InterDigital, Inc.
Form 11-K
June 26, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K

FOR ANNUAL REPORTS OF EMPLOYEE STOCK
REPURCHASE SAVINGS AND SIMILAR PLANS
PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

þ **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ending December 31, 2008

OR

o **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________

Commission File Number 333-66626

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

INTERDIGITAL
SAVINGS AND PROTECTION PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

INTERDIGITAL, Inc.
781 Third Avenue, King of Prussia, Pennsylvania 19406-1409

INTERDIGITAL
SAVINGS AND PROTECTION PLAN
FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

INTERDIGITAL
SAVINGS AND PROTECTION PLAN
CONTENTS

Other supplemental schedules required by Section 2520.103-10 of the Department of Labor Rules and Regulations for Reporting and Disclosure under the Employment Retirement Income Security Act of 1974, as amended, have been omitted because they are not applicable.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
InterDigital, Inc.
Savings and Protection Plan
King of Prussia, Pennsylvania

We have audited the accompanying statements of net assets available for benefits of the InterDigital Savings and Protection Plan (the Plan) as of December 31, 2008 and 2007, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company s internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2008 and 2007, and changes in its net assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of assets held at end of year and reportable transactions are presented for the purpose of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, as amended. These supplemental schedules are the responsibility of the Plan s management. The supplemental schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Morison Cogen LLP
Bala Cynwyd, Pennsylvania
June 23, 2009

INTERDIGITAL
SAVINGS AND PROTECTION PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2008 AND 2007

	2008	2007
Investments at fair value (see Notes 2 and 3)	$ 31,764,207	$ 38,086,684
Cash	16,622	18
Employer Profit Sharing Receivable	545,248	340,025
Participant Loans	252,422	184,696
NET ASSETS AVAILABLE FOR BENEFITS AT FAIR VALUE	$ 32,578,499	$ 38,611,423
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	306,819	14,507
NET ASSETS AVAILABLE FOR BENEFITS	$ 32,885,318	$ 38,625,930

The accompanying notes are an integral part of these financial statements.

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INTERDIGITAL
SAVINGS AND PROTECTION PLAN
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
ADDITIONS		
Investment income		
Interest and dividend income, investments	$ 19,077	$ 14,429
Net appreciation in fair value of investments		172,311
Total investment income	19,077	186,740
Contributions		
Employer	1,552,638	1,342,083
Participants	3,622,133	3,411,439
Rollover	304,353	74,893
Total contributions	5,479,124	4,828,415
TOTAL ADDITIONS	5,498,201	5,015,155
DEDUCTIONS		
Payment of benefits	1,230,595	451,503
Net depreciation in fair value of investments	10,007,618	
Other deductions	600	450
TOTAL DEDUCTIONS	11,238,813	451,953
NET INCREASE (DECREASE)	(5,740,612)	4,563,202
NET ASSETS AVAILABLE FOR BENEFITS BEGINNING OF YEAR	38,625,930	34,062,728
NET ASSETS AVAILABLE FOR BENEFITS END OF YEAR	$ 32,885,318	$ 38,625,930

The accompanying notes are an integral part of these financial statements.

INTERDIGITAL
SAVINGS AND PROTECTION PLAN
NOTES TO FINANCIAL STATEMENTS

NOTE 1 DESCRIPTION OF THE PLAN

The following description of the InterDigital Savings and Protection Plan (the Plan) is provided for general information purposes. Plan participants should refer to the Plan agreement for a more complete description of the Plan s provisions.

General

The Plan is a defined contribution 401(k) plan of InterDigital Inc., and its participating subsidiaries (the Company or InterDigital) for its eligible employees. For purposes of before-tax contributions and matching contributions, an eligible employee will be eligible to participate in the Plan in the next payroll periods, or as soon as administratively possible following the date the eligible employee attained age of 18 and completed one month of service with the Company. For purposes of discretionary profit sharing contributions, an eligible employee will be eligible to participate in the Plan on the next payroll period or as soon as administratively possible following the date the eligible employee attained age 18 and completed 93 consecutive days of service with the Company.

The following individuals are not eligible to participate in the Plan: (i) individuals employed by the Company as part of an academic course of study, such as a work-study program, co-op program or similar arrangements; (ii)collective bargaining employees; (iii) leased employees within the meaning of Code Sections 414(n)(2) and 414(o)(2); and (iv) nonresident aliens who receive no earned income which constituted income from sources within the United States.

The Plan was established effective February 1, 1985, restated January 1, 1997, and restated January 1, 2007, when the Plan name was changed from InterDigital Communications Corporation Savings & Protection Plan to InterDigital Savings & Protection Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). State Street Bank & Trust is the trustee of the Plan. Diversified Investment Advisors (Diversified) is the Plan custodian and third party administrator of the Plan s assets.

Contributions

All participant contributions are made on a before-tax basis. Each participant may invest from 1% to 100% of annual compensation as a basic contribution subject to state, local and certain Federal taxes. The total of the basic and supplemental contributions cannot exceed Internal Revenue Code (IRC) limitations for each plan year. For the 2008 and 2007 plan years, the total IRS limits were $15,500. In addition, participants who have attained the age of 50 may make pre-tax contributions that exceed the IRC limitations. In 2008 and 2007, the maximum additional annual contributions were $5,000 for individuals who have attained the age of 50. If a participant s annual contributions exceed the dollar limitation set by the IRC, thereby requiring a distribution of such excess contributions, the participant will forfeit any employer matching contributions related to the distribution amount. Amounts forfeited will be used to reduce future employer contributions.

The Company may, at its sole discretion, contribute to the Plan through matching contributions and/or discretionary employer contributions. The Company matches 50% of the first 6% of each participant s contribution, as defined by the Plan. The Company match is directed by the Company to the InterDigital Stock Fund under the Plan and may be immediately transferred to other investment alternatives by participants. Discretionary employer contributions are lump sum payments made to the Plan as determined from time-to-time by the Board of Directors of the Company. In first quarter 2009 and 2008, the Company contributed 25,563 and 14,673 shares of InterDigital common stock, respectively, valued at $545,248 and $340,025, respectively. These contributions were associated with the Company s performance in 2008 and 2007, respectively. The Plan recorded a related receivable at December 31, 2008 and 2007.

The IRC limits the amount of pay that may be used to determine participants discretionary contributions. The limit was $230,000 and $225,000 in 2008 and 2007, respectively. The IRC also limits the amount of all contributions that can be made for or by a participant to the Plan in a given year. The limit is the lesser of 100% of pay or $46,000 for 2008, and the lesser of 100% of pay or $45,000 for 2007.

INTERDIGITAL
SAVINGS AND PROTECTION PLAN
NOTES TO FINANCIAL STATEMENTS

NOTE 1 DESCRIPTION OF THE PLAN (Continued)

Employee rollover contributions from other qualified retirement plans are permitted; such contributions are subject to the conditions and procedures set forth in the Plan.

Participant Accounts

Each participant s account is credited with that participant s contributions, allocations of the Company s matching contributions, discretionary employer contributions and Plan earnings and losses. Allocations of discretionary employer contributions are based on a percentage of a participant s eligible annual compensation as determined by the Board of Directors of the Company.. The benefit to which a participant is entitled is the benefit that can be provided from the participant s vested account. Terminating participants forfeit unvested Company contributions. Forfeitures are used to reduce employer contributions.

Vesting

Rollover contributions and participant s before-tax contributions are 100% vested and nonforfeitable. Plan participants who were credited with an Hour of Service (as defined in the Plan) prior to January 1, 2004, shall be vested in their discretionary matching and employer contributions as follows:

Periods of Service	Percentage
Less than 1	33%
At least 1, less than 2	67%
2 or more	100%

All other participants shall be vested in their discretionary matching and employer contributions as follows:

Periods of Service	Percentage
Less than 1	0%
At least 1, less than 2	33%
At least 2, less than 3	67%
3 or more	100%

Participants who die or retire on their normal retirement age (age 65) are 100% vested in their account.

Participants Loans

Any participant who is an active employee may apply for a secured loan provided the request does not exceed the lesser of 50% of their vested account balance or $50,000. The minimum loan amount was $500 during 2008 and 2007. Only one loan per participant may be made every 365 days and all loans are subject to approval by the Company as Plan Administrator. Loan terms are limited to five years set at the inception of each loan. Interest rates are set at an annual rate of prime + 1%. The rates of outstanding loans at December 31, 2008 and 2007 range between 6.00% and 9.25%. Interest paid by the participant is credited to the participant s account. If a participant s balance remains unpaid for more than 90 days after it is due, the loan will be in default on the outstanding loan amount and the participant s vested account will be reduced by the amount of the unpaid principal and interest. The unpaid amount is treated as a taxable withdrawal and is subject to federal income taxes. Loans in default, in principle plus interest, at December 31, 2008 and 2007 were $52,252 and $36,894, respectively. Outstanding loans became due and payable in-full 60 days after the related participant ceases to be an employee and a party-in-interest, as defined by ERISA, or after complete termination of the Plan.

When a participant receives a distribution from the Plan, any outstanding principal plus accrued interest will be deducted from the amount of the distribution. A participant may then either default on the loan or make arrangements to continue loan repayments beyond when they become entitled to a distribution as long as their remaining interest in the Plan exceeds their outstanding loan balance.

INTERDIGITAL
SAVINGS AND PROTECTION PLAN
NOTES TO FINANCIAL STATEMENTS

NOTE 1 DESCRIPTION OF THE PLAN (Continued)

Payment of Benefits

If a participant retires, dies, becomes permanently disabled, or otherwise separates from the Company, the participant or participant s beneficiary is entitled to the vested amount of their account as valued on the applicable valuation date. In the event of a participant s death, distribution of their account will be made as soon as administratively practicable upon the receipt of appropriate documentation from their designated beneficiary. Distributions for reasons of retirement, permanent disability or termination will be made upon written request. Distributions from a participant s account are made in a single sum payment. Employees may defer payment of their account under the Plan.

Plan Termination

The Company may amend or suspend the Plan and may terminate the Plan at any time subject to the provisions of ERISA; although there is no present intent to do so. However, no such action may cause the Plan s assets to be used for purposes other than the exclusive benefit of the participants and their beneficiaries. If the Plan is terminated, all such participant s accounts shall become fully vested and all accounts of participants shall be distributed as soon as administratively possible.

Investment Options

All investments are participant directed except for the Company s matching and discretionary employer contributions, which by the terms of the Plan are directed by the Company to the InterDigital Stock Fund. Participants, however, may reallocate their holdings among available investment options at any time. Fund descriptions below were obtained from fund brochures and other Plan documents:

Money Market Fund

This Fund seeks high current income while preserving capital and providing liquidity by investing in high quality short-term cash money market instruments, such as short-term U.S. government obligations, corporate bonds and notes, commercial paper, bank acceptances, and repurchase agreements. The Fund will primarily invest in A1/P1-rated debt instruments. The average dollar-weighted maturity of the Fund s investments will be 90 days or less.

Stabled Pooled Collective Trust

This Fund seeks to provide positive income with reduced return volatility through investment in a diversified portfolio of high quality fixed income securities. The Fund invests in stable value fixed income instruments, including Guaranteed Investment Contracts (GIC s), Bank Investment Contracts (BIC s), as well as GIC alternatives, such as synthetic GIC s.

INTERMEDIATE/LONG-TERM BONDS:

Core Bond Fund

This Fund seeks maximum return primarily through the investment in US Government, asset-backed and mortgage-backed securities, corporate securities, and to a lesser extent, convertible, high yield and international fixed income securities.

T. Rowe Price Corporate Income Fund

This Fund seeks to provide high income and some capital growth. The Fund normally invests at least 80% of assets in corporate debts and at least 65% of assets in corporate debts issued by U.S. and foreign companies. It may invest in a variety of securities including convertible debt and preferred stock, together limited to no more than 25% of assets. It may invest up to 25% of assets in non-U.S. dollar foreign securities. The Fund s weighted average maturity normally exceeds 10 years. It invests at least 65% of assets in investment-grade bonds.

INTERDIGITAL
SAVINGS AND PROTECTION PLAN
NOTES TO FINANCIAL STATEMENTS

NOTE 1 DESCRIPTION OF THE PLAN (Continued)

LARGE-CAP STOCKS:

Black Rock Equity Dividend Fund

The investment seeks long-term total return and current income. The Fund invests primarily in a portfolio of equity securities. It normally invests at least 80% of assets in equity securities and at least 80% of assets in dividend paying securities. The Fund focuses on issuers that have good prospects for capital appreciation. It may also invest in convertible securities and non-convertible preferred stock. The Fund was first offered to participants on July 1, 2008.

Stock Index Fund

This Fund seeks to match the performance of the S&P 500 Index by investing substantially all of its net assets in the stocks comprising the S&P 500 Index.

Transamerica PRM Diversified Equity Investment Fund

This Fund seeks capital appreciation. This Fund primarily invests at least 80% of assets in a diversified portfolio of domestic equity securities.

Value & Income Fund

This Fund seeks a high level of current income primarily through investment in a diversified portfolio of common stocks which the manager believes are selling at reasonable valuations relative to their future projected earnings. This Fund was no longer offered after June 30, 2008. All assets held in the Fund as of close of business on this date were transferred to the Black Rock Equity Dividend Fund and all future contributions that previously would have been allocated to this Fund were directed to the Black Rock Equity Dividend Fund.

SMALL MID-CAP STOCKS:

Baron Small Cap Fund

This Fund seeks capital appreciation. The Fund normally invests at least 80% of assets in securities of smaller companies. A small sized company is defined as having a market value of under $2.5 billion at the time of purchase. The adviser seeks to purchase securities that the adviser expects could increase in value 50% within two years.

Columbia Acorn Fund

The investment seeks to provide long-term growth of capital. The Fund invests primarily in small and medium sized companies; It generally invests in the stocks of companies with market capitalizations of less than $5 billion at the time of purchase. The fund invests the majority of assets in U.S. companies, but also may invest up to 33% of assets in foreign companies in developed markets.

Diamond Hill Small Cap Fund

This Fund seeks long-term capital appreciation. The Fund normally invests at least 80% of its net assets in small capitalization companies, defined as those companies with a market capitalization below $2.5 or those companies included in the Russell 2000 Index. The manager utilizes a two-step security selection process to find intrinsic value regardless of overall market conditions.

Keeley Small-Cap Value Fund

The investment seeks capital appreciation. The Fund invests in companies with a small market capitalization, which is currently defined as $2.5 billion or less. It normally invests at least 80% of net assets plus the amount of any borrowings for investment purposes in common stocks and other equity type securities (including preferred stock, convertible debt securities and warrants) of companies with small market capitalization, measured at the time of each investment. The Fund was first offered to participants on July 1, 2008.

INTERDIGITAL
SAVINGS AND PROTECTION PLAN
NOTES TO FINANCIAL STATEMENTS

NOTE 1 DESCRIPTION OF THE PLAN (Continued)

Mid-Cap Value Fund

This Fund seeks high total investment return through investment primarily in a diversified portfolio of medium size value-oriented companies. The Fund invests in quality companies undergoing beneficial strategic changes that are selling at below market valuation standards due to limited analyst coverage and low expectations.

Special Equity Fund

This Fund seeks to provide a high level of capital appreciation through investment primarily in a diversified portfolio of common stocks of small to medium sized companies. The Fund utilizes multiple managers using growth, value and structured core styles. The manager believes this provides an opportunity for higher returns relative to the broad small-cap market over a full market cycle. This Fund was no longer offered after June 30, 2008. All assets held in the Fund as of close of business on this date were transferred to the Keeley Small Cap Value Fund and all future contributions that previously would have been allocated to this Fund were directed to the Keeley Small Cap Value Fund.

INTERNATIONAL STOCKS:

American Funds EuroPacific Growth Fund

This Fund is designed for investors seeking capital appreciation and diversification through investments in stocks of issuers based outside the United States. This Fund seeks to make its investment grow over time by investing primarily in stocks of issuers located in Europe and the Pacific Basin.

MULTI-ASSET/OTHER:

AIM Real Estate Funds, Class A

This Fund seeks high total return. The Fund normally invests at least 80% of its assets in securities of real estate and real estate-related companies. The Fund considers a company to be a real estate-related company if at least 50% of assets, gross income or net profits are attributable to ownership, construction, management or sale of residential, commercial or industry real estate. This Fund may invest up to 10% of total assets in non-investment grade securities and engage in short sale transactions.

Intermediate Horizon Strategic Allocation Fund

This Fund seeks to attain its objective by investing in an array of Diversified s Funds. The portfolio will invest in a combination of both fixed income and equity funds, maintaining approximately equal exposure to both assert classes. Fund allocations within asset classes are broadly designed to mirror the market at large.

Long Horizon Strategic Allocation Fund

This Fund seeks to attain its objective by investing in an array of Diversified s Funds with an emphasis on equity funds. The Fund will have limited exposure to a variety of fixed income funds. Fund allocations within asset classes are broadly designed to mirror the market at large.

Short Horizon Strategic Allocation Fund

This Fund seeks to attain its objective by investing in an array of Diversified s Funds. The primary emphasis is on fixed income funds with limited exposure to equity funds. Fund allocations within asset classes are broadly designed to mirror the market at large.

INTERDIGITAL
SAVINGS AND PROTECTION PLAN
NOTES TO FINANCIAL STATEMENTS

NOTE 1 DESCRIPTION OF THE PLAN (Continued)

InterDigital Stock Fund

This Fund invests in the Common Stock of InterDigital, Inc.

NOTE 2 SUMMARY OF ACCOUNTING POLICIES

The following accounting policies, which conform with accounting principles generally accepted in the United States of America, have been used consistently in the preparation of the Plan s financial statements.

Basis of Accounting

Accounting records are maintained by the custodian on the cash basis of accounting. The financial statements of the Plan reflect all material adjustments to place the financial statements on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

Investment Contracts

As described in Financial Accounting Standards Board Staff Position, FSP AAG INV-1 and AICPA Statement of Position 94-4-1, *Reporting of Fully Benefit Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined Contribution Health and Welfare and Pension Plans* (the FSP), investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the plan. As required by the FSP, The Statement of Net Assets Available for Benefits presents the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis.

Investment Valuation and Income Recognition

Shares of registered investment companies are valued at quoted market prices which represent the net asset value of shares held by the Plan at year-end. The InterDigital Stock Fund is valued at its year-end unit closing price (comprised of common stock market price plus uninvested cash position). The fair value of the guaranteed investment contracts are calculated by discounting the related cash flows based on current yields of similar investments with comparable durations. Participant loans are valued at cost, which approximates fair value.

Purchases and sales of investments are recorded on a trade-date basis. Interest income is accrued when earned. Dividend income is recorded on the ex-dividend date. Capital gain distributions are included in dividend income.

Payment of Benefits

Benefits are recorded when paid.

Forfeited Accounts

At December 31, 2008 and 2007, forfeited non-vested accounts totaled $12,395 and $19,631, respectively. These forfeited accounts were fully utilized to reduce employer matching contributions in 2008 and 2007.

INTERDIGITAL
SAVINGS AND PROTECTION PLAN
NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements

In June 2006, the Financial Accounting Standards Board (the FASB) issued Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes*. FIN 48 prescribes detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in an enterprise s financial statements in accordance with SFAS No. 109, Accounting for Income Taxes (SFAS No. 109). Tax positions must meet a more-likely-than-not recognition threshold at the effective date to be recognized upon the adoption of FIN 48 and in subsequent periods. FSP FIN 48-3 issued in December 2008 deferred the effective date for nonpublic enterprises to annual financial statements for fiscal years beginning after December 15, 2008. However, a nonpublic enterprise that elects to defer the application of Interpretation 48 in accordance with this FSP shall explicitly disclose that fact and shall disclose its accounting policy for evaluating uncertain tax positions for each set of financial statements where the deferral applies.

The Plan has elected to defer the application of Interpretation 48. The Plan s current policy for accounting for uncertain tax positions is governed by SFAS No. 5, *Accounting for Contingencies*.

NOTE 3 FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board Statement No. 157, Fair Value Measurements (FASB Statement No. 157), establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB Statement No. 157 are described below:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access

Level 2

Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability

Level 3

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The assets or liability s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2008 and 2007.

INTERDIGITAL
SAVINGS AND PROTECTION PLAN
NOTES TO FINANCIAL STATEMENTS

NOTE 3 FAIR VALUE MEASUREMENTS (Continued)

Common stocks, corporate bonds and U.S. government securities: Valued at the closing price reported on the active market on which the individual securities are traded.

Registered investment companies: Valued at the net asset value (NAV) of shares held by the plan at year- end

Participant loans: Valued at amortized cost, which approximates fair value

Guaranteed investment contract: Valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit worthiness of the issuer.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Plan s assets at fair value as of December 31, 2008:

	Assets at Fair Value as of December 31, 2008			
	Level 1	Level 2	Level 3	Total
Registered investment companies	$ 23,273,555	$	$	$ 23,273,555
Common stocks	6,587,995			6,587,995
Corporate bonds				
U.S. government securities				
Guaranteed investment contract			1,902,657	1,902,657
Participant loans			252,422	252,422
Total assets at fair value	$ 29,861,550	$	$ 2,155,079	$ 32,016,629

The table below sets forth a summary of changes in the fair value of the Plan s level 3 assets for the year ended December 31, 2008:

	Level 3 Assets Year Ended December 31, 2008	
	Guaranteed Investment contract	Participant Loans
Balance, beginning of year	$ 1,589,453	$ 184,696
Realized gains/(losses)		
Unrealized gains/(losses) relating to instruments still held at the reporting date	68,405	
Purchases, sales, issuances and settlements (net)	244,799	67,726
Balance, end of year	$ 1,902,657	$ 252,422

INTERDIGITAL
SAVINGS AND PROTECTION PLAN
NOTES TO FINANCIAL STATEMENTS

NOTE 4 INVESTMENTS

The following presents investments that represent 5 percent or more of the Plan s net assets at December 31, 2008 and 2007:

	2008	2007
Stable Pooled Collective Trust	1,902,657	1,589,453*
Money Market Fund	2,652,270	1,838,319*
Mid-Cap Value Fund	2,462,785	4,313,106
Core Bond Fund	2,319,224	2,418,129
Stock Index Fund	3,869,547	5,655,732
American Funds Euro Pacific Growth	2,612,432	4,140,996
Transamerica PRM Diversified Equity Investment	2,607,278	4,127,687
InterDigital Stock Fund	6,587,994	4,365,282

* Does not represent 5 percent or more of the Plan s net assets at December 31, 2007, but is included for comparative purposes.

At December 31, 2008 and 2007, the Plan s investments, including gains and losses on investments bought and sold, as well as held during the year, appreciated (depreciated) in value as follows:

	2008	2007

Investment in Common Trusts	$ 68,405	$ 54,582
Registered Investment Companies	(11,356,900)	1,688,306
InterDigital Stock Fund	1,280,877	(1,570,577)
	$ (10,007,618)	$ 172,311

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants account balances and the amounts reported in the statement of net assets available for benefits.

INTERDIGITAL
SAVINGS AND PROTECTION PLAN
NOTES TO FINANCIAL STATEMENTS

NOTE 5 NONPARTICIPANT-DIRECTED INVESTMENTS

Information about the components of and significant changes in net assets relating to the Plan s nonparticipant-directed investments at December 31, 2008 and 2007 are as follows:

	2008	2007
Net Assets		
InterDigital Stock Fund	$ 6,587,994	$ 4,365,282
Changes in Net Assets		
Contributions	$ 1,429,958	$ 1,552,404
Net appreciation (depreciation) in fair value of investments	1,280,877	(1,570,577)
Distributions	(142,610)	(54,980)
Transfers	(295,295)	(207,913)
Forfeitures and other	(50,218)	(8,548)
	$ 2,222,712	$ (289,614)

NOTE 6 GUARANTEED INVESTMENT CONTRACTS AND SECURITY-BACKED CONTRACTS

In 2004, the Plan entered into a benefit-responsive investment contract with the Stable Pooled Fund (the Fund). The Fund primarily invests in traditional guaranteed investment contracts (GICs) and security-backed contracts issued by insurance companies and other financial institutions. The Fund s principal objective is to protect principal while providing a higher rate of return than shorter maturity investments, such as money market funds or certificates of deposit. The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses.

As described in Note 2, because the guaranteed investment contracts are fully benefit-responsive, contract value is the relevant measurement attribute for that portion of the net assets available for benefits attributable to the guaranteed investment contract. Contract value, as reported to the Plan by Diversified, represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

Risks arise when entering into any investment contract due to the potential inability of the issuer to meet the terms of the contract. In addition, security-backed contracts have the risk of default or the lack of liquidity of the underlying portfolio assets. There are no reserves against contract value for credit risk of the contract issuer or otherwise. The crediting interest rate is based on a formula agreed upon with the issuer. Such interest rates are reviewed on a quarterly basis for resetting.

NOTE 7 RELATED PARTY TRANSACTIONS

The Plan invests in shares of the Company s common stock through the InterDigital Stock Fund. In 2008 and 2007, the Plan also invested in funds managed by Diversified. Transactions in such investments qualify as party-in-interest transactions that are exempt from the prohibited transaction rules.

NOTE 8 PLAN EXPENSES

All costs and expenses incurred in the administration of the Plan (i.e., trustee and recordkeeper fees) are currently paid by the Company.

INTERDIGITAL
SAVINGS AND PROTECTION PLAN
NOTES TO FINANCIAL STATEMENTS

NOTE 9 TAX STATUS

The IRS has determined and informed the Company by letter dated June 13, 2005, that the Plan satisfies the qualification requirements under IRC Section 401(a) and that the trust maintained in connection with the Plan satisfies the requirements for exemption under IRC Section 501(a). The Company believes the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

INTERDIGITAL
SAVINGS AND PROTECTION PLAN
EIN 23-1882087
SCHEDULE H, PART IV(i) SCHEDULE OF ASSETS (HELD AT END OF YEAR)
DECEMBER 31, 2008

Identity of Issue	Investment Type		Current/Contract Value
State Street Bank & Trust*	Cash	$	16,622
Money Market Fund*	Registered investment companies	$	2,652,270
Short Horizon Strategic Allocation Fund*	Registered investment companies		313,655
Long Horizon Strategic Allocation Fund*	Registered investment companies		590,173
Mid-Cap Value Fund*	Registered investment companies		2,462,785
Core Bond Fund*	Registered investment companies		2,319,224
Intermediate Horizon Strategic Allocation Fund*	Registered investment companies		329,906
AIM Real Estate Funds, Class A	Registered investment companies		808,909
American Funds EuroPacific Growth Fund	Registered investment companies		2,612,432
Baron Small Cap Fund	Registered investment companies		1,228,119
Black Rock Equity Dividend Fund, Class A	Registered investment companies		1,498,624
Columbia Acorn Fund, Class A	Registered investment companies		716,964
Diamond Hill Small Cap Fund, Class A	Registered investment companies		147,343
Keeley Small Cap Value Fund, Class A	Registered investment companies		931,707
T Rowe Price Corporate Income Fund	Registered investment companies		184,619
Transamerica PRM Diversified Equity Investment*	Registered investment companies		2,607,278
Stock Index Fund*	Registered investment companies		3,869,547
	Registered Investment Companies Total	$	23,273,555
Stable Pooled Collective Trust*	Investments in common trusts		2,209,476***
	Collective Trust Fund Total	$	2,209,476
InterDigital Stock Fund*	Employer Stock Fund	$	6,587,995**
Participant Loans*	Notes Receivable with Interest Rates of 6.00% to 9.25%	$	252,422

TOTAL ASSETS HELD AT END OF YEAR	$	32,340,070

* transaction with party in interest

** cost basis is $5,253,730

*** fair value is $1,902,657

Cost is not required for participant-directed investments.

INTERDIGITAL
SAVINGS AND PROTECTION PLAN
SUPPLEMENTAL SCHEDULE H, PART IV(j)
SCHEDULE OF REPORTABLE TRANSACTIONS
DECEMBER 31, 2008

Identity of Party Involved	Description of Asset	Purchase Price	Selling Price	Historical Cost of Asset	Historical Gain (Loss)
Diversified Investors Funds Group	InterDigital Stock Fund	$892,764	$816,773	$892,764	$(75,991)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

INTERDIGITAL SAVINGS AND PROTECTION PLAN

By: InterDigital, Inc., in its capacity as Plan Sponsor and Plan Administrator

Date: June 26, 2009

By: /s/ Richard J. Brezski
Richard J. Brezski
Chief Accounting Officer

EXHIBIT INDEX

The following is a list of Exhibits filed as part of this Annual Report on Form 11-K:

Exhibit Number	Exhibit Description
23.1	Consent of Morison Cogen LLP