

Rambus Third Quarter 2013 Financial Results

October 17, 2013

A decorative graphic consisting of numerous thin, light gray lines that originate from a single point on the left and fan out towards the right, creating a sense of depth and movement. The lines are arranged in a way that they appear to be overlapping and receding into the distance.

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 of stock-based compensation, retention bonus, amortization, and cost of restatement which we are unable to estimate at this time. 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.

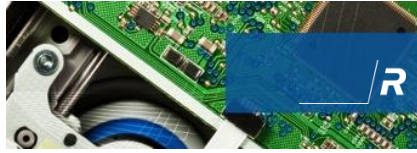
Non-GAAP Financial Measures

This presentation contains non-GAAP financial measures.

As a reminder, we use non-GAAP or Pro forma numbers, which we believe are indicative of company performance, as they include the certain cash events and exclude certain non-cash and discrete events, such as impairment charges, and restructuring charges, which are not indicative of our long-term performance.

Customer licensing income includes the Company's measure of the total cash royalties received from its customers under its licensing agreements with them and any product sales. Beginning in the third quarter of 2013, the Company bifurcated royalty payments that it received from SK Hynix between revenue and gain from settlement, which was reflected as reducing operating expenses. The Company has combined revenue from its customers, including SK Hynix, and the gain from the SK Hynix settlement as customer licensing income to reflect the total amounts received from all of its customers for the periods presented. In addition, customer licensing income includes other patent royalties received but not recognized as revenue and proceeds from sale of intellectual property. In certain periods presented, certain patent royalties received from a customer were not recognized as revenue as not all revenue recognition criteria were met during the period. Additionally, since the third quarter of 2011, the Company has received patent royalty payments from certain patent license agreements assumed in the acquisition of CRI which were treated as favorable contracts. Cash received from these acquired favorable contracts reduced the favorable contract intangible asset on the Company's balance sheet. The Company has combined these cash royalty payments as customer licensing income to reflect the total amounts received from its customers.

Certain amounts may be off by \$.1M due to rounding



Quarterly Highlights

- Revenue of \$73.3 million; CLI of \$74.3 million
- Expanded agreement with Freescale Semiconductor
- Signed agreements with MicroSemi and ALi
- Bulbs available for purchase on Amazon and in select Costco Canada locations
- Achieved a design win with another printer company to include CryptoFirewall™

Q3'13 Actual Results Versus Guidance

\$ in M's	Actual Q3'13	Q3'13 Guidance		
Revenue	\$ 73.3			
Other patent royalties received	\$ 1.0			
Total customer licensing income	\$ 74.3	\$ 69	-	\$ 74
Pro forma operating costs and expenses *	\$ 43.0	\$ 52	-	\$ 49
Pro forma net income (loss)	\$ 17.9	\$ 9	-	\$ 14
* Litigation (included above)	\$ 0.7	\$ 2	-	\$ 1

Q3'13 Customer Licensing Income

\$ in M's

Revenue

Adjustments:

Other patent royalties received

Total customer licensing income

	Actual Q3'13	Actual Q2'13	Variance QoQ	Actual Q3'12	Variance YoY
Revenue	\$ 73.3	\$ 57.9		\$ 57.5	
Other patent royalties received	\$ 1.0	\$ 3.4		\$ 4.9	
Total customer licensing income	\$ 74.3	\$ 61.3	\$ 13.0	\$ 62.4	\$ 11.9

Q3'13 Pro Forma Engineering & MG&A Costs and Expenses

\$ in M's

	Actual Q3'13	Actual Q2'13	Variance QoQ	Actual Q3'12	Variance YoY
Cost of revenues	\$ 8.9	\$ 7.4		\$ 7.5	
Research and development (GAAP)	\$ 27.6	\$ 30.8		\$ 30.7	
Cost of IP sold	\$ -	\$ 0.9		\$ -	
Stock-based compensation	\$ (1.6)	\$ (1.7)		\$ (2.2)	
Retention bonuses	\$ (1.3)	\$ (2.7)		\$ (3.7)	
Amortization	\$ (6.7)	\$ (6.4)		\$ (7.3)	
Pro forma Engineering costs and expenses	\$ 26.8	\$ 28.2	\$ (1.4)	\$ 24.9	\$ 1.9
Marketing, general and administrative (GAAP)	\$ 18.7	\$ 14.1		\$ 24.3	
Stock-based compensation	\$ (1.7)	\$ (1.9)		\$ (2.9)	
Acquisition related deal costs and retention bonuses	\$ (0.2)	\$ (0.8)		\$ (0.7)	
Amortization	\$ (0.6)	\$ (0.6)		\$ (0.6)	
Severance costs & one time events	\$ -	\$ 8.5		\$ -	
Pro forma MG&A costs and expenses *	\$ 16.1	\$ 19.4	\$ (3.3)	\$ 20.1	\$ (3.9)
Pro forma operating costs and expenses	\$ 43.0	\$ 47.7	\$ (4.7)	\$ 45.0	\$ (2.0)
* Litigation (included above)	\$ 0.7	\$ 2.3	\$ (1.5)	\$ 2.6	\$ (1.8)

Q3'13 Pro Forma Operating Costs and Expenses

\$ in M's

GAAP operating costs and expenses

Adjustments:

Other patent royalties received & cost of IP sold

Stock-based compensation

Acquisition related deal costs and retention bonuses

Amortization

Restructuring charges

Severance costs

Other one time events

Impairment of goodwill & long-lived assets

Gain from settlement

Costs of restatement and related legal activities

Pro forma operating costs and expenses *

*** Litigation (included above)**

	Actual Q3'13	Actual Q2'13	Variance QoQ	Actual Q3'12	Variance YoY
GAAP operating costs and expenses	\$ 64.2	\$ 52.2		\$ 104.6	
Adjustments:					
Other patent royalties received & cost of IP sold	\$ -	\$ 1.0		\$ -	
Stock-based compensation	\$ (3.4)	\$ (3.6)		\$ (5.1)	
Acquisition related deal costs and retention bonuses	\$ (1.5)	\$ (3.4)		\$ (4.4)	
Amortization	\$ (7.4)	\$ (7.0)		\$ (8.0)	
Restructuring charges	\$ (1.1)	\$ -		\$ (6.6)	
Severance costs	\$ -	\$ 0.0		\$ -	
Other one time events	\$ -	\$ 8.5		\$ -	
Impairment of goodwill & long-lived assets	\$ (8.1)	\$ -		\$ (35.5)	
Gain from settlement	\$ 0.2	\$ -		\$ -	
Costs of restatement and related legal activities	\$ -	\$ (0.0)		\$ (0.1)	
Pro forma operating costs and expenses *	\$ 43.0	\$ 47.7	\$ (4.7)	\$ 45.0	\$ (2.0)
* Litigation (included above)	\$ 0.7	\$ 2.3	\$ (1.5)	\$ 2.6	\$ (1.8)

Q3'13 Pro Forma Net Income

\$ in M's

Total customer licensing income

Pro forma operating costs and expenses *

Pro forma operating income

Interest expense

Pro forma pre-tax income

Pro forma income tax (at 36%)

Pro forma net income

Pro forma Basic EPS

Pro forma Diluted EPS

* Litigation (included above)

	Actual Q3'13	Actual Q2'13	Variance QoQ	Actual Q3'12	Variance YoY
Total customer licensing income	\$ 74.3	\$ 61.3		\$ 62.4	
Pro forma operating costs and expenses *	\$ 43.0	\$ 47.7		\$ 45.0	
Pro forma operating income	\$ 31.4	\$ 13.6		\$ 17.4	
Interest expense	\$ (3.4)	\$ (3.3)		\$ (3.3)	
Pro forma pre-tax income	\$ 28.0	\$ 10.3		\$ 14.1	
Pro forma income tax (at 36%)	\$ 10.1	\$ 3.7		\$ 5.1	
Pro forma net income	\$ 17.9	\$ 6.6	\$ 11.3	\$ 9.0	\$ 8.9
Pro forma Basic EPS	\$ 0.16	\$ 0.06		\$ 0.08	
Pro forma Diluted EPS	\$ 0.15	\$ 0.06		\$ 0.08	
* Litigation (included above)	\$ 0.7	\$ 2.3	\$ (1.5)	\$ 2.6	\$ (1.8)

Cash & Marketable Securities

\$ in M's

Cash & Marketable Securities - Beginning

Actual Q3'13	Actual Q2'13	Actual Q3'12
\$ 206	\$ 215	\$ 203

Cash Generated/(Used) from Operations

\$ 26	\$ (10)	\$ 11
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Cash Generated/(Used) from Investing & Financing

\$ 135	\$ 1	\$ (7)
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Cash & Marketable Securities - Ending

\$ 366	\$ 206	\$ 207
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Q3'13 GAAP & Pro Forma P&L

\$ in M's	GAAP Actual Q3'13	Pro Forma Actual Q3'13	Delta to GAAP
CLI		\$ 74.3	
Revenue	\$ 73.3		
Cost of revenues/gain from IP sold	\$ 8.9	\$ 2.2	\$ (6.7)
Research & development expense	\$ 27.6	\$ 24.6	\$ (3.0)
MG&A expense	\$ 18.7	\$ 16.1	\$ (2.6)
Restructuring	\$ 1.1	\$ -	\$ (1.1)
Impairment of goodwill	\$ 8.1	\$ -	\$ (8.1)
Gain from settlement	\$ (0.2)	\$ -	\$ 0.2
Total operating expenses	\$ 64.2	\$ 43.0	\$ (21.3)
Operating income	\$ 9.1	\$ 31.4	\$ 22.3
Interest and other expense, net	\$ 8.5	\$ 3.4	\$ (5.1)
Pretax income	\$ 0.6	\$ 28.0	\$ 27.4
Provision for (benefit from) income taxes	\$ 6.3	\$ 10.1	\$ 3.8
Net income (loss)	\$ (5.7)	\$ 17.9	\$ 23.7

Q4'13 Guidance

	Q4'13 Guidance			
\$ in M's				
Total customer licensing income	\$	70	-	\$ 75
Pro forma operating costs and expenses*	\$	48	-	\$ 45
Pro forma operating income	\$	22		\$ 30
Interest expense (cash)	\$	4		\$ 3
Pro forma pre-tax income	\$	18		\$ 27
Proforma tax provision @ 36%	\$	6		\$ 10
Pro forma net income (loss)	\$	12	-	\$ 17
* Litigation (included above)	\$	2	-	\$ 1



 **Rambus**