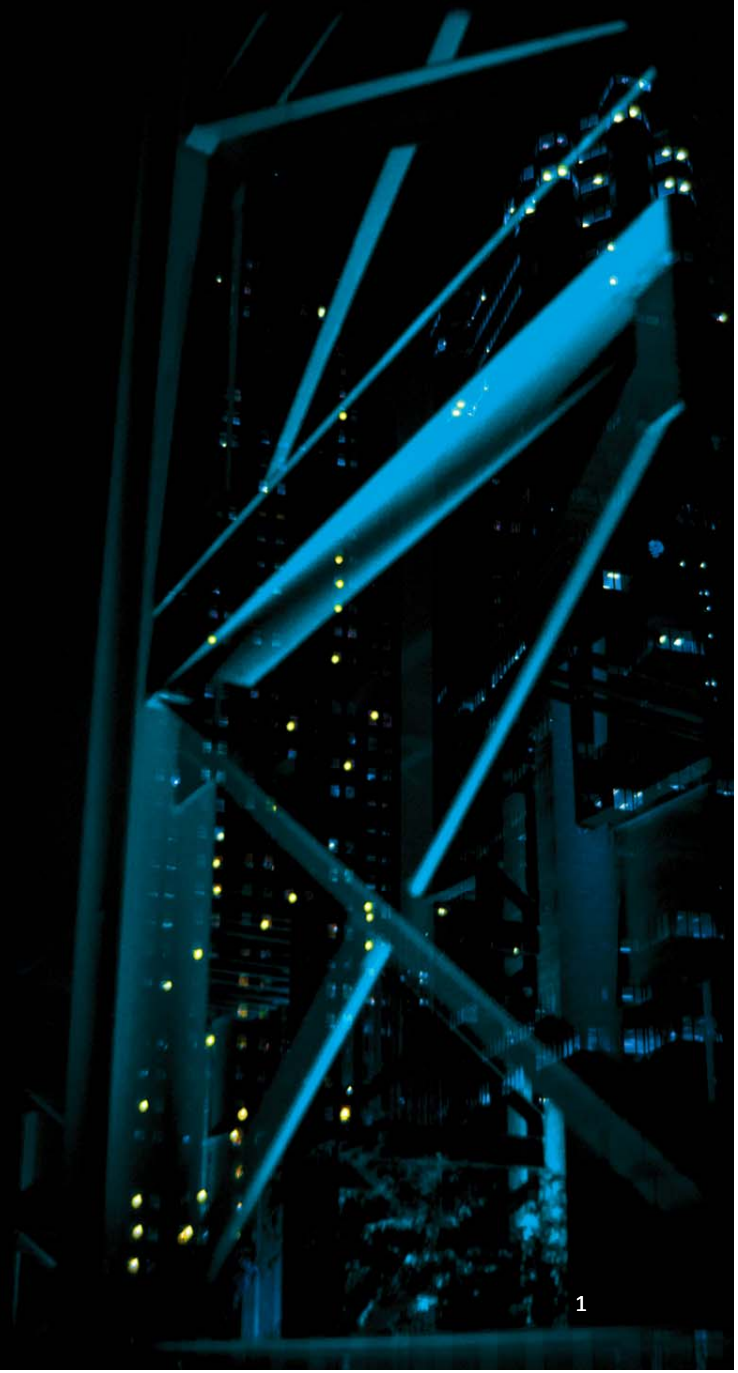
INTERDIGITAL

Drexel Hamilton Conference
New York City, Sep. 10, 2015



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Forward Looking Statements

- This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, regarding InterDigital, Inc.'s current beliefs, plans and expectations, as to: (i) future results, projections and trends; (ii) our strategy and business plan; (iii) the company's revenues and expenses; (iv) planned investments; (v) partnerships, commercial initiatives and other potential business and revenue opportunities; and (vi) current litigation matters. Such statements are subject to the safe harbor created by those sections.

- Words such as "anticipate," "believe," "estimate," "expect," "project," "intend," "plan," "forecast," "will," variations of any such words or similar expressions, and graphical timelines representing future estimates or events are intended to identify such forward-looking statements. Forward-looking statements are subject to risks and uncertainties. Actual outcomes could differ materially from those expressed in or anticipated by such forward-looking statements due to a variety of factors, including, without limitation: (i) the market relevance of our technologies; (ii) changes in the needs, availability, pricing and features of competitive technologies as well as those of strategic partners or consumers; (iii) unanticipated technical or resource difficulties or delays related to further development of our technologies; (iv) our ability to enter into additional patent license agreements on expected terms, if at all; (v) our ability to successfully identify and launch new commercial businesses, including commercial initiatives; (vi) our ability to enter into partnerships, strategic relationships or complementary investment opportunities on acceptable terms; (vii) changes in the market share and sales performance of our primary licensees, delays in product shipments of our licensees and timely receipt and final reviews of quarterly royalty reports from our licensees and related matters; (viii) the resolution of current legal proceedings, including any awards or judgments relating to such proceedings, additional legal proceedings, changes in the schedules or costs associated with legal proceedings or adverse rulings in such legal proceedings; (ix) changes in the company's strategy going forward; and (x) changes or inaccuracies in market projections, as well as other risks and uncertainties, including those detailed in our Annual Report on Form 10-K for the year ended December 31, 2014 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2015 and from time to time in our other Securities and Exchange Commission filings. We undertake no duty to update publicly any forward-looking statement, whether as a result of new information, future events or otherwise, except as may be required by applicable law, regulation or other competent legal authority.

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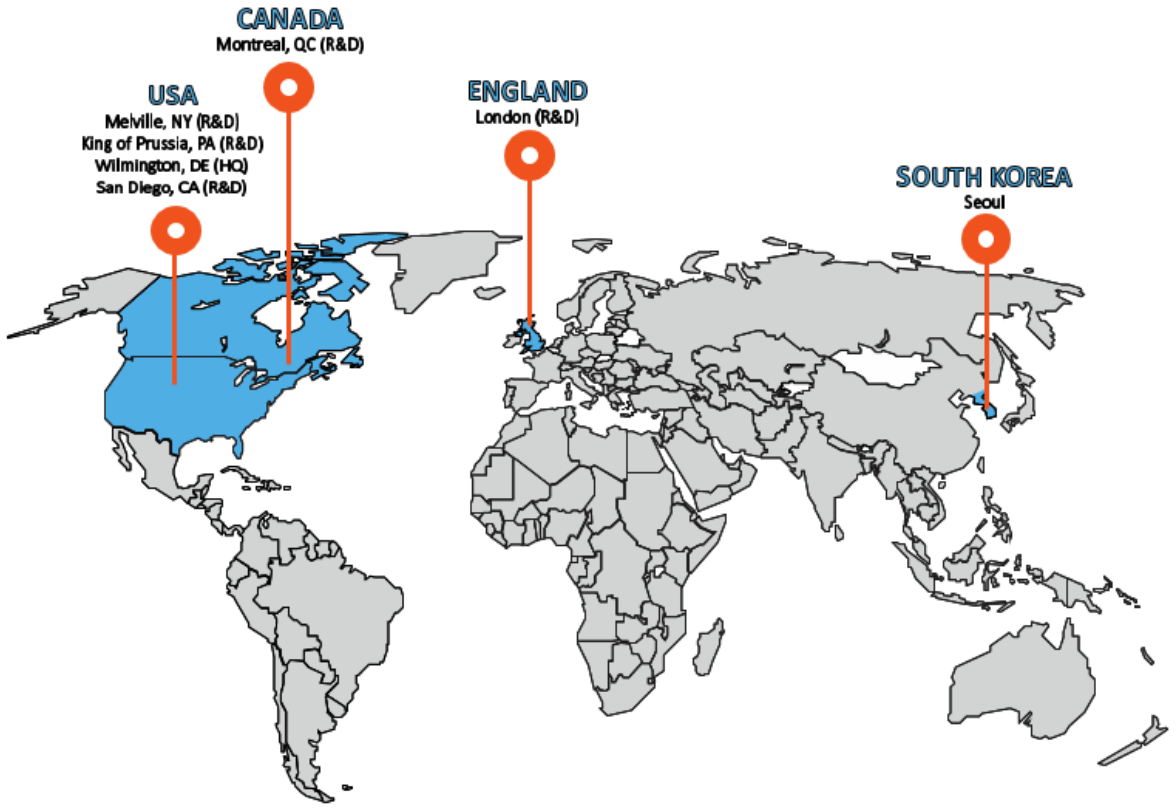
InterDigital: a Mobile Research and Development Company



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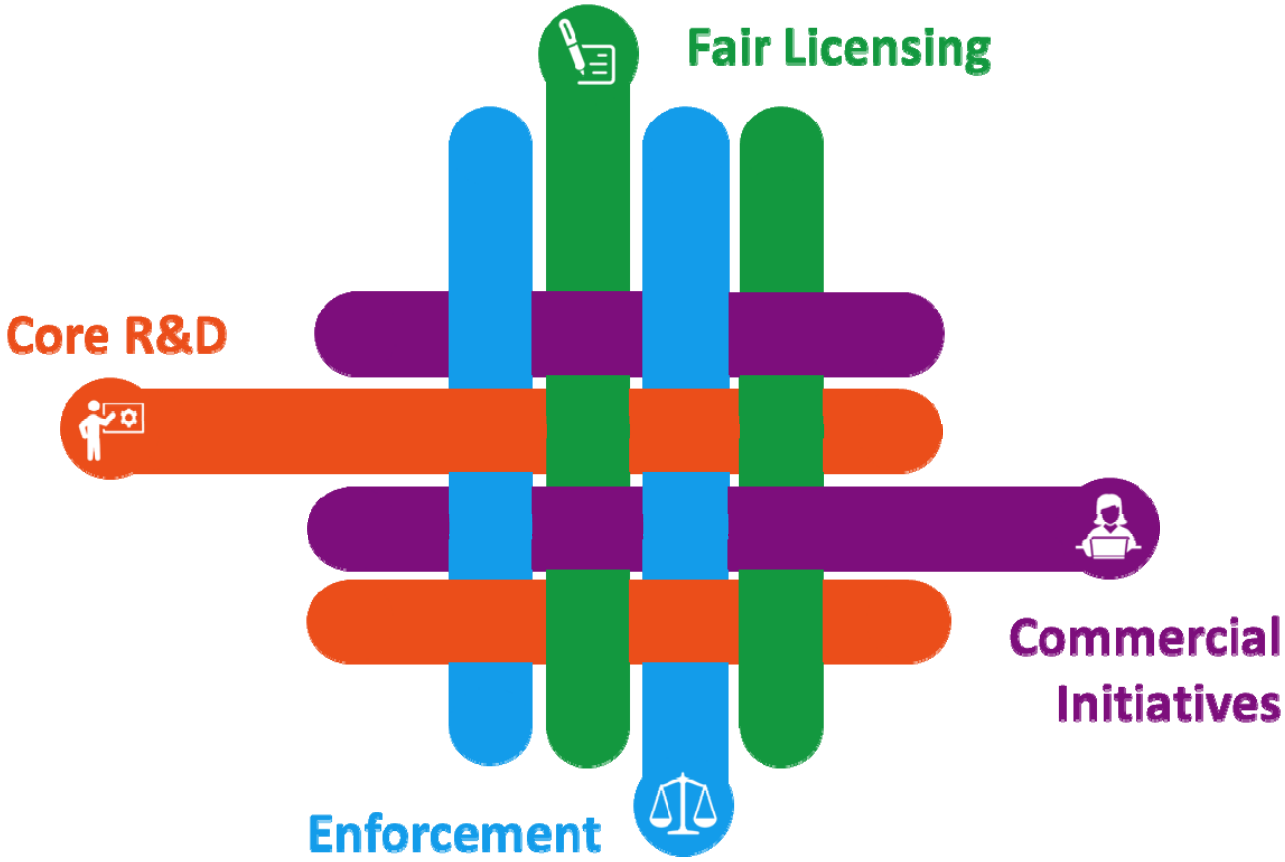
Four Decades of Invention, Collaboration, and Contribution

- Pioneer in digital wireless technologies
- Key contributions to global wireless standards
- Inventing solutions for more efficient broadband networks
- ~170 engineers (~80% of whom hold advanced degrees)



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The Fabric of a Great R&D–Based Licensing Company



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Core R&D: the Foundation of our Success

- InterDigital has been at the forefront of core wireless standards research through 2G, 2.5G, 3G, 4G/LTE, alongside companies like Qualcomm, Nokia, Ericsson, Samsung and others
- The company has also led standards research into IoT and M2M communications, building a strong IP position: our SDP has connected market participants like Intel, Telefonica, NEC and SK Telecom in pioneering interoperability demos – including the world's first public oneM2M demos in late 2014
- The current focus: advanced IoT, video and 5G technologies, including recent announcements of landmark 5G technology, feasibility and impact studies driven by European Commission

INTERDIGITAL LABS



Core R&D

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Contributing Technology Worldwide

- Over the last decade, InterDigital engineers attended hundreds of official, and countless ad-hoc, industry conferences around the world
- Our engineers have contributed inventions to IEEE, IETF, 3GPP, ITU, ETSI and MPEG standards, among others
- In 2014 alone, InterDigital invested more than $75 million in research and development, and close to $1 billion in R&D since 2000
- Approximately 100 technical papers and presentations were submitted to peer-reviewed conferences and publications in 2014 alone

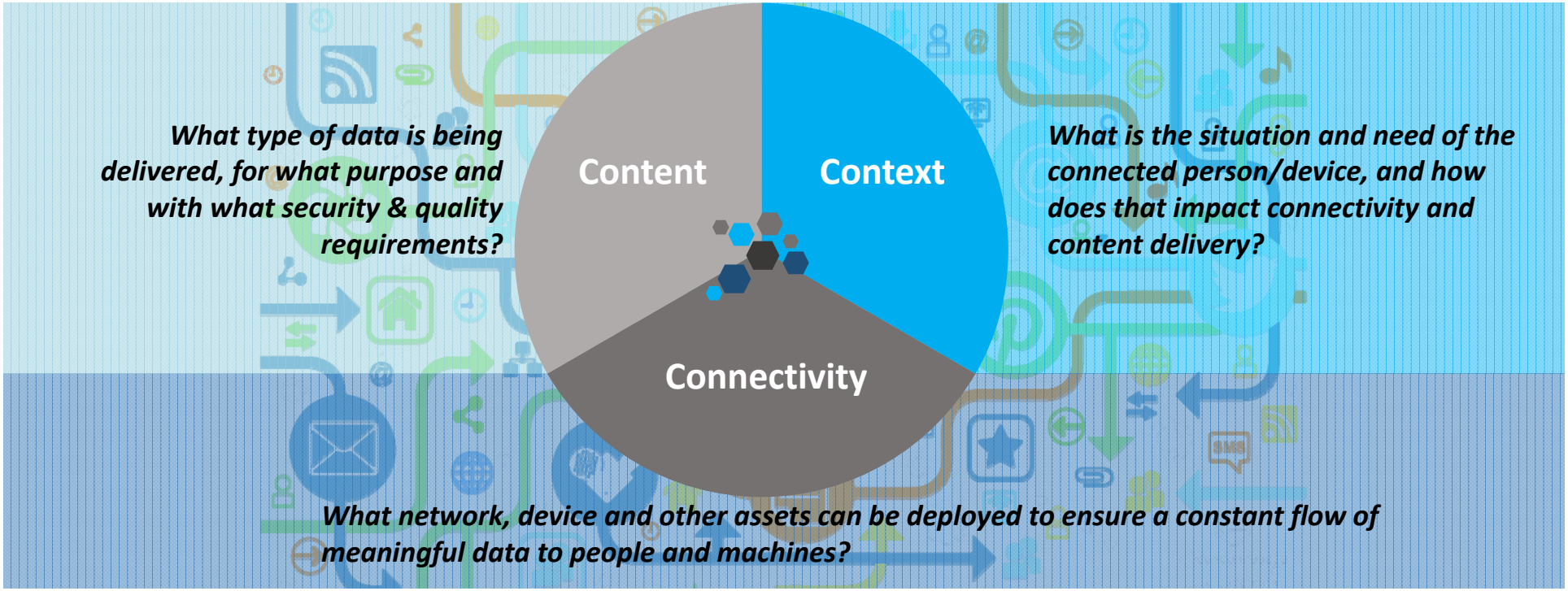


In August 2015, InterDigital's Diana Pani was elected to second term as 3GPP RAN Working Group 2 Vice-Chair, a key leadership position in one of the most important working groups for 5G definition and design.

Core R&D

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The Living Network™ – Guiding R&D and Investments



Core R&D

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Fair Licensing Practices, Reflecting a Constructive Approach

- Our customers include many of the top wireless companies in both devices and infrastructure, including Samsung, Ericsson, Sony, Sierra Wireless and others
- Of the more than 60 licenses and amendments we've signed in the past 10 years, the vast majority – roughly 90% – have been achieved on friendly, mutually beneficial terms, without the need for patent infringement litigation.
- In addition to fair offers, we work constructively with all potential customers to find areas of agreement or potential means of dispute resolution (including third-party arbitration)



All third-party trademarks are the property of their respective owners

Fair Licensing

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Commercial Initiatives: Driving Value, Areas of Engagement

- Some of our research initiatives result in platforms or capabilities that can have commercial application in the near or mid-term
- Our diversified strategy for realizing the potential of those technologies includes incubation, external startups, joint ventures, or other collaborations
- The strategy enables InterDigital to establish finite limits to our investment in technology areas, while opening the door to value creation through business success
- Each of these startups and joint ventures represents potential areas of collaboration with customers, bridging negotiation gaps, delivering value and reducing friction going forward



Commercial Initiatives

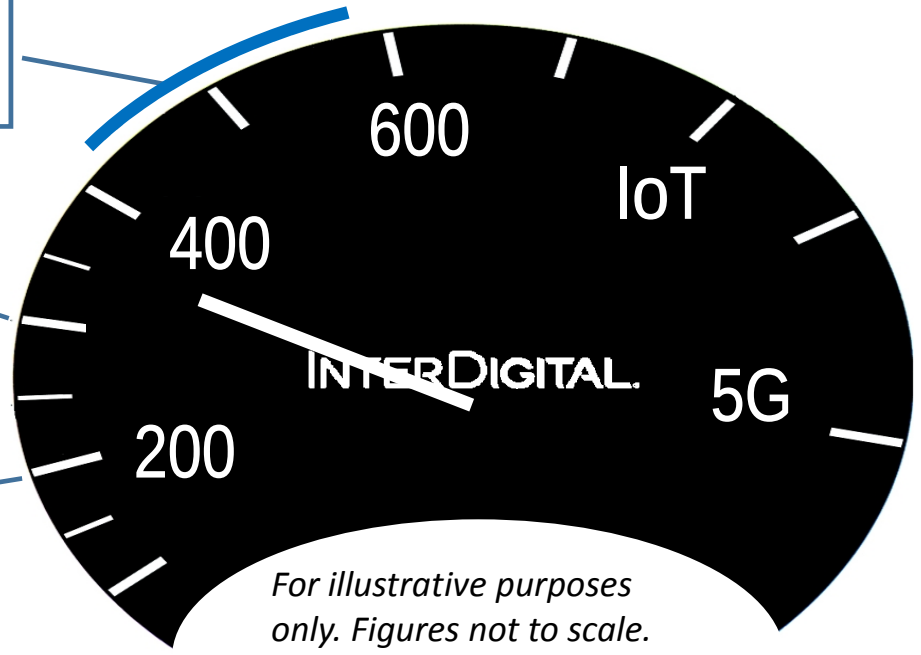
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Growth in Recurring Revenue – a Staged Approach

Licensing of major China players (Huawei, ZTE, Xiaomi, Lenovo) focus of next growth efforts

Q2 2014: Successful licensing of market leader drives run rate to ~$300M

Q4 2013: Recurring revenue yearly run rate crosses $200M on launch of 4G licensing program

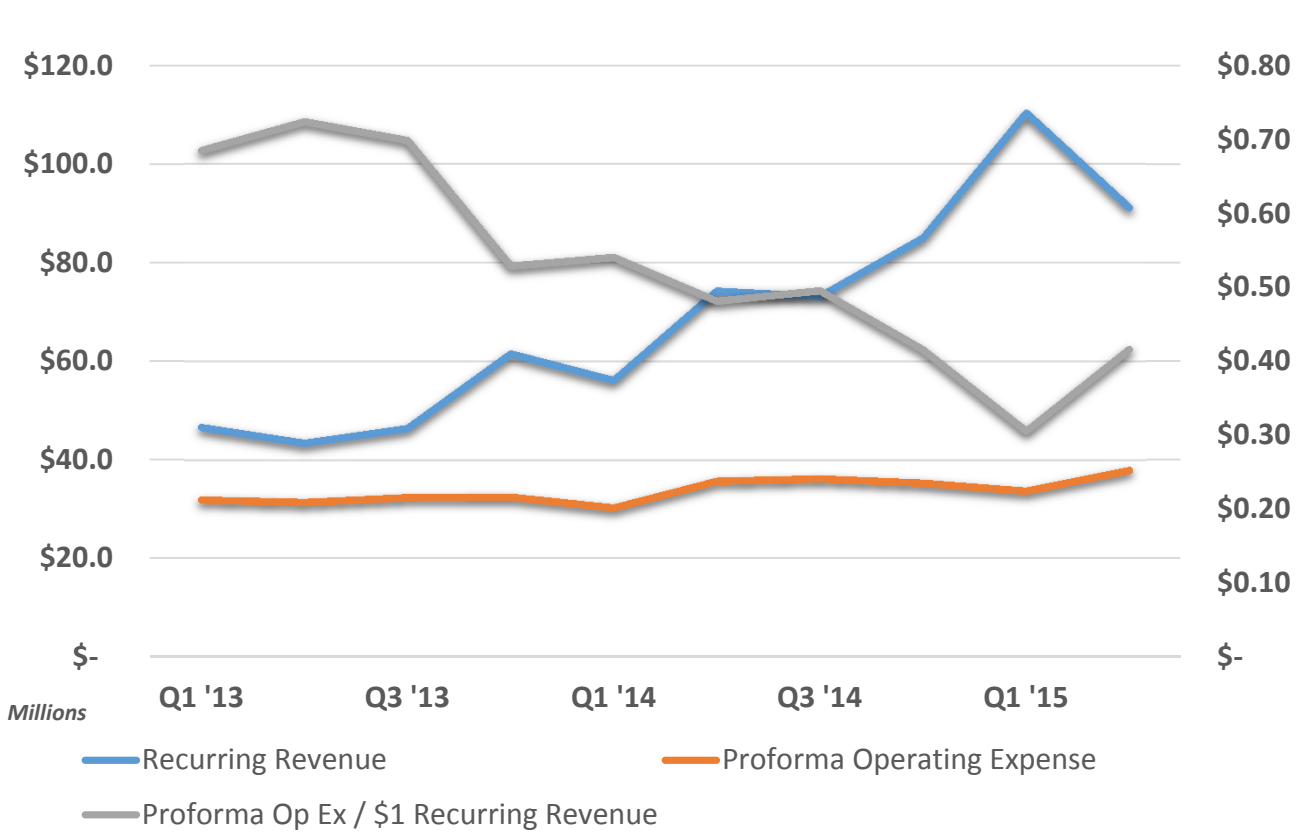


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Financials

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Bringing it All Together: a Model with Tremendous Operating Leverage



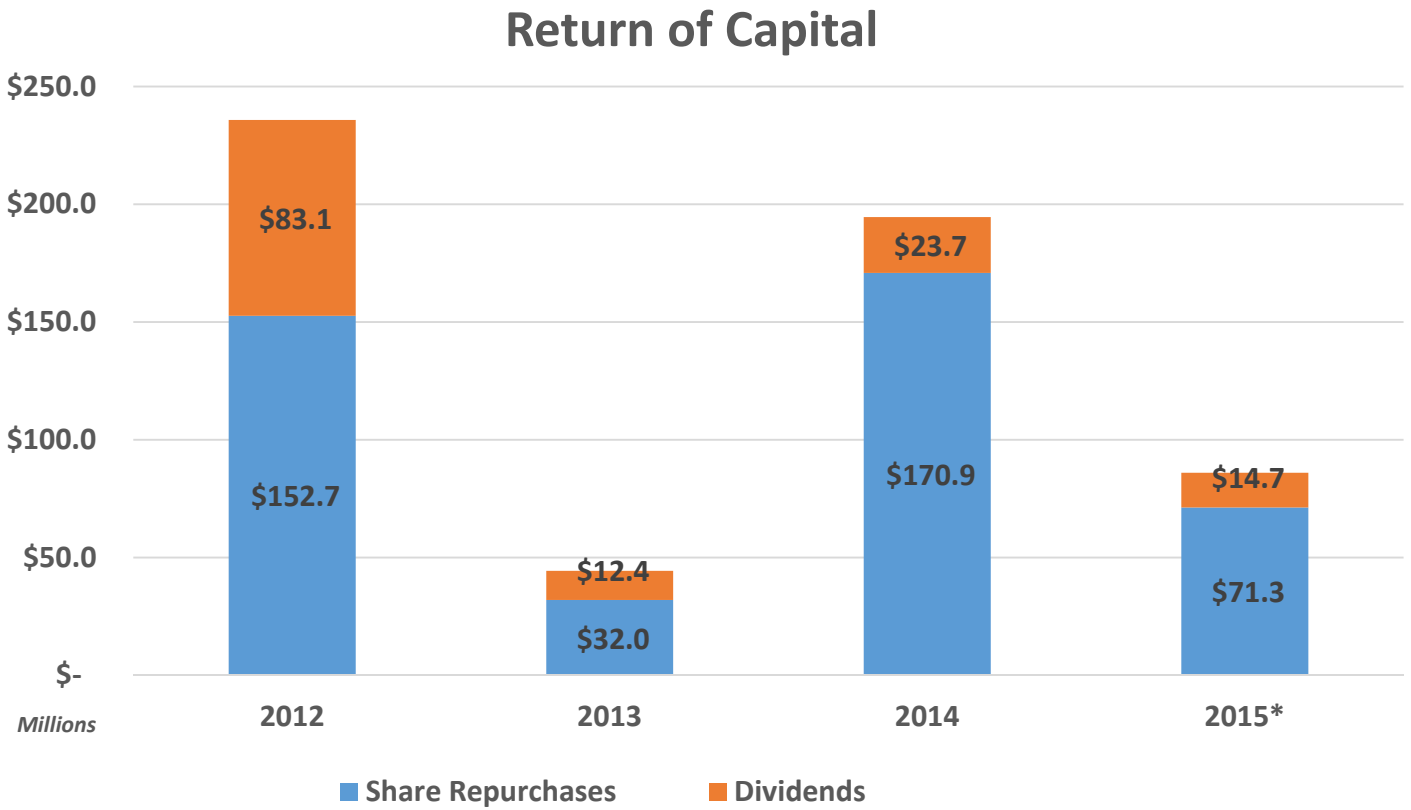
Recurring revenue is comprised of current patent royalties and current patent solutions revenue.

Pro forma operating expense is a non-GAAP financial measure that excludes from total operating expense significant items that are non-operational or non-recurring in nature. See Slide 14 for a detailed reconciliation of pro forma operating expense to total operating expense, the most comparable GAAP financial measure.

Financials

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And Focused on Returning Cash to Shareholders



**2015 share repurchases represent year-to-date totals as disclosed on July 30, 2015. Dividends represent paid dividends.*

Financials

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Pro Forma Operating Expense Reconciliation

	Q1 '13	Q2 '13	Q3 '13	Q4 '13	Q1 '14	Q2 '14	Q3 '14	Q4 '14	Q1 '15	Q2 '15
Total Operating Expenses	$ 62.4	$ 55.0	$ 61.5	$ 61.7	$ 57.9	$ 65.9	$ 62.3	$ 60.8	$ 59.1	$ 60.0
Intellectual property enforcement and non-patent litigation	(20.7)	(17.5)	(18.6)	(18.8)	(16.9)	(9.5)	(11.4)	(14.5)	(11.5)	(9.7)
Patent amortization	(7.1)	(7.5)	(7.6)	(7.7)	(8.3)	(9.0)	(10.8)	(10.2)	(10.7)	(10.8)
Compensation accrual adjustments[2]	2.7	2.8	(1.9)	(2.6)	0.8	(9.5)	(1.1)	-	1.3	1.1
Cost of patent sales	-	-	-	-	-	-	(0.7)	-	-	-
Repositioning	(1.5)	-	-	-	-	-	-	-	-	-
Other*	(3.8)	(1.3)	(0.9)	-	(3.1)	(2.1)	(2.0)	(0.7)	(4.5)	(2.6)
Pro forma Operating Expense[1]	$ 32.0	$ 31.5	$ 32.5	$ 32.6	$ 30.4	$ 35.8	$ 36.3	$ 35.4	$ 33.8	$ 38.0

NOTE: Sums may not equal total due to rounding

* Other adjustments include fringe rate, vacation accrual and R&D refund.

(1) "Pro forma operating expenses" is a supplemental non-GAAP financial measure that InterDigital believes provides relevant and useful information to investors and other users of our financial data in evaluating the effectiveness of our operations and underlying business trends. A limitation of “Pro forma operating expenses” is that it does not represent the total increase or decrease in InterDigital’s total operating expenses for the period. “Pro forma operating expenses” excludes from total operating expense significant items that are non-operational or non-recurring in nature, including “Compensation accrual adjustments” (see Footnote 2). InterDigital's computation of “Pro forma operating expenses” might not be comparable to the “Pro forma operating expenses” reported by other companies. The presentation of this financial information, which is not prepared under any comprehensive set of accounting rules or principles, is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with generally accepted accounting principles (“GAAP”). A detailed reconciliation of “Pro forma operating expenses” to total operating expenses, the most directly comparable GAAP financial measure, is provided above.

(2) “Compensation accrual adjustments” represents the adjustment that would be necessary in a given period to present the performance compensation actually accrued for that period against the performance compensation as if it had been accrued at 100% of the target performance compensation levels.

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Questions



