

**Non-GAAP Financial Results (1):****(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, other patent royalties received but not recognized as 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, restructuring charges, impairment charges 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. In addition, customer licensing income includes other patent royalties received but not recognized as revenue. In the second quarter of 2011, a one-time receipt of a patent royalty payment from a customer was not recognized as revenue as not all revenue recognition criteria were met during the period. Upon meeting all of the revenue recognition criteria, the Company recognized this cash payment as revenue in the third quarter of 2011. In the third quarter of 2012, a receipt of a patent royalty payment from a customer was not recognized as revenue as not all revenue recognition criteria were met during the period. 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 non-vested equity stock and non-vested 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.

*Restructuring charges.* These charges may consist of severance, contractual retention payments, exit costs and other charges and are excluded because such charges are not directly related to ongoing business results and do not reflect expected future operating expenses.

*Impairment of goodwill and long-lived assets.* These charges consist of non-cash charges to goodwill and long-lived assets and are excluded because such charges are non-recurring and do not reduce the Company's liquidity.

*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 gains or losses from contingencies that the Company may exclude in deriving its non-GAAP financial measures 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)

	<b>September 30, 2012</b>	<b>December 31, 2011</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 152,206	\$ 162,244
Marketable securities	54,880	127,212
Accounts receivable	452	1,026
Prepays and other current assets	9,759	8,096
Deferred taxes	1,807	2,798
Total current assets	219,104	301,376
Intangible assets, net	160,408	181,955
Goodwill	124,969	115,148
Property, plant and equipment, net	84,255	81,105
Deferred taxes, long-term	7,575	7,531
Other assets	5,514	6,539
Total assets	<b>\$ 601,825</b>	<b>\$ 693,654</b>
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 7,841	\$ 16,567
Accrued salaries and benefits	29,785	31,763
Accrued litigation expenses	10,035	10,502
Other accrued liabilities	13,448	6,479
Total current liabilities	61,109	65,311
Long-term liabilities:		
Convertible notes, long-term	143,875	133,493
Long-term imputed financing obligation	45,878	43,793
Other long-term liabilities	20,137	21,263
Total long-term liabilities	209,890	198,549
Total stockholders' equity	330,826	429,794
Total liabilities and stockholders' equity	<b>\$ 601,825</b>	<b>\$ 693,654</b>

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

	<u>Three Months Ended</u> <u>September 30,</u>		<u>Nine Months Ended</u> <u>September 30,</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenue:				
Royalties	\$ 57,361	\$ 96,216	\$ 175,127	\$ 216,421
Contract revenue	169	4,047	1,481	12,583
Total revenue	<u>57,530</u>	<u>100,263</u>	<u>176,608</u>	<u>229,004</u>
Operating costs and expenses:				
Cost of revenue (1)	7,529	7,425	22,032	16,632
Research and development (1)	30,674	32,318	107,415	79,855
Marketing, general and administrative (1)	24,255	48,952	91,283	119,416
Restructuring charges	6,622	—	6,622	—
Impairment of goodwill and long-lived assets	35,471	—	35,471	—
Costs of restatement and related legal activities	79	832	192	2,703
Gain from settlement	—	—	—	(6,200)
Total operating costs and expenses	<u>104,630</u>	<u>89,527</u>	<u>263,015</u>	<u>212,406</u>
Operating income (loss)	(47,100)	10,736	(86,407)	16,598
Interest and other income (expense), net	(12)	172	175	471
Interest expense	(7,121)	(6,350)	(20,420)	(18,462)
Interest and other expense, net	(7,133)	(6,178)	(20,245)	(17,991)
Income (loss) before income taxes	(54,233)	4,558	(106,652)	(1,393)
Provision for income taxes	3,865	4,080	11,552	12,944
Net income (loss)	<u>\$ (58,098)</u>	<u>\$ 478</u>	<u>\$ (118,204)</u>	<u>\$ (14,337)</u>
Net income (loss) per share:				
Basic	<u>\$ (0.52)</u>	<u>\$ 0.00</u>	<u>\$ (1.07)</u>	<u>\$ (0.13)</u>
Diluted	<u>\$ (0.52)</u>	<u>\$ 0.00</u>	<u>\$ (1.07)</u>	<u>\$ (0.13)</u>
Weighted average shares used in per share calculation				
Basic	<u>110,826</u>	<u>112,334</u>	<u>110,580</u>	<u>109,997</u>
Diluted	<u>110,826</u>	<u>115,552</u>	<u>110,580</u>	<u>109,997</u>

(1) Total stock-based compensation expense for the three and nine month periods ended September 30, 2012 and September 30, 2011 are presented as follows:

	<u>Three Months Ended</u> <u>September 30,</u>		<u>Nine Months Ended</u> <u>September 30,</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Cost of revenue	\$ 5	\$ 90	\$ 20	\$ 499
Research and development	\$ 2,221	\$ 2,775	\$ 7,572	\$ 7,777
Marketing, general and administrative	\$ 2,863	\$ 4,354	\$ 10,438	\$ 13,262

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

	Three Months Ended			Nine Months Ended	
	September 30, 2012	June 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Revenue	\$ 57,530	\$ 56,215	\$ 100,263	\$ 176,608	\$ 229,004
Adjustments:					
Gain from settlement	—	—	—	—	6,200
Other patent royalties received	4,875	1,201	(8,625)	8,490	(1,875)
<b>Total customer licensing income</b>	<b>\$ 62,405</b>	<b>\$ 57,416</b>	<b>\$ 91,638</b>	<b>\$ 185,098</b>	<b>\$ 233,329</b>
Operating costs and expenses	\$ 104,630	\$ 77,964	\$ 89,527	\$ 263,015	\$ 212,406
Adjustments:					
Stock-based compensation	(5,089)	(6,215)	(7,219)	(18,030)	(21,538)
Acquisition-related deal costs and retention bonuses	(4,437)	(7,699)	(7,702)	(21,487)	(14,037)
Amortization	(7,977)	(7,943)	(6,927)	(23,536)	(12,909)
Restructuring charges	(6,622)	—	—	(6,622)	—
Impairment of goodwill and long-lived assets	(35,471)	—	—	(35,471)	—
Costs of restatement and related legal activities	(79)	(83)	(832)	(192)	(2,703)
Gain from settlement	—	—	—	—	6,200
<b>Non-GAAP operating costs and expenses</b>	<b>\$ 44,955</b>	<b>\$ 56,024</b>	<b>\$ 66,847</b>	<b>\$ 157,677</b>	<b>\$ 167,419</b>
Operating income (loss)	\$ (47,100)	\$ (21,749)	\$ 10,736	\$ (86,407)	\$ 16,598
Adjustments:					
Other patent royalties received	4,875	1,201	(8,625)	8,490	(1,875)
Stock-based compensation	5,089	6,215	7,219	18,030	21,538
Acquisition-related deal costs and retention bonuses	4,437	7,699	7,702	21,487	14,037
Amortization	7,977	7,943	6,927	23,536	12,909
Restructuring charges	6,622	—	—	6,622	—
Impairment of goodwill and long-lived assets	35,471	—	—	35,471	—
Costs of restatement and related legal activities	79	83	832	192	2,703
<b>Non-GAAP operating income</b>	<b>\$ 17,450</b>	<b>\$ 1,392</b>	<b>\$ 24,791</b>	<b>\$ 27,421</b>	<b>\$ 65,910</b>
Income (loss) before income taxes	\$ (54,233)	\$ (28,379)	\$ 4,558	\$ (106,652)	\$ (1,393)
Adjustments:					
Other patent royalties received	4,875	1,201	(8,625)	8,490	(1,875)
Stock-based compensation	5,089	6,215	7,219	18,030	21,538
Acquisition-related deal costs and retention bonuses	4,437	7,699	7,702	21,487	14,037
Amortization	7,977	7,943	6,927	23,536	12,909
Restructuring charges	6,622	—	—	6,622	—
Impairment of goodwill and long-lived assets	35,471	—	—	35,471	—
Costs of restatement and related legal activities	79	83	832	192	2,703
Non-cash interest expense on convertible notes	3,789	3,557	3,254	10,856	9,326
Non-GAAP income (loss) before income taxes	\$ 14,106	\$ (1,681)	\$ 21,867	\$ 18,032	\$ 57,245
Non-GAAP provision for (benefit from) income taxes	5,078	(606)	7,872	6,491	20,618
<b>Non-GAAP net income (loss)</b>	<b>\$ 9,028</b>	<b>\$ (1,075)</b>	<b>\$ 13,995</b>	<b>\$ 11,541</b>	<b>\$ 36,627</b>
<b>Non-GAAP basic net income (loss) per share</b>	\$ 0.08	\$ (0.01)	\$ 0.12	\$ 0.10	\$ 0.33
<b>Non-GAAP diluted net income (loss) per share</b>	\$ 0.08	\$ (0.01)	\$ 0.12	\$ 0.10	\$ 0.33
Weighted average shares used in non-GAAP per share calculation:					
Basic	110,826	110,553	112,334	110,580	109,997
Diluted	117,738	110,553	115,552	117,569	112,525