employee s eligible salary and annual bonus contributed to the 401(k) Plan, up to the maximum amount permitted by the Internal Revenue Service.

(b) Amounts represent premium amounts paid by the company for supplemental executive long-term disability insurance for the benefit of such NEO.

(c) Amounts represent company matching contributions made pursuant to the company s nonqualified deferred compensation plan for NEO contributions. For more information, see Nonqualified Deferred Compensation.

(7) Ms. Lau was not among the company s NEOs for 2016 or 2015.

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Grants of Plan-Based Awards in 2017

The following table summarizes the grants of (i) cash awards under the STIP (STIP) and (ii) options (OPT), time-based RSU awards (TRSU) and performance-based RSU awards (PSU) under the 2017 cycle of the LTCP, each made to the NEOs during the year ended December 31, 2017. Each of these types of awards is discussed in Compensation Discussion and Analysis above.

			Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards(2)						
me	Type of Award	Grant Date	Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)	All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh)	Gran Date Fair Valu of Stock and Optio Awar ($)(3
lliam J. Merritt	STIP		155,000	620,000	1,240,000							
	OPT	3/30/2017								25,126	85.85	500,0
	TRSU	3/30/2017							5,825			500,0
	PSU	3/30/2017				8,736	17,473	34,946				
hard J. Brezski	STIP		59,483	237,930	475,860							
	TRSU	3/30/2017							2,039			175,0
	PSU	3/30/2017				3,058	6,116	12,232				
nie K. Lau	STIP		56,940	227,760	455,520							
	TRSU	3/30/2017							2,039			175,0
	PSU	3/30/2017				3,058	6,116	12,232				
ott A. McQuilkin	STIP		77,813	311,250	622,500							
	TRSU	3/30/2017							3,204			275,0
	PSU	3/30/2017				4,805	9,610	19,220				
wrence F. Shay	STIP		82,078	328,313	656,625							
	TRSU	3/30/2017							3,204			275,0
	PSU	3/30/2017				4,805	9,610	19,220				

(1) Amounts reported represent the potential threshold, target and maximum STIP payouts depending on the level of performance achieved under the STIP for fiscal 2017. Such amounts ranged from 25% of the target payout, representing the minimum percentage of the STIP executive incentive pool that would be funded upon achievement of a certain level of performance against the related financial goal, to 200% of the target payout, representing the maximum payout possible under the STIP. For all NEOs, the actual amount earned for fiscal 2017, which is reported in the Summary Compensation Table above, was based on the company s achievement of the 2017 financial and strategic corporate goals established by the Compensation Committee in March 2017 and departmental and individual performance of the NEO during 2017.

(2) Amounts reported represent the potential threshold, target and maximum number of performance-based RSUs the NEO could earn pursuant to his performance-based RSU award for the 2017 LTCP. 100% achievement of the performance goal or goals associated with the award results in a 100% payout of the associated target amounts. Goal achievement for performance that falls between the amounts established for threshold, target and maximum achievement is calculated using straightline interpolation between the target achievement level and the actual achievement level, with a threshold payout of 50% of target and a maximum payout of 200% of target.

(3) Grant date fair value of RSU awards is determined in accordance with FASB ASC Topic 718. The TRSU awards granted in 2017 are scheduled to vest in full on March 15, 2020. Amounts reported for option grants reflect the value recognized for financial statement reporting purposes in accordance with FASB ASC Topic 718. For fiscal 2017, the weighted-average assumptions underlying the valuation of the stock options under the Black-Scholes option pricing model are as follows: expected life of 4.5 years; volatility of 28.51%; a risk-free interest rate of 1.93%; and a dividend yield of 1.40%. Amounts reported for performance-based RSUs are based upon the probable outcome of the performance conditions, consistent with the estimate of aggregate compensation cost to be recognized over the service period determined as of the grant date under

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FASB ASC Topic 718, excluding the effect of estimated forfeitures. As of the date of grant, the probable outcome of the performance conditions for the 2017 LTCP did not meet the threshold for recording compensation cost, and, as a result, the grant date value of the performance-based RSU awards was $0. Accordingly, there is no value reported for the performance-based RSUs granted in 2017.

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Outstanding Equity Awards at 2017 Fiscal Year End

The following table sets forth information concerning outstanding option and stock awards of the NEOs as of December 31, 2017.

		Option Awards					Stock Awards			
Name	**Grant Date**	**Number of Securities Underlying Unexercised Options (#) Exercisable (1)**	**Number of Securities Underlying Unexercised Options (#) Unexercisable (1)**	**Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)**	**Option Exercise Price ($)**	**Option Expiration Date**	**Number of Shares or Units of Stock That Have Not Vested (#)(2)**	**Market Value of Shares or Units of Stock That Have Not Vested ($)(3)**	**Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)(4)**	**Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)(5)**
William J. Merritt	1/18/13	22,085			44.19	1/18/20				
	3/15/14	37,658			30.69	3/15/21				
	3/15/15	16,194	8,097		52.85	3/15/22				
	3/15/15						7,765	591,334		
	3/15/15(6)								15,529	1,182,589
	3/30/16	9,180	18,360		54.93	3/30/23				
	3/30/16						7,243	551,588		
	3/30/16(7)								21,728	1,654,608
	3/30/17		25,126		85.85	3/30/24				
	3/30/17						5,894	448,863		
	3/30/17(8)								17,681	1,346,436
Richard J. Brezski	1/18/13	7,362			44.19	1/18/20				
	3/15/14	16,737			30.69	3/15/21				
	3/15/15	7,197	3,599		52.85	3/15/22				
	3/15/15						3,451	262,850		
	3/15/15(6)								6,902	525,621
	3/30/16	4,172	8,346		54.93	3/30/23				
	3/30/16						3,292	250,714		
	3/30/16(7)								6,584	501,429
	3/30/17						2,063	157,121		

	3/30/17(8)							6,188	471,287
Jannie K. Lau	3/15/14	6,376		30.69	3/15/21				
	3/15/15	4,113	2,057	52.85	3/15/22				
	3/15/15					1,972	150,234		
	3/15/15(6)							3,944	300,389
	3/30/16	4,172	8,346	54.93	3/30/23				
	3/30/16					3,292	250,714		
	3/30/16(7)							6,584	501,429
	3/30/17					2,063	157,121		
	3/30/17(8)							6,188	471,287
Scott A. McQuilkin	1/18/13	11,042		44.19	1/18/20				
	3/15/14	23,910		30.69	3/15/21				
	3/15/15	10,282	5,141	52.85	3/15/22				
	3/15/15					4,930	375,466		
	3/15/15(6)							9,860	750,854
	3/30/16	6,557	13,114	54.93	3/30/23				
	3/30/16					5,174	394,002		
	3/30/16(7)							10,347	787,927
	3/30/17					3,242	246,894		
	3/30/17(8)								