

Rambus Second Quarter 2013 Financial Results

July 18, 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 arranged in a series of parallel, slightly offset paths, giving the impression of a stylized wing or a series of overlapping planes.

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.

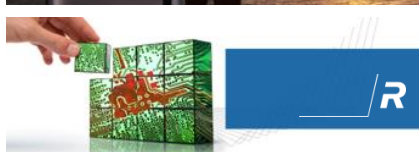
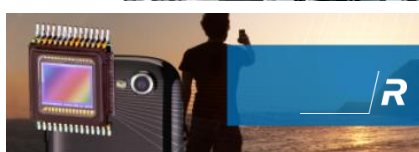
Non-GAAP Financial Measures

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 as well as proceeds from the sale of intellectual property. 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



Quarterly Highlights

- Revenue of \$57.9 million; CLI of \$61.3 million
- Signed license agreements with SK Hynix and STMicroelectronics
- Demonstrated CryptoFirewall™ core in Verimatrix IPTV cardless security solution
- Extended LED bulb offerings with compelling color temperature change capability
- Presented Binary Pixel test chip results

Q2'13 Actual Results Versus Guidance

\$ in M's	Actual Q2'13	Q2'13 Guidance			Revised Guidance
Revenue	\$ 57.9	\$ 53		\$ 58	\$56 - \$58
Other patent royalties received	\$ 3.4	\$ 3	-	\$ 3	
Total customer licensing income	\$ 61.3	\$ 56	-	\$ 61	
Pro forma operating costs and expenses *	\$ 47.7	\$ 52	-	\$ 48	
Pro forma net income (loss)	\$ 6.6	\$ -	-	\$ 6	
* Litigation (included above)	\$ 2.3	\$ 3	-	\$ 2	

Q2'13 Customer Licensing Income

\$ in M's	Actual Q2'13	Actual Q1'13	Variance QoQ	Actual Q2'12	Variance YoY
Revenue	\$ 57.9	\$ 66.9		\$ 56.2	
Adjustments:					
Other patent royalties received	\$ 3.4	\$ 5.2		\$ 1.2	
Total customer licensing income	\$ 61.3	\$ 72.1	\$ (10.8)	\$ 57.4	\$ 3.9

Q2'13 Pro Forma Engineering & MG&A Costs and Expenses

\$ in M's

	Actual Q2'13	Actual Q1'13	Variance QoQ	Actual Q2'12	Variance YoY
Cost of revenues	\$ 7.4	\$ 6.5		\$ 7.3	
Research and development (GAAP)	\$ 30.8	\$ 32.8		\$ 38.4	
Cost of IP sold	\$ 0.9	-		-	
Stock-based compensation	\$ (1.7)	\$ (1.9)		\$ (2.6)	
Retention bonuses	\$ (2.7)	\$ (3.5)		\$ (6.3)	
Amortization	\$ (6.4)	\$ (6.4)		\$ (7.3)	
Pro forma Engineering costs and expenses	\$ 28.2	\$ 27.7	\$ 0.6	\$ 29.5	\$ (1.2)
Marketing, general and administrative (GAAP)	\$ 14.1	\$ 25.1		\$ 32.2	
Stock-based compensation	\$ (1.9)	\$ (3.1)		\$ (3.6)	
Acquisition related deal costs and retention bonuses	\$ (0.7)	\$ (0.6)		\$ (1.4)	
Amortization	\$ (0.6)	\$ (0.6)		\$ (0.6)	
Severance costs & one time events	\$ 8.5	\$ (0.5)		\$ -	
Pro forma MG&A costs and expenses *	\$ 19.4	\$ 20.3	\$ (0.9)	\$ 26.6	\$ (7.2)
Pro forma operating costs and expenses	\$ 47.7	\$ 48.0	\$ (0.3)	\$ 56.0	\$ (8.4)
* Litigation (included above)	\$ 2.3	\$ 2.0	\$ 0.2	\$ 4.5	\$ (2.2)

Q2'13 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

Costs of restatement and related legal activities

Pro forma operating costs and expenses *

*** Litigation (included above)**

	Actual Q2'13	Actual Q1'13	Variance QoQ	Actual Q2'12	Variance YoY
GAAP operating costs and expenses	\$ 52.2	\$ 65.4		\$ 78.0	
Adjustments:					
Other patent royalties received & cost of IP sold	\$ 1.0	\$ 1.3		\$ -	
Stock-based compensation	\$ (3.6)	\$ (4.9)		\$ (6.2)	
Acquisition related deal costs and retention bonuses	\$ (3.4)	\$ (4.0)		\$ (7.7)	
Amortization	\$ (7.0)	\$ (7.0)		\$ (7.9)	
Restructuring charges	\$ -	\$ (2.2)		\$ -	
Severance costs	\$ 0.0	\$ (0.5)		\$ -	
Other one time events	\$ 8.5	\$ -		\$ -	
Costs of restatement and related legal activities	\$ (0.0)	\$ (0.0)		\$ (0.1)	
Pro forma operating costs and expenses *	\$ 47.7	\$ 48.0	\$ (0.3)	\$ 56.0	\$ (8.4)
* Litigation (included above)	\$ 2.3	\$ 2.0	\$ 0.2	\$ 4.5	\$ (2.2)

Q2'13 Pro Forma Net Income

\$ in M's	Actual Q2'13	Actual Q1'13	Variance QoQ	Actual Q2'12	Variance YoY
Total customer licensing income	\$ 61.3	\$ 72.1		\$ 57.4	
Pro forma operating costs and expenses *	\$ 47.7	\$ 48.0		\$ 56.0	
Pro forma operating income	\$ 13.6	\$ 24.1		\$ 1.4	
Interest expense	\$ (3.3)	\$ (3.2)		\$ (3.1)	
Pro forma pre-tax income	\$ 10.3	\$ 20.9		\$ (1.7)	
Pro forma income tax (at 36%)	\$ 3.7	\$ 7.5		\$ (0.6)	
Pro forma net income	\$ 6.6	\$ 13.4	\$ (6.7)	\$ (1.1)	\$ 7.7
Pro forma Basic EPS	\$ 0.06	\$ 0.12		\$ (0.01)	
Pro forma Diluted EPS	\$ 0.06	\$ 0.11		\$ (0.01)	
* Litigation (included above)	\$ 2.3	\$ 2.0	\$ 0.2	\$ 4.5	\$ (2.2)

Cash & Marketable Securities

\$ in M's	Actual Q2'13	Actual Q1'13	Actual Q2'12
Cash & Marketable Securities - Beginning	\$ 215	\$ 203	\$ 232
Cash Generated/(Used) from Operations	\$ (10)	\$ 15	\$ (20)
Cash Generated/(Used) from Investing & Financing	\$ 1	\$ (3)	\$ (9)
Cash & Marketable Securities - Ending	\$ 206	\$ 215	\$ 203

GAAP & Pro Forma P&L

\$ in M's	GAAP Actual Q2'13	Pro Forma Actual Q2'13	Delta to GAAP
CLI		\$ 61.3	
Revenue	\$ 57.9		
Cost of Revenues/Gain from IP Sold	\$ 7.3	\$ 1.9	\$ (5.4)
Research & Development Expense	\$ 30.8	\$ 26.5	\$ (4.3)
MG&A Expense	\$ 14.1	\$ 19.3	\$ 5.1
Total Operating Expenses	\$ 52.2	\$ 47.7	\$ (4.5)
Operating Income	\$ 5.7	\$ 13.6	\$ 7.9
Interest and other expense, net	\$ 7.4	\$ 3.3	\$ (4.1)
Pretax Income	\$ (1.7)	\$ 10.3	\$ 12.0
Provision for (benefit from) income taxes	\$ 4.7	\$ 3.7	\$ (1.0)
Net income (loss)	\$ (6.4)	\$ 6.6	\$ 13.1

Q3'13 Guidance

\$ in M's	Q3'13 Guidance			
Total customer licensing income	\$	69	-	\$ 74
Pro forma operating costs and expenses*	\$	52	-	\$ 49
Pro forma operating income	\$	17		\$ 25
Interest expense (cash)	\$	3		\$ 3
Pro forma pre-tax income	\$	14		\$ 22
Proforma tax provision @ 36%	\$	5		\$ 8
Pro forma net income (loss)	\$	9	-	\$ 14
* Litigation (included above)	\$	2	-	\$ 1



 **Rambus**