Rambus
First Quarter 2015
Financial Results

April 20, 2015

Rambus

Safe Harbor Provision

This presentation will contain forward-looking statements regarding our financial prospects, demand for our products, and product development, among other things. Such forward looking statements are based on current expectations, estimates and projections about the Company's industry, and management's beliefs and assumptions. These statements are subject to risks and uncertainties, which are more fully described in the documents that we file with the SEC, including our 10-Ks, 10-Qs and 8-Ks, and these statements may differ materially from our actual results.

This presentation contains non-GAAP financial measures which exclude stock-based compensation, retention bonus, amortization, and other one-time events. We believe the presentation of pro forma operating costs and expenses provides management and investors with meaningful information to understand and analyze our guidance. However, this presentation should not be considered in isolation or as a substitute for the comparable GAAP measurement, when available. In the case of any forward-looking projections or estimates containing non-GAAP information discussed on this call, reconciliation may not be available due to the unreasonable effort to make such a determination or provide such information as more fully described on our website.

Certain amounts may be off by $0.1M due to rounding.

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Highlights

- Q1 2015 revenue of **$72.9 million**
- Q1 2015 non-GAAP diluted net income per share of **$0.14**
- **Remained GAAP profitable**
- Signed patent and technology license agreements with IBM
- Received Best IoT Innovation Award for Lensless Smart Sensor

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Q1'15 Actual Results Versus Guidance

$M	Actual Q1'15	Q1'15 Guidance		
Revenue	72.9	70	-	75
Pro forma operating costs and expenses	44.9	46	-	49
Pro forma net income	17.0	13	-	18

- In-line with revenue guidance, and
- At high-end of net income guidance

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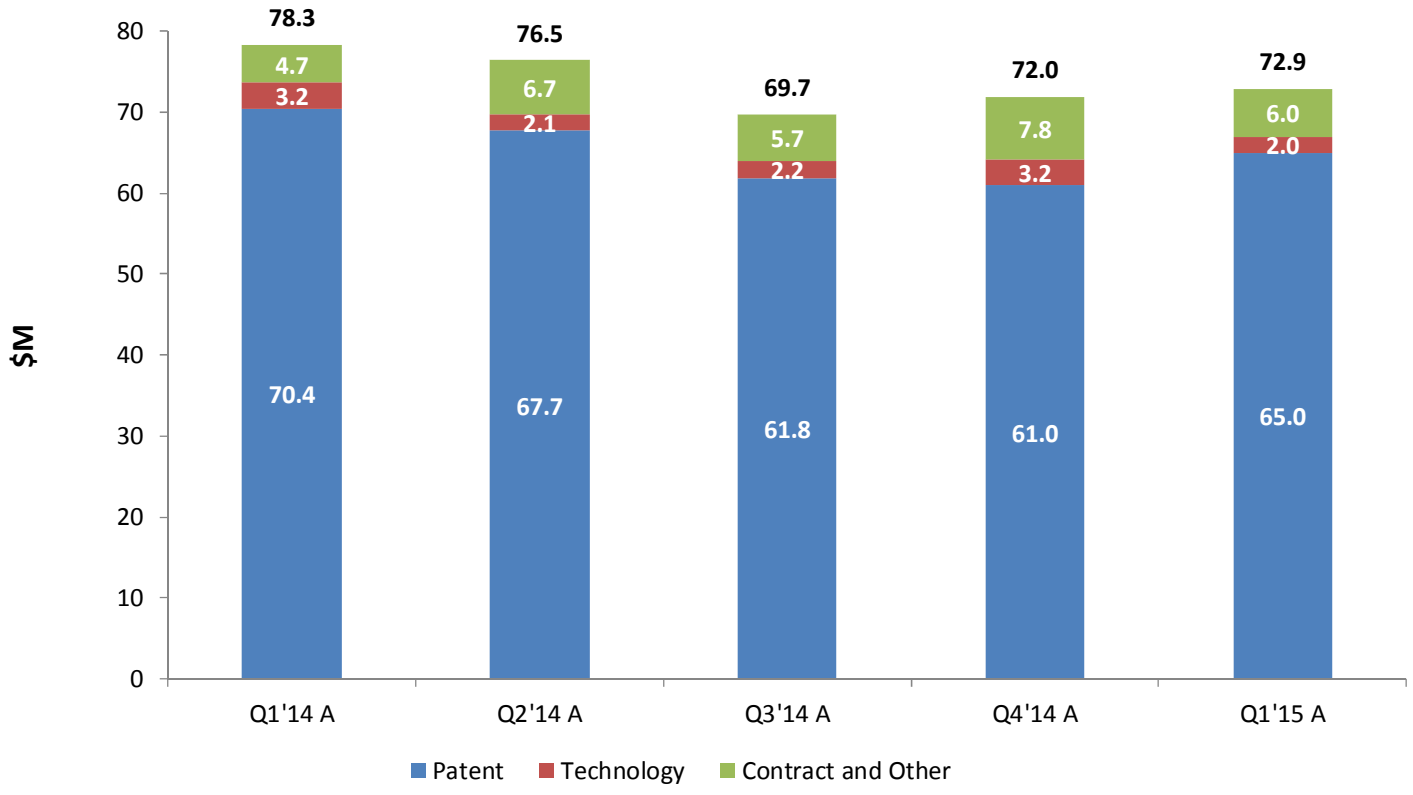
Quarterly Revenue



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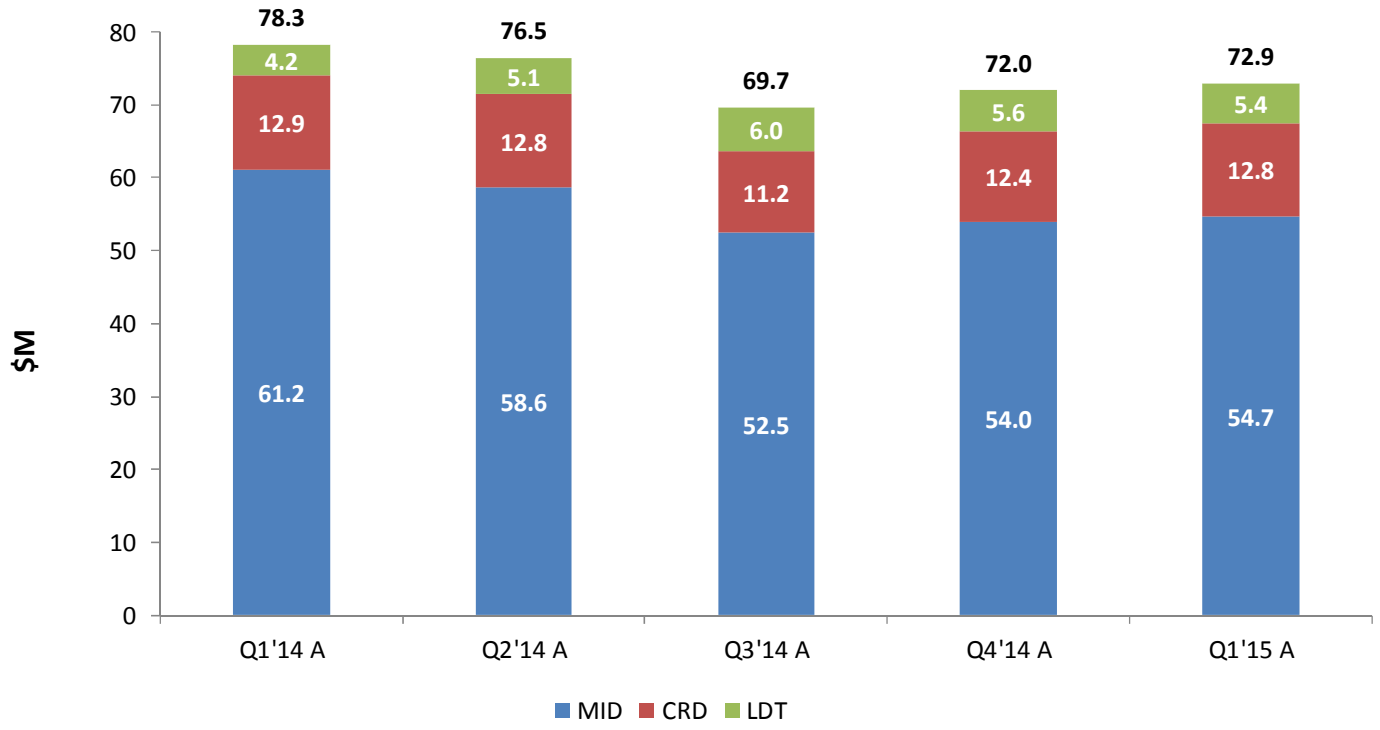
Quarterly Revenue by Business Units



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Q1'15 Pro Forma Operating Costs and Expenses

$M	Actual Q1'15	Actual Q4'14	Variance QoQ	Actual Q1'14	Variance YoY
Cost of revenue (GAAP)	10.8	10.7	0.0	10.0	0.7
Research and development (GAAP)	28.5	28.4	0.1	26.9	1.6
Stock-based compensation	(1.8)	(1.7)	(0.1)	(1.3)	(0.5)
Acquisition-related transaction costs and retention bonus	(0.0)	(0.0)	0.0	(1.2)	1.2
Amortization	(5.7)	(5.7)	(0.0)	(6.2)	0.4
Pro forma Engineeing costs and expenses	31.8	31.8	(0.0)	28.2	3.6
Sales, general and administrative(SG&A) (GAAP)	18.5	19.1	(0.6)	18.8	(0.3)
Stock-based compensation	(2.0)	(1.9)	(0.1)	(1.6)	(0.4)
Acquisition-related transaction costs and retention bonus	0.0	0.0	0.0	(0.2)	0.2
Amortization	(0.6)	(0.6)	0.0	(0.6)	0.0
Pro forma SG&A costs and expenses	15.9	16.6	(0.7)	16.4	(0.5)
Gain from sale of intellectual property	(2.3)	(3.4)	1.1	(0.2)	(2.1)
Gain from settlement	(0.5)	(0.5)	0.0	(0.5)	0.0
Pro forma operating costs and expenses	44.9	44.6	0.3	43.9	1.0

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Q1'15 Operating and EBITDA Margins

$M	GAAP Actual Q1'15	Pro Forma Actual Q1'15	GAAP Actual Q4'14	Pro Forma Actual Q4'14	GAAP Actual Q1'14	Pro Forma Actual Q1'14
Revenue	72.9	72.9	72.0	72.0	78.3	78.3
Total operating costs and expenses	55.0	44.9	54.5	44.6	55.1	43.9
Operating income	17.9	28.0	17.6	27.4	23.2	34.4
Operating margin %	25%	38%	24%	38%	30%	44%
Add Back:						
Depreciation	3.2	3.2	3.3	3.3	3.5	3.5
Amortization	6.3	0	6.3	0	6.8	0
EBITDA	27.4	31.2	27.2	30.7	33.5	37.8
EBITDA %	38%	43%	38%	43%	43%	48%

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Q1'15 Pro Forma Provision for Income Taxes

$M	Actual Q1'15	Actual Q4'14	Variance QoQ	Actual Q1'14	Variance YoY
Provision for income taxes (GAAP)	5.4	6.8		5.5	
Adjustment to GAAP provision for income taxes	4.1	2.6		5.6	
Pro forma provision for income taxes	**9.6**	**9.4**	**0.2**	**11.0**	**(1.5)**

Supplemental Reconciliation of GAAP to Non-GAAP Effective Tax Rate (1)

$M	Actual Q1'15	Actual Q4'14	Variance QoQ	Actual Q1'14	Variance YoY
GAAP effective tax rate	36%	47%		41%	
Adjustment to GAAP effective tax rate	0%	-11%		-5%	
Pro forma effective tax rate	**36%**	**36%**	**0.0**	**36%**	**0.0**

(1) For purposes of internal forecasting, planning and analyzing future periods that assumes net income from operations, the Company estimates a fixed, long-term projected tax rate of approximately 36 percent, which consists of estimated U.S. federal and state tax rates, and excludes tax rates associated with certain items such as withholding tax, tax credits and deferred tax asset valuation allowance. Accordingly, the Company has applied the 36 percent tax rate to its non-GAAP financial results for all periods to assist the Company's planning for future periods.

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Q1'15 Pro Forma Net Income

$M	Actual Q1'15	Actual Q4'14	Variance QoQ	Actual Q1'14	Variance YoY
Revenue	**72.9**	**72.0**	**0.9**	**78.3**	**(5.4)**
Pro forma operating costs and expenses	**44.9**	**44.6**	**0.3**	**43.9**	**1.0**
Pro forma operating income	**28.0**	**27.4**	**0.5**	**34.4**	**(6.4)**
Pro forma Interest and other income (expenses), net	(1.4)	(1.4)	(0.0)	(3.7)	2.3
Pro forma income before income taxes	26.6	26.1	0.5	30.7	(4.1)
Pro forma income tax provision (at 36%)	9.6	9.4	0.2	11.0	(1.5)
Pro forma net income	**17.0**	**16.7**	**0.3**	**19.6**	**(2.6)**
Pro forma Basic EPS	$0.15	$0.15		$0.17	
Pro forma Diluted EPS	$0.14	$0.14		$0.17	

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Cash & Marketable Securities

$M	Actual Q1'15	Actual Q4'14	Actual Q1'14
Cash & marketable securities - beginning	300	271	388
Cash generated/(used) from operations	15	27	16
Cash generated/(used) from investing & financing	3	2	(1)
Cash & marketable securities - ending	318	300	403

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Q2'15 Guidance

$M	Q2'15 Guidance		
	Low		High
Revenue	**70**	**-**	**74**
Pro forma operating costs and expenses	**49**	**-**	**46**
Pro forma operaing income	21	-	28
Pro forma interest and other income (expense), net	(1)	-	(1)
Pro forma income before income taxes	20	-	27
Pro forma tax provision @ 36%	7	-	10
Pro forma net income	13	-	17

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2015 Guidance

$M	2015 Guidance		
	Low		High
Revenue	**300**	**-**	**315**
Pro forma operating costs and expenses	**190**	**-**	**185**
Pro forma net income	67	-	79

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Thank you

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Appendix

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Q1'15 Pro Forma Operating Costs and Expenses

$M	Actual Q1'15	Actual Q4'14	Variance QoQ	Actual Q1'14	Variance YoY
GAAP operating costs and expenses	55.0	54.5	0.6	55.1	(0.1)
Adjustments					
Stock based compensation	(3.8)	(3.5)	(0.2)	(2.9)	(0.9)
Acquisition-related transaction costs and retention bonus	(0.0)	(0.0)	0.0	(1.4)	1.4
Amortization	(6.3)	(6.3)	(0.0)	(6.8)	0.5
Restructuring charges	-	-	-	(0.0)	0.0
Pro Forma operating costs and expenses	44.9	44.6	0.3	43.9	1.0

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Q1'15 GAAP and Pro Forma P&L

$M	GAAP Actual Q1'15	Pro Forma Actual Q1'15	Delta to GAAP
Revenue	72.9	72.9	-
Cost of revenue	10.8	5.0	(5.7)
Research and development	28.5	26.8	(1.8)
Sales, general and administrative	18.5	15.9	(2.6)
Gain from sale of intellectual property	(2.3)	(2.3)	-
Gain from settlement	(0.5)	(0.5)	-
Total operating costs and expenses	55.0	44.9	(10.1)
Operating Income	17.9	28.0	10.1
Interest and other income (expense), net	(3.0)	(1.4)	1.6
Income before income taxes	14.9	26.6	11.6
Income tax provision	5.4	9.6	4.1
Net Income	9.5	17.0	7.5

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