



*...our organization prizes above all else: the quality of the innovation that our engineers contribute to the mobile industry worldwide...*

**I'd like to thank you for taking a moment to read our first investor newsletter. The goal is simple: provide you with an overview of our quarter, but also bring you up to speed with some of the other things InterDigital is doing in terms of innovation, research, and other areas to drive value.**

Those of you I've had the pleasure of meeting or who've tuned into our quarterly calls know that there is one thing that our organization prizes above all else: the quality of the innovation that our engineers contribute to the mobile industry worldwide. Recently, our leading role in research was highlighted by Thomson Reuters, who included InterDigital in its 2015 Top 100 Global Innovators ranking – one of only 35 US companies included in the ranking.

The third quarter of 2015 was another very strong quarter, our 6th quarter in the last two years with revenue of approximately \$100 million or more. What's more, the quarter gave us an opportunity to highlight one of the strengths of our business – our tremendous operating leverage. In Q3 2015, our recurring revenue increased 7% compared to the same quarter last year, while our operating expenses were down 12%.

While the current business is very strong, we continue to work to drive future growth. There are several opportunities available to us.

First, with our current market share at a little less than 50% of the handsets being shipped worldwide, there remain great licensing opportunities. Some are further along than others and we hope to see them reflected in our revenues soon. We continue to work to license the remaining market while maintaining a relatively flat expense base, highlighting the operational leverage that our business model brings to investors.

In addition, we continue to build on our already strong Internet of Things technology base with additional research and targeted solutions that we think will put us in great position in that market. As is generally the case with InterDigital, we've been working on standards-based IoT since its earliest days. As in all our businesses, a market needs to develop before we can license it, but we see IoT as a clear focus area and value center going forward.

Finally, we continue to make relatively small, targeted investments in areas that, based on our existing knowledge base and exposure to the industry, we think can be great sources of value creation, either in and of themselves or for their benefit in exposing InterDigital's research team to new technologies and innovations.

It's a tremendous time in the mobile industry, and InterDigital continues to operate at the heart of it.

Best regards,

William J. Merritt  
President and CEO  
InterDigital, Inc.

# KEY NEWS

## InterDigital Sponsors IfU's HotSprings Smart Cities Challenge

In August, InterDigital announced its sponsorship of the Smart@AC application challenge, part of the smart cities-focused project HotSprings by the Institute for Management Cybernetics e.V. (IfU) in Aachen Germany. The HotSprings project team is researching next generation data processing, enrichment, analysis, and wide scale availability for local, regional, and international data sources that include the city of Aachen as well as other international cities including Barcelona, Copenhagen, Vienna, New York, and San Francisco. [View Release](#)



## InterDigital Consortium Wins UK's oneTRANSPORT Smart City Initiative

Also in August, an innovative smart city initiative focused on addressing the challenges in transportation systems with Internet of Things (IoT) technology was awarded by the UK's innovation agency, Innovate UK, to a consortium of leading European industry, academic and transport authority partners that includes InterDigital Europe, the company's London-based research center. Announced in August, the oneTRANSPORT project is an integrated transport R&D initiative that will span two years and lay the basis for smarter transport networks in the UK, as well as setting an example of the kind for transportation networks worldwide. [View Release](#)



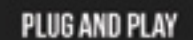
## Sony and InterDigital Expand Scope of Convida Wireless, Reach Patent License Agreement

In November, InterDigital announced that it was expanding the research scope of its Convida Wireless joint venture with Sony Corporation of America to include 5G technologies. The company also announced that this agreement includes a patent license from InterDigital. Convida Wireless was launched in 2013 as a joint venture to combine Sony's consumer electronics expertise with InterDigital's pioneering Internet of Things (IoT) expertise to drive new research in IoT communications and other connectivity areas. With this agreement, Convida Wireless' focus will also extend to key 5G technologies. [View Release](#)



## InterDigital Partners with Plug & Play Startup Accelerator

Also in November, InterDigital announced it had partnered with the Plug & Play, LLC startup accelerator, focusing on their Internet of Things (IoT) and other relevant programs. Plug & Play is a startup accelerator bringing together a round-table of complementary partners. The 12-week program is designed for early and growth stage startups, with qualified companies developing solutions in areas like wearable computing, augmented reality, robotics, healthcare & wellbeing, unmanned aerial vehicles (non-military), gaming, smart connected car and smart connected home. Startups accepted into the program receive funding from Plug & Play Ventures, weekly mentor sessions with industry thought-leaders, and opportunities for potential pilot projects, all culminating at the Plug & Play quarterly demo day. [View Release](#)



## InterDigital Showcases Use Cases for oneMPOWER IoT Platform at IoT Week Korea

InterDigital put on quite a show at IoT Week in Seoul, South Korea in October with the demonstration of a variety of IoT use cases for its oneMPOWER platform. Under the theme of "An Athlete's Day in IoT," the company demonstrated simplified application development, IoT mash-ups, building automation, connected health and other use cases through collaborations with ThingWorx, Systech, Continua Health, Lamprey Networks and others. [View Release](#)





# INTERDIGITAL EXPERTS WEIGH IN

## THE IOT GENERATION WILL NEED 5G

In this article for EETimes, Rafael Cepeda, Senior Manager at InterDigital Europe, argues that the next generation of cellular communications (5G) will facilitate the free flow of diverse information upon which a mature IoT depends. Noting that “the time to define 5G in pure technical terms has passed,” he says the discussion should turn to what 5G will do for society. “IoT will only be fully realized when data and information are free flowing between different systems, geographies, vendors and industries, providing highly integrated end-to-end solutions.” [Read More](#)

## EMEA: INTELLIGENT TRANSPORT PROGRAMS FROM INTERDIGITAL

RCR Wireless’ Claudia Bacco took a moment to meet with InterDigital Europe and look at the R&D center’s work in defining transport analytics through oneTRANSPORT. The article provides a tremendous review of the enabling technologies InterDigital is helping develop, and their application in driving transport data and analytics, integrated multiple transport modes. [Read More](#)

## A TALE OF TWO 5GS... AND POSSIBLY MORE

Chris Cave, Director of Research in InterDigital’s Montreal R&D center, helps lead standards development for the company. In this article for Telecoms.com, a prestigious UK-based mobile industry website, he discusses the findings of InterDigital’s 5G survey with the Telecom Industry Association. He describes how geographic approaches to 5G – specifically, Asia and Europe – are resulting in 2 different sets of drivers, use cases, radio access technologies, and spectrum focus. [Read More](#)

## WHAT LOOKS LIKE IP, SMELLS LIKE IP, BUT RUNS BETTER?

InterDigital has a history of world’s firsts, and this year we announced the world’s first IP-over-ICN-over-SDN demonstration. It’s a mouthful, but essentially it’s the transmission of Internet Protocol data over an Integrated Communication Network, accessed through Software-Defined Networking – key technologies for the future of the mobile industry. “The combination of SDN and ICN has the potential to change the landscape, as far as what is an operator and who is doing business in this area,” says Dirk Trossen, Principal Scientist at InterDigital Europe in an article in Wireless Week describing the successful demo and the impact of the technologies. [Read More](#)

## WHICH WAVE WILL 5G RIDE?

As research into 5G continues in both academia and the private sector, one thing has become certain: there is no single enabling technology that can achieve all of the applications being promised by 5G networking. This is especially true of waveforms, which are the object of intense study and development in advance of 5G. In a somewhat technical contribution to Wireless Week, InterDigital’s Afshin Haghghat reviews the main candidates for 5G waveforms and their specific applications, advantages and disadvantages. [Read More](#)

## FORWARD-LOOKING STATEMENTS

This newsletter 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) its 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) future global mobile device and IoT device sales and market opportunities. 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 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.

**InterDigital, Inc.**  
**Financial Metrics**  
**Unaudited**  
(amounts in millions, except per share data)

	2013					2014					2015			2014	2015
	Q1	Q2	Q3	Q4	Full Yr	Q1	Q2	Q3	Q4	Full Yr	Q1	Q2	Q3	YTD	YTD
<b>Revenues</b>															
Per-unit royalty revenue	\$ 29.3	\$ 26.1	\$ 26.3	\$ 41.0	\$ 122.7	\$ 36.5	\$ 33.9	\$ 37.6	\$ 49.2	\$ 157.2	\$ 75.6	\$ 56.0	\$ 43.7	\$ 108.0	\$ 175.3
Fixed-fee amortized royalty revenue	16.9	16.9	16.9	16.9	67.6	16.9	38.3	33.4	33.4	122.0	33.4	33.4	33.4	88.6	100.2
Current patent royalties <sup>a</sup>	46.2	43.0	43.2	57.9	190.3	53.4	72.2	71.0	82.6	279.2	109.0	89.4	77.1	196.6	275.5
Past sales	0.7	24.2	12.5	36.4	73.8	0.9	119.9	2.4	1.1	124.3	-	27.3	21.8	123.2	49.1
Total patent licensing royalties	46.9	67.2	55.7	94.3	264.1	54.3	192.1	73.4	83.6	403.4	109.0	116.6	98.9	319.8	324.6
Patent sales	-	-	-	-	-	-	-	2.0	-	2.0	-	-	-	2.0	-
Past technology solutions revenue	-	-	51.6	1.7	53.3	0.8	-	-	-	0.8	-	0.1	-	0.8	0.1
Current technology solution revenue <sup>a</sup>	0.5	0.5	3.3	3.7	8.0	2.8	2.1	2.2	2.5	9.6	1.4	1.8	1.5	7.1	4.7
Total revenue	\$ 47.4	\$ 67.7	\$ 110.6	\$ 99.7	\$ 325.4	\$ 57.9	\$ 194.2	\$ 77.6	\$ 86.1	\$ 415.8	\$ 110.4	\$ 118.6	\$ 100.4	\$ 329.7	\$ 329.4
<b>Recurring Revenue (Z a)</b>															
	\$ 46.7	\$ 43.5	\$ 46.5	\$ 61.6	\$ 198.3	\$ 56.2	\$ 74.3	\$ 73.2	\$ 85.1	\$ 288.8	\$ 110.4	\$ 91.2	\$ 78.6	\$ 203.7	\$ 280.2
<b>Current Royalty Mix:</b>															
Per-unit royalty revenue	63%	61%	61%	71%	64%	68%	47%	53%	60%	56%	69%	63%	57%	55%	64%
Fixed fee amortized royalty revenue	37%	39%	39%	29%	36%	32%	53%	47%	40%	44%	31%	37%	43%	45%	36%
<b>Revenue Concentrations &gt; 10%</b>															
Arima												23%			
Blackberry Limited	14%	11%													
Telefonaktiebolaget LM Ericsson							11%								
HTC Corporation	20%														
Intel Mobile Communicatins GmbH			49%		18%										
Pegatron Corporation		35%	14%	57%	30%	31%		20%	28%	18%	39%	30%	23%	15%	31%
Samsung Electronics Co., Ltd.							53%	22%	20%	33%	16%	15%	17%	37%	16%
Sharp Corporation	10%														
Sony Corporation of America	21%	15%		10%	12%	17%		13%	12%				32%		16%
<b>Cash vs. Non-Cash Revenue</b>															
Cash receipts	\$ 151.8	\$ 187.3	\$ 41.7	\$ 60.2	\$ 441.0	\$ 71.6	\$ 99.1	\$ 261.4	\$ 128.5	\$ 560.6	\$ 92.7	\$ 93.6	\$ 56.8	\$ 432.1	\$ 243.1
Deferred revenue recognized	25.5	27.1	82.7	38.8	174.1	26.6	47.7	44.8	44.0	163.1	44.2	41.9	39.9	119.1	125.9
Increase in deferred revenue	(11.6)	(154.8)	(20.9)	(22.7)	(210.0)	(14.5)	(242.4)	(14.0)	(2.0)	(272.9)	(72.5)	(18.3)	(0.3)	(270.9)	(91.1)
Change in receivables	(118.4)	9.1	6.8	25.4	(77.1)	(23.8)	292.3	(212.2)	(82.5)	(26.2)	51.4	5.7	7.4	56.3	64.4
Other	0.1	(1.0)	0.3	(2.0)	(2.6)	(2.0)	(2.5)	(2.4)	(1.9)	(8.8)	(5.3)	(4.3)	(3.4)	(6.9)	(13.0)
Total Revenue	\$ 47.4	\$ 67.7	\$ 110.6	\$ 99.7	\$ 325.4	\$ 57.9	\$ 194.2	\$ 77.6	\$ 86.1	\$ 415.8	\$ 110.4	\$ 118.6	\$ 100.4	\$ 329.7	\$ 329.4
<b>Operating Expenses</b>															
Patent administration and licensing <sup>1</sup>	\$ 36.9	\$ 33.2	\$ 36.8	\$ 36.2	\$ 143.1	\$ 33.7	\$ 31.3	\$ 33.9	\$ 34.9	\$ 133.8	\$ 31.6	\$ 31.2	\$ 28.4	\$ 98.9	\$ 91.2
Development <sup>1</sup>	16.3	13.9	16.0	18.5	64.7	15.9	22.9	19.1	17.4	75.3	18.0	18.3	16.6	57.9	52.9
Selling, general and administrative <sup>1</sup>	7.6	8.0	8.7	7.0	31.3	8.3	11.7	9.3	8.5	37.8	9.5	10.4	10.0	29.3	29.9
Repositioning	1.5	-	-	-	1.5	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	\$ 62.4	\$ 55.0	\$ 61.5	\$ 61.7	\$ 240.6	\$ 57.9	\$ 65.9	\$ 62.3	\$ 60.8	\$ 246.9	\$ 59.1	\$ 60.0	\$ 55.0	\$ 186.1	\$ 174.1
Intellectual property enforcement and non-patent litigation	\$ (20.7)	\$ (17.5)	\$ (18.6)	\$ (18.8)	\$ (75.6)	\$ (16.9)	\$ (9.5)	\$ (11.4)	\$ (14.5)	\$ (52.3)	\$ (11.5)	\$ (9.7)	\$ (6.4)	\$ (37.8)	\$ (27.6)
Patent amortization	(7.1)	(7.5)	(7.6)	(7.7)	(29.9)	(8.3)	(9.0)	(10.8)	(10.2)	(38.3)	(10.7)	(10.8)	(10.9)	(28.1)	(32.4)
Compensation accrual adjustments <sup>2</sup>	2.7	2.8	(1.9)	(2.6)	1.0	0.8	(9.5)	(1.1)	-	(9.8)	1.3	1.1	(1.0)	(9.8)	1.4
Cost of patent sales	-	-	-	-	-	-	-	(0.7)	-	(0.7)	-	-	-	(0.7)	-
Repositioning	(1.5)	-	-	-	(1.5)	-	-	-	-	-	-	-	-	-	-
Other <sup>3</sup>	(3.8)	(1.3)	(0.9)	-	(6.0)	(3.1)	(2.1)	(2.0)	(0.7)	(7.9)	(4.5)	(2.6)	(1.2)	(7.2)	(8.3)
Pro forma Operating Expense <sup>3</sup>	\$ 32.0	\$ 31.5	\$ 32.5	\$ 32.6	\$ 128.6	\$ 30.4	\$ 35.8	\$ 36.3	\$ 35.4	\$ 137.9	\$ 33.8	\$ 38.0	\$ 35.5	\$ 102.5	\$ 107.2

<sup>a</sup> Other adjustments include fringe rate, vacation accrual and R&D refund.



**InterDigital, Inc.**  
**Financial Metrics**  
**Unaudited**  
(amounts in millions, except per share data)

	2013					2014					2015			2014	2015
	Q1	Q2	Q3	Q4	Full Yr	Q1	Q2	Q3	Q4	Full Yr	Q1	Q2	Q3	YTD	YTD
<b>Other Income Statement Data</b>															
Income (loss) from operations	\$ (15.1)	\$ 12.7	\$ 49.1	\$ 38.0	\$ 84.7	\$ -	\$ 128.4	\$ 15.3	\$ 25.3	\$ 169.0	\$ 51.2	\$ 58.6	\$ 45.4	\$ 143.7	\$ 155.2
Other (expense) income	(9.4)	2.9	(2.9)	(13.7)	(23.1)	(4.0)	(3.6)	(3.2)	(4.7)	(15.5)	(5.2)	(7.8)	(8.1)	(10.8)	(21.1)
Income (loss) before income taxes	(24.5)	15.6	46.2	24.3	61.6	(4.0)	124.8	12.1	20.6	153.5	46.0	50.8	37.3	132.9	134.1
Income tax (provision) benefit	11.6	(7.0)	(20.1)	(10.4)	(25.9)	1.5	(46.7)	0.5	(7.4)	(52.1)	(17.7)	(18.9)	(13.5)	(44.7)	(50.1)
Net income (loss)	(12.9)	8.6	26.1	13.9	35.7	(2.5)	78.1	12.6	13.2	101.4	28.3	32.0	23.8	88.2	84.0
Net (loss) income attributable to noncontrolling interest	(0.6)	(0.6)	(0.6)	(0.7)	(2.5)	(0.7)	(0.8)	(0.9)	(0.6)	(2.9)	(0.7)	(0.7)	(0.7)	(2.4)	(2.1)
Net income (loss) attributable to Interdigital, Inc.	\$ (12.3)	\$ 9.2	\$ 26.7	\$ 14.6	\$ 38.2	\$ (1.8)	\$ 78.9	\$ 13.5	\$ 13.8	\$ 104.3	\$ 29.0	\$ 32.6	\$ 24.5	\$ 90.6	\$ 86.1
Net Income (loss) per common share - diluted	\$ (0.30)	\$ 0.22	\$ 0.64	\$ 0.35	\$ 0.92	\$ (0.05)	\$ 1.93	\$ 0.34	\$ 0.36	\$ 2.62	\$ 0.78	\$ 0.89	\$ 0.68	\$ 1.90	\$ 2.35
Weighted averaged number of common shares outstanding - diluted	41.1	41.5	41.4	41.3	41.4	40.4	40.8	40.2	37.9	39.9	37.3	36.4	36.2	40.6	36.7
Net income (loss) attributable to Interdigital, Inc.	\$ (12.3)	\$ 9.2	\$ 26.7	\$ 14.6	\$ 38.2	\$ (1.8)	\$ 78.9	\$ 13.5	\$ 13.8	\$ 104.3	\$ 29.0	\$ 32.6	\$ 24.5	\$ 90.6	\$ 86.1
Share-based compensation	5.5	2.3	4.0	4.1	15.9	2.1	7.6	3.7	5.0	18.4	3.0	3.3	3.4	13.4	9.7
Repositioning	1.5	-	-	-	1.5	-	-	-	-	-	-	-	-	-	-
Impairment charges	6.7	-	-	15.1	21.8	-	-	-	0.6	0.6	-	-	-	-	-
Non-cash interest on our convertible notes	2.0	2.1	2.1	2.2	8.4	2.2	2.3	2.3	2.3	9.1	3.2	5.0	5.0	6.8	13.2
Related income tax effect of above items	(5.5)	(1.5)	(2.2)	(7.5)	(16.7)	(1.5)	(3.5)	(2.1)	(2.8)	(9.9)	(2.2)	(2.9)	(2.9)	(7.1)	(8.0)
Adjustment to income taxes	-	-	-	-	-	-	1.6	(5.7)	(0.2)	(4.3)	0.2	-	-	(4.1)	0.2
Non-GAAP net income <sup>4</sup>	\$ (2.1)	\$ 12.1	\$ 30.6	\$ 28.5	\$ 69.1	\$ 1.0	\$ 86.9	\$ 11.7	\$ 18.7	\$ 118.2	\$ 33.2	\$ 38.0	\$ 30.0	\$ 99.6	\$ 101.2
Weighted average number of common shares outstanding - diluted <sup>4</sup>	41.1	41.5	41.4	41.3	41.4	40.7 <sup>b</sup>	40.8	40.2	37.9	39.9	37.3	36.4	36.2	40.6	36.7
Net Income (loss) per common share - diluted	\$ (0.30)	\$ 0.22	\$ 0.64	\$ 0.35	\$ 0.92	\$ (0.05)	\$ 1.93	\$ 0.34	\$ 0.36	\$ 2.62	\$ 0.78	\$ 0.89	\$ 0.68	\$ 2.22	\$ 2.35
Dilutive effect of above items	0.25	0.07	0.10	0.34	0.75	0.07	0.20	(0.05)	0.14	0.35	0.11	0.15	0.15	0.22	0.39
Non-GAAP net Income (loss) per common share - diluted <sup>4</sup>	\$ (0.05)	\$ 0.29	\$ 0.74	\$ 0.69	\$ 1.67	\$ 0.02	\$ 2.13	\$ 0.29	\$ 0.50	\$ 2.97	\$ 0.89	\$ 1.04	\$ 0.83	\$ 2.44	\$ 2.74
<b>Cash Flow Data</b>															
	2013					2014					2015			2014	2015
	Q1	Q2	Q3	Q4	Full Yr	Q1	Q2	Q3	Q4	Full Yr	Q1	Q2	Q3	YTD	YTD
Net cash provided by (used in) operating activities	\$ 76.2	\$ 143.5	\$ (1.0)	\$ (0.5)	\$ 218.2	\$ (2.9)	\$ 33.1	\$ 155.7	\$ 56.0	\$ 242.0	\$ 1.8	\$ 25.3	\$ 0.7	\$ 185.9	\$ 27.8
Purchases of property, equipment, & technology licenses	(0.4)	(0.8)	(1.5)	(1.9)	(4.6)	(1.2)	(0.2)	(1.7)	(3.9)	(7.0)	(0.8)	(0.5)	(0.5)	(3.1)	(1.8)
Capitalized patent costs	(4.9)	(9.8)	(6.8)	(12.5)	(34.0)	(7.9)	(9.2)	(6.2)	(8.6)	(31.9)	(8.4)	(7.8)	(7.8)	(23.3)	(24.0)
Free Cash Flow <sup>5</sup>	\$ 70.9	\$ 132.9	\$ (9.4)	\$ (14.9)	\$ 179.5	\$ (12.0)	\$ 23.7	\$ 147.8	\$ 43.5	\$ 203.1	\$ (7.5)	\$ 17.0	\$ (7.7)	\$ 159.5	\$ 2.0
<b>Balance Sheet Data</b>															
Cash & short-term investments	\$ 635.8	\$ 769.8	\$ 756.8	\$ 698.5	\$ 698.5	\$ 684.6	\$ 672.9	\$ 732.7	\$ 703.9	\$ 703.9	\$ 911.2	\$ 907.6	\$ 867.4	\$ 732.7	\$ 867.4
Long-term debt	(198.5)	(200.9)	(203.4)	(205.9)	(205.9)	(208.4)	(211.0)	(213.5)	(216.2)	(216.2)	(469.5)	(475.2)	(480.9)	(213.5)	(480.9)
Net cash	\$ 437.3	\$ 568.9	\$ 553.4	\$ 492.6	\$ 492.6	\$ 476.2	\$ 461.9	\$ 519.2	\$ 487.7	\$ 487.7	\$ 441.7	\$ 432.4	\$ 386.5	\$ 519.2	\$ 386.5
<b>Deferred Revenue:</b>															
Beginning of period deferred revenue	\$ 268.1	\$ 254.2	\$ 382.0	\$ 320.2	\$ 268.1	\$ 304.0	\$ 291.9	\$ 490.8	\$ 460.0	\$ 304.0	\$ 418.0	\$ 446.4	\$ 422.8	\$ 304.0	\$ 418.0
Deferred revenue recognized	(25.5)	(27.1)	(82.7)	(38.8)	(174.1)	(26.6)	(47.7)	(44.8)	(44.0)	(163.1)	(44.2)	(41.9)	(39.9)	(119.1)	(125.9)
Increase In deferred revenue	11.6	154.8	20.9	22.7	210.0	14.5	242.4	14.0	2.0	272.9	72.5	18.3	0.3	270.9	91.1
Other	-	-	-	-	-	-	4.2	-	-	4.2	-	-	23.3	4.2	23.3
End of period deferred revenue	\$ 254.2	\$ 381.9	\$ 320.2	\$ 304.1	\$ 304.0	\$ 291.9	\$ 490.8	\$ 460.0	\$ 418.0	\$ 418.0	\$ 446.4	\$ 422.8	\$ 406.5	\$ 460.0	\$ 406.5

b. For the period noted, since the adjustments to net loss resulted in Non-GAAP net income, 40.7 million shares were used in the calculation of Non-GAAP net income per common share - diluted, which reflects the impact of dilutive securities for the period

**NOTE: Sums may not equal total due to rounding**

**InterDigital, Inc.**  
**Financial Metrics**  
**Unaudited**  
**(amounts in millions, except per share data)**

- 1) Certain reclassifications have been made to prior period amounts to conform to the current period presentation.
  
- 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.
  
- 3) "*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.
  
- 4) Non-GAAP net income and non-GAAP diluted EPS are supplemental non-GAAP financial measures that InterDigital believes provides investors with important insight into the Company's ongoing business performance. A limitation of the utility of non-GAAP net income and non-GAAP diluted EPS is that they do not represent the total net income and diluted EPS of the company for the period. InterDigital defines non-GAAP net income as net income plus share-based compensation, repositioning costs, impairment charges and one time adjustments, non-cash interest expense on the company's outstanding convertible debt, the related income tax effect of the preceding items, and adjustments to income taxes. 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"). These non-GAAP financial measures used by the company may be calculated differently from, and therefore may not be comparable to, similarly titled measures used by other companies. Detailed reconciliations of non-GAAP net income to net income and non-GAAP diluted EPS to net income (loss) per common share - diluted, or diluted EPS, the most directly comparable GAAP financial measures, are provided above.
  
- 5) "*Free cash flow*" is a supplemental non-GAAP financial measure that InterDigital believes is helpful in evaluating the company's ability to invest in its business, make strategic acquisitions and fund share repurchases, among other things. A limitation of the utility of free cash flow as a measure of financial performance is that it does not represent the total increase or decrease in the company's cash balance for the period. InterDigital defines "*free cash flow*" as net cash provided by/(used in) operating activities less purchases of property and equipment, technology licenses and investments in patents. InterDigital's computation of free cash flow might not be comparable to free cash flow 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 free cash flow to net cash provided by / (used in) operating activities, the most directly comparable GAAP financial measure, is provided above.