Rambus Reports December Quarter Earnings; Earnings Per Share of 6 Cents

LOS ALTOS, Calif., Jan 10, 2002 -- Rambus Inc. (Nasdaq:RMBS) Q1 earnings announcement call live on website (www.rambus.com) at 2:00 p.m. PST. Conference call replay number 800/947-6512; replay also available on website.

Replay available for one week, beginning at 4:00 p.m. PST.

Rambus Inc. (Nasdaq:RMBS) today reported financial results for its first fiscal quarter ended December 31, 2001. Net income for the December quarter was $6.2 million (25% of revenues), compared to $13.0 million in the same period last year and $6.5 million in the previous quarter. Revenue for the quarter was $24.9 million, down 28% over the same period last year and down 11% from the previous quarter. December quarter results include $21.8 million in royalties, down 13% from the previous quarter. Royalties were down primarily due to continuing DRAM industry price erosion during the third calendar quarter.

Operating expenses in the December quarter declined $2.3 million from last quarter as a result of a significant reduction in litigation costs. Costs associated with litigation were down to $4.5 million in the December quarter versus $6.8 million in the prior quarter. Overall, operating expenses were $17.3 million versus $19.6 million last quarter and $15.1 million in the same period last year.

"The business climate in 2001 was marked by an extreme decline in memory prices and a very difficult economic environment. The fact that we were profitable demonstrates that our business model has served us well during this turbulent year," said Geoff Tate, CEO of Rambus Inc. "In 2002, we are looking forward to more product introductions that incorporate Rambus innovations."

Rambus Inc. designs, develops and licenses high bandwidth chip-connection technology and provides the comprehensive engineering support necessary for a complete system solution. Rambus' technology and intellectual property are licensed to leading semiconductor suppliers including DRAM, controller and microprocessor manufacturers, ASIC developers, and foundries for use in computer, consumer and networking systems such as personal computers, workstations, servers, game consoles, set top boxes, digital HDTVs, printers, high-speed switches and routers.

This release and the conference call on today's date contain forward-looking statements under the Private Securities Litigation Reform Act of 1995 regarding the Company's financial prospects, development plans, anticipated product shipment dates, litigation prospects, relations with licensees and other third parties and various other matters. Such forward-looking statements are based on current expectations, estimates and projections about the Company's industry, management's beliefs, and certain assumptions made by the Company's management. Actual results may differ materially. Among the reasons which could cause actual results to differ materially are the possibility of inadequate shipments of Rambus RDRAM memory devices and controllers for the Sony PlayStation2 and the PC main memory market, the market response to these products, the continued deterioration in the DRAM market, any delay in the development of Rambus-based products by licensees, any delay in the development and shipment of new Rambus products, any delay in the development and shipment of products compatible with Rambus products, a strong response of the market to competing technology, a lack of progress on price and cost reduction by RDRAM suppliers, a failure to sign new contracts or maintain existing contracts for RDRAM, SDRAM-compatible and DDR-compatible ICs, adverse litigation decisions and other factors that are described in our SEC filings including our 10-K and 10-Qs.

RAMBUS INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)
(unaudited)

	Three Months Ended		
	December 31, 2001	September 30, 2001	December 31, 2000
Revenues:			
Contract revenues	$ 3,084	$ 2,833	$ 7,869
Royalties	21,780	25,063	26,848
Total revenues	24,864	27,896	34,717
Costs and expenses:			
Cost of contract revenues	2,158	1,894	2,220

Research and development	5,120	5,035	3,588
Marketing, general & administrative	5,515	5,846	4,968
Litigation expense	4,509	6,808	4,279
Total costs and expenses	17,302	19,583	15,055
Operating income	7,562	8,313	19,662
Other income	1,937	1,987	2,071
Income before income taxes	9,499	10,300	21,733
Provision for income taxes	3,325	3,818	8,693
Net income	$ 6,174	$ 6,482	$ 13,040
Net income per share - basic	$ 0.06	$ 0.06	$ 0.13
Net income per share - diluted	$ 0.06	$ 0.06	$ 0.12
Shares used in per share calculation:			
Basic	100,336	100,190	98,551
Diluted	104,016	102,218	108,560

RAMBUS INC.
CONSOLIDATED BALANCE SHEETS
(in thousands)

	December 31, 2001 (unaudited)	September 30, 2001	December 31, 2000 (unaudited)
ASSETS			
Current assets:			
Cash and cash equivalents	$ 29,465	$ 44,195	$ 71,212
Marketable securities	80,523	85,700	55,507
Accounts receivable	275	2,368	1,788
Prepaid and deferred taxes	8,970	7,665	21,220
Prepaids and other current assets	3,322	3,319	2,977
Total current assets	122,555	143,247	152,704
Property and equipment, net	15,191	15,862	12,161
Marketable securities, less current portion	36,868	12,057	14,599
Restricted investments	12,009	13,605	2,773
Deferred taxes, long-term	39,922	44,275	55,404
Other assets	8,747	8,744	4,071
Total assets	$ 235,292	$ 237,790	$ 241,712
Total cash, cash equivalents, marketable securities and restricted investments	$ 158,865	$ 155,557	$ 144,091
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable			

and other current liabilities	$ 7,111	$ 7,977	$ 10,312
Current portion of deferred revenue	11,319	14,398	21,719
Total current liabilities	18,430	22,375	32,031
Deferred revenue, less current portion	22,406	24,058	24,498
Total liabilities	40,836	46,433	56,529
Stockholders' equity:			
Common stock	100	100	98
Additional paid-in capital	280,062	282,911	295,596
Deferred stock-based compensation	(433)	(461)	(543)
Accumulated deficit	(85,687)	(91,861)	(110,092)
Accumulated other comprehensive gain	414	668	124
Total stockholders' equity	194,456	191,357	185,183
Total liabilities and stockholders' equity	$ 235,292	$ 237,790	$ 241,712

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