# Rambus Reports September Quarter Earnings; Earnings per share of 5 cents with revenue growth of 17% over the same quarter last year

LOS ALTOS, Calif.--Oct. 16, 2003--Rambus Inc. (Nasdaq:RMBS), a leading developer of chip-to-chip interface products and services, today reported financial results for its third quarter ended September 30, 2003. Earnings per share for the September quarter were 5 cents, compared to 6 cents in the same period last year and 4 cents in the previous quarter. Net income for the September quarter was $5.0 million (18% of revenues), compared to $5.9 million in the same period last year and $4.5 million in the previous quarter. Revenue for the quarter was $28.6 million, up 17% over the same period last year and down 2% from the previous quarter.

"Momentum in our RaSer serial link interface product line continues with over 20 customer contracts signed to date," said Geoff Tate, CEO of Rambus Inc. "We've made significant progress this quarter by expanding key programs with companies such as Synopsys, ALi and Denali in establishing our PCI Express serial link solutions in the marketplace. Additionally, our memory interface product lines continue to deliver, with Samsung recently moving its 1200MHz RDRAM chip into mass production, and our recent road map announcement to bring XDR DRAM to PC main memory by 2006."

Third quarter results reflect $4.0 million in contract revenue, up 222% over the same period last year and up 7% from the previous quarter. This increase in contract revenue over last year primarily reflects the contracts signed this year for XDR memory interface and Redwood interface technologies. September quarter results include $24.6 million in royalties, up 6% over the same period last year and down 4% from the previous quarter.

Total costs and expenses in the September quarter decreased 7% from last quarter primarily as a result of a 27% decrease in litigation expense. The increase in cost of contract revenues was driven by the milestones on the contracts for XDR memory interface technology, Redwood interface technology and RaSer interface technology. This increase was partially offset by a decline in research and development. Total costs and expenses were $22.2 million versus $23.9 million last quarter and $17.0 million in the comparable period last year.

Q3 earnings announcement call live on website (www.rambus.com) at 2:00 p.m. PDT. Conference call replay number 800-642-1687 ID number 3283064; replay also available on website.

Replay available for one week, beginning at 5:00 p.m. PDT.

About Rambus

Rambus is one of the world's leading providers of chip-to-chip interface products and services. The company's breakthrough technology and engineering expertise have helped leading chip and system companies to solve their challenging I/O problems and bring industry-leading products to market. Rambus's interface solutions can be found in numerous computing, consumer electronic and networking products. Additional information is available at www.rambus.com.

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, Yellowstone, RaSer or 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 | | | Nine Months Ended | |
|---|---|---|---|---|---|
| | Sept. 30, 2003 | June 30, 2003 | Sept. 30, 2002 | Sept. 30, 2003 | Sept. 30, 2002 |
| Revenues: | | | | | |
| Contract revenues | $4,005 | $3,743 | $1,244 | $11,015 | $4,473 |
| Royalties | 24,555 | 25,452 | 23,236 | 74,819 | 67,228 |
| Total revenues | 28,560 | 29,195 | 24,480 | 85,834 | 71,701 |
| Costs and expenses: | | | | | |
| Cost of contract revenues | 4,247 | 3,348 | 1,819 | 10,805 | 5,447 |
| Research and development | 7,565 | 8,136 | 6,116 | 22,968 | 17,186 |
| Marketing, general & administrative | 5,711 | 6,006 | 6,268 | 17,771 | 18,439 |
| Litigation expense | 4,650 | 6,368 | 2,779 | 18,095 | 6,769 |
| Total costs and expenses | 22,173 | 23,858 | 16,982 | 69,639 | 47,841 |
| Operating income | 6,387 | 5,337 | 7,498 | 16,195 | 23,860 |
| Interest and other income, net | 976 | 1,321 | 1,555 | 5,281 | 4,647 |
| Income before income taxes | 7,363 | 6,658 | 9,053 | 21,476 | 28,507 |
| Provision for income taxes | 2,356 | 2,130 | 3,168 | 6,872 | 9,977 |
| Net income | $5,007 | $4,528 | $5,885 | $14,604 | $18,530 |
| Net income per share - basic | $0.05 | $0.05 | $0.06 | $0.15 | $0.19 |
| Net income per share - diluted | $0.05 | $0.04 | $0.06 | $0.14 | $0.18 |
| Shares used in per share calculations: | | | | | |
| Basic | 97,498 | 97,414 | 97,644 | 97,361 | 98,973 |
| Diluted | 106,001 | 105,498 | 98,749 | 105,044 | 101,313 |

RAMBUS INC.
CONSOLIDATED BALANCE SHEETS
(in thousands)
(unaudited)

| | September 30, 2003 | June 30, 2003 | December 31, 2002 |
|---|---|---|---|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | $11,872 | $59,357 | $28,656 |
| Marketable securities | 42,476 | 37,907 | 36,081 |
| Accounts receivable | 2,987 | 3,935 | 1,080 |
| Prepaid and deferred taxes | 11,154 | 12,005 | 7,824 |
| Prepaids and other current assets | 4,869 | 5,575 | 2,648 |

| | | | |
|---|---|---|---|
| Total current assets | 73,358 | 118,779 | 76,289 |
| Property and equipment, net | 11,210 | 11,746 | 12,375 |
| Marketable securities, long-term | 123,322 | 89,174 | 111,095 |
| Restricted investments | 4,566 | 4,603 | 11,986 |
| Deferred taxes, long-term | 35,355 | 33,431 | 32,777 |
| Other assets | 2,967 | 3,010 | 6,001 |
| Total assets | $250,778 | $260,743 | $250,523 |
| Total cash, cash equivalents, marketable securities and restricted investments | $182,236 | $191,041 | $187,818 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | |
| Current liabilities: | | | |
| Accounts payable and other current liabilities | $10,086 | $11,260 | $10,386 |
| Deferred revenue | 22,593 | 22,692 | 22,218 |
| Total current liabilities | 32,679 | 33,952 | 32,604 |
| Deferred revenue, less current portion | 13,040 | 15,808 | 15,542 |
| Total liabilities | 45,719 | 49,760 | 48,146 |
| Stockholders' equity: | | | |
| Common Stock | 97 | 98 | 97 |
| Additional paid-in capital | 251,522 | 262,402 | 262,839 |
| Deferred stock-based compensation | -- | -- | -- |
| Accumulated other comprehensive gain | 465 | 515 | 1,069 |
| Accumulated deficit | (47,025) | (52,032) | (61,628) |
| Total stockholders' equity | 205,059 | 210,983 | 202,377 |
| Total liabilities and stockholders' equity | $250,778 | $260,743 | $250,523 |

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SOURCE: Rambus Inc