



(1) Non-GAAP Financial Information:

In the commentary set forth above and in the financial statements included in this earnings release, the Company presents the following non-GAAP financial measures: customer licensing income, operating costs and expenses, operating income (loss) and net income (loss). In computing each of these non-GAAP financial measures, the Company combined revenue and gain from settlement and excluded charges or gains relating to: stock-based compensation expenses, acquisition related deal costs and retention bonus expense, amortization expenses, costs of restatement and related legal activities and non-cash interest expense. The non-GAAP financial measures disclosed by the Company should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP, and the financial results calculated in accordance with GAAP and reconciliations from these results should be carefully evaluated. Management believes the non-GAAP financial measures are appropriate for both its own assessment of, and to show investors, how the Company's performance compares to other periods. The non-GAAP financial measures used by the Company may be calculated differently from, and therefore may not be comparable to, similarly titled measures used by other companies. Reconciliation from GAAP to non-GAAP results is included in the financial statements contained in this release.

The Company's non-GAAP financial measures reflect adjustments based on the following items:

Customer licensing income. Customer licensing income includes the Company's measure of the total cash royalties received from its customers under its licensing agreements with them. Prior to the second quarter of 2011, the Company bifurcated royalty payments that it received from Samsung between revenue and gain from settlement, which was reflected as reducing operating expenses. The Company has combined revenue from its customers, including Samsung, and the gain from the Samsung settlement as customer licensing income to reflect the total amounts received from all of its customers for the periods presented. Additionally, since the third quarter of 2011, the Company 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.

Stock-based compensation expense. These expenses consist primarily of expenses related to employee stock options, employee stock purchase plans, and employee nonvested equity stock and nonvested stock units. The Company excludes stock-based compensation expense from its non-GAAP measures primarily because they are non-cash expenses that the Company does not believe are reflective of ongoing operating results. Additionally, given the fact that other companies may grant different amounts and types of equity awards and may use different option valuation assumptions, excluding stock-based compensation expense permits more accurate comparisons of the Company's results with other peer companies.

Acquisition related deal costs and retention bonus expense. These expenses include all direct costs of certain acquisitions and the current periods' portion of any retention bonus expense associated with the acquisitions. The Company excludes these expenses in order to provide better comparability between periods.

Amortization expense. The Company incurs expenses for the amortization of intangible assets in connection with acquisitions. The Company excludes these items because these expenses are not reflective of ongoing operating results in the period incurred. These amounts arise from the Company's prior acquisitions and have no direct correlation to the core operation of the Company's business.

Costs of restatement and related legal activities. These expenses consist primarily of investigation, audit, legal and other professional fees related to the 2006-2007 stock option investigation and related litigation, as well as recoveries received from third parties. The Company excludes these costs and recoveries from its non-GAAP measures primarily because the Company believes that these non-recurring costs and recoveries have no direct correlation to the core operation of the Company's business.

Non-cash interest expense. The Company incurs non-cash interest expense related to its convertible notes. The Company excludes non-cash interest expense related to its convertible notes to provide more accurate comparisons of the Company's results with other peer companies and to more accurately reflect the Company's ongoing operations.

Income tax adjustments. 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. Accordingly, the Company has applied the 36 percent tax rate to its non-GAAP financial results to assist the Company's planning for future periods.

On occasion in the future, there may be other items, such as significant asset impairments, restructuring charges or significant gains or losses from contingencies that the Company may exclude if it believes that doing so is consistent with the goal of providing useful information to investors and management.

Rambus Inc.
Condensed Consolidated Balance Sheets
(In thousands)
(Unaudited)

	March 31, 2012	December 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 188,548	\$ 162,244
Marketable securities	43,970	127,212
Accounts receivable	728	1,026
Prepays and other current assets	7,010	8,096
Deferred taxes	2,798	2,798
Total current assets	243,054	301,376
Intangible assets, net	194,895	181,955
Goodwill	138,669	115,148
Property, plant and equipment, net	81,928	81,105
Deferred taxes, long-term	7,531	7,531
Other assets	7,609	6,539
Total assets	\$ 673,686	\$ 693,654
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 6,615	\$ 16,567
Accrued salaries and benefits	26,830	31,763
Accrued litigation expenses	10,808	10,502
Other accrued liabilities	15,173	6,479
Total current liabilities	59,426	65,311
Long-term liabilities:		
Convertible notes, long-term	136,845	133,493
Long-term imputed financing obligation	44,285	43,793
Other long-term liabilities	24,717	21,263
Total long-term liabilities	205,847	198,549
Total stockholders' equity	408,413	429,794
Total liabilities and stockholders' equity	\$ 673,686	\$ 693,654

Rambus Inc.
Condensed Consolidated Statements of Operations
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended	
	March 31,	
	2012	2011
Revenue:		
Royalties	\$ 62,043	\$ 59,235
Contract revenue	820	3,292
Total revenue	<u>62,863</u>	<u>62,527</u>
Operating costs and expenses:		
Cost of revenue (1)	7,163	3,149
Research and development (1)	38,394	23,317
Marketing, general and administrative (1)	34,834	32,732
Costs of restatement and related legal activities	30	1,159
Gain from settlement	—	(6,200)
Total operating costs and expenses	<u>80,421</u>	<u>54,157</u>
Operating income (loss)	(17,558)	8,370
Interest income and other income (expense), net	(815)	(652)
Interest expense	(5,667)	(5,172)
Interest and other income (expense), net	<u>(6,482)</u>	<u>(5,824)</u>
Income (loss) before income taxes	(24,040)	2,546
Provision for income taxes	3,850	6,776
Net loss	<u>\$ (27,890)</u>	<u>\$ (4,230)</u>
Net loss per share:		
Basic	<u>\$ (0.25)</u>	<u>\$ (0.04)</u>
Diluted	<u>\$ (0.25)</u>	<u>\$ (0.04)</u>
Weighted average shares used in per share calculation		
Basic	<u>110,358</u>	<u>107,613</u>
Diluted	<u>110,358</u>	<u>107,613</u>

(1) Total stock-based compensation expense for the three month periods ended March 31, 2012 and March 31, 2011 are presented as follows:

	Three Months Ended	
	March 31,	
	2012	2011
Cost of revenue	\$ 10	\$ 123
Research and development	\$ 2,720	\$ 2,512
Marketing, general and administrative	\$ 3,996	\$ 4,655

Rambus Inc.
Supplemental Reconciliation of GAAP to Non-GAAP Results
(In thousands)
(Unaudited)

	<u>Three Months Ended</u>		
	<u>March 31, 2012</u>	<u>December 31, 2011</u>	<u>March 31, 2011</u>
Revenue	\$ 62,863	\$ 83,359	\$ 62,527
Adjustments:			
Gain from settlement	—	—	6,200
Other patent royalties received	2,414	1,125	—
Total customer licensing income	\$ 65,277	\$ 84,484	\$ 68,727
Operating costs and expenses	\$ 80,421	\$ 101,493	\$ 54,157
Adjustments:			
Stock-based compensation	(6,726)	(6,458)	(7,290)
Acquisition related deal costs and retention bonuses	(9,351)	(7,878)	—
Amortization	(7,616)	(7,283)	(1,979)
Costs of restatement and related legal activities	(30)	(13,484)	(1,159)
Gain from settlement	—	—	6,200
Non-GAAP operating costs and expenses	\$ 56,698	\$ 66,390	\$ 49,929
Operating income (loss)	\$ (17,558)	\$ (18,134)	\$ 8,370
Adjustments:			
Other patent royalties received	2,414	1,125	—
Stock-based compensation	6,726	6,458	7,290
Acquisition related deal costs and retention bonuses	9,351	7,878	—
Amortization	7,616	7,283	1,979
Costs of restatement and related legal activities	30	13,484	1,159
Non-GAAP operating income	\$ 8,579	\$ 18,094	\$ 18,798
Income (loss) before income taxes	\$ (24,040)	\$ (24,408)	\$ 2,546
Adjustments:			
Other patent royalties received	2,414	1,125	—
Stock-based compensation	6,726	6,458	7,290
Acquisition related deal costs and retention bonuses	9,351	7,878	—
Amortization	7,616	7,283	1,979
Costs of restatement and related legal activities	30	13,484	1,159
Non-cash interest expense on convertible notes	3,510	3,296	3,016
Non-GAAP income before income taxes	\$ 5,607	\$ 15,116	\$ 15,990
Non-GAAP provision for income taxes	2,019	5,442	5,756
Non-GAAP net income	\$ 3,588	\$ 9,674	\$ 10,234
Non-GAAP basic net income per share	\$ 0.03	\$ 0.09	\$ 0.10
Non-GAAP diluted net income per share	\$ 0.03	\$ 0.08	\$ 0.09
Weighted average shares used in non-GAAP per share calculation:			
Basic	110,358	110,171	107,613
Diluted	115,717	115,315	110,626