

# Rambus Fourth Quarter and Full Year 2012 Financial Results

January 24, 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 motion and depth. The lines are slightly offset from each other, creating a layered effect.

***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 is a non-GAAP measure that includes cash payments that we receive under a signed patent license agreement. It is how we measure the top line of our business and it may be different than revenue within a particular period when the amounts of cash received from our customers is different than the revenue recognized.

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

# Business Highlights

- Broadcom announced it is incorporating the Cryptography Research DPA countermeasures across its line of set-top box platforms
- Rambus introduced a revolutionary LED light bulb and announced a business alliance with the Elite Group to help bring the bulb to market
- Unveiled the Rambus Imerz™ multi-media platform

# Q4'12 Actual Results Versus Guidance

\$M's	Actual	Q4'12 Guidance		
	Q4'12			
Revenue	\$ 57.4	\$ 57		\$ 63
Other patent royalties received	\$ 4.2	\$ 4	-	\$ 4
Total customer licensing income	\$ 61.6	\$ 60	-	\$ 66
Pro forma operating costs and expenses *	\$ 45.2	\$ 54	-	\$ 49
Pro forma net income (loss)	\$ 8.3	\$ 2	-	\$ 9
* Litigation (included above)	\$ 2.1	\$ 5	-	\$ 5

# Q4'12 Customer Licensing Income

\$M's	Actual Q4'12	Actual Q3'12	Variance QoQ	Actual Q4'11	Variance YoY
<b>Revenue</b>	\$ 57.4	\$ 57.5		\$ 83.4	
<b>Adjustments:</b>					
Other patent royalties received	\$ 4.2	\$ 4.9		\$ 1.1	
<b>Total customer licensing income</b>	\$ 61.6	\$ 62.4	\$ (0.8)	\$ 84.5	\$ (22.9)

# 2012 Customer Licensing Income

<b>\$M's</b>	<b>Actual 2012</b>	<b>Actual 2011</b>	<b>Variance 2012 vs. 2011</b>
<b>Revenue</b>	<b>\$ 234.1</b>	<b>\$ 312.4</b>	
<b>Adjustments:</b>			
Other patent royalties received	\$ 12.7	\$ (0.8)	
Gain from settlement	\$ -	\$ 6.2	
<b>Total customer licensing income</b>	<b>\$ 246.7</b>	<b>\$ 317.8</b>	<b>\$ (71.1)</b>

# Q4'12 Pro Forma Operating Costs and Expenses

\$M's	Actual Q4'12	Actual Q3'12	Variance QoQ	Actual Q4'11	Variance YoY
Operating costs and expenses	\$ 61.5	\$ 104.6		\$ 101.5	
Adjustments:					
Stock-based compensation	\$ (4.5)	\$ (5.1)		\$ (6.5)	
Acquisition related deal costs and retention bonuses	\$ (4.2)	\$ (4.4)		\$ (7.9)	
Amortization	\$ (6.8)	\$ (8.0)		\$ (7.3)	
Restructuring	\$ (0.7)	\$ (6.6)		\$ -	
Impairment of Goodwill & Long-Lived Assets	\$ -	\$ (35.5)		\$ -	
Costs of restatement	\$ (0.1)	\$ (0.1)		\$ (13.5)	
<b>Pro forma operating costs and expenses *</b>	<b>\$ 45.2</b>	<b>\$ 45.0</b>	<b>\$ 0.3</b>	<b>\$ 66.4</b>	<b>\$ (21.2)</b>
<b>* Litigation (included above)</b>	<b>\$ 2.1</b>	<b>\$ 2.6</b>	<b>\$ (0.5)</b>	<b>\$ 16.8</b>	<b>\$ (14.7)</b>



# 2012 Pro Forma Operating Costs and Expenses

\$M's	Actual 2012	Actual 2011	Variance 2012 vs. 2011
Operating costs and expenses	\$ 324.5	\$ 313.9	
Adjustments:			
Stock-based compensation	\$ (22.5)	\$ (28.0)	
Acquisition related deal costs and retention bonuses	\$ (25.7)	\$ (21.9)	
Amortization	\$ (30.3)	\$ (20.2)	
Restructuring	\$ (7.3)	\$ -	
Impairment of Goodwill & Long-Lived Assets	\$ (35.5)	\$ -	
Costs of restatement	\$ (0.2)	\$ (16.2)	
Gain from settlement	\$ -	\$ 6.2	
<b>Pro forma operating costs and expenses*</b>	<b>\$ 202.9</b>	<b>\$ 233.8</b>	<b>\$ (30.9)</b>
<b>* Litigation (included above)</b>	<b>\$ 13.2</b>	<b>\$ 61.0</b>	<b>(47.8)</b>

# Q4'12 Pro Forma Engineering & MG&A Costs and Expenses

\$M's	Actual Q4'12	Actual Q3'12	Variance QoQ	Actual Q4'11	Variance YoY
Cost of revenues	\$ 6.3	\$ 7.5		\$ 7.5	
Research and development	\$ 33.1	\$ 30.7		\$ 35.8	
Stock-based compensation	\$ (2.0)	\$ (2.2)		\$ (2.8)	
Retention bonuses	\$ (3.6)	\$ (3.7)		\$ (6.8)	
Amortization	\$ (6.2)	\$ (7.3)		\$ (6.6)	
<b>Pro forma Engineering costs and expenses</b>	<b>\$ 27.6</b>	<b>\$ 24.9</b>	<b>\$ 2.7</b>	<b>\$ 27.0</b>	<b>\$ 0.6</b>
Marketing, general and administrative (MG&A) *	\$ 21.3	\$ 24.3		\$ 44.7	
Stock-based compensation	\$ (2.5)	\$ (2.9)		\$ (3.6)	
Acquisition related deal costs and retention bonuses	\$ (0.6)	\$ (0.7)		\$ (1.1)	
Amortization	\$ (0.6)	\$ (0.6)		\$ (0.6)	
<b>Pro forma MG&amp;A costs and expenses *</b>	<b>\$ 17.6</b>	<b>\$ 20.1</b>	<b>\$ (2.5)</b>	<b>\$ 39.4</b>	<b>\$ (21.8)</b>
<b>Pro forma operating costs and expenses</b>	<b>\$ 45.2</b>	<b>\$ 45.0</b>	<b>\$ 0.3</b>	<b>\$ 66.4</b>	<b>\$ (21.2)</b>
* Litigation (included above)	\$ 2.1	\$ 2.6	\$ (0.5)	\$ 16.8	\$ (14.7)

# Q4'12 Pro Forma Net Income

\$M's	Actual Q4'12	Actual Q3'12	Variance QoQ	Actual Q4'11	Variance YoY
Total customer licensing income	\$ 61.6	\$ 62.4		\$ 84.5	
Pro forma operating costs and expenses *	\$ 45.2	\$ 45.0		\$ 66.4	
Pro forma operating income	\$ 16.4	\$ 17.4		\$ 18.1	
Interest expense	\$ (3.4)	\$ (3.3)		\$ (3.0)	
Pro forma Pre-tax income	\$ 13.0	\$ 14.1		\$ 15.1	
Pro forma Income Tax (at 36%)	\$ 4.7	\$ 5.1		\$ 5.4	
<b>Pro forma net income</b>	<b>\$ 8.3</b>	<b>\$ 9.0</b>	<b>\$ (0.7)</b>	<b>\$ 9.7</b>	<b>\$ (1.3)</b>
Pro forma Basic EPS	\$ 0.07	\$ 0.08		\$ 0.09	
Pro forma Diluted EPS	\$ 0.07	\$ 0.08		\$ 0.08	
<b>* Litigation (included above)</b>	<b>\$ 2.1</b>	<b>\$ 2.6</b>	<b>\$ (0.5)</b>	<b>\$ 16.8</b>	<b>\$ (14.7)</b>

# 2012 Pro Forma Net Income

\$M's	Actual	Actual	Variance
	2012	2011	2012 vs. 2011
Total customer licensing income	\$ 246.7	\$ 317.8	
Pro forma operating costs and expenses*	\$ 202.9	\$ 233.8	
Pro forma operating income	\$ 43.8	\$ 84.0	
Interest expense	\$ (12.8)	\$ (11.6)	
Pro forma Pre-tax income	\$ 31.1	\$ 72.4	
Pro forma Income Tax	\$ 11.2	\$ 26.1	
<b>Pro forma net income</b>	<b>\$ 19.9</b>	<b>\$ 46.3</b>	<b>\$ (26.4)</b>
Pro forma Basic EPS	\$ 0.18	\$ 0.42	
Pro forma Diluted EPS	\$ 0.17	\$ 0.41	
<b>* Litigation (included above)</b>	<b>\$ 13.2</b>	<b>\$ 61.0</b>	<b>\$ (47.8)</b>

# Cash & Marketable Securities

\$M's	Actual Q4'12	Actual Q3'12	Actual Q4'11
Cash & Marketable Securities - Beginning	\$ 207	\$ 203	\$ 293

\$M's	Actual Q4'12	Actual Q3'12	Actual Q4'11
Cash Flow from Operations	\$ 2	\$ 11	\$ 2

\$M's	Actual Q4'12	Actual Q3'12	Actual Q4'11
Cash & Marketable Securities - Ending	\$ 203	\$ 207	\$ 289

# Cash & Marketable Securities

<b>\$M's</b>	<b>Actual 2012</b>	<b>Actual 2011</b>
<b>Cash &amp; Marketable Securities - Beginning</b>	<b>\$ 289</b>	<b>\$ 512</b>
<b>Cash Flow from Operations</b>	<b>\$ (18)</b>	<b>\$ 53</b>
<b>Cash &amp; Marketable Securities - Ending</b>	<b>\$ 203</b>	<b>\$ 289</b>

# Q1'13 Guidance

	Q1'13 Guidance			
<b>\$M's</b>				
<b>Revenue</b>	\$	58	-	\$ 63
Other patent royalties received	\$	2	-	\$ 2
<b>Total customer licensing income</b>	\$	60	-	\$ 65
<b>Pro forma operating costs and expenses*</b>	\$	51	-	\$ 46
<b>Pro forma net income (loss)</b>	\$	4	-	\$ 10
<b>* Litigation (included above)</b>	\$	2	-	\$ 3



 **Rambus**