UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

(Mark One)

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2011

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission file number: 000-22339

RAMBUS INC.
(Exact name of registrant as specified in its charter)

Delaware	**94-3112828**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification Number)*
1050 Enterprise Way, Suite 700 **Sunnyvale, California**	**94089**
(Address of principal executive offices)	*(Zip Code)*

Registrant's telephone number, including area code:
(408) 462-8000

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, $.001 Par Value	The NASDAQ Stock Market LLC (The NASDAQ Global Select Market)

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☑

The aggregate market value of the Registrant's Common Stock held by non-affiliates of the Registrant as of June 30, 2011 was approximately $1.3 billion based upon the closing price reported for such date on The NASDAQ Global Select Market. For purposes of this disclosure, shares of Common Stock held by officers and directors of the Registrant and persons that may be deemed to be affiliates under the Act have been excluded. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

The number of outstanding shares of the Registrant's Common Stock, $.001 par value, was 110,272,001 as of January 31, 2012.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information is incorporated into Part III of this report by reference to the Proxy Statement for the Registrant's annual meeting of stockholders to be held on or about April 26, 2012 to be filed with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this Form 10-K.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K ("Annual Report") contains forward-looking statements. These forward-looking statements include, without limitation, predictions regarding the following aspects of our future:

- Success in the markets of our or our licensees' products;
- Sources of competition;
- Research and development costs and improvements in technology;
- Sources, amounts and concentration of revenue, including royalties;
- Success in renewing license agreements;
- Technology product development;
- Outcome and effect of current and potential future intellectual property litigation and other significant litigation;
- Acquisitions, mergers or strategic transactions and our related integration efforts;
- Pricing policies of our licensees;
- Engineering, marketing and general and administration expenses;
- Contract revenue;
- Operating results;
- International licenses and operations;
- Effects of changes in the economy and credit market on our industry and business;
- Deterioration of financial health of commercial counterparties and their ability to meet their obligations to us;
- Ability to identify, attract, motivate and retain qualified personnel;
- Growth in our business;
- Methods, estimates and judgments in accounting policies;
- Adoption of new accounting pronouncements;
- Effective tax rates;
- Realization of deferred tax assets/release of deferred tax valuation allowance;
- Trading price of our Common Stock;
- Internal control environment;
- Corporate governance;

- The level and terms of our outstanding debt;
- Resolution of the governmental agency matters involving us;
- Litigation expenses;
- Protection of intellectual property;
- Terms of our licenses;
- Amounts owed under licensing agreements;
- Indemnification and technical support obligations;
- Issuances of our securities, which could involve restrictive covenants or be dilutive to our existing stockholders;
- Interest and other income, net; and
- Likelihood of paying dividends or repurchasing securities.

You can identify these and other forward-looking statements by the use of words such as “may,” “future,” “shall,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “intends,” “potential,” “continue,” or the negative of such terms, or other comparable terminology. Forward-looking statements also include the assumptions underlying or relating to any of the foregoing statements.

Actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under Item 1A, “Risk Factors.” All forward-looking statements included in this document are based on our assessment of information available to us at this time. We assume no obligation to update any forward-looking statements.

PART I

Rambus, RDRAM™, XDR™, FlexIO™ and FlexPhase™ are trademarks or registered trademarks of Rambus Inc. Other trademarks that may be mentioned in this annual report on Form 10-K are the property of their respective owners.

Industry terminology, used widely throughout this annual report, has been abbreviated and, as such, these abbreviations are defined below for your convenience:

Double Data Rate	DDR
Dynamic Random Access Memory	DRAM
Fully Buffered-Dual Inline Memory Module	FB-DIMM
Gigabits per second	Gb/s
Graphics Double Data Rate	GDDR
Input/Output	I/O
Light Emitting Diodes	LED
Liquid Crystal Display	LCD
Peripheral Component Interconnect	PCI
Rambus Dynamic Random Access Memory	RDRAM™
Single Data Rate	SDR
Synchronous Dynamic Random Access Memory	SDRAM
eXtreme Data Rate	XDR™

From time to time we will refer to the abbreviated names of certain entities and, as such, have provided a chart to indicate the full names of those entities for your convenience.

Advanced Micro Devices Inc.	AMD
Broadcom Corporation	Broadcom
Cryptography Research, Inc.	CRI
Elpida Memory, Inc.	Elpida
Freescale Semiconductor Inc.	Freescale
Fujitsu Limited	Fujitsu
General Electric Company	GE
Global Lighting Technologies, Inc.	GLT
Hewlett-Packard Company	Hewlett-Packard
Hynix Semiconductor, Inc.	Hynix
Infineon Technologies AG	Infineon
Inotera Memories, Inc.	Inotera
Intel Corporation	Intel
International Business Machines Corporation	IBM
Joint Electronic Device Engineering Councils	JEDEC
Lighting and Display Technology	LDT
LSI Corporation	LSI
MediaTek Inc.	MediaTek
Micron Technologies, Inc.	Micron
Mobile Technology Division	MTD
Nanya Technology Corporation	Nanya
New Business Group	NBG
NEC Electronics Corporation	NEC
NVIDIA Corporation	NVIDIA
Qimonda AG (formerly Infineon's DRAM operations)	Qimonda
Panasonic Corporation	Panasonic
Renesas Electronics	Renesas
Samsung Electronics Co., Ltd.	Samsung
Semiconductor Business Group	SBG
Sony Computer Electronics	Sony

Spansion, Inc.	Spansion
ST Microelectronics N.V.	ST Microelectronics
Texas Instruments Inc.	Texas Instruments
Toshiba Corporation	Toshiba

Item 1. *Business*

Rambus Inc., referred to as we, us or Rambus, was founded in 1990 and reincorporated in Delaware in March 1997. Our principal executive offices are located at 1050 Enterprise Way, Suite 700, Sunnyvale, California. Our Internet address is www.rambus.com. You can obtain copies of our Forms 10-K, 10-Q, 8-K, and other filings with the SEC, and all amendments to these filings, free of charge from our website as soon as reasonably practicable following our filing of any of these reports with the SEC. In addition, you may read and copy any material we file with the SEC at the SEC's Public Reference Room at 100 F Street NE, Room 1580, Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet site that contains reports, proxy, and information statements, and other information regarding registrants that file electronically with the SEC at www.sec.gov.

We are a premier intellectual property and technology licensing company focusing on the creation, design, development and licensing of patented innovations, technologies and architectures that are foundational to nearly all digital electronics products and systems. Our mission is to continuously enrich the end-user experience of electronic systems through groundbreaking innovations and technologies designed to improve the performance, power efficiency, time-to-market and cost-effectiveness of the products, components and systems offered by market-leading companies in semiconductors, computing, tablets, handheld devices, mobile applications, gaming and graphics, high definition televisions, or HDTVs, and displays, general lighting, cryptography and data security. Our inventors and engineering teams focus on creating innovations designed to address the most challenging demands of each target market and industry.

We generate revenue by licensing our patented innovations and technologies to market-leading companies that provide their products to the end-user customers or consumers. We believe we have established an unparalleled licensing platform and business model that will continue to foster the development of new foundational and leading innovations and technologies. By continuing to build upon this platform, our goal is to create additional licensing opportunities, and thereby perpetuate strong company operating performance and long-term stockholder value.

While we have historically focused our efforts in the development of technologies for electronics memory and chip interfaces, we have been expanding our portfolio of inventions and solutions to address additional markets in lighting, displays, chip and system security, digital media, as well as new areas within the semiconductor industry, such as imaging and non-volatile memory. We intend to continue our growth into new technology fields, consistent with our mission to create great value through our innovations and to make those technologies available through our licensing business model. Key to our efforts, both in our current businesses and in any new area of diversification, will be hiring and retaining world-class inventors, scientists and engineers to lead the development of inventions and technology solutions for these fields of focus, and the management and business support personnel necessary to execute our plans and strategies.

Rambus has two business groups: the Semiconductor Business Group, or SBG, which focuses on the design, development and licensing of technology that is semiconductor based, and the New Business Group, or NBG, which focuses on the design, development and licensing of technologies for lighting, displays, chip and system security, anti-counterfeiting, digital media and other markets.

As of December 31, 2011, our semiconductor, lighting, display, security and other technologies are covered by 1,386 U.S. and foreign patents. Additionally, we have 1,059 patent applications pending. Some of the patents and pending patent applications are derived from a common parent patent application or are foreign counterpart patent applications. We have a program to file applications for and obtain patents in the United States and in selected foreign countries where we believe filing for such protection is appropriate and would further our overall business strategy and objectives. In some instances, obtaining appropriate levels of protection may involve prosecuting continuation and counterpart patent applications based on a common parent application. We believe that our patented innovations provide our customers means to achieve improved performance, lower risk, greater cost-effectiveness and other benefits in their products and services.

Our patented inventions and technology solutions are offered to our customers through either a patent license or a solutions license. Our revenues are primarily derived from patent licenses, through which we provide our customers a license to use some specified portion of our broad portfolio of patented inventions. The patent license essentially provides our customers with a defined right to use our patented innovations in the customer's own digital electronics products, systems or services, as applicable. The patent

licenses may also define the specific field of use where our customers may employ our inventions in their products. Patent license agreements are structured with fixed, variable or a hybrid of fixed and variable royalty payments over certain defined periods.

We also offer our customers solutions licenses to support the implementation and adoption of our technology in their products or services. Our solutions license offerings include a range of solutions developed by Rambus, which include “leadership” solutions (which are Rambus-proprietary solutions widely licensed to our customers) and industry-standard solutions that we provide to our customers under license for incorporation into our customers’ digital electronics products and systems. We offer a range of services as part of our solutions licenses which can include know-how and technology transfer, product design and development, system integration, supply chain consulting and other services. These solutions license agreements may have both a fixed price (non-recurring) component and ongoing royalties. Further, under solutions licenses, our customers typically receive licenses to our patents necessary to implement these solutions in their products with specific rights and restrictions to the applicable patents elaborated in their individual contracts with us.

Background

Semiconductor Technology

The demand for increased performance in computers, tablets, smartphones, consumer electronics and other electronic systems rises dramatically with each passing year. Semiconductor and system designers face key challenges in sustaining this pace of innovation. Since battery technology improves modestly over time, mobile device designers face adding increased functionality and higher performance with only small increases in power budget. For plug-in systems, there is a strong desire to reduce power consumption for both economic and environmental reasons while still providing increased computing capability and more visually compelling displays. At the chip level, it becomes increasingly difficult to maintain signal integrity and power efficiency as data transfer speeds rise to support more powerful, multi-core processors.

To address these challenges and enable the continued improvement of electronics systems requires ongoing innovation. The many contributions and patented innovations developed by Rambus’ scientists and engineers have been, and continue to be, critical in addressing some of the most difficult chip and system challenges. We have developed what we believe are the world’s fastest memory solutions delivering breakthrough performance at unmatched power efficiency. Our patented innovations can deliver the memory bandwidth and throughput needed to unleash the potential of multi-core processors.

Lighting and Display Technology

The continued evolution of the LED as a bright, reliable and energy-efficient light source creates significant market opportunities in consumer electronics and in general lighting. Harnessing the benefits of LEDs, however, presents a new set of challenges for companies that offer and provide electronics and lighting products and solutions. Since LED backlighting solutions are increasingly pervasive in liquid crystal displays, or LCDs, for computers, smartphones, tablets, game systems, HDTVs and any user interface incorporating an active display, the continued move to higher resolution displays across these products requires more LEDs per system. The increased usage of LEDs is thereby creating a need for increased power efficiency since the LED backlight is the primary source of power consumption in many consumer electronics products, including smartphones. While LEDs may offer the promise of long operating life, energy efficiency and improved aesthetics, there are significant technical challenges with the adoption of LEDs that relate to their comparatively high cost, illumination effectiveness and design and form factor constraints. These challenges present a significant market opportunity for Rambus.

We believe that our patented innovations in lighting and display technologies represent significant value to applications, products and systems that use or will adopt LED-based lighting. For example, our patented innovations in backlighting can enable what we believe to be some of the thinnest, most power-efficient and cost-effective LCD displays for smartphones, tablets, computers and HDTVs. In addition, our goal is that our patented innovations and technologies in general lighting will offer revolutionary and breakthrough solutions that will provide exceptional quality and control of illumination in form factors unconstrained by legacy lighting products and systems. We believe that these breakthrough patented innovations and technologies advance our mission of enriching the consumer experience of electronic products and systems and represent additional significant licensing opportunities in growing markets. We continue to focus significant resources and effort to help bring these new products to market under solutions license agreements with leading companies in the industry.

Chip and System Security Technology

As electronics systems grow increasingly sophisticated, the information and data stored and transferred through these devices increases in value. For example, smartphones and game systems store personal data, conduct financial transactions and e-commerce, and deliver copyrighted content including movies, music and games. Unless these systems can be made reliably secure, their usefulness to consumers and content owners decreases dramatically. Examples of high profile security breaches of electronics products and systems clearly illustrate the critical importance of data and information security. Security is also a significant risk and concern for companies that offer branded accessories and consumables, such as printing peripherals and consumable inks. Counterfeit products have the effect of decreasing earning potential, damaging a company's brand image and exposing consumers to low quality or defective goods. Proper security measures may be used to effectively eliminate certain types of counterfeiting through the use of encryption related technologies.

Through our acquisition of CRI, we own a portfolio of patented inventions and technology solutions that we believe provide an unrivaled level of security in electronic devices and systems. CRI's patented DPA countermeasures are critical in designing secure semiconductors and products, and are used to protect devices against side channel attacks such as monitoring the variations in power consumption or electromagnetic emissions of a device. In addition, CRI's CryptoFirewall cores provide a robust hardware-based solution to protect electronics systems from the full range of attacks. We believe our hardware level security is vastly superior to many software-based security solutions, and provides a robust platform for building effective security applications.

Additional Technologies

Consistent with our mission of continuously enriching the end-user experience of electronic systems, Rambus' scientists and engineers are focusing on inventing, developing and expanding our patented innovations and solutions into new technology areas. As electronic systems continue their rapid evolution, new opportunities for innovation abound, which offer new avenues for licensing and long-term growth.

Our Offerings

Patented Innovations

Royalties represent a substantial majority of our total revenue. We derive the majority of our royalty revenue by licensing our broad portfolio of patents to our customers. These licenses may cover part or all of our patent portfolio across our breadth of technologies. Leading semiconductor and system companies such as AMD, Broadcom, Elpida, Freescale, Fujitsu, Intel, Panasonic, Renesas, Samsung and Toshiba have licensed our patents for use in their own products. Examples of the many patented innovations in our portfolio include, and have included:

Dual Edge Clocking which is designed to allow data to be sent on both the leading and trailing edge of the clock pulse, effectively doubling the transfer rate out of a memory core without the need for higher system clock speeds.

FlexPhase™ technology which synchronizes data output and compensates for circuit timing errors in high-speed memory systems.

Module Threading which improves the throughput and power efficiency of a memory module by applying parallelism to module data accesses.

MicroLens® optics technology which is used in LED edge-lit lighting applications delivers superior brightness, directional control and uniformity of illumination.

TruEdge™ technology which provides for the highly-efficient transfer of light from LEDs into a light guide used to distribute the light

Differential Power Analysis (“DPA”) Countermeasures which secure electronic devices and systems from side-channel attacks seeking to access the encrypted key.

Technology Solutions and Enabling Services

We license a range of technology solutions including our leadership and industry-standard solutions to customers for use in their digital electronics products and systems. Our customers include leading companies such as Elpida, GE, IBM, Panasonic, Samsung, Sony and Toshiba. Due to the often complex nature of implementing our technologies, we provide engineering services under certain of these licenses to help our customers successfully integrate our technology solutions into their semiconductor and system products. Licensees may also receive, in addition to their solutions license agreements, patent licenses as necessary to implement the technology in their products with specific rights and restrictions to the applicable patents elaborated in their individual contracts.

Our leadership technology solutions include the XDR™ and XDR™2 memory architectures, the FlexIO™ processor bus, Pentelic™ lighting solutions, and the CryptoFirewall™ security core.

The XDR™ Memory Architecture enables what we believe to be the world’s fastest production DRAM with operation up to 7.2Gb/s. XDR™ DRAM is the main memory solution for Sony Computer Entertainment’s PlayStation®3 as well as for Texas Instrument’s latest generation of Digital Light Processing, or DLP, projectors.

The XDR™2 Memory Architecture incorporates new innovations, including DRAM micro-threading, to deliver the world’s highest performance for graphics intensive applications such as gaming and digital video.

The FlexIO™ Processor Bus is a high speed chip-to-chip interface. It is one of our two key chip interface products that enable the Cell BE processor co-developed by Sony, Toshiba and IBM. In the PlayStation®3, the FlexIO™ bus provides the interface between the Cell BE, the RSX graphics processor and the SouthBridge chip.

The Pentelic™ Lighting Solutions offer superior efficiency, control of light directionality and freedom of design to create beautiful and functional LED-based lighting products.

The CryptoFirewall™ Security Core delivers an unmatched level of protection for digital media, such as in pay TV systems, and for protection against counterfeiting of accessories and consumables.

In our semiconductor business, we also offer industry-standard chip interface solutions, including DDRx (where the “x” is a number that represents a version), as well as digital logic controllers for PCI Express and other industry standard interfaces.

Design and Manufacturing

Our technology solutions are developed with high-volume commercial manufacturing processes in mind. Our solutions can be delivered in a number of ways, from reference designs to full turnkey custom developments. A reference design engagement might include an architectural specification, data sheet, theory of operation and implementation guides. A custom development would entail a specific design implementation optimized for the licensee’s manufacturing process. In some cases, we may provide supply chain enablement services where we assist our customers in designing and establishment of certain manufacturing processes to implement our technologies in their product offerings.

Target Markets, Applications and Customers

We work with leading and emerging semiconductor and digital electronics products and system customers to enable their products and services. We engage with our customers across the entire product life cycle, from system architecture development, to component design, to system integration, to production ramp-up through product maturation. Our patented innovations and technologies are incorporated into a broad range of high-volume applications in computing, gaming and graphics, lighting, consumer electronics, and mobile markets. System level products that utilize our patented inventions and/or solutions include smartphones, tablets, personal computers, servers, printers, video projectors, game systems, HDTVs, TV set-top boxes and LED-based lighting offered by such companies as DIRECTV, Fujitsu, GE, IBM, Panasonic, Samsung, Sony and Toshiba.

Our Strategy

The key elements of our strategy are as follows:

Innovate: Develop and patent our innovative technology to provide fundamental competitive advantage when incorporated into semiconductors, and digital electronics products and systems.

Drive Adoption: Communicate the advantages of our patented innovations and technologies to the industry and encourage its adoption through demonstrations and incorporation in the products of select customers.

Monetize: License our patented inventions and technology solutions to customers for use in their semiconductor and system products.

We believe that the successful execution of this strategy requires an exceptional and unparalleled licensing platform and business model that relies on the skills and talent of our employees. Accordingly, we seek to hire and retain world class scientific and engineering expertise in all of our fields of technological focus, as well as the executive management and operating personnel required to successfully execute our business strategy. In order to attract the quality of employees required for this business model, we have created an environment and culture that encourages, fosters and supports research, development and innovation in breakthrough technologies with significant opportunities for broad industry adoption through licensing. We believe that we have created a compelling company for inventors and innovators who are able to work within a business model and platform that focuses on intellectual property development and licensing to drive strong future growth.

Research and Development

Our ability to compete in the future will be substantially dependent on our ability to develop and patent key innovations that meet the future needs of a dynamic market. To this end, we have assembled a team of highly skilled engineers and scientists whose activities are focused on continually developing new innovations within our chosen technology fields. Using this foundation of patented innovations, our technical teams develop new solutions that enable increased performance, greater power efficiency, increased levels of security, as well as other improvements and benefits. Our solution design and development process is a multi-disciplinary effort requiring expertise in system architecture, digital and analog circuit design and layout, semiconductor process characteristics, packaging, printed circuit board routing, signal integrity, high-speed testing techniques, optical design, thermal management, material science, cryptography, software design and development, and system integration.

As of December 31, 2011, we had approximately 280 employees in our engineering departments, representing approximately 62% of our total employees. A significant number of our scientists and engineers spend all or a portion of their time on research and development. For the years ended December 31, 2011, 2010 and 2009, research and development expenses were $115.7 million, $92.7 million and $67.3 million, respectively, including stock-based compensation of approximately $10.5 million, $10.2 million and $9.7 million, respectively. For the year ended December 31, 2011, research and development expenses also included $15.7 million for retention bonuses for CRI engineers who joined Rambus in June 2011. Since innovation is critical to our future success, we expect to continue to invest substantial funds in research and development activities. In addition, because our license and support agreements often call for us to provide engineering support, a portion of our total engineering costs are allocated to the cost of contract revenue.

Competition

The electronics industry is intensely competitive and has been impacted by price erosion, rapid technological change, short product life cycles, cyclical market patterns and increasing foreign and domestic competition. We face competition from semiconductor and digital electronics products and systems companies, as well as other intellectual property companies, all of whom may provide their own technologies.

We believe that our principal competition for our technologies may come from our prospective licensees, some of whom are evaluating and developing products based on technologies that they contend or may contend will not require a license from us. Some of our competitors use a system-level design approach similar to ours, including activities such as board and package design, power

and signal integrity analysis, and thermal management. Many of these companies are larger and may have better access to financial, technical and other resources than we possess.

To the extent that alternatives might provide comparable system performance at lower than or similar cost to our technologies, or are perceived to require the payment of no or lower royalties, or to the extent other factors influence the industry, our licensees and prospective licensees may adopt and promote alternative technologies. Even to the extent we determine that such alternative technologies infringe our patents, there can be no assurance that we would be able to negotiate agreements that would result in royalties being paid to us without litigation, which could be costly and the results of which would be uncertain. Litigation has been, and may continue to be required to enforce and protect our intellectual property rights, as well as the substantial investments undertaken to research and develop our innovations and technologies.

Employees

As of December 31, 2011, we have 456 employees. None of our employees are covered by collective bargaining agreements. As noted above, we believe that our future success is dependent on our continued ability to identify, attract, motivate and retain qualified personnel. To date, we believe that we have been successful in recruiting qualified employees and that our relationship with our employees is good.

Patents and Intellectual Property Protection

We maintain and support an active program to protect our intellectual property, primarily through the filing of patent applications and the defense of issued patents against infringement. As of December 31, 2011, we have 1,386 U.S. and foreign patents on various aspects of our technology, with expiration dates ranging from 2012 to 2030, and we have 1,059 pending patent applications. These patents and patent applications cover important inventions in semiconductor, lighting, display, security and other technologies. Some of the patents and pending patent applications are derived from a common parent patent application or are foreign counterpart patent applications. We have a program to file applications for and obtain patents in the United States and in selected foreign countries where we believe filing for such protection is appropriate and would further our overall business strategy and objectives. In some instances, obtaining appropriate levels of protection may involve prosecuting continuation and counterpart patent applications based on a common parent application. In addition, we attempt to protect our trade secrets and other proprietary information through agreements with current and prospective licensees, and confidentiality agreements with employees and consultants and other security measures. We also rely on trademarks and trade secret laws to protect our intellectual property.

Business Segment Data, Customers and Our Foreign Operations

Prior to 2010, we operated in a single industry segment, the design, development and licensing of memory and logic interfaces, lighting and optoelectronics, and other technologies. In 2010, we reorganized, and as a result, currently have two business groups: SBG which focuses on the design, development and licensing of technology that is semiconductor based, and NBG which focuses on the design, development and licensing of technologies for lighting, displays, chip and system security, anti-counterfeiting, digital media and other markets. As of December 31, 2011, only SBG was considered a reportable segment as it met the quantitative thresholds for disclosure as a reportable segment. All other remaining operating segments did not meet the quantitative thresholds for disclosure as reportable segments.

Information concerning revenue, results of operations and revenue by geographic area is set forth in Item 6, “Selected Financial Data,” in Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and in Note 14, “Business Segments and Major Customers,” of Notes to Consolidated Financial Statements of this Form 10-K, all of which are incorporated herein by reference. Information concerning identifiable assets is also set forth in Note 14, “Business Segments and Major Customers,” of Notes to Consolidated Financial Statements of this Form 10-K. Information on customers that comprise 10% or more of our consolidated revenue and risks attendant to our foreign operations is set forth below in Item 1A, “Risk Factors.”

Our Executive Officers

Information regarding our executive officers and their ages and positions as of February 23, 2012, is contained in the table below. Our executive officers are appointed by, and serve at the discretion of, our Board of Directors. There is no family relationship between any of our executive officers.

Name	Age	Position and Business Experience
Sharon E. Holt	47	Senior Vice President, GM, Semiconductor Business Group. Ms. Holt has served in her current position (formerly titled Senior Vice President, Licensing and Marketing and Senior Vice President, Worldwide Sales, Licensing and Marketing) since joining us in August 2004. From November 1999 to July 2004, Ms. Holt held various positions at Agilent Technologies, Inc., an electronics instruments and controls company, most recently as vice president and general manager, Americas Field Operations, Semiconductor Products Group. Prior to Agilent Technologies, Inc., Ms. Holt held various engineering, marketing, and sales management positions at Hewlett-Packard Company, a hardware manufacturer. Ms. Holt holds a B.S. in Electrical Engineering, with a minor in Mathematics, from the Virginia Polytechnic Institute and State University.
Harold Hughes	66	Chief Executive Officer and President. Mr. Hughes has served as our chief executive officer and president since January 2005 and as a director since June 2003. He served as a United States Army Officer from 1969 to 1972 before starting his private sector career with Intel Corporation. Mr. Hughes held a variety of positions within Intel Corporation from 1974 to 1997, including treasurer, vice president of Intel Capital, chief financial officer, and vice president of Planning and Logistics. Following his tenure at Intel, Mr. Hughes was the chairman and chief executive officer of Pandesic, LLC. He holds a B.A. from the University of Wisconsin and an M.B.A. from the University of Michigan. He also serves as a director of Berkeley Technology, Ltd.
Thomas R. Lavelle	61	Senior Vice President and General Counsel. Mr. Lavelle has served in his current position since December 2006. Previous to that, Mr. Lavelle served as vice president and general counsel at Xilinx, one of the world's leading suppliers of programmable chips. Mr. Lavelle joined Xilinx in 1999 after spending more than 15 years at Intel Corporation where he held various positions in the legal department. Mr. Lavelle earned a J.D. from Santa Clara University School of Law and a B.A. from the University of California at Los Angeles.
Christopher M. Pickett	45	Senior Vice President, Licensing. Mr. Pickett has served in his current position since September 2010. Previous to that, Mr. Pickett served as our senior vice president, Licensing, Lighting Technology since joining us in December 2009. Prior to Rambus, he was the president of the Licensing Division and general counsel at Global Lighting Technologies, Inc. where he helped to launch the strategy and develop the business plan for separating R&D/IP assets from Global Lighting Technologies, Inc.'s manufacturing company. Prior to Global Lighting, Mr. Pickett worked for almost 13 years at Tessera Technologies, Inc. where he defined and implemented its licensing business. His last position at Tessera was executive vice president of Licensing and, earlier on, he served as general counsel. Prior to Tessera, Mr. Pickett worked at several San Jose based patent law firms. Mr. Pickett is a member of the California Bar and the U.S. Patent Bar. He received a bachelor of science degree in Electrical Engineering from California Polytechnic State University, San Luis Obispo, and a J.D. from the University of San Francisco.

Satish Rishi	52	Senior Vice President, Finance and Chief Financial Officer. Mr. Rishi joined us in his current position in April 2006. Prior to joining us, Mr. Rishi held the position of executive vice president of Finance and chief financial officer of Toppan Photomasks, Inc., (formerly DuPont Photomasks, Inc.) one of the world's leading photomask providers, from November 2001 to April 2006. During his 25-year career, Mr. Rishi has held senior financial management positions at semiconductor and electronic manufacturing companies. He served as vice president and assistant treasurer at Dell Inc. Prior to Dell, Mr. Rishi spent 13 years at Intel Corporation, where he held financial management positions both in the United States and overseas, including assistant treasurer. Mr. Rishi holds a B.S. with honors in Mechanical Engineering from Delhi University in Delhi, India and an M.B.A. from the University of California at Berkeley's Haas School of Business. He also serves as a director of Measurement Specialties, Inc.
Michael Schroeder	52	Senior Vice President, Human Resources. Mr. Schroeder has served as our Senior Vice President, Human Resources since January 2011 and as our Vice President, Human Resources since joining us in June 2004. From April 2003 to May 2004, Mr. Schroeder was vice president, Human Resources at DigitalThink, Inc., an online service company. From August 2000 to August 2002, Mr. Schroeder served as vice president, Human Resources at Alphablox Corporation, a software company. From August 1992 to August 2000, Mr. Schroeder held various positions at Synopsys, Inc., a software and programming company, including vice president, California Site Human Resources, group director Human Resources, director Human Resources and employment manager. Mr. Schroeder attended the University of Wisconsin, Milwaukee and studied Russian.
Martin Scott, Ph.D.	56	Senior Vice President, GM, New Business Group. Dr. Scott has served in his current position (formerly titled Senior Vice President, Research and Technology Development) since December 2006. Dr. Scott joined us from PMC-Sierra, Inc., a provider of broadband communications and storage integrated circuits, where he was most recently vice president and general manager of its Microprocessor Products Division from March 2006. Dr. Scott was the vice president and general manager for the I/O Solutions Division (which was purchased by PMC-Sierra) of Avago Technologies Limited, an analog and mixed signal semiconductor components and subsystem company, from October 2005 to March 2006. Dr. Scott held various positions at Agilent Technologies, including as vice president and general manager for the I/O Solutions division from October 2004 to October 2005, when the division was purchased by Avago Technologies, vice president and general manager of the ASSP Division from March 2002 until October 2004, and, before that, Network Products operation manager. Dr. Scott started his career in 1981 as a member of the technical staff at Hewlett Packard Laboratories and held various management positions at Hewlett Packard and was appointed ASIC business unit manager in 1998. He earned a B.S. from Rice University and holds both an M.S. and Ph.D. from Stanford University.

Item 1A. ***Risk Factors***

RISK FACTORS

Because of the following factors, as well as other variables affecting our operating results, past financial performance may not be a reliable indicator of future performance, and historical trends should not be used to anticipate results or trends in future periods. See also “Special Note Regarding Forward-Looking Statements” elsewhere in this report.

Risks Associated With Our Business, Industry and Market Conditions

If market leaders do not adopt our innovations, our results of operations could decline.

An important part of our strategy is to penetrate our target market segments by working with leaders in those market segments. This strategy is designed to encourage other participants in those segments to follow such leaders in adopting our innovations. If a high profile industry participant adopts our innovations but fails to achieve success with its products or adopts and achieves success with a competing technology, our reputation and sales could be adversely affected. In addition, some industry participants have adopted, and others may in the future adopt, a strategy of disparaging our solutions adopted by their competitors or a strategy of otherwise undermining the market adoption of our solutions.

We target market-leading companies to adopt our technologies, particularly those that develop and market high volume business and consumer products in semiconductors, computing, tablets, handheld devices, mobile applications, gaming and graphics, high definition televisions (“HDTVs”) and displays, general lighting, cryptography and data security. We have diversified our technologies through the establishment of our NBG operations and will continue to seek out other target markets in and related to computing, gaming and graphics, consumer electronics, mobile, general lighting, and security applications. We are subject to many risks beyond our control that influence whether or not a potential licensee or partner company will adopt our technologies, including, among others:

- competition faced by a company in its particular industry;
- the timely introduction and market acceptance of a company’s products;
- the engineering, sales and marketing and management capabilities of a company;
- technical challenges unrelated to our innovations faced by a company in developing its products;
- the financial and other resources of a company; and
- the degree to which our licensees promote our innovations to their customers.

There can be no assurance that consumer products that currently use our technology will continue to do so, nor can there be any assurance that the consumer products that incorporate our technology will be successful in their markets in order to generate expected royalties. If market leaders do not successfully adopt our technologies for any of these reasons, our strategy may not be successful and, as a result, our results of operations could decline.

We have traditionally operated in the semiconductor industry that is highly cyclical and in which the number of our potential customers may be in decline as a result of industry consolidation, and we face intense competition in all of our target markets that may cause our results of operations to suffer.

The semiconductor industry is intensely competitive and has been impacted by price erosion, rapid technological change, short product life cycles and cyclical market patterns. Significant economic downturns characterized by diminished demand, erosion of average selling prices, production overcapacity and production capacity constraints can affect the highly cyclical semiconductor industry. The economic downturn of the past several years and the threats of further regional or worldwide downturn are evident today. As a result, we may achieve a reduced number of licenses, tightening of customers’ operating budgets, difficulty or inability of

our customers to pay our licensing fees, extensions of the approval process for new licenses and consolidation among our customers, all of which may adversely affect the demand for our technology and may cause us to experience substantial period-to-period fluctuations in our operating results.

Many of our customers operate in industries that experience significant declines as a result of the recent economic downturns. In particular, DRAM manufacturers, which make up many of our existing and potential licensees, have suffered material losses and other adverse effects to their businesses. These factors may result in industry consolidation as companies seek to reduce costs and improve profitability through business combinations. Consolidation among our existing DRAM and other customers may result in loss of revenues under existing license agreements. Consolidation among companies in the DRAM and other industries within which we license our technology may reduce the number of future licensees for our products and services. In either case, consolidation in the DRAM and other industries in which we operate may negatively impact our short-term and long-term business prospects, licensing revenues and results of operations.

We face competition from semiconductor and intellectual property companies who provide their own DDR memory chip interface technology and solutions. In addition, most DRAM manufacturers, including our XDR™ licensees, produce versions of DRAM such as SDR, DDRx, GDDRx SDRAM and LPDDRx which compete with XDR™ chips. We believe that our principal competition for memory chip interfaces may come from our licensees and prospective licensees, some of which are evaluating and developing products based on technologies that they contend or may contend will not require a license from us. In addition, our competitors are also taking a system approach similar to ours in seeking to solve the application needs of system companies. Many of these companies are larger and may have better access to financial, technical and other resources than we possess. Wider applications of other developing memory technologies, including FLASH memory, may also pose competition to our licensed memory solutions.

JEDEC has standardized what it calls extensions of DDR, known as DDR2 and DDR3. Other efforts are underway to create other products including those sometimes referred to as GDDR4 and GDDR5, as well as new ways to integrate products such as system-in-package DRAM. To the extent that these alternatives might provide comparable system performance at lower or similar cost than XDR™ memory chips, or are perceived to require the payment of no or lower royalties, or to the extent other factors influence the industry, our licensees and prospective licensees may adopt and promote alternative technologies. Even to the extent we determine that such alternative technologies infringe our patents, there can be no assurance that we would be able to negotiate agreements that would result in royalties being paid to us without litigation, which could be costly and the results of which would be uncertain.

We also face competitive threats to our NBG operations. The display industry is intensely competitive and is impacted by rapid technological change, shifting government mandates, cyclical market patterns and increasing foreign and domestic competition. In particular, our LDT group faces competition from system and subsystem providers of backlighting and general lighting solutions, some of which have substantial resources and operations. The security technology industry also faces robust competition. Our CRI group acquired in 2011 faces competition from large semiconductor manufacturers and other companies that offer various security solutions, including hardware with on-chip security features, software based offerings and other products and services. Potential competitors may either develop their own competing offerings or acquire assets, companies or businesses that provide products or services that compete with our security technologies.

If for any of these reasons we cannot effectively compete in these primary markets, our results of operations could suffer.

If we do not succeed in developing our new businesses, our results of operations may be adversely affected.

The future success of NBG, which includes our LDT, CRI and MTD groups, depends on our ability to develop new or emerging licensing opportunities, diversify our business into lighting and displays, data security, mobile communications and additional semiconductor technologies.

For our LDT group, we will be required to improve the visual capabilities, form factor, power efficiency and cost-effectiveness of backlighting of LCD displays in products for computing, gaming and graphics, consumer electronics, mobile and general lighting applications. We will need to keep pace with rapid changes in advanced lighting and optoelectronics technology, changing consumer requirements, new product introductions and evolving industry standards, any of which could render our existing technology obsolete if we fail to respond in a timely manner. The extent to which companies in the general lighting industry adopt solid state lighting and license our lighting technologies, and the timing of such adoption and licensing, if it occurs at all, is subject to many factors beyond

our control and is not predictable by us. We are subject to many risks beyond our control that influence whether or not a potential licensee or partner company will adopt and license our lighting technologies.

For CRI, we will be required to continue to develop and provide robust data security technologies that are effective for licensees. Licensing of data security technologies also presents challenges in the face of intense competition. CRI will be required to continue to license DPA countermeasures and other security technologies, and develop new security technologies in order to grow market acceptance and revenue.

Our MTD is another emerging business within NBG. To date, our MTD group has not generated any revenue, but our intent is to grow MTD in order to provide innovative software and technological solutions to satisfy the anticipated requirements of developers, chip suppliers and manufacturers in the market for mobile products. If the development of our MTD business does not occur, our ability to achieve success in this market may be limited, and this may in turn adversely affect our potential for long term revenue growth.

The development, application and licensing of new technologies in lighting display, security and mobile technology is a complex process subject to a number of uncertainties, including the integration of our new businesses into the rest of our company. Our competitors have significant marketing, workforce, financial and other resources and longer operating history which could make acceptance of our lighting, data security and mobile technologies more difficult. If others develop innovative technologies that are superior to ours or if we fail to accurately anticipate technology and market trends, respond on a timely basis with our own new enhancements and technology and achieve broad market acceptance of these enhancements and technology, our competitive position may be harmed and our operating results may be adversely affected.

In order to grow, we may have to invest more resources in research and development than anticipated, which could increase our operating expenses and negatively impact our operating results.

If new competitors, technological advances by existing competitors, our entry into new markets and/or development of new technologies or other competitive factors require us to invest significantly greater resources than anticipated in our research and development efforts, our operating expenses would increase. For the years ended December 31, 2011, 2010 and 2009, research and development expenses were $115.7 million, $92.7 million and $67.3 million, respectively, including stock-compensation of approximately $10.5 million, $10.2 million and $9.7 million, respectively. For the year ended December 31, 2011, research and development expenses also included $15.7 million for retention bonuses for CRI engineers who joined Rambus in June 2011. If we are required to invest significantly greater resources than anticipated in research and development efforts without an increase in revenue, our operating results could decline. Research and development expenses are likely to fluctuate from time to time to the extent we make periodic incremental investments in research and development, including as a result of our investment in new technologies. In order to grow, including entering new markets and/or developing new technologies, we anticipate that we will continue to devote substantial resources to research and development. We expect these expenses to increase in absolute dollars in the foreseeable future due to the increased complexity and the greater number of technologies under development as well as selectively hiring additional employees.

Our revenue is concentrated in a few customers, and if we lose any of these customers, our revenue may decrease substantially.

We have a high degree of revenue concentration. Our top five licensees represented approximately 66%, 85% and 77% of our revenues for the years ended December 31, 2011, 2010 and 2009, respectively. For the years ended December 31, 2011, revenues from Elpida, NVIDIA and Samsung, each accounted for 10% or more of our revenue. For the year ended December 31, 2010, revenue from Elpida and Samsung, each accounted for 10% or more of our total revenue. For the year ended December 31, 2009, revenue from AMD, Fujitsu, NEC, Panasonic and Toshiba, each accounted for 10% or more of our total revenue. As a result of our settlement with Samsung in January 2010, Samsung accounted for a significant portion of our ongoing licensing revenue since 2010 as reflected above. We expect to continue to experience significant revenue concentration for the foreseeable future.

In addition, some of our commercial agreements require us to provide certain customers with the lowest royalty rate that we provide to other customers for similar technologies, volumes and schedules. These clauses may limit our ability to effectively price differently among our customers, to respond quickly to market forces, or otherwise to compete on the basis of price. The particular licensees which account for revenue concentration have varied from period to period as a result of the addition of new contracts, expiration of

existing contracts, renewal of existing contracts, industry consolidation, including the combination in 2010 of NEC and Renesas, and the volumes and prices at which the licensees have recently sold licensed semiconductors to system companies. These variations are expected to continue in the foreseeable future.

We continue to be in negotiations with licensees and prospective licensees to reach patent license agreements for DRAM devices and DRAM controllers. We expect that patent license royalties will continue to vary from period to period based on our success in renewing existing license agreements and adding new licensees, as well as the level of variation in our licensees' reported shipment volumes, sales price and mix, offset in part by the proportion of licensee payments that are fixed. A number of our material license agreements are scheduled to expire in 2015. However, we cannot provide any assurance that we will reach agreement on renewal terms or that the royalty rates we will be entitled to receive under the new agreements will be as favorable to us as our current agreements. If we are unsuccessful in renewing any of these patent license agreements, our results of operations may decline significantly.

If we cannot respond to rapid technological change in our target markets by developing new innovations in a timely and cost-effective manner, our operating results will suffer.

We derive most of our revenue from our chip interface technologies that we have patented. We expect that this dependence on our fundamental technology will continue for the foreseeable future. The semiconductor industry is characterized by rapid technological change, with new generations of semiconductors being introduced periodically and with ongoing improvements. The introduction or market acceptance of competing chip interfaces that render our chip interfaces less desirable or obsolete would have a rapid and material adverse effect on our business, results of operations and financial condition. The announcement of new chip interfaces by us could cause licensees or system companies to delay or defer entering into arrangements for the use of our current chip interfaces, which could have a material adverse effect on our business, financial condition and results of operations.

Our success depends on our ability to introduce and patent enhancements and new generations of our chip interface technologies that keep pace with other changes in the semiconductor industry and which achieve rapid market acceptance. We must devote significant engineering resources to addressing the need for higher speed chip interfaces associated with increases in the speed of microprocessors and other controllers. The technical innovations that are required for us to be successful are inherently complex and require long development cycles, and there can be no assurance that our development efforts will ultimately be successful. In addition, these innovations must be:

- completed before changes in the semiconductor industry render them obsolete;
- available when system companies require these innovations; and
- sufficiently compelling to cause semiconductor manufacturers to enter into licensing arrangements with us to implement these new technologies.

In all of our target markets, significant technological innovations generally require a substantial investment before their commercial viability can be determined. There can be no assurance that we have accurately estimated the amount of resources required to complete our innovation efforts, or that we will have, or be able to expend, sufficient resources required for the development of our innovations. In addition, there is market risk associated with these products for which we develop technological innovations, and there can be no assurance that unit volumes, and their associated royalties, will occur. If our technology fails to capture or maintain a portion of the high volume target consumer market, our business results could suffer.

Security breaches or vulnerabilities in our data security technologies could harm our reputation, result in financial losses and divert resources.

Because the techniques used by hackers to access or sabotage secure chip and other technologies change frequently and generally are not recognized until launched against a target, we may be unable to anticipate these techniques and may not address them in our CRI data security technologies. Furthermore, our data security technologies may also fail to detect or prevent security breaches due to a number of reasons such as the evolving nature of such threats and the continual emergence of new threats. An actual or perceived security breach of our licensees or their end-customers, regardless of whether the breach is attributable to the failure of our data

security technologies, could adversely affect the market's perception of our security technologies. We may not be able to correct any security flaws or vulnerabilities promptly, or at all. Any breaches, defects, errors or vulnerabilities in our data security technologies could result in:

- expenditure of significant financial and research and development resources in efforts to analyze, correct, eliminate or work-around breaches, errors or defects or to address and eliminate vulnerabilities;
- financial liability to licensees for breach of certain contract provisions;
- loss of existing or potential licensees;
- delayed or lost revenue;
- delay or failure to attain market acceptance;
- negative publicity, which will harm our reputation; and
- litigation, regulatory inquiries or investigations that may be costly and harm our reputation.

We have in the past and may in the future make acquisitions or enter into mergers, strategic transactions or other arrangements that may or may not produce the expected operating and financial results.

As part of our strategic initiatives, we currently are evaluating, and expect to continue to engage in, investments in or acquisitions of companies, products, patents or technologies, and the entry into strategic transactions or other arrangements. We completed a number of acquisitions in 2009, 2010 and 2011, including the acquisition of CRI, our largest transaction to date. These acquisitions, investments, transactions or arrangements are likely to range in size, some of which may be significant. After completing our acquisitions, we may experience difficulty integrating personnel and operations, which could negatively affect our operating results. In addition:

- the key personnel of the acquired entity or business may decide not to work for us or may not perform according to our expectations;
- we may experience additional legal, financial and accounting challenges and complexities in areas such as licensing, tax planning, cash management and financial reporting;
- we may experience challenges with existing or prospective licensees as a result of potential conflict between pre-existing and historical relationships and any newly acquired engagements and agreements;
- our ongoing business, including our operations, technology development and deliveries to our customers, may be disrupted, and employee retention and productivity could also suffer;
- we may not be able to recognize the financial benefits we anticipated and/or we may suffer losses, both with respect to our ongoing business and the acquired entity or business;
- our increasing international presence resulting from acquisitions may increase our exposure to international currency, tax and political risks; and
- our lack of experience with new products or technologies in new markets may cause us to fail to achieve expected financial and strategic benefits of the acquisition.

In connection with our strategic initiatives related to future acquisitions or mergers, strategic transactions or other arrangements, we may incur substantial expenses regardless of whether any transactions occur. Further, the risks described above may be exacerbated as a result of managing multiple acquisitions simultaneously.

In addition, we may be required to assume the liabilities of the companies or related to the businesses we acquire. The assumption of such liabilities may include those related to intellectual property infringement or indemnification of customers of acquired businesses for similar claims, which could materially and adversely affect our business.

We may have to incur debt or issue equity securities to pay for any future acquisition, which debt or equity securities could involve restrictive covenants or be dilutive to our existing stockholders.

Some of our revenue is subject to the pricing policies of our licensees over whom we have no control.

We have no control over our licensees' pricing of their products and there can be no assurance that licensee products using or containing our chip interfaces will be competitively priced or will sell in significant volumes. One important requirement for our memory chip interfaces is for any premium charged by our licensees in the price of memory and controller chips over alternatives to be reasonable in comparison to the perceived benefits of the chip interfaces. If the benefits of our technology do not match the price premium charged by our licensees, the resulting decline in sales of products incorporating our technology could harm our operating results.

Our licensing cycle is lengthy and costly, and our marketing and licensing efforts may be unsuccessful.

The process of persuading customers to adopt and license our chip interface, lighting and display, data security, mobile and other semiconductor technologies can be lengthy and, even if successful, there can be no assurance that our technologies will be used in a product that is ultimately brought to market, achieves commercial acceptance or results in significant royalties to us. We generally incur significant marketing and sales expenses prior to entering into our license agreements, generating a license fee and establishing a royalty stream from each licensee. The length of time it takes to establish a new licensing relationship can take many months or even years. In addition, our ongoing intellectual property litigation and regulatory actions have and will likely continue to have an impact on our ability to enter into new licenses and renewals of licenses. We may incur costs in any particular period before any associated revenue stream begins, if at all. If our marketing and sales efforts are very lengthy or unsuccessful, then we may face a material adverse effect on our business and results of operations as a result of failure or delay to obtain royalties.

Future revenue is difficult to predict for several reasons, and our failure to predict revenue accurately may cause us to miss analysts' estimates and result in our stock price declining.

Our lengthy and costly license negotiation cycle and our ongoing intellectual property litigation make our future revenue difficult to predict because we may not be successful in entering into licenses with our customers on our estimated timelines and we are reliant on the litigation timelines for any results or settlements.

While some of our license agreements provide for fixed, quarterly royalty payments, many of our license agreements provide for volume-based royalties, and may also be subject to caps on royalties in a given period. The sales volume and prices of our licensees' products in any given period can be difficult to predict. As a result, our actual results may differ substantially from analyst estimates or our forecasts in any given quarter.

In addition, a portion of our revenue comes from development and support services provided to our licensees. Depending upon the nature of the services, a portion of the related revenue may be recognized ratably over the support period, or may be recognized according to contract accounting. Contract revenue accounting may result in deferral of the service fees to the completion of the contract, or may be recognized over the period in which services are performed on a percentage-of-completion basis. There can be no assurance that the product development schedule for these projects will not be changed or delayed.

All of these factors make it difficult to predict future revenue and may result in our missing previously announced earnings guidance or analysts' estimates which would likely cause our stock price to decline.

A substantial portion of our revenue is derived from sources outside of the United States and this revenue and our business generally are subject to risks related to international operations that are often beyond our control.

For the years ended December 31, 2011, 2010 and 2009, revenue received from our international customers constituted approximately 67%, 93% and 83%, respectively, of our total revenue. As a result of our continued focus on international markets, we expect that future revenue derived from international sources will continue to represent a significant portion of our total revenue.

To date, all of the revenue from international licensees has been denominated in U.S. dollars. However, to the extent that such licensees' sales to systems companies are not denominated in U.S. dollars, any royalties which are based as a percentage of the customer's sales that we receive as a result of such sales could be subject to fluctuations in currency exchange rates. In addition, if the effective price of licensed semiconductors sold by our foreign licensees were to increase as a result of fluctuations in the exchange rate of the relevant currencies, demand for licensed semiconductors could fall, which in turn would reduce our royalties. We do not use financial instruments to hedge foreign exchange rate risk.

We currently have international design operations in India and business development operations in Japan, Korea, Taiwan and Germany. Our international operations and revenue are subject to a variety of risks which are beyond our control, including:

- export controls, tariffs, import and licensing restrictions and other trade barriers;
- profits, if any, earned abroad being subject to local tax laws and not being repatriated to the United States or, if repatriation is possible, limited in amount;
- treatment of revenue from international sources and changes to tax codes, including being subject to foreign tax laws and being liable for paying withholding, income or other taxes in foreign jurisdictions, such as withholding taxes in Korea;
- foreign government regulations and changes in these regulations;
- lack of protection of our intellectual property and other contract rights by jurisdictions in which we may do business to the same extent as the laws of the United States;
- hiring, maintaining and managing a workforce remotely and under various legal systems;
- natural disasters, acts of war, terrorism, widespread illness or securities breaches;
- social, political and economic instability;
- geo-political issues; including changes in diplomatic and trade relationships; and
- cultural differences in the conduct of business both with licensees and in conducting business in our international facilities and international sales offices.

We and our licensees are subject to many of the risks described above with respect to companies which are located in different countries, particularly home video game console, PC and other consumer electronics manufacturers located in Asia and elsewhere. There can be no assurance that one or more of the risks associated with our international operations will not result in a material adverse effect on our business, financial condition or results of operations.

Weak global economic conditions may adversely affect demand for the products and services of our licensees.

Our operations and performance depend significantly on worldwide economic conditions, and the U.S. and world economies have experienced a prolonged period of weak economic conditions, and the threats of further regional or worldwide downturn are evident today. Uncertainty about global economic conditions poses a risk as consumers and businesses may postpone spending in response to tighter credit, negative financial news and declines in income or asset values, which could have a material negative effect on the

demand for the products of our licensees in the foreseeable future. Other factors that could influence demand include continuing increases in fuel and energy costs, competitive pressures, including pricing pressures, from companies that have competing products, changes in the credit market, conditions in the residential real estate and mortgage markets, consumer confidence, and other macroeconomic factors affecting consumer spending behavior. If our licensees experience reduced demand for their products as a result of economic conditions or otherwise, our business and results of operations could be harmed.

If our counterparties are unable to fulfill their financial and other obligations to us, our business and results of operations may be affected adversely.

Any downturn in economic conditions or other business factors could threaten the financial health of our counterparties, including companies with whom we have entered into licensing arrangements, settlement agreements or that have been subject to litigation judgments that provide for payments to us, and their ability to fulfill their financial and other obligations to us. Such financial pressures on our counterparties may eventually lead to bankruptcy proceedings or other attempts to avoid financial obligations that are due to us under licenses, settlement agreements or litigation judgments. Because bankruptcy courts have the power to modify or cancel contracts of the petitioner which remain subject to future performance and alter or discharge payment obligations related to pre-petition debts, we may receive less than all of the payments that we would otherwise be entitled to receive from any such counterparty as a result of a bankruptcy proceedings. For example, in 2009, two of our counterparties, Qimonda and Spansion, were subject to insolvency proceedings in their applicable jurisdictions as a result of a downturn in business which led to lower than anticipated or no payment to us. If we are unable to collect all of such payments owed to us, or if other of our counterparties enter into bankruptcy or otherwise seek to renegotiate their financial obligations to us as a result of the deterioration of their financial health, our business and results of operations may be affected adversely.

If we are unable to attract and retain qualified personnel, our business and operations could suffer.

Our success is dependent upon our ability to identify, attract, compensate, motivate and retain qualified personnel, especially engineers, who can enhance our existing technologies and introduce new technologies. Competition for qualified personnel, particularly those with significant industry experience, is intense, in particular in the San Francisco Bay Area where we are headquartered and in the area of Bangalore, India where we have a design center. We are also dependent upon our senior management personnel. The loss of the services of any of our senior management personnel, or key sales personnel in critical markets, or critical members of staff, or of a significant number of our engineers could be disruptive to our development efforts or business relationships and could cause our business and operations to suffer.

We are subject to government restrictions and regulation, including on the sale of products and services that use encryption technology.

Various countries have adopted controls, license requirements and restrictions on the export, import and use of products or services that contain encryption technology. In addition, from time to time, governmental agencies have proposed additional requirements for encryption technology, such as requiring the escrow and governmental recovery of private encryption keys. Restrictions on the sale or distribution of products or services containing encryption technology may impact the ability of CRI to license its data security technologies to the manufacturers and providers of such products and services in certain markets or may require CRI or its licensees to make changes to the licensed data security technology that is embedded in such products to comply with such restrictions. Government restrictions, or changes to the products or services of CRI licensees to comply with such restrictions, could delay or prevent the acceptance and use of such licensees' products and services. In addition, the United States and other countries have imposed export controls that prohibit the export of encryption technology to certain countries, entities and individuals. Our failure to comply with export and use regulations concerning encryption technology of CRI could subject us to sanctions and penalties, including fines, and suspension or revocation of export or import privileges. Regulatory initiatives throughout the world can also create new and unforeseen regulatory obligations on us and the technology we develop, particularly for CRI. The impact of these potential obligations varies based on the jurisdiction, but any such changes could impact whether we enter, maintain or expand our presence in a particular market or with particular potential licensees.

Our operations are subject to risks of natural disasters, acts of war, terrorism, widespread illness or security breach at our domestic and international locations, any one of which could result in a business stoppage and negatively affect our operating results.

Our business operations depend on our ability to maintain and protect our facilities, computer systems and personnel, which are primarily located in the San Francisco Bay Area. The San Francisco Bay Area is in close proximity to known earthquake fault zones. Our facilities and transportation for our employees are susceptible to damage from earthquakes and other natural disasters such as fires, floods and similar events. Should a catastrophe disable our facilities, we do not have readily available alternative facilities from which we could conduct our business, which stoppage could have a negative effect on our operating results. We also rely on our network infrastructure and technology systems for operational support and business activities, which are subject to damage from malicious code and other related vulnerabilities common to networks and computer systems, including acts of vandalism and potential security breach by third parties. Acts of terrorism, widespread illness, war and any event that causes failures or interruption in our network infrastructure and technology systems could have a negative effect at our international and domestic facilities and could harm our business, financial condition, and operating results.

Unanticipated changes in our tax rates or in the tax laws and regulations could expose us to additional income tax liabilities which could affect our operating results and financial condition.

We are subject to income taxes in both the United States and various foreign jurisdictions. Significant judgment is required in determining our worldwide provision (or benefit) for income taxes and, in the ordinary course of business, there are many transactions and calculations where the ultimate tax determination is uncertain. Our effective tax rate could be adversely affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, changes in tax laws and regulations as well as other factors. Our tax determinations are regularly subject to audit by tax authorities and developments in those audits could adversely affect our income tax provision. Although we believe that our tax estimates are reasonable, the final determination of tax audits or tax disputes may be different from what is reflected in our historical income tax provisions which could affect our operating results.

Our results of operations could vary as a result of the methods, estimates and judgments we use in applying our accounting policies.

The methods, estimates and judgments we use in applying our accounting policies have a significant impact on our results of operations, including the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities, as described elsewhere in this report. On an ongoing basis, we evaluate our estimates, including those related to revenue recognition, investments, income taxes, litigation, goodwill and intangibles, and other contingencies. Such methods, estimates and judgments are, by their nature, subject to substantial risks, uncertainties and assumptions, and factors may arise over time that lead us to change our methods, estimates and judgments. In addition, actual results may differ from these estimates under different assumptions or conditions.

Changes in those methods, estimates and judgments could significantly affect our results of operations. In particular, the measurement of share-based compensation expense requires us to use valuation methodologies and a number of assumptions, estimates and conclusions regarding matters such as expected forfeitures, expected volatility of our share price, and the exercise behavior of our employees. Changes in these factors may affect both our reported results (including cost of contract revenue, research and development expenses, marketing, general and administrative expenses and our effective tax rate) and any forward-looking projections we make that incorporate projections of share-based compensation expense. Furthermore, there are no means, under applicable accounting principles, to compare and adjust our reported expense if and when we learn about additional information that may affect the estimates that we previously made, with the exception of changes in expected forfeitures of share-based awards.

Factors may arise that lead us to change our estimates and assumptions with respect to future share-based compensation arrangements, resulting in variability in our share-based compensation expense over time.

Risks Related to Capitalization Matters and Corporate Governance

The price of our common stock may fluctuate significantly, which may make it difficult for holders to resell their shares when desired or at attractive prices.

Our common stock is listed on The NASDAQ Global Select Market under the symbol “RMBS.” The trading price of our common stock has been subject to wide fluctuations which we expect to continue in the future in response to, among other things, the following:

- new litigation or developments in current litigation, including an unfavorable outcome to us from court proceedings relating to our ongoing litigation and reaction to any settlements that we enter into with former litigants, such as the November 2011 verdict against us in our San Francisco antitrust proceeding, and the unpredictability of litigation results or settlements and the timing and amount of any litigation expenses;

- any progress, or lack of progress, real or perceived, in the development of products that incorporate our innovations and technology companies’ acceptance of our products, including the results of our efforts to expand into new target markets;

- our signing or not signing new licensees and the loss of strategic relationships with any licensee;

- the success of high volume consumer applications;

- the dependence of our royalties upon fluctuating sales volumes and prices of products that include our technology, including the seasonal shipment patterns of systems incorporating our products and semiconductor or system companies discontinuing major products incorporating our products;

- announcements of our technological innovations or new products by us, our licensees or our competitors;

- changes in our customers’ development schedules and levels of expenditure on research and development;

- our licensees terminating or failing to make payments under their current contracts or seeking to modify such contracts, whether voluntarily or as a result of financial difficulties;

- changes in our strategies, including changes in our licensing focus and/or acquisitions of companies with business models or target markets different from our own;

- changes in the economy and credit market and their effects upon demand for our technology and the products of our licensees;

- positive or negative reports by securities analysts as to our expected financial results and business developments;

- developments with respect to patents or proprietary rights and other events or factors;

- trading activity related to our share repurchase plans; and

- issuance of additional securities by us, including in acquisitions.

In addition, the stock market in general, and prices for companies in our industry in particular, have experienced extreme volatility that often has been unrelated to the operating performance of such companies. These broad market and industry fluctuations may adversely affect the price of our common stock, regardless of our operating performance.

Because our outstanding senior convertible notes are convertible into shares of our common stock, volatility or depressed prices of our common stock could have a similar effect on the trading price of our notes. In addition, the existence of the notes may encourage short selling in our common stock by market participants because the conversion of the notes could depress the price of our common stock.

Sales of substantial amounts of shares of our common stock in the public market, or the perception that those sales may occur, could cause the market price of our common stock to decline. In addition, lack of positive performance in our stock price may adversely affect our ability to retain key employees.

We have been party to, and may in the future be subject to, lawsuits relating to securities law matters which may result in unfavorable outcomes and significant judgments, settlements and legal expenses which could cause our business, financial condition and results of operations to suffer.

In connection with our stock option investigation, we and certain of our current and former officers and directors, as well as our current auditors, were subject to several stockholder derivative actions, securities fraud class actions and/or individual lawsuits filed in federal court against us and certain of our current and former officers and directors. The complaints generally allege that the defendants violated the federal and state securities laws and state law claims for fraud and breach of fiduciary duty. While we have settled most of these actions, certain individual lawsuits continue to be adjudicated. For more information about the historic litigation described above, see Note 16, "Litigation and Asserted Claims," of Notes Consolidated Financial Statements contained in this Form 10-K. The amount of time to resolve these current and any future lawsuits is uncertain, and these matters could require significant management and financial resources which could otherwise be devoted to the operation of our business. Although we have expensed or accrued for certain liabilities that we believe will result from certain of these actions, the actual costs and expenses to defend and satisfy all of these lawsuits and any potential future litigation may exceed our current estimated accruals, possibly significantly. Unfavorable outcomes and significant judgments, settlements and legal expenses in litigation related to our past and any future securities law claims could have material adverse impacts on our business, financial condition, results of operations, cash flows and the trading price of our common stock.

We are leveraged financially, which could adversely affect our ability to adjust our business to respond to competitive pressures and to obtain sufficient funds to satisfy our future research and development needs, to protect and enforce our intellectual property and other needs.

We have indebtedness. In 2009, we issued $172.5 million aggregate principal amount of our 2014 Notes. The degree to which we are leveraged could have important consequences, including, but not limited to, the following:

- our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, litigation, general corporate or other purposes may be limited;

- a substantial portion of our cash flows from operations in the future will be dedicated to the payment of the principal of our indebtedness as we are required to pay the principal amount of our 2014 Notes in cash upon conversion if specified conditions are met or when due;

- if upon any conversion of our 2014 Notes we are required to satisfy our conversion obligation with shares of our common stock or we are required to pay a "make-whole" premium with shares of our common stock, our existing stockholders' interest in us would be diluted; and

- we may be more vulnerable to economic downturns, less able to withstand competitive pressures and less flexible in responding to changing business and economic conditions.

A failure to comply with the covenants and other provisions of our debt instruments could result in events of default under such instruments, which could permit acceleration of all of our notes. Any required repayment of our notes as a result of a fundamental change or other acceleration would lower our current cash on hand such that we would not have those funds available for use in our business.

If we are at any time unable to generate sufficient cash flows from operations to service our indebtedness when payment is due, we may be required to attempt to renegotiate the terms of the instruments relating to the indebtedness, seek to refinance all or a portion of the indebtedness or obtain additional financing. There can be no assurance that we will be able to successfully renegotiate such terms, that any such refinancing would be possible or that any additional financing could be obtained on terms that are favorable or acceptable to us.

If securities or industry analysts change their recommendations regarding our stock adversely, our stock price and trading volume could decline.

The trading market for our common stock is influenced by the research and reports that industry or securities analysts publish about us, our business or our market. If one or more of the analysts who cover us change their recommendation regarding our stock adversely, our stock price would likely decline. If one or more of these analysts ceases coverage of our company or fails to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

Compliance with changing regulation of corporate governance and public disclosure may result in additional expenses.

Changing laws, regulations and standards relating to corporate governance and public disclosure, including the historic Sarbanes-Oxley Act and recent Dodd-Frank Act, and new Securities and Exchange Commission regulations and NASDAQ rules, have historically created uncertainty for companies such as ours. Any new or changed laws, regulations and standards are subject to varying interpretations in many cases due to their lack of specificity, and as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies, which could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. Any new investment of resources to comply with evolving laws, regulations and standards, may result in increased general and administrative expenses and a diversion of management time and attention from revenue generating activities to compliance activities. If our efforts to comply with new or changed laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to practice, our reputation may be harmed and our business and operations would suffer.

Our restated certificate of incorporation and bylaws, Delaware law and our outstanding convertible notes contain provisions that could discourage transactions resulting in a change in control, which may negatively affect the market price of our common stock.

Our restated certificate of incorporation, our bylaws and Delaware law contain provisions that might enable our management to discourage, delay or prevent a change in control. In addition, these provisions could limit the price that investors would be willing to pay in the future for shares of our common stock. Pursuant to such provisions:

- our board of directors is authorized, without prior stockholder approval, to create and issue preferred stock, commonly referred to as "blank check" preferred stock, with rights senior to those of common stock, which means that a new stockholder rights plan could be implemented by our board to replace our old plan that expired in 2010;

- our board of directors is staggered into two classes, only one of which is elected at each annual meeting;

- stockholder action by written consent is prohibited;

- nominations for election to our board of directors and the submission of matters to be acted upon by stockholders at a meeting are subject to advance notice requirements;

- certain provisions in our bylaws and certificate of incorporation such as notice to stockholders, the ability to call a stockholder meeting, advance notice requirements and action of stockholders by written consent may only be amended with the approval of stockholders holding 66 2/3% of our outstanding voting stock;

- our stockholders have no authority to call special meetings of stockholders; and

- our board of directors is expressly authorized to make, alter or repeal our bylaws.

We are also subject to Section 203 of the Delaware General Corporation Law, which provides, subject to enumerated exceptions, that if a person acquires 15% or more of our outstanding voting stock, the person is an "interested stockholder" and may not engage in any "business combination" with us for a period of three years from the time the person acquired 15% or more of our outstanding voting stock.

Certain provisions of our outstanding convertible notes could make it more difficult or more expensive for a third party to acquire us. Upon the occurrence of certain transactions constituting a fundamental change, holders of the notes will have the right, at their option, to require us to repurchase, at a cash repurchase price equal to 100% of the principal amount plus accrued and unpaid interest on the notes, all or a portion of their notes. We may also be required to issue additional shares of our common stock upon conversion of such notes in the event of certain fundamental changes.

Litigation, Regulation and Business Risks Related to our Intellectual Property

We face current and potential adverse determinations in litigation stemming from our efforts to protect and enforce our patents and intellectual property and make other claims, which could broadly impact our intellectual property rights, distract our management and cause substantial expenses and declines in our revenue and stock price.

We seek to diligently protect our intellectual property rights. In connection with the extension of our licensing program to SDR SDRAM-compatible and DDR SDRAM-compatible products, we became involved in litigation related to such efforts against different parties in multiple jurisdictions. In each of these cases, we have claimed infringement of certain of our patents, while the manufacturers of such products have generally sought damages and a determination that the patents in suit are invalid, unenforceable and not infringed. Among other things, the opposing parties have alleged that certain of our patents are unenforceable because we engaged in document spoliation, litigation misconduct and/or acted improperly during our 1991 to 1995 participation in the JEDEC standard setting organization (including allegations of antitrust violations and unfair competition). We have also become involved in litigation related to infringement of our patents related to products having certain peripheral interfaces. In addition, we did not prevail at jury trial in our antitrust suit against certain memory manufacturers in November 2011, which caused the market price of our stock to drop significantly, and we face appeals and further proceedings related to such actions. See Note 16, "Litigation and Asserted Claims," of Notes to Consolidated Financial Statements of this Form 10-K.

There can be no assurance that any or all of the opposing parties will not succeed, either at the trial or appellate level, with such claims or counterclaims against us or that they will not in some other way establish broad defenses against our patents, achieve conflicting results or otherwise avoid, delay paying royalties for the use of our patented technology, or obtain orders to require us to pay or reimburse their costs or attorneys' fees in material amounts or post bonds to cover such amounts. Moreover, there is a risk that if one party prevails against us, other parties could use the adverse result to defeat or limit our claims against them; conversely, there can be no assurance that if we prevail against one party, we will succeed against other parties on similar claims, defenses, or counterclaims. In addition, there is the risk that the pending litigations and other circumstances may cause us to accept less than what we now believe to be fair consideration in settlement.

Any of these matters or any future intellectual property litigation, whether or not determined in our favor or settled by us, is costly, may cause delays (including delays in negotiating licenses with other actual or potential licensees), will tend to discourage future design partners, will tend to impair adoption of our existing technologies and divert the efforts and attention of our management and technical personnel from other business operations. In addition, we may be unsuccessful in our litigation if we have difficulty obtaining the cooperation of former employees and agents who were involved in our business during the relevant periods related to our litigation and are now needed to assist in cases or testify on our behalf. Furthermore, any adverse determination or other resolution in litigation could result in our losing certain rights beyond the rights at issue in a particular case, including, among other things: our being effectively barred from suing others for violating certain or all of our intellectual property rights; our patents being held invalid or unenforceable or not infringed; our being subjected to significant liabilities; our being required to seek licenses from third parties; our being prevented from licensing our patented technology; or our being required to renegotiate with current licensees on a temporary or permanent basis.

Even if we are successful in our litigation, or any settlement of such litigation, there is no guarantee that the applicable opposing parties will be able to pay any damages awards timely or at all as a result of financial difficulties or otherwise. Delay or any or all of these adverse results could cause substantial expenses or declines in our revenue and stock price.

From time to time, we are subject to proceedings by government agencies, such as our Federal Trade Commission and European Commission proceedings over the past several years. These proceedings may result in adverse determinations against us or in other

outcomes that could limit our ability to enforce or license our intellectual property, and could cause our revenue to decline substantially.

An adverse resolution by or with a governmental agency could result in severe limitations on our ability to protect and license our intellectual property, and would cause our revenue to decline substantially.

Third parties have and may attempt to use adverse findings by a government agency to limit our ability to enforce or license our patents in private litigations, to challenge or otherwise act against us with respect to such government agency proceedings, such as the attempts by Hynix to appeal our settlement with the European Commission and to assert claims for monetary damages against us, and other attempts by other adverse parties to challenge our settlement. Although we have successfully defeated certain attempts to do so, there can be no assurance that other third parties will not be successful in the future or that additional claims or actions arising out of adverse findings by a government agency will not be asserted against us.

Further, third parties have sought and may seek review and reconsideration of the patentability of inventions claimed in certain of our patents by the U.S. Patent and Trademark Office ("PTO") and/or the European Patent Office (the "EPO"). Currently, we are subject to numerous re-examination proceedings, including proceedings initiated by Hynix, Micron and NVIDIA as a defensive action in connection with our litigation against those companies. A number of these re-examination proceedings are being reviewed by the PTO's Board of Patent Appeals and Interferences ("BPAI"). The BPAI has issued decisions in a few cases, finding the challenged claims of Rambus's patents to be invalid. Decisions of the BPAI are subject to further PTO proceedings and appeal to the Court of Appeals for the Federal Circuit. A final adverse decision by the PTO or EPO could invalidate some or all of these patent claims and could also result in additional adverse consequences affecting other related U.S. or European patents, including in our intellectual property litigation. If a sufficient number of such patents are impaired, our ability to enforce or license our intellectual property would be significantly weakened and this could cause our revenue to decline substantially.

The pendency of any governmental agency acting as described above may impair our ability to enforce or license our patents or collect royalties from existing or potential licensees, as our litigation opponents may attempt to use such proceedings to delay or otherwise impair any pending cases and our existing or potential licensees may await the final outcome of any proceedings before agreeing to new licenses or pay royalties.

Litigation or other third-party claims of intellectual property infringement could require us to expend substantial resources and could prevent us from developing or licensing our technology on a cost-effective basis.

Our research and development programs are in highly competitive fields in which numerous third parties have issued patents and patent applications with claims closely related to the subject matter of our programs. We have also been named in the past, and may in the future be named, as a defendant in lawsuits claiming that our technology infringes upon the intellectual property rights of third parties. As we develop additional products and technology, we may face claims of infringement of various patents and other intellectual property rights by third parties. In the event of a third-party claim or a successful infringement action against us, we may be required to pay substantial damages, to stop developing and licensing our infringing technology, to develop non-infringing technology, and to obtain licenses, which could result in our paying substantial royalties or our granting of cross licenses to our technologies. Threatened or ongoing third-party claims of infringement actions may prevent us from pursuing additional development and licensing arrangements for some period. For example, we may discontinue negotiations with certain customers for additional licensing of our patents due to the uncertainty caused by our ongoing litigation on the terms of such licenses or of the terms of such licenses on our litigation. We may not be able to obtain licenses from other parties at a reasonable cost, or at all, which could cause us to expend substantial resources, or result in delays in, or the cancellation of, new product.

If we are unable to successfully protect our inventions through the issuance and enforcement of patents, our operating results could be adversely affected.

We have an active program to protect our proprietary inventions through the filing of patents. There can be no assurance, however, that:

- any current or future U.S. or foreign patent applications will be approved and not be challenged by third parties;

- our issued patents will protect our intellectual property and not be challenged by third parties;

- the validity of our patents will be upheld;

- our patents will not be declared unenforceable;

- the patents of others will not have an adverse effect on our ability to do business;

- Congress or the U.S. courts or foreign countries will not change the nature or scope of rights afforded patents or patent owners or alter in an adverse way the process for seeking or enforcing patents;

- changes in law will not be implemented, or changes in interpretation of such laws will occur, that will affect our ability to protect and enforce our patents and other intellectual property, including as a result of the 2011 passage of the America Invents Act of 2011 (which codifies several significant changes to the U.S. patent laws and will remain subject to certain rule-making and interpretation, including changing from a "first to invent" to a "first inventor to file" system, limiting where a patentee may file a patent suit, requiring the apportionment of patent damages, replacing interference proceedings with derivation actions, and creating a post-grant opposition process to challenge patents after they have issued);

- new legal theories and strategies utilized by our competitors will not be successful;

- others will not independently develop similar or competing chip interfaces or design around any patents that may be issued to us; or

- factors such as difficulty in obtaining cooperation from inventors, pre-existing challenges or litigation, or license or other contract issues will not present additional challenges in securing protection with respect to patents and other intellectual property that we acquire.

If any of the above were to occur, our operating results could be adversely affected.

In addition, our patents will continue to expire according to their terms, with expiration dates ranging from 2012 to 2030. Our failure to continuously develop or acquire successful innovations and obtain patents on those innovations could significantly harm our business, financial condition, results of operations, or cash flows.

Our inability to protect and own the intellectual property we create would cause our business to suffer.

We rely primarily on a combination of license, development and nondisclosure agreements, trademark, trade secret and copyright law and contractual provisions to protect our non-patentable intellectual property rights. If we fail to protect these intellectual property rights, our licensees and others may seek to use our technology without the payment of license fees and royalties, which could weaken our competitive position, reduce our operating results and increase the likelihood of costly litigation. The growth of our business depends in large part on the use of our intellectual property in the products of third party manufacturers, and our ability to enforce intellectual property rights against them to obtain appropriate compensation. In addition, effective trade secret protection may be unavailable or limited in certain foreign countries. Although we intend to protect our rights vigorously, if we fail to do so, our business will suffer.

We rely upon the accuracy of our licensees' recordkeeping, and any inaccuracies or payment disputes for amounts owed to us under our licensing agreements may harm our results of operations.

Many of our license agreements require our licensees to document the manufacture and sale of products that incorporate our technology and report this data to us on a quarterly basis. While licenses with such terms give us the right to audit books and records of our licensees to verify this information, audits rarely are undertaken because they can be expensive, time consuming, and potentially detrimental to our ongoing business relationship with our licensees. Therefore, we typically rely on the accuracy of the

reports from licensees without independently verifying the information in them. Our failure to audit our licensees' books and records may result in our receiving more or less royalty revenue than we are entitled to under the terms of our license agreements. If we conduct royalty audits in the future, such audits may trigger disagreements over contract terms with our licensees and such disagreements could hamper customer relations, divert the efforts and attention of our management from normal operations and impact our business operations and financial condition.

Any dispute regarding our intellectual property may require us to indemnify certain licensees, the cost of which could severely hamper our business operations and financial condition.

In any potential dispute involving our patents or other intellectual property, our licensees could also become the target of litigation. While we generally do not indemnify our licensees, some of our license agreements provide limited indemnities, and some require us to provide technical support and information to a licensee that is involved in litigation involving use of our technology. In addition, we may agree to indemnify others in the future. Any of these indemnification and support obligations could result in substantial expenses. In addition to the time and expense required for us to indemnify or supply such support to our licensees, a licensee's development, marketing and sales of licensed semiconductors, lighting and display, mobile communications and data security technologies could be severely disrupted or shut down as a result of litigation, which in turn could severely hamper our business operations and financial condition as a result of lower or no royalty payments.

Item 1B. *Unresolved Staff Comments*

None.

Item 2. *Properties*

As of December 31, 2011, we occupied offices in the leased facilities described below:

Number of Offices Under Lease	Location	Primary Use
5	United States	
	Sunnyvale, CA (Corporate Headquarters)	Executive and administrative offices, research and development, sales and marketing and service functions
	Chapel Hill, NC	Research and development
	Brecksville, OH	Research and development and prototyping facility
	San Francisco, CA	Research and development
	Wheeling, IL	Research and development and prototyping facility
1	Bangalore, India	Administrative offices, research and development and service functions
1	Tokyo, Japan	Business development
1	Taipei, Taiwan	Business development
1	Seoul, Korea	Business development
1	Pforzheim, Germany	Business development

Item 3. *Legal Proceedings*

For the information required by this item regarding legal proceedings, see Note 16 "Litigation and Asserted Claims," of Notes to Consolidated Financial Statements of this Form 10-K.

Item 4. *Mine Safety Disclosures*

Not applicable.

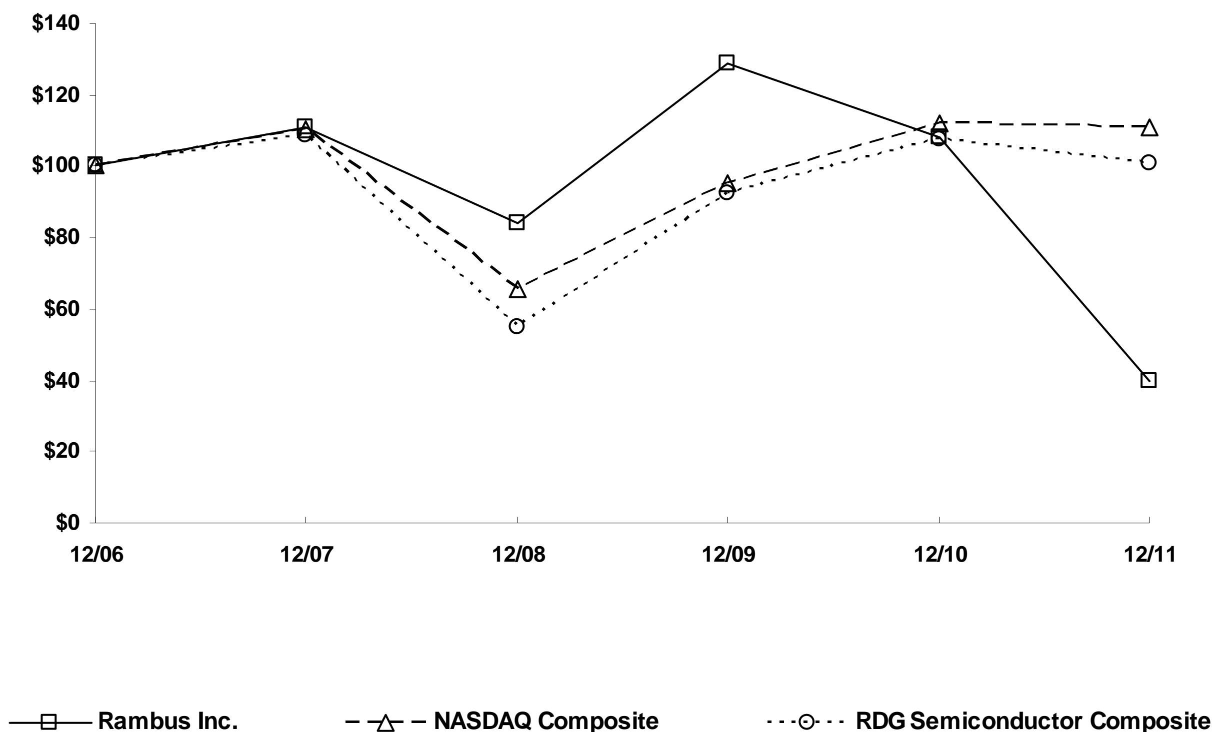
PART II

Item 5. *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities*

Our Common Stock is listed on The NASDAQ Global Select Market under the symbol "RMBS." The following table sets forth for the periods indicated the high and low sales price per share of our Common Stock as reported on The NASDAQ Global Select Market.

	Year Ended December 31, 2011		Year Ended December 31, 2010	
	High	Low	High	Low
First Quarter	$ 22.20	$ 18.12	$ 26.00	$ 16.00
Second Quarter	$ 21.69	$ 13.09	$ 25.50	$ 17.31
Third Quarter	$ 15.75	$ 9.78	$ 21.69	$ 16.76
Fourth Quarter	$ 18.55	$ 4.00	$ 22.80	$ 19.16

The graph below compares the cumulative 5-year total return of holders of Rambus Inc.'s common stock with the cumulative total returns of the NASDAQ Composite index and the RDG Semiconductor Composite index. The graph tracks the performance of a $100 investment in our common stock and in each of the indexes (with the reinvestment of all dividends) from December 31, 2006 to December 31, 2011.



*$100 invested on 12/31/06 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

Fiscal years ending:

	12/06	12/07	12/08	12/09	12/10	12/11
Rambus Inc.	100.00	110.62	84.10	128.90	108.19	39.88
NASDAQ Composite	100.00	110.26	65.65	95.19	112.10	110.81
RDG Semiconductor Composite	100.00	108.66	55.09	92.66	107.41	101.03

The stock price performance included in this graph is not necessarily indicative of future stock price performance.

Information regarding our securities authorized for issuance under equity compensation plans will be included in Item 12, "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters," of this report on Form 10-K.

As of January 31, 2012, there were 695 holders of record of our Common Stock. Since many of the shares of our Common Stock are held by brokers and other institutions on behalf of stockholders, we are unable to estimate the total number of beneficial stockholders represented by these record holders.

We have never paid or declared any cash dividends on our Common Stock or other securities.

Contingently Redeemable Common Stock

On January 19, 2010, pursuant to the terms of the Stock Purchase Agreement, Samsung purchased for cash from us 9.6 million shares of our common stock (the "Shares") with certain restrictions and put rights. The issuance of the Shares by us to Samsung was made through a private transaction. The Stock Purchase Agreement provided Samsung a one-time put right, beginning 18 months after the date of the Stock Purchase Agreement and extending to 19 months after the date of the Stock Purchase Agreement, to put back to us up to 4.8 million of the Shares at the original issue price of $20.885 per share (for an aggregate purchase price of up to $100.0 million). The 4.8 million shares were recorded as contingently redeemable common stock on the consolidated balance sheet as of December 31, 2010.

The Stock Purchase Agreement prohibited the transfer of the Shares by Samsung for 18 months after the date of the Stock Purchase Agreement, subject to certain exceptions. After expiration of the transfer restriction period on July 18, 2011, the Stock Purchase Agreement provided that Samsung could transfer a limited number of shares on a daily basis, provide us with a right of first offer for proposed transfers above certain daily limits, and, if no sale occurs to us under the right of first offer, allowed Samsung to transfer the Shares. Under the Stock Purchase Agreement, we also agreed that after the transfer restriction period, Samsung would have certain rights to register the Shares for sale under the securities laws of the United States, subject to customary terms and conditions.

On July 20, 2011, we received notice from Samsung exercising their option to put back to us approximately 4.8 million of the Shares for cash of $100.0 million. In August 2011, we paid $100.0 million to Samsung in exchange for the 4.8 million shares, which were retired. The difference between the amount recorded as contingently redeemable common stock and the cash paid was recorded as additional paid-in capital in our consolidated balance sheet.

See Note 4, "Settlement Agreement with Samsung," of Notes to Consolidated Financial Statements of this Form 10-K for further discussion.

Share Repurchase Program

In October 2001, our Board of Directors (the "Board") approved a share repurchase program of our Common Stock, principally to reduce the dilutive effect of employee stock options. Under this program, the Board approved the authorization to repurchase up to 19.0 million shares of our outstanding Common Stock over an undefined period of time. On February 25, 2010, the Board approved a new share repurchase program authorizing the repurchase of up to an additional 12.5 million shares. Share repurchases under the program may be made through open market, established plan or privately negotiated transactions in accordance with all applicable securities laws, rules, and regulations. There is no expiration date applicable to the program. The new share repurchase program replaces the program authorized in October 2001.

On August 19, 2010, we entered into a share repurchase agreement (the "Share Repurchase Agreement") with J.P. Morgan Securities Inc., as agent for JPMorgan Chase Bank, National Association, London Branch ("JP Morgan") to repurchase approximately $90.0 million of our Common Stock, as part of our share repurchase program. Under the Share Repurchase Agreement, we pre-paid to JP Morgan the $90.0 million purchase price in the third quarter of 2010 for the Common Stock and JP Morgan delivered to us approximately 4.8 million shares of Common Stock at an average price of $18.88 at the completion of the Share Repurchase Agreement in December 2010.

For the year ended December 31, 2011, we did not repurchase any shares of our Common Stock under our share repurchase program. For the year ended December 31, 2010, we repurchased approximately 9.5 million shares of our Common Stock with an

aggregate price of approximately $195.1 million, including the price paid pursuant to the Share Repurchase Agreement. For the year ended December 31, 2009, we did not repurchase any shares of our Common Stock under our share repurchase program. As of December 31, 2011, we had repurchased a cumulative total of approximately 26.3 million shares of our Common Stock with an aggregate price of approximately $428.9 million since the commencement of the program in 2001. As of December 31, 2011, there remained an outstanding authorization to repurchase approximately 5.2 million shares of our outstanding Common Stock.

We record stock repurchases as a reduction to stockholders' equity. We record a portion of the purchase price of the repurchased shares as an increase to accumulated deficit when the price of the shares repurchased exceeds the average original proceeds per share received from the issuance of Common Stock. During the year ended December 31, 2011, we did not repurchase any Common Stock. During the year ended December 31, 2010, the cumulative price of the shares repurchased exceeded the proceeds received from the issuance of the same number of shares. The excess of $163.6 million was recorded as an increase to accumulated deficit for the year ended December 31, 2010. During the year ended December 31, 2009, we did not repurchase any Common Stock.

Item 6. *Selected Financial Data*

The following selected consolidated financial data for and as of the years ended December 31, 2011, 2010, 2009, 2008 and 2007 was derived from our consolidated financial statements. The following selected consolidated financial data should be read in conjunction with Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and Item 8, "Financial Statements and Supplementary Data," and other financial data included elsewhere in this report. Our historical results of operations are not necessarily indicative of results of operations to be expected for any future period.

	Years Ended December 31,				
	2011	2010	2009	2008 (1)	2007 (1)
	(In thousands, except per share amounts)				
Total revenue	$ 312,363	$ 323,390	$ 113,007	$ 142,494	$ 179,940
Net income (loss)	$ (43,053)	$ 150,917	$ (92,186)	$ (199,110)	$ (34,221)
Net income (loss) per share:					
Basic	$ (0.39)	$ 1.34	$ (0.88)	$ (1.90)	$ (0.33)
Diluted	$ (0.39)	$ 1.30	$ (0.88)	$ (1.90)	$ (0.33)
Consolidated Balance Sheet Data:					
Cash, cash equivalents and marketable securities	$ 289,456	$ 512,009	$ 460,193	$ 345,853	$ 440,882
Total assets	$ 693,654	$ 663,172	$ 555,869	$ 397,370	$ 617,963
Convertible notes	$ 133,493	$ 121,500	$ 248,044	$ 125,474	$ 135,214
Stockholders' equity	$ 429,794	$ 334,783	$ 255,327	$ 232,941	$ 422,486

(1) The summary consolidated selected financial data for and as of the years ended December 31, 2008 and 2007 has been adjusted as a result of the retrospective adoption on January 1, 2009 of Financial Accounting Standards Board ("FASB") accounting guidance which clarifies the accounting for convertible debt instruments that may be settled in cash upon conversion, including partial cash settlement ("FASB convertible debt accounting guidance"). The following amounts are in thousands, except per share amounts. The year ended December 31, 2008 includes adjustments for the FASB convertible debt accounting guidance to increase total assets by $480, decrease convertible notes by $11,476 and increase stockholders' equity by $11,956. The year ended December 31, 2007 includes additional interest expense (including amortization of debt issuance costs) of $11,011, increase to benefit from income taxes of $4,454, increase to net loss of $6,557, increase to basic and diluted net loss per share of $0.06, decrease to total assets of $9,384, decrease to convertible notes of $24,786 and increase to stockholders' equity of $15,402.

Item 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements relate to our expectations for future events and time periods. All statements other than statements of historical fact are statements that could be deemed to be forward-looking statements, including any statements regarding trends in future revenue or results of operations, gross margin or operating margin, expenses, earnings or losses from operations, synergies or other financial items; any statements of the plans, strategies and objectives of management for future operations; any statements concerning developments, performance or industry ranking; any statements regarding future economic conditions or performance; any statements regarding pending investigations, claims or disputes; any statements of expectation or belief; and any statements of assumptions underlying any of the foregoing. Generally, the words "anticipate," "believes," "plans," "expects," "future," "intends," "may," "should," "estimates," "predicts," "potential," "continue" and similar expressions identify forward-looking statements. Our forward-looking statements are based on current expectations, forecasts and assumptions and are subject to risks, uncertainties and changes in condition, significance, value and effect. As a result of the factors described herein, and in the documents incorporated herein by reference, including, in particular, those factors described under "Risk Factors," we undertake no obligation to publicly disclose any revisions to these forward-looking statements to reflect events or circumstances occurring subsequent to filing this report with the Securities and Exchange Commission.

Business Overview

We are a premier intellectual property and technology licensing company focusing on the creation, design, development and licensing of patented innovations, technologies and architectures that are foundational to nearly all digital electronics products and systems. Our mission is to continuously enrich the end-user experience of electronic systems through groundbreaking innovations and technologies designed to improve the performance, power efficiency, time-to-market and cost-effectiveness of the products, components and systems offered by market-leading companies in semiconductors, computing, tablets, handheld devices, mobile applications, gaming and graphics, high definition televisions and displays, general lighting, cryptography and data security. Our inventors and engineering teams focus on creating innovations designed to address the most challenging demands of each target market and industry. We believe we have established an unparalleled licensing platform and business model that will continue to foster the development of new foundational technologies. By continuing to build upon this platform, our goal is to create additional licensing opportunities, and thereby perpetuate strong company operating performance and long-term stockholder value.

While we have historically focused our efforts in the development of technologies for electronics memory and chip interfaces, we have been expanding our portfolio of inventions and solutions to address additional markets in lighting, displays, chip and system security, digital media, as well as new areas within the semiconductor industry, such as imaging and non-volatile memory. We intend to continue our growth into new technology fields, consistent with our mission to create great value through our innovations and to make those technologies available through our licensing business model. Key to our efforts, both in our current businesses and in any new area of diversification, will be hiring and retaining world-class inventors, scientists and engineers to lead the development of inventions and technology solutions for these fields of focus, and the management and business support personnel necessary to execute our plans and strategies.

Prior to 2010, we operated in a single industry segment, the design, development and licensing of memory and logic interfaces, lighting and optoelectronics, and other technologies. In 2010, we reorganized, and as a result, currently have two business groups: SBG which focuses on the design, development and licensing of technology that is semiconductor based, and NBG which focuses on the design, development and licensing of technologies for lighting, displays, chip and system security, anti-counterfeiting, digital media and other markets. As of December 31, 2011, only SBG was considered a reportable segment as it met the quantitative thresholds for disclosure as a reportable segment. As such, segment information is not separately discussed below. For additional information concerning segment reporting, see Note 14, "Business Segments and Major Customers," of Notes to Consolidated Financial Statements of this Form 10-K.

The key elements of our strategy are as follows:

Innovate: Develop and patent our innovative technology to provide fundamental competitive advantage when incorporated into semiconductors, and digital electronics products and systems.

Drive Adoption: Communicate the advantages of our patented innovations and technologies to the industry and encourage its adoption through demonstrations and incorporation in the products of select customers.

Monetize: License our patented inventions and technology solutions to customers for use in their semiconductor and system products.

As of December 31, 2011, our semiconductor, lighting, display, security and other technologies are covered by 1,386 U.S. and foreign patents. Additionally, we have 1,059 patent applications pending. Some of the patents and pending patent applications are derived from a common parent patent application or are foreign counterpart patent applications. We have a program to file applications for and obtain patents in the United States and in selected foreign countries where we believe filing for such protection is appropriate and would further our overall business strategy and objectives. In some instances, obtaining appropriate levels of protection may involve prosecuting continuation and counterpart patent applications based on a common parent application. We believe that our patented innovations provide our customers means to achieve improved performance, lower risk, greater cost-effectiveness and other benefits in their products and services.

Our patented inventions and technology solutions are offered to our customers through either a patent license or a solutions license. Our revenues are primarily derived from patent licenses, through which we provide our customers a license to use some specified portion of our broad portfolio of patented inventions. The patent license essentially provides our customers with a defined right to use our patented innovations in the customer's own digital electronics products, systems or services, as applicable. The patent licenses may also define the specific field of use where our customers may use or employ our inventions in their products. Patent license agreements are structured with fixed, variable or a hybrid of fixed and variable royalty payments over certain defined periods.

We also offer our customers solutions licenses to support the implementation and adoption of our technology in their products or services. Our solutions license offerings include a range of solutions developed by Rambus, which include "leadership" solutions (which are Rambus-proprietary solutions widely licensed to our customers) and industry-standard solutions that we provide to our customers under license for incorporation into our customers' digital electronics products and systems. We offer a range of services as part of our solutions licenses which can include know-how and technology transfer, product design and development, system integration, supply chain consulting and other services. These solutions license agreements may have both a fixed price (non-recurring) component and ongoing royalties. Further, under solutions licenses, our customers typically receive licenses to our patents necessary to implement these solutions in their products with specific rights and restrictions to the applicable patents elaborated in their individual contracts with us.

Royalties represent a substantial majority of our total revenue. We derive the majority of our royalty revenue by licensing our broad portfolio of patents for chip interfaces to our customers. These licenses may cover part or all of our patent portfolio across our breadth of technologies. Leading semiconductor and system companies such as AMD, Broadcom, Elpida, Freescale, Fujitsu, GE, Intel, Panasonic, Renesas, Samsung and Toshiba have licensed our patents for use in their own products.

We also derive additional revenue by licensing a range of technology solutions including our leadership and industry-standard solutions to customers for use in their digital electronics products and systems. Our customers include leading companies such as Elpida, GE, IBM, Panasonic, Samsung, Sony and Toshiba. Due to the often complex nature of implementing our technologies, we provide engineering services under certain of these licenses to help our customers successfully integrate our technology solutions into their semiconductor and system products. Licensees may also receive, in addition to their solutions license agreements, patent licenses as necessary to implement the technology in their products with specific rights and restrictions to the applicable patents elaborated in their individual contracts.

The remainder of our revenue is contract services revenue which includes license fees and engineering services fees. The timing and amounts invoiced to customers can vary significantly depending on specific contract terms and can therefore have a significant impact on deferred revenue or account receivables in any given period.

We intend to continue making significant expenditures associated with engineering, marketing, general and administration including litigation expenses, and expect that these costs and expenses will continue to be a significant percentage of revenue in future periods. Whether such expenses increase or decrease as a percentage of revenue will be substantially dependent upon the rate at which our revenue or expenses change.

Executive Summary

During 2011, we renewed patent license agreements with Panasonic and Toshiba as well as signed a patent license agreement with Freescale and Broadcom. As a result of the patent license agreement with both Broadcom and Freescale, we settled all outstanding claims with them, including resolution of past use of our patented innovations. On June 3, 2011, we completed our largest acquisition to date, CRI, a security research and development and licensing company. We acquired all of the issued and outstanding common shares of CRI in exchange for cash of $168.8 million and Common Stock with a value of approximately $88.4 million at closing. This acquisition expands the breadth of Rambus' technologies available for licensing with complementary technologies from CRI that include patented innovations and solutions for content protection, network security and anti-counterfeiting. In connection with the acquisition of CRI, we are obligated to pay retention bonuses to certain CRI employees and contractors, subject to certain eligibility and acceleration provisions, including continued employment with us, in three equal amounts of approximately $16.7 million, with the first payment paid in cash and the remaining payments in cash or stock at our election, on June 3, 2012, 2013 and 2014, respectively. The total retention bonus commitment is $50.0 million and may be forfeited in part or whole by the covered employees and contractors upon voluntary departure from employment or discontinuation of services. Any amounts forfeited will be paid by us to a designated charity. See Note 18, "Acquisition," of Notes to Consolidated Financial Statements of this Form 10-K for further discussion. Additionally, we signed a patent license agreement in 2011 with a major smartphone and tablet manufacturer for the use of CRI's Differential Power Analysis ("DPA") countermeasures patents.

Research and development continues to play a key role in our efforts to maintain product innovations. Our engineering expenses for the year ended December 31, 2011 increased $40.1 million as compared to 2010 primarily due to increased headcount related costs of $6.9 million from additional employees (including employees from our CRI acquisition) to support our development efforts, the accrual of the CRI retention bonuses of $15.7 million and increased amortization expenses related to intangible assets acquired of $13.6 million. Our lower revenue combined with the increase in engineering expenses has caused engineering expenses to increase as a percentage of revenue. Marketing, general and administrative expenses in aggregate increased $44.7 million for the year ended December 31, 2011 as compared to 2010 primarily due to litigation expenses being higher by $38.3 million. Our lower revenue combined with the increase in marketing, general and administrative expenses, has caused marketing, general and administrative expenses to increase as a percentage of revenue. Additionally, for the year ended December 31, 2011, we incurred costs of restatement and related legal activities of $16.2 million primarily due to the $10.9 million settlement in the matter captioned *Stuart J. Steele, et al. v. Rambus Inc., et al.,* related to the previous stock option investigation, settling the claims against us and the individual defendants as well as the associated litigation expense.

Trends

There are a number of trends that may or will have a material impact on us in the future, including but not limited to, the evolution of memory technology, adoption of LEDs in general lighting, and global economic conditions with the resulting impact on sales of consumer electronic systems.

We have a high degree of revenue concentration, with our top five licensees representing approximately and 66%, 85% and 77% of our revenue for the years ended December 31, 2011, 2010 and 2009, respectively. As a result of our settlement with Samsung in 2010, Samsung is expected to account for a significant portion of our ongoing licensing revenue. For the year ended December 31, 2011, revenue from Elpida, NVIDIA and Samsung each accounted for 10% or more of our total revenue. For the year ended December 31, 2010, revenue from Elpida and Samsung each accounted for 10% or more of our total revenue. For the year ended December 31, 2009, revenue from AMD, Fujitsu, NEC, Panasonic, and Toshiba, each accounted for 10% or more of our total revenue. We expect to continue to experience significant revenue concentration for the foreseeable future.

The particular licensees which account for revenue concentration have varied from period to period as a result of the addition of new contracts, expiration of existing contracts, renewals of existing contracts, industry consolidation and the volumes and prices at which the licensees have recently sold licensed semiconductors to system companies. These variations are expected to continue in the foreseeable future.

The semiconductor industry is intensely competitive and highly cyclical. Our visibility with respect to future sales is very limited at this time. To the extent that macroeconomic fluctuations negatively affect our principal licensees, the demand for our technology may be significantly and adversely impacted and we may experience substantial period-to-period fluctuations in our operating results.

The royalties we receive from our semiconductor business are partly a function of the adoption of our chip interfaces by system companies. Many system companies purchase semiconductors containing our chip interfaces from our licensees and do not have a direct contractual relationship with us. Our licensees generally do not provide us with details as to the identity or volume of licensed semiconductors purchased by particular system companies. As a result, we face difficulty in analyzing the extent to which our future revenue will be dependent upon particular system companies. System companies face intense competitive pressure in their markets, which are characterized by extreme volatility, frequent new product introductions and rapidly shifting consumer preferences.

The display industry is also intensely competitive and highly cyclical. Since LED backlighting solutions are increasingly pervasive in LCD for computers, smartphones, tablets, game systems, high definition televisions and any user interface incorporating an active display, the continued move to higher resolution displays across these products requires more LEDs per system. The increased usage of LEDs is thereby creating a need for increased power efficiency since the LED backlight is the primary source of power consumption in many consumer electronics products, including smartphones. Our LDT group has numerous patents in edge lit LED lightguide technology. Our plans are to license our technology to key companies that use LED edge lit display products.

The highly fragmented general lighting industry is undergoing a fundamental shift from incandescent technology to cold cathode fluorescent lights and LED driven technology by the need to reduce energy consumption and to comply with government mandates. LED lighting typically saves energy costs as compared to existing installed lighting. Our LDT group has numerous patents in LED edge lit lightguide technology which can be applied in the design of next generation LED lighting products. Our goal is to be a major player in the general lighting industry with our technology and have established a technology center in Brecksville, Ohio.

Our revenue from companies headquartered outside of the United States accounted for approximately 67%, 93% and 83% of our total revenue for the years ended December 31, 2011, 2010 and 2009, respectively. We expect that revenue derived from international licensees will continue to represent a significant portion of our total revenue in the future. To date, all of the revenue from international licensees have been denominated in U.S. dollars. However, to the extent that such licensees' sales to their customers are not denominated in U.S. dollars, any royalties that we receive as a result of such sales could be subject to fluctuations in currency exchange rates. In addition, if the effective price of licensed semiconductors sold by our foreign licensees were to increase as a result of fluctuations in the exchange rate of the relevant currencies, demand for licensed semiconductors could fall, which in turn would reduce our royalties. We do not use financial instruments to hedge foreign exchange rate risk.

For additional information concerning international revenue, see Note 14, "Business Segments and Major Customers," of Notes to Consolidated Financial Statements of this Form 10-K.

Engineering costs in the aggregate and as a percentage of net sales increased in the year ended December 31, 2011 as compared to the prior year. In the near term, we expect engineering costs to be higher than in 2011 as we intend to continue to make investments in the infrastructure and technologies required to maintain our product innovations in semiconductor and lighting technologies and newly acquired businesses, such as CRI.

Marketing, general and administrative expenses in the aggregate and as a percentage of net sales increased in the year ended December 31, 2011 as compared to the prior year. Historically, we have been involved in litigation stemming from the unlicensed use of our inventions. Our litigation expenses have been high and difficult to predict and future litigation expenses could be significant, volatile and difficult to predict. If we are successful in the litigation and/or related licensing, our revenue could be substantially higher in the future; if we are unsuccessful, our revenue may not grow or may decrease. Furthermore, our success in litigation matters pending before courts and regulatory bodies that relate to our intellectual property rights have impacted and will likely continue to impact our ability and the terms upon which we are able to negotiate new or renegotiate existing licenses for our technology. We will continue to pursue litigation against those companies that have infringed our patented technologies, which in turn will keep litigation expenses significant until such litigation is resolved.

As we continue to pursue litigation and invest in research and development projects and if we experience lower revenue from our licensees in the future, our cash from operations will be negatively affected.

Results of Operations

The following table sets forth, for the periods indicated, the percentage of total revenue represented by certain items reflected in our consolidated statements of operations:

	Years Ended December 31,		
	2011	2010	2009
Revenue:			
Royalties	95.7%	99.0%	95.6%
Contract revenue	4.3%	1.0%	4.4%
Total revenue	100.0%	100.0%	100.0%
Operating costs and expenses:			
Cost of revenue*	7.7%	2.1%	6.1%
Research and development*	37.0%	28.7%	59.5%
Marketing, general and administrative*	52.6%	36.9%	113.4%
Costs (recoveries) of restatement and related legal activities, net	5.2%	1.3%	(11.9)%
Gain from settlement	(2.0)%	(39.2)%	—%
Total operating costs and expenses	100.5%	29.8%	167.1%
Operating income (loss)	(0.5)%	70.2%	(67.1)%
Interest income and other income, net	(1.0)%	0.3%	3.6%
Interest expense on convertible notes	(6.8)%	(6.1)%	(18.6)%
Interest and other income (expense), net	(7.8)%	(5.8)%	(15.0)%
Income (loss) before income taxes	(8.3)%	64.4%	(82.1)%
Provision for (benefit from) income taxes	5.5%	17.7%	(0.5)%
Net income (loss)	(13.8)%	46.7%	(81.6)%
* Includes stock-based compensation:			
Cost of revenue	0.2%	0.1%	0.9%
Research and development	3.4%	3.1%	8.6%
Marketing, general and administrative	5.4%	6.2%	18.5%

	Years Ended December 31,			2010 to 2011	2009 to 2010
	2011	2010	2009	Change	Change
	(Dollars in millions)				
Total Revenue					
Royalties	$ 299.0	$ 320.2	$ 108.0	(6.6)%	196.4%
Contract revenue	13.4	3.2	5.0	313.0%	(35.4)%
Total revenue	$ 312.4	$ 323.4	$ 113.0	(3.4)%	186.2%

Royalty Revenue

Patent Licenses

Our patent royalties decreased approximately $20.8 million to $267.6 million for the year ended December 31, 2011 from $288.4 million for the same period in 2010. The decrease was primarily due to the one-time recognition of royalty revenue from the settlement agreement signed with Samsung in 2010 which was partially offset by the revenue recognized from one-time and/or ongoing licensing agreements with NVIDIA, Broadcom, Freescale and a major smartphone and tablet manufacturer in 2011.

In 2011, we renewed patent license agreements with Toshiba and Panasonic and signed new license agreements with Freescale, Broadcom and a major smartphone and tablet manufacturer. Some of these new agreements in 2011 had one-time catch up royalty payments, and in the aggregate, for 2011, these one-time payments for past dues amounted to $44.7 million dollars. In 2010, we renewed patent license agreements with AMD, Elpida and Renesas. In 2010, we also signed patent license agreement with NVIDIA and settlement agreement with Samsung. The one-time royalty payments from these new agreements in 2010 amounted to $136.4 million. Excluding the non-recurring portion from the patent royalties, the recurring patent royalties increased approximately $70.9 million to $222.9 million for the year ended December 31, 2011 from $152.0 million for the same period in 2010. The increase was

primarily due to the complete allocation of Samsung's quarterly license payment to revenue since the second quarter of 2011 and revenue recognized from agreements signed since the third quarter of 2010.

Our patent royalties increased approximately $209.1 million to $288.4 million for the year ended December 31, 2010 from $79.3 million for the same period in 2009. The increase was primarily due to the revenue recognized from the agreements signed with Samsung and Elpida during 2010.

We are in negotiations with prospective licensees as well as existing licensees regarding renewals. We expect patent royalties will continue to vary from period to period based on our success in renewing existing license agreements and adding new licensees, as well as the level of variation in our licensees' reported shipment volumes, sales price and mix, offset in part by the proportion of licensee payments that are fixed or hybrid in nature.

Solutions Licenses

Royalties from solutions licenses decreased approximately $0.4 million to $31.4 million for the year ended December 31, 2011 from $31.8 million for the same period in 2010. The decrease was primarily due to lower royalties reported from decreased shipments related to DDR2 technologies.

Royalties from solutions licenses increased approximately $3.1 million to $31.8 million for the year ended December 31, 2010 from $28.7 million for the same period in 2009. The increase was primarily due to higher royalties reported from increased shipments related to DDR2 technologies and higher royalties from XDR™ DRAM associated with increased shipments of the Sony PlayStation®3 product, partially offset by lower royalties from RDRAM™ controllers in the first half of 2010 due to a one-time catch-up royalty payment for the Sony PlayStation®2 product in the second quarter of 2009.

In the future, we expect solutions royalties will continue to vary from period to period based on our licensees' shipment volumes, sales prices, and product mix.

Contract Revenue

Contract revenue increased approximately $10.2 million to $13.4 million for the year ended December 31, 2011 from $3.2 million for the year ended December 31, 2010. The increase was primarily due to new technology development contracts.

Contract revenue decreased approximately $1.8 million to $3.2 million for the year ended December 31, 2010 from $5.0 million for the year ended December 31, 2009. The decrease was primarily due to fewer new technology development contracts and decrease in work performed on existing technology development contracts.

We believe that contract revenue recognized will continue to fluctuate over time based on our ongoing contractual requirements, the amount of work performed, the timing of completing engineering deliverables, and by changes to work required, as well as new technology development contracts booked in the future.

Engineering costs:

	Years Ended December 31,			2010 to 2011	2009 to 2010
	2011	2010	2009	Change	Change
	(Dollars in millions)				
Engineering costs					
Cost of revenue	$ 4.9	$ 1.7	$ 4.7	174.2%	(61.7)%
Amortization of intangible assets	18.6	5.0	1.2	274.0%	312.8%
Stock-based compensation	0.6	0.2	1.0	232.4%	(82.7)%
Total cost of revenue	24.1	6.9	6.9	247.2%	0.9%
Research and development	105.2	82.5	57.5	27.4%	43.5%
Stock-based compensation	10.5	10.2	9.7	3.5%	4.6%
Total research and development	115.7	92.7	67.2	24.8%	37.8%
Total engineering costs	$139.8	$ 99.6	$ 74.1	40.3%	34.4%

Engineering costs are allocated between cost of revenue and research and development expenses. Cost of revenue reflects the portion of the total engineering costs which are specifically devoted to individual licensee development and support services as well as amortization expense related to various acquired intellectual property for patent licensing. The balance of engineering costs, incurred for the development of applicable technologies, is charged to research and development. In a given period, the allocation of engineering costs between these two components is a function of the timing of the development and implementation schedules of individual licensee contracts.

For the year ended December 31, 2011 as compared to the same period in 2010, total engineering costs increased 40.3% primarily due to increased headcount related costs of $6.9 million from additional employees (including employees from the CRI acquisition) to support our development efforts, increased amortization expense related to intangible assets acquired of $13.6 million as well as the accrual of the CRI retention bonuses of $15.7 million and higher prototyping costs of $3.1 million, offset by the $2.8 million decrease in funding for our 2011 corporate incentive plan (“CIP”) which is lower than our 2010 CIP.

For the year ended December 31, 2010 as compared to the same period in 2009, total engineering costs increased 34.4% primarily due to the increase in headcount from our LDT group and the funding for our 2010 CIP, which included the employee bonus related to the Samsung settlement, increase in patent research costs and additional amortization expense related to intangible assets acquired in a business combination in 2009.

In the near term, we intend to continue to make investments in the infrastructure and technologies required to maintain our product innovation in semiconductor, lighting, security and other technologies.

Marketing, general and administrative costs:

	Years Ended December 31,			2010 to 2011	2009 to 2010
	2011	2010	2009	Change	Change
	(Dollars in millions)				
Marketing, general and administrative costs					
Marketing, general and administrative costs	$ 86.2	$ 76.6	$ 51.8	12.6%	47.7%
Litigation expense	61.0	22.7	55.5	168.7%	(59.1)%
Stock-based compensation	16.9	20.2	20.9	(16.4)%	(3.2)%
Total marketing, general and administrative costs	$ 164.1	$ 119.5	$ 128.2	37.4%	(6.8)%

Marketing, general and administrative expenses include expenses and costs associated with trade shows, public relations, advertising, litigation, general legal, insurance and other marketing and administrative efforts. Litigation expenses are a significant portion of our marketing, general and administrative expenses and can vary significantly from quarter to quarter. Consistent with our business model, our licensing and marketing activities aim to develop or strengthen relationships with potential and current licensees. In addition, we work with current licensees through marketing, sales and technical efforts to drive adoption of their products that use our innovations and solutions, by system companies. Due to the long business development cycles we face and the semi-fixed nature of marketing, general and administrative expenses in a given period, these expenses generally do not correlate to the level of revenue in that period or in recent or future periods.

For the year ended December 31, 2011 as compared to 2010, total marketing, general and administrative costs increased 37.4% primarily due to the increased litigation expenses of $38.3 million related to ongoing major cases. Non-litigation related marketing, general and administrative costs increased for the year ended December 31, 2011 primarily due to the accrual of the CRI retention bonuses of $2.4 million and increased headcount related costs of $4.7 million from the increase in employees to support our business as well as higher consulting costs of $3.4 million and the acquisition costs related to CRI of $3.9 million, offset by the $5.0 million decrease in funding for our 2011 CIP, which is lower than our 2010 CIP, and lower stock-based compensation expense of $3.3 million.

For the year ended December 31, 2010 as compared to 2009, total marketing, general and administrative costs decreased 6.8% primarily due to lower litigation expenses. Non-litigation related marketing, general and administrative costs increased for the year ended December 31, 2010 primarily due to funding for our 2010 CIP, which included the employee bonus related to the Samsung

settlement, increased consulting fees, increased general legal expenses and increased headcount in corporate development commencing in 2009 as a result of our strategic initiatives to identify and acquire additional technology opportunities.

In the future, marketing, general and administrative costs will vary from period to period based on the trade shows, advertising, legal, acquisition and other marketing and administrative activities undertaken, and the change in sales, marketing and administrative headcount in any given period. Litigation expenses are expected to vary from period to period due to the variability of litigation activities.

Costs (recoveries) of restatement and related legal activities, net:

	Years Ended December 31,			2010 to 2011	2009 to 2010
	2011	2010	2009	Change	Change
	(Dollars in millions)				
Costs (recoveries) of restatement and related legal activities, net	$16.2	$ 4.2	$(13.5)	286.3%	NM*

* NM — percentage is not meaningful as the change is too large

Costs (recoveries) of restatement and related legal activities, net, consist primarily of settlement payments, investigation, audit, legal and other professional fees related to the 2006-2007 stock option investigation and the filing of the restated financial statements and related litigation.

For the year ended December 31, 2011, costs of restatement and related legal activities were $16.2 million primarily due to a settlement payment and the litigation expense associated with a private shareholder lawsuit related to the 2006-2007 stock option investigation. In December 2011, we reached a settlement agreement that resolved the matter captioned *Stuart J. Steele, et al. v. Rambus Inc., et al.*, where we have agreed to settle the claims against us and the individual defendants for approximately $10.9 million. Refer to Note 16, "Litigation and Asserted Claims," of Notes to Consolidated Financial Statements of this Form 10-K for additional details.

For the year ended December 31, 2010, costs of restatement and related legal activities, net, were $4.2 million primarily due to litigation expense associated with the private shareholder lawsuit referred to above. In 2009, we recorded reimbursements of $12.3 million from the insurance carriers and received $4.5 million from former Rambus executives as part of their settlement agreements with us in connection with the derivative and class action lawsuits in 2009. Until all the litigation and related issues are resolved, we anticipate that there could be additional amounts relating to these matters in the future.

Gain from settlement:

	Years Ended December 31,			2010 to 2011	2009 to 2010
	2011	2010	2009	Change	Change
	(Dollars in millions)				
Gain from settlement	$6.2	$126.8	$ —	(95.1)%	N/A*

* N/A — not applicable

The settlement with Samsung is a multiple element arrangement for accounting purposes. For a multiple element arrangement, we are required to determine the fair value of the elements. We considered several factors in determining the accounting fair value of the elements of the settlement with Samsung which included a third party valuation using an income approach, the Black-Scholes-Merton option pricing model and a residual approach (collectively the "Fair Value"). The total gain from settlement is $133.0 million, of which $6.2 million was recognized during the year ended December 31, 2011. The total gain from settlement related to the settlement with Samsung of $133.0 million has been recognized as of the end of the first quarter of 2011. The gain from settlement represents the Fair Value of the cash consideration allocated to the resolution of the antitrust litigation settlement and the residual value of other elements.

Interest and other income (expense), net:

Years Ended December 31,			2010 to 2011	2009 to 2010
2011	2010	2009	Change	Change

	(Dollars in millions)				
Interest income and other income (expense), net	$ (3.0)	$ 0.9	$ 4.1	NM *	(78.9)%
Interest expense on convertible notes	$ (21.3)	$ (19.7)	$ (21.0)	7.9%	(6.0)%
Interest and other income (expense), net	$ (24.3)	$ (18.8)	$ (16.9)	28.8%	11.7%

* NM — percentage is not meaningful as the change is too large

Interest income and other income (expense), net, consists primarily of interest income generated from investments in high quality fixed income securities offset by interest expense associated with our imputed facility lease obligations.

Following the substantial completion of construction in the fourth quarter of 2010, we occupied our Sunnyvale and Brecksville facilities. In connection with the application of FASB authoritative guidance to our leases of the new facilities, we are deemed, in substance, to be the owner of the landlord's buildings, and therefore the estimated fair value of our portion of the buildings is required to be capitalized on our books as a non-cash transaction, offset by a corresponding imputed financing obligation on our balance sheet. The imputed financing obligations are amortized using the effective interest method with the imputed interest rate of approximately 10%. For the year ended December 31, 2011, we recognized $3.3 million of interest expense in connection with the imputed financing obligations in our statement of operations. For the year ended December 31, 2010, we recognized $0.4 million of interest expense in connection with the imputed financing obligations in our statement of operations. See Note 8, "Commitments and Contingencies," of Notes to Consolidated Financial Statements of this Form 10-K for additional details.

Interest expense on convertible notes consists of non-cash interest expense related to the amortization of the debt discount on the 5% convertible senior notes due 2014 (the "2014 Notes") and the zero coupon convertible senior notes due 2010 (the "2010 Notes"), which were repaid during the first quarter of 2010, as well as the coupon interest related to the 2014 Notes. We expect interest expense to increase steadily as the 2014 Notes reach maturity. See Note 15, "Convertible Notes," of Notes to Consolidated Financial Statements of this Form 10-K for additional details.

Provision for (benefit from) income taxes:

	Years Ended December 31,			2010 to 2011	2009 to 2010
	2011	2010	2009	Change	Change
	(Dollars in millions)				
Provision for (benefit from) income taxes	$ 17.3	$ 57.1	$ (0.5)	NM*	NM*
Effective tax rate	66.9%	27.5%	0.6%		

* NM — percentage is not meaningful as the change is too large

Our effective tax rate for the year ended December 31, 2011 is different from the U.S. statutory tax rate due to foreign withholding taxes, a full valuation allowance on our U.S. net deferred tax assets and foreign losses not benefitted, partially offset by foreign tax credits. Our effective tax rate for the year ended December 31, 2010 was different from the U.S. statutory tax due to a full valuation allowance on our U.S. net deferred tax assets, partially offset by foreign withholding taxes and state alternative minimum taxes. Our effective tax rate for the year ended December 31, 2009 was different from the U.S. statutory tax rate applied to our pretax loss primarily due to a full valuation allowance on our U.S. net deferred tax assets, foreign income taxes and state income taxes, partially offset by refundable research and development tax credits and carryback of net operating loss.

For the year ended December 31, 2011, we paid withholding taxes of $16.6 million. We recorded a provision for income taxes of $17.3 million which is primarily comprised of withholding taxes, other foreign taxes and current state taxes.

As of December 31, 2011, we continued to maintain a full valuation allowance against our U.S. net deferred tax assets. Management periodically evaluates the realizability of our net deferred tax assets based on all available evidence, both positive and negative. The realization of net deferred tax assets is dependent on our ability to generate sufficient future taxable income during periods prior to the expiration of tax statutes to fully utilize these assets. Based on all available evidence, we determined that it was not more likely than not that the deferred tax assets would be realized. Should we achieve sustained taxable income in the future, we would release the valuation allowance to recognize the deferred tax assets consisting of future tax deductions, net operating loss and credit carryforwards which provide a valuable benefit to us.

Liquidity and Capital Resources

	December 31, 2011	December 31, 2010
	(In millions)	
Cash and cash equivalents	$ 162.2	$ 215.3
Marketable securities	127.2	296.7
Total cash, cash equivalents, and marketable securities	$ 289.4	$ 512.0

	Years Ended December 31,		
	2011	2010	2009
		(In millions)	
Net cash provided by (used in) operating activities	$ 53.0	$ 235.2	$ (40.6)
Net cash provided by (used in) investing activities	$ (24.1)	$(181.5)	$ 24.5
Net cash provided by (used in) financing activities	$ (81.9)	$(127.5)	$ 188.9

Liquidity

Our management continues to believe that total cash, cash equivalents and marketable securities will continue at adequate levels to finance our operations, projected capital expenditures and commitments for at least the next twelve months. Additionally, substantially all of our cash and cash equivalents are in the U.S. Our cash needs for 2011 were funded primarily from our operating activities, maturities of marketable securities, proceeds from the landlord for tenant improvements related to the lease in Sunnyvale and the issuance of common stock under our equity incentive plans.

We currently anticipate that existing cash, cash equivalents and marketable securities balances and cash flows from operations will be adequate to meet our cash needs for at least the next 12 months. We do not anticipate any liquidity constraints as a result of either the current credit environment or investment fair value fluctuations. Additionally, we have the intent and ability to hold our debt investments that have unrealized losses in accumulated other comprehensive loss for a sufficient period of time to allow for recovery of the principal amounts invested. We continually monitor the credit risk in our portfolio and mitigate our credit risk exposures in accordance with our policies. As described elsewhere in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" and this Annual Report on Form 10-K, we are involved in ongoing litigation related to our intellectual property and our past stock option investigation. Any adverse settlements or judgments in any of this litigation could have a material adverse impact on our results of operations, cash balances and cash flows in the period in which such events occur.

Operating Activities

Cash provided by operating activities of $53.0 million for the year ended December 31, 2011 was primarily attributable to changes in operating assets and liabilities and the net loss adjusted for non-cash items, including stock-based compensation expense, non-cash interest expense, depreciation and amortization expense. Changes in operating assets and liabilities for the year ended December 31, 2011 primarily included increases in accounts payable, accrued litigation and decreases in prepaid expenses and other assets.

Cash provided by operating activities of $235.2 million in the year ended December 31, 2010 was primarily attributable to the signing of Samsung and Elpida. In total, Samsung and Elpida provided approximately $300.2 million of net operating cash flow after applicable foreign tax withholdings. Additionally cash provided by operating activities included increases in accrued salaries due to the 2010 CIP and bonus related to the Samsung Settlement which was offset by decreases in accrued litigation and accounts payable.

Cash used in operating activities of $40.6 million in the year ended December 31, 2009 was primarily attributable to the net loss adjusted for certain non-cash items including stock-based compensation expense, non-cash interest expense, depreciation and amortization expense. Changes in operating assets and liabilities which included decreases in accrued litigation expenses due to recognition of proceeds of $5.0 million from an insurance company related to the derivative and class action lawsuits offset by increases in accounts payable due to the timing of vendor payments.

Investing Activities

Cash used in investing activities of $24.1 million for the year ended December 31, 2011 primarily consisted of cash paid for the acquisition of CRI of $167.4 million, net of cash acquired, and purchases of available-for-sale marketable securities of $174.0 million, partially offset by proceeds from the maturities of available-for-sale marketable securities of $337.9 million. In addition, we paid $19.4 million to acquire property and equipment, primarily computer equipment, machinery and software.

Cash used in investing activities of approximately $181.5 million in the year ended December 31, 2010 primarily consisted of purchases of available-for-sale marketable securities of $428.8 million, partially offset by proceeds from the maturities of available-for-sale marketable securities of $296.6 million and proceeds from the sale of marketable securities of $1.8 million. We also purchased patents and businesses for an aggregate price of approximately $24.8 million. Additionally, we paid $26.7 million for the build-out of the facilities in Sunnyvale, California and Brecksville, Ohio as well as to acquire computer software, computer hardware and machinery and equipment.

Cash provided by investing activities of approximately $24.5 million in the year ended December 31, 2009 primarily consisted of proceeds from the maturities of available-for-sale marketable securities of $240.9 million, partially offset by purchases of available-for-sale marketable securities of $183.2 million. In December 2009, we paid $26.0 million in a business combination to acquire technology and a portfolio of advanced lighting and optoelectronics patents from GLT. Additionally, we paid $2.7 million to acquire property, plant and equipment, primarily computer software, and $2.5 million for intangible assets. We also made a $2.0 million investment in a non-marketable equity security of a technology company.

Financing Activities

Cash used in financing activities was $81.9 million for the year ended December 31, 2011 as a result of the repurchase in August 2011 from Samsung of approximately 4.8 million shares of the Company's common stock for an aggregate amount of $100.0 million pursuant to a put option exercised by Samsung in accordance with the terms of a stock purchase agreement with Samsung dated January 19, 2010. This is partially offset by $8.8 million received from the landlord for the tenant improvements related to the lease in Sunnyvale and $12.3 million from issuance of common stock under equity incentive plans. We also made payments of $2.5 million under an installment payment plan to acquire intangible assets and computer software and $0.5 million related to the principal payments against the lease financing obligation.

Cash used in financing activities was $127.5 million in the year ended December 31, 2010 was primarily due to the payment upon maturity of $137.0 million in face value of 2010 Notes and stock repurchased with an aggregate price of $195.1 million under our share repurchase program, which includes the shares purchased under Share Repurchase Agreement with J.P. Morgan, offset by proceeds received of $192.0 million from the issuance of common stock pursuant to the Stock Purchase Agreement with Samsung. Additionally, we received approximately $16.5 million from the issuance of common stock under equity incentive plans. We also made payments of $4.3 million under an installment payment plan to acquire intangible assets and computer software.

Cash provided by financing activities was $188.9 million in the year ended December 31, 2009. We received proceeds of $168.2 million from the issuance of 2014 Notes. Additionally, we received approximately $20.7 million from the issuance of common stock under equity incentive plans.

Contractual Obligations

On December 15, 2009, we entered into a definitive triple net space lease agreement with MT SPE, LLC (the "Landlord") whereby we leased approximately 125,000 square feet of office space located at 1050 Enterprise Way in Sunnyvale, California (the "Sunnyvale Lease"). The office space is used for our corporate headquarters, as well as engineering, marketing and administrative operations and activities. We moved to the premises in the fourth quarter of 2010 following substantial completion of leasehold improvements. The Sunnyvale Lease has a term of 120 months from the commencement date. The initial annual base rent is $3.7 million, subject to a full abatement of rent for the first six months of the Sunnyvale Lease term, but with the rent for the seventh month paid in December 2009 in order to gain access to the building. The annual base rent increases each year to certain fixed amounts over the course of the term as set forth in the Sunnyvale Lease and will be $4.8 million in the tenth year. In addition to the base rent, we also pay operating expenses, insurance expenses, real estate taxes and a management fee. We have two options to extend the Sunnyvale Lease for a period of 60 months each and a one-time option to terminate the Sunnyvale Lease after 84 months in exchange for an early termination fee.

Since certain improvements constructed by us are considered structural in nature and given our responsibility for any cost overruns, for accounting purposes, we are treated in substance as the owner of the construction project during the construction period. At completion, we concluded that we retained sufficient continuing involvement to preclude de-recognition of the building under the FASB authoritative guidance applicable to the sale leasebacks of real estate. As such, we continue to account for the building as owned real estate and to record an imputed financing obligation for our obligation to the legal owner.

Pursuant to the terms of the Sunnyvale Lease, the Landlord agreed to reimburse us approximately $9.1 million, of which $0.3 million was received in 2010 and $8.8 million was received in 2011. We recognized the reimbursement as an additional imputed financing obligation under the FASB authoritative guidance as such payment from the Landlord is deemed to be an imputed financing obligation.

On November 4, 2011, to better plan for future expansion, we entered into an Amended Sunnyvale Lease (the "Amended Sunnyvale Lease") for approximately an additional 31,000 square feet of space. Similar to the original Sunnyvale Lease, we are required to construct the necessary tenant improvements for the premises to be capable of conducting business, which includes but is not limited to structural elements of the building. Additionally, the Landlord will provide a tenant improvement allowance estimated to be approximately $1.7 million. The Amended Sunnyvale Lease will have a commencement date of March 1, 2012 and will expire on June 30, 2020 (the same end date as the original Sunnyvale Lease). The base rent for the original Sunnyvale Lease will remain unchanged. The annual base rent for the Amended Sunnyvale Lease will initially be $1.1 million with rent abatement for the first five months of the lease term and increases annually over the course of the term as set forth in the Amended Sunnyvale Lease until it reaches $1.3 million.

Since certain improvements to be constructed by us are considered structural in nature and we are responsible for any cost overruns, for accounting purposes, we are treated in substance as the owner of the construction project during the construction period. Accordingly, as of December 31, 2011, for the Amended Sunnyvale Lease, we capitalized an estimated $6.2 million in property, plant and equipment based on the estimated fair value of the portion of the unfinished space along with a corresponding financing obligation for the same amount.

Monthly lease payments on the facility are allocated between the land element of the lease (which is accounted for as an operating lease) and the imputed financing obligation. The imputed financing obligation is amortized using the effective interest method and the interest rate was determined in accordance with the requirements of sale leaseback accounting. For the years ended December 31, 2011 and 2010, we recognized in our statement of operations $3.2 million and $0.4 million, respectively, of interest expense in connection with the imputed financing obligation. At December 31, 2011 and 2010, the imputed financing obligation balance in connection with the facility was $41.8 million and $27.3 million, respectively, which was primarily classified under long-term imputed financing obligation. At the end of the initial lease term, should we decide not to renew the lease, we would reverse the equal amounts of the net book value of the building and the corresponding imputed financing obligation.

On March 8, 2010, we entered into a lease agreement with Fogg-Brecksville Development Co. (the "Ohio Landlord") for approximately 25,000 square feet of space consisting of approximately 7,000 square feet of office area and approximately 18,000 square feet of warehouse area, located in Brecksville, Ohio (the "Ohio Lease"). The office space is used for the LDT group's engineering activities while the manufacturing space is used for the manufacturer of prototypes for the LDT group. The Ohio Lease was amended on September 29, 2011 to expand the facility to approximately 51,000 total square feet (the "Amended Ohio Lease"), consisting of two extensions to be constructed by the Ohio Landlord ("Expansion A" and "Expansion B"). Expansion A will consist of approximately 11,000 square feet of space and Expansion B will consist of approximately 15,000 square feet of space. The Amended Ohio Lease has a term of 84 months from the First Extended Term Commencement Date as defined below. The First Extended Term Commencement Date is the first day of the month following substantial completion of Expansion B. Upon substantial completion of Expansion A, the annual base rent will be increased to $0.6 million. Upon substantial completion of Expansion B, the annual base rent will be increased to $0.8 million. The annual base rent increases each year on the anniversary date of the First Extended Term Commencement Date by 2% over the course of the term as set forth in the Amended Ohio Lease. We have an option to extend the Amended Ohio Lease for a period of 60 months.

We undertook a series of structural improvements to ready the initial space for our use in 2010 and the Ohio Landlord began the construction of the building extensions during the fourth quarter of 2011. Since certain improvements we constructed are considered structural in nature and we are responsible for any cost overruns, for accounting purposes, we are treated in substance as the owner of

the construction project during the construction period. At completion of the initial construction period in 2010, we concluded that we retained sufficient continuing involvement to preclude de-recognition of the building under the FASB authoritative guidance applicable to the sale leasebacks of real estate. As such, we continue to account for the building as owned real estate and to record an imputed financing obligation for our obligation to the legal owner. Additionally, as of December 31, 2011, we capitalized $1.2 million in property, plant and equipment based on the estimated fair value of the portion of the unfinished building extensions along with a corresponding financing obligation for the same amount.

The lease payments are recorded as interest expense using the effective interest method over the term of the lease. For the years ended December 31, 2011 and 2010, we recognized in our statement of operations $0.1 million and $29 thousand, respectively, of interest expense in connection with the imputed financing obligation on the Ohio facility. At December 31, 2011 and 2010, the imputed financing obligation balance in connection with the Ohio facility was $2.0 million and $0.8 million, respectively, which was classified under long-term imputed financing obligation. At the end of the intended use term, we would reverse the equal amounts of the net book value of the building and the corresponding imputed financing obligation.

In November 2011, we entered into a lease agreement with Metropolitan Life Insurance (the “SF Landlord”) for approximately 26,000 rentable square feet of office space in San Francisco, California (the “SF Lease”) to be used for the CRI group’s office space and which will be accounted as an operating lease. The SF Lease will have a commencement date of February 1, 2012 and a lease term of 75 months from the commencement date. The annual base rent for the SF Lease will be $0.9 million with a rent abatement for the first three months of the lease term and increases annually over the course of the term as set forth in the SF Lease until it reaches $1.0 million.

In connection with the June 3, 2011 acquisition of CRI, we are obligated to pay retention bonuses to certain CRI employees and contractors, subject to certain eligibility and acceleration provisions including the condition of employment, in cash for the first retention milestone and cash or stock at the Company’s election, for the following two payments. The three payments are to be equal amounts of approximately $16.7 million, on June 3, 2012, 2013 and 2014, respectively. The total retention bonus commitment is $50.0 million and may be forfeited in part or whole by the covered employees and contractors upon voluntary departure from employment or discontinuation of services. Any amounts forfeited will be accelerated and paid by us to a designated charity. See Note 18, “Acquisition,” of Notes to Consolidated Financial Statements of this Form 10-K for additional information regarding the acquisition of CRI.

On June 29, 2009, we entered into an Indenture with U.S. Bank, National Association, as trustee, relating to the issuance by us of $150.0 million aggregate principal amount of 5% convertible senior notes due June 15, 2014. On July 10, 2009, an additional $22.5 million in aggregate principal amount of 2014 Notes were issued as a result of the underwriters exercising their overallotment option. The aggregate principal amount of the 2014 Notes outstanding as of December 31, 2011 was $172.5 million, offset by unamortized debt discount of $39.0 million in the accompanying consolidated balance sheets. The debt discount is currently being amortized over the remaining 30 months until maturity of the 2014 Notes on June 15, 2014. See Note 15, “Convertible Notes,” of Notes to Consolidated Financial Statements of this Form 10-K for additional details.

As of December 31, 2011, our material contractual obligations are (in thousands):

	Total	2012	2013	2014	2015	2016	Thereafter
Contractual obligations (1)							
Imputed financing obligation (2)	$ 60,360	$ 5,999	$ 6,828	$ 6,997	$ 7,168	$ 7,348	$ 26,020
Leases	9,192	2,933	1,307	1,316	1,286	992	1,358
Software licenses (3)	2,787	2,348	359	80	—	—	—
CRI retention bonus (4)	50,000	16,667	16,667	16,666	—	—	—
Convertible notes	172,500	—	—	172,500	—	—	—
Interest payments related to convertible notes	21,563	8,625	8,625	4,313	—	—	—
Total	$ 316,402	$ 36,572	$ 33,786	$ 201,872	$ 8,454	$ 8,340	$ 27,378

(1) The above table does not reflect possible payments in connection with uncertain tax benefits of approximately $16.6 million including $7.0 million recorded as a reduction of long-term deferred tax assets and $9.6 million in long-term income taxes payable, as of December 30, 2011. As noted in Note 12, “Income Taxes” of Notes to Consolidated Financial Statements of this Form 10-K, although it is possible that some of the unrecognized tax benefits could be settled within the next 12 months, we cannot reasonably estimate the outcome at this time.

(2) With respect to the imputed financing obligation, the main components of the difference between the amount reflected in the contractual obligations table and the amount reflected on the Consolidated Balance Sheet are the interest on the imputed financing obligation and the estimated common area expenses over the future periods. Additionally, the amount includes the Amended Ohio Lease and the Amended Sunnyvale Lease.

(3) We have commitments with various software vendors for non-cancellable license agreements generally having terms longer than one year. The above table summarizes those contractual obligations as of December 31, 2011 which are also presented on our Consolidated Balance Sheet under current and other long-term liabilities.

(4) The CRI retention bonus payable on June 3, 2013 and 2014 will be paid in cash or stock at our election.

Contingently Redeemable Common Stock

On January 19, 2010, pursuant to the terms of the Stock Purchase Agreement, Samsung purchased for cash from us 9.6 million shares of our common stock (the “Shares”) with certain restrictions and put rights. The issuance of the Shares by us to Samsung was made through a private transaction. The Stock Purchase Agreement provided Samsung a one-time put right, beginning 18 months after the date of the Stock Purchase Agreement and extending to 19 months after the date of the Stock Purchase Agreement, to put back to us up to 4.8 million of the Shares at the original issue price of $20.885 per share (for an aggregate purchase price of up to $100.0 million). The 4.8 million shares were recorded as contingently redeemable common stock on the consolidated balance sheet as of December 31, 2010.

The Stock Purchase Agreement prohibited the transfer of the Shares by Samsung for 18 months after the date of the Stock Purchase Agreement, subject to certain exceptions. After expiration of the transfer restriction period on July 18, 2011, the Stock Purchase Agreement provided that Samsung could transfer a limited number of shares on a daily basis, provide us with a right of first offer for proposed transfers above certain daily limits, and, if no sale occurs to us under the right of first offer, allowed Samsung to transfer the Shares. Under the Stock Purchase Agreement, we also agreed that after the transfer restriction period, Samsung would have certain rights to register the Shares for sale under the securities laws of the United States, subject to customary terms and conditions.

On July 20, 2011, we received notice from Samsung exercising their option to put back to us approximately 4.8 million of the Shares for cash of $100.0 million. In August 2011, we paid $100.0 million to Samsung in exchange for the 4.8 million shares, which were retired. The difference between the amount recorded as contingently redeemable common stock and the cash paid was recorded as additional paid-in capital in our consolidated balance sheet.

See Note 4, “Settlement Agreement with Samsung,” of Notes to Consolidated Financial Statements of this Form 10-K for further discussion.

Share Repurchase Program

In October 2001, our Board of Directors (the “Board”) approved a share repurchase program of our Common Stock, principally to reduce the dilutive effect of employee stock options. Under this program, the Board approved the authorization to repurchase up to 19.0 million shares of our outstanding Common Stock over an undefined period of time. On February 25, 2010, the Board approved a new share repurchase program authorizing the repurchase of up to an additional 12.5 million shares. Share repurchases under the program may be made through open market, established plan or privately negotiated transactions in accordance with all applicable securities laws, rules, and regulations. There is no expiration date applicable to the program. The new share repurchase program replaces the program authorized in October 2001.

On August 19, 2010, we entered into a share repurchase agreement (the "Share Repurchase Agreement") with J.P. Morgan Securities Inc., as agent for JPMorgan Chase Bank, National Association, London Branch ("JP Morgan") to repurchase approximately $90.0 million of our Common Stock, as part of our share repurchase program. Under the Share Repurchase Agreement, we pre-paid to JP Morgan the $90.0 million purchase price in the third quarter of 2010 for the Common Stock and JP Morgan delivered to us approximately 4.8 million shares of Common Stock at an average price of $18.88 at the completion of the Share Repurchase Agreement in December 2010.

For the year ended December 31, 2011, we did not repurchase any shares of our Common Stock under our share repurchase program. For the year ended December 31, 2010, we repurchased approximately 9.5 million shares of our Common Stock with an aggregate price of approximately $195.1 million, including the price paid pursuant to the Share Repurchase Agreement. For the year ended December 31, 2009, we did not repurchase any shares of our Common Stock under our share repurchase program. As of December 31, 2011, we had repurchased a cumulative total of approximately 26.3 million shares of our Common Stock with an aggregate price of approximately $428.9 million since the commencement of the program in 2001. As of December 31, 2011, there remained an outstanding authorization to repurchase approximately 5.2 million shares of our outstanding Common Stock.

We record stock repurchases as a reduction to stockholders' equity. We record a portion of the purchase price of the repurchased shares as an increase to accumulated deficit when the price of the shares repurchased exceeds the average original proceeds per share received from the issuance of Common Stock. During the year ended December 31, 2011, we did not repurchase any Common Stock. During the year ended December 31, 2010, the cumulative price of the shares repurchased exceeded the proceeds received from the issuance of the same number of shares. The excess of $163.6 million was recorded as an increase to accumulated deficit for the year ended December 31, 2010. During the year ended December 31, 2009, we did not repurchase any Common Stock.

Shareholder Litigation Related to Historical Stock Option Practices

See Note 16, "Litigation and Asserted Claims," of Notes to Consolidated Financial Statements of this Form 10-K for further discussion.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, including those related to revenue recognition, investments, income taxes, litigation and other contingencies. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our consolidated financial statements.

Revenue Recognition

Overview

We recognize revenue when persuasive evidence of an arrangement exists, we have delivered the product or performed the service, the fee is fixed or determinable and collection is reasonably assured. If any of these criteria are not met, we defer recognizing the revenue until such time as all criteria are met. Determination of whether or not these criteria have been met may require us to make judgments, assumptions and estimates based upon current information and historical experience.

Our revenue consists of royalty revenue and contract revenue. Royalty revenue consists of patent license and solutions license royalties. Contract revenue consist of fixed license fees, fixed engineering fees and service fees associated with integration of our technology solutions into our customers' products. Reseller arrangements generally provide for the pass-through of a percentage of the

fees paid to the reseller by the reseller's customer for use of our patent and solutions licenses. We do not recognize revenue for these arrangements until we have received notice of revenue earned by and paid to the reseller, accompanied by the pass-through payment from the reseller. We do not pay commissions to the reseller for these arrangements.

In addition, we may enter into certain settlements of patent infringement disputes. The amount of consideration received upon any settlement (including but not limited to past royalty payments, future royalty payments and punitive damages) is allocated to each element of the settlement based on the fair value of each element. In addition, revenues related to past royalties are recognized upon execution of the agreement by both parties, provided that the amounts are fixed or determinable, there are no significant undelivered obligations and collectability is reasonably assured. We do not recognize any revenues prior to execution of the agreement since there is no reliable basis on which we can estimate the amounts for royalties related to previous periods or assess collectability. Elements that are related to royalty revenue in nature (including but not limited to past royalty payments and future royalty payments) will be recorded as royalty revenue in the consolidated statements of operations. Elements that are not related to royalty revenue in nature (including but not limited to punitive damage and settlement) will be recorded as gain from settlement which is reflected as a separate line item within the operating expenses section in the consolidated statements of operations.

Many of our licensees have the right to cancel their licenses. In such arrangements, revenue is only recognized to the extent that is consistent with the cancellation provisions. Cancellation provisions within such contracts generally provide for a prospective cancellation with no refund of fees already remitted by customers for products provided and payment for services rendered prior to the date of cancellation. Unbilled receivables represent enforceable claims and are deemed collectible in connection with our revenue recognition policy.

Royalty Revenue

We recognize royalty revenue upon notification by our licensees and when deemed collectible. The terms of the royalty agreements generally either require licensees to give us notification and to pay the royalties within 60 days of the end of the quarter during which the sales occur or are based on a fixed royalty that is due within 45 days of the end of the quarter. We have two types of royalty revenue: (1) patent license royalties and (2) solutions license royalties.

Patent licenses. We license our broad portfolio of patented inventions to companies who use these inventions in the development and manufacture of their own products. Such licensing agreements may cover the license of part, or all, of our patent portfolio. The contractual terms of the agreements generally provide for payments over an extended period of time. For the licensing agreements with fixed royalty payments, we generally recognize revenue from these arrangements as amounts become due. For the licensing agreements with variable royalty payments which can be based on either a percentage of sales or number of units sold, we earn royalties at the time that the licensees' sales occur. Our licensees, however, do not report and pay royalties owed for sales in any given quarter until after the conclusion of that quarter. As we are unable to estimate the licensees' sales in any given quarter to determine the royalties due to us, we recognize royalty revenues based on royalties reported by licensees during the quarter and when other revenue recognition criteria are met.

Solutions licenses. We develop proprietary and industry-standard products that we provide to our customers under solutions license agreements. These arrangements include royalties, which can be based on either a percentage of sales or number of units sold. We earn royalties on such licensed products sold worldwide by our licensees at the time that the licensees' sales occur. Our licensees, however, do not report and pay royalties owed for sales in any given quarter until after the conclusion of that quarter. As we are unable to estimate the licensees' sales in any given quarter to determine the royalties due to us, we recognize royalty revenues based on royalties reported by licensees during the quarter and when other revenue recognition criteria are met.

Contract Revenue

We generally recognize revenue using percentage of completion for development contracts related to licenses of our solutions that involve significant engineering and integration services. For all license and service agreements accounted for using the percentage-of-completion method, we determine progress to completion using input measures based upon contract costs incurred. We have evaluated use of output measures versus input measures and have determined that our output is not sufficiently uniform with respect to cost, time and effort per unit of output to use output measures as a measure of progress to completion. Part of these contract fees may be due

upon the achievement of certain milestones, such as provision of certain deliverables by us or production of chips by the licensee. The remaining fees may be due on pre-determined dates and include significant up-front fees.

A provision for estimated losses on fixed price contracts is made, if necessary, in the period in which the loss becomes probable and can be reasonably estimated. If we determine that it is necessary to revise the estimates of the total costs required to complete a contract, the total amount of revenue recognized over the life of the contract would not be affected. However, to the extent the new assumptions regarding the total efforts necessary to complete a project are less than the original assumptions, the contract fees would be recognized sooner than originally expected. Conversely, if the newly estimated total efforts necessary to complete a project are longer than the original assumptions, the contract fees will be recognized over a longer period.

If application of the percentage-of-completion method results in recognizable revenue prior to an invoicing event under a customer contract, we will recognize the revenue and record an unbilled receivable. Amounts invoiced to our customers in excess of recognizable revenue are recorded as deferred revenue. The timing and amounts invoiced to customers can vary significantly depending on specific contract terms and can therefore have a significant impact on deferred revenue or unbilled receivables in any given period.

Litigation

We are involved in certain legal proceedings, as discussed in Note 16, "Litigation and Asserted Claims," of Notes to Consolidated Financial Statements of this Form 10-K. Based upon consultation with outside counsel handling our defense in these matters and an analysis of potential results, if we believe that a loss arising from such matters is probable and can be reasonably estimated, we record the estimated liability in its consolidated financial statements. If only a range of estimated losses can be estimated, we record an amount within the range that, in our judgment, reflects the most likely outcome; if none of the estimates within that range is a better estimate than any other amount, we record the liability at the low end of the range of estimates. Any such accrual would be charged to expense in the appropriate period. We recognize litigation expenses in the period in which the litigation services were provided.

Goodwill and Intangible Assets

Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired in a business combination. Intangible assets resulting from the acquisitions of entities accounted for using the purchase method of accounting are estimated by management based on the fair value of net assets received. Identifiable intangible assets are comprised of patents, customer contracts and contractual relationships, existing technology, intellectual property and other intangible assets. Identifiable intangible assets are being amortized over the period of estimated benefit using principally the straight-line method and estimated useful lives ranging from one to ten years. Goodwill is not subject to amortization, but is subject to at least an annual assessment for impairment, applying a fair-value based test.

We evaluate goodwill, at a minimum, on an annual basis and whenever events and changes in circumstances suggest that the carrying amount may not be recoverable. Goodwill is allocation to various reporting units, which are generally an operating segment. The fair values of the reporting units are estimated using an income or discounted cash flows approach. If the carrying amount of the reporting unit exceeds its fair value, goodwill is considered impaired and a second step is performed to measure the amount of impairment loss, if any.

Under the income approach, we measure fair value of the reporting unit based on a projected cash flow method using a discount rate determined by our management which is commensurate with the risk inherent in our current business model. Our discounted cash flow projections are based on our annual financial forecasts developed internally by management for use in managing our business.

We amortize other intangible assets over their estimated useful lives. We record an impairment charge on these assets if we determine that their carrying value may not be recoverable. The carrying value is not recoverable if it exceeds the undiscounted cash flows resulting from the use of the asset and its eventual disposition. Our estimates of future cash flows attributable to our other intangible assets require significant judgment based on our historical and anticipated results and are subject to many factors. We assess the impairment of identifiable intangibles and long-lived assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable or that the life of the asset may need to be revised. Factors we consider important which could trigger an impairment review include the following:

- significant negative industry or economic trends;
- significant loss of clients; and
- significant changes in the manner of our use of the acquired assets or the strategy for our overall business.

When we determine that the carrying value of intangibles or other long-lived assets may not be recoverable based upon the existence of one or more of the above indicators of impairment, we measure the potential impairment based on a projected discounted cash flow method using a discount rate determined by our management to be commensurate with the risk inherent in our current business model. An impairment loss is recognized only if the carrying amount of the intangible asset or other long-lived asset is not recoverable and exceeds its fair value. Different assumptions and judgments could materially affect the calculation of the fair value of our other intangible assets and other long-lived assets.

As of December 31, 2011, the fair value of our SBG reporting unit, with $4.5 million of goodwill, exceeded the carrying value of its net assets by approximately 328%; the fair value of our LDT reporting unit, with $13.7 million of goodwill, exceeded the carrying value of its net assets by approximately 29%; and the fair value of our CRI reporting unit, with $97.0 million of goodwill, exceeded the carrying value of its net assets by approximately 32%. To arrive at our cash flow projections utilized in the income approach, we used the reporting unit's forecast of estimated operating results based on key assumptions such as long-term revenue growth rates, costs and estimates of future anticipated changes in operating margins based on economic and market information. Key assumptions used to determine the fair value of our reporting units at December 31, 2011, were the expected after-tax cash flows for the forecast period and terminal year, terminal growth rates and weighted average cost of capital. Certain estimates used in the income approach involve information from businesses with limited financial history and developing revenue models which increase the risk of differences between the projected and actual performance. One of the key assumptions used in applying the income approach include discount rates which ranged from 13% to 34% depending on the reporting units' overall risk profile relative to other guideline companies, the reporting units' respective industry as well as the visibility of future expected cash flows. It is reasonably possible that business performance significantly below our expectations or a deterioration of market and economic conditions could occur. This would adversely impact our ability to meet our projected results, which could cause the goodwill in any of our reporting units to become impaired. Significant differences between these estimates and actual cash flows could materially affect our future financial results. If our LDT reporting unit is not successful in commercializing new business arrangements, or if we are unsuccessful in renewing our license agreements for the SBG and CRI reporting units, the revenue and income for these reporting units could adversely and materially deviate from their historical trends and could cause goodwill to become impaired. If we determine that our goodwill is impaired, we would be required to record a non-cash charge that could have a material adverse effect on our results of operations and financial position.

Income Taxes

As part of preparing our consolidated financial statements, we are required to calculate the income tax expense or benefit which relates to the pretax income or loss for the period. In addition, we are required to assess the realization of the deferred tax asset or liability to be included on the consolidated balance sheet as of the reporting dates.

As of December 31, 2011, our consolidated balance sheet included net deferred tax assets, before valuation allowance, of approximately $149.3 million, which consists of net operating loss carryovers, tax credit carryovers, amortization, employee stock-based compensation expenses and certain liabilities, partially reduced by deferred tax liabilities associated with the convertible debt instruments that may be settled in cash upon conversion, including partial cash settlements. For the year ended December 31, 2011, a valuation allowance of $141.0 million reduced net deferred tax assets to $8.3 million. Management periodically evaluates the realizability of our net deferred tax assets based on all available evidence, both positive and negative. The realization of net deferred tax assets is dependent on our ability to generate sufficient future taxable income during periods prior to the expiration of tax statutes to fully utilize these assets. Our forecasted future operating results are highly influenced by, among other factors, assumptions regarding (1) our ability to achieve our forecasted revenue, (2) our ability to effectively manage our expenses in line with our forecasted revenue and (3) general trends in the semiconductor industry.

We weighed both positive and negative evidence and determined that there is a continued need for a valuation allowance due to projected future losses, which we considered significant negative evidence. Though considered positive evidence, projected income from potential favorable patent and related settlement litigation were not included in the determination for the valuation allowance due

to our inability to reliably estimate and objectively verify the timing and amounts of such settlements. Even though we are no longer in a cumulative tax loss position for the last twelve quarters primarily due to certain discrete positive events, the projection of significant future losses is a negative factor that outweighs the positive factors leading to a conclusion that a release of the valuation allowance is not yet appropriate. If any settlement income is realized, we will reassess our position on maintaining the valuation allowance.

Tax attributes related to stock option windfall deductions are not to be recognized until they result in a reduction of cash taxes payable. The benefit of these excess tax benefits will be recorded to equity when they reduce cash taxes payable.

The calculation of our tax liabilities involves uncertainties in the application of complex tax law and regulations in a multitude of jurisdictions. Although FASB Accounting Standards Codification ("ASC") 740 Income Taxes, provides further clarification on the accounting for uncertainty in income taxes, significant judgment is required by management. If the ultimate resolution of tax uncertainties is different from what is currently estimated, a material impact on income tax expense could result.

Stock-Based Compensation

We maintained stock plans covering a broad range of potential equity grants including stock options, nonvested equity stock and equity stock units and performance based instruments. In addition, we sponsor an Employee Stock Purchase Plan ("ESPP"), whereby eligible employees are entitled to purchase Common Stock semi-annually, by means of limited payroll deductions, at a 15% discount from the fair market value of the Common Stock as of specific dates.

The accounting guidance for share-based payments requires the measurement and recognition of compensation expense in our statement of operations for all share-based payment awards made to our employees, directors and consultants including employee stock options, nonvested equity stock and equity stock units, and employee stock purchase grants. Stock-based compensation expense is measured at grant date, based on the estimated fair value of the award, reduced by an estimate of the annualized rate of expected forfeitures, and is recognized as expense over the employees' expected requisite service period, generally using the straight-line method. In addition, the accounting guidance for share-based payments requires the benefits of tax deductions in excess of recognized compensation expense to be reported as a financing cash flow, rather than as an operating cash flow as prescribed under previous accounting rules. Our forfeiture rate represents the historical rate at which our stock-based awards were surrendered prior to vesting. The accounting guidance for share-based payments requires forfeitures to be estimated at the time of grant and revised on a cumulative basis, if necessary, in subsequent periods if actual forfeitures differ from those estimates. See Note 9, "Equity Incentive Plans and Stock-Based Compensation," of Notes to Consolidated Financial Statements of this Form 10-K for more information regarding the valuation of stock-based compensation.

Marketable Securities

Available-for-sale securities are carried at fair value, based on quoted market prices, with the unrealized gains or losses reported, net of tax, in stockholders' equity as part of accumulated other comprehensive income (loss). The amortized cost of debt securities is adjusted for amortization of premiums and accretion of discounts to maturity, both of which are included in interest and other income, net. Realized gains and losses are recorded on the specific identification method and are included in interest and other income, net. We review our investments in marketable securities for possible other than temporary impairments on a regular basis. If any loss on investment is believed to be other than temporary, a charge will be recognized in operations. In evaluating whether a loss on a debt security is other than temporary, we consider the following factors: 1) our intent to sell the security, 2) if we intend to hold the security, whether or not it is more likely than not that we will be required to sell the security before recovery of the security's amortized cost basis and 3) even if we intend to hold the security, whether or not we expect the security to recover the entire amortized cost basis. Due to the high credit quality and short term nature of our investments, there have been no other than temporary impairments recorded to date. The classification of funds between short-term and long-term is based on whether the securities are available for use in operations or other purposes.

Convertible Notes

See Note 15, “Convertible Notes,” of Notes to Consolidated Financial Statements of this Form 10-K regarding the accounting policy in regards to the adoption of the FASB accounting guidance which clarifies the accounting for convertible debt instruments that may be settled in cash upon conversion, including partial cash settlement.

Recent Accounting Pronouncements

See Note 3, “Recent Accounting Pronouncement,” of Notes to Consolidated Financial Statements of this Form 10-K for a full description of recent accounting pronouncements including the respective expected dates of adoption.

Item 7A. *Quantitative and Qualitative Disclosures About Market Risk*

We are exposed to financial market risks, primarily arising from the effect of interest rate fluctuations on our investment portfolio. Interest rate fluctuation may arise from changes in the market’s view of the quality of the security issuer, the overall economic outlook, and the time to maturity of our portfolio. We mitigate this risk by investing only in high quality, highly liquid instruments. Securities with original maturities of one year or less must be rated by two of the three industry standard rating agencies as follows: A1 by Standard & Poor’s, P1 by Moody’s and/or F-1 by Fitch. Securities with original maturities of greater than one year must be rated by two of the following industry standard rating agencies as follows: AA- by Standard & Poor’s, Aa3 by Moody’s and/or AA- by Fitch. By corporate investment policy, we limit the amount of exposure to $15.0 million or 10% of the portfolio, whichever is lower, for any single non-U.S. Government issuer. A single U.S. Agency can represent up to 25% of the portfolio. No more than 20% of the total portfolio may be invested in the securities of an industry sector, with money market fund investments evaluated separately. Our policy requires that at least 10% of the portfolio be in securities with a maturity of 90 days or less. We may make investments in U.S. Treasuries, U.S. Agencies, corporate bonds and municipal bonds and notes with maturities up to 36 months. However, the bias of our investment portfolio is shorter maturities. All investments must be U.S. dollar denominated. Additionally, we have no significant exposure to European sovereign debt.

We invest our cash equivalents and marketable securities in a variety of U.S. dollar financial instruments such as U.S. Treasuries, U.S. Government Agencies, commercial paper and corporate notes. Our policy specifically prohibits trading securities for the sole purposes of realizing trading profits. However, we may liquidate a portion of our portfolio if we experience unforeseen liquidity requirements. In such a case, if the environment has been one of rising interest rates we may experience a realized loss, similarly, if the environment has been one of declining interest rates we may experience a realized gain. As of December 31, 2011, we had an investment portfolio of fixed income marketable securities of $264.7 million including cash equivalents. If market interest rates were to increase immediately and uniformly by 1.0% from the levels as of December 31, 2011, the fair value of the portfolio would decline by approximately $0.3 million. Actual results may differ materially from this sensitivity analysis.

The table below summarizes the amortized cost, fair value, unrealized gains (losses) and related weighted average interest rates for our cash equivalents and marketable securities portfolio as of December 31, 2011 and December 31, 2010:

	As of December 31, 2011				
(Dollars in thousands)	**Fair Value**	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Weighted Rate of Return**
Money market funds	$ 127,559	$ 127,559	$ —	$ —	0.01%
Corporate notes, bonds and commercial paper	137,108	137,208	—	(100)	0.29%
Total cash equivalents and marketable securities	264,667	264,767	—	(100)	
Cash	24,789	24,789	—	—	
Total cash, cash equivalents and marketable securities	$ 289,456	$ 289,556	$ —	$ (100)	

	As of December 31, 2010				
(Dollars in thousands)	**Fair Value**	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Weighted Rate of Return**
Money market funds	$ 132,364	$ 132,364	$ —	$ —	0.04%
U.S. government sponsored obligations	266,817	266,840	29	(52)	0.26%
Corporate notes, bonds and commercial paper	95,724	95,773	8	(57)	0.39%
Total cash equivalents and marketable securities	494,905	494,977	37	(109)	

Cash	17,104	17,104	—	—
Total cash, cash equivalents and marketable securities	$ 512,009	$ 512,081	$ 37	$ (109)

The fair value of our convertible notes is subject to interest rate risk, market risk and other factors due to the convertible feature. The fair value of the convertible notes will generally increase as interest rates fall and decrease as interest rates rise. In addition, the fair value of the convertible notes will generally increase as our common stock price increases and will generally decrease as our common stock price declines in value. The interest and market value changes affect the fair value of our convertible notes but do not impact our financial position, cash flows or results of operations due to the fixed nature of the debt obligation. Additionally, we do not carry the convertible notes at fair value. We present the fair value of the convertible notes for required disclosure purposes. The following table summarizes certain information related to our 2014 Notes as of December 31, 2011:

(in thousands)	**Fair Value**	**Fair Value Given a 10% Increase in Market Prices**	**Fair Value Given a 10% Decrease in Market Prices**
5% Convertible Senior Notes due 2014	$ 170,289	$ 187,318	$ 153,260

We invoice our customers in U.S. dollars. Although the fluctuation of currency exchange rates may impact our customers, and thus indirectly impact us, we do not attempt to hedge this indirect and speculative risk. Our overseas operations consist primarily of one design center in India and small business development offices in Germany, Japan, Korea and Taiwan. We monitor our foreign currency exposure; however, as of December 31, 2011, we believe our foreign currency exposure is not material enough to warrant foreign currency hedging.

Item 8. *Financial Statements and Supplementary Data*

See Item 15 “Exhibits and Financial Statement Schedules” of this Form 10-K for required financial statements and supplementary data.

Item 9. *Changes in and Disagreements with Accountants on Accounting and Financial Disclosure*

None.

Item 9A. *Controls and Procedures*

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to ensure that information required to be disclosed in the reports we file or submit pursuant to the Securities and Exchange Act of 1934 as amended (“Exchange Act”) is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Management, with the participation of the Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act as of the end of the period covered by this report. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of December 31, 2011, our disclosure controls and procedures were effective.

The internal control over financial reporting related to the assets acquired under a business combination from CRI was excluded from the evaluation of the effectiveness of the Company's disclosure control and procedures as of the end of the year because the business was acquired in a business combination during 2011. Total assets, revenues and operating expenses of this business combination represent approximately 37%, 6% and 12%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2011.

Management’s Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is the process designed by, or under the supervision of, our Chief Executive Officer and Chief Financial Officer, and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, and includes those policies and procedures that:

(i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect our transactions and dispositions of assets;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with the authorization of our management and directors; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management has excluded the business acquired from CRI from its assessment of internal control over financial reporting as of December 31, 2011 because it was acquired by the Company in a business combination during the year ended December 31, 2011. Total assets, revenues and operating expenses from this business combination represent 37%, 6% and 12%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2011.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an assessment of the effectiveness of our internal control over financial reporting as of December 31, 2011. In making this assessment, our management used the criteria set forth in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on the results of this assessment, management has concluded that, as of December 31, 2011, our internal control over financial reporting was effective based on the criteria in *Internal Control — Integrated Framework* issued by the COSO.

The effectiveness of our internal control over financial reporting as of December 31, 2011 has been audited by PricewaterhouseCoopers, LLP, an independent registered public accounting firm, as stated in their report which appears herein.

Changes in Internal Control Over Financial Reporting

There were no changes in internal control over financial reporting during the last fiscal quarter that has materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. ***Other Information***

None.

PART III

Item 10. ***Directors, Executive Officers and Corporate Governance***

The information responsive to this item is incorporated herein by reference to our Proxy Statement for our 2012 annual meeting of stockholders to be filed with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the

end of the fiscal year covered by this Annual Report on Form 10-K. The information under the heading "Our Executive Officers" in Part I, Item 1 of this Annual Report on Form 10-K is also incorporated herein by reference.

We have a Code of Business Conduct and Ethics for all of our directors, officers and employees. Our Code of Business Conduct and Ethics is available on our website at http://investor.rambus.com/documentdisplay.cfm?DocumentID=8379. To date, there have been no waivers under our Code of Business Conduct and Ethics. We will post any amendments or waivers, if and when granted, of our Code of Business Conduct and Ethics on our website.

Item 11. *Executive Compensation*

The information responsive to this item is incorporated herein by reference to our Proxy Statement for our 2012 annual meeting of stockholders to be filed with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

Item 12. *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters*

The information responsive to this item is incorporated herein by reference to our Proxy Statement for our 2012 annual meeting of stockholders to be filed with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

Item 13. *Certain Relationships and Related Transactions, and Director Independence*

The information responsive to this item is incorporated herein by reference to our Proxy Statement for our 2012 annual meeting of stockholders to be filed with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

Item 14. *Principal Accountant Fees and Services*

The information responsive to this item is incorporated herein by reference to our Proxy Statement for our 2012 annual meeting of stockholders to be filed with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

PART IV

Item 15. ***Exhibits and Financial Statement Schedules***

(a)(1) Financial Statements

The following consolidated financial statements of the Registrant and Report of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm, are included herewith:

	Page
Report of Independent Registered Public Accounting Firm	57
Consolidated Balance Sheets as of December 31, 2011 and 2010	58
Consolidated Statements of Operations for the years ended December 31, 2011, 2010 and 2009	59
Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2011, 2010 and 2009	60
Consolidated Statements of Stockholders' Equity for the years ended December 31, 2011, 2010 and 2009	61
Consolidated Statements of Cash Flows for the years ended December 31, 2011, 2010 and 2009	62
Notes To Consolidated Financial Statements	63
Consolidated Supplementary Financial Data (unaudited)	110

(a)(2) Financial Statement Schedule

The following financial statement schedule of the Registrant is included herewith and should be read in conjunction with the Financial Statements included in this Item 15:

	Page
Schedule II - Valuation and Qualifying Accounts	111

All other schedules are omitted because they are not applicable or the required information is shown in the Financial Statements or the notes thereto.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Rambus Inc.:

In our opinion, the consolidated financial statements listed in the index appearing under Item 15 (a)(1) present fairly, in all material respects, the financial position of Rambus Inc. and its subsidiaries at December 31, 2011 and December 31, 2010, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2011, in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under item 15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011 based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting, under item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As described in Management's Report on Internal Control over Financial Reporting, management has excluded the business acquired from Cryptography Research Inc., from its assessment of internal control over financial reporting as of December 31, 2011 because it was acquired by the Company in a business combination during the year ended December 31, 2011. Total assets, revenues and operating expenses of this business combination represent approximately 37%, 6% and 12%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2011.

/s/ PricewaterhouseCoopers LLP

San Jose, California
February 23, 2012

RAMBUS INC.

CONSOLIDATED BALANCE SHEETS

	December 31, 2011	December 31, 2010
	(In thousands, except shares and per share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 162,244	$ 215,262
Marketable securities	127,212	296,747
Accounts receivable	1,026	2,600
Prepaids and other current assets	8,096	10,898
Deferred taxes	2,798	2,420
Total current assets	301,376	527,927
Intangible assets, net	181,955	40,986
Goodwill	115,148	18,154
Property, plant and equipment, net	81,105	67,770
Deferred taxes, long term	7,531	2,974
Other assets	6,539	5,361
Total assets	$ 693,654	$ 663,172
LIABILITIES, CONTINGENTLY REDEEMABLE COMMON STOCK & STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 16,567	$ 5,952
Accrued salaries and benefits	31,763	31,634
Accrued litigation expenses	10,502	4,060
Other accrued liabilities	6,479	14,165
Total current liabilities	65,311	55,811
Convertible notes, long-term	133,493	121,500
Long-term imputed financing obligation	43,793	27,899
Long-term income taxes payable	9,946	4,577
Other long-term liabilities	11,317	5,102
Total liabilities	263,860	214,889
Commitments and contingencies (Notes 8 and 16)		
Contingently redeemable common stock:		
Issued and outstanding: no shares at December 31, 2011 and 4,788,125 shares at December 31, 2010	—	113,500
Stockholders' equity:		
Convertible preferred stock, $.001 par value:		
Authorized: 5,000,000 shares; Issued and outstanding: no shares at December 31, 2011 and December 31, 2010	—	—
Common Stock, $.001 par value:		
Authorized: 500,000,000 shares; Issued and outstanding: 110,267,145 shares at December 31, 2011 and 102,676,544 shares at December 31, 2010	110	103
Additional paid in capital	1,049,716	911,632
Accumulated deficit	(619,643)	(576,590)
Accumulated other comprehensive loss	(389)	(362)
Total stockholders' equity	429,794	334,783
Total liabilities, contingently redeemable common stock and stockholders' equity	$ 693,654	$ 663,172

See Notes to Consolidated Financial Statements

RAMBUS INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Years Ended December 31,		
	2011	2010	2009
	(In thousands, except per share amounts)		
Revenue:			
Royalties	$ 299,004	$ 320,155	$ 108,001
Contract revenue	13,359	3,235	5,006
Total revenue	312,363	323,390	113,007
Operating costs and expenses:			
Cost of revenue*	24,085	6,937	6,876
Research and development*	115,696	92,706	67,252
Marketing, general and administrative*	164,131	119,475	128,199
Costs (recoveries) of restatement and related legal activities, net	16,187	4,190	(13,458)
Gain from settlement	(6,200)	(126,800)	—
Total operating costs and expenses	313,899	96,508	188,869
Operating income (loss)	(1,536)	226,882	(75,862)
Interest income and other income (expense), net	(3,018)	861	4,085
Interest expense	(21,247)	(19,699)	(20,950)
Interest and other income (expense), net	(24,265)	(18,838)	(16,865)
Income (loss) before income taxes	(25,801)	208,044	(92,727)
Provision for (benefit from) income taxes	17,252	57,127	(541)
Net income (loss)	$ (43,053)	$ 150,917	$ (92,186)
Net income (loss) per share:			
Basic	$ (0.39)	$ 1.34	$ (0.88)
Diluted	$ (0.39)	$ 1.30	$ (0.88)
Weighted average shares used in per share calculations:			
Basic	110,041	112,456	105,011
Diluted	110,041	115,884	105,011
* Includes stock-based compensation:			
Cost of revenue	$ 575	$ 173	$ 1,002
Research and development	$ 10,519	$ 10,165	$ 9,715
Marketing, general and administrative	$ 16,902	$ 20,210	$ 20,868

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Years Ended December 31,		
	2011	2010	2009
		(In thousands)	
Net income (loss)	$ (43,053)	$ 150,917	$ (92,186)
Other comprehensive loss:			
Unrealized loss on marketable securities, net of tax	(27)	(449)	(782)
Total comprehensive income (loss)	$ (43,080)	$ 150,468	$ (92,968)

See Notes to Consolidated Financial Statements

RAMBUS INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Gain (Loss)	Total
	Shares	Amount				
			(In thousands)			
Balances at December 31, 2008	103,803	$ 104	$ 703,640	$ (471,672)	$ 869	$ 232,941
Net loss	—	—	—	(92,186)	—	(92,186)
Unrealized loss on marketable securities, net of tax	—	—	—	—	(782)	(782)
Issuance of common stock upon exercise of options, equity stock and stock units, and employee stock purchase plan	2,131	2	19,747	—	—	19,749
Equity component of 5% convertible senior notes due 2014	—	—	63,867	—	—	63,867
Stock-based compensation	—	—	31,738	—	—	31,738
Balances at December 31, 2009	105,934	$ 106	$ 818,992	$ (563,858)	$ 87	$ 255,327
Net income	—	—	—	150,917	—	150,917
Unrealized loss on marketable securities, net of tax	—	—	—	—	(449)	(449)
Issuance of common stock upon exercise of options, equity stock and employee stock purchase plan	1,481	1	15,066	—	—	15,067
Issuance of common stock due to the settlement with Samsung	4,788	5	78,495	—	—	78,500
Repurchase and retirement of common stock under repurchase plan	(9,527)	(9)	(31,449)	(163,649)	—	(195,107)
Stock-based compensation	—	—	30,528	—	—	30,528
Balances at December 31, 2010	102,676	$ 103	$ 911,632	$ (576,590)	$ (362)	$ 334,783
Net loss	—	—	—	(43,053)	—	(43,053)
Unrealized loss on marketable securities, net of tax	—	—	—	—	(27)	(27)
Issuance of common stock upon exercise of options, equity stock and employee stock purchase plan	1,371	1	10,093	—	—	10,094
Net issuance of common stock due to CRI acquisition	6,220	6	86,137	—	—	86,143
Settlement of Samsung's option related to the contingently redeemable common stock	—	—	13,500	—	—	13,500
Stock-based compensation	—	—	28,354	—	—	28,354
Balances at December 31, 2011	110,267	$ 110	$ 1,049,716	$ (619,643)	$ (389)	$ 429,794

See Notes to Consolidated Financial Statements

RAMBUS INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31,		
	2011	2010	2009
		(In thousands)	
Cash flows from operating activities:			
Net income (loss)	$ (43,053)	$ 150,917	$ (92,186)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Stock-based compensation	27,996	30,548	31,585
Depreciation	11,894	10,101	10,661
Amortization of intangible assets	20,191	5,066	2,984
Non-cash interest expense and amortization of convertible debt issuance costs	12,622	11,075	16,624
Deferred tax benefit	(246)	(73)	(354)
Non-cash acquisition of patents	(3,000)	—	—
Loss (gain) on disposal of property, plant and equipment	—	(153)	15
Loss on sale of marketable security	—	87	—
Impairment of investments	—	—	164
Change in assets and liabilities, net of effects of acquisition:			
Accounts receivable	2,714	(1,651)	554
Prepaids and other assets	8,810	4,643	997
Accounts payable	10,452	(3,811)	2,520
Accrued salaries and benefits and other accrued liabilities	(783)	28,050	(5,063)
Accrued litigation expenses	6,442	(1,087)	(9,118)
Income taxes payable	(1,047)	1,506	25
Net cash provided by (used in) operating activities	52,992	235,218	(40,592)
Cash flows from investing activities:			
Acquisition of businesses, net of cash acquired	(167,381)	(17,000)	(26,000)
Purchases of property, plant and equipment	(19,431)	(26,700)	(2,665)
Acquisition of intangible assets	(1,210)	(7,760)	(2,500)
Purchases of marketable securities	(173,996)	(428,768)	(183,217)
Maturities of marketable securities	337,880	296,639	240,927
Proceeds from sale of marketable securities	33	1,829	—
Proceeds from sale of property, plant and equipment	—	257	—
Investment in non-marketable security	—	—	(2,000)
Net cash provided by (used in) investing activities	(24,105)	(181,503)	24,545
Cash flows from financing activities:			
Payment to redeem contingently redeemable common stock pursuant to the settlement agreement with Samsung	(100,000)	—	—
Proceeds received from issuance of contingently redeemable common stock and common stock pursuant to the settlement agreement with Samsung	—	192,000	—
Proceeds from landlord for tenant improvements	8,800	292	—
Proceeds received from issuance of common stock under employee stock plans	12,282	16,514	20,692
Payments under installment payment arrangement	(2,531)	(4,274)	—
Principal payments against financing lease obligation	(456)	—	—
Repurchase and retirement of common stock, including prepayment under share purchase contract	—	(195,108)	—
Repayment of convertible senior notes	—	(136,950)	—
Issuance costs related to the issuance of convertible senior notes	—	—	(4,313)
Proceeds from issuance of convertible senior notes	—	—	172,500
Net cash provided by (used in) financing activities	(81,905)	(127,526)	188,879
Net increase (decrease) in cash and cash equivalents	(53,018)	(73,811)	172,832
Cash and cash equivalents at beginning of year	215,262	289,073	116,241
Cash and cash equivalents at end of year	$ 162,244	$ 215,262	$ 289,073
Supplemental disclosure of cash flow information:			
Cash paid during the period for:			
Interest	$ 8,625	$ 8,625	$ 3,943
Income taxes, net of refunds	$ 16,254	$ 56,689	$ 123
Non-cash investing and financing activities:			
Common stock, net, issued pursuant to acquisition	$ 86,143	$ —	$ —
Non-cash obligation for property, plant and equipment	$ 7,409	$ 2,260	$ 25,100
Property, plant and equipment received and accrued in accounts payable and other accrued liabilities	$ 3,093	$ 7,714	$ 200
Intangible assets acquired under installment payment arrangement	$ —	$ 500	$ —

See Notes to Consolidated Financial Statements

RAMBUS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Formation and Business of the Company

Rambus Inc. (the "Company" or "Rambus") is a premier intellectual property and technology licensing company focusing on the creation, design, development and licensing of patented innovations, technologies and architectures that are foundational to nearly all digital electronics products and systems. The Company was incorporated in California in March 1990 and reincorporated in Delaware in March 1997. The Company's mission is to continuously enrich the end-user experience of electronic system through groundbreaking innovations and technologies designed to improve the performance, power efficiency, time-to-market and cost-effectiveness of the products, components and systems offered by market-leading companies in semiconductors, computing, tablets, handheld devices, mobile applications, gaming and graphics, high definition televisions ("HDTVs") and displays, general lighting, cryptography and data security. The Company's inventors and engineering teams focus on creating innovations designed to address the most challenging demands of each target market and industry. The Company generates revenue by licensing its patented innovations and technologies to market-leading companies that provide their products to the end-user customers or consumers. The Company believes it has established an unparalleled licensing platform and business model that will continue to foster the development of new foundational and leading innovations and technologies. By continuing to build upon this platform, the Company's goal is to create additional licensing opportunities, and thereby perpetuate strong company operating performance and long-term stockholder value.

While the Company has historically focused its efforts in the development of technologies for electronics memory and chip interfaces, it is in the process of expanding its portfolio of inventions and solutions to address additional markets in lighting, displays, chip and system security, digital media, as well as new areas within the semiconductor industry, such as imaging and non-volatile memory. The Company intends to continue its growth into new technology fields, consistent with its mission to create great value through its innovations and to make those technologies available through its licensing business model. Key to its efforts, both in its current businesses and in any new area of diversification, will be hiring and retaining world-class inventors, scientists and engineers to lead the development of inventions and technology solutions for these fields of focus, and the management and business support personnel necessary to execute of its plans and strategies.

2. Summary of Significant Accounting Policies

Financial Statement Presentation

The accompanying consolidated financial statements include the accounts of Rambus and its wholly owned subsidiaries, Rambus K.K., located in Tokyo, Japan, Cryptography Research, Inc., located in California, U.S.A., and Rambus Ltd., located in George Town, Grand Cayman Islands, British West Indies, which includes Rambus Chip Technologies (India) Private Limited, Rambus Deutschland GmbH, located in Pforzheim, Germany, and Rambus Korea, Inc., located in Seoul, Korea. In addition, Rambus International Ltd. and Rambus Delaware LLC are also subsidiaries. All intercompany accounts and transactions have been eliminated in the accompanying consolidated financial statements. Investments in entities with less than 20% ownership by Rambus and in which Rambus does not have the ability to significantly influence the operations of the investee are accounted for using the cost method and are included in other assets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain prior year balances were reclassified to conform to the current year's presentation. None of these reclassifications had an impact on reported net income (loss) for any of the periods presented.

Revenue Recognition

Overview

Rambus recognizes revenue when persuasive evidence of an arrangement exists, Rambus has delivered the product or performed the service, the fee is fixed or determinable and collection is reasonably assured. If any of these criteria are not met, Rambus defers recognizing the revenue until such time as all criteria are met. Determination of whether or not these criteria have been met may require the Company to make judgments, assumptions and estimates based upon current information and historical experience.

Rambus' revenue consists of royalty revenue and contract revenue. Royalty revenue consists of patent license and solutions license royalties. Contract revenue consist of fixed license fees, fixed engineering fees and service fees associated with integration of Rambus' technology solutions into its customers' products. Reseller arrangements generally provide for the pass-through of a percentage of the fees paid to the reseller by the reseller's customer for use of the Rambus' patent and solutions licenses. Rambus does not recognize revenue for these arrangements until it has received notice of revenue earned by and paid to the reseller, accompanied by the pass-through payment from the reseller. Rambus does not pay commissions to the reseller for these arrangements.

In addition, Rambus may enter into certain settlements of patent infringement disputes. The amount of consideration received upon any settlement (including but not limited to past royalty payments, future royalty payments and punitive damages) is allocated to each element of the settlement based on the fair value of each element. In addition, revenues related to past royalties are recognized upon execution of the agreement by both parties, provided that the amounts are fixed or determinable, there are no significant undelivered obligations and collectability is reasonably assured. Rambus does not recognize any revenues prior to execution of the agreement since there is no reliable basis on which it can estimate the amounts for royalties related to previous periods or assess collectability. Elements that are related to royalty revenue in nature (including but not limited to past royalty payments and future royalty payments) will be recorded as royalty revenue in the consolidated statements of operations. Elements that are not related to royalty revenue in nature (including but not limited to punitive damage and settlement) will be recorded as gain from settlement which is reflected as a separate line item within the operating expenses section in the consolidated statements of operations.

Many of Rambus' licensees have the right to cancel their licenses. In such arrangements, revenue is only recognized to the extent that is consistent with the cancellation provisions. Cancellation provisions within such contracts generally provide for a prospective cancellation with no refund of fees already remitted by customers for products provided and payment for services rendered prior to the date of cancellation. Unbilled receivables represent enforceable claims and are deemed collectible in connection with its revenue recognition policy.

Royalty Revenue

Rambus recognizes royalty revenue upon notification by its licensees and when deemed collectible. The terms of the royalty agreements generally either require licensees to give Rambus notification and to pay the royalties within 60 days of the end of the quarter during which the sales occur or are based on a fixed royalty that is due within 45 days of the end of the quarter. Rambus has two types of royalty revenue: (1) patent license royalties and (2) solutions license royalties.

Patent licenses. Rambus licenses its broad portfolio of patented inventions to companies who use these inventions in the development and manufacture of their own products. Such licensing agreements may cover the license of part, or all, of its patent portfolio. The contractual terms of the agreements generally provide for payments over an extended period of time. For the licensing agreements with fixed royalty payments, Rambus generally recognizes revenue from these arrangements as amounts become due. For the licensing agreements with variable royalty payments which can be based on either a percentage of sales or number of units sold, Rambus earns royalties at the time that the licensees' sales occur. Rambus' licensees, however, do not report and pay royalties owed for sales in any given quarter until after the conclusion of that quarter. As Rambus is unable to estimate the licensees' sales in any given quarter to determine the royalties due to Rambus, it recognizes royalty revenues based on royalties reported by licensees during the quarter and when other revenue recognition criteria are met.

Solutions licenses. Rambus develops proprietary and industry-standard products that it provides to its customers under solutions license agreements. These arrangements include royalties, which can be based on either a percentage of sales or number of units sold. Rambus earns royalties on such licensed products sold worldwide by its licensees at the time that the licensees' sales occur. Rambus' licensees, however, do not report and pay royalties owed for sales in any given quarter until after the conclusion of that quarter. As Rambus is unable to estimate the licensees' sales in any given quarter to determine the royalties due to Rambus, it recognizes royalty revenues based on royalties reported by licensees during the quarter and when other revenue recognition criteria are met.

Contract Revenue

Rambus generally recognizes revenue using percentage of completion for development contracts related to licenses of its solutions that involve significant engineering and integration services. For agreements accounted for using the percentage-of-completion method, Rambus determines progress to completion using input measures based upon contract costs incurred. Part of these contract fees may be due upon the achievement of certain milestones, such as provision of certain deliverables by Rambus or production of chips by the licensee. The remaining fees may be due on pre-determined dates and include significant up-front fees.

A provision for estimated losses on fixed price contracts is made, if necessary, in the period in which the loss becomes probable and can be reasonably estimated. If the Company determines that it is necessary to revise the estimates of the total costs required to complete a contract, the total amount of revenue recognized over the life of the contract would not be affected. However, to the extent the new assumptions regarding the total efforts necessary to complete a project are less than the original assumptions, the contract fees would be recognized sooner than originally expected. Conversely, if the newly estimated total efforts necessary to complete a project are longer than the original assumptions, the contract fees will be recognized over a longer period.

If application of the percentage-of-completion method results in recognizable revenue prior to an invoicing event under a customer contract, Rambus will recognize the revenue and record an unbilled receivable. As of December 31, 2011 and 2010, the balances of unbilled receivable are not significant. Amounts invoiced to its customers in excess of recognizable revenue are recorded as deferred revenue. The timing and amounts invoiced to customers can vary significantly depending on specific contract terms and can therefore have a significant impact on deferred revenue or unbilled receivables in any given period.

Litigation

Rambus is involved in certain legal proceedings. Based upon consultation with outside counsel handling its defense in these matters and an analysis of potential results, if Rambus believes that a loss arising from such matters is probable and can be reasonably estimated, Rambus records the estimated liability in its consolidated financial statements. If only a range of estimated losses can be determined, Rambus records an amount within the range that, in its judgment, reflects the most likely outcome; if none of the estimates within that range is a better estimate than any other amount, Rambus records the low end of the range. Any such accrual would be charged to expense in the appropriate period. Rambus recognizes litigation expenses in the period in which the litigation services were provided.

Goodwill and Intangible Assets

Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired in a business combination. Intangible assets resulting from the acquisitions of entities accounted for using the purchase method of accounting are estimated by management based on the fair value of net assets received. Identifiable intangible assets are comprised of patents, customer contracts and contractual relationships, existing technology, intellectual property and other intangible assets. Identifiable intangible assets are being amortized over the period of estimated benefit using principally the straight-line method and estimated useful lives ranging from 1 to 10 years. Goodwill is not subject to amortization, but is subject to at least an annual assessment for impairment, applying a fair-value based test.

The Company evaluates goodwill, at a minimum, on an annual basis and whenever events and changes in circumstances suggest that the carrying amount may not be recoverable. Goodwill is allocated to various reporting units, which are generally an operating segment. The fair values of the reporting units are estimated using an income or discounted cash flows approach. If the carrying amount of the reporting unit exceeds its fair value, goodwill is considered impaired, and a second step is performed to measure the amount of impairments loss, if any.

Under the income approach, the Company measures fair value of the reporting unit based on a projected cash flow method using a discount rate determined by its management which is commensurate with the risk inherent in its current business model. The Company's discounted cash flow projections are based on its annual financial forecasts developed internally by management for use in managing its business. Given the current economic environment and the uncertainties regarding the impact on its business, there can be no assurance that the estimates and assumptions made for purposes of the Company's goodwill impairment testing in the fourth quarter of 2011 will prove to be accurate predictions of the future. If the Company's assumptions regarding forecasted revenues or operating margin rates are not achieved, the Company may be required to record goodwill impairment charges in future periods, whether in connection with the next annual impairment testing or prior to that if any change constitutes a triggering event outside of the period when the annual goodwill impairment test is performed. It is not possible at this time to determine if any such future impairment charge would result or, if it does, whether such charge would be material. The Company believes that the assumptions and rates used in its impairment test are reasonable. However, they are judgmental, and variations in any of the assumptions or rates could result in materially different calculations of impairment amounts.

Based on our valuation results, the Company determined that the fair value of its reporting units continued to exceed their carrying value. Therefore, management determined that no goodwill impairment charge was required as of December 31, 2011.

The Company amortizes other intangible assets over their estimated useful lives. The Company records an impairment charge on these assets if it determines that their carrying value may not be recoverable. The carrying value is not recoverable if it exceeds the undiscounted cash flows resulting from the use of the asset and its eventual disposition. The Company's estimates of future cash flows attributable to its other intangible assets require significant judgment based on its historical and anticipated results and are subject to many factors. The Company assesses the impairment of identifiable intangibles and long-lived assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable or that the life of the asset may need to be revised. Factors that the Company considers important which could trigger an impairment review include the following:

- significant negative industry or economic trends;
- significant loss of clients; and
- significant changes in the manner of our use of the acquired assets or the strategy for our overall business.

When the Company determines that the carrying value of intangibles or other long-lived assets may not be recoverable based upon the existence of one or more of the above indicators of impairment, the Company measures the potential impairment based on a projected discounted cash flow method using a discount rate determined by the Company to be commensurate with the risk inherent in the Company's current business model. An impairment loss is recognized only if the carrying amount of the intangible asset or other long-lived asset is not recoverable and exceeds its fair value. Different assumptions and judgments could materially affect the calculation of the fair value of the other intangible assets and other long-lived assets. During 2011, 2010 and 2009, Rambus did not recognize any impairment of its long-lived and intangible assets.

Income Taxes

Income taxes are accounted for using an asset and liability approach, which requires the recognition of deferred tax assets and liabilities for expected future tax events that have been recognized differently in Rambus' consolidated financial statements and tax returns. The measurement of current and deferred tax assets and liabilities is based on provisions of the enacted tax law and the effects of future changes in tax laws or rates are not anticipated. A valuation allowance is established when necessary to reduce deferred tax assets to amounts expected to be realized based on available evidence.

In addition, the calculation of the Company's tax liabilities involves dealing with uncertainties in the application of complex tax regulations. As a result, the Company reports a liability for unrecognized tax benefits resulting from uncertain tax positions taken or expected to be taken in its tax return. The Company considers many factors when evaluating and estimating its tax positions and tax benefits, which may require periodic adjustments and which may not accurately anticipate actual outcomes.

Stock-Based Compensation and Equity Incentive Plans

The Company maintained stock plans covering a broad range of equity grants including stock options, nonvested equity stock and equity stock units and performance based instruments. In addition, the Company sponsors an Employee Stock Purchase Plan ("ESPP"), whereby eligible employees are entitled to purchase Common Stock semi-annually, by means of limited payroll deductions, at a 15% discount from the fair market value of the Common Stock as of specific dates.

Rambus will only recognize a tax benefit from stock-based awards in additional paid-in capital if an incremental tax benefit is realized after all other tax attributes currently available have been utilized. In addition, Rambus has elected to account for the indirect effects of stock-based awards on other tax attributes, such as the research tax credits, through the consolidated statement of operations as part of the tax effect of stock-based compensation.

Cash and Cash Equivalents

Cash equivalents are highly liquid investments with original maturity of three months or less at the date of purchase. The Company maintains its cash balances with high quality financial institutions. Cash equivalents are invested in highly-rated and highly-liquid money market securities and certain U.S. government sponsored obligations.

Marketable Securities

Available-for-sale securities are carried at fair value, based on quoted market prices, with the unrealized gains or losses reported, net of tax, in stockholders' equity as part of accumulated other comprehensive income (loss). The amortized cost of debt securities is adjusted for amortization of premiums and accretion of discounts to maturity, both of which are included in interest and other income, net. Realized gains and losses are recorded on the specific identification method and are included in interest and other income, net. The Company reviews its investments in marketable securities for possible other than temporary impairments on a regular basis. If any loss on investment is believed to be a credit loss, a charge will be recognized in operations. In evaluating whether a credit loss on a debt security has occurred, the Company considers the following factors: 1) the Company's intent to sell the security, 2) if the Company intends to hold the security, whether or not it is more likely than not that the Company will be required to sell the security before recovery of the security's amortized cost basis and 3) even if the Company intends to hold the security, whether or not the Company expects the security to recover the entire amortized cost basis. Due to the high credit quality and short term nature of the Company's investments, there have been no credit losses recorded to date. The classification of funds between short-term and long-term is based on whether the securities are available for use in operations or other purposes.

Non-Marketable Securities

The Company has an investment in a non-marketable security of a private company which is carried at cost. The Company monitors the investment for other-than-temporary impairment and records appropriate reductions in carrying value when necessary. The non-marketable security is classified within other assets in the consolidated balance sheets.

Fair Value of Financial Instruments

The carrying value of cash, cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their fair values due to their relatively short maturities as of December 31, 2011 and 2010. Marketable securities are comprised of available-for-sale securities that are reported at fair value with the related unrealized gains and losses included in accumulated other comprehensive income (loss), a component of stockholders' equity, net of tax. Fair value of the marketable securities is determined based on quoted market prices. The fair market value of the Company's convertible notes fluctuates with interest rates and with the market price of the stock, but does not affect the carrying value of the debt on the balance sheet.

Property, Plant and Equipment

Property, plant and equipment includes computer equipment, computer software, leasehold improvements, furniture and fixtures and buildings. Computer equipment, computer software, machinery and furniture and fixtures are stated at cost and generally depreciated on a straight-line basis over an estimated useful life of 3, 3 to 5, 7 and 3 years, respectively. The Company undertook a series of structural improvements to ready the Sunnyvale and Brecksville facilities for its use. The Company concluded that its requirement to fund construction costs and responsibility for cost overruns resulted in the Company being considered the owner of the

buildings during the construction period for accounting purposes. Following substantial completion of construction, the Company occupied both facilities. At completion, the Company concluded that it retained sufficient continuing involvement to preclude de-recognition of the buildings under the FASB authoritative guidance applicable to sale leaseback for real estate. As such, the Company continues to account for the buildings as owned real estate and to record an imputed financing obligation for its obligation to the legal owners. The buildings will be depreciated on a straight-line basis over an estimated useful life of approximately 39 years. See Note 6, “Balance Sheet Details,” and Note 8, “Commitments and Contingencies,” for additional details. Leasehold improvements are amortized on a straight-line basis over the shorter of their estimated useful lives or the initial terms of the leases. Upon disposal, assets and related accumulated depreciation are removed from the accounts and the related gain or loss is included in the results from operations.

Segment Reporting

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision makers in deciding how to allocate resources and in assessing performance. Rambus has one reportable segment: SBG which focuses on the design, development and licensing of technology that is semiconductor based. All other remaining operating segments did not meet the quantitative thresholds for disclosure as reportable segments. In addition, Rambus operates in three geographic regions: North America, Asia and Europe.

Research and Development

Costs incurred in research and development, which include engineering expenses, such as salaries and related benefits, stock-based compensation, depreciation, professional services and overhead expenses related to the general development of Rambus’ products, are expensed as incurred. Software development costs are capitalized beginning when a product’s technological feasibility has been established and ending when a product is available for general release to customers. Rambus has not capitalized any software development costs since the period between establishing technological feasibility and general customer release is relatively short and as such, these costs have not been significant.

Computation of Earnings (Loss) Per Share

Basic earnings (loss) per share is calculated by dividing the net income (loss) by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is calculated by dividing the earnings (loss) by the weighted average number of common shares and potentially dilutive securities outstanding during the period. Potentially dilutive common shares consist of incremental common shares issuable upon exercise of stock options, employee stock purchases, restricted stock and restricted stock units, and shares issuable upon the conversion of convertible notes. The dilutive effect of outstanding shares is reflected in diluted earnings per share by application of the treasury stock method. This method includes consideration of the amounts to be paid by the employees, the amount of excess tax benefits that would be recognized in equity if the instrument was exercised and the amount of unrecognized stock-based compensation related to future services. No potential dilutive common shares are included in the computation of any diluted per share amount when a net loss is reported. As discussed in Note 4, “Settlement Agreement with Samsung,” the Company reported shares issued to Samsung as contingently redeemable common stock due to the contractual put rights associated with those shares. As such, the Company used the two-class method for reporting earnings per share for those periods where the contingently redeemable common stock were outstanding (during 2010 until August 2011).

Comprehensive Income (Loss)

Comprehensive income (loss) is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources, including foreign currency translation adjustments and unrealized gains and losses on marketable securities. Other comprehensive income (loss), net of tax, is presented in the consolidated statements of comprehensive income (loss).

Credit Concentration

As of December 31, 2011 and 2010, the Company’s cash, cash equivalents and marketable securities were invested with various financial institutions in the form of corporate notes, bonds and commercial paper, money market funds, U.S. government bonds and

notes, and municipal bonds and notes. The Company's exposure to market risk for changes in interest rates relates primarily to its investment portfolio. The Company places its investments with high credit issuers and, by investment policy, attempts to limit the amount of credit exposure to any one issuer. As stated in the Company's investment policy, it will ensure the safety and preservation of the Company's invested funds by limiting default risk and market risk. The Company has no investments denominated in foreign country currencies and therefore is not subject to foreign exchange risk from these assets.

The Company mitigates default risk by investing in high credit quality securities and by positioning its portfolio to respond appropriately to a significant reduction in a credit rating of any investment issuer or guarantor. The portfolio includes only marketable securities with active secondary or resale markets to enable portfolio liquidity.

Foreign Currency Translation

The Company's foreign subsidiaries currently use the U.S. dollar as the functional currency. Remeasurement adjustments for non-functional currency monetary assets and liabilities are translated into U.S. dollars at the exchange rate in effect at the balance sheet date. Revenue, expenses, gains or losses are translated at the average exchange rate for the period, and non-monetary assets and liabilities are translated at historical rates. The remeasurement gains and losses of these foreign subsidiaries as well as gains and losses from foreign currency transactions are included in other expense, net in the consolidated statements of operations, and are not significant for any periods presented.

Allowance for Doubtful Accounts

Rambus' allowance for doubtful accounts is determined using a combination of factors to ensure that Rambus' trade and unbilled receivables balances are not overstated due to uncollectibility. The Company performs ongoing customer credit evaluation within the context of the industry in which it operates, does not require collateral, and maintains allowances for potential credit losses on customer accounts when deemed necessary. A specific allowance for a doubtful account up to 100% of the invoice is provided for any problematic customer balances. Delinquent account balances are written-off after management has determined that the likelihood of collection is not possible. For all periods presented, Rambus had no allowance for doubtful accounts.

3. Recent Accounting Pronouncement

In December 2011, the FASB issued Accounting Standards Update ("ASU") No. 2011-11, "Disclosures about Offsetting Assets and Liabilities". ASU 2011-11 will require the Company to disclose information about offsetting and related arrangements to enable users of its financial statements to understand the effect of those arrangements on its financial position. The new guidance is effective for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. The disclosures required are to be applied retrospectively for all comparative periods presented. The Company does not expect that this guidance will have an impact on its financial position, results of operations or cash flows as it is disclosure-only in nature.

In September 2011, the FASB amended its guidance to simplify how an entity tests goodwill for impairment. The amendment will allow an entity to first assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. An entity no longer will be required to calculate the fair value of a reporting unit unless the entity determines, based on a qualitative assessment, that it is more likely than not that its fair value is less than its carrying amount. The amendment becomes effective for the Company's interim period ending March 31, 2012 and early adoption is permitted. The Company anticipates adopting this guidance in its fourth quarter of fiscal 2012 at the time it performs its annual goodwill test and does not expect that this standard will materially impact its financial position or results of operations.

In June 2011, the FASB amended its guidance on the presentation of comprehensive income. Under the amended guidance, an entity has the option to present comprehensive income in either one continuous statement or two consecutive financial statements. A single statement must present the components of net income and total net income, the components of other comprehensive income and total other comprehensive income, and a total for comprehensive income. In a two-statement approach, an entity must present the components of net income and total net income in the first statement. That statement must be immediately followed by a financial statement that presents the components of other comprehensive income, a total for other comprehensive income, and a total for comprehensive income. The option under current guidance that permits the presentation of components of other comprehensive income as part of the statement of changes in stockholders' equity has been eliminated. The amendment becomes effective

retrospectively for the Company's interim period ending March 31, 2012. Early adoption is permitted. The Company adopted this guidance and presented the statement of comprehensive income (loss) as a separate statement immediately after the statement of operations.

In May 2011, the FASB amended its guidance to converge fair value measurement and disclosure guidance about fair value measurement under U.S. Generally Accepted Accounting Principles ("GAAP") with International Financial Reporting Standards ("IFRS"). IFRS is a comprehensive series of accounting standards published by the International Accounting Standards Board. The amendment changes the wording used to describe many of the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. For many of the requirements, the FASB does not intend for the amendment to result in a change in the application of the requirements in the current authoritative guidance. The amendment becomes effective prospectively for the Company's interim period ending March 31, 2012. Early adoption is not permitted. The Company does not expect the amendment to have a material impact on its financial position, results of operations or cash flows.

4. Settlement Agreement with Samsung

On January 19, 2010, the Company, Samsung and certain related entities of Samsung entered into a Settlement Agreement (the "Settlement Agreement") to release all claims against each other with respect to all outstanding litigation between them and certain other potential claims. Under the Settlement Agreement, Samsung has paid the Company two installments of $200.0 million each in cash in the first quarter of 2010, and the parties released all claims against each other with respect to all outstanding litigation between them and certain other potential claims. Pursuant to the Settlement Agreement, the Company and Samsung entered into a Semiconductor Patent License Agreement on January 19, 2010 (the "License Agreement"), under which Samsung licenses from the Company non-exclusive rights to certain Rambus patents and has agreed to pay the Company cash amounts equal to $25.0 million per quarter, commencing in the first quarter of 2010, subject to certain adjustments and conditions, over the next five years. In addition, as part of the Settlement Agreement, Samsung purchased approximately 9.6 million shares of common stock of Rambus for cash pursuant to the terms of a Stock Purchase Agreement dated January 19, 2010 (the "Stock Purchase Agreement"), as described in more details below. Finally, pursuant to the Settlement Agreement, the Company and Samsung signed a non-binding memorandum of understanding relating to discussions around a new generation of memory technologies. On an aggregate basis, Samsung is expected to make payments to the Company totaling approximately $900.0 million (subject to adjustments per the terms of the License Agreement) from these agreements(collectively, "Samsung Settlement"), less the $100.0 million retirement of the contingently redeemable common stock described below.

Under the License Agreement, the Company has granted to Samsung and its subsidiaries (i) a paid-up perpetual patent license for certain identified Samsung DRAM products (these Samsung DRAM products generally include all existing DRAM products aside from the Rambus proprietary products) and (ii) a five-year term patent license to all other semiconductor products. Each license is a non-exclusive, non-transferable, royalty-bearing, worldwide patent license, without the right to sublicense, solely under the applicable patent claims of Rambus for such licensed products, to make (including have made), use, sell, offer for sale and/or import such licensed products until the expiration or termination of the license pursuant to the terms of the License Agreement. The License Agreement requires that Samsung pay the Company cash payments over the next five years of (i) a fixed amount of $25.0 million each quarter during 2010 and the first two quarters of 2011, and (ii) thereafter, $25.0 million adjusted up or down based on certain levels of Samsung revenue for DRAM products licensed under the License Agreement for each quarter after 2010 and subject to a minimum of $10.0 million and a maximum of $40.0 million for each quarter. In addition, additional payments or certain adjustments to the payments by Samsung to the Company under the License Agreement may be due for certain acquisitions of businesses or assets by Samsung involving licensed products. The License Agreement and the licenses granted thereunder may be terminated upon a material breach by a party of its obligations under the agreement, a bankruptcy event involving a party or a change of control of Samsung subject to certain conditions.

Under the Stock Purchase Agreement, on January 19, 2010, Samsung purchased for cash from the Company 9.6 million shares of common stock of the Company (the "Shares") with certain restrictions and put rights. The number of shares issued was based on a price per share equal to $20.885 (which was the average of the open and close trading price of Rambus common stock on The NASDAQ Global Select Market on January 15, 2010, the last trading day prior to the date of the Stock Purchase Agreement). The Shares represented approximately 8.3% of the total outstanding shares of Rambus common stock at that time after giving effect to the issuance thereof. The issuance of the Shares by the Company to Samsung was made through a private transaction. The Stock Purchase Agreement provided Samsung a one-time put right, beginning 18 months after the date of the Stock Purchase Agreement and

extending to 19 months after the date of the Stock Purchase Agreement, to elect to put back to the Company up to 4.8 million of the Shares at the original issue price of $20.885 per share (for an aggregate purchase price of up to $100.0 million).

On July 20, 2011, the Company received notice from Samsung exercising their option to put back to the Company approximately 4.8 million of the Shares for cash of $100.0 million. In August 2011, the Company paid $100.0 million to Samsung in exchange for the Shares which were retired. The difference between the amount recorded as contingently redeemable common stock and the cash paid was recorded as additional paid-in capital in the Company's consolidated balance sheet.

The Stock Purchase Agreement prohibits the transfer of the Shares by Samsung for 18 months after the date of the Stock Purchase Agreement, subject to certain exceptions. After expiration of the transfer restriction period, the Stock Purchase Agreement provides that Samsung may transfer a limited number of shares on a daily basis, provides Rambus with a right of first offer for proposed transfers above such daily limits, and, if no sale occurs to Rambus under the right of first offer, allows Samsung to transfer the Shares. Under the Stock Purchase Agreement, the Company has also agreed that after the transfer restriction period, Samsung will have certain rights to register the Shares for sale under the securities laws of the United States, subject to customary terms and conditions.

In addition, until 18 months after the date of the Stock Purchase Agreement, subject to customary exceptions, Samsung is subject to a standstill agreement that prohibits Samsung from, among other things, acquiring additional shares of common stock of the Company, commencing or endorsing any tender offer or exchange offer for shares of common stock of the Company, participating in any solicitation of proxies with respect to voting any shares of common stock of the Company, or announcing or submitting any proposal or offer concerning any extraordinary transaction involving the Company. Samsung is also subject to a voting agreement under the Stock Purchase Agreement that provides that Samsung will vote its Shares in favor of routine proposals (related to election of directors, certain compensation matters, authorized share capital increases and approval of the independent auditors) that are recommended by the Board of Directors of the Company at any stockholder meeting. In all other matters, the voting agreement contained in the Stock Purchase Agreement requires that Samsung vote its Shares in the same proportion as the votes that are cast by all other holders of shares of common stock of the Company. The voting agreement under the Stock Purchase Agreement terminates (i) with respect to Shares that Samsung transfers in accordance with the provisions of the Stock Purchase Agreement, (ii) upon a change of control or bankruptcy event involving the Company or (iii) when Samsung owns less than 3% of the outstanding shares of common stock of the Company.

The Samsung Settlement is a multiple element arrangement for accounting purposes. For the multiple element arrangement, the Company identified each element of the arrangement and determined when those elements should be recognized. Using the accounting guidance from multiple element revenue arrangements, the Company allocated the consideration to each element using the estimated fair value of the elements. The Company considered several factors in determining the accounting fair value of the elements of the Samsung Settlement which included a third party valuation using an income approach, the Black-Scholes option pricing model and a residual approach (collectively the "Fair Value"). The inputs and assumptions used in this valuation were from a market participant perspective and included projected revenue, royalty rates, estimated discount rates, useful lives and income tax rates, among others. The development of a number of these inputs and assumptions in the model requires a significant amount of management judgment and is based upon a number of factors, including the selection of industry comparables, market growth rates and other relevant factors. Changes in any number of these assumptions may have had a substantial impact on the Fair Value as assigned to each element. These inputs and assumptions represent management's best estimates at the time of the transaction.

Based on the estimated Fair Value, the consideration of $900.0 million was allocated to the following elements:

(in millions)	**Estimated Fair Value**
Settlement Agreement:	
Antitrust litigation settlement	$ 85.0
Settlement of past infringement	190.0
License Agreement	385.0
Stock Purchase Agreement	192.0
Memorandum of understanding ("MOU")	—
Residual value	48.0
Total	$ 900.0

The consideration of $900.0 million will be recognized in the Company's financial statements as follows:

- $575.0 million as revenue which represented the estimated Fair Value of the settlement of past infringement ($190.0 million) from the resolution of the infringement litigation and the patent license agreement ($385.0 million);
- $133.0 million to gain from settlement which represented the Fair Value of the resolution of the antitrust litigation ($85.0 million) and the residual value of other elements ($48.0 million) where specific fair value could not be determined, which included other claims and counter claims released;
- $192.0 million related to the Stock Purchase Agreement which included contingently redeemable common stock due to the restrictions and contractual put rights associated with those shares ($113.5 million) and restricted common stock issued to Samsung ($78.5 million).

During 2010, the Company received cash consideration of $500.0 million from Samsung. The amount allocated to the common stock issued to Samsung was allocated to contingently redeemable common stock ($113.5 million) and stockholders' equity ($78.5 million). The remaining $308.0 million was allocated between revenue ($181.2 million) and gain from settlement ($126.8 million) based on the remaining elements' estimated Fair Value.

During 2011, the Company received cash consideration of $99.4 million from Samsung, which was adjusted based on certain levels of Samsung revenue for DRAM products pursuant to the terms of the License Agreement. The amount was allocated between revenue ($93.2 million) and gain from settlement ($6.2 million) based on the estimated Fair Value for the remaining elements.

The remaining $300.0 million is expected to be paid in successive quarterly payments of approximately $25.0 million (subject to adjustments per the terms of the License Agreement), concluding in the last quarter of 2014.

The cumulative cash receipts through 2011 and the remaining future cash receipts from the agreements with Samsung are expected to be recognized as follows assuming no adjustments to the payments under the terms of the agreements:

	Received in		Estimated to Be Received in			
(in millions)	2010	2011	2012	2013	2014	Total Estimated Cash Receipts
Revenue	$ 181.2	$ 93.2	$ 100.0	$ 100.0	$ 100.0	$ 574.4
Gain from settlement	126.8	6.2	—	—	—	133.0
Purchase of Rambus Common Stock	192.0	—	—	—	—	192.0
Total	$ 500.0	$ 99.4	$ 100.0	$ 100.0	$ 100.0	$ 899.4

5. Marketable Securities

Rambus invests its excess cash and cash equivalents primarily in U.S. government sponsored obligations, commercial paper, corporate notes and bonds, money market funds and municipal notes and bonds that mature within three years. As of December 31, 2011, all of the Company's cash equivalents and marketable securities have a remaining maturity of less than one year.

All cash equivalents and marketable securities are classified as available-for-sale. Total cash, cash equivalents and marketable securities are summarized as follows:

	As of December 31, 2011				
(Dollars in thousands)	Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Weighted Rate of Return
Money market funds	$ 127,559	$ 127,559	$ —	$ —	0.01%
Corporate notes, bonds and commercial paper	137,108	137,208	—	(100)	0.29%
Total cash equivalents and marketable securities	264,667	264,767	—	(100)	
Cash	24,789	24,789	—	—	
Total cash, cash equivalents and marketable securities	$ 289,456	$ 289,556	$ —	$ (100)	

As of December 31, 2010

(Dollars in thousands)	Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Weighted Rate of Return
Money market funds	$ 132,364	$ 132,364	$ —	$ —	0.04%
U.S. government sponsored obligations	266,817	266,840	29	(52)	0.26%
Corporate notes, bonds and commercial paper	95,724	95,773	8	(57)	0.39%
Total cash equivalents and marketable securities	494,905	494,977	37	(109)	
Cash	17,104	17,104	—	—	
Total cash, cash equivalents and marketable securities	$ 512,009	$ 512,081	$ 37	$ (109)	

Available-for-sale securities are reported at fair value on the balance sheets and classified as follows:

	As of	
	December 31, 2011	December 31, 2010
	(Dollars in thousands)	
Cash equivalents	$ 137,455	$ 198,158
Short term marketable securities	127,212	296,747
Total cash equivalents and marketable securities	264,667	494,905
Cash	24,789	17,104
Total cash, cash equivalents and marketable securities	$ 289,456	$ 512,009

The Company continues to invest in high quality, highly liquid debt securities that mature within three years. As of December 31, 2011, these securities have a remaining maturity of less than one year. The Company holds all of its marketable securities as available-for-sale, marks them to market, and regularly reviews its portfolio to ensure adherence to its investment policy and to monitor individual investments for risk analysis, proper valuation, and unrealized losses that may be other than temporary. As of December 31, 2011, certain marketable debt securities with a fair value of $137.1 million, which mature within one year, had insignificant unrealized losses. The unrealized loss, net, at December 31, 2011 was insignificant in relation to the Company's total available-for-sale portfolio. The unrealized loss, net, can be primarily attributed to a combination of market conditions as well as the demand for and duration of the Company's corporate notes and bonds. The Company has no intent to sell, there is no requirement to sell and the Company believes that it can recover the amortized cost of these investments. The Company has found no evidence of impairment due to credit losses in its portfolio. Therefore, these unrealized losses were recorded in other comprehensive income (loss). However, the Company cannot provide any assurance that its portfolio of cash, cash equivalents and marketable securities will not be impacted by adverse conditions in the financial markets, which may require the Company in the future to record an impairment charge for credit losses which could adversely impact its financial results.

The estimated fair value of cash equivalents and marketable securities classified by date of contractual maturity and the length of time that the securities have been in a continuous unrealized loss position at December 31, 2011 and December 31, 2010 are as follows:

	As of		Unrealized Loss, net	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
	(In thousands)			
Less than one year	$ 264,667	$ 494,905	$ (100)	$ (72)

See Note 17, "Fair Value of Financial Instruments," for discussion regarding the fair value of the Company's cash equivalents and marketable securities.

6. Balance Sheet Details

Property, Plant and Equipment, net

Property, plant and equipment, net is comprised of the following:

	December 31,	
	2011	2010

	(In thousands)	
Building	$ 42,958	$ 42,230
Computer software	34,403	29,985
Computer equipment	27,834	23,996
Furniture and fixtures	10,019	8,827
Leasehold improvements	3,810	3,325
Machinery	9,711	2,776
Construction in progress	8,263	838
	136,998	111,977
Less accumulated depreciation and amortization	(55,893)	(44,207)
	$ 81,105	$ 67,770

On December 15, 2009, the Company entered into a lease for office space in Sunnyvale, California to be used for the Company's corporate headquarters functions, as well as engineering, marketing and administrative operations and activities. The Company undertook a series of structural improvements to ready the space for its use. The Company concluded that its requirement to fund construction costs and responsibility for cost overruns resulted in the Company being considered the owner of the building during the construction period for accounting purposes. At completion, the Company concluded that it retained sufficient continuing involvement to preclude de-recognition of the building under the FASB authoritative guidance applicable to sale leasebacks of real estate. As such, the Company continues to account for the building as owned real estate and to record an imputed financing obligation for its obligation to the legal owner. The building is reflected as an asset on the Company's balance sheet throughout the initial term of the lease, the period of intended use. The value of the building is comprised of the fair value of the unfinished building of $25.1 million, $1.5 million of interest on the building and $13.1 million of construction costs related to the build-out of the facility. The fair value of the unfinished building was determined using level 3 fair value inputs (defined as prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity)) and the cost approach which measures the value of an asset as the cost to reconstruct or replace it with another asset of like utility.

At December 31, 2011 and December 31, 2010, net book values of the Sunnyvale facility of $39.1 million and $39.7 million were reflected as an asset on the Company's balance sheet, respectively. The building is depreciated on a straight-line basis over a period of approximately 39 years. See Note 8, "Commitments and Contingencies," for additional details.

On November 4, 2011, to better plan for future expansion, the Company entered into an amended lease for additional office space in Sunnyvale, California. The Company will undertake a series of structural improvements to ready the space for its use. The Company concluded that its requirement to fund construction costs and responsibility for cost overruns resulted in the Company being considered the owner of the building during the construction period for accounting purposes. Therefore, as of December 31, 2011, for the additional Sunnyvale office space, the Company capitalized approximately $6.2 million as construction in progress, based on the estimated fair value of the existing portion of the same unfinished building, along with a corresponding financing obligation for the building.

Additionally, during 2010, the Company entered into a lease for office space in Brecksville, Ohio that is used for the LDT group. Subsequently, in 2011, the Company amended the lease to expand the facility for additional warehouse and office spaces. The Company undertook a series of structural improvements to ready the initial space for its use in 2010 and the Ohio landlord began the construction of the building extensions during the fourth quarter of 2011. The Company concluded that its requirement to fund construction costs for the initial space and responsibility for cost overruns resulted in the Company being considered the owner of the building during the construction periods for accounting purposes. At completion of the initial construction period in 2010, the Company concluded that it retained sufficient continuing involvement to preclude de-recognition of the building under the FASB authoritative guidance applicable to sale leasebacks of real estate. As such, the Company continues to account for the building as owned real estate and to record an imputed financing obligation for its obligation to the legal owner. The value of the initial space is reflected in the Company's balance sheet as building and is comprised of the fair value of the initial unfinished building of $0.8 million and $1.7 million of construction costs related to the build-out of the facility. As of December 31, 2011, the value of the unfinished building extensions of $1.2 million is reflected as construction in progress in the Company's balance sheet and is based on the estimated total costs incurred by the Landlord through December 31, 2011. The fair value of the unfinished building was determined using level 3 fair value inputs (defined as prices or valuation techniques that require inputs that are both significant to the

fair value measurement and unobservable (i.e., supported by little or no market activity)) and the cost approach which measures the value of an asset as the cost to reconstruct or replace it with another asset of like utility.

At December 31, 2011 and December 31, 2010, net building costs related to the initial Brecksville space of $2.3 million and $2.5 million are reflected as an asset on the Company's balance sheet, respectively. The building is depreciated on a straight-line basis over a period of approximately 39 years. See Note 8, "Commitments and Contingencies," for additional details.

Depreciation expense for the years ended December 31, 2011, 2010 and 2009 was $11.9 million, $10.1 million and $10.7 million, respectively.

Accumulated Other Comprehensive Income (Loss)

Accumulated other comprehensive income (loss) is comprised of the following:

	December 31,	
	2011	2010
	(In thousands)	
Foreign currency translation adjustments, net of tax	$ 86	$ 86
Unrealized loss on available-for-sale securities, net of tax	(475)	(448)
Total	$ (389)	$ (362)

7. Intangible Assets and Goodwill

The components of the Company's intangible assets as of December 31, 2011 and December 31, 2010 were as follows:

		As of December 31, 2011		
	Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
			(In thousands)	
Patents	3 to 10 years	$ 28,643	$ (12,997)	$ 15,646
Customer contracts and contractual relationships	1 to 10 years	33,550	(7,148)	26,402
Existing technology	3 to 7 years	159,350	(19,685)	139,665
Intellectual property	4 years	10,384	(10,384)	—
Non-competition agreement	3 years	400	(158)	242
Total intangible assets		$ 232,327	$ (50,372)	$ 181,955

		As of December 31, 2010		
	Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
			(In thousands)	
Patents	3 to 10 years	$ 24,433	$ (9,361)	$ 15,072
Customer contracts and contractual relationships	1 to 10 years	4,050	(3,127)	923
Existing technology	3 to 7 years	29,950	(4,959)	24,991
Intellectual property	4 years	10,384	(10,384)	—
Non-competition agreement	3 years	100	(100)	—
Total intangible assets		$ 68,917	$ (27,931)	$ 40,986

Amortization expense for intangible assets for the years ended December 31, 2011, 2010, and 2009 was $20.2 million, $5.1 million and $3.0 million, respectively.

During 2011, the Company acquired CRI. As part of the acquisition, the Company acquired the following intangible assets with fair values determined as of the acquisition date:

	Total	Estimated Useful Life
	(in thousands)	(in years)
Existing technology	$ 129,400	7
Customer relationships	17,300	7
Favorable contracts	12,200	2
Non-competition agreements	300	3
Total	$ 159,200	

The favorable contracts (included in customer contracts and contractual relationships) are acquired patent licensing agreements where the Company has no performance obligations. Cash received from these acquired favorable contracts will reduce the favorable contract intangible asset. During 2011, the Company received $2.3 million related to the favorable contracts. The estimated useful life is based on expected payment dates related to the favorable contracts. The group of purchased intangible assets has an estimated weighted average useful life of approximately 7 years from the date of acquisition. Refer to Note 18, "Acquisitions" for additional details.

In addition, the Company acquired other patents in 2011 aggregating $4.2 million, of which $1.2 million was paid in cash. During 2010, the Company purchased patents of approximately $24.4 million through business and asset acquisitions.

The estimated future amortization expense of intangible assets as of December 31, 2011 was as follows (amounts in thousands):

Years Ending December 31:	Amount
2012	35,309
2013	32,244
2014	28,103
2015	27,452
2016	26,497
Thereafter	32,350
	$ 181,955

Goodwill

The changes in carrying amount of goodwill by reporting unit were as follows (in thousands):

Reporting Units:	December 31, 2010	Addition to Goodwill (1)	December 31, 2011
		(In thousands)	
SBG	$ 4,454	$ —	$ 4,454
CRI	—	96,994	96,994
LDT	13,700	—	13,700
Total	$ 18,154	$ 96,994	$ 115,148

(1) The addition to goodwill resulted from a business combination which was completed in June 2011. See Note 18, "Acquisitions".

Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired in each business combination. The Company performs its impairment analysis of goodwill on an annual basis during fourth quarter of the fiscal year unless conditions arise that warrant a more frequent evaluation. Goodwill is allocated to various reporting units, which are generally an operating segment. Following the acquisition of CRI, the Company has four reporting units, and goodwill has been allocated to three of the reporting units: SBG, LDT and CRI.

The Company completed the first step of its annual goodwill impairment analysis related to its SBG, LDT and CRI reporting units as of December 31, 2011 and found no instances of impairment of its recorded goodwill of $115.1 million. The utilization of the income approach to determine fair value requires estimates of future operating results and cash flows discounted using an estimated discount rate. The Company's estimates result from an updated long-term financial forecast developed as part of its annual strategic planning cycle which it conducts every year. The Company's estimates of discounted cash flows may differ from actual cash flows due to, among other things, economic conditions, changes to its business model or changes in operating performance. Additionally, certain estimates used in the income approach involve information from businesses with limited financial history and developing revenue models which increase the risk of differences between the projected and actual performance. If the Company's assumptions regarding forecasted cash flows are not achieved, the Company may be required to record goodwill impairment charges in future periods. It is not possible at this time to determine if any such future impairment charge would result or, if it does, whether such charge would be material. The Company believes that the assumptions and rates used in its impairment test are reasonable. However, they are judgmental, and variations in any of the assumptions or rates could result in materially different calculations of impairment amounts.

8. Commitments and Contingencies

On December 15, 2009, the Company entered into a definitive triple net space lease agreement with MT SPE, LLC (the "Landlord") whereby it leased approximately 125,000 square feet of office space located at 1050 Enterprise Way in Sunnyvale, California (the "Sunnyvale Lease"). The office space is used for the Company's corporate headquarters, as well as engineering, marketing and administrative operations and activities. The Company moved to the premises in the fourth quarter of 2010 following substantial completion of leasehold improvements. The Sunnyvale Lease has a term of 120 months from the commencement date. The initial annual base rent is $3.7 million, subject to a full abatement of rent for the first six months of the Sunnyvale Lease term, but with the rent for the seventh month paid in December 2009 in order to gain access to the building. The annual base rent increases each year to certain fixed amounts over the course of the term as set forth in the Sunnyvale Lease and will be $4.8 million in the tenth year. In addition to the base rent, the Company also pays operating expenses, insurance expenses, real estate taxes and a management fee. The Company has two options to extend the Sunnyvale Lease for a period of 60 months each and a one-time option to terminate the Sunnyvale Lease after 84 months in exchange for an early termination fee.

Since certain improvements to be constructed by the Company are considered structural in nature and the Company is responsible for any cost overruns, for accounting purposes, the Company is treated in substance as the owner of the construction project during the construction period. At completion, the Company concluded that it retained sufficient continuing involvement to preclude de-recognition of the building under the FASB authoritative guidance applicable to the sale leasebacks of real estate. As such, the Company continues to account for the building as owned real estate and to record an imputed financing obligation for its obligation to the legal owner.

Pursuant to the terms of the Sunnyvale Lease, the Landlord has agreed to reimburse the Company approximately $9.1 million, of which $0.3 million was received in 2010 and $8.8 million was received in 2011. The Company recognized the reimbursement as an additional imputed financing obligation under the FASB authoritative guidance as such payment from the Landlord is deemed to be an imputed financing obligation.

On November 4, 2011, to better plan for future expansion, the Company entered into an Amended Sunnyvale Lease (the "Amended Sunnyvale Lease") for approximately an additional 31,000 square feet of space. Similar to the original Sunnyvale Lease, the Company is required to construct the necessary tenant improvements for the premises to be capable of conducting business, which includes but is not limited to structural elements of the building. Additionally, the Landlord will provide a tenant improvement allowance estimated to be approximately $1.7 million. The Amended Sunnyvale Lease will have a commencement date of March 1, 2012 and will expire on June 30, 2020 (the same end date as the original Sunnyvale Lease). The base rent for the original Sunnyvale Lease will remain

unchanged. The annual base rent for the Amended Sunnyvale Lease will initially be $1.1 million with rent abatement for the first five months of the lease term and increases annually over the course of the term as set forth in the Amended Sunnyvale Lease until it reaches $1.3 million.

Since certain improvements to be constructed by the Company are considered structural in nature and the Company is responsible for any cost overruns, for accounting purposes, the Company is treated in substance as the owner of the construction project during the construction period. Accordingly, as of December 31, 2011, for the Amended Sunnyvale Lease, the Company capitalized an estimated $6.2 million in property, plant and equipment based on the estimated fair value of the portion of the unfinished space along with a corresponding financing obligation for the same amount.

Monthly lease payments on the facility are allocated between the land element of the lease (which is accounted for as an operating lease) and the imputed financing obligation. The imputed financing obligation is amortized using the effective interest method and the interest rate was determined in accordance with the requirements of sale leaseback accounting. For the years ended December 31, 2011 and 2010, the Company recognized in its statement of operations $3.2 million and $0.4 million, respectively, of interest expense in connection with the imputed financing obligation on the Sunnyvale facility. At December 31, 2011 and 2010, the imputed financing obligation balance in connection with the Sunnyvale facility was $41.8 million and $27.3 million, respectively, which was primarily classified under long-term imputed financing obligation. At the end of the initial lease term, should the Company decide not to renew the lease, the Company would reverse the equal amounts of the net book value of the building and the corresponding imputed financing obligation.

On March 8, 2010, the Company entered into a lease agreement with Fogg-Brecksville Development Co. (the "Ohio Landlord") for approximately 25,000 square feet of space consisting of approximately 7,000 square feet of office area and approximately 18,000 square feet of warehouse area, located in Brecksville, Ohio (the "Ohio Lease"). The office space is used for the LDT group's engineering activities while the manufacturing space is used for the manufacturer of prototypes for the LDT group. The Ohio Lease was amended on September 29, 2011 to expand the facility to approximately 51,000 total square feet (the "Amended Ohio Lease"), consisting of two extensions to be constructed by the Ohio Landlord ("Expansion A" and "Expansion B"). Expansion A will consist of approximately 11,000 square feet of space and Expansion B will consist of approximately 15,000 square feet of space. The Amended Ohio Lease has a term of 84 months from the First Extended Term Commencement Date as defined below. The First Extended Term Commencement Date is the first day of the month following substantial completion of Expansion B. Upon substantial completion of Expansion A, the annual base rent will be increased to $0.6 million. Upon substantial completion of Expansion B, the annual base rent will be increased to $0.8 million. The annual base rent increases each year on the anniversary date of the First Extended Term Commencement Date by 2% over the course of the term as set forth in the Amended Ohio Lease. The Company has an option to extend the Lease for a period of 60 months.

The Company undertook a series of structural improvements to ready the initial space for its use in 2010 and the Ohio Landlord began the construction of the building extensions during the fourth quarter of 2011. Since certain improvements constructed by the Company are considered structural in nature and the Company is responsible for any cost overruns, for accounting purposes, the Company is treated in substance as the owner of the construction project during the construction period. At completion of the initial construction period in 2010, the Company concluded that it retained sufficient continuing involvement to preclude de-recognition of the building under the FASB authoritative guidance applicable to the sale leasebacks of real estate. As such, the Company continues to account for the building as owned real estate and to record an imputed financing obligation for its obligation to the legal owner. Additionally, as of December 31, 2011, the Company capitalized $1.2 million in property, plant and equipment based on the estimated fair value of the portion of the unfinished building extensions along with a corresponding financing obligation for the same amount.

The lease payments are recorded as interest expense using the effective interest method over the term of the lease. For the years ended December 31, 2011 and 2010, the Company recognized in its statement of operations $0.1 million and $29 thousand, respectively, of interest expense in connection with the imputed financing obligation on the Ohio facility. At December 31, 2011 and 2010, the imputed financing obligation balance in connection with the Ohio facility was $2.0 million and $0.8 million, respectively, which was classified under long-term imputed financing obligation. At the end of the intended use term, the Company would reverse equal amounts of the net book value of the building and the corresponding imputed financing obligation.

In November 2011, the Company entered into a lease agreement with Metropolitan Life Insurance (the "SF Landlord") for approximately 26,000 rentable square feet of office space in San Francisco, California (the "SF Lease") to be used for the CRI group's

office space and which will be treated as an operating lease. The SF Lease will have a commencement date of February 1, 2012 and a lease term of 75 months from the commencement date. The annual base rent for the SF Lease will be $0.9 million with a rent abatement for the first three months of the lease term and increases annually over the course of the term as set forth in the SF Lease until it reaches $1.0 million.

In connection with the June 3, 2011 acquisition of CRI, the Company is obligated to pay a retention bonus to certain CRI employees and contractors, subject to certain eligibility and acceleration provisions including the condition of employment, in three equal amounts of approximately $16.7 million, with the first payment paid in cash and the remaining payments in cash or stock at the Company's election, on June 3, 2012, 2013 and 2014, respectively. The total retention bonus commitment is $50.0 million and may be forfeited in part or whole by the covered employees and contractors upon voluntary departure from employment or discontinuation of services. Any amounts forfeited will be accelerated and paid by the Company to a designated charity. See Note 18, "Acquisitions," for additional information regarding the acquisition of CRI.

On June 29, 2009, the Company entered into an Indenture with U.S. Bank, National Association, as trustee, relating to the issuance by the Company of $150.0 million aggregate principal amount of the 2014 Notes. On July 10, 2009, an additional $22.5 million in aggregate principal amount of 2014 Notes were issued as a result of the underwriters exercising their overallotment option. The aggregate principal amount of the 2014 Notes outstanding as of December 31, 2011 was $172.5 million, offset by unamortized debt discount of $39.0 million in the accompanying consolidated balance sheets. The debt discount is currently being amortized over the remaining 30 months until maturity of the 2014 Notes on June 15, 2014. See Note 15, "Convertible Notes," for additional details.

As of December 31, 2011, the Company's material contractual obligations are (in thousands):

	Total	2012	2013	2014	2015	2016	Thereafter
Contractual obligations (1)							
Imputed financing obligation (2)	$ 60,360	$ 5,999	$ 6,828	$ 6,997	$ 7,168	$ 7,348	$ 26,020
Leases	9,192	2,933	1,307	1,316	1,286	992	1,358
Software licenses (3)	2,787	2,348	359	80	—	—	—
CRI retention bonus (4)	50,000	16,667	16,667	16,666	—	—	—
Convertible notes	172,500	—	—	172,500	—	—	—
Interest payments related to convertible notes	21,563	8,625	8,625	4,313	—	—	—
Total	$ 316,402	$ 36,572	$ 33,786	$ 201,872	$ 8,454	$ 8,340	$ 27,378

(1) The above table does not reflect possible payments in connection with uncertain tax benefits of approximately $16.6 million including $7.0 million recorded as a reduction of long-term deferred tax assets and $9.6 million in long-term income taxes payable, as of December 31, 2011. As noted below in Note 12, "Income Taxes," although it is possible that some of the unrecognized tax benefits could be settled within the next 12 months, the Company cannot reasonably estimate the outcome at this time.

(2) With respect to the imputed financing obligation, the main components of the difference between the amount reflected in the contractual obligations table and the amount reflected on the Consolidated Balance Sheets are the interest on the imputed financing obligation and the estimated common area expenses over the future periods. Additionally, the amount includes the Amended Ohio Lease and the Amended Sunnyvale Lease.

(3) The Company has commitments with various software vendors for non-cancellable license agreements generally having terms longer than one year. The above table summarizes those contractual obligations as of December 31, 2011 which are also presented on the Company's Consolidated Balance Sheet under current and other long-term liabilities.

(4) The CRI retention bonus payable on June 3, 2013 and 2014 will be paid in cash or stock at the Company's election.

Rent expense was approximately $2.7 million, $6.8 million and $6.3 million for the years ended December 31, 2011, 2010 and 2009, respectively.

Deferred rent of $0.5 million as of December 31, 2011 and 2010 was included primarily in other long-term liabilities.

Indemnifications

The Company enters into standard license agreements in the ordinary course of business. Although the Company does not indemnify most of its customers, there are times when an indemnification is a necessary means of doing business. Indemnifications cover customers for losses suffered or incurred by them as a result of any patent, copyright, or other intellectual property infringement claim by any third party with respect to the Company's products. The maximum amount of indemnification the Company could be required to make under these agreements is generally limited to fees received by the Company.

Several securities fraud class actions, private lawsuits and shareholder derivative actions were filed in state and federal courts against certain of the Company's current and former officers and directors related to the stock option granting actions. As permitted under Delaware law, the Company has agreements whereby its officers and directors are indemnified for certain events or occurrences while the officer or director is, or was serving, at the Company's request in such capacity. The term of the indemnification period is for the officer's or director's term in such capacity. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited. The Company has a director and officer insurance policy that reduces the Company's exposure and enables the Company to recover a portion of future amounts to be paid. As a result of these indemnification agreements, the Company continues to make payments on behalf of current and former officers. As of December 31, 2011 and 2010, the Company had made cumulative payments of approximately $31.9 million and $15.7 million, respectively, on their behalf. These payments were recorded under costs of restatement and related legal activities in the consolidated statements of operations. Also, in December 2011, the Company reached a settlement agreement that resolved the matter captioned *Stuart J. Steele, et al. v. Rambus Inc., et al.*, where the Company has agreed to settle the claims against it and the individual defendants for approximately $10.9 million which was recorded under costs (recoveries) of restatement and related legal activities in the consolidated statements of operations. Refer to Note 16, "Litigation and Asserted Claims," for additional details. The Company has received approximately $5.3 million from the former officers related to their settlement agreements with the Company in connection with the derivative and class action lawsuits which was comprised of approximately $4.5 million in cash received in the first quarter of 2009 as well as approximately 163,000 shares of the Company's stock with a value of approximately $0.8 million in the fourth quarter of 2008. Additionally, as of December 31, 2011, the Company has received $12.3 million from insurance settlements related to the defense of the Company, its directors and its officers which were recorded under costs (recoveries) of restatement and related legal activities in the consolidated statements of operations.

9. Equity Incentive Plans and Stock-Based Compensation

Stock Option Plans

The Company has three stock option plans under which grants are currently outstanding: the 1997 Stock Option Plan (the "1997 Plan"), the 1999 Non-statutory Stock Option Plan (the "1999 Plan") and the 2006 Equity Incentive Plan (the "2006 Plan"). Grants under all plans typically have a requisite service period of 60 months, have straight-line or graded vesting schedules (the 1997 and 1999 plans only) and expire not more than ten years from date of grant. Effective with stockholder approval of the 2006 Plan in May 2006, no further awards are being made under the 1997 Plan and the 1999 Plan but the plans will continue to govern awards previously granted under those plans.

The 2006 Plan was approved by the stockholders in May 2006. The 2006 Plan, as amended, provides for the issuance of the following types of incentive awards: (i) stock options; (ii) stock appreciation rights; (iii) restricted stock; (iv) restricted stock units; (v) performance shares and performance units; and (vi) other stock or cash awards. This plan provides for the granting of awards at less than fair market value of the common stock on the date of grant, but such grants would be counted against the numerical limits of available shares at a ratio of 1.5 to 1. The Board of Directors reserved 8,400,000 shares in March 2006 for issuance under this plan, subject to stockholder approval. Upon stockholder approval of this Plan on May 10, 2006, the 1997 Plan was replaced and the 1999 Plan was terminated. On April 30, 2009, stockholders approved additional 6,500,000 shares for issuance under the 2006 Plan. Those who will be eligible for awards under the 2006 Plan include employees, directors and consultants who provide services to the Company and its affiliates. These options typically have a requisite service period of 60 months, have straight-line vesting schedules,

and expire ten years from date of grant. The Board will periodically review actual share consumption under the 2006 Plan and may make a request for additional shares as needed.

As of December 31, 2011, 2,812,876 shares of the 14,900,000 shares approved under the 2006 Plan remain available for grant. The 2006 Plan is now the Company's only plan for providing stock-based incentive compensation to eligible employees, executive officers and non-employee directors and consultants.

A summary of shares available for grant under the Company's plans is as follows:

	Shares Available for Grant
Shares available as of December 31, 2008	2,556,984
Increase in shares approved for issuance	6,500,000
Stock options granted	(1,487,905)
Stock options forfeited	2,123,045
Stock options expired under former plans	(1,849,516)
Nonvested equity stock and stock units granted(1)	(419,214)
Nonvested equity stock and stock units forfeited(1)	39,000
Total shares available for grant as of December 31, 2009	7,462,394
Stock options granted	(1,921,743)
Stock options forfeited	1,411,524
Stock options expired under former plans	(1,231,899)
Nonvested equity stock and stock units granted(1)	(453,468)
Nonvested equity stock and stock units forfeited(1)	81,354
Total shares available for grant as of December 31, 2010	5,348,162
Stock options granted	(2,357,001)
Stock options forfeited	865,097
Stock options expired under former plans	(503,526)
Nonvested equity stock and stock units granted(1)	(562,257)
Nonvested equity stock and stock units forfeited(1)	22,401
Total shares available for grant as of December 31, 2011	2,812,876

(1) For purposes of determining the number of shares available for grant under the 2006 Plan against the maximum number of shares authorized, each restricted stock granted reduces the number of shares available for grant by 1.5 shares and each restricted stock forfeited increases shares available for grant by 1.5 shares.

General Stock Option Information

The following table summarizes stock option activity under the 1997, 1999 and 2006 Plans for the years ended December 31, 2011 and information regarding stock options outstanding, exercisable, and vested and expected to vest as of December 31, 2011.

	Options Outstanding		Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
	Number of Shares	Weighted Average Exercise Price per Share		
	(Dollars in thousands, except per share amounts)			
Outstanding as of December 31, 2008	16,573,739	$ 21.19		
Options granted	1,487,905	9.21		
Options exercised	(1,482,489)	11.29		
Options forfeited	(2,123,045)	21.34		
Outstanding as of December 31, 2009	14,456,110	$ 20.95		
Options granted	1,921,743	22.47		
Options exercised	(996,946)	12.95		
Options forfeited	(1,411,524)	49.43		
Outstanding as of December 31, 2010	13,969,383	$ 18.85		

Options granted	2,357,001	18.83		
Options exercised	(873,691)	8.46		
Options forfeited	(865,097)	14.53		
Outstanding as of December 31, 2011	14,587,596	$ 19.73	5.49	$ 806
Vested or expected to vest at December 31, 2011	14,103,419	$ 19.76	5.38	$ 806
Options exercisable at December 31, 2011	10,428,578	$ 20.26	4.36	$ 806

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value for in-the-money options at December 31, 2011, based on the $7.55 closing stock price of Rambus' Common Stock on December 30, 2011 on The NASDAQ Global Select Market, which would have been received by the option holders had all option holders exercised their options as of that date. The total number of in-the-money options outstanding and exercisable as of December 31, 2011 was 262,467 and 262,467, respectively.

The following table summarizes the information about stock options outstanding and exercisable as of December 31, 2011:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$ 3.82 – $11.31	1,604,986	5.74	$ 8.03	964,767	$ 7.48
$11.39 – $14.89	1,577,402	5.46	$ 14.23	1,043,121	$ 14.11
$15.23 – $17.95	1,527,818	3.63	$ 16.94	1,406,188	$ 16.96
$18.04 – $18.69	1,697,627	4.76	$ 18.61	1,621,495	$ 18.61
$19.13 – $19.86	1,927,709	5.92	$ 19.63	1,521,929	$ 19.61
$20.16 – $20.86	196,622	8.42	$ 20.37	58,078	$ 20.40
$20.93 – $20.93	1,467,812	9.05	$ 20.93	245,500	$ 20.93
$21.14 – $22.72	1,550,770	7.13	$ 22.45	758,296	$ 22.24
$22.77 – $26.45	1,617,650	4.46	$ 23.75	1,390,004	$ 23.83
$27.32 – $46.80	1,419,200	2.82	$ 34.62	1,419,200	$ 34.62
$ 3.82 – $46.80	14,587,596	5.49	$ 19.73	10,428,578	$ 20.26

Employee Stock Purchase Plans

During the three year period ended December 31, 2011, the Company had one employee stock purchase plan, the 2006 Employee Stock Purchase Plan.

In March 2006, the Company adopted the 2006 Employee Stock Purchase Plan, as amended (the "2006 Purchase Plan") and reserved 1,600,000 shares, subject to stockholder approval which was received on May 10, 2006. Employees generally will be eligible to participate in this plan if they are employed by Rambus for more than 20 hours per week and more than five months in a fiscal year. The 2006 Purchase Plan provides for six month offering periods, with a new offering period commencing on the first trading day on or after May 1 and November 1 of each year. Under this plan, employees may purchase stock at the lower of 85% of the beginning of the offering period (the enrollment date), or the end of each offering period (the purchase date). Employees generally may not purchase more than the number of shares having a value greater than $25,000 in any calendar year, as measured at the purchase date.

During the year ended December 31, 2011, the Company issued 271,804 shares under the 2006 Purchase Plan at a weighted average price of $15.62 per share. During the year ended December 31, 2010, the Company issued 261,088 shares under the 2006 Purchase Plan at a weighted average price of $14.78 per share. During the year ended December 31, 2009, the Company issued 418,215 shares under the 2006 Purchase Plan at a weighted average price of $8.95 per share. As of December 31, 2011, 313,964 shares remain available for issuance under the 2006 Purchase Plan.

Stock-Based Compensation

Stock Options

During the years ended December 31, 2011, 2010 and 2009, Rambus granted 2,357,001, 1,921,743 and 1,487,905 stock options, respectively, with an estimated total grant-date fair value of $24.2 million, $24.9 million and $10.2 million, respectively. During the years ended December 31, 2011, 2010 and 2009, Rambus recorded stock-based compensation related to stock options of $19.6 million, $22.6 million and $24.4 million, respectively.

As of December 31, 2011, there was $35.8 million of total unrecognized compensation cost, net of expected forfeitures, related to unvested stock-based compensation arrangements granted under the stock option plans. This cost is expected to be recognized over a weighted-average period of 3.3 years. The total fair value of options vested for the years ended December 31, 2011, 2010 and 2009 was $144.8 million, $137.9 million and $195.2 million, respectively.

The total intrinsic value of options exercised was $6.2 million, $9.1 million and $8.3 million for the years ended December 31, 2011, 2010 and 2009, respectively. Intrinsic value is the total value of exercised shares based on the price of the Company's Common Stock at the time of exercise less the proceeds received from the employees to exercise the options.

During the years ended December 31, 2011, 2010 and 2009, proceeds from employee stock option exercises totaled approximately $7.4 million, $12.9 million (of which $0.6 million was included in prepaid and other assets as of December 31, 2010 and was subsequently received in January 2011), and $16.7 million (of which $0.3 million was included in prepaid and other assets as of December 31, 2009 and was subsequently received in January 2010), respectively.

Employee Stock Purchase Plans

During the years ended December 31, 2011, 2010 and 2009, Rambus recorded stock-based compensation related to employee stock purchase plans of $1.7 million, $1.6 million and $1.8 million, respectively. As of December 31, 2011, there was $0.9 million of total unrecognized compensation cost related to share-based compensation arrangements granted under the 2006 Purchase Plan. That cost is expected to be recognized over four months.

There were no tax benefits realized as a result of employee stock option exercises, stock purchase plan purchases, and vesting of equity stock and stock units for the years ended December 31, 2011, 2010 and 2009 calculated in accordance with accounting for share-based payments.

Valuation Assumptions

Rambus estimates the fair value of stock options using the Black-Scholes-Merton model ("BSM"). The BSM model determines the fair value of stock-based compensation and is affected by Rambus' stock price on the date of the grant as well as assumptions regarding a number of highly complex and subjective variables. These variables include expected volatility, expected life of the award, expected dividend rate, and expected risk-free rate of return. The assumptions for expected volatility and expected life are the two assumptions that significantly affect the grant date fair value. If actual results differ significantly from these estimates, stock-based compensation expense and Rambus' results of operations could be materially impacted.

The fair value of stock awards is estimated as of the grant date using the BSM option-pricing model assuming a dividend yield of 0% and the additional weighted-average assumptions as listed in the following tables:

	Stock Option Plans for Years Ended December 31,		
	2011	2010	2009
Stock Option Plans			
Expected stock price volatility	50%-75%	49%-69%	89%-96%
Risk free interest rate	1.4%-2.8%	2.0%-3.2%	1.8%-2.8%
Expected term (in years)	6.0-6.1	5.9-6.2	5.3-6.1
Weighted-average fair value of stock options granted	$10.27	$12.98	$6.85

	Employee Stock Purchase Plan for Years Ended December 31,		
	2011	2010	2009
Employee Stock Purchase Plan			
Expected stock price volatility	56%-78%	50%-54%	86%-92%

Risk free interest rate	0.1%	0.2%-0.3%	0.2%-0.3%
Expected term (in years)	0.5	0.5	0.5
Weighted-average fair value of purchase rights granted under the purchase plan	$ 6.16	$ 6.45	$ 5.52

Expected Stock Price Volatility: Given the volume of market activity in its market traded options, Rambus determined that it would use the implied volatility of its nearest-to-the-money traded options. The Company believes that the use of implied volatility is more reflective of market conditions and a better indicator of expected volatility than historical volatility. If there is not sufficient volume in its market traded options, the Company will use an equally weighted blend of historical and implied volatility.

Risk-free Interest Rate: Rambus bases the risk-free interest rate used in the BSM valuation method on implied yield currently available on the U.S. Treasury zero-coupon issues with an equivalent term. Where the expected terms of Rambus' stock-based awards do not correspond with the terms for which interest rates are quoted, Rambus uses an approximation based on rates on the closest term currently available.

Expected Term: The expected term of options granted represents the period of time that options granted are expected to be outstanding. The expected term was determined based on historical experience of similar awards, giving consideration to the contractual terms of the stock-based awards, vesting schedules and expectations of future employee behavior. The expected term of ESPP grants is based upon the length of each respective purchase period.

Nonvested Equity Stock and Stock Units

The Company grants nonvested equity stock units to certain officers, employees and directors. For the year ended December 31, 2011, the Company granted nonvested equity stock units totaling 374,838 shares under the 2006 Plan. These awards have a service condition, generally a service period of four years, except in the case of grants to directors, for which the service period is one year. The nonvested equity stock units were valued at the date of grant giving them a fair value of approximately $6.7 million. The Company occasionally grants nonvested equity stock units to its employees with vesting subject to the achievement of certain performance conditions. During the years ended December 31, 2011 and 2010, the achievement of certain performance conditions for certain performance equity stock units was considered probable, and as a result, the Company recognized an insignificant amount of stock-based compensation expense related to these performance stock units for both years. During the year ended December 31, 2009, the Company did not recognize any compensation expense for any performance equity stock units since the performance conditions had not been met.

For the years ended December 31, 2011, 2010, and 2009, the Company recorded stock-based compensation expense of approximately $6.7 million, $6.3 million and $5.4 million, respectively, related to all outstanding equity stock grants. Unrecognized stock-based compensation related to all nonvested equity stock grants, net of an estimate of forfeitures, was approximately $8.4 million at December 31, 2011. This cost is expected to be recognized over a weighted average period of 1.8 years.

The following table reflects the activity related to nonvested equity stock and stock units for the three years ended December 31, 2011:

Nonvested Equity Stock and Stock Units	Shares	Weighted-Average Grant-Date Fair Value
Nonvested at December 31, 2008	821,064	$ 18.46
Granted	279,476	11.12
Vested	(290,564)	17.43
Forfeited	(26,000)	18.05
Nonvested at December 31, 2009	783,976	16.24
Granted	302,312	21.87
Vested	(314,045)	17.18
Forfeited	(54,236)	15.76
Nonvested at December 31, 2010	718,007	18.23

Granted	374,838	17.86
Vested	(314,401)	18.15
Forfeited	(14,934)	21.76
Nonvested at December 31, 2011	763,510	18.02

10. Stockholders' Equity and Contingently Redeemable Common Stock

During the second quarter of 2011, the Company acquired CRI. As part of the acquisition, the Company issued approximately 6.4 million shares of the Company's common stock, of which approximately 161 thousand shares were used to satisfy tax withholding obligations for certain former CRI employees and consultants. See Note 18, "Acquisition," for additional information regarding the acquisition of CRI.

Contingently Redeemable Common Stock

On January 19, 2010, pursuant to the terms of the Stock Purchase Agreement, Samsung purchased for cash from the Company 9.6 million shares of the Company (the "Shares") with certain restrictions and put rights. The issuance of the Shares by the Company to Samsung was made through a private transaction. The Stock Purchase Agreement provided Samsung a one-time put right, beginning 18 months after the date of the Stock Purchase Agreement and extending to 19 months after the date of the Stock Purchase Agreement, to put back to the Company up to 4.8 million of the Shares at the original issue price of $20.885 per share (for an aggregate purchase price of up to $100.0 million). The 4.8 million shares were recorded as contingently redeemable common stock on the consolidated balance sheet as of December 31, 2010.

The Stock Purchase Agreement prohibited the transfer of the Shares by Samsung for 18 months after the date of the Stock Purchase Agreement, subject to certain exceptions. After expiration of the transfer restriction period on July 18, 2011, the Stock Purchase Agreement provided that Samsung could transfer a limited number of shares on a daily basis, provided the Company with a right of first offer for proposed transfers above such daily limits, and, if no sale occurs to the Company under the right of first offer, allowed Samsung to transfer the Shares. Under the Stock Purchase Agreement, the Company also agreed that after the transfer restriction period, Samsung will have certain rights to register the Shares for sale under the securities laws of the United States, subject to customary terms and conditions.

On July 20, 2011, the Company received notice from Samsung exercising their option to put back to the Company approximately 4.8 million of the Shares for cash of $100.0 million. In August 2011, the Company paid $100.0 million to Samsung in exchange for the 4.8 million shares, which were retired. The difference between the amount recorded as contingently redeemable common stock and the cash paid was recorded as additional paid-in capital in the Company's consolidated balance sheet.

See Note 4, "Settlement Agreement with Samsung," for further discussion.

Share Repurchase Program

In October 2001, the Company's Board of Directors (the "Board") approved a share repurchase program of its Common Stock, principally to reduce the dilutive effect of employee stock options. To date, the Board has approved the authorization to repurchase up to 19.0 million shares of the Company's outstanding Common Stock over an undefined period of time. On February 25, 2010, the Board approved a new share repurchase program authorizing the repurchase of up to an additional 12.5 million shares. Share repurchases under the program may be made through open market, established plan or privately negotiated transactions in accordance with all applicable securities laws, rules, and regulations. There is no expiration date applicable to the program. The new share repurchase program replaces the program authorized in October 2001.

On August 19, 2010, the Company entered into a share repurchase agreement (the "Share Repurchase Agreement") with J.P. Morgan Securities Inc., as agent for JPMorgan Chase Bank, National Association, London Branch ("JP Morgan") to repurchase approximately $90.0 million of its Common Stock, as part of its share repurchase program. Under the Share Repurchase Agreement, the Company pre-paid to J.P. Morgan the $90.0 million purchase price in the third quarter of 2010 for the Common Stock and J.P. Morgan delivered to the Company approximately 4.8 million shares of Common Stock at an average price of $18.88 at the completion of the Share Repurchase Agreement in December 2010.

For the year ended December 31, 2011, the Company did not repurchase any shares of its Common Stock under its share repurchase program. For the year ended December 31, 2010, the Company repurchased approximately 9.5 million shares of its Common Stock with an aggregate price of approximately $195.1 million, including the price paid pursuant to the Share Repurchase Agreement. For the year ended December 31, 2009, the Company did not repurchase any shares of its Common Stock under its share repurchase program. As of December 31, 2011, the Company had repurchased a cumulative total of approximately 26.3 million shares of its Common Stock with an aggregate price of approximately $428.9 million since the commencement of the program in 2001. As of December 31, 2011, there remained an outstanding authorization to repurchase approximately 5.2 million shares of the Company's outstanding Common Stock.

The Company records stock repurchases as a reduction to stockholders' equity. The Company records a portion of the purchase price of the repurchased shares as an increase to accumulated deficit when the price of the shares repurchased exceeds the average original proceeds per share received from the issuance of Common Stock. During the year ended December 31, 2011, the Company did not repurchase any Common Stock. During the year ended December 31, 2010, the cumulative price of the shares repurchased exceeded the proceeds received from the issuance of the same number of shares. The excess of $163.6 million was recorded as an increase to accumulated deficit for the year ended December 31, 2010. During the year ended December 31, 2009, the Company did not repurchase any Common Stock.

11. Benefit Plans

Rambus has a 401(k) Profit Sharing Plan (the "401(k) Plan") qualified under Section 401(k) of the Internal Revenue Code of 1986. Each eligible employee may elect to contribute up to 60% of the employee's annual compensation to the 401(k) Plan, up to the Internal Revenue Service limit. Rambus, at the discretion of its Board of Directors, may match employee contributions to the 401(k) Plan. The Company matches 50% of eligible employee's contribution, up to the first 6% of an eligible employee's qualified earnings. For the years ended December 31, 2011, 2010 and 2009, Rambus made matching contributions totaling approximately $1.6 million, $1.2 million and $1.1 million, respectively.

12. Income Taxes

The provision for (benefit from) income taxes is comprised of:

	Years Ended December 31,		
	2011	2010	2009
		(In thousands)	
Federal:			
Current	$ 16,595	$ 55,332	$ (957)
Deferred	(255)	255	—
State:			
Current	17	1,467	9
Deferred	—	—	—
Foreign:			
Current	886	401	761
Deferred	9	(328)	(354)
	$ 17,252	$ 57,127	$ (541)

The differences between Rambus' effective tax rate and the U.S. federal statutory regular tax rate are as follows:

	Years Ended December 31,		
	2011	2010	2009
Expense (benefit) at U.S. federal statutory rate	(35.0)%	35.0%	(35.0)%
Expense (benefit) at state statutory rate	(0.1)	0.5	(5.4)
Withholding tax	64.2	17.3	—
Foreign rate differential	33.0	2.4	—
Research and development ("R&D") credit	(1.0)	(0.3)	(0.9)
Executive compensation	2.0	0.7	—

Non-deductible stock-based compensation	2.8	0.3	0.8
Foreign tax credit	(197.7)	—	—
Capitalized merger and acquisition costs	5.9	—	—
Other	0.5	(1.4)	0.7
Valuation allowance	192.3	(27.0)	39.2
	66.9%	27.5%	(0.6)%

The components of the net deferred tax assets are as follows:

	As of December 31,	
	2011	2010
	(In thousands)	
Deferred tax assets:		
Depreciation and amortization	$ 2,063	$ 3,465
Other liabilities and reserves	35,050	13,220
Deferred equity compensation	58,329	52,077
Net operating loss carryovers	8,432	8,432
Tax credits	58,314	18,121
Total gross deferred tax assets	$ 162,188	$ 95,315
Convertible debt	(12,932)	(16,961)
Total net deferred tax assets	$ 149,256	$ 78,354
Valuation allowance	(140,982)	(75,413)
Net deferred tax assets	$ 8,274	$ 2,941

	As of December 31,	
	2011	2010
Reported as:	(In thousands)	
Current deferred tax assets	$ 2,798	$ 2,420
Non-current deferred tax assets	7,531	2,974
Non-current deferred tax liabilities	(2,055)	(2,453)
Net deferred tax assets	$ 8,274	$ 2,941

As of December 31, 2011, the Company's consolidated balance sheet included net deferred tax assets, before valuation allowance, of approximately $149.3 million, which consists of net operating loss carryovers, tax credit carryovers, amortization, employee stock-based compensation expenses and certain liabilities, partially reduced by deferred tax liabilities associated with convertible debt instruments. For the year ended December 31, 2011, the Company's valuation allowance increased to $141.0 million as a result of an increase in deferred tax assets before valuation from taking a foreign tax credit instead of a deduction on withholding taxes as well as various timing items related to other liabilities and reserves. Management periodically evaluates the realizability of the Company's net deferred tax assets based on all available evidence, both positive and negative. The realization of net deferred tax assets is dependent on the Company's ability to generate sufficient future taxable income during periods prior to the expiration of tax statutes to fully utilize these assets.

The Company weighed both positive and negative evidence and determined that there is a continued need for a valuation allowance due to projected future losses, which the Company considered significant negative evidence. Though considered positive evidence, potential income from currently unsigned favorable patent and related settlement litigation were not included in the determination for the valuation allowance due to the Company's inability to reliably estimate the probability, timing and amounts of such settlements. Even though the Company is no longer in a cumulative loss position, the projection of significant future losses is a negative factor that outweighs the positive factors leading to a conclusion that a release of the valuation allowance is not yet appropriate. If any settlement income is realized, the Company will reassess its position on maintaining the valuation allowance.

As of December 31, 2011, Rambus has state net operating loss carryforwards for income tax purposes of $245.9 million which begin to expire in 2018. As of December 31, 2011, Rambus has federal research and development tax credit carryforwards for income tax purposes of $23.3 million and state research and development tax credit carryforwards of $4.8 million, net of federal benefit. The federal research and development tax credit carryforwards begin to expire in 2012 and the state tax credit can be carried forward indefinitely.

In the event of a change in ownership, as defined under federal and state tax laws, Rambus' net operating loss and tax credit carryforwards could be subject to annual limitations. The annual limitations could result in the expiration of the net operating loss and tax credit carryforwards prior to utilization.

Tax attributes related to stock option windfall deductions should not be recorded until they result in a reduction of cash taxes payable. The Company's unrealized excess tax benefits from stock option deductions excluded from the federal and state tax attributes as of December 31, 2011 were $93.5 million and $99.2 million, respectively. The excess tax benefits will be recorded to additional paid-in capital when they reduce cash taxes payable.

As of December 31, 2011, the Company had $16.6 million of unrecognized tax benefits including $7.0 million recorded as a reduction of long-term deferred tax assets and $9.6 million recorded in long term income taxes payable. If recognized, $2.6 million would be recorded as an income tax benefit in the consolidated statements of operations. As of December 31, 2010, the Company had $11.8 million of unrecognized tax benefits including $7.2 million recorded as a reduction of long-term deferred tax assets and $4.6 million recorded in long term income taxes payable. If recognized, $2.8 million would be recorded as an income tax benefit in the consolidated statements of operations.

At December 31, 2011, no deferred taxes have been provided on undistributed earnings of approximately $6.1 million from the Company's international subsidiaries since these earnings have been, and under current plans will continue to be, permanently reinvested outside the United States. The Company's operations in India was under a tax holiday which expired in 2011.

A reconciliation of the beginning and ending amounts of unrecognized income tax benefits for the years ended December 31, 2011, 2010 and 2009 is as follows (amounts in thousands):

	Years Ended December 31,		
	2011	2010	2009
Balance at January 1	$ 11,816	$ 10,353	$ 9,613
Tax positions related to current year:			
Additions	608	1,401	767
Tax positions related to prior years:			
Additions	4,911	140	—
Reductions	(725)	(78)	(27)
Settlements	—	—	—
Balance at December 31	$ 16,610	$ 11,816	$ 10,353

Rambus recognizes interest and penalties related to uncertain tax positions as a component of the income tax provision (benefit). At December 31, 2011 and 2010, an insignificant amount of interest and penalties are included in long-term income taxes payable.

Rambus files U.S. federal income tax returns as well as income tax returns in various states and foreign jurisdictions. The Company is subject to examination by the IRS for tax years ended 2008 through 2010. The Company is also subject to examination by the State of California for tax years ended 2007 through 2010. In addition, any R&D credit carryforward or net operating loss carryforward generated in prior years and utilized in these or future years may also be subject to examination by the IRS and the State of California. The Company is also subject to examination in various other foreign jurisdictions, including India, for various periods. Although it is possible that some of the unrecognized tax benefits could be settled within the next 12 months, the Company cannot reasonably estimate the outcome at this time.

13. Earnings (Loss) Per Share

Basic earnings (loss) per share is calculated by dividing the net income (loss) by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is calculated by dividing the earnings (loss) by the weighted average number of common shares and potentially dilutive securities outstanding during the period. Potentially dilutive common shares consist of incremental common shares issuable upon exercise of stock options, employee stock purchases, restricted stock and restricted stock units and shares issuable upon the conversion of convertible notes. The dilutive effect of outstanding shares is reflected in diluted earnings per share by application of the treasury stock method. This method includes consideration of the amounts to be paid by the

employees, the amount of excess tax benefits that would be recognized in equity if the instrument was exercised and the amount of unrecognized stock-based compensation related to future services. No potential dilutive common shares are included in the computation of any diluted per share amount when a net loss is reported. As discussed in Note 4, "Settlement Agreement with Samsung," the Company reported approximately 4.8 million shares issued to Samsung as contingently redeemable common stock due to the contractual put rights associated with those shares. As such, the Company used the two-class method for reporting earnings per share for those periods where the contingently redeemable common stock were outstanding (during 2010 until August 2011).

The following table sets forth the computation of basic and diluted income (loss) per share:

	Years Ended December 31,					
	2011		2010		2009	
	(In thousands, except per share amounts)					
	CRCS*	Other CS**	CRCS*	Other CS**	CRCS*	Other CS**
Basic net income (loss) per share:						
Numerator:						
Allocation of undistributed earnings	$ (1,180)	$ (41,873)	$ 6,109	$ 144,808	$ —	$ (92,186)
Denominator:						
Weighted-average common shares outstanding	4,788	107,024	4,552	107,904	—	105,011
Basic net income (loss) per share	$ (0.25)	$ (0.39)	$ 1.34	$ 1.34	$ —	$ (0.88)
Diluted net income (loss) per share:						
Numerator:						
Allocation of undistributed earnings for basic computation	$ (1,180)	$ (41,873)	$ 6,109	$ 144,808	$ —	$ (92,186)
Reallocation of undistributed earnings	—	—	(181)	181	—	—
Allocation of undistributed earnings for diluted computation	$ (1,180)	$ (41,873)	$ 5,928	$ 144,989	$ —	$ (92,186)
Denominator:						
Number of shares used in basic computation	4,788	107,024	4,552	107,904	—	105,011
Dilutive potential shares from stock options, ESPP, convertible notes, CRI retention bonuses and nonvested equity stock and stock units	—	—	—	3,428	—	—
Number of shares used in diluted computation	4,788	107,024	4,552	111,332	—	105,011
Diluted net income (loss) per share	$ (0.25)	$ (0.39)	$ 1.30	$ 1.30	$ —	$ (0.88)

* CRCS — Contingently Redeemable Common Stock

** Other CS — Common Stock other than CRCS

For the years ended December 31, 2011, 2010 and 2009, options to purchase approximately 12.0 million, 6.4 million and 11.0 million shares, respectively, were excluded from the calculation because they were anti-dilutive after considering proceeds from exercise, taxes and related unrecognized stock-based compensation expense. For the years ended December 31, 2011 and 2009, an additional 4.1 million and 1.4 million potentially dilutive shares, respectively, have been excluded from the weighted average dilutive shares because there was a net loss for the period.

14. Business Segments and Major Customers

For the year ended December 31, 2011, only SBG was considered a reportable segment as it met the quantitative thresholds for disclosure as a reportable segment. The results of the remaining immaterial operating segments were combined and shown under "All Other".

The Company evaluates the performance of its segments based on segment direct operating income (loss). Segment direct operating income (loss) does not include the allocation of any corporate support functions (including human resources, facilities, legal, finance, information technology, corporate development, general administration, corporate licensing and marketing expenses, advanced technology development, and cost of restatement) to the segments. Additionally, certain expenses are not allocated to the operating segments as they are managed at the corporate level and they are not considered in evaluating the segments' operating performance. For the year ended December 31, 2011, such unallocated corporate level expenses include stock-based compensation expenses, depreciation and amortization expenses, and certain bonus and acquisition expenses. The "Reconciling Items" category includes these unallocated corporate support function expenses as well as corporate level expenses. The presentation of the 2010 segment data has been updated accordingly to conform with the 2011 segment direct operating income (loss) definition.

The table below presents reported segment revenues and reported segment direct operating income (loss).

	For the Year Ended December 31, 2011		
	SBG	All Other	Total
		(In thousands)	
Revenues (1)	$ 292,074	$ 20,289	$ 312,363
Gain from settlement (1)	$ 6,200	$ —	$ 6,200
Segment direct operating income (loss) (1)	$ 250,793	$ (2,784)	$ 248,009
Reconciling items			(249,545)
Total operating loss			$ (1,536)
Interest and other expense, net			(24,265)
Loss before income taxes			$ (25,801)

	For the Year Ended December 31, 2010		
	SBG	All Other	Total
		(In thousands)	
Revenues (1)	$ 323,038	$ 352	$ 323,390
Gain from settlement (1)	$ 126,800	$ —	$ 126,800
Segment direct operating income (loss) (1)	$ 402,669	$ (9,527)	$ 393,142
Reconciling items			(166,260)
Total operating loss			$ 226,882
Interest and other expense, net			(18,838)
Loss before income taxes			$ 208,044

(1) Disclosure of segment information for the year ended December 31, 2009 was not provided as the revenues and segment direct operating loss for "All Other" were not material.

The Company's chief operating decision maker is the executive management team and it does not review information regarding assets on an operating segment basis. Additionally, the Company does not record intersegment revenue or expense.

Customers A, B and C accounted for 30%, 11% and 10% respectively, of revenue in the year ended December 31, 2011. Customers A and C accounted for 56% and 15% respectively, of revenue in the year ended December 31, 2010. Customers D, E, F, G and H accounted for 24%, 15%, 13%, 13% and 11% respectively, of revenue in the year ended December 31, 2009.

Rambus licenses its technologies and patents to customers in multiple geographic regions. Revenue from customers in the following geographic regions was recognized as follows:

	Years Ended December 31,		
	2011	2010	2009
		(In thousands)	
	$ 103,367	$ 23,528	$ 19,064

USA			
Japan	97,726	117,101	91,959
Korea	94,197	181,865	1,262
Canada	14,750	592	329
Europe	1,992	157	237
Asia-Other	331	147	156
Total	$ 312,363	$ 323,390	$ 113,007

At December 31, 2011, of the $81.1 million of total property, plant and equipment, approximately $79.8 million are located in the United States, $1.2 million are located in India and $0.1 million were located in other foreign locations. At December 31, 2010, of the $67.8 million of total property, plant and equipment, approximately $66.7 million are located in the United States, $1.0 million are located in India and $0.1 million were located in other foreign locations.

15. Convertible Notes

The Company's convertible notes are shown in the following table.

(Dollars in thousands)	As of December 31, 2011	As of December 31, 2010
5% Convertible Senior Notes due 2014	$ 172,500	$ 172,500
Zero Coupon Convertible Senior Notes due 2010	—	—
Total principal amount of convertible notes	172,500	172,500
Unamortized discount	(39,007)	(51,000)
Total convertible notes	$ 133,493	$ 121,500
Less current portion	—	—
Total long-term convertible notes	$ 133,493	$ 121,500

5% Convertible Senior Notes due 2014. On June 29, 2009, the Company issued $150.0 million aggregate principal amount of 5% convertible senior notes due June 15, 2014. As of the date of issuance, the Company determined that the liability component of the 2014 Notes was approximately $92.4 million and the equity component was approximately $57.6 million. On July 10, 2009, an additional $22.5 million of the 2014 Notes were issued as a result of the underwriters exercising their overallotment option. As of the date of issuance of the $22.5 million 2014 Notes, the Company determined that the liability component was approximately $14.3 million and the equity component was approximately $8.2 million. The unamortized discount related to the 2014 Notes is being amortized to interest expense using the effective interest method over five years through June 2014.

The Company will pay cash interest at an annual rate of 5% of the principal amount at issuance, payable semi-annually in arrears on June 15 and December 15 of each year, beginning on December 15, 2009. During 2011, the Company paid approximately $8.6 million of interest related to the 2014 Notes. During 2010, the Company paid approximately $8.6 million of interest related to the 2014 Notes. In the fourth quarter of 2009, the Company paid approximately $4.0 million of interest related to the 2014 Notes. Issuance costs were approximately $5.1 million of which $3.2 million is related to the liability portion, which is being amortized to interest expense over five years (the expected term of the debt), and $1.9 million is related to the equity portion. The 2014 Notes are the Company's general unsecured obligation, ranking equal in right of payment to all of the Company's existing and future senior indebtedness and are senior in right of payment to any of the Company's future indebtedness that is expressly subordinated to the 2014 Notes.

The 2014 Notes are convertible into shares of the Company's Common Stock at an initial conversion rate of 51.8 shares of Common Stock per $1,000 principal amount of 2014 Notes. This is equivalent to an initial conversion price of approximately $19.31 per share of common stock. Holders may surrender their 2014 Notes for conversion prior to March 15, 2014 only under the following circumstances: (i) during any calendar quarter beginning after the calendar quarter ending September 30, 2009, and only during such calendar quarter, if the closing sale price of the Common Stock for 20 or more trading days in the period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter exceeds 130% of the conversion price in effect on the last trading day of the immediately preceding calendar quarter, (ii) during the five business day period after any 10 consecutive trading day period in which the trading price per $1,000 principal amount of 2014 Notes for each trading day of such 10 consecutive trading day period was less than 98% of the product of the closing sale price of the Common Stock for such trading day and the applicable conversion rate, (iii) upon the occurrence of specified distributions to holders of the Common Stock, (iv) upon a

fundamental change of the Company as specified in the Indenture governing the 2014 Notes, or (v) if the Company calls any or all of the 2014 Notes for redemption, at any time prior to the close of business on the business day immediately preceding the redemption date. On and after March 15, 2014, holders may convert their 2014 Notes at any time until the close of business on the third business day prior to the maturity date, regardless of the foregoing circumstances.

Upon conversion of the 2014 Notes, the Company will pay (i) cash equal to the lesser of the aggregate principal amount and the conversion value of the 2014 Notes and (ii) shares of the Company's Common Stock for the remainder, if any, of the Company's conversion obligation, in each case based on a daily conversion value calculated on a proportionate basis for each trading day in the 20 trading day conversion reference period as further specified in the Indenture.

The Company may not redeem the 2014 Notes at its option prior to June 15, 2012. At any time on or after June 15, 2012, the Company will have the right, at its option, to redeem the 2014 Notes in whole or in part for cash in an amount equal to 100% of the principal amount of the 2014 Notes to be redeemed, together with accrued and unpaid interest, if any, if the closing sale price of the Common Stock for at least 20 of the 30 consecutive trading days immediately prior to any date the Company gives a notice of redemption is greater than 130% of the conversion price on the date of such notice.

Upon the occurrence of a fundamental change, holders may require the Company to repurchase some or all of their 2014 Notes for cash at a price equal to 100% of the principal amount of the 2014 Notes being repurchased, plus accrued and unpaid interest, if any. In addition, upon the occurrence of certain fundamental changes, as that term is defined in the Indenture, the Company will, in certain circumstances, increase the conversion rate for 2014 Notes converted in connection with such fundamental changes by a specified number of shares of Common Stock, not to exceed 15.5401 per $1,000 principal amount of the 2014 Notes.

The following events are considered "Events of Default" under the Indenture which may result in the acceleration of the maturity of the 2014 Notes:

(1) default in the payment when due of any principal of any of the 2014 Notes at maturity, upon redemption or upon exercise of a repurchase right or otherwise;

(2) default in the payment of any interest, including additional interest, if any, on any of the 2014 Notes, when the interest becomes due and payable, and continuance of such default for a period of 30 days;

(3) the Company's failure to deliver cash or cash and shares of Common Stock (including any additional shares deliverable as a result of a conversion in connection with a make-whole fundamental change) when required to be delivered upon the conversion of any 2014 Note;

(4) default in the Company's obligation to provide notice of the occurrence of a fundamental change when required by the Indenture;

(5) the Company's failure to comply with any of its other agreements in the 2014 Notes or the Indenture (other than those referred to in clauses (1) through (4) above) for 60 days after the Company's receipt of written notice to the Company of such default from the trustee or to the Company and the trustee of such default from holders of not less than 25% in aggregate principal amount of the 2014 Notes then outstanding;

(6) the Company's failure to pay when due the principal of, or acceleration of, any indebtedness for money borrowed by the Company or any of its subsidiaries in excess of $30,000,000 principal amount, if such indebtedness is not discharged, or such acceleration is not annulled, by the end of a period of ten days after written notice to the Company by the trustee or to the Company and the trustee by the holders of at least 25% in aggregate principal amount of the 2014 Notes then outstanding; and

(7) certain events of bankruptcy, insolvency or reorganization relating to the Company or any of its material subsidiaries (as defined in the Indenture).

If an event of default, other than an event of default in clause (7) above with respect to the Company occurs and is continuing, either the trustee or the holders of at least 25% in aggregate principal amount of the 2014 Notes then outstanding may declare the principal amount of, and accrued and unpaid interest, including additional interest, if any, on the 2014 Notes then outstanding to be immediately due and payable. If an event of default described in clause (7) above occurs with respect to the Company the principal amount of and accrued and unpaid interest, including additional interest, if any, on the 2014 Notes will automatically become immediately due and payable.

Zero Coupon Convertible Senior Notes due 2010. On February 1, 2005, the Company issued $300.0 million aggregate principal amount of zero coupon convertible senior notes due February 1, 2010 (the "2010 Notes") to Credit Suisse First Boston LLC and Deutsche Bank Securities as initial purchasers who then sold the 2010 Notes to institutional investors.

The 2010 Notes were unsecured senior obligations, ranking equally in right of payment with all of Rambus' existing and future unsecured senior indebtedness, and senior in right of payment to any future indebtedness that is expressly subordinated to the 2010 Notes.

The 2010 Notes were convertible at any time prior to the close of business on the maturity date into, in respect of each $1,000 principal of the 2010 Notes:

- cash in an amount equal to the lesser of

  (1) the principal amount of each note to be converted and

  (2) the "conversion value," which is equal to (a) the applicable conversion rate, multiplied by (b) the applicable stock price, as defined.

- if the conversion value is greater than the principal amount of each note, a number of shares of Rambus Common Stock (the "net shares") equal to the sum of the daily share amounts, calculated as defined. However, in lieu of delivering net shares, Rambus, at its option, may deliver cash, or a combination of cash and shares of its Common Stock, with a value equal to the net shares amount.

The initial conversion price was $26.84 per share of Common Stock (which represented an initial conversion rate of 37.2585 shares of Rambus Common Stock per $1,000 principal amount of the 2010 Notes). The initial conversion price was subject to certain adjustments, as specified in the indenture governing the 2010 Notes.

On February 1, 2010, the Company paid upon maturity the remaining $137.0 million in face value of the 2010 Notes.

Additional paid-in capital at December 31, 2011 and December 31, 2010 includes $63.9 million related to the equity component of the 2014 Notes.

As of December 31, 2011, none of the conversion conditions were met related to the 2014 Notes. Therefore, the classification of the entire equity component for the 2014 Notes in permanent equity is appropriate as of December 31, 2011.

Interest expense related to the notes for the years ended December 31, 2011, 2010 and 2009 was as follows:

	Years Ended December 31,		
	2011	**2010**	**2009**
		(in thousands)	
2014 Notes coupon interest at a rate of 5%	$ 8,625	$ 8,625	$ 4,326
2014 Notes amortization of discount at an additional effective interest rate of 11.7%	12,622	10,116	5,626
2010 Notes amortization of discount at an effective interest rate of 8.4%	—	958	10,998
Total interest expense on convertible notes	$ 21,247	$ 19,699	$ 20,950

In 2010, the Company adjusted its interest expense on convertible notes by approximately $0.7 million due to the incorrect amortization of the non-cash debt discount related to the 2014 Notes. The Company concluded that the correction was not material to the previous or present periods.

16. Litigation and Asserted Claims

Hynix Litigation

U.S District Court of the Northern District of California

On August 29, 2000, Hynix (formerly Hyundai) and various subsidiaries filed suit against Rambus in the U.S. District Court for the Northern District of California. The complaint, as amended and narrowed through motion practice, asserts claims for fraud, violations of federal antitrust laws and deceptive practices in connection with Rambus' participation in a standards setting organization called JEDEC, and seeks a declaratory judgment that the Rambus patents-in-suit are unenforceable, invalid and not infringed by Hynix, compensatory and punitive damages, and attorneys' fees. Rambus denied Hynix's claims and filed counterclaims for patent infringement against Hynix.

The case was divided into three phases. In the first phase, Hynix tried its unclean hands defense beginning on October 17, 2005 and concluding on November 1, 2005. In its January 4, 2006 Findings of Fact and Conclusions of Law, the court held that Hynix's unclean hands defense failed. Among other things, the court found that Rambus did not adopt its document retention policy in bad faith, did not engage in unlawful spoliation of evidence, and that while Rambus disposed of some relevant documents pursuant to its document retention policy, Hynix was not prejudiced by the destruction of Rambus documents. On January 19, 2009, Hynix filed a motion for reconsideration of the court's unclean hands order and for summary judgment on the ground that the decision by the Delaware court in the pending Micron-Rambus litigation (described below) should be given preclusive effect. In its motion Hynix requested alternatively that the court's unclean hands order be certified for appeal and that the remainder of the case be stayed. Rambus filed an opposition to Hynix's motion on January 26, 2009, and a hearing was held on January 30, 2009. On February 3, 2009, the court denied Hynix's motions and restated its conclusions that Rambus had not anticipated litigation until late 1999 and that Hynix had not demonstrated any prejudice from any alleged destruction of evidence.

The second phase of the Hynix-Rambus trial — on patent infringement, validity and damages — began on March 15, 2006, and was submitted to the jury on April 13, 2006. On April 24, 2006, the jury returned a verdict in favor of Rambus on all issues and awarded Rambus a total of approximately $307 million in damages, excluding prejudgment interest. Specifically, the jury found that each of the ten selected patent claims was supported by the written description, and was not anticipated or rendered obvious by prior art; therefore, none of the patent claims was invalid. The jury also found that Hynix infringed all eight of the patent claims for which the jury was asked to determine infringement; the court had previously determined on summary judgment that Hynix infringed the other two claims at issue in the trial. On July 14, 2006, the court granted Hynix's motion for a new trial on the issue of damages unless Rambus agreed to a reduction of the total jury award to approximately $134 million. The court found that the record supported a maximum royalty rate of 1% for SDR SDRAM and 4.25% for DDR SDRAM, which the court applied to the stipulated U.S. sales of infringing Hynix products through December 31, 2005. On July 27, 2006, Rambus elected remittitur of the jury's award to approximately $134 million. On August 30, 2006, the court awarded Rambus prejudgment interest for the period June 23, 2000 through December 31, 2005. Hynix filed a motion on July 7, 2008 to reduce the amount of remitted damages and any supplemental damages that the court may award, as well as to limit the products that could be affected by any injunction that the court may grant, on the grounds of patent exhaustion. Following a hearing on August 29, 2008, the court denied Hynix's motion. In separate orders issued December 2, 2008, January 16, 2009, and January 27, 2009, the court denied Hynix's post-trial motions for judgment as a matter of law and new trial on infringement and validity.

On June 24, 2008, the court heard oral argument on Rambus' motion to supplement the damages award and for equitable relief related to Hynix's infringement of Rambus patents. On February 23, 2009, the court issued an order (1) granting Rambus' motion for supplemental damages and prejudgment interest for the period after December 31, 2005, at the same rates ordered for the prior period; (2) denying Rambus' motion for an injunction; and (3) ordering the parties to begin negotiations regarding the terms of a compulsory license regarding Hynix's continued manufacture, use, and sale of infringing devices.

The third phase of the Hynix-Rambus trial involved Hynix's affirmative JEDEC-related antitrust and fraud allegations against Rambus. On April 24, 2007, the court ordered a coordinated trial of certain common JEDEC-related claims alleged by the manufacturer parties (i.e., Hynix, Micron, Nanya and Samsung) and defenses asserted by Rambus in *Hynix v Rambus,* Case No. C 00-20905 RMW, and three other cases then pending before the same court (*Rambus Inc. v. Samsung Electronics Co. Ltd. et al.*, Case No. 05-02298 RMW, *Rambus Inc. v. Hynix Semiconductor Inc., et al.*, Case No. 05-00334, and *Rambus Inc. v. Micron Technology, Inc., et al.*, Case No. C 06-00244 RMW, each described in further detail below). On December 14, 2007, the court excused Samsung from the coordinated trial based on Samsung's agreement to certain conditions, including trial of its claims against Rambus by the court within six months following the conclusion of the coordinated trial. The coordinated trial involving Rambus, Hynix, Micron and Nanya began on January 29, 2008, and was submitted to the jury on March 25, 2008. On March 26, 2008, the jury returned a verdict in favor of Rambus and against Hynix, Micron, and Nanya on each of their claims. Specifically, the jury found that Hynix, Micron, and Nanya failed to meet their burden of proving that: (1) Rambus engaged in anticompetitive conduct; (2) Rambus made important representations that it did not have any intellectual property pertaining to the work of JEDEC and intended or reasonably expected that the representations would be heard by or repeated to others including Hynix, Micron or Nanya; (3) Rambus uttered deceptive half-truths about its intellectual property coverage or potential coverage of products compliant with synchronous DRAM standards then being considered by JEDEC by disclosing some facts but failing to disclose other important facts; or (4) JEDEC members shared a clearly defined expectation that members would disclose relevant knowledge they had about patent applications or the intent to file patent applications on technology being considered for adoption as a JEDEC standard. Hynix, Micron, and Nanya filed motions for a new trial and for judgment on certain of their equitable claims and defenses. A hearing on those motions was held on May 1, 2008. A further hearing on the equitable claims and defenses was held on May 27, 2008. On July 24, 2008, the court issued an order denying Hynix, Micron, and Nanya's motions for new trial.

On March 3, 2009, the court issued an order rejecting Hynix, Micron, and Nanya's equitable claims and defenses that had been tried during the coordinated trial. The court concluded (among other things) that (1) Rambus did not have an obligation to disclose pending or anticipated patent applications and had sound reasons for not doing so; (2) the evidence supported the jury's finding that JEDEC members did not share a clearly defined expectation that members would disclose relevant knowledge they had about patent applications or the intent to file patent applications on technology being considered for adoption as a JEDEC standard; (3) the written JEDEC disclosure policies did not clearly require members to disclose information about patent applications and the intent to file patent applications in the future; (4) there was no clearly understood or legally enforceable agreement of JEDEC members to disclose information about patent applications or the intent to seek patents relevant to standards being discussed at JEDEC; (5) during the time Rambus attended JEDEC meetings, Rambus did not have any patent application pending that covered a JEDEC standard, and none of the patents in suit was applied for until well after Rambus resigned from JEDEC; (6) Rambus's conduct at JEDEC did not constitute an estoppel or waiver of its rights to enforce its patents; (7) Hynix, Micron, and Nanya failed to carry their burden to prove their asserted waiver and estoppel defenses not directly based on Rambus's conduct at JEDEC; (8) the evidence did not support a finding of any material misrepresentation, half truths or fraudulent concealment by Rambus related to JEDEC upon which Nanya relied; (9) the manufacturers failed to establish that Rambus violated unfair competition law by its conduct before JEDEC; (10) the evidence related to Rambus's patent prosecution did not establish that Rambus unduly delayed in prosecuting the claims in suit; (11) Rambus did not unreasonably delay bringing its patent infringement claims; and (12) there is no basis for any unclean hands defense or unenforceability claim arising from Rambus's conduct.

On March 10, 2009, the court entered final judgment against Hynix in the amount of approximately $397 million as follows: approximately $134 million for infringement through December 31, 2005; approximately $215 million for infringement from January 1, 2006 through January 31, 2009; and approximately $48 million in pre-judgment interest (with post-judgment interest to accrue at the statutory rate). The judgment ordered Hynix to pay Rambus royalties on net sales for U.S. infringement after January 31, 2009 and before April 18, 2010 of 1% for SDR SDRAM and 4.25% for DDR DDR2, DDR3, GDDR, GDDR2 and GDDR3 SDRAM memory devices. On May 14, 2009, the court granted in part Hynix's motion under Rule 62 seeking relief from the requirement that it post a full supersedeas bond and ordered that execution of the judgment be stayed on the condition that, within 45 days, Hynix post a supersedeas bond in the amount of $250 million and provide Rambus with documentation establishing a lien in Rambus's favor on property owned by Hynix in Korea in the amount of the judgment not covered by the supersedeas bond. The court also ordered that Hynix pay the ongoing royalties set forth in the final judgment into an escrow account. Hynix posted the $250 million supersedeas bond on June 26, 2009. On September 17, 2010, the court granted Rambus's motion for reconsideration of the portion of its order allowing Hynix to establish a lien in lieu of posting a bond for a portion of the judgment. On October 18, 2010, Hynix posted a bond in the full amount of the judgment plus accrued post-judgment interest in the total amount of $401.2 million. Hynix has deposited amounts into the escrow account pursuant to the court's order regarding ongoing royalties. The escrowed funds will be released only

upon agreement of the parties or further court order in accordance with the terms and conditions set forth in the escrow arrangement. On March 8, 2010, the court awarded costs to Rambus in the amount of approximately $0.76 million. That amount plus accrued interest has been deposited by Hynix into the same escrow account into which ongoing royalties have been deposited.

On April 6, 2009, Hynix filed its notice of appeal. On April 17, 2009, Rambus filed its notice of cross appeal. On August 31, 2009, Hynix filed its opening brief. On December 7, 2009, Rambus filed its answering and opening cross-appeal brief. Hynix's reply and answering brief was filed February 16, 2010, and Rambus's reply was filed February 23, 2010. Oral argument was coordinated with the appeal in the Micron Delaware case (discussed below) and held on April 5, 2010. Oral argument was reheard by an expanded panel of five judges on October 6, 2010. On May 13, 2011, the Federal Circuit issued its opinion (1) concluding that the district court erred in applying too narrow a standard of reasonable foreseeability and vacating the district court's findings of fact and conclusions of law regarding spoliation; (2) affirming the district court's decisions on waiver and estoppel; (3) affirming the district court's claim construction order; (4) affirming the district court's order denying Hynix's motion for judgment as a matter of law or for a new trial on the basis of written description; (5) affirming the district court's order denying Hynix's motion for a new trial on the basis of obviousness; and (6) affirming the district court's grant of Hynix's motion for summary judgment for the claims at issue in Rambus's cross-appeal. The Federal Circuit vacated the district court's final judgment and remanded the case to the district court for further proceedings consistent with the Federal Circuit's opinions in the *Micron* and *Hynix* cases. On June 27, 2011, Rambus filed a petition requesting that the Federal Circuit rehear the *Hynix* appeal if the Federal Circuit accepts the petition for rehearing Rambus filed in the *Micron* case. On June 27, 2011, Hynix filed a petition for rehearing and rehearing en banc with respect to the issues of equitable estoppel, implied waiver, and claim construction. On July 29, 2011, the Federal Circuit denied the parties' petitions. On October 27, 2011, Hynix filed a petition seeking review of the Federal Circuit decision by the United States Supreme Court. On February 21, 2012, the United States Supreme Court denied Hynix's petition.

On remand, the parties filed briefs on issues related to unclean hands, costs awarded to Hynix by the Federal Circuit, the bond Hynix posted in the amount of the now-vacated judgment, and the escrowed funds. A hearing on these issues was held on December 16, 2011. In an order dated January 11, 2012, the court released Hynix's obligation to maintain a supersedeas bond, denied Hynix's request to lift Hynix's obligations with respect to escrowed funds, and taxed costs against Rambus for fees Hynix incurred with respect to filing, transcripts, and bond premiums (but not other security expenses related to acquiring the bond). The exact amount of the costs taxed against Rambus will not be known until Hynix files a supplement to its costs bill indicating the final amount of the bond premiums, but Rambus has taken an accrual of $8.3 million. No decision on unclean hands has issued to date.

Micron Litigation

U.S District Court in Delaware: Case No. 00-792-SLR

On August 28, 2000, Micron filed suit against Rambus in the U.S. District Court for Delaware. The suit asserts violations of federal antitrust laws, deceptive trade practices, breach of contract, fraud and negligent misrepresentation in connection with Rambus' participation in JEDEC. Micron seeks a declaration of monopolization by Rambus, compensatory and punitive damages, attorneys' fees, a declaratory judgment that eight Rambus patents are invalid and not infringed, and the award to Micron of a royalty-free license to the Rambus patents. Rambus has filed an answer and counterclaims disputing Micron's claims and asserting infringement by Micron of 12 U.S. patents.

This case has been divided into three phases in the same general order as in the *Hynix* 00-20905 action: (1) unclean hands; (2) patent infringement; and (3) antitrust, equitable estoppel, and other JEDEC-related issues. A bench trial on Micron's unclean hands defense began on November 8, 2007 and concluded on November 15, 2007. The court ordered post-trial briefing on the issue of when Rambus became obligated to preserve documents because it anticipated litigation. A hearing on that issue was held on May 20, 2008. The court ordered further post-trial briefing on the remaining issues from the unclean hands trial, and a hearing on those issues was held on September 19, 2008.

On January 9, 2009, the court issued an opinion in which it determined that Rambus had engaged in spoliation of evidence by failing to suspend general implementation of a document retention policy after the point at which the court determined that Rambus should have known litigation was reasonably foreseeable. The court issued an accompanying order declaring the 12 patents in suit unenforceable against Micron (the "Delaware Order"). On February 9, 2009, the court stayed all other proceedings pending appeal of the Delaware Order. On February 10, 2009, judgment was entered against Rambus and in favor of Micron on Rambus' patent

infringement claims and Micron's corresponding claims for declaratory relief. On March 11, 2009, Rambus filed its notice of appeal. Rambus filed its opening brief on July 2, 2009. On August 28, 2009, Micron filed its answering brief. On October 14, 2009, Rambus filed its reply brief. Oral argument was coordinated with the appeal in the *Hynix* case (discussed above) and held on April 5, 2010. Oral argument was reheard by an expanded panel of five judges on October 6, 2010. On May 13, 2011, the Federal Circuit issued its opinion affirming the district court's determination that Rambus spoliated documents, vacating the district court's dismissal sanction (including the district court's determination of bad faith and prejudice), and remanding the case to the district court for further consideration consistent with its opinion. On June 27, 2011, Rambus filed a petition for rehearing and rehearing en banc with respect to the issues of spoliation, bad faith, and prejudice. On July 29, 2011, the Federal Circuit denied Rambus's petition.

On remand, the parties filed simultaneous briefs on November 9 and December 21, 2011, on the unclean hands-related issues of bad faith, prejudice, and sanction. A hearing on these issues was held on January 26, 2012. No decision has issued to date.

U.S. District Court of the Northern District of California

On January 13, 2006, Rambus filed suit against Micron in the U.S. District Court for the Northern District of California. Rambus alleges that 14 Rambus patents are infringed by Micron's DDR2, DDR3, GDDR3, and other advanced memory products. Rambus seeks compensatory and punitive damages, attorneys' fees, and injunctive relief. Micron has denied Rambus' allegations and is alleging counterclaims for violations of federal antitrust laws, unfair trade practices, equitable estoppel, fraud and negligent misrepresentation in connection with Rambus' participation in JEDEC. Micron seeks a declaration of monopolization by Rambus, injunctive relief, compensatory and punitive damages, attorneys' fees, and a declaratory judgment of invalidity, unenforceability, and noninfringement of the 14 patents in suit.

As explained above, the court ordered a coordinated trial (without Samsung) of certain common JEDEC-related claims and defenses asserted in *Hynix v Rambus*, Case No. C 00-20905 RMW, *Rambus Inc. v. Samsung Electronics Co. Ltd. et al.*, Case No. 05-02298 RMW, *Rambus Inc. v. Hynix Semiconductor Inc., et al.*, Case No. 05-00334, and *Rambus Inc. v. Micron Technology, Inc., et al.*, Case No. C 06-00244 RMW. The coordinated trial involving Rambus, Hynix, Micron and Nanya began on January 29, 2008, and was submitted to the jury on March 25, 2008. On March 26, 2008, the jury returned a verdict in favor of Rambus and against Hynix, Micron, and Nanya on each of their claims. Specifically, the jury found that Hynix, Micron, and Nanya failed to meet their burden of proving that: (1) Rambus engaged in anticompetitive conduct; (2) Rambus made important representations that it did not have any intellectual property pertaining to the work of JEDEC and intended or reasonably expected that the representations would be heard by or repeated to others including Hynix, Micron or Nanya; (3) Rambus uttered deceptive half-truths about its intellectual property coverage or potential coverage of products compliant with synchronous DRAM standards then being considered by JEDEC by disclosing some facts but failing to disclose other important facts; or (4) JEDEC members shared a clearly defined expectation that members would disclose relevant knowledge they had about patent applications or the intent to file patent applications on technology being considered for adoption as a JEDEC standard. Hynix, Micron, and Nanya filed motions for a new trial and for judgment on certain of their equitable claims and defenses. A hearing on those motions was held on May 1, 2008. A further hearing on the equitable claims and defenses was held on May 27, 2008. On July 24, 2008, the court issued an order denying Hynix, Micron, and Nanya's motions for new trial.

On March 3, 2009, the court issued an order rejecting Hynix, Micron, and Nanya's equitable claims and defenses that had been tried during the coordinated trial. The court concluded (among other things) that (1) Rambus did not have an obligation to disclose pending or anticipated patent applications and had sound reasons for not doing so; (2) the evidence supported the jury's finding that JEDEC members did not share a clearly defined expectation that members would disclose relevant knowledge they had about patent applications or the intent to file patent applications on technology being considered for adoption as a JEDEC standard; (3) the written JEDEC disclosure policies did not clearly require members to disclose information about patent applications and the intent to file patent applications in the future; (4) there was no clearly understood or legally enforceable agreement of JEDEC members to disclose information about patent applications or the intent to seek patents relevant to standards being discussed at JEDEC; (5) during the time Rambus attended JEDEC meetings, Rambus did not have any patent application pending that covered a JEDEC standard, and none of the patents in suit was applied for until well after Rambus resigned from JEDEC; (6) Rambus's conduct at JEDEC did not constitute an estoppel or waiver of its rights to enforce its patents; (7) Hynix, Micron, and Nanya failed to carry their burden to prove their asserted waiver and estoppel defenses not directly based on Rambus's conduct at JEDEC; (8) the evidence did not support a finding of any material misrepresentation, half truths or fraudulent concealment by Rambus related to JEDEC upon which Nanya relied; (9) the manufacturers failed to establish that Rambus violated unfair competition law by its conduct before JEDEC; (10) the evidence related

to Rambus's patent prosecution did not establish that Rambus unduly delayed in prosecuting the claims in suit; (11) Rambus did not unreasonably delay bringing its patent infringement claims; and (12) there is no basis for any unclean hands defense or unenforceability claim arising from Rambus's conduct.

In these cases (except for the *Hynix* 00-20905 action), a hearing on claim construction and the parties' cross-motions for summary judgment on infringement and validity was held on June 4 and 5, 2008. On July 10, 2008, the court issued its claim construction order relating to the Farmwald/Horowitz patents in suit and denied Hynix, Micron, Nanya, and Samsung's (collectively, the "Manufacturers") motions for summary judgment of noninfringement and invalidity based on their proposed claim construction. The court issued claim construction orders relating to the Ware patents in suit on July 25 and August 27, 2008, and denied the Manufacturers' motion for summary judgment of noninfringement of certain claims. On September 4, 2008, at the court's direction, Rambus elected to proceed to trial on 12 patent claims, each from the Farmwald/Horowitz family. On September 16, 2008, Rambus granted a covenant not to assert any claim of patent infringement against the Manufacturers under the Ware patents in suit (U.S. Patent Nos. 6,493,789 and 6,496,897), and each party's claims relating to those patents were dismissed with prejudice. On November 21, 2008, the court entered an order clarifying certain aspects of its July 10, 2008, claim construction order. On November 24, 2008, the court granted Rambus' motion for summary judgment of direct infringement with respect to claim 16 of Rambus' U.S. Patent No. 6,266,285 by the Manufacturers' DDR2, DDR3, gDDR2, GDDR3, GDDR4 memory chip products (except for Nanya's DDR3 memory chip products). In the same order, the court denied the remainder of Rambus' motion for summary judgment of infringement.

On January 19, 2009, Micron filed a motion for summary judgment on the ground that the Delaware Order should be given preclusive effect. Rambus filed an opposition to Micron's motion on January 26, 2009, and a hearing was held on January 30, 2009. On February 3, 2009, the court entered a stay of this action pending resolution of Rambus' appeal of the Delaware Order.

European Patent Infringement Cases

In 2001, Rambus filed suit against Micron in Mannheim, Germany, for infringement of European patent, EP 1 022 642. That suit has not been active. Two proceedings in Italy remain ongoing relating to Rambus's claim that Micron is infringing European patent, EP 1 004 956, and Micron's purported claim resulting from a seizure of evidence in Italy in 2000 carried out by Rambus pursuant to a court order.

DDR2, DDR3, gDDR2, GDDR3, GDDR4 Litigation ("DDR2")

U.S District Court in the Northern District of California

On January 25, 2005, Rambus filed a patent infringement suit in the U.S. District Court for the Northern District of California court against Hynix, Infineon, Nanya, and Inotera. Infineon and Inotera were subsequently dismissed from this litigation as was Samsung which had been added as a defendant. Rambus alleges that certain of its patents are infringed by certain of the defendants' SDRAM, DDR, DDR2, DDR3, gDDR2, GDDR3, GDDR4 and other advanced memory products. Hynix and Nanya have denied Rambus' claims and asserted counterclaims against Rambus for, among other things, violations of federal antitrust laws, unfair trade practices, equitable estoppel, and fraud in connection with Rambus' participation in JEDEC.

As explained above, the court ordered a coordinated trial (without Samsung) of certain common JEDEC-related claims and defenses asserted in *Hynix v Rambus*, Case No. C 00-20905 RMW, *Rambus Inc. v. Samsung Electronics Co. Ltd. et al.*, Case No. 05-02298 RMW, *Rambus Inc. v. Hynix Semiconductor Inc., et al.*, Case No. 05-00334, and *Rambus Inc. v. Micron Technology, Inc., et al.*, Case No. C 06-00244 RMW. The coordinated trial involving Rambus, Hynix, Micron and Nanya began on January 29, 2008, and was submitted to the jury on March 25, 2008. On March 26, 2008, the jury returned a verdict in favor of Rambus and against Hynix, Micron, and Nanya on each of their claims. Specifically, the jury found that Hynix, Micron, and Nanya failed to meet their burden of proving that: (1) Rambus engaged in anticompetitive conduct; (2) Rambus made important representations that it did not have any intellectual property pertaining to the work of JEDEC and intended or reasonably expected that the representations would be heard by or repeated to others including Hynix, Micron or Nanya; (3) Rambus uttered deceptive half- truths about its intellectual property coverage or potential coverage of products compliant with synchronous DRAM standards then being considered by JEDEC by disclosing some facts but failing to disclose other important facts; or (4) JEDEC members shared a clearly defined expectation that members would disclose relevant knowledge they had about patent applications or the intent to file patent applications on technology being considered for adoption as a JEDEC standard. Hynix, Micron, and Nanya filed motions for a new trial and for judgment on

certain of their equitable claims and defenses. A hearing on those motions was held on May 1, 2008. A further hearing on the equitable claims and defenses was held on May 27, 2008. On July 24, 2008, the court issued an order denying Hynix, Micron, and Nanya's motions for new trial.

On March 3, 2009, the court issued an order rejecting Hynix, Micron, and Nanya's equitable claims and defenses that had been tried during the coordinated trial. The court concluded (among other things) that (1) Rambus did not have an obligation to disclose pending or anticipated patent applications and had sound reasons for not doing so; (2) the evidence supported the jury's finding that JEDEC members did not share a clearly defined expectation that members would disclose relevant knowledge they had about patent applications or the intent to file patent applications on technology being considered for adoption as a JEDEC standard; (3) the written JEDEC disclosure policies did not clearly require members to disclose information about patent applications and the intent to file patent applications in the future; (4) there was no clearly understood or legally enforceable agreement of JEDEC members to disclose information about patent applications or the intent to seek patents relevant to standards being discussed at JEDEC; (5) during the time Rambus attended JEDEC meetings, Rambus did not have any patent application pending that covered a JEDEC standard, and none of the patents in suit was applied for until well after Rambus resigned from JEDEC; (6) Rambus's conduct at JEDEC did not constitute an estoppel or waiver of its rights to enforce its patents; (7) Hynix, Micron, and Nanya failed to carry their burden to prove their asserted waiver and estoppel defenses not directly based on Rambus's conduct at JEDEC; (8) the evidence did not support a finding of any material misrepresentation, half truths or fraudulent concealment by Rambus related to JEDEC upon which Nanya relied; (9) the manufacturers failed to establish that Rambus violated unfair competition law by its conduct before JEDEC; (10) the evidence related to Rambus's patent prosecution did not establish that Rambus unduly delayed in prosecuting the claims in suit; (11) Rambus did not unreasonably delay bringing its patent infringement claims; and (12) there is no basis for any unclean hands defense or unenforceability claim arising from Rambus's conduct.

In these cases (except for the *Hynix* 00-20905 action), a hearing on claim construction and the parties' cross-motions for summary judgment on infringement and validity was held on June 4 and 5, 2008. On July 10, 2008, the court issued its claim construction order relating to the Farmwald/Horowitz patents in suit and denied the Manufacturers' motions for summary judgment of noninfringement and invalidity based on their proposed claim construction. The court issued claim construction orders relating to the Ware patents in suit on July 25 and August 27, 2008, and denied the Manufacturers' motion for summary judgment of noninfringement of certain claims. On September 4, 2008, at the court's direction, Rambus elected to proceed to trial on 12 patent claims, each from the Farmwald/Horowitz family. On September 16, 2008, Rambus granted a covenant not to assert any claim of patent infringement against the Manufacturers under U.S. Patent Nos. 6,493,789 and 6,496,897, and each party's claims relating to those patents were dismissed with prejudice. On November 21, 2008, the court entered an order clarifying certain aspects of its July 10, 2008, claim construction order. On November 24, 2008, the court granted Rambus's motion for summary judgment of direct infringement with respect to claim 16 of Rambus's U.S. Patent No. 6,266,285 by the Manufacturers' DDR2, DDR3, gDDR2, GDDR3, GDDR4 memory chip products (except for Nanya's DDR3 memory chip products). In the same order, the court denied the remainder of Rambus's motion for summary judgment of infringement.

On January 19, 2009, Nanya and Hynix filed motions for summary judgment on the ground that the Delaware Order should be given preclusive effect. Rambus filed opposition briefs to these motions on January 26, 2009, and a hearing was held on January 30, 2009. On February 3, 2009, the court entered a stay of this action pending resolution of Rambus' appeal of the Delaware Order.

European Commission Competition Directorate-General

On or about April 22, 2003, Rambus was notified by the European Commission Competition Directorate-General (Directorate) (the "European Commission") that it had received complaints from Infineon and Hynix. Rambus answered the ensuing requests for information prompted by those complaints on June 16, 2003. Rambus obtained a copy of Infineon's complaint to the European Commission in late July 2003, and on October 8, 2003, at the request of the European Commission, filed its response. The European Commission sent Rambus a further request for information on December 22, 2006, which Rambus answered on January 26, 2007. On August 1, 2007, Rambus received a statement of objections from the European Commission. The statement of objections alleges that through Rambus' participation in the JEDEC standards setting organization and subsequent conduct, Rambus violated European Union competition law. Rambus filed a response to the statement of objections on October 31, 2007, and a hearing was held on December 4 and 5, 2007.

On December 9, 2009, the European Commission announced that it has reached a final settlement with Rambus to resolve the pending case. Under the terms of the settlement, the Commission made no finding of liability, and no fine will be assessed against Rambus. Rambus commits to offer licenses with maximum royalty rates for certain memory types and memory controllers on a forward-going basis (the "Commitment"). The Commitment is expressly made without any admission by Rambus of the allegations asserted against it. The Commitment also does not resolve any existing claims of infringement prior to the signing of any license with a prospective licensee, nor does it release or excuse any of the prospective licensees from damages or royalty obligations through the date of signing a license. Rambus offers licenses with maximum royalty rates for five-year worldwide licenses of 1.5% for DDR2, DDR3, GDDR3 and GDDR4 SDRAM memory types. Qualified licensees will enjoy a royalty holiday for SDR and DDR DRAM devices, subject to compliance with the terms of the license. In addition, Rambus offers licenses with maximum royalty rates for five-year worldwide licenses of 1.5% per unit for SDR memory controllers through April 2010, dropping to 1.0% thereafter, and royalty rates of 2.65% per unit for DDR, DDR2, DDR3, GDDR3 and GDDR4 memory controllers through April 2010, then dropping to 2.0%. The Commitment to license at the above rates remains valid for a period of five years from December 9, 2009. All royalty rates are applicable to future shipments only and do not affect liability, if any, for damages or royalties that accrued up to the time of the license grant.

On March 25, 2010, Hynix filed appeals with the General Court of the European Union purporting to challenge the settlement and the European Commission's rejection of Hynix's complaint. No decision has issued to date on Hynix's appeal.

Superior Court of California for the County of San Francisco

On May 5, 2004, Rambus filed a lawsuit against Micron, Hynix, Infineon and Siemens in San Francisco Superior Court (the "San Francisco court") seeking damages for conspiring to fix prices (California Bus. & Prof. Code §§ 16720 *et seq.*), conspiring to monopolize under the Cartwright Act (California Bus. & Prof. Code §§ 16720 *et seq.*), intentional interference with prospective economic advantage, and unfair competition (California Bus. & Prof. Code §§ 17200 *et seq.*). This lawsuit alleges that there were concerted efforts beginning in the 1990s to deter innovation in the DRAM market and to boycott Rambus and/or deter market acceptance of Rambus' RDRAM product. Subsequently, Infineon and Siemens were dismissed from this action (as a result of a settlement with Infineon) and three Samsung-related entities were added as defendants and later dismissed (as a result of a settlement with Samsung).

A jury trial against Micron and Hynix began on June 20, 2011. On September 21, 2011, the jury began deliberations. On November 16, 2011, the jury returned a verdict in favor of Hynix and Micron and against Rambus by a tally of 9-3. Judgment was entered by the Court on February 15, 2012. Rambus' notice of appeal is not due until April 16, 2012.

On February 15, 2012, Micron and Hynix filed memoranda of costs seeking to recover approximately $1.6 million and $3.0 million, respectively, in alleged costs from Rambus. Rambus' opposition is due April 2, 2012.

Stock Option Investigation Related Claims

On May 30, 2006, the Audit Committee commenced an internal investigation of the timing of past stock option grants and related accounting issues.

On May 31, 2006, the first of three shareholder derivative actions was filed in the U.S. District Court for the Northern District of California against Rambus (as a nominal defendant) and certain current and former executives and board members. These actions were consolidated for all purposes under the caption, *In re Rambus Inc. Derivative Litigation,* Master File No. C-06-3513-JF (N.D. Cal.), and Howard Chu and Gaetano Ruggieri were appointed lead plaintiffs. The consolidated complaint, as amended, alleged violations of certain federal and state securities laws as well as other state law causes of action. The complaint sought disgorgement and damages in an unspecified amount, unspecified equitable relief, and attorneys' fees and costs.

On August 30, 2007, another shareholder derivative action was filed in the U.S. District Court for the Southern District of New York against Rambus (as a nominal defendant) and PricewaterhouseCoopers LLP (*Francl v. PricewaterhouseCoopers LLP et al.*, No. 07-Civ. 7650 (GBD)). On November 21, 2007, the New York court granted PricewaterhouseCoopers LLP's motion to transfer the action to the Northern District of California.

On October 18, 2006, the Board of Directors formed a Special Litigation Committee (the "SLC") to evaluate potential claims or other actions arising from the stock option granting activities. The Board of Directors appointed J. Thomas Bentley, Chairman of the Audit Committee, and Abraham Sofaer, a retired federal judge and Chairman of the Legal Affairs Committee, both of whom joined the Rambus Board of Directors in 2005, to comprise the SLC.

On August 24, 2007, the final written report setting forth the findings of the SLC was filed with the court. As set forth in its report, the SLC determined that all claims should be terminated and dismissed against the named defendants in *In re Rambus Inc. Derivative Litigation* with the exception of claims against named defendant Ed Larsen, who served as Vice President, Human Resources from September 1996 until December 1999, and then Senior Vice President, Administration until July 2004. The SLC entered into settlement agreements with certain former officers of Rambus. The aggregate value of the settlements to Rambus exceeds $5.3 million in cash as well as substantial additional value to Rambus relating to the relinquishment of claims to over 2.7 million stock options. On October 5, 2007, Rambus filed a motion to terminate in accordance with the SLC's recommendations. Subsequently, the parties settled *In re Rambus Inc. Derivative Litigation* and *Francl v. PricewaterhouseCoopers LLP et al.*, No. 07-Civ. 7650 (GBD). The settlement provided for a payment by Rambus of $2.0 million and dismissal with prejudice of all claims against all defendants, with the exception of claims against Ed Larsen (which have now also been settled), in these actions. The $2.0 million was accrued for during the quarter ended June 30, 2008 within accrued litigation expenses and paid in January 2009. A final approval hearing was held on January 16, 2009, and an order of final approval was entered on January 20, 2009.

On July 17, 2006, the first of six class action lawsuits was filed in the U.S. District Court for the Northern District of California against Rambus and certain current and former executives and board members. These lawsuits were consolidated under the caption, *In re Rambus Inc. Securities Litigation*, C-06-4346-JF (N.D. Cal.). The settlement of this action was preliminarily approved by the court on March 5, 2008. Pursuant to the settlement agreement, Rambus paid $18.3 million into a settlement fund on March 17, 2008. Some alleged class members requested exclusion from the settlement. A final fairness hearing was held on May 14, 2008. That same day the court entered an order granting final approval of the settlement agreement and entered judgment dismissing with prejudice all claims against all defendants in the consolidated class action litigation.

On March 1, 2007, a pro se lawsuit was filed in the Northern District of California by two alleged Rambus shareholders against Rambus, certain current and former executives and board members, and PricewaterhouseCoopers LLP (*Kelley et al. v. Rambus, Inc. et al.* C-07-01238-JF (N.D. Cal.)). This action was consolidated with a substantially identical pro se lawsuit filed by another purported Rambus shareholder against the same parties. The consolidated complaint against Rambus alleges violations of federal and state securities laws, and state law claims for fraud and breach of fiduciary duty. Following several rounds of motions to dismiss, on April 17, 2008, the court dismissed all claims with prejudice except for plaintiffs' claims under sections 14(a) and 18(a) of the Securities and Exchange Act of 1934 as to which leave to amend was granted. On June 2, 2008, plaintiffs filed an amended complaint containing substantially the same allegations as the prior complaint although limited to claims under sections 14(a) and 18(a) of the Securities and Exchange Act of 1934. Rambus' motion to dismiss the amended complaint was heard on September 12, 2008. On December 9, 2008, the court granted Rambus' motion and entered judgment in favor of Rambus. Plaintiffs filed a notice of appeal on December 15, 2008. Plaintiffs' filed their opening brief on April 13, 2009. Rambus opposed on May 29, 2009, and plaintiffs filed a reply brief on June 12, 2009. On June 16, 2010, the United States Court of Appeals for the Ninth Circuit issued a decision affirming the judgment in favor of Rambus.

On September 11, 2008, the same pro se plaintiffs filed a separate lawsuit in Santa Clara County Superior Court against Rambus, certain current and former executives and board members, and PricewaterhouseCoopers LLP (*Kelley et al. v. Rambus, Inc. et al.*, Case No. 1-08-CV-122444). The complaint alleges violations of certain California state securities statues as well as fraud and negligent misrepresentation based on substantially the same underlying factual allegations contained in the pro se lawsuit filed in federal court. On October 31, 2010, the plaintiffs filed a second amended complaint. On December 2, 2010, Rambus filed a demurrer to plaintiffs' second amended complaint on the ground that it is barred by the doctrine of claim preclusion, among other things. On May 12, 2011, the court sustained Rambus' demurrer without leave to amend. Judgment in favor of Rambus was entered on June 15, 2011. On August 10, 2011, plaintiffs filed a notice of appeal.

On August 25, 2008, an amended complaint was filed by certain individuals and entities in Santa Clara County Superior Court against Rambus, certain current and former executives and board members, and PricewaterhouseCoopers LLP (*Steele et al. v. Rambus Inc. et al.*, Case No. 1-08-CV-113682). The amended complaint alleges violations of certain California state securities statues as well as fraud and negligent misrepresentation. On October 10, 2008, Rambus filed a demurrer to the amended complaint. A hearing was

held on January 9, 2009. On January 12, 2009, the court sustained Rambus' demurrer without prejudice. Plaintiffs filed a second amended complaint on February 13, 2009, containing the same causes of action as the previous complaint. On March 17, 2009, Rambus filed a demurrer to the second amended complaint. A hearing was held on May 22, 2009. On May 26, 2009, the court sustained in part and overruled in part Rambus's demurrer. On June 5, 2009, Rambus filed an answer denying plaintiffs' remaining allegations. On December 20, 2011, Rambus agreed to settle the claims against it and the individual defendants for $10.85 million.

NVIDIA Litigation

U.S District Court in the Northern District of California

On July 10, 2008, Rambus filed suit against NVIDIA Corporation ("NVIDIA") in the U.S. District Court for the Northern District of California alleging that NVIDIA's products with memory controllers for SDR, DDR, DDRx, GDDR, and GDDRy (where DDRx and GDDRy includes at least DDR2, DDR3 and GDDR3) technologies infringe 17 patents. On September 16, 2008, Rambus granted a covenant not to assert any claim of patent infringement against NVIDIA under two of the patents in suit—U.S. Patent Nos. 6,493,789 and 6,496,897. On August 1, 2011, NVIDIA filed an answer denying Rambus's claims and counterclaims alleging violations of federal antitrust laws, breach of contract, promissory estoppel, and deceptive practices in connection with Rambus' participation in JEDEC and alleged spoliation of evidence. NVIDIA seeks a declaratory judgment that the Rambus patents-in-suit are unenforceable, invalid and not infringed by NVIDIA, compensatory and other damages, injunctive relief, and attorneys' fees. On December 1, 2010, Rambus filed suit against NVIDIA in the U.S. District Court for the Northern District of California alleging that NVIDIA's products with certain peripheral interfaces, including PCI Express and DisplayPort peripheral interfaces, infringe six patents from the Dally family of patents which are owned by Massachusetts Institute of Technology and exclusively licensed by Rambus. On January 20, 2011, NVIDIA filed a motion to stay the case pending resolution of the 2010 ITC investigation (described below). On January 25, 2011, the court granted NVIDIA's motion. On February 7, 2012, Rambus and NVIDIA entered into a settlement agreement pursuant to which the parties agreed to release all claims against each other with respect to all outstanding litigation between them, including these district court cases. On February 14, 2012, all pending claims and counterclaims in this action were dismissed.

International Trade Commission 2008 Investigation

On November 6, 2008, Rambus filed a complaint with the U. S. International Trade Commission (the "ITC") requesting the commencement of an investigation pertaining to NVIDIA products. The complaint seeks an exclusion order barring the importation, sale for importation, or sale after importation of products that infringe nine Rambus patents from the Ware and Barth families of patents. The accused products include NVIDIA products that incorporate DDR, DDR2, DDR3, LPDDR, GDDR, GDDR2, and GDDR3 memory controllers, including graphics processors, and media and communications processors. The complaint names NVIDIA as a proposed respondent, as well as companies whose products incorporate accused NVIDIA products and are imported into the United States. Additional respondents include: Asustek Computer Inc. and Asus Computer International, BFG Technologies, Biostar Microtech and Biostar Microtech International Corp., Diablotek Inc., EVGA Corp., G.B.T. Inc. and Giga-Byte Technology Co., Hewlett-Packard, MSI Computer Corp. and Micro-Star International Co., Palit Multimedia Inc. and Palit Microsystems Ltd., Pine Technology Holdings, and Sparkle Computer Co.

On December 4, 2008, the ITC instituted the investigation. A hearing on claim construction was held on March 24, 2009, and a claim construction order issued on June 22, 2009. On June 5, 2009, Rambus moved to withdraw from the investigation four of the asserted patents and certain claims of a fifth asserted patent in order to simplify the investigation, streamline the final hearing, and conserve Commission resources. A final hearing before the administrative law judge was held October 13-20, 2009, and the parties submitted two rounds of post-hearing briefs.

On January 22, 2010, the administrative law judge issued a final initial determination holding that the importation of the accused NVIDIA products violates section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. § 1337 because they infringe seventeen claims of three asserted Barth patents. The administrative law judge held that the accused NVIDIA products literally infringe all asserted claims of each asserted Barth and Ware patent, that they infringe three asserted claims under the doctrine of equivalents, that respondents contribute to and induce infringement of all asserted claims, and that the asserted patents are not unenforceable due to unclean hands or equitable estoppel. The administrative law judge held that the asserted Barth patents are not invalid for anticipation or obviousness and are not obvious for double patenting. The administrative law judge further held that, while the accused products

infringed eight claims of the two asserted Ware patents and that those patents are not unenforceable due to inequitable conduct, no violation has occurred because the asserted Ware patents are invalid due to anticipation and obviousness. The administrative law judge recommended that the ITC issue (1) a limited exclusion order prohibiting the unlicensed importation of accused products by any respondent; and (2) a cease and desist order prohibiting domestic respondents from engaging in certain activities in the United States with respect to the accused products. On February 12, 2010, the parties' filed petitions asking the full Commission to review certain aspects of the final initial determination.

On March 25, 2010, the ITC determined to review certain obviousness findings regarding the Barth patents and certain obviousness and anticipation findings regarding the Ware patents. The parties have submitted briefing on these issues and on the issue of remedy and bonding. On May 24, 2010, the ITC extended the target date for completion of the investigation by two days to May 26, 2010. On May 26, 2010, the ITC requested further briefing on the impact of the license between Rambus and Samsung on the administrative law judge's findings and conclusions, particularly on the issue of patent exhaustion. On June 7, 2010 and June 15, 2010, the parties filed briefs as requested by the ITC. On June 22, 2010, the ITC requested additional briefing to discuss the relevance and effect with respect to the issue of patent exhaustion of a decision issued on May 27, 2010, by the United States Court of Appeals for the Federal Circuit in a case captioned *Fujifilm Corp. v. Benun*. On June 25, 2010, the parties filed briefs as requested by the ITC.

On July 26, 2010, the ITC issued its final determination affirming the administrative law judge's initial determination with certain modifications to provide further analysis of issues related to obviousness. The ITC found that respondents failed to demonstrate that Rambus' patent rights are exhausted with respect to accused products that incorporate Samsung memory. The ITC issued (1) a limited exclusion order prohibiting the unlicensed importation by any respondent of memory controller products and products incorporating a memory controller that infringe one or more of the seventeen claims of three asserted Barth patents; and (2) a cease and desist order prohibiting respondents with commercially significant inventories of infringing products in the United States from importing, selling, marketing, advertising, distributing, offering for sale, transferring (except for exportation), and soliciting U.S. agents or distributors for, memory controller products and products incorporating a memory controller that infringe one or more of the seventeen claims of three asserted Barth patents, in violation of 19 U.S.C. § 1337. The ITC determined that the amount of the bond to permit importation during the sixty-day Presidential review period was 2.65 percent of the entered value of the subject imports. The ITC denied respondents' request for stay and terminated the investigation. The parties have each filed opening, responsive, and reply appellate briefs with the Federal Circuit. Oral argument was held on October 6, 2011.

On February 7, 2012, Rambus and NVIDIA entered into a settlement agreement pursuant to which the parties agreed to release all claims against each other with respect to all outstanding litigation between them, including this ITC investigation. On February 10, 2012, the appeals filed by NVIDIA and Rambus were dismissed by the Federal Circuit. On February 13, 2012, Rambus filed a motion to dismiss the Federal Circuit appeal filed by the additional named respondents as moot due to the settlement with NVIDIA. The only party that indicated it would oppose this motion was Hewlett Packard. On February 17, 2012, the ITC filed a response stating that it agreed with Rambus to the extent that Hewlett Packard was seeking an advisory opinion and asked the Federal Circuit to remand the case if Hewlett Packard was disputing the coverage of the license. Hewlett Packard has not yet filed a responsive brief and no decision has issued to date.

International Trade Commission 2010 Investigation

On December 1, 2010, Rambus filed a complaint with the ITC requesting the commencement of an investigation and seeking an exclusion order barring the importation, sale for importation, or sale after importation of, among other things, NVIDIA products with certain peripheral interfaces, including PCI Express and DisplayPort peripheral interfaces, that Rambus alleges infringe three patents from the Dally family. The complaint names, among others, NVIDIA as a respondent, as well as companies whose products incorporate accused NVIDIA products and are imported into the United States, including Asustek Computer Inc. and Asus Computer International Inc., Biostar Microtech (U.S.A.) Corp., Biostar Microtech International Corp., Elitegroup Computer Systems, EVGA Corp., Galaxy Microsystems Ltd., G.B.T. Inc., Giga-Byte Technology Co. Ltd., Gracom Technologies LLC, Hewlett-Packard Company, Jaton Corp., Jaton Technology TPE, Micro-Star International Co., MSI Computer Corp., Palit Microsystems Ltd., Pine Technology Holdings, Ltd., Sparkle Computer Co., Ltd., Zotac International (MCO) Ltd. and Zotac USA Inc. On December 29, 2010, the ITC instituted the investigation. A final hearing before the administrative law judge was held October 12-20, 2011. On February 7, 2012, Rambus and NVIDIA entered into a settlement agreement pursuant to which the parties agreed to release all claims against each other with respect to all outstanding litigation between them, including this ITC investigation. On February 10, 2012 Rambus and

NVIDIA filed a joint motion to terminate the investigation as to NVIDIA pursuant to the parties' settlement agreement. To date, the administrative law judge has not ruled on the motion.

Broadcom, Freescale, LSI, MediaTek, and STMicroelectronics Litigation

International Trade Commission 2010 Investigation

On December 1, 2010, Rambus filed a complaint with the ITC requesting the commencement of an investigation and seeking an exclusion order barring the importation, sale for importation, or sale after importation of products that incorporate at least DDR, DDR2, DDR3, LPDDR, LPDDR2, mobile DDR, GDDR, GDDR2, and GDDR3 memory controllers from Broadcom, Freescale, LSI, MediaTek and STMicroelectronics that infringe patents from the Barth family of patents, and products having certain peripheral interfaces, including PCI Express interfaces, DisplayPort interfaces, and certain Serial AT Attachment ("SATA") and Serial Attached SCSI ("SAS") interfaces, from Broadcom, Freescale, LSI and STMicroelectronics that infringe patents from the Dally family of patents. The complaint names, among others, Broadcom, Freescale, LSI, MediaTek and STMicroelectronics as respondents, as well as companies whose products incorporate those companies' accused products and are imported into the United States, including Asustek Computer Inc. and Asus Computer International Inc., Audio Partnership Plc, Cisco Systems, Garmin International, G.B.T. Inc., Giga-Byte Technology Co. Ltd., Gracom Technologies LLC, Hewlett-Packard Company, Hitachi GST, Motorola, Inc., Oppo Digital, Inc., and Seagate Technology. As described more fully above, the complaint also names NVIDIA and certain companies whose products incorporate accused NVIDIA products with certain peripheral interfaces, including PCI Express and DisplayPort peripheral interfaces, and seeks to bar their importation, sale for importation, or sale after importation. On December 29, 2010, the ITC instituted the investigation. On June 20, 2011, the administrative law judge granted a joint motion by Rambus and Freescale to terminate the investigation as to Freescale pursuant to the parties' settlement agreement. A final hearing before the administrative law judge was held October 12-20, 2011. On January 17, 2012, the administrative law judge granted a joint motion by Rambus and Broadcom to terminate the investigation as to Broadcom pursuant to the parties' settlement agreement. The final initial determination is due on or before March 2, 2012, and the target date for the decision of the full Commission is July 2, 2012.

U.S District Court in the Northern District of California

On December 1, 2010, Rambus filed complaints against Broadcom, Freescale, LSI, MediaTek and STMicroelectronics in the U.S. District Court for the Northern District of California alleging that 1) products that incorporate at least DDR, DDR2, DDR3, LPDDR, LPDDR2, mobile DDR, GDDR, GDDR2, and GDDR3 memory controllers from Broadcom, Freescale, LSI, MediaTek and STMicroelectronics infringe patents from the Barth family of patents; 2) those same products and products from those companies that incorporate SDR memory controllers infringe patents from the Farmwald-Horowitz family; and 3) products having certain peripheral interfaces, including PCI Express, DisplayPort, and certain SATA and SAS interfaces, from Broadcom, Freescale, LSI and STMicroelectronics infringe patents from the Dally family of patents. On June 7, 2011, Rambus's complaint against Freescale was dismissed pursuant to the parties' settlement agreement. On January 24, January 26, and March 1, 2011, LSI, Broadcom, and STMicroelectronics filed their respective answers denying Rambus's allegations and asserting counterclaims seeking declarations of non-infringement and invalidity, and unenforceability with respect to at least certain of the patents in suit. Rambus filed answers denying the allegations in LSI's, Broadcom's, and STMicroelectronics' counterclaims on February 14, February 16, and March 22, 2011, respectively. On March 7, 2011, MediaTek filed an answer denying Rambus's allegations. On January 28, 2011, Broadcom, Mediatek, and LSI filed motions to stay their respective actions. On February 4, 2011, STMicroelectronics filed a motion to stay its action. Rambus has opposed entry of any stay as to certain patents not overlapping with patents asserted in the ITC 2010 investigation. On June 13, 2011, the Court granted in part the motions to stay and denied them as to certain patents not overlapping with patents asserted in the ITC 2010 investigation. On December 29, 2011, Rambus's complaint against Broadcom was dismissed pursuant to the parties' settlement agreement. Discovery is ongoing.

Potential Future Litigation

In addition to the litigation described above, companies continue to adopt Rambus technologies into various products. Rambus has notified many of these companies of their use of Rambus technology and continues to evaluate how to proceed on these matters.

There can be no assurance that any ongoing or future litigation will be successful. Rambus spends substantial company resources defending its intellectual property in litigation, which may continue for the foreseeable future given the multiple pending litigations.

The outcomes of these litigations — as well as any delay in their resolution — could affect Rambus' ability to license its intellectual property in the future.

The Company records a contingent liability when it is probable that a loss has been incurred and the amount is reasonably estimable in accordance with accounting for contingencies. A reasonably possible loss in excess of amounts accrued is not significant to the financial statements.

17. Fair Value of Financial Instruments

The fair value measurement statement defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining fair value, the Company considers the principal or most advantageous market in which the Company would transact, and the Company considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of non-performance.

The Company's financial instruments are measured and recorded at fair value, except for cost method investments and convertible notes. The Company's non-financial assets, such as goodwill, intangible assets, and property, plant and equipment, are measured at fair value when there is an indicator of impairment and recorded at fair value only when an impairment charge is recognized.

Fair Value Hierarchy

The fair value measurement statement requires disclosure that establishes a framework for measuring fair value and expands disclosure about fair value measurements. The statement requires fair value measurement be classified and disclosed in one of the following three categories:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

The Company uses unadjusted quotes to determine fair value. The financial assets in Level 1 include money market funds.

Level 2: Quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability.

The Company uses observable pricing inputs including benchmark yields, reported trades, and broker/dealer quotes. The financial assets in Level 2 include U.S. government bonds and notes, corporate notes, commercial paper and municipal bonds and notes.

Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

The financial assets in Level 3 include a cost investment whose value is determined using inputs that are both unobservable and significant to the fair value measurements.

The Company tests the pricing inputs by obtaining prices from two different sources for the same security on a sample of its portfolio. The Company has not adjusted the pricing inputs it has obtained. The following table presents the financial instruments that are carried at fair value and summarizes the valuation of its cash equivalents and marketable securities by the above pricing levels as of December 31, 2011 and December 31, 2010:

	As of December 31, 2011			
	Total	Quoted Market Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(In thousands)			
Money market funds	$ 127,559	$ 127,559	$ —	$ —

Corporate notes, bonds and commercial paper	137,108	—	137,108	—
Total available-for-sale securities	$ 264,667	$ 127,559	$ 137,108	$ —

	As of December 31, 2010			
	Total	Quoted Market Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(In thousands)			
Money market funds	$ 132,364	$ 132,364	$ —	$ —
U.S. government sponsored obligations	266,817	48,604	218,213	—
Corporate notes, bonds and commercial paper	95,724	—	95,724	—
Total available-for-sale securities	$ 494,905	$ 180,968	$ 313,937	$ —

The Company monitors the investment for other-than-temporary impairment and record appropriate reductions in carrying value when necessary. The Company made an investment of $2.0 million in a non-marketable equity security of a private company during the third quarter of 2009. The Company evaluated the fair value of the investment in the non-marketable security as of December 31, 2011 and determined that there were no events that caused a decrease in its fair value below the carrying cost.

The following table presents the financial instruments that are measured and carried at cost on a nonrecurring basis as of December 31, 2011 and December 31, 2010:

	As of December 31, 2011				
(in thousands)	Carrying Value	Quoted market prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Impairment charges for the year ended December 31, 2011
Investment in non-marketable security	$ 2,000	$ —	$ —	$ 2,000	$ —

	As of December 31, 2010				
(in thousands)	Carrying Value	Quoted market prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Impairment charges for the year ended December 31, 2010
Investment in non-marketable security	$ 2,000	$ —	$ —	$ 2,000	$ —

In 2011 and 2010, there were no transfers of financial instruments between different categories of fair value.

The following table presents the financial instruments that are not carried at fair value but which require fair value disclosure as of December 31, 2011 and December 31, 2010:

	As of December 31, 2011			As of December 31, 2010		
(in thousands)	Face Value	Carrying Value	Fair Value	Face Value	Carrying Value	Fair Value
5% Convertible Senior Notes due 2014	$ 172,500	$ 133,493	$ 170,289	$ 172,500	$ 121,500	$ 224,504

The fair value of the convertible notes at each balance sheet date is determined based on recent quoted market prices for these notes. As discussed in Note 15, "Convertible Notes," as of December 31, 2011, the convertible notes are carried at face value of $172.5 million less any unamortized debt discount. The carrying value of other financial instruments, including cash, accounts receivable, accounts payable and other payables, approximates fair value due to their short maturities.

The Company monitors its investments for other than temporary losses by considering current factors, including the economic environment, market conditions, operational performance, specific factors relating to the business underlying the investment,

reductions in carrying values when applicable and the Company's ability and intent to hold the investment for a period of time which may be sufficient for anticipated recovery in the market. Any other than temporary loss is reported under "Interest and other income (expense), net" in the consolidated statement of operations. For the year ended December 31, 2011, the Company has not incurred any impairment loss on its investments.

18. Acquisitions

On May 12, 2011, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with Padlock Acquisition Corp., a California corporation and wholly-owned subsidiary of the Company ("Merger Sub"), CRI, a California corporation, and the shareholder representative party thereto. On June 3, 2011, the Company completed its acquisition of CRI by acquiring all issued and outstanding common shares of CRI. Pursuant to the terms of the Merger Agreement, on June 3, 2011, Merger Sub merged with and into CRI, with CRI as the surviving corporation and a wholly owned subsidiary. Under the terms of the Merger Agreement, the Company paid approximately $257.2 million which consisted of cash of $168.8 million and approximately 6.4 million shares of the Company's common stock. Of the consideration, $15.0 million in cash and approximately 1.3 million of the Company's common stock were deposited into an escrow account until December 2012, subject to any claims, to fund any indemnification obligations to the Company following the consummation of the merger. In addition, as part of the requirements of the Merger Agreement, on June 7, 2011, the Company filed with the Securities and Exchange Commission a registration statement on Form S-3 which registers the resale of the shares of common stock received by the former shareholders of CRI. The acquisition of CRI expands the Company's technologies available for licensing with complementary technologies from CRI that include patented innovations and solutions for content protection, network security and anti-counterfeiting. Additionally, CRI is part of the NBG reportable segment.

As part of the acquisition, the Company agreed to pay $50.0 million to certain CRI employees and contractors in cash or the Company's common stock, at the Company's option, over three years following June 3, 2011 (the "Retention Bonus"). The Retention Bonus will be paid in three installments of approximately $16.7 million on June 3, 2012, June 3, 2013, and June 3, 2014. The Retention Bonus payouts are subject to the condition of employment, and therefore, treated as compensation and expensed as incurred on a graded attribution basis. The portion of the Retention Bonus that is forfeited by employees that have left the Company prior to payout will be accelerated and the forfeited amount will be paid out to a designated charitable organization. The first payment will be made in cash and the following two payments will be made in either cash or shares of the Company's common stock, at the Company's option.

The acquisition has been accounted for using the purchase method of accounting in accordance with the business acquisition guidance. Under the purchase accounting method, the total estimated purchase consideration of the acquisitions was allocated to the tangible and identifiable intangible assets acquired and liabilities assumed based on their relative fair values. The excess of the purchase consideration over the net tangible and identifiable intangible assets acquired and liabilities assumed was recorded as goodwill. The purchase price allocation has been finalized. The Company expensed the related transaction costs amounting to approximately $3.9 million. The related transaction costs were recorded in the marketing, general and administrative expenses in the consolidated statements of operations.

The following table summarizes the consideration paid by the Company (in thousands):

Cash	$ 168,805
Common Stock (6,380,806 shares at $13.86 per share)	88,438
Total	$ 257,243

The 6.4 million shares of common stock issued were valued based on the closing stock price at the date of the acquisition which amounted to $88.4 million. Approximately 161 thousand shares were used to satisfy tax withholding obligations, resulting in the net issuance of $86.1 million of common stock.

The purchase price allocation for the business acquired is based on management's estimate of the fair value for purchase accounting purposes at the date of acquisition. The fair value of the assets acquired has been determined primarily by using valuation methods that discount the expected future cash flows to present value using estimates and assumptions determined by management. The Company performed a valuation of the net assets acquired as of June 3, 2011 (the acquisition closing date). The purchase price from the business combination was allocated as follows:

	Total
	(in thousands)
Cash	$ 1,424
Accounts receivable	1,140
Identified intangible assets	159,200
Property and equipment	965
Other assets	133
Goodwill	96,994
Liabilities	(2,613)
Total	$ 257,243

The goodwill arising from the acquisition is primarily attributed to synergies related to the combination of new and complementary technologies of the Company and the assembled workforce of CRI. All of this goodwill is expected to be deductible for tax purposes.

The identified intangible assets assumed in the acquisition of CRI were recognized as follows based upon their fair values as of the acquisition date:

	Total	Estimated Useful Life
	(in thousands)	(in years)
Existing technology	$ 129,400	7
Customer relationships	17,300	7
Favorable contracts	12,200	2
Non-competition agreements	300	3
Total	$ 159,200	

The favorable contracts are acquired patent licensing agreements where the Company has no performance obligations. Cash received from these acquired favorable contracts will reduce the favorable contract intangible asset. The estimated useful life is based on expected payment dates related to the favorable contracts. The group of purchased intangible assets has an estimated weighted average useful life of approximately 7 years from the date of acquisition.

The fair value of the existing technology and customer relationships was determined based on an income approach using the discounted cash flow method. Discount rates of 30% and 26% were used to value the existing technology and customer relationships, respectively. The estimated discount rates were based on implied rate of return of the transaction, adjusted for specific risk profile of the asset. The remaining useful life for the existing technology was based on historical product development cycles, the projected rate of technology attrition, and the pattern of projected economic benefit of the asset. The remaining useful life of customer relationships was estimated based on customer attrition, new customer acquisition and future economic benefit of the asset.

The fair value of the favorable contracts was determined based on an income approach using the discounted cash flow method with a discount rate of 9%. The favorable contracts will be reduced as cash is received from the customers.

The fair value of the non-competition agreements were determined based on the income approach using the discounted cash flow method with a 26% discount rate. The estimated useful life was determined based on the future economic benefit expected to be received from the assets.

The CRI business combination is included in the Company's "All Other" segment. Additionally, the consolidated financial statements include approximately $17.4 million of revenue and approximately $20.2 million of operating losses of CRI from the date of acquisition through December 31, 2011.

The following unaudited pro forma financial information presents the combined results of operations for the Company and CRI as if the acquisition had occurred on January 1, 2010. The unaudited pro forma financial information has been prepared for comparative purposes only and does not purport to be indicative of the actual operating results that would have been recorded had the acquisition

actually taken place on January 1, 2010, and should not be taken as indicative of future consolidated operating results. Additionally, the unaudited pro forma financial results do not include any anticipated synergies or other expected benefits from the acquisition (unaudited, in thousands, except per share amounts):

	Years Ended December 31,	
	2011	2010
Revenue	$ 316,957	$ 331,923
Net income (loss)	$ (70,937)	$ 109,286
Net income (loss) per share - diluted	$ (0.63)	$ 0.88

Pro forma earnings for both periods in 2011 and 2010 were adjusted for certain acquisition-related costs.

2010 Acquisition Activity: During the year ended December 31, 2010, the Company entered into various business combinations and technology asset acquisitions. These transactions had a total purchase price of $27.7 million. These transactions were completed to acquire patents and technology for general lighting, LCD backlighting, microelectromechanical systems displays, other technology and key employees. Direct acquisition costs of $0.3 million related to the business combinations were expensed as incurred. The allocation of the purchase price for these transactions was acquired intangible assets of $24.4 million, property, plant and equipment of $0.7 million and goodwill of $2.6 million.

2009 Acquisition Activity: During the year ended December 31, 2009, the Company entered into a business combination with GLT to acquire technology and a portfolio of advanced lighting and optoelectronics patents, which have applications, among other things, for the consumer electronic systems, automotive lighting systems and general lighting illumination for a total purchase price of $26.0 million in cash. The Company incurred approximately $1.1 million in direct acquisition costs which were expensed as incurred. The allocation of the purchase price for these transactions was acquired developed technology of $14.9 million and goodwill of $11.1 million. In addition, the Company purchased patents related to other technologies of approximately $2.5 million.

In the business combinations, the fair value of identifiable intangible assets acquired has been determined primarily by using valuation methods that discount the expected future cash flows to present value using estimates and assumptions determined by management. The business combinations were included in the NBG operating segment. The acquired developed technology intangible assets are amortized on a straight-line basis over the respective useful lives which range from 3 to 7 years. The consolidated financial statements include the operating results of each business combination from the date of acquisition. As part of the acquisitions, the Company has entered into certain compensatory arrangements where payments are triggered on the achievement of certain performance metrics and milestones which occur over future periods up to 20 years.

19. Subsequent Event

On February 3, 2012, the Company completed its acquisition of a privately-held company, Unity Semiconductor Corporation (“Unity”), by acquiring all issued and outstanding common shares of Unity. Pursuant to the merger agreement on February 3, 2012, a merger sub merged with and into Unity as the surviving corporation and a wholly owned subsidiary. Under the terms of the merger agreement, the Company paid approximately $35.0 million in cash, subject to certain adjustments. Of the consideration, approximately $5.3 million in cash was deposited into an escrow account until August 3, 2013, subject to any claims, to fund any indemnification obligations to the Company following the consummation of the merger. The Company acquired Unity’s technology and a portfolio of memory semiconductor patents, which have applications, among other things. The Company incurred approximately $0.6 million in direct acquisition costs which were expensed as incurred.

As part of the acquisition, the Company agreed to pay $5.0 million in retention bonuses to certain Unity employees and contractors. The retention bonus payouts are subject to the condition of employment, and therefore, will be treated as compensation and will be recorded as compensation expenses as incurred.

The acquisition will be accounted for using the purchase method of accounting in accordance with the business acquisition guidance. Under the purchase accounting method, the total estimated purchase consideration of the acquisition will be allocated to the tangible and identifiable intangible assets acquired and liabilities assumed based on their relative fair values. The excess of the

purchase consideration over the net tangible and identifiable intangible assets acquired and liabilities will be recorded as goodwill. Due to the timing of the acquisition, the allocation of the purchase price has not been finalized.

Supplementary Financial Data

RAMBUS INC.

CONSOLIDATED SUPPLEMENTARY FINANCIAL DATA
Quarterly Statements of Operations
(Unaudited)

	Dec. 31, 2011	Sept. 30, 2011	June 30, 2011	March 31, 2011	Dec. 31, 2010	Sept. 30, 2010	June 30, 2010	March 31, 2010
	(In thousands, except for per share amounts)							
Revenue:								
Royalties	$ 82,583	$ 96,216	$ 60,970	$ 59,235	$ 90,242	$ 31,179	$ 38,192	$ 160,542
Contract revenue	776	4,047	5,244	3,292	679	564	670	1,322
Total revenue	83,359	100,263	66,214	62,527	90,921	31,743	38,862	161,864
Operating costs and expenses:								
Cost of revenue	7,453	7,425	6,058	3,149	1,911	1,368	1,804	1,854
Research and development	35,841	32,318	24,220	23,317	25,028	23,002	22,985	21,691
Marketing, general and administrative	44,715	48,952	37,732	32,732	30,602	27,938	29,408	31,527
Costs of restatement and related legal activities, net	13,484	832	712	1,159	797	1,229	1,638	526
Gain from settlement	—	—	—	(6,200)	(10,300)	(10,300)	(10,300)	(95,900)
Total operating costs and expenses (recoveries)(1)	101,493	89,527	68,722	54,157	48,038	43,237	45,535	(40,302)
Operating income (loss)	(18,134)	10,736	(2,508)	8,370	42,883	(11,494)	(6,673)	202,166
Interest income (expense) and other income, net	(821)	(768)	(777)	(652)	(192)	312	316	425
Interest expense on convertible notes	(5,453)	(5,410)	(5,212)	(5,172)	(4,990)	(4,953)	(3,740)	(6,016)
Interest and other income (expense), net	(6,274)	(6,178)	(5,989)	(5,824)	(5,182)	(4,641)	(3,424)	(5,591)
Income (loss) before income taxes	(24,408)	4,558	(8,497)	2,546	37,701	(16,135)	(10,097)	196,575
Provision for income taxes	4,308	4,080	2,088	6,776	4,617	4,441	2,393	45,676
Net income (loss)	$ (28,716)	$ 478	$ (10,585)	$ (4,230)	$ 33,084	$ (20,576)	$ (12,490)	$ 150,899
Net income (loss) per share — basic	$ (0.26)	$ 0.00	$ (0.10)	$ (0.04)	$ 0.30	$ (0.18)	$ (0.11)	$ 1.33
Net income (loss)per share — diluted	$ (0.26)	$ 0.00	$ (0.10)	$ (0.04)	$ 0.29	$ (0.18)	$ (0.11)	$ 1.28
Shares used in per share calculations — basic	110,171	112,334	109,992	107,613	111,530	111,866	113,321	113,132
Shares used in per share calculations — diluted	110,171	115,552	109,992	107,613	114,461	111,866	113,321	117,463

(1) Stock-based compensation included in —

Cost of revenue	$ 76	$ 90	$ 286	$ 123	$ 27	$ 17	$ 29	$ 100
Research and development	$ 2,742	$ 2,775	$ 2,490	$ 2,512	$ 2,423	$ 2,470	$ 2,703	$ 2,569
Marketing, general and administrative	$ 3,640	$ 4,354	$ 4,253	$ 4,655	$ 4,870	$ 4,976	$ 5,199	$ 5,165

(a)(2) Financial Statement Schedule

RAMBUS INC.

FINANCIAL STATEMENT SCHEDULE

The Financial Statement Schedule II — VALUATION AND QUALIFYING ACCOUNTS is filed as part of this Annual Report on Form 10-K.

SCHEDULE II-VALUATION AND QUALIFYING ACCOUNTS

	Balance at Beginning of Period	Charged (Credited) to Operations	Charged to Other Account*	Utilized	Balance at End of Period
			(in thousands)		
Tax Valuation Allowance					
Year ended December 31, 2009	$ 149,195	1,421	316	—	$ 150,932
Year ended December 31, 2010	$ 150,932	—	177	(75,696)	$ 75,413
Year ended December 31, 2011	$ 75,413	—	65,569	—	$ 140,982

*Amounts not charged (credited) to operations are charged (credited) to other comprehensive income or deferred tax assets (liabilities).

(a)(3) Exhibits

See Exhibit Index immediately following the signature pages.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

RAMBUS INC.

By: /s/ SATISH RISHI
Satish Rishi
Senior Vice President, Finance and Chief Financial Officer

Date: February 23, 2012

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Satish Rishi as his true and lawful agent, proxy and attorney-in-fact, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to (i) act on, sign, and file with the Securities and Exchange Commission any and all amendments to this Annual Report on Form 10-K, together with all schedules and exhibits thereto, (ii) act on, sign, and file such certificates, instruments, agreements and other documents as may be necessary or appropriate in connection therewith, and (iii) take any and all actions that may be necessary or appropriate to be done, as fully for all intents and purposes as he might or could do in person, hereby approving, ratifying and confirming all that such agent, proxy and attorney-in-fact or any of his substitutes may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ HAROLD HUGHES **Harold Hughes**	Chief Executive Officer, President and Director (Principal Executive Officer)	February 23, 2012
/s/ SATISH RISHI **Satish Rishi**	Senior Vice President, Finance and Chief Financial Officer (Principal Financial and Accounting Officer)	February 23, 2012
/s/ J. THOMAS BENTLEY **J. Thomas Bentley**	Chairman of the Board of Directors	February 23, 2012
/s/ SUNLIN CHOU **Sunlin Chou**	Director	February 23, 2012
/s/ P. MICHAEL FARMWALD **P. Michael Farmwald**	Director	February 23, 2012
/s/ PENELOPE HERSCHER **Penelope Herscher**	Director	February 23, 2012
/s/ DAVID SHRIGLEY **David Shrigley**	Director	February 23, 2012
/s/ ABRAHAM D. SOFAER **Abraham D. Sofaer**	Director	February 23, 2012
/s/ ERIC STANG **Eric Stang**	Director	February 23, 2012

INDEX TO EXHIBITS

Exhibit Number	Description of Document
2.2(2)	Merger Agreement dated as of May 12, 2011, by and among Rambus Inc., Padlock Acquisition Corp., Cryptography Research, Inc. and the shareholder representative.
3.1(3)	Amended and Restated Certificate of Incorporation of Registrant filed May 29, 1997.
3.2(4)	Certificate of Amendment of Amended and Restated Certificate of Incorporation of Registrant filed June 14, 2000.
3.3(5)	Amended and Restated Bylaws of Registrant dated April 29, 2010.
4.1(6)	Form of Registrant's Common Stock Certificate.
4.5(7)	Indenture between Rambus Inc. and U.S. Bank, National Association, dated as of June 29, 2009 (including the form of 5% Convertible Senior Note due 2014 therein).
10.1(8)	Form of Indemnification Agreement entered into by Registrant with each of its directors and executive officers.
10.2(9)*	1997 Stock Plan (as amended and restated as of April 4, 2007) and related forms of agreements.
10.4(9)*	1999 Nonstatutory Stock Option Plan (as amended and restated as of April 4, 2007) and related form of agreement.
10.5(10)*	2006 Equity Incentive Plan (as amended and restated as of April 30, 2009).
10.6(11)*	Forms of agreements under the 2006 Equity Incentive Plan, as amended.
10.7(12)*	2006 Employee Stock Purchase Plan (as amended and restated as of February 21, 2007).
10.8(13)	Development Agreement, dated as of January 6, 2003, by and among Registrant, Sony Computer Entertainment Inc. and Toshiba Corporation.
10.9(13)	Redwood and Yellowstone Semiconductor Technology License Agreement, dated as of January 6, 2003, between Registrant, Sony Corporation and Sony Computer Entertainment Inc.
10.11(14)†	Settlement and License Agreement, dated as of March 21, 2005, by and between Registrant and Infineon Technologies AG.
10.12(15)†	Amendment No. 1 to Settlement and License Agreement, dated as of July 8, 2008, by and between Registrant and Qimonda AG.
10.13(1)	Triple Net Space Lease, dated as of December 15, 2009, by and between Registrant and MT SPE, LLC.
10.14(16)†	Settlement Agreement, dated January 19, 2010, among Registrant, Samsung Electronics Co., Ltd, Samsung Electronics America, Inc., Samsung Semiconductor, Inc. and Samsung Austin Semiconductor, L.P.
10.15(16)†	Semiconductor Patent License Agreement, dated January 19, 2010, between Registrant and Samsung Electronics Co., Ltd.
10.16(16)†	Stock Purchase Agreement, dated January 19, 2010, between Registrant and Samsung Electronics Co., Ltd.
10.17	First Amendment of Lease, dated November 4, 2011, by and between Registrant and MT SPE, LLC.
12.1(17)	Computation of ratio of earnings to fixed charges.
21.1	Subsidiaries of Registrant.
23.1	Consent of Independent Registered Public Accounting Firm.
24	Power of Attorney (included in signature page).
31.1	Certification of Principal Executive Officer, pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2	Certification of Principal Financial Officer, pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Principal Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Principal Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS±	XBRL Instance Document
101.SCH±	XBRL Taxonomy Extension Schema Document
101.CAL±	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB±	XBRL Taxonomy Extension Label Linkbase Document
101.PRE±	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF±	XBRL Taxonomy Extension Definition Linkbase Document

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* Management contracts or compensation plans or arrangements in which directors or executive officers are eligible to participate.

† Confidential treatment has been granted with respect to certain portions of this exhibit. Omitted portions have been filed separately with the Securities and Exchange Commission.

± XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, and otherwise is not subject to liability under these sections.

(1) Incorporated by reference to the Form 10-K filed on February 25, 2010.

(2) Incorporated by reference to the Form 10-Q filed on August 5, 2011.

(3) Incorporated by reference to the Form 10-K filed on December 15, 1997.

(4) Incorporated by reference to the Form 10-Q filed on May 4, 2001.

(5) Incorporated by reference to the Form 10-Q filed on July 30, 2010.

(6) Incorporated by reference to the Form S-1/A (file no. 333-22885) filed on April 24, 1997.

(7) Incorporated by reference to the Form 8-K filed on June 29, 2009.

(8) Incorporated by reference to the Form S-1 (file no. 333-22885) filed on March 6, 1997.

(9) Incorporated by reference to the Form 10-K filed on September 14, 2007.

(10) Incorporated by reference to the Form 8-K filed on May 4, 2009.

(11) Incorporated by reference to the Form 8-K filed on May 16, 2006.

(12) Incorporated by reference to the Form 10-Q for the period ended June 30, 2006 filed on September 14, 2007.

(13) Incorporated by reference to the Form 10-Q filed on April 30, 2003.

(14) Incorporated by reference to the Form 10-Q filed on April 29, 2005. Assigned to Qimonda in October 2006 in connection with Infineon’s spin-off of Qimonda.

(15) Incorporated by reference to the Form 10-Q filed on October 31, 2008.

(16) Incorporated by reference to the Form 10-Q filed on May 3, 2010.

(17) Incorporated by reference to the Form S-3 filed on June 22, 2009.

Exhibit 21.1

SUBSIDIARIES OF REGISTRANT

Rambus Delaware LLC
Rambus Deutschland GmbH (Germany)
Rambus International Ltd.
Rambus K.K. (Japan)
Rambus Ltd. (Grand Cayman Islands, BWI)
Rambus Chip Technologies (India) Private Limited
Rambus Korea, Inc. (Korea)
Cryptography Research, Inc.
Unity Semiconductor Corporation

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-28597, 333-38855, 333-67457, 333-93427, 333-48730, 333-52158, 333-86140, 333-103789, 333-115015, 333-124513, 333-146770 and 333-159516) and Form S-3 (No. 333-174754) of Rambus Inc. of our report dated February 23, 2012 relating to the consolidated financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
San Jose, California
February 23, 2012

Exhibit 31.1

**CERTIFICATION PURSUANT TO RULE 13A-14(A) AND RULE 15D-14(A)
OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Harold Hughes, certify that:

1. I have reviewed this annual report on Form 10-K of Rambus Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2012

By: /s/ Harold Hughes
Name: Harold Hughes

Title: Chief Executive Officer and President

Exhibit 31.2

**CERTIFICATION PURSUANT TO RULE 13A-14(A) AND RULE 15D-14(A)
OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Satish Rishi, certify that:

1. I have reviewed this annual report on Form 10-K of Rambus Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2012

By: /s/ Satish Rishi
Name: Satish Rishi
Title: Senior Vice President, Finance and Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Harold Hughes, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report of Rambus Inc. on Form 10-K for the fiscal year ended December 31, 2011, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that information contained in such Annual Report on Form 10-K fairly presents in all material respects the financial condition and results of operations of Rambus Inc.

Date: February 23, 2012

By:	/s/ Harold Hughes
Name:	Harold Hughes
Title:	Chief Executive Officer and President

Exhibit 32.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Satish Rishi, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report of Rambus Inc. on Form 10-K for the fiscal year ended December 31, 2011 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that information contained in such Annual Report on Form 10-K fairly presents in all material respects the financial condition and results of operations of Rambus Inc.

Date: February 23, 2012

By:	/s/ Satish Rishi
Name:	Satish Rishi
Title:	Senior Vice President, Finance and Chief Financial Officer

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES EXCHANGE ACT OF 1934

Filed by the Registrant ☒

Filed by a Party other than the Registrant ☐

Check the appropriate box:

☒ Preliminary Proxy Statement
☐ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
☐ Definitive Proxy Statement
☐ Definitive Additional Materials
☐ Soliciting Material Pursuant to §240.14a-11(c) or §240.14a-2

RAMBUS INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☒ No fee required.
☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.
(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

☐ Fee paid previously with preliminary materials.
☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON APRIL 26, 2012

To our stockholders:

You are cordially invited to attend the 2012 Annual Meeting of Stockholders of Rambus Inc. The Annual Meeting will be held on:

Date: Thursday, April 26, 2012
Time: 9:00 a.m., local time
Place: Santa Clara Marriott
2700 Mission College Boulevard
Santa Clara, California 95054

The following matters will be voted on at the Annual Meeting:

1. Election of four Class I directors;

2. Advisory vote to approve named executive officer compensation;

3. Approval of amending our 2006 Equity Incentive Plan to increase the number of shares of common stock reserved for issuance under such plan by 6,500,000 shares;

4. Approval of amending our 2006 Employee Stock Purchase Plan to increase the number of shares of common stock reserved for issuance under such plan by 1,500,000 shares;

5. Approval of a one-time exchange with respect to certain stock options held by our current employees;

6. Ratification of PricewaterhouseCoopers LLP as our independent registered public accounting firm; and

7. Such other business as may properly come before the Annual Meeting or any adjournment or postponement of the meeting.

We are not aware of any other business to come before the meeting.

These items of business are more fully described in the Proxy Statement which accompanies this Notice of Annual Meeting.

Only stockholders of record as of March 1, 2012, may vote at the Annual Meeting. Whether or not you plan to attend the meeting, please vote at *www.proxyvote.com*, call 1-800-690-6903 or complete, sign,

date and return the accompanying proxy card in the enclosed postage-paid envelope. Returning the proxy card does NOT deprive you of your right to attend the meeting and to vote your shares in person. The Proxy Statement explains proxy voting and the matters to be voted on in more detail. Please read this Proxy Statement carefully. We look forward to seeing you at the Annual Meeting.

By Order of the Board of Directors

Thomas R. Lavelle
Sr. Vice President, General Counsel and Secretary

Sunnyvale, California
March 15, 2012

YOUR VOTE IS IMPORTANT

WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE VOTE AT *WWW.PROXYVOTE.COM*, CALL 1-800-690-6903, OR COMPLETE, SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD AS PROMPTLY AS POSSIBLE IN THE ENCLOSED ENVELOPE

RAMBUS INC.
PROXY STATEMENT
FOR
2012 ANNUAL MEETING OF STOCKHOLDERS

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RAMBUS INC.
PROXY STATEMENT
FOR
2012 ANNUAL MEETING OF STOCKHOLDERS

INFORMATION CONCERNING SOLICITATION AND VOTING

The enclosed proxy is solicited on behalf of the Board of Directors of Rambus Inc. ("Rambus" or "we," "us" or the "Company") for use at our 2012 Annual Meeting of Stockholders (the "Annual Meeting") to be held on Thursday, April 26, 2012 at 9:00 a.m. local time, and at any postponement or adjournment of the meeting. The purpose of the Annual Meeting is described in the accompanying Notice of Annual Meeting of Stockholders.

The Annual Meeting will be held at the Santa Clara Marriott located at 2700 Mission College Boulevard, Santa Clara, California 95054.

Our principal executive offices are located at 1050 Enterprise Way, Suite 700, Sunnyvale, California 94089; our telephone number is (408) 462-8000; and our internet address is *www.rambus.com*.

These proxy solicitation materials and the enclosed Annual Report for the fiscal year ended December 31, 2011, including our Annual Report on Form 10-K for the year ended December 31, 2011 (the "Form 10-K") were first mailed on or about March 15, 2012, to all stockholders entitled to vote at the meeting.

GENERAL INFORMATION ABOUT THE MEETING

Who May Attend

You may attend the Annual Meeting if you owned your shares, either as a stockholder of record or as a beneficial owner as described below, as of the close of business on March 1, 2012 (the "Record Date").

Stockholders of Record

If your shares are registered directly in your name, then you are considered to be the stockholder of record with respect to those shares, and we are sending these proxy materials directly to you. To attend the meeting as a stockholder of record, please bring proper identification.

Beneficial Owners

If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in "street name," and your broker or nominee is forwarding these proxy materials to you. Your broker or nominee is considered to be the stockholder of record with respect to those shares. To attend the meeting as a beneficial owner, please bring proper identification and a statement from the broker, bank or other nominee holding your shares that confirms your beneficial ownership of the shares as of the Record Date.

Who May Vote

You may vote at the Annual Meeting if you owned your shares, either as a stockholder of record or as a beneficial owner, as of the close of business on the Record Date. As of that date, we had a total of 110,402,025 shares of common stock outstanding, which were held of record by approximately 689 stockholders. You are entitled to one vote for each share of our common stock that you own.

As of the Record Date, we had no shares of preferred stock outstanding.

Voting Your Proxy

Stockholders of Record

If you hold your shares in your own name as a holder of record, you may instruct the proxy holders how to vote your common stock by:

- voting via the internet at *www.proxyvote.com*;
- voting by telephone at 1-800-690-6903; or
- signing, dating and mailing the proxy card in the postage-paid envelope that we have provided.

Even if you vote your shares by proxy, you may also choose to attend the meeting and vote your shares in person. If you provide instructions in your completed proxy card, the proxy holders will vote your shares in accordance with those instructions. If you sign and return a proxy card without giving specific voting instructions, your shares will be voted "FOR" all of the proposals described herein.

Beneficial Owners

If you are the beneficial owner of shares held in street name, you have the right to direct your broker how to vote. Your broker or nominee has enclosed with these materials or provided voting instructions for you to use in directing the broker or nominee how to vote your shares.

You are invited to attend the meeting and vote your shares in person at the meeting. However, since you are not the stockholder of record, you must obtain and bring with you to the meeting a "legal proxy" from the broker, bank or other nominee holding your shares that confirms your beneficial ownership of the shares and gives you the right to vote your shares at the meeting.

Discretionary Voting Power; Matters to be Presented

We are not aware of any matters to be presented at the Annual Meeting other than those described in this Proxy Statement. If any matters not described in this Proxy Statement are properly presented at the meeting, the proxy holders will use their own judgment to determine how to vote your shares. If the meeting is adjourned or postponed, the proxy holders can vote your shares on the new meeting date as well, unless you have

subsequently revoked your proxy.

Changing Your Vote

Stockholders of Record

If you would like to change your vote you can do so in the following ways:

- deliver written notice of your revocation to our corporate Secretary prior to the Annual Meeting;
- deliver a properly executed, later dated proxy prior to the Annual Meeting; or
- attend the Annual Meeting and vote in person.

Please note that your attendance at the meeting in and of itself is not enough to revoke your proxy.

Beneficial Owners

If you instructed a broker or nominee to vote your shares following the directions originally included with these materials or provided to you, you can change your vote only by following your broker or nominee's directions for doing so. You can only change your vote at the Annual Meeting if you have obtained a "legal proxy" from the broker, bank or other nominee holding your shares that confirms your beneficial ownership of the shares and gives you the right to vote your shares at the meeting.

Cost of this Proxy Solicitation

We will bear the cost of this proxy solicitation. In addition to soliciting proxies by mail, our directors, officers and employees may solicit proxies in person or by telephone. None of these individuals will receive any additional or special compensation for doing this, but they may be reimbursed for reasonable out-of-pocket expenses. We have also hired Morrow & Co., LLC to help us solicit proxies from brokers, bank nominees and other institutional owners. We expect to pay Morrow & Co., LLC a fee of up to approximately $28,500 for its services, and we will reimburse certain out-of-pocket expenses.

Meeting Quorum

The Annual Meeting will be held if a majority of our outstanding shares of common stock entitled to vote at the meeting are represented in person or by proxy.

Our Voting Recommendations

When proxies are properly dated, executed and returned, the shares represented by such proxies will be voted at the Annual Meeting in accordance with the directions of the stockholder. However, if no specific instructions are given, the shares will be voted in accordance with the following recommendations of our Board of Directors:

- "FOR" the election of J. Thomas Bentley, Sunlin Chou, Ph.D., Harold Hughes and Abraham D. Sofaer as Class I directors;
- "FOR" the approval of named executive officer compensation, as disclosed in this Proxy Statement;
- "FOR" the amendment to our 2006 Equity Incentive Plan to increase the number of shares of common stock reserved for issuance under such plan by 6,500,000 shares;
- "FOR" the amendment to our 2006 Employee Stock Purchase Plan to increase the number of shares of common stock reserved for issuance under such plan by 1,500,000 shares;
- "FOR" the approval of a one-time stock option exchange program; and
- "FOR" the ratification of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2012.

Abstentions, Withheld, and Broker Non-Votes

We treat shares that are voted "WITHHELD" or "ABSTAIN" in person or by proxy as being:

- present for purposes of determining whether or not a quorum is present at the Annual Meeting; and
- entitled to vote on a particular subject matter at the Annual Meeting.

In the election of directors, any vote you make that is a "WITHHELD" or "ABSTAIN" for any nominee will not impact the election of that nominee. In tabulating the voting results for the election of directors, only "FOR" and "AGAINST" votes are counted.

For the other proposals, a "WITHHELD" or "ABSTAIN" vote is the same as voting against the proposal.

If you hold your common stock through a broker, the broker may be prevented from voting shares held in your brokerage account on some proposals (a "broker non-vote") unless you have given the broker voting instructions. Thus, if you hold your common stock through a broker, it is critical that you cast your vote if you want it to count. If you hold your common stock through a broker and you do not instruct your broker how to vote on Proposals One, Two, Three, Four and Five, it will be considered a broker non-vote and no votes will be cast on your behalf with respect to such Proposal(s). Shares that are subject to a broker non-vote are counted

for purposes of determining whether a quorum exists but do not count for or against any particular proposal.

Your broker will continue to have discretion to vote any uninstructed shares on Proposal Six, the Ratification of the Appointment of the Company's Independent Registered Public Accounting Firm.

Deadline for Receipt of Stockholder Proposals

Stockholders may present proposals for action at a future annual meeting only if they comply with the requirements of our bylaws and the proxy rules established by the Securities and Exchange Commission ("SEC").

Stockholder proposals, including nominations for the election of directors, which are intended to be presented by such stockholders at our 2013 Annual Meeting of Stockholders must be received by us no later than November 18, 2012 to be considered for inclusion in the proxy statement and proxy card relating to that meeting.

In addition to the SEC rules, our bylaws establish an advance notice procedure for proposals that a stockholder wants to have included in our proxy statement relating to a meeting or to have brought before the meeting. Generally for these proposals, including the nomination of a person for director, a stockholder must provide written notice to our corporate Secretary at least 90 days in advance of the meeting. However, in the event that less than 100 days notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice by the stockholder to be timely must be received not later than the close of business on the tenth day following the day on which such notice of the date of the meeting was mailed or such public disclosure was made.

Moreover, your notice must contain specific information concerning the matters to be brought before the meeting. We urge you to read our bylaws in full in order to understand the requirements of bringing a proposal or nomination.

A copy of the full text of the bylaw provision relating to our advance notice procedure may be obtained by writing to our corporate Secretary or by accessing a copy of our bylaws, which are publicly available at http://www.sec.gov. All notices of proposals by stockholders, whether or not included in proxy materials, should be sent to Rambus Inc., 1050 Enterprise Way, Suite 700, Sunnyvale, California 94089, Attention: Secretary.

Communication With the Board of Directors

Our Board of Directors may be contacted by writing to them via regular mail at Board of Directors, Rambus Inc., 1050 Enterprise Way, Suite 700, Sunnyvale, California 94089. If you wish to contact our Board of Directors or any member of the Audit Committee to report questionable accounting or auditing matters you may do so anonymously by using this mailing address and designating the communication as "confidential."

Our process for handling communications to our Board of Directors is as follows:

Any stockholder communications that our Board of Directors receives will first go to our Secretary/General Counsel, who will log the date of receipt of the communication as well as (for non-confidential communications) the identity of the correspondent in our stockholder communications log.

Unless the communication is marked "confidential," our Secretary/General Counsel will review, summarize and, if appropriate, draft a response to the communication in a timely manner. The summary and response will be in the form of a memo, which will become part of the stockholder communications log that our Secretary/General Counsel maintains with respect to all stockholder communications.

Our Secretary/General Counsel will then forward the original stockholder communication along with the memo to the member(s) of our Board of Directors (or committee chair if the communication is addressed to a committee) for review.

Any stockholder communication marked "confidential" will be logged by our Secretary/General Counsel as "received" but will not be reviewed, opened or otherwise held by our Secretary/General Counsel. Such confidential correspondence will be immediately forwarded to the addressee(s) without a memo or any other comment by our Secretary/General Counsel.

Annual Meeting Attendance

Members of our Board of Directors are invited but not required to attend the Annual Meeting of Stockholders. The 2011 Annual Meeting of Stockholders was attended by the following members of our Board of Directors: Ms. Herscher and Messrs. Chou, Dunlevie, Hughes, Shrigley, Sofaer and Stang.

"Householding" of Proxy Materials

The SEC has adopted rules that permit companies and intermediaries such as brokers to satisfy delivery requirements for proxy statements with respect to two or more stockholders sharing the same address by delivering a single proxy statement addressed to those stockholders. This process, which is commonly referred to as "householding," potentially provides extra convenience for stockholders and cost savings for companies. The Company and some brokers household proxy materials, delivering a single proxy. If your proxy statement is being householded and you would like to receive separate copies, or if you are receiving multiple copies and would like to receive a single copy, please contact Investor Relations at Rambus Inc., 1050 Enterprise Way, Suite 700, Sunnyvale, California 94089, Attention: Secretary, or ir@rambus.com, or place a collect call to the Company, at (408) 462-8000, and direct the call to the Investor Relations Department.

Delivery of Proxy Materials To receive current and future proxy materials, such as annual reports, proxy statements and proxy cards, in either paper or electronic form, please contact Investor Relations at ir@rambus.com or *http://investor.rambus.com*, or place a collect call to the Company, at (408) 462-8000, and direct the call to the Investor Relations Department.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON APRIL 26, 2012

The Notice and Proxy Statement, Annual Report to Shareholders and 10-K Combo document are available at *www.proxyvote.com*.

PROPOSAL ONE: ELECTION OF DIRECTORS

Our Board of Directors is currently composed of eight members who are divided into two classes with overlapping two-year terms. As of the date of this proxy statement, we have four Class I directors and four Class II directors, as noted under "Nominees" below. At each annual meeting of stockholders, a class of directors is elected for a term of two years to succeed those directors whose terms expire on the annual meeting date. A director serves in office until his or her respective successor is duly elected and qualified or until his or her death or resignation. Any additional directorships resulting from an increase in the number of directors will be distributed among the two classes so that, as nearly as possible, each class will consist of an equal number of directors. Any vacancy occurring mid-term will be filled by a person selected by a majority of the other current members of the Board of Directors. There is no family relationship between any of our directors.

Nominees Four Class I directors are to be elected at the Annual Meeting for a two-year term ending in 2014. Based upon the recommendation of our Corporate Governance/Nominating Committee, our Board has nominated: J. Thomas Bentley, Sunlin Chou, Ph.D., Harold Hughes and Abraham D. Sofaer for election as Class I directors.

If any of J. Thomas Bentley, Sunlin Chou, Ph.D., Harold Hughes or Abraham D. Sofaer is unable or declines to serve as a director at the time of the Annual Meeting, proxies will be voted for a substitute nominee or nominees designated by the Board of Directors.

Mr. Bentley was previously a Class II director. Due to the departure of two directors in 2011, Mr. Bentley and the Board of Directors have decided that effective the date of the filing of this proxy statement, Mr. Bentley will become a Class I director and will stand for reelection at the Annual Meeting.

Vote Required

The Company's bylaws require that each director be elected by the majority of votes cast with respect to such director in uncontested elections. The Board of Directors, after taking into consideration the recommendation of the Corporate Governance and Nominating Committee of the Board, will determine whether or not to accept the pre-tendered resignation of any nominee for director, in an uncontested election, who receives a greater number of votes "AGAINST" his or her election than votes "FOR" such election. There are no cumulative voting rights in the election of directors. Stockholders as of the Record Date may vote their shares for or against some, all or none of the Class I nominees.

Information About Nominees and Other Directors

The members of our Board of Directors have deep executive and board leadership experience derived from their respective tenures as executives and directors of technology companies of various sizes. The following table contains information regarding the Class I nominees and other directors as of March 1, 2012. This information includes the specific experience, qualifications, attributes and skills that led to the Board of Directors' conclusion that the person should serve as a director.

Nominees for Class I Directors

Name	Age	Principal Occupation and Business Experience
J. Thomas Bentley...............................	62	Mr. Bentley has served as a director since March 2005, and has served as Chairperson of the Board since June 2011. He served as a managing director at SVB Alliant (formerly Alliant Partners), a mergers and acquisitions firm, since he co-founded the firm in 1990 until October 2005. Mr. Bentley holds a B.A. in Economics from Vanderbilt University and an M.S. in Management from the Massachusetts Institute of Technology. Mr. Bentley currently serves on the board of Nanometrics, Inc. and various private companies and non-profit institutions. Mr. Bentley's financial expertise and years of business and leadership experience, including fifteen years as a co-founder of a financial advisory firm, allow him to provide strategic guidance to us and led the Board of Directors to conclude that he should serve as a director. In addition, our Board of Directors' determination that Mr. Bentley is the Audit Committee "financial expert" lends further support to his financial acumen and qualifications for serving on our Board of Directors.
Sunlin Chou, Ph.D.	65	Dr. Chou was appointed to the Board of Directors in March 2006. Dr. Chou served for 34 years at Intel Corporation, before retiring in 2005 as a senior vice president. He was co-

Name	Age	Principal Occupation and Business Experience
		general manager of the Technology and Manufacturing Group from 1998 to 2005. Dr. Chou holds a B.S., M.S. and E.E. in Electrical Engineering from Massachusetts Institute of Technology and received a Ph.D. in Electrical Engineering from Stanford University. Dr. Chou serves on the board of several non-profit institutions. During his career, Dr. Chou organized and led research and development teams to innovate rapidly and continuously in order to maintain technological leadership. Dr. Chou's understanding of the technical, organizational and strategic business aspects of the semiconductor integrated circuit industry led the Board of Directors to conclude that he should serve as a director.
Harold Hughes	66	Mr. Hughes has served as our chief executive officer and president since January 2005 and as a director since June 2003. He served as a United States Army Officer from 1969 to 1972 before starting his private sector career at Intel Corporation. Mr. Hughes held a variety of positions within Intel Corporation from 1974 to 1997, including treasurer, vice president of Intel Capital, chief financial officer, and vice president of Planning and Logistics. Following his tenure at Intel, Mr. Hughes was the chairman and chief executive officer of Pandesic, LLC. He holds a B.A. from the University of Wisconsin and an M.B.A. from the University of Michigan. In the past five years, he has served as a director of Berkeley Technology, Ltd. and a private company. Mr. Hughes' seven-year tenure as our Chief Executive Officer, his prior leadership experience at Intel Corporation and his ability to provide deep and valuable operational and strategic insight to the Board of Directors led the Board of Directors to conclude that he should serve as a director. The Company has begun a search for a successor to Mr. Hughes who is planning to retire from his current position; however, Mr. Hughes will continue in his position as chief executive officer until a successor is named.
Abraham D. Sofaer	73	Mr. Sofaer has served as a director since May 2005. He has been the George P. Shultz Distinguished Scholar and Senior Fellow at the Hoover Institution at Stanford University since 1994. Mr. Sofaer has a long and distinguished career in the legal profession. Prior to assuming his current roles, he served in private practice as a partner at Hughes, Hubbard & Reed in Washington, D.C. and as the chief legal adviser to the U.S. Department of State. From 1979 to 1985, Mr. Sofaer

Name	Age	Principal Occupation and Business Experience
		served as a U.S. District Judge for the Southern District of New York. He was a professor at the Columbia University School of Law from 1969 to 1979, and from 1967 to 1969 was an Assistant U.S. Attorney in the Southern District of New York. Mr. Sofaer graduated magna cum laude with a B.A. in History from Yeshiva College and received his law degree from the New York University School of Law where he was editor-in-chief of the NYU Law Review. He clerked for Hon. J. Skelly Wright on the U.S. Court of Appeals for the District of Columbia Circuit and for Justice William J. Brennan, Jr. on the U.S. Supreme Court. In the past five years, Mr. Sofaer has served as a director of Gen-Probe, Inc. and several private companies and non-profit institutions. Mr. Sofaer's extensive and varied experience in legal affairs allows him to assist us with the complex legal challenges we face and led the Board of Directors to conclude that he should serve as a director. He has brought a unique legal and strategic perspective to us and rendered specific contributions by serving on the Special Litigation Committee that helped us deal with the options backdating matter, and by leading the settlement negotiation of the shareholder action stemming from the same affair. Until the appointment of our present General Counsel, he served as the Chair of the Committee on Legal Affairs, which helped formulate policy and strategy in defense of legal challenges. In addition, his experience in government and public policy has enabled him to serve as a valuable member of our Audit Committee and Corporate Governance/Nominating Committee.

The Board unanimously recommends that you vote "FOR" the election to the Board of Directors of each of the nominees proposed above.

Incumbent Class II Directors Whose Terms Expire in 2013

Name	Age	Principal Occupation and Business Experience
P. Michael Farmwald, Ph.D.	57	Dr. Farmwald has served as a director since our founding in March 1990 and has served as senior technical advisor since October 2006. In his role as senior technical advisory, Dr. Farmwald provides certain limited advisory services, but has little or no operating involvement with the day-to-day activities of the Company. In addition, he served as vice president and chief scientist from March 1990 to November 1993. Dr. Farmwald founded Skymoon Ventures, a venture capital firm, in 2000. In addition, Dr. Farmwald has co-founded other semiconductor companies, including Matrix Semiconductor, Inc. in 1997. Dr. Farmwald holds a B.S. in Mathematics from Purdue University and a Ph.D. in Computer Science from Stanford University. Dr. Farmwald's status as one of our founders and an inventor of the Farmwald/Horowitz patents, his twenty-year tenure on our Board of Directors and his deep technical expertise led the Board of Directors to conclude that he should serve as a director.
Penelope A. Herscher..........................	51	Ms. Herscher has served as a director since July 2006. She currently holds the position of president and chief executive officer of FirstRain, Inc., a custom-configured, on-demand intelligence services firm, which she joined in 2005. Ms. Herscher previously held the position of executive vice president and chief marketing officer at Cadence Design Systems from 2002 to 2003, and executive vice president and general manager, Design and Verification Business during the second half of 2003. From 1996 to 2002, Ms. Herscher was president and chief executive officer of Simplex Solutions, which was acquired by Cadence in 2002. Before Simplex, she was an executive at Synopsys for eight years and started her career as an R&D engineer with Texas Instruments. She holds a M.A. with honors in Mathematics from Cambridge University in England. Ms. Herscher serves on the boards of FirstRain, JDS Uniphase, Inc. and several non-profit institutions. Ms. Herscher's experience as chief executive officer of technology companies, the successful sale of a company under her leadership to a larger technology company and her years of business and leadership experience led the Board of Directors to conclude that she should serve as a director.

Name	Age	Principal Occupation and Business Experience
David Shrigley	63	Mr. Shrigley has served as a director since October 2006. He is currently the Executive Chairman of Soil and Topography Information, Inc. Mr. Shrigley was a member of the board of Wolfson Microelectronics plc, a supplier of mixed-signal chips for the digital market from November 2006 to December 2008, and was its chief executive officer from March 2007. He served as a general partner at Sevin Rosen Funds, a venture capital firm, from 1999 to 2005. Prior to that, Mr. Shrigley held the position of executive vice president, Marketing, Sales and Service at Bay Networks. Mr. Shrigley served in various executive positions at Intel, including vice president and general manager of Asia Pacific sales and marketing operations based in Hong Kong, and vice president and general manager, corporate marketing. Mr. Shrigley holds a B.S. in Business Administration from Franklin University. In the past five years, Mr. Shrigley has served on the board of Wolfson Microelectronics plc, and currently serves on the board of a private company. Mr. Shrigley's experience as a director and executive officer of high technology companies, his experience in the venture capital industry and his years of international business and leadership experience led the Board of Directors to conclude that he should serve as a director.
Eric Stang..	52	Mr. Stang has served as a director since July 2008. Mr. Stang currently serves as a director, president and chief executive officer of Ooma, Inc., a provider of broadband telephony products, a position he has held since January 2009. Prior to joining Ooma, Mr. Stang served as a director, chief executive officer and president of Reliant Technologies, Inc., a developer of medical technology solutions for aesthetic applications, from 2006 to 2008. Mr. Stang previously served as chief executive officer and president of Lexar Media, Inc., a provider of solid state memory products from 2001 to 2006 and Chairman from 2004 to 2006. Mr. Stang received his A.B. from Stanford University and M.B.A. from the Harvard Business School. Mr. Stang also serves on the boards of Solta Medical and several private companies. Mr. Stang's experience as chief executive officer of high technology companies, his prior experience in the memory products market and his years of business and leadership experience led the Board of Directors to conclude that he should serve as a director.

Board of Directors Meetings and Committees

Our Board of Directors held a total of nine meetings during 2011. During 2011, each member of our Board of Directors attended 75% or more of the meetings of the Board of Directors and of the committees, if any, of which she or he was a member.

Director Independence

Our Board of Directors has determined that each of the following directors, constituting a majority of our Board of Directors, has no material relationship with us (either directly as a partner, stockholder or officer of an organization that has a relationship with us) and is "independent" as defined under Nasdaq Rule 5605 and the applicable rules promulgated by the SEC: J. Thomas Bentley, Sunlin Chou, P. Michael Farmwald, Penelope A. Herscher, David Shrigley, Abraham D. Sofaer and Eric Stang.

Each of the committees of our Board of Directors is composed of independent directors as follows:

Committee	Members
Audit Committee:	Eric Stang (Chair) J. Thomas Bentley P. Michael Farmwald
Compensation Committee:	Penelope A. Herscher (Chair) David Shrigley Abraham D. Sofaer
Corporate Governance/ Nominating Committee:	Sunlin Chou (Chair) David Shrigley Abraham D. Sofaer

Director Qualifications

Except as may be required by rules promulgated by Nasdaq or the SEC, there are currently no specific, minimum qualifications that must be met by each candidate for our Board of Directors, nor are there any specific qualities or skills that are necessary for one or more of the members of our Board of Directors to possess. The Corporate Governance/Nominating Committee considers a number of factors in its assessment of the appropriate skills and characteristics of members of the Board of Directors, as well as the composition of the Board of Directors as a whole. These factors include the members' qualification as independent, as well as consideration of judgment, character, integrity, diversity, skills, and experience in such areas as operations, technology, finance, and the general needs of the Board of Directors and such other factors as the Corporate Governance/Nominating Committee may consider appropriate. The Corporate Governance/Nominating Committee does not have a formal policy with respect to diversity. However, the Board of Directors and the Corporate Governance/Nominating Committee believe that it is essential that the members of the Board of Directors represent diverse viewpoints. In considering candidates for the Board of Directors, the Board of Directors and the Corporate Governance/Nominating Committee consider the entirety of each candidate's credentials in the context of the factors mentioned above.

Corporate Governance Principles

We are committed to maintaining the highest standards of business conduct and corporate governance, which we believe are essential to running our business efficiently, serving our stockholders well and maintaining our integrity in the marketplace. We have adopted a code of business conduct and ethics for directors, officers, and employees known as the Code of Business Conduct and Ethics, which is available on our website at *http://investor.rambus.com/documentdisplay.cfm?DocumentID=5115*.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act requires our executive officers, directors and ten percent stockholders to file reports of ownership and changes in ownership with the SEC. The same persons are required to furnish us with copies of all Section 16(a) forms they file. Based on our review of these forms, we believe that during fiscal 2011 all of our executive officers, directors and ten percent stockholders complied with the applicable filing requirements.

Executive Sessions of the Independent Directors

It is the policy of the Board of Directors to have executive sessions of the independent directors at which only independent directors are present, typically in conjunction with the regularly scheduled meetings of the Board of Directors.

Committees of the Board of Directors

During 2011, our Board of Directors had three standing committees:

- an Audit Committee,
- a Compensation Committee and
- a Corporate Governance/Nominating Committee.

The following describes each committee, its function, its membership, and the number of meetings held during 2011.

Each of the committees operates under a written charter adopted by our Board of Directors. All of the current committee charters are available on our website at *http://investor.rambus.com/documents.cfm*.

Audit Committee

Currently, the Audit Committee is composed of Eric Stang, J. Thomas Bentley and P. Michael Farmwald, with Mr. Stang serving as Chair. The Audit Committee oversees our corporate accounting and financial reporting processes and internal control over financial reporting, as well as our internal and external audits. The Audit Committee held eight meetings during 2011. Its duties include:

- Reviewing our accounting and financial reporting processes and internal control over financial reporting;
- Providing oversight and review at least annually of our risk management policies, including our investment policy;

- Retaining the independent registered public accounting firm, approving their fees, and providing oversight of communication with them;

- Reviewing the plans, findings and performance of our internal auditors;

- Reviewing our annual and quarterly financial statements and related disclosure documents; and

- Overseeing special investigations into financial and other matters, as necessary.

Our Board of Directors has determined that Mr. Bentley is the Audit Committee "financial expert" and that Mr. Bentley, together with each of Mr. Stang and Dr. Farmwald, has no material relationship with us (either directly as a partner, stockholder or officer of an organization that has a relationship with us) and is an "independent director" as defined under Nasdaq Rule 5605 and the applicable rules promulgated by the SEC.

The Audit Committee's role is detailed in the Audit Committee Charter and is available on our website at *http://investor.rambus.com/documentdisplay.cfm?DocumentID=5108*.

Compensation Committee

Currently, the Compensation Committee is composed of Penelope A. Herscher, David Shrigley and Abraham D. Sofaer, with Ms. Herscher serving as Chair. All members of the Compensation Committee are non-employee, outside directors. The Compensation Committee reviews and determines all forms of compensation to be provided to our executive officers, including the named executive officers and directors of Rambus, including base compensation, bonuses, and stock compensation. The Compensation Committee held nine meetings during 2011. Its duties include:

- Annually review and approve the Chief Executive Officer ("CEO") and other executive officers' compensation in the context of their performance, which includes reviewing and approving their annual base salary, annual incentive bonus, including the specific goals, targets, and amounts, equity compensation, and any employment agreements, and any other benefits, compensation or arrangements, as applicable;

- Administer our stock option and equity incentive plans pursuant to the terms of such plans and the authority delegated by our Board of Directors, including: granting stock options, stock appreciation rights, restricted stock, restricted stock units or other equity compensation to individuals eligible for such grants and amend such awards following their grant; amending the plans; and delegating to appropriate executive officers of the Company the ability to grant awards to non-executive officer employees of the

Company pursuant to specific guidelines;

- Adopt, amend and oversee the administration of our significant employee benefits programs;

- Review external surveys to establish appropriate ranges of compensation;

- Retain and terminate any compensation consultant to assist in the evaluation of CEO or executive officer or director compensation, and approve the consultant's fees and other terms of service, as well as obtain advice and assistance from internal or external legal, accounting or other advisors; and

- Conduct an annual assessment of the Company's engagement with compensation consultants retained by the Board and/or management, as applicable, including the nature and extent of services provided, the amount of fees paid and who made or recommended the decision to retain the compensation consultants.

The Compensation Committee uses Semler Brossy Consulting Group, LLC (SBCG) to assist in evaluating executive and director compensation.

A detailed description of the processes and procedures of the Compensation Committee for considering and determining executive and director compensation, including the role of SBCG, is provided in the "Executive Compensation" section of this proxy statement.

The Compensation Committee's role is detailed in the Compensation Committee Charter, which is available on our website at *http://investor.rambus.com/documentdisplay.cfm?DocumentID=5109*.

Compensation Committee Interlocks and Insider Participation

During 2011, there were no interlocking relationships. Please see the Compensation Discussion and Analysis section of this Proxy Statement for further discussion.

Corporate Governance/Nominating Committee

Currently, the Corporate Governance/Nominating Committee is composed of Sunlin Chou, David Shrigley and Abraham D. Sofaer, with Dr. Chou serving as Chair. The Corporate Governance/Nominating Committee held six meetings during 2011.

The Corporate Governance/Nominating Committee recommends and approves Rambus' Corporate Governance Guidelines. Its duties include:

- Evaluating and making recommendations to the Board of Directors concerning the appointment of directors to committees of the Board of Directors and the selection of committee chairs;

- Identifying best practices and recommending corporate governance principles;

- Overseeing the evaluation of the Board of Directors; and
- Proposing the slate of nominees for election to the Board of Directors.

The Corporate Governance/Nominating Committee's role is detailed in the Corporate Governance/Nominating Committee Charter which is available on our website at *http://investor.rambus.com/documentdisplay.cfm?DocumentID=5110*.

Identifying and Evaluating Nominees For Directors

The Corporate Governance/Nominating Committee utilizes a variety of methods for identifying and evaluating nominees for director, including those discussed in the "Director Qualifications" section of this proxy statement. In the event that vacancies on the Board of Directors are anticipated, or otherwise arise, the committee will consider various potential candidates for director. Candidates may come to the attention of the committee through current members of the Board of Directors, professional search firms, stockholders or other persons. The Corporate Governance/Nominating Committee has from time to time retained third parties to whom a fee is paid to assist it in identifying or evaluating potential director nominees.

Consideration of Stockholder Nominees to the Board

It is the policy of the Corporate Governance/Nominating Committee to consider nominees recommended by stockholders for election to our Board of Directors. Stockholder recommendations for candidates to our Board of Directors must be directed in writing to Rambus Inc., 1050 Enterprise Way, Suite 700, Sunnyvale, CA 94089 Attention: Secretary, and must include: the candidate's name, age, business address and residence address; the candidate's principal occupation or employment; the number of shares of the Company which are beneficially owned by such candidate; a description of all arrangements or understandings between the stockholder making such nomination and any other person or persons (naming such person or persons) pursuant to which the nominations are to be made by the stockholder; detailed biographical data and qualifications; information regarding any relationships between the candidate and the Company within the last three years; any other information relating to such nominee that is required to be disclosed in solicitations of proxies for elections of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended. A stockholder's recommendation to the Secretary must also set forth: the name and address, as they appear on the Company's books, of the stockholder making such recommendation; the class and number of shares of the Company which are beneficially owned by the stockholder and the date such shares were acquired by the stockholder; any material interest of the stockholder in such nomination; any other information that is required to be provided by the stockholder pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, in his capacity as a proponent to a stockholder proposal; and a statement from the recommending stockholder in support of the candidate, references for the candidate, and an indication of the candidate's willingness to serve, if

elected.

Board Leadership Structure and Role in Risk Oversight

Our Corporate Governance Guidelines require that the Chairperson of the Board not be the CEO of the Company. In addition, while the Chairperson works closely with the CEO and other members of our management, the Chairperson is not part of management and does not have an operating or external role or responsibility. The Board of Directors considers it useful and appropriate to designate a Chairperson to act as the presiding director at Board of Directors meetings, to call and organize such meetings and manage the agenda thereof, and to manage the affairs of the Board of Directors, including ensuring that the Board of Directors is organized properly, functions effectively, and meets its obligations and responsibilities. The Chairperson also acts as the principal contact for the CEO and other members of the Board of Directors and management, as appropriate, for matters requiring the attention of the full Board of Directors. We believe that this leadership structure is appropriate given the attention, time, effort, and energy that the CEO is required to dedicate to his position in the current business environment, and the high level of commitment required to serve as our Chairperson.

The Board of Directors plays an integral role in our risk oversight processes. The Board of Directors meets regularly to receive reports from its committees, as well as from management with respect to areas of material risk to the Company, including legal, operational, financial and strategic risks. In addition, the Audit Committee oversees and reviews at least annually our risk management policies, including our investment policies.

Transactions with Related Persons

None.

Review, Approval or Ratification of Transactions with Related Persons

Our directors and executive officers are subject to our Code of Business Conduct and Ethics, and our directors are guided in their duties by our Corporate Governance Guidelines. Our Code of Business Conduct and Ethics requires that our directors and executive officers avoid situations where a conflict of interest might occur or appear to occur. In general, our directors and executive officers should not have a pecuniary interest in transactions involving us or a customer, licensee, or supplier of us, unless such interest is solely a result of routine investments made by the individual in publicly traded companies.

In the event that a director or executive officer is going to enter into a related party transaction with a relative or significant other, or with a business in which a relative or significant other is associated in any significant role, the director or executive officer must fully disclose the nature of the related party transaction to our Chief Financial Officer. For directors and executive officers, such related party transaction then must be reviewed and approved in advance by the Audit Committee. For other conflicts of interest that may arise, the Code of Business Conduct and Ethics advises our directors and executive officers to consult with our General Counsel.

In addition, each director and officer is required to complete a Director and Officer Questionnaire on an annual basis and upon any new appointment, which requires disclosure of any related-party transactions pertaining to the director or executive officer. Our Board of Directors will consider such information in its determinations of independence with respect to our directors under Nasdaq Rule 5605 and the applicable rules promulgated by the SEC.

PROPOSAL TWO:
ADVISORY VOTE TO APPROVE NAMED EXECUTIVE OFFICER COMPENSATION

We are asking our stockholders to provide an advisory vote to approve the compensation of our named executive officers, including the Compensation Discussion and Analysis, the compensation tables and narrative disclosures as described in this Proxy Statement. This proposal, commonly known as a "say-on-pay" proposal, gives our stockholders the opportunity to express their views on the compensation of our named executive officers.

Please see the Compensation Discussion and Analysis section of this Proxy Statement on page 57, the compensation tables and the narrative disclosures that accompany the compensation tables for greater detail about our executive compensation programs, including information about the fiscal year 2011 compensation of our named executive officers.

Recommendation

We believe that our overall compensation program and philosophy support and help drive the Company's long-term value creation, business strategy and operating performance objectives. We ask you to indicate your support for the compensation of our named executive officers as described in the Compensation Discussion and Analysis, the compensation tables and the narrative disclosures set forth in this Proxy Statement.

While this say-on-pay vote is advisory and does not bind the Company to any particular action, the Board of Directors and the Compensation Committee value your opinion. Accordingly, the Board of Directors and the Compensation Committee will consider the outcome of this vote when making future compensation decisions for the Company's named executive officers.

The Board unanimously recommends a vote "FOR" the approval of the compensation of our named executive officers, as disclosed in this Proxy Statement.

PROPOSAL THREE:
APPROVAL OF THE AMENDMENT TO THE 2006 EQUITY INCENTIVE PLAN

The stockholders are being asked to approve an amendment to our 2006 Equity Incentive Plan (the "Incentive Plan") to add 6,500,000 shares to the total number of shares reserved for issuance under the Incentive Plan. Our Board of Directors has approved the increase in the number of shares reserved for issuance under the Incentive Plan, subject to approval from stockholders at the Annual Meeting. If stockholders do not approve the amendment to the Incentive Plan, no shares will be added to the total number of shares reserved for issuance under the Incentive Plan.

Our named executive officers and directors have an interest in this proposal as they are eligible to receive equity awards under the Incentive Plan.

Our Board of Directors believes that long-term incentive compensation programs align the interests of management, employees and the stockholders to create long-term stockholder value. Our Board of Directors believes that plans such as the Incentive Plan increase our ability to achieve this objective, especially, in the case of the Incentive Plan, by allowing for several different forms of long-term incentive awards, which our Board of Directors believes is critical for us to recruit, reward, motivate and retain talented personnel. Given the highly competitive labor market for employee talent, our Board of Directors and management believe that the ability to continue to grant equity awards will be critical to the future success of Rambus.

Our Board of Directors believes that approval of the amendment will enable us to continue to use the Incentive Plan to achieve employee performance, recruiting, retention and incentive goals. In particular, our Board of Directors believes that our employees are our most valuable assets and that the awards permitted under the Incentive Plan are vital to our ability to attract and retain outstanding and highly skilled individuals in the extremely competitive labor markets in which we compete. Such awards also are crucial to our ability to motivate employees to achieve our goals.

Key Features of the Amended 2006 Equity Incentive Plan and Compensation Practices:

- Proposed authorization of 6,500,000 additional shares under the Incentive Plan.
- The Incentive Plan has a 1.5:1 conversion ratio for full-value awards.
- An independent committee administers the Incentive Plan.
- Restricted Stock, Restricted Stock Units, Performance Units, and Performance Shares vest ratably over a 3-year period.
- The Incentive Plan prohibits reprcing of outstanding awards without stockholder approval, which includes the substitution or exchange of new awards.
- We have minimum stock ownership guidelines for our NEOs, senior executives and Board of Directors.
    - All employees are prohibited from hedging transactions involving Rambus stock.
    - Our NEOs are not entitled to any perquisites that are not generally available to employees.

Vote Required; Recommendation of the Approval of the Amendment to the Incentive Plan requires the

Board of Directors

affirmative vote of a majority of the shares of our Common Stock that are present in person or proxy and entitled to vote at the Annual Meeting.

Our Board of Directors recommends that you vote "FOR" the Amendment to the 2006 Equity Incentive Plan and the increase to the number of shares reserved for issuance thereunder.

Summary of the 2006 Equity Incentive Plan

The following is a summary of the principal features of the Incentive Plan and its operation. The summary is qualified in its entirety by reference to the Incentive Plan, as amended giving effect to this Proposal Three, set forth in Appendix A.

The Incentive Plan provides for the grant of the following types of incentive awards:

- stock options
- stock appreciation rights
- restricted stock
- restricted stock units
- performance shares and performance units
- other stock or cash awards

Each of these is referred to individually as an "Award." Those who are eligible for Awards under the Incentive Plan include employees, directors and consultants who provide services to the Company and its affiliates. As of March 1, 2012, approximately 500 employees, directors and consultants would be eligible to participate in the Incentive Plan.

Number of Shares of Common Stock Available Under the Incentive Plan

If stockholders approve Proposal 3, an additional 6,500,000 shares of the Company's Common Stock will be reserved for issuance under the Incentive Plan. As of March 1, 2012, 10.9 million shares were subject to outstanding options granted under the Incentive Plan, with a weighted average exercise price of $16.38 per share and weighted average remaining term of 7.48 years, and 1.0 million shares were subject to outstanding RSUs granted and unvested under the Incentive Plan. 0.3 million shares remained available for any new Awards to be granted in the future. Shares subject to Awards (excluding stock options) granted with an exercise price less than the fair market value on the date of grant count against the share reserve as 1.5 shares for every one share subject to such an Award. To the extent that a share that was subject to an Award that counted as 1.5 shares against the Incentive Plan reserve pursuant to the preceding sentence is

returned to the Incentive Plan, the Incentive Plan reserve will be credited with 1.5 shares that will thereafter be available for issuance under the Incentive Plan.

If an Award expires or becomes unexercisable without having been exercised in full, or, with respect to full value awards, is forfeited to or repurchased by the Company, the unpurchased (or forfeited or repurchased, as applicable) shares that were subject to the Award will become available for future grant or sale under the Incentive Plan. Upon exercise of a stock appreciation right settled in shares, the gross number of shares covered by the portion of the Award that is exercised will cease to be available under the Incentive Plan. Shares that have been issued under the Incentive Plan under any Award will not be returned to or become available for future distribution under the Incentive Plan; provided, however, that if unvested shares of any full value awards are repurchased by the Company or are forfeited to the Company, those shares will become available for future grant under the Incentive Plan. Shares used to pay the exercise or purchase price of an Award and/or to satisfy the tax withholding obligations related to an Award will not become available for future grant or sale under the Incentive Plan. To the extent an Award is paid out in cash rather than Shares, such cash payments will not reduce the number of Shares available for issuance under the Incentive Plan.

If we declare a stock dividend or engage in a reorganization or other change in our capital structure, including a merger, our Board of Directors will have the discretion to adjust the number of shares:

- available for issuance under the Incentive Plan
- subject to outstanding Awards
- specified as per-person limits on Awards, as appropriate to reflect the change

Administration of the Incentive Plan

A committee or committees of independent, non-employee directors satisfying applicable laws and appointed by our Board of Directors administers the Incentive Plan. To make grants to certain of our officers and key employees, the members of the committee(s) must qualify as "non-employee directors" under Rule 16b-3 of the Securities Exchange Act of 1934, and as "outside directors" under Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code") so that we can receive a federal tax deduction for certain compensation paid under the Incentive Plan. Subject to the terms of the Incentive Plan, the administrator has the sole discretion to select the employees, consultants, and directors who will receive Awards, determine the terms and conditions of Awards, and to interpret the provisions of the Incentive Plan and outstanding Awards. Notwithstanding the

foregoing, without the consent of the Company's stockholders and the applicable Award holder, the administrator may not modify or amend an option or stock appreciation right to reduce the exercise price of that Award after it has been granted or to cancel any outstanding option or stock appreciation right and replace it with a new option or stock appreciation right with a lower exercise price.

Options

The administrator is able to grant nonstatutory stock options and incentive stock options under the Incentive Plan. The administrator determines the number of shares subject to each option, although the Incentive Plan provides that a participant may not receive options for more than 1,000,000 shares in any fiscal year, except in connection with his or her initial service as an employee with us, in which case he or she may be granted an option to purchase up to an additional 1,000,000 shares.

The administrator determines the exercise price of options granted under the Incentive Plan, provided the exercise price must be at least equal to the fair market value of our Common Stock on the date of grant. In addition, the exercise price of an incentive stock option granted to any participant who owns more than 10% of the total voting power of all classes of our outstanding stock must be at least 110% of the fair market value of our Common Stock on the grant date.

The term of an option may not exceed ten years, except that, with respect to any participant who owns 10% of the voting power of all classes of our outstanding capital stock, the term of an incentive stock option may not exceed five years.

After termination of service with us, a participant will be able to exercise the vested portion of his or her option for the period of time stated in the Award agreement. If no such period of time is stated in the participant's Award agreement, the participant will generally be able to exercise his or her option for (i) three months following his or her termination for reasons other than death or disability, and (ii) twelve months following his or her termination due to death or disability. In no event may an option be exercised later than the expiration of its term.

Stock Appreciation Rights

The administrator is able to grant stock appreciation rights, which are the rights to receive the appreciation in fair market value of common stock between the exercise date and the date of grant. We can pay the appreciation in either cash or shares of common stock. Stock appreciation rights become exercisable at the times and on the terms established by the administrator, subject to the terms of the Incentive Plan. The administrator, subject to the terms of the Incentive Plan, has complete discretion to determine the terms and conditions of stock appreciation rights granted under the Incentive Plan, provided, however, that the exercise price may not be less than 100% of the fair market value of a

share on the date of grant. The term of a stock appreciation right may not exceed ten years. No participant will be granted stock appreciation rights covering more than 1,000,000 shares during any fiscal year, except that a participant may be granted stock appreciation rights covering up to an additional 1,000,000 shares in connection with his or her initial service as an employee with us. Shares retained by the Company to pay withholding taxes in connection with the grant of a stock appreciation right do not become available for issuance as future awards under the Incentive Plan.

After termination of service with us, a participant will be able to exercise the vested portion of his or her stock appreciation right for the period of time stated in the Award agreement. If no such period of time is stated in a participant's Award agreement, a participant will generally be able to exercise his or her stock appreciation right for (i) three months following his or her termination for reasons other than death or disability, and (ii) twelve months following his or her termination due to death or disability. In no event will a stock appreciation right be exercised later than the expiration of its term.

Restricted Stock

Awards of restricted stock are rights to acquire or purchase shares of our Common Stock, which vest in accordance with the terms and conditions established by the administrator in its sole discretion provided, however, that, an Award of restricted stock will not vest more rapidly than one-third (1/3rd) of the total number of shares of restricted stock each year from the date of grant, unless the administrator determines that the Award of restricted stock is to vest upon on the achievement of performance criteria and the period for measuring such performance will cover at least twelve (12) months; provided, further, that the administrator may grant Awards of restricted stock, restricted stock units, and performance units/shares covering up to 5% of the total number of shares reserved for issuance under the Plan that do not satisfy the forgoing vesting requirements.

The administrator, in its sole discretion, may provide at the time of or following the date of grant for accelerated vesting for an Award of restricted stock (except that the number of shares subject or issuable pursuant to Awards of restricted stock, restricted stock units, and performance units/shares eligible for such accelerated vesting shall not exceed 5% of the total number of shares reserved for issuance under the Plan) or for accelerated vesting upon or in connection with a change in control or upon or in connection with a participant's termination of service due to death, disability or retirement.

The Award agreement generally will grant us a right to repurchase or reacquire the shares upon the termination of the participant's

service with us for any reason (including death or disability). The administrator will determine the number of shares granted pursuant to an Award of restricted stock, but no participant will be granted a right to purchase or acquire more than 200,000 shares of restricted stock during any fiscal year, except that a participant may be granted up to an additional 300,000 shares of restricted stock in connection with his or her initial employment with us.

Restricted Stock Units

Awards of restricted stock units result in a payment to a participant only if the vesting criteria the administrator establishes is satisfied, provided, however, that, an Award of restricted stock units will not vest more rapidly than one-third (1/3rd) of the total number of restricted stock units each year from the date of grant, unless the administrator determines that the restricted stock units are to vest upon the achievement of performance criteria and the period for measuring such performance will cover at least twelve (12) months; provided, further, that the administrator may grant Awards of restricted stock, restricted stock units, and performance units/shares covering up to 5% of the total number of shares reserved for issuance under the Plan that do not satisfy the forgoing vesting requirements. Upon satisfying the applicable vesting criteria, the participant will be entitled to the payout specified in the Award agreement.

Notwithstanding the foregoing and subject to any restrictions otherwise provided herein, at any time after the grant of restricted stock units, the administrator may reduce or waive any vesting criteria that must be met to receive a payout.

Further, the administrator, in its sole discretion, may provide at the time of or following the date of grant for accelerated vesting for an Award of restricted stock (except that the number of shares subject or issuable pursuant to Awards of restricted stock, restricted stock units, and performance units/shares eligible for such accelerated vesting shall not exceed 5% of the total number of shares reserved for issuance under the Plan) or for accelerated vesting upon or in connection with a change in control or upon or in connection with a participant's termination of service due to death, disability or retirement.

The administrator, in its sole discretion, may pay earned restricted stock units in cash, shares, or a combination thereof. Restricted stock units that are fully paid in cash will not reduce the number of shares available for grant under the Incentive Plan. On the date set forth in the Award agreement, all unearned restricted stock units will be forfeited to us. The administrator determines the number of restricted stock units granted to any participant, but during any fiscal year, no participant may be granted more than 200,000 restricted stock units, except that the participant may be granted up to an additional 300,000 restricted stock units in connection with his or her initial employment with us.

Performance Units and Performance Shares

The administrator is able to grant performance units and performance shares, which are Awards that result in a payment to a participant only if the performance goals or other vesting criteria the administrator establishes are achieved or the Awards otherwise vest, provided, however, that, Awards of performance units and performance shares will not vest more rapidly than one-third (1/3rd) of the total number of performance units and performance shares each year from the date of grant, unless the administrator determines that the performance units and performance shares are to vest upon the achievement of performance criteria and the period for measuring such performance will cover at least twelve (12) months; provided, further, that the administrator may grant Awards of restricted stock, restricted stock units, and performance units/shares covering up to 5% of the total number of shares reserved for issuance under the Plan that do not satisfy the forgoing vesting requirements.

The administrator, in its sole discretion, may provide at the time of or following the date of grant for accelerated vesting for an Award of performance units and performance shares (except that the number of shares subject or issuable pursuant to awards of restricted stock, restricted stock units, and performance units/shares eligible for such accelerated vesting shall not exceed 5% of the total number of shares reserved for issuance under the Plan) or for accelerated vesting upon or in connection with a change in control or upon or in connection with a participant's termination of service due to death, disability or retirement.

The administrator establishes performance or other vesting criteria in its discretion, which, depending on the extent to which they are met, will determine the number and/or the value of performance units and performance shares to be paid out to participants. Notwithstanding the foregoing, after the grant of performance units or shares, the administrator, in its sole discretion, may reduce or waive any performance objectives or other vesting provisions for such performance units or shares. During any fiscal year, no participant will receive more than 200,000 performance shares and no participant will receive performance units having an initial value greater than $2,000,000, except that a participant may be granted performance shares covering up to an additional 300,000 shares in connection with his or her initial employment with us. Performance units will have an initial dollar value established by the administrator on or before the date of grant. Performance shares will have an initial value equal to the fair market value of a share of our Common Stock on the grant date.

Performance Goals

Awards of restricted stock, restricted stock units, performance shares, performance units and other incentives under the Incentive Plan may be made subject to the attainment of performance goals

relating to one or more business criteria within the meaning of Section 162(m) of the Code and may provide for a targeted level or levels of achievement including: cash flow; cash position; earnings before interest and taxes; earnings before interest, taxes, depreciation and amortization; earnings per share; economic profit; economic value added; equity or stockholder's equity; market share; net income; net profit; net sales; operating earnings; operating income; profit before tax; ratio of debt to debt plus equity; ratio of operating earnings to capital spending; sales growth; return on net assets; or total return to stockholders. The performance goals may differ from participant to participant and from Award to Award and may be used to measure the performance of our business as a whole or one of our business units and may be measured relative to a peer group or index.

Grants to Non-Employee Directors

The Incentive Plan provides for automatic, nondiscretionary awards to non-employee directors. The automatic grants do not limit the ability of the administrator to grant other discretionary awards to non-employee directors under the Incentive Plan and the administrator has the discretion to change the terms of the automatic grants prospectively.

Initial Equity Grant

Each non-employee director will be automatically granted a nonstatutory stock option to purchase 40,000 shares when he or she first becomes a member of our Board of Directors. The term of such options shall not exceed ten years. The option grants vest over a four-year period, with one-eighth of shares subject to the option vesting six months after the date of grant and the remaining shares vesting ratably each month thereafter, subject to the non-employee director continuing to serve through each applicable vesting date.

Annual Equity Grant

Each non-employee director shall automatically receive an annual award of restricted stock units on October 1 of each year. The number of restricted stock units subject to the award will be determined in the sole discretion of our Board of Directors on or prior to the award becoming effective on the applicable October 1 grant date. For a description of the current non-employee director annual equity grants, see "Executive Compensation — Compensation of Directors." The restricted stock unit grants vest in full at the end of a one-year period, subject to the non-employee director continuing to serve through each applicable vesting date. If the non-employee discontinues service prior to the vesting of any restricted stock unit grant, the administrator may, in its discretion, permit such grant to vest pro rata for the portion of the year during which such director served.

The automatic grants do not limit the ability of the administrator to grant other discretionary awards to non-employee directors under the Incentive Plan and the administrator has the discretion to change the terms of the automatic grants prospectively.

Transferability of Awards

Awards granted under the Incentive Plan are generally not transferable, and all rights with respect to an Award granted to a participant generally will be available during a participant's lifetime only to the participant or such participant's estate.

Change of Control

The terms of the Incentive Plan provide that all outstanding equity awards may vest upon a "double-trigger" termination in the event of a change of control, as described under the "Executive Compensation — Outstanding Equity Awards at Fiscal 2011 Year-End" table.

Amendment and Termination of the Incentive Plan

The administrator will have the authority to amend, alter, suspend or terminate the Incentive Plan, except that stockholder approval will be required for any amendment to the Incentive Plan to the extent required by any applicable laws. No amendment, alteration, suspension or termination of the Incentive Plan will impair the rights of any participant, unless mutually agreed otherwise between the participant and the administrator and which agreement must be in writing and signed by the participant and us. The Incentive Plan will terminate in March 2016, unless our Board of Directors terminates it earlier.

Number of Awards Granted to Employees, Consultants, and Directors

The number of Awards that an employee, director or consultant may receive under the Incentive Plan is in the discretion of the administrator and therefore cannot be determined in advance.

The following table sets forth (i) the aggregate number of shares of common stock subject to options granted under the Incentive Plan during the last fiscal year, (ii) the average per share exercise price of such options, (iii) the aggregate number of shares issued pursuant to awards of restricted stock granted under the Incentive Plan during the last fiscal year, and (iv) the dollar value of such shares based on the closing price per share on the grant dates.

Name of Individual or Group	Number of Options Granted	Average Per Share Exercise Price	Number of Shares of Restricted Stock	Dollar Value of Shares of Restricted Stock[1]
Named Executive Officers:				
Harold Hughes………………………………………..	130,000	$ 20.93	32,000	$ 669,760
Satish Rishi……………………………………………	35,000	$ 20.93	8,000	$ 167,440
Thomas R. Lavelle……………………………………	35,000	$ 20.93	8,000	$ 167,440
Sharon E. Holt………………………………………..	40,000	$ 20.93	10,000	$ 209,300
Martin Scott…………………………………………..	40,000	$ 20.93	10,000	$ 209,300
All executive officers, as a group………………….	321,000	$ 20.93	97,888	$ 2,048,796
All directors who are not executive officers, as a group …………………………………………………	—	—	81,284	$ 1,120,094
All employees who are not executive officers, as a group …………………………………………………	2,036,001	$ 18.50	195,666	$ 3,525,090

(1) The value of a restricted stock unit award is based on the fair market value as of the grant date of such award determined pursuant to FASB ASC Topic 718.

Federal Tax Aspects

The following paragraphs are a summary of the general federal income tax consequences to U.S. taxpayers and Awards granted under the Incentive Plan by us. Tax consequences for any particular individual may be different. The Incentive Plan does not purport to be complete, and does not discuss the tax consequences of a participant's death or the income tax laws of any state or foreign country in which the participant may reside.

Nonstatutory Stock Options

No taxable income is reportable when a nonstatutory stock option with an exercise price equal to the fair market value of the underlying stock on the date of grant is granted to a participant. Upon exercise, the participant will recognize ordinary income in an amount equal to the excess of the fair market value (on the exercise date) of the shares purchased over the exercise price of the option. Any taxable income recognized in connection with an option exercise by an employee is subject to tax withholding by us. Any additional gain or loss recognized upon any later disposition of the shares would be capital gain or loss.

Incentive Stock Options

No taxable income is reportable when an incentive stock option is granted or exercised (except for purposes of the alternative minimum tax, in which case taxation is the same as for nonstatutory stock options). If the participant exercises the option and then later sells or otherwise disposes of the shares more than two years after the grant date and more than one year after the exercise date, the difference between the sale price and the exercise price will be taxed as capital gain or loss. If the

participant exercises the option and then later sells or otherwise disposes of the shares before the end of the two- or one-year holding periods described above, he or she generally will have ordinary income at the time of the sale equal to the fair market value of the shares on the exercise date (or the sale price, if less) minus the exercise price of the option.

Stock Appreciation Rights

No taxable income is reportable when a stock appreciation right with an exercise price equal to the fair market value of the underlying stock on the date of grant is granted to a participant. Upon exercise, the participant will recognize ordinary income in an amount equal to the amount of cash received and the fair market value of any shares received. Any additional gain or loss recognized upon any later disposition of the shares would be capital gain or loss.

Restricted Stock, Restricted Stock Units, Performance Units and Performance Shares

A participant generally will not have taxable income at the time an Award of restricted stock, restricted stock units, performance shares or performance units are granted. Instead, he or she will recognize ordinary income in the first taxable year in which his or her interest in the shares underlying the Award becomes either (i) freely transferable or (ii) no longer subject to substantial risk of forfeiture. However, the recipient of a restricted stock Award may elect to recognize income at the time he or she receives the Award in an amount equal to the fair market value of the shares underlying the Award (less any cash paid for the shares) on the date the Award is granted.

Tax Effect for Rambus

We generally will be entitled to a tax deduction in connection with an Award under the Incentive Plan in an amount equal to the ordinary income realized by a participant and at the time the participant recognizes such income (for example, the exercise of a nonstatutory stock option). Special rules limit the deductibility of certain compensation paid to our Chief Executive Officer, Chief Financial Officer and to each of our three highest compensated officers. Under Section 162(m) of the Internal Revenue Code, no deduction is allowed for certain compensation with respect to any of these specified executives only to the extent that the amount for the taxable year for such executive exceeds $1,000,000. However, the deductibility of such compensation in excess of $1,000,000 may not be limited under Section 162(m) and the applicable treasury regulations if such compensation qualifies as performance based.

Section 409A

Section 409A of the Code provides certain new requirements on non-qualified deferred compensation arrangements. These include new requirements with respect to an individual's election to defer compensation and the individual's selection of the timing and form of distribution of the deferred compensation. Section 409A also generally provides that distributions must be made on or following the occurrence of certain events (e.g., the individual's

separation from service, a predetermined date, or the individual's death). Section 409A imposes restrictions on an individual's ability to change his or her distribution timing or form after the compensation has been deferred. For certain individuals who are officers, Section 409A requires that such individual's distribution commence no earlier than six months after such officer's separation from service.

Awards granted under the Incentive Plan with a deferral feature will be subject to the requirements of Section 409A. If an Award is subject to and fails to satisfy the requirements of Section 409A, the recipient of that award may recognize ordinary income on the amounts deferred under the Award, to the extent vested, which may be prior to when the compensation is actually or constructively received. Also, if an Award that is subject to Section 409A fails to comply with Section 409A's provisions, Section 409A imposes an additional 20% federal income tax on compensation recognized as ordinary income, as well as interest on such deferred compensation. In addition, certain states such as California have adopted similar provisions.

The foregoing is only a summary of the effect of federal income taxation upon participants and us with respect to the grant and exercise of awards under the Incentive Plan. It does not purport to be complete, and does not discuss the tax consequences of a participant's death or the provisions of the income tax laws of any municipality, state or foreign country in which the participant may reside.

PROPOSAL FOUR:
APPROVAL OF THE AMENDMENT TO THE 2006 EMPLOYEE STOCK PURCHASE PLAN

The stockholders are being asked to approve an amendment to our 2006 Employee Stock Plan, as amended and restated on February 21, 2007 (the "Purchase Plan") to add 1,500,000 shares to the total number of shares reserved for issuance under the Purchase Plan. Our Board of Directors has approved the increase in the number of shares reserved for issuance under the Purchase Plan, subject to approval from stockholders at the Annual Meeting. If stockholders do not approve the amendment to the Purchase Plan, no shares will be added to the total number of shares reserved for issuance under the Purchase Plan.

Our named executive officers have an interest in this proposal as they are eligible to receive options to purchase shares under the Purchase Plan.

Our Board of Directors believes that approval of the amendment is essential to our continued success, as the additional shares will enable us to continue to use the Purchase Plan to achieve employee performance, recruiting, retention and incentive goals. In particular, our Board of Directors believes that our employees are our most valuable assets and that the awards permitted under the Purchase Plan are vital to our ability to attract and retain outstanding and highly skilled individuals in the extremely competitive labor markets in which we compete. Such awards also are crucial to our ability to motivate employees to achieve our goals.

Vote Required; Recommendation of the Board of Directors

Approval of the Amendment to the Purchase Plan requires the affirmative vote of a majority of the shares of our Common Stock that are present in person or proxy and entitled to vote at the Annual Meeting.

Our Board of Directors recommends that you vote "FOR" the Amendment to the 2006 Employee Stock Purchase Plan and the increase to the number of shares reserved for issuance thereunder.

Summary of the 2006 Employee Stock Purchase Plan

The following is a summary of the principal features of the Purchase Plan and its operation. The summary is qualified in its entirety by reference to the Purchase Plan, as amended giving effect to this Proposal Four, set forth in Appendix B.

General

The Purchase Plan was adopted by the Board of Directors in March 2006, and approved by our stockholders at the 2006 Annual Meeting. The purpose of the Purchase Plan is to provide employees with an opportunity to purchase shares of our Common Stock through payroll deductions.

Administration

The Board of Directors or a committee appointed by the Board of the Directors administers the Purchase Plan. All questions of interpretation or application of the Purchase Plan are determined by the administrator and its decisions are final, conclusive and binding upon all participants.

Eligibility

Each of our employees or the employees of our designated subsidiaries who is a common law employee and whose customary employment with us or one of our designated subsidiaries is at least twenty hours per week and more than five

months in a calendar year is eligible to participate in the Purchase Plan subject to the laws in which our designated subsidiaries operate; except that no employee shall be granted an option under the Purchase Plan (i) to the extent that, immediately after the grant, such employee would own 5% or more of the total combined voting power of all classes of our capital stock or the capital stock of one of the designated subsidiaries, or (ii) to the extent that his or her rights to purchase stock under all of our employee stock purchase plans accrues at a rate which exceeds $25,000 worth of stock (determined at the fair market value of the shares at the time such option is granted) for each calendar year.

Offering Period

Each offering period under the Purchase Plan will expire on the earliest to occur of (i) the completion of the purchase of shares on the last exercise date occurring within twenty-four months of the offering date of such option, (ii) such shorter option period as may be determined by the administrator, or (iii) the date on which an eligible employee ceases to be a participant under the Purchase Plan. Each offering period will generally consist of a number of purchase periods after which shares will be purchased. Until the administrator determines otherwise, a purchase period will be approximately six months and run from May 1 to November 1 and November 1 to May 1. To participate in the Purchase Plan, an eligible employee must authorize payroll deductions pursuant to the Purchase Plan. Such payroll deductions may not be less than 1% and may not exceed 15% of a participant's compensation during the offering period. Once an employee becomes a participant in the Purchase Plan, the employee automatically will participate in each successive offering period until the employee withdraws from the Purchase Plan or the employee's employment with us or the designated subsidiaries terminates. At the beginning of each offering period, each participant automatically is granted an option to purchase shares of our Common Stock. The option expires at the end of the offering period or upon termination of employment, whichever is earlier, but is exercised at the end of each purchase period to the extent of the payroll deductions accumulated during such purchase period.

Purchase Price

Shares of our Common Stock may be purchased under the Purchase Plan at a purchase price not less than 85% of the lesser of the fair market value of the common stock on (i) the first day of the offering period, or (ii) the last day of the purchase period. The fair market value of our Common Stock on any relevant date will be the closing price per share as reported on the Nasdaq Stock Market, or the mean of the closing bid and asked prices, if no sales were reported, as quoted on such exchange or reported in *The Wall Street Journal*.

Payment of Purchase Price; Payroll Deductions

The purchase price of the shares is accumulated by payroll deductions throughout each purchase period. The number of shares of our Common Stock that a participant may purchase in

each purchase period during an offering period will be determined by dividing the total amount of payroll deductions withheld from the participant's compensation during that purchase period by the purchase price; provided, however, that a participant may not purchase more than 5,000 shares each purchase period. During the offering period, a participant may discontinue his or her participation in the Purchase Plan, and may decrease or increase the rate of payroll deductions in an offering period within limits set by the administrator; provided, however, that unless the administrator determines otherwise, a participant may reduce, but not increase his or her contributions during a purchase period for that purchase period.

All payroll deductions made for a participant are credited to the participant's account under the Purchase Plan, are withheld in whole percentages only and are included with our general funds. Funds received by us pursuant to exercises under the Purchase Plan are also used for general corporate purposes. A participant may not make any additional payments into his or her account.

Withdrawal

Generally, a participant may withdraw from an offering period at any time by written or electronic notice without affecting his or her eligibility to participate in future offering periods. However, once a participant withdraws from a particular offering period, that participant may not participate again in the same offering period. To participate in a subsequent offering period, the participant must deliver to us a new subscription agreement.

Termination of Employment

Upon termination of a participant's employment for any reason, including disability or death, he or she will be deemed to have elected to withdraw from the plan and the payroll deductions credited to the participant's account (to the extent not used to make a purchase of our Common Stock) will be returned to him or her or, in the case of death, to the person or persons entitled thereto as provided in the Purchase Plan, and such participant's option will automatically be terminated.

Adjustments upon Changes in Capitalization, Dissolution, Liquidation, or Change of Control

Changes in Capitalization

Subject to any required action by our stockholders, the number of shares reserved under the Purchase Plan, the maximum number of shares that may be purchased during any purchase period, as well as the price per share of common stock covered by each option under the Purchase Plan which has not yet been exercised shall be proportionately adjusted for any increase or decrease in the number of issued shares of common stock resulting from any dividend or other distribution, recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange.

Dissolution or Liquidation

In the event of our proposed dissolution or liquidation, the administrator shall shorten any purchase periods and offering periods then in progress by setting a new exercise date and any offering periods shall end on the new exercise date. The new exercise date shall be prior to the dissolution or liquidation. If the administrator shortens any purchase periods and offering periods then in progress, the administrator shall notify each participant in writing, at least ten business days prior to the new exercise date, that the exercise date has been changed to the new exercise date and that the option will be exercised automatically on the new exercise date, unless the participant has already withdrawn from the offering period.

Change of Control

In the event of any "change of control," as defined in the Purchase Plan, each option under the Purchase Plan shall be assumed or an equivalent option shall be substituted by such successor corporation or a parent or subsidiary of such successor corporation. In the event the successor corporation refuses to assume or substitute for the options, the administrator shall shorten any purchase periods and offering periods then in progress by setting a new exercise date and any offering periods shall end on the new exercise date. The new exercise date shall be prior to the merger or change of control. If the administrator shortens any purchase periods and offering periods then in progress, the administrator shall notify each participant in writing, at least ten business days prior to the new exercise date, that the exercise date has been changed to the new exercise date and that the option will be exercised automatically on the new exercise date, unless the participant has already withdrawn from the offering period.

Amendment or Termination

Our administrator may at any time terminate or amend the Purchase Plan including the term of any offering period then outstanding. Generally, no such termination can adversely affect options previously granted.

Number of Shares Purchased by Certain Individuals and Groups

Given that the number of shares that may be purchased under the Purchase Plan is determined, in part, based on the Common Stock's market value at the beginning and end of each Offering Period (or upon a purchase date within an Offering Period) and given that participation in the Purchase Plan is voluntary on the part of employees, the actual number of shares that may be purchased by any individual is not determinable.

For illustrative purposes, the following table sets forth (a) the number of shares of Common Stock that were purchased under the Purchase Plan during 2011 by our named executive officers, our executive officers as a group, and by all employees, and (b) the weighted average per share purchase price paid for such shares by each such group.

Name of Individual or Group	Number of Purchased Shares		Weighted Average Purchase Price
Named Executive Officers:			
Harold Hughes……………………………………………………………..	1,268	$	16.50
Satish Rishi…………………………………………………………………	1,269	$	16.50
Thomas R. Lavelle…………………………………………………………	-	$	-
Sharon E. Holt……………………………………………………………..	208	$	15.48
Martin Scott………………………………………………………………..	-	$	-
All executive officers, as a group……………………………………..	4,014	$	16.45
All employees who are not executive officers, as a group…………	267,790	$	15.61

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Federal Tax Aspects

The following summary of the effect of federal income taxation upon the participant and us with respect to the shares purchased under the Purchase Plan does not purport to be complete, and does not discuss the tax consequences of a participant's death or the income tax laws of any state or foreign country in which the participant may reside.

The Purchase Plan, and the right of participants to make purchases thereunder, is intended to qualify under the provisions of Sections 421 and 423 of the Code. Under these provisions, no income will be taxable to a participant until the shares purchased under the Purchase Plan are sold or otherwise disposed of. Upon sale or other disposition of the shares, the participant will generally be subject to tax in an amount that depends upon the holding period. If the shares are sold or otherwise disposed of more than two years from the first day of the applicable offering period and one year from the applicable date of purchase, the participant will recognize ordinary income measured as the lesser of (i) the excess of the fair market value of the shares at the time of such sale or disposition over the purchase price, or (ii) an amount equal to 15% of the fair market value of the shares as of the first day of the applicable offering period. Any additional gain will be treated as long-term capital gain. If the shares are sold or otherwise disposed of before the expiration of these holding periods, the participant will recognize ordinary income generally measured as the excess of the fair market value of the shares on the date the shares are purchased over the purchase price. Any additional gain or loss on such sale or disposition will be long-term or short-term capital gain or loss, depending on how long the shares have been held from the date of purchase. We generally are not entitled to a deduction for amounts taxed as ordinary income or capital gain to a participant except to the extent of ordinary income recognized by participants upon a sale or disposition of shares prior to the

expiration of the holding periods described above.

The foregoing is only a summary of the effect of federal income taxation upon participants and us with respect to the grant and exercise of awards under the Purchase Plan. It does not purport to be complete, and does not discuss the tax consequences of a participant's death or the provisions of the income tax laws of any municipality, state or foreign country in which the participant may reside.

PROPOSAL FIVE:

APPROVAL OF THE OPTION EXCHANGE PROGRAM

The stockholders are being asked to approve a one-time stock option exchange program for eligible employee stock option holders (the "Exchange Program"). The proposed Exchange Program would enable our eligible stock option holders to surrender certain "underwater" stock options that have an exercise price above $14.50 per share of our common stock for cancellation in exchange for new options to be granted under our Incentive Plan to purchase a reduced number of shares based on a specified exchange ratio.

We historically have granted stock options to our employees to encourage them to act as owners of the Company, which helps align their interests with those of our stockholders and reward performance that enhances stockholder value.

2011 was a mixed year for Rambus. While our recurring revenues and pace of signing licensees improved during the year, the adverse decisions by the Court of Appeals for the Federal Circuit in May 2011 and in the San Francisco Superior Court of the State of California in November 2011 caused our share price to drop significantly. As a result, approximately 97% of stock options are underwater (meaning the exercise price of each of those stock options is greater than the per share fair market value of the Company's common stock) as of March 1, 2012. This means that the majority of these stock options are no longer effective incentives to motivate and retain employees. These underwater options are perceived as having little or no value by our employees. In addition, although these stock options are not likely to be exercised as long as our stock price is lower than the applicable exercise price, we will continue to record stock-based compensation expense for these unvested options against our earnings. Further, they will remain on our books with the potential to dilute stockholders' interests for up to the full term of the options, while delivering little or no retention or incentive value, unless they are surrendered or cancelled.

On February 23, 2012, our Board of Directors authorized, subject to stockholder approval, the proposed Exchange Program that will permit our eligible employees (other than our named executive officers, all senior vice presidents and members of our Board of Directors) to exchange certain outstanding stock options (the stock options eligible for the Exchange Program are referred to here as "Eligible Options") that were granted with an exercise price greater than or equal to $14.50 for new options to purchase fewer shares subject to a specified exchange ratio. Our intent in using this threshold is to ensure that only outstanding stock options that are substantially underwater are eligible for the Exchange Program.

The Exchange Program will take place if and only if the Exchange Program is approved by our stockholders. If our stockholders do not approve the Exchange Program, Eligible Options would remain outstanding and in effect in accordance with their existing terms. We would continue to recognize compensation expense for these eligible options even though the stock options may have little or no retention or incentive value for employees.

If approved by stockholders, the Exchange Program will begin within 12 months of the date stockholders approve the program. Within this timeframe, the actual start date will be determined at the discretion of our Board of Directors. Eligible employees then will be offered the opportunity to participate in the Exchange Program under an offer statement to be filed with the SEC and distributed to all eligible employees. Eligible employees would be given at least twenty business days to decide whether to accept the offer of the new options in exchange for the surrender of their Eligible Options. The surrendered Eligible Options would be cancelled on the day that the Exchange Program closes and the shares subject to surrendered Eligible Options will not be available for reissuance under the Incentive Plan. The new options would be granted on the date

of cancellation of the old Eligible Options and such new options would have an exercise price equal to the fair market value of our Common Stock on the date of the new grant.

Key Features of the Option Exchange Program:

- Our NEOs, senior executives, and Board of Directors are not eligible to participate.
- In aggregate, the fair value of the exchanged options will be approximately equal to the fair value of the new options (i.e., "value for value"), resulting in fewer options outstanding.
- Only options with a strike price higher than $14.50 will be eligible for exchange.
- New options will vest over three years, encouraging retention.
- Options tendered in the exchange will be canceled and will not be reissued.

If approved, the Exchange Program will begin within 12 months of the date stockholders approve the program.

Voting Required; Recommendation of the Board of Directors

The affirmative vote of a majority of the outstanding shares of common stock present in person or represented by proxy and entitled to vote at the Annual Meeting is required to approve the Exchange Program.

Our Board of Directors recommends that you vote "FOR" the approval of the Exchange Program for our employees.

Reasons for the Exchange Program

Our Board of Directors believes the Exchange Program is an important component in our strategy to align employee and stockholder interests through our equity compensation practices because it will permit us to:

provide renewed incentives for the employees who participate in the Exchange Program by issuing them new stock options that will vest over a period of time following the exchange date if they remain employed with us. Providing renewed incentives to our employees is the primary purpose of the Exchange Program and we believe the Exchange Program will enable us to enhance long-term stockholder value by aligning the interests of our employees more fully with the interests of our stockholders;

meaningfully reduce our total number of shares subject to outstanding equity awards, or "overhang," represented by outstanding stock options that have high exercise prices and may no longer incentivize their holders to remain as our employees. Keeping these stock options outstanding does not serve the interests of our stockholders and does not provide the benefits intended by our equity compensation

program. By replacing the surrendered Eligible Options with a lesser number of new options, our overhang will be decreased. The overhang represented by the sstock options issued pursuant to the Exchange Program will reflect an appropriate balance between the goals for our equity compensation program and our interest in minimizing our overhang and the dilution of our stockholders' interests; and

recapture value from compensation costs that we already are incurring with respect to outstanding stock options. These stock options were granted at the then fair market value of our common stock. Under applicable accounting rules, we will have to recognize approximately $189.0 million in stock-based compensation expense related to these stock options, of which $153.2 million has already been expensed as of December 31, 2011 and $35.8 million will continue to be obligated to expense, even if these stock options are never exercised because the majority remain underwater. As of March 1, 2012, the fair value associated with outstanding Eligible Options was approximately $100.0 million. We believe it is not an efficient use of our resources to recognize compensation expense on equity awards that do not provide value to our employees. By replacing stock options that have little or no retention or incentive value with equity awards that will provide both retention and incentive value, we will be making efficient use of our resources.

Generally, stock options will be eligible for exchange in the Exchange Program if:

the stock option's exercise price exceeds $14.50 (measured as of the start date of the Exchange Program).

Eligibility of Stock Options for the Exchange Program

Our intent in using this eligibility threshold is to ensure that only outstanding stock options that are appropriately underwater are eligible for the Exchange Program.

As of March 1, 2012, stock options to purchase approximately 16.4 million shares of our common stock were outstanding under the Plan. For example, if we were to start the Exchange Program on March 1, 2012, our common stock closed at $7.06 on March 1, 2012 and all stock options with an exercise price of $14.50 or above would be eligible for the Exchange Program. On March 1, 2012, the number of shares underlying eligible options with an exercise price of $14.50 or higher was 7.4 million shares.

In considering how best to continue to motivate, retain and reward

our employees who have stock options that are underwater, we evaluated several alternatives, including the following:

Increase Cash Compensation. To replace the intended benefits of equity incentives, we would need to substantially increase long term retention-based cash compensation. These increases would substantially increase our compensation expense and reduce our cash position and cash flow from operations. In addition, these increases would not reduce our overhang.

Grant Additional Equity Awards. We also considered granting employees additional equity awards at current market prices. However, these additional grants would substantially increase our equity award overhang and the potential dilution to our stockholders and would increase our compensation expense accordingly.

Eligible Option Holders

The Exchange Program will be open to any stock option holder who:

holds Eligible Options;

is not a named executive officer, senior vice president, or member of our Board of Directors at the start of the Exchange Program; and

at the start of the Exchange Program:

- is an employee in our U.S. locations; or
- is employed by or provides services to us or our subsidiaries, but only to the extent such stock option holders' participation is permitted by local laws.

We may, however, exclude otherwise eligible stock option holders in certain non-U.S. jurisdictions if local tax or securities laws or other considerations would make their participation illegal, infeasible or impractical. Any eligible employee who elects to participate in the Exchange Program but whose employment terminates for any reason prior to the grant of the new options will retain his or her Eligible Options subject to their existing terms and will not receive a new stock option under the Exchange Program.

Exchange Ratios

The Exchange Program will not be a one-for-one exchange. We intend to set the exchange ratios for our eligible employees so that the exchange will approximate a value-for-value exchange and so that any additional stock-based compensation charge we will incur

will be minimized.

Eligible employees who participate in the Exchange Program, will receive a receive a new stock option for a lesser number of shares equal to (a) the number of shares underlying the stock option exchanged multiplied by (b) an exchange ratio set at a ratio to approximate a value-for-value exchange. The exact exchange ratio will be set by our Board of Directors prior to the start date of the Exchange Program.

The exchange ratios of surrendered Eligible Options to newly issued stock options for eligible employees will be established by grouping together Eligible Options with similar grant dates and assigning an appropriate exchange ratio to each grouping. The exchange ratios will be determined so that the total fair value of all newly issued options within each group will be equal to or slightly less than the total fair value of current option holdings.

We will compute the exchange ratios on an accounting value-for-value basis pursuant to Financial Accounting Standards Board Accounting Standards Codification Topic 718, Stock Compensation ("ASC 718") using the Black-Scholes valuation model. The calculation of fair value using the Black-Scholes model takes into account several variables, such as the volatility of our stock and the expected term of an award. As a result, the exchange ratios do not necessarily increase as the exercise price of the stock option increases. Setting the exchange ratios in this manner is intended to result in the issuance of new stock options that have a fair value approximately equal to the fair value of the surrendered eligible stock options that they replace. This approach will minimize any additional compensation cost that we must recognize on the stock options, other than immaterial compensation expense that might result from fluctuations in our stock price after the exchange ratios have been set but before the exchange is made.

Although the exchange ratios cannot be determined now, we can provide an example if we make certain assumptions regarding the start date of the offer, the fair value of the eligible stock options, and the fair market value of our Common Stock. For example, if we began the Exchange Program March 1, 2012, which would allow us to include in the Exchange Program a substantial percentage of our outstanding underwater stock options with an exercise price above $14.50 per share.

If, at the time we set the exchange ratios, the fair market value of our Common Stock was $8.00 per share, then based on the above method of determining the exchange ratio, the following exchange ratios would apply:

If the Grant Date of an Eligible Stock Option Is:	The Exchange Ratio of Stock Options to New Stock Options Would Be:
April 1, 2003 to May 31, 2003	15 for 1
June 1, 2003 to October 31, 2003	9.5 for 1
November 1, 2003 to April 30, 2004	20.5 for 1
May 1, 2004 to January 31, 2005	6.5 for 1
February 1, 2005 to February 14, 2006	3.75 for 1
February 15, 2006 to May 31, 2006	7.25 for 1
June 1, 2006 to January 31, 2009	2.75 for 1
September 1, 2009 through now	2 for 1

The total number of new stock options a participating employee will receive with respect to a surrendered Eligible Option will be determined by converting the number of shares underlying the surrendered Eligible Option according to the applicable exchange ratio and rounding down to the nearest whole share. The exchange ratios will be applied in groupings of grants based on price.

For purposes of example only, if a participating employee exchanged an Eligible Option for 1,000 shares with an exercise price of $14.75 per share granted on June 7, 2005 and the exchange ratio was one new stock option for every 3.75 shares covered by the surrendered Eligible Option, he or she would receive 266 new stock options in exchange for the surrendered stock option (1,000 divided by 3.75). If the participating employee also exchanged another Eligible Option for 2,000 shares with an exercise price of $20.16 per share granted on December 1, 2010 and the exchange ratio was one new stock option for every 2 shares covered by the surrendered Eligible Option, he or she would receive 1,000 new stock options in exchange for the surrendered eligible award (2,000 divided by 2).

Continuing this example, if we assume that all currently eligible stock options remain outstanding and the stock option holders remain eligible to participate, the following table summarizes information regarding the eligible stock options that would be granted in the exchange:

Grant Dates of Eligible Stock Options	Number of Shares Underlying Eligible Options	Weighted Average Exercise Price of Eligible Options	Weighted Average Remaining Life of Eligible Options (Years)*	Exchange Ratio	Maximum Number of New Awards That May Be Granted
Apr 1, 2003 to May 31, 2003	226,617	$ 17.85	0.96	15 for 1	15,107
Jun 1, 2003 to Oct 31, 2003	42,984	16.54	1.18	9.5 for 1	4,524
Nov 1, 2003 to Apr 30, 2004	521,800	29.45	1.50	20.5 for 1	25,453
May 1, 2004 to Jan 31, 2005	485,734	22.37	2.35	6.5 for 1	74,728
Feb 1, 2005 to Feb 14, 2006	1,049,052	16.78	3.19	3.75 for 1	279,747
Feb 15, 2006 to May 31, 2006	239,600	40.25	3.83	7.25 for 1	33,048
Jun 1, 2006 to Jan 31, 2009	2,068,978	19.19	5.17	2.75 for 1	752,355
Sep 1, 2009 through now	2,776,179	20.51	8.32	2 for 1	1,388,089
Total	7,410,944				2,573,051

*For purposes of this example, the remaining weighted average life of the eligible options is based on a June 1, 2012 start date.

Participation in the Exchange Program

Eligible employees will not be required to participate in the Exchange Program. Participation in the Exchange Program is strictly voluntary.

Eligible employees will have an election period of at least 20 business days from the start of the Exchange Program in which to determine whether they wish to participate.

Because the decision whether to participate in the Exchange Program is completely voluntary, we are not able to predict which or how many employees will elect to participate, how many Eligible Options will be surrendered for exchange, and therefore how many new stock options may be issued.

As indicated above, executive officers and members of our Board of Directors are not eligible to participate in the Exchange

Program.

Election to Exchange Underwater Options

Eligible employees may decide to participate in the Exchange Program on a grant-by-grant basis. This means that eligible employees may elect to tender any or all of their Eligible Options. However, if an eligible employee elects to tender any shares subject to a particular Eligible Option in the Exchange Program, then the eligible employee must tender all shares subject to that particular Eligible Option.

Term and Vesting of New Options

None of the new stock options issued in the Exchange Program will be vested on the date of grant, but will become vested on the basis of the participating employee's continued services with us or any or our subsidiaries. All new stock options will be subject to a three year vesting schedule. The rate at which the new stock options will vest be as follows:

1/3 of the new stock option will vest on the one year anniversary of the exchange date; and

2/3 of the new stock option will vest over the next two years in equal monthly installments thereafter on the monthly anniversary of the exchange date.

Each new stock option will have a new term equal to the longer of five years or the original term of the Eligible Option it replaces, subject to earlier termination in the event of the employee's termination of employment with us or one of our subsidiaries.

Terms of New Options

Each new stock option issued in the Exchange Program will represent a right to purchase shares of our Common Stock on a specified future date at the fair market value of our Common Stock on the date of issuance. All new options granted pursuant to the Exchange Program will retain the status as the Eligible Option it replaces to the extent permissible under the law (e.g., if an Eligible Option was intended to be an incentive stock option within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended, then the new option will be an incentive stock option to the extent permissible under the law). Except for the different exercise price, the vesting schedule described above, and the new term described above, all other terms and conditions of the new stock options issued in the Exchange Program will be substantially the same as those that apply to Eligible Options granted previously, except that prior grants made from equity plans other the Incentive Plan, if any, will now be governed by the terms and conditions of the Incentive Plan.

Terms of the Exchange Program

While the terms of the Exchange Program are expected to be materially similar to the terms described in this proposal, we may find it necessary or appropriate to change the terms of the exchange program to take into account our administrative needs, local law requirements, accounting rules, company policy

decisions that make it appropriate to change the exchange program and the like. For instance, although we will not allow stock options below an exercise price which is at least $14.50, we may decide to exclude stock options granted below a higher price-point. As another example, we may alter the method of determining exchange ratios if we decide that there is a more efficient and appropriate way to set the ratios while still continuing to limit incremental compensation expense.

It is also possible that certain terms of the Exchange Program may need to be modified in countries outside the United States in order to comply with local requirements, or for tax, accounting or administrative reasons and/or that the exchange program may not be implemented in certain jurisdictions outside the United States if local law, expense, complexity, administrative burden or similar considerations would make it illegal, infeasible or impractical to do so. Additionally, we may decide not to implement the Exchange Program even if stockholder approval of the exchange program is obtained or may amend or terminate the exchange program once it is in progress if our stock price increases significantly or other factors that may render the Exchange Program detrimental to the Company and the long term interests of the stockholders. The final terms of the Exchange Program will be described in an offer to exchange that will be filed with the SEC. Although we do not anticipate that the staff of the SEC will require us to materially modify the terms of the exchange program, it is possible that we may need to alter the terms of the Exchange Program to comply with comments from the staff.

U.S. Tax Consequences

The following is a summary of the anticipated material United States federal income tax consequences of participating in the Exchange Program. A more detailed summary of the applicable tax considerations to participants will be provided in the offer to exchange. The tax consequences of the program are not entirely certain, however, and the Internal Revenue Service is not precluded from adopting a contrary position, and the law and regulations themselves are subject to change. We believe the exchange of Eligible Options for new options pursuant to the program should be treated as a non-taxable exchange and neither we nor any of our eligible employees should recognize any income for U.S. federal income tax purposes upon the surrender of eligible options and the grant of new options. If the option Exchange Program is open for 30 days or more, Eligible Options that were intended to be incentive stock options will be considered "modified," which will result in a deemed re-grant of the Eligible Option, whether or not they were exchanged. This would mean that for purposes of the incentive stock option rules the holding period measured from the date of grant would restart and the option holder would not receive any credit for the time from the original grant date of the eligible option.

Financial Accounting Consequences

We account for stock-based compensation in accordance with ASC 718. Under ASC 718, to the extent the fair value of each award of stock options granted pursuant to the option exchange program exceeds the fair value of the surrendered options at the modification date, such excess is considered incremental compensation. This excess, in addition to any remaining unrecognized expense for the Eligible Options surrendered in exchange for the new options, will be recognized by us as an expense for compensation. This expense will be recognized ratably over the vesting period of the new options in accordance with the requirements of ASC 718. In the event that any awards of new options are forfeited prior to their vesting due to termination of an employee's service, the compensation cost related to the forfeited stock options will not be recognized.

Impact of Exchange Program on our Stockholders

We are unable to predict the precise impact of the Exchange Program on our stockholders because we are unable to predict how many or which employees will exchange their Eligible Options. The Exchange Program is intended to restore competitive and appropriate equity incentives for our eligible employees, reduce our existing overhang and recapture value for compensation expense already being incurred.

PROPOSAL SIX:
RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has appointed PricewaterhouseCoopers LLP as the independent registered public accounting firm to Rambus to audit our consolidated financial statements for the fiscal year ending December 31, 2012.

Although ratification by stockholders is not required by law, the Audit Committee has conditioned its appointment of the independent registered public accounting firm upon the receipt of the affirmative vote of a majority of the votes duly cast at the Annual Meeting.

Notwithstanding its selection, the Audit Committee, in its discretion, may hire a new independent registered public accounting firm at any time during the year if the Audit Committee believes that such a change would be in the best interest of Rambus and its stockholders.

Our History with PricewaterhouseCoopers

PricewaterhouseCoopers LLP (or its predecessor, Coopers & Lybrand L.L.P.) has audited our financial statements since 1991. Representatives of PricewaterhouseCoopers LLP may be present at the Annual Meeting to respond to appropriate questions and to make a statement if they so desire.

Principal Accountant Fees and Services

The aggregate fees billed for professional accounting services by PricewaterhouseCoopers LLP for the fiscal years ended December 31, 2011, and December 31, 2010 are as follows:

	Fiscal Year Ended December 31, 2011	Fiscal Year Ended December 31, 2010
Audit Fees (1)	$ 1,287,153	$ 1,123,581
Audit-Related Fees (2)	$ 567,900	$ --
Tax Fees (3)	$ 71,116	$ 49,507
All Other Fees (4)	$ 2,807	$ 3,000
Total Fees	$ 1,928,976	$ 1,176,088

(1) Audit Fees consist of fees for PricewaterhouseCoopers LLP's professional services rendered for the audit of the Company's consolidated annual financial statements and review of the interim consolidated financial statements included in quarterly reports. Fees relating to professional services rendered for the audits of the effectiveness of internal control over financial reporting in fiscal 2011 and 2010 are included under "Audit Fees."
(2) Audit-Related Fees consist of fees related to financial accounting and reporting standards related to acquisitions and work related to eXtensible Business Reporting Language ("XBRL").
(3) Tax Fees primarily relate to tax studies, statutory tax compliance and technical tax advice in both years presented.
(4) All Other Fees consist of fees for products and services other than the services described above. During fiscal 2011 and fiscal 2010, these fees related to a license to PricewaterhouseCoopers LLP's online accounting and auditing research tool and disclosure checklist.

Policy on Audit Committee Pre-Approval of Audit and the Permissible Non-Audit Services of Independent Registered Public Accounting Firm

The Audit Committee's policy is to pre-approve 100% of all audit and permissible non-audit services provided by the independent registered public accounting firm. These services may include audit services, audit-related services, tax services and other services. Pre-approval is generally provided for up to one year and any pre-approval is detailed as to the particular service or category of services and is generally subject to a specific budget. The independent registered public accounting firm and management are required to periodically report to the Audit Committee regarding the extent of services provided by the independent registered public accounting firm in accordance with this pre-approval, and the fees for the services performed to date. The Audit Committee may also pre-approve particular services on a case-by-case basis.

Independence of PricewaterhouseCoopers LLP

The Audit Committee has determined that the accounting advice and tax services provided by PricewaterhouseCoopers LLP are compatible with maintaining PricewaterhouseCoopers LLP's independence.

Vote Required

The affirmative vote of a majority of the shares present and entitled to vote at the Annual Meeting will be required to ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm.

The Board unanimously recommends that you vote "FOR" the ratification of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2012.

EQUITY COMPENSATION PLAN INFORMATION

The following table provides information as of December 31, 2011 with respect to the shares of our Common Stock that may be issued under our existing equity compensation plans.

	A	B	C
Plan Category	**Number of Securities to be Issued Upon Exercise of Outstanding Awards, Options, Warrants and Rights**	**Weighted-Average Exercise Price of Outstanding Awards, Options, Warrants and Rights**	**Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (Excluding Securities Reflected in Column A)**
Equity Compensation Plans Approved by Security Holders (1)…………………	14,815,755	$18.37	3,126,840
Equity Compensation Plans Not Approved by Security Holders (2)…………….	535,351	$29.00	—
Total………………………………………………………………………………	15,351,106	$18.75	3,126,840

(1) Data reflects our 1997 Stock Plan (the "1997 Plan"), Incentive Plan and Purchase Plan.

Our Incentive Plan was approved by our stockholders at our 2006 annual meeting, an increase to the 2006 Plan was approved at our 2009 annual meeting and we have submitted a further increase to the Incentive Plan in connection with this annual meeting. Under the Incentive Plan as approved, a total of 14,900,000 shares of our Common Stock were reserved for issuance prior to this meeting. The Purchase Plan was approved by our stockholders at our 2006 annual meeting and we have submitted a further increase to the Purchase Plan in connection with this annual meeting. Under the Purchase Plan as approved, a total of 1,600,000 shares of our Common Stock were reserved for purchase prior to this meeting.

As a result of the stockholder approval of our 2006 Plan, we terminated the 1997 Plan so that, as of the date of termination, no further awards have been or will be made thereunder, but the plan will continue to govern outstanding awards granted under that plan.

(2) Data reflects our 1999 Nonstatutory Stock Option Plan described below.

1999 Nonstatutory Stock Option Plan

The 1999 Nonstatutory Stock Option Plan is our only equity compensation plan that was not approved by our stockholders. As a result of the stockholder approval of our 2006 Plan, we terminated the 1999 Nonstatutory Stock Option Plan so that, as of the date of termination, no further awards have been or will be made thereunder, but the plan will continue to govern outstanding awards granted under that plan.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Under the proxy rules of the SEC, a person who directly or indirectly has or shares voting power or investment power with respect to a security is considered a beneficial owner of the security. Voting power is the power to vote or direct the voting of shares, and investment power is the power to dispose of or direct the disposition of shares. Shares as to which voting power or investment power may be acquired within 60 days are also considered as beneficially owned under the proxy rules.

The following table sets forth certain information as of March 1, 2012, regarding beneficial ownership of our Common Stock by: (i) each person who is known to us to own beneficially more than five percent of our Common Stock; (ii) each of our current directors; (iii) each of the named executive officers in the Summary Compensation Table of this annual report; and (iv) the total for our current directors and current executive officers as a group. The information on beneficial ownership in the table and the footnotes is based upon our records and the most recent Schedule 13D or 13G filed by each such person or entity and information supplied to us by such person or entity. Unless otherwise indicated, each person has sole voting power and sole investment power with respect to all shares beneficially owned, subject to community property laws where applicable. Shares subject to options which are exercisable within 60 days of March 1, 2012 are deemed to be outstanding and to be beneficially owned by the person holding such options for the purpose of computing the percentage ownership of such person, but are not deemed to be outstanding and to be beneficially owned for the purpose of computing the percentage ownership of any other person.

Name or Group of Beneficial Owners	Number of Shares Beneficially Owned	Options Exercisable in 60 days	Percentage of Shares Beneficially Owned (1)
FMR LLC (2)……… 82 Devonshire Street Boston, MA 02109	14,892,500	—	13.5%
PRIMECAP Manangement Company (3)……… 225 South Lake Ave., #400 Pasadena, CA 91101	10,600,762	—	9.6%
Harold Hughes………	1,158,321	1,014,108	1.0%
Satish Rishi (4)………	521,715	400,942	*
Thomas Lavelle………	295,235	275,578	*
Sharon E. Holt………	513,702	469,976	*
Martin Scott………	316,900	273,776	*
J. Thomas Bentley (5)………	140,001	92,917	*
Sunlin Chou (6)………	110,001	80,000	*
P. Michael Farmwald (7)………	2,458,237	100,000	2.2%
Penelope A. Herscher (8)………	74,187	60,000	*
David Shrigley………	90,001	60,000	*
Abraham Sofaer………	123,763	80,000	*
Eric Stang (9)………	59,501	37,500	*
All current directors and executive officers as a group (14 persons)………	6,238,791	3,302,560	5.5%
Shares Outstanding as of March 1, 2012………			**110,402,025**

*   (Less than 1%)

(1) Percentage of shares beneficially owned is based on 110,402,025 shares outstanding as of March 1, 2012.

(2) As reported on Schedule 13G/A on February 14, 2012. The Schedule 13G/A was filed jointly on behalf of FMR LLC, Edward C. Johnson 3d, Fidelity Management & Research company and Fidelity Growth Company Fund in connection with the beneficial ownership for the Common Stock of Rambus Inc.

(3) As reported on Schedule 13G/A on February 13, 2012.

(4) Includes 1,400 shares held in custodial accounts for which Mr. Rishi serves as custodian.

(5) Includes 40,001 shares held in trust for which Mr. Bentley serves as a trustee.

(6) Includes 30,001 shares held in trust for which Dr. Chou serves as a trustee.

(7) Includes 2,204,327 shares pledged as collateral on a margin account with a brokerage firm.

(8) Includes 14,187 shares held in trust for which Ms. Herscher serves as a trustee.

(9) Includes 22,001 shares held in trust for which Mr. Stang serves as a trustee.

EXECUTIVE OFFICERS OF THE COMPANY

Information regarding our executive officers and their ages and positions as of March 1, 2012, is contained in the table below. Our executive officers are appointed by, and serve at the discretion of, our Board of Directors. There is no family relationship between any of our executive officers.

Sharon E. Holt...................................	47	Senior Vice President, GM Semiconductor Business Group. Ms. Holt has served as our Senior Vice President, GM Semiconductor Business Group (formerly titled Senior Vice President, Licensing and Marketing and Senior Vice President, Worldwide Sales, Licensing and Marketing) since joining us in August 2004. From November 1999 to July 2004, Ms. Holt held various positions at Agilent Technologies, Inc., an electronics instruments and controls company, most recently as vice president and general manager, Americas Field Operations, Semiconductor Products Group. Prior to Agilent Technologies, Inc., Ms. Holt held various engineering, marketing, and sales management positions at Hewlett-Packard Company, a hardware manufacturer. Ms. Holt holds a B.S. in Electrical Engineering, with a minor in Mathematics, from the Virginia Polytechnic Institute and State University.
Harold Hughes	66	Chief Executive Officer and President. Mr. Hughes has served as our chief executive officer and president since January 2005 and as a director since June 2003. He served as a United States Army Officer from 1969 to 1972 before starting his private sector career with Intel Corporation. Mr. Hughes held a variety of positions within Intel Corporation from 1974 to 1997, including treasurer, vice president of Intel Capital, chief financial officer, and vice president of Planning and Logistics. Following his tenure at Intel, Mr. Hughes was the chairman and chief executive officer of Pandesic, LLC. He holds a B.A. from the University of Wisconsin and an M.B.A. from the University of Michigan. He also serves as a director of Berkeley Technology, Ltd. and a private company.
Thomas R. Lavelle	61	Senior Vice President and General Counsel. Mr. Lavelle has served in his current position since December 2006. Previous to that, Mr. Lavelle served as vice president and general counsel at Xilinx, one of the world's leading suppliers of programmable chips. Mr. Lavelle joined Xilinx in 1999 after spending more than 15 years at Intel Corporation where he held various positions in the legal department. Mr. Lavelle earned a J.D. from Santa Clara University School of Law and a B.A. from the University of California at Los Angeles.
Christopher M. Pickett	45	Senior Vice President, Licensing. Mr. Pickett has served in his current position since September 2010. Previous to that,

		Mr. Pickett served as our senior vice president, Licensing, Lighting Technology since joining us in December 2009. Prior to Rambus, he was the president of the Licensing Division and general counsel at Global Lighting Technologies, Inc. where he helped to launch the strategy and develop the business plan for separating R&D/IP assets from Global Lighting Technologies, Inc.'s manufacturing company. Prior to Global Lighting Technologies, Mr. Pickett worked for almost 13 years at Tessera Technologies, Inc. where he defined and implemented its licensing business. His last position at Tessera was executive vice president of Licensing and, earlier on, he served as general counsel. Prior to Tessera, Mr. Pickett worked at several San Jose based patent law firms. Mr. Pickett is a member of the California Bar and the U.S. Patent Bar. He received a bachelor of science degree in Electrical Engineering from California Polytechnic State University, San Luis Obispo and a J.D. from the University of San Francisco.
Satish Rishi	52	Senior Vice President, Finance and Chief Financial Officer. Mr. Rishi joined us in his current position in April 2006. Prior to joining us, Mr. Rishi held the position of executive vice president of Finance and chief financial officer of Toppan Photomasks, Inc., (formerly DuPont Photomasks, Inc.) one of the world's leading photomask providers, from November 2001 to April 2006. During his 25-year career, Mr. Rishi has held senior financial management positions at semiconductor and electronic manufacturing companies. He served as vice president and assistant treasurer at Dell Inc. Prior to Dell, Mr. Rishi spent 13 years at Intel Corporation, where he held financial management positions both in the United States and overseas, including assistant treasurer. Mr. Rishi holds a B.S. with honors in Mechanical Engineering from Delhi University in Delhi, India and an M.B.A. from the University of California at Berkeley's Haas School of Business. He also serves as a director of Measurement Specialties, Inc.
Michael Schroeder	52	Senior Vice President, Human Resources. Mr. Schroeder has served as our senior vice president, Human Resources since January 2011 and as our vice president, Human Resources since joining us in June 2004. From April 2003 to May 2004, Mr. Schroeder was vice president, Human Resources at DigitalThink, Inc., an online service company. From August 2000 to August 2002, Mr. Schroeder served as vice president, Human Resources at Alphablox Corporation, a software company. From August 1992 to August 2000, Mr. Schroeder held various positions at Synopsys, Inc., a software and programming company, including vice president, California Site Human Resources, group director Human Resources, director Human Resources and

		employment manager. Mr. Schroeder attended the University of Wisconsin, Milwaukee and studied Russian.
Martin Scott, Ph.D.	56	Senior Vice President, GM New Business Group. Dr. Scott has served in his current position (formerly titled Senior Vice President, Research and Technology Development) since December 2006. Dr. Scott joined us from PMC-Sierra, Inc., a provider of broadband communications and storage integrated circuits, where he was most recently vice president and general manager of its Microprocessor Products Division from March 2006. Dr. Scott was the vice president and general manager for the I/O Solutions Division (which was purchased by PMC-Sierra) of Avago Technologies Limited, an analog and mixed signal semiconductor components and subsystem company, from October 2005 to March 2006. Dr. Scott held various positions at Agilent Technologies, including as vice president and general manager for the I/O Solutions division from October 2004 to October 2005, when the division was purchased by Avago Technologies, vice president and general manager of the ASSP Division from March 2002 until October 2004, and, before that, Network Products operation manager. Dr. Scott started his career in 1981 as a member of the technical staff at Hewlett Packard Laboratories and held various management positions at Hewlett Packard and was appointed ASIC business unit manager in 1998. He earned a B.S. from Rice University and holds both an M.S. and Ph.D. from Stanford University.

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION & ANALYSIS

This Compensation Discussion and Analysis describes our compensation policies, programs, and pay actions for our Named Executive Officers (“NEOs”) as identified in the Summary Compensation Table.

We have organized this report as follows:

1. Executive summary that includes discussion our business performance and the key factors in our 2011 NEO compensation, which are described in more detail in this report
2. Assessment of pay-for-performance
3. NEO compensation process
4. Tools used in the compensation-setting process
5. Components of NEO compensation
6. Other policies and elements of NEO compensation

EXECUTIVE SUMMARY

2011 Business Performance

2011 was a mixed year for Rambus. The continued execution of our diversification strategy and strong results in ongoing business initiatives were offset by adverse decisions by the Court of Appeals for the Federal Circuit in May 2011 and in the San Francisco Superior Court of the State of California in November 2011. While our recurring revenues and pace of signing licensees improved during the year, the adverse verdict in the price-fixing case caused our share price to drop significantly. Going forward, our intent is to continue to sign meaningful licenses and to increase the number of and pace at which we sign them. We expect to see results from our diversification strategy, with new licensees in newer areas, and exhibit continued positive momentum in fulfilling our mission of licensing our world-class patent portfolio and providing technology solutions that enrich the end-user experience of electronic systems.

Our 2011 business highlights included:

$312.4 million in annual revenue.

Semiconductors: We signed or re-signed a number of key patent license agreements during the year, including Toshiba, Panasonic, Freescale and Broadcom.

Lighting and Display: GE Lighting demonstrated prototypes of energy-efficient fixtures based on our lighting innovations.

Cryptography: We acquired Cryptography Research Inc., (CRI) in June 2011. Our CRI team signed license agreements with a major smartphone and tablet manufacturer, Verimatrix, CPU Tech and Mikron, and partnership agreements with INVIA and Keirex.

We grew our patent portfolio by more than 20%. At year-end, we had 1,386 patents and 1,059 pending applications.

2011 NEO Compensation Highlights

We believe that our NEO compensation is appropriately sensitive to company financial performance, individual performance and long-term shareholder returns. A more complete discussion of pay and performance alignment begins after this Executive Summary.

2011 total NEO compensation declined 48% for our CEO, and 39%-41% for the other NEOs from 2010. These declines are calculated on a grant date fair value basis, and do not align with the Summary Compensation Table due to the timing of year-end equity awards and the disclosure requirements.

Annual incentive compensation was earned at approximately 170% of target, based on exceeding our Adjusted EBITDA (AEBITDA) target as defined below.

The grant date value of 2011 NEO equity awards was more than 55% lower than 2010 awards. These awards were granted in February 2012.

The realizable value of cumulative equity awards made to our CEO in the 5-year period since 2007 declined by $3.6 million in 2011. Since 2007, our CEO has received option, performance share unit, and restricted share unit awards with a cumulative grant-date fair value of $10.2 million. As of December 31, 2011, the realizable value of these awards was $0.9 million.

2011 Say-on-Pay Vote

The advisory vote on NEO compensation at our 2011 annual meeting received 86% favorable votes from our shareholders. The Compensation Committee believes that this result generally affirmed shareholder support of the Company's approach to NEO compensation.

The Compensation Committee is committed to ensuring that the compensation programs for which they are responsible are consistent with the company's pay for performance policy, and delivers appropriate results given performance and business conditions. Shareholder feedback through this advisory vote will remain an important input into the Compensation Committee's work on compensation design and disclosure.

Changes to Compensation Programs in 2011

Several changes were made to NEO compensation programs based on the business highlights noted above and feedback around specific elements to the compensation program from shareholders and their advisory groups.

All employees, including the NEOs, were eligible for special payouts in addition to the regular annual cash incentive opportunity. Such a payout was earned in 2010 but not in 2011. The maximum annual incentive award in 2011 is 200% of each NEOs target amount.

We clarified the manner in which we use competitive market information for NEO benchmarking. Previously, we had a stated policy of targeting median for base salary and 75th percentile for target cash compensation and long-term incentives. Upon further analysis, the Compensation Committee concluded that this rigid policy does not reflect how the information is actually used.

- A stated percentile positioning does not reflect differences in individual NEO responsibilities at Rambus compared to available benchmarks and does not reflect how equity award decisions are made.
- Benchmarking information at the median and 75th percentile is still considered by the Compensation Committee, but actual decisions about total compensation, particularly equity compensation, are based on a complete assessment, including individual and company performance.
- In 2011, annual cash compensation (salary plus annual cash incentive) was closer to the market 75th percentile, and equity incentive awards granted in February 2012 (reflecting 2011 total compensation) were well below the 75th percentile market reference points.

We enhanced our proxy disclosure to increase transparency and ensure a comprehensive understanding of our compensation programs.

Compensation-Related Shareholder Proposals (See specific proposals for additional details)

2006 Equity Incentive Plan Amendment (Proposal 3): We are requesting that our shareholders authorize an additional 6,500,000 shares to be used for equity awards to employees and directors. This is a regularly-scheduled request based on our practice of granting equity as a portion of annual compensation to eligible employees. Our annual dilution from equity awards is well below peer median levels (see History Annual Burn Rate on page 69). We will continue to use the equity authorized for compensation purposes in a responsible manner.

Option Exchange Program (Proposal 5): We believe that our market value has been recalibrated with the removal of speculative activity in our stock based on certain litigation outcomes in the past year. A significant majority of employee options outstanding have exercise prices well above the current market price of our common stock, and provide little retention or incentive value. As a technology company that relies on innovations, employees are our single biggest asset and retaining and attracting employees is key to the long term success of our Company. We are proposing an option exchange program to replace existing far-out-of-the-money options with a much lower number of at-the-money options to provide incentives to maintain and continue our current business momentum. We have proposed a program that we believe is fair to shareholders as well as beneficial to our employees.

Under the proposed program:

- NEOs, senior executives, and Board of Directors are not eligible to participate.
- In aggregate, the fair value of the exchanged options will be approximately equal to the fair value of the new options (i.e., “value for value”), resulting in fewer options outstanding.
- Only options with a strike price higher than $14.50 will be eligible for exchange.
- New options will vest over three years, encouraging retention.

– Options tendered in the exchange will be canceled and will not be reissued.

Compensation and Governance Practices

The Compensation Committee reviews compensation programs annually to determine whether or not they encourage excessive or unnecessary risk-taking. Their current assessment is that our compensation programs do not encourage excessive or unnecessary risk taking.

We do not provide cash payments upon termination or change-in-control to our NEOs. Outstanding equity awards may vest upon a "double-trigger" termination in the event of a change-in-control.

We do not provide perquisites or tax gross-ups to any of our executive officers.

We have stock ownership guidelines for VPs and above. All of our NEOs meet these guidelines as of December 31, 2011.

We have no employment agreements or multi-year compensation guarantees for any of our NEOs.

Our annual dilution from equity compensation has been below the 25th percentile of our Compensation Peer Group in each of the last four years.

All employees are prohibited from engaging in hedging transactions in Rambus shares.

The Compensation Committee reserves the right to reduce or withhold future compensation based on any required restatement or adjustment, and to determine the extent to which recovery of prior compensation may be pursued in the event of future adjustments caused by fraud on the part of an executive of Rambus. The Compensation Committee will adopt a policy that complies with the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act when such rules are promulgated.

PAY-FOR-PERFORMANCE OVERVIEW

Our NEO compensation program closely links compensation to company financial performance and individual performance through annual cash incentives, and the creation of long-term stockholder value through option and restricted stock unit ("RSU") awards. More than 60% of total compensation for our NEOs during 2011 was subject to future performance by the Company and the individual NEO based on the alternative executive compensation approach discussed below. Additional information about the NEO compensation-setting process and the components of NEO pay are addressed in later sections of the CD&A.

Total Compensation: Opportunity Aligned with Shareholder Experience

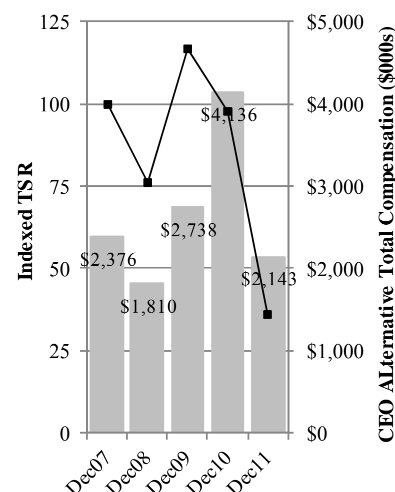
We grant equity awards in February of each year that are based on prior year company and individual performance. For example, equity awarded in February 2012 is considered a piece of 2011 total compensation by the Compensation Committee. Summary Compensation Table reporting requires that awards are reported in the fiscal year in which grants are made. For example, equity awarded in February 2012 as part of the 2011 compensation decision does not show up in the proxy tables until the following year. As such, any assessments of the pay for performance relationship based on values disclosed in the Summary Compensation Table are inconsistent with factors influencing Compensation Committee decisions.

The table below provides an alternative to the Summary Compensation Table, and is consistent with how decisions are made by the Compensation Committee. Specifically, long-term incentive awards in

February of each year are attributed to the prior fiscal year. When presented on this basis, the correlation between pay and performance for NEOs is apparent.

Annual Executive Compensation - Alternative Approach

Executive	Year	Base Salary	Cash Bonus [1]	Grant Value [2] RSUs	Grant Value [2] Options	Alternative Total Compensation
Harold Hughes	2011	$498	$857	$241	$547	**$2,143**
	2010	$480	$1,578	$670	$1,408	**$4,136**
	2009	$477	$143	$636	$1,482	**$2,738**
	2008	$440	$242	$291	$837	**$1,810**
	2007	$416	$168	$1,430	$362	**$2,376**
Satish Rishi	2011	$325	$458	$44	$184	**$1,011**
	2010	$325	$789	$167	$379	**$1,660**
	2009	$324	$72	$182	$420	**$998**
Thomas R. Lavelle	2011	$325	$510	$44	$184	**$1,063**
	2010	$325	$904	$167	$379	**$1,775**
	2009	$324	$83	$227	$459	**$1,093**
Sharon E. Holt	2011	$325	$516	$51	$204	**$1,096**
	2010	$320	$904	$209	$433	**$1,866**
	2009	$319	$80	$227	$446	**$1,072**
Martin Scott	2011	$325	$464	$51	$204	**$1,044**
	2010	$320	$789	$209	$433	**$1,751**
	2009	$318	$72	$182	$420	**$992**



1 Cash incentive earned for fiscal year performance under the Corporate Incentive Plan (CIP).

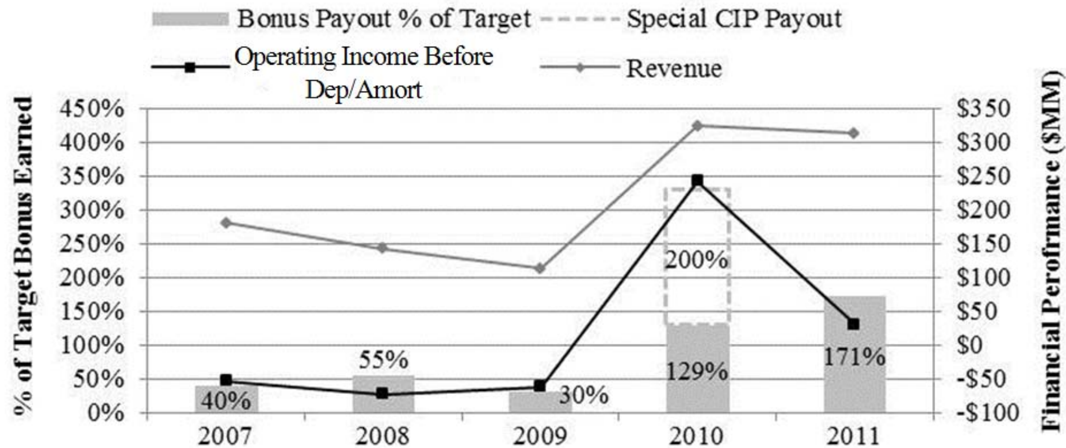
2 Reflects RSUs and options granted in the February following the fiscal year for which the awards are representative. Equity awards are valued on a fair value basis using the closing share price on the date of grant. Option values for 2011 are estimates. Actual 2011 option values may be different.

Based on the above table, 2011 total NEO compensation declined 48% for our CEO, and 39%-41% for the other NEOs from 2010.

Annual Incentive Payouts: Aligned with Financial Performance

We measure our annual financial performance using Adjusted EBITDA (described in more detail in the "NEO Compensation Components" section), a non-GAAP measure that we think is the best indicator of success in our core businesses and our ability to continue to drive long-term value creation and continued growth in the future.

2011 NEO annual incentive payouts were approximately 170% of target. Over the past 5 years, we observe that the annual cash incentive payouts have been well-aligned with our GAAP revenue and GAAP operating income. The chart below illustrates the alignment of annual GAAP performance and annual incentive payouts for our CEO from 2007-2011.

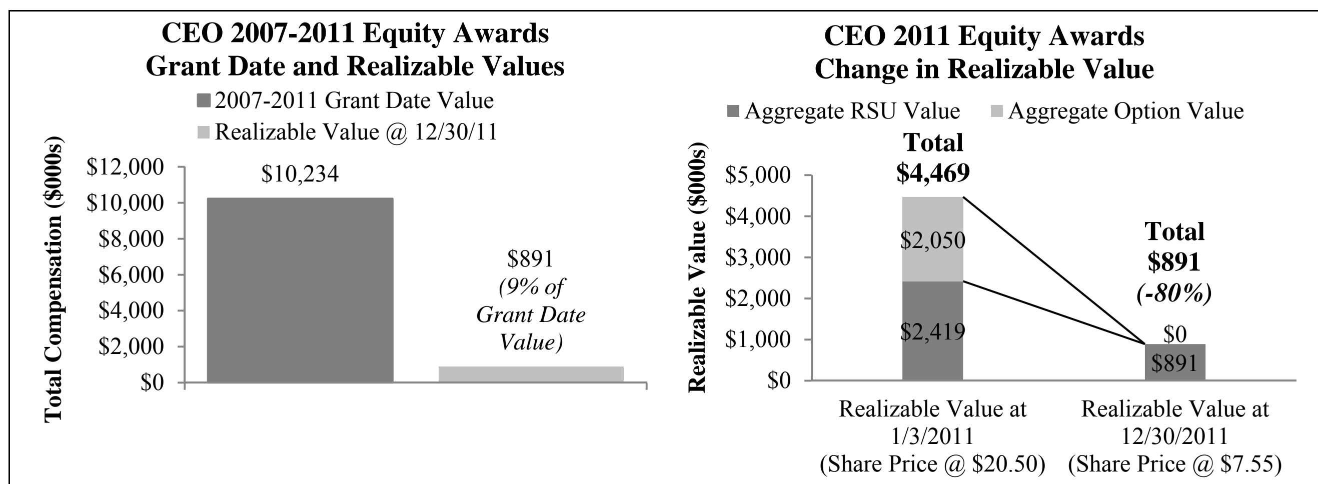


Realizable Value of Equity: Aligned with Shareholder Experience

Our stock price declined substantially in 2011, despite strong momentum and performance in our ongoing business. We believe that our compensation program for senior executives, including our NEOs, is appropriately sensitive to these results. NEO equity awards for 2011 (granted in February 2012) were over 55% lower than 2010 awards (granted in February 2011).

Since the pay mix for our NEOs is heavily weighted towards equity, our NEOs experience similar changes in the realizable value of their awards as the share price changes. Realizable value is defined as the value of equity awards as of a given date after grant, rather than the value on the date of grant. Thus, to the extent we do not perform for our shareholders, our executives do not benefit from their equity compensation.

Because of the decline in our share price in 2011, the realizable value of equity awards made to our CEO in the 5-year period since 2007 declined by $3.6 million during 2011. Since 2007, our CEO has received option, performance share unit, and restricted share unit awards with a cumulative grant-date fair value of $10.2 million. As of December 31, 2011, the realizable value of these awards was $0.9 million.



NEO COMPENSATION PROCESS

The Role of the Compensation Committee

The Compensation Committee is responsible for determining and approving CEO compensation, approving compensation recommendations for executive officers and other senior executives, recommending to the board changes to the non-employee director compensation program, and approving the overall levels of equity to be granted each year, among other duties expressed it its charter. In performing these duties, the Compensation Committee evaluates the performance of the CEO and other senior executives, and reviews and evaluates the existing compensation programs. The Compensation Committee does not delegate authority to management for executive compensation decisions.

The Use of Independent Compensation Consultants

The Compensation Committee has the authority to obtain advice and assistance from internal or external compensation consultant, attorney, accountant, or other advisers. The Compensation Committee has the authority to retain and terminate any adviser, as well as the authority to approve the fees, terms and conditions of any such engagement.

The Compensation Committee uses Semler Brossy Consulting Group, LLC (SBCG) to assist in evaluating executive and director compensation. SBCG reports directly to the Compensation Committee, and works collaboratively with management and the Chairperson of the Compensation Committee. The Compensation Committee has directed SBCG to regularly provide independent advice on a number of topics, including current trends in executive compensation design, overall levels of compensation, the merits of using particular forms of compensation, the relative weighting of different compensation elements, and the value of particular performance measures on which to base compensation for all the NEOs. SBCG also prepares specific material and analyses for the Compensation Committee on CEO compensation. SBCG has not performed, and does not currently have any other consulting engagements with management, or the Company. The Compensation Committee evaluates the services provided by SBCG on an annual basis.

The Role of Management

The CEO and Senior Vice President of Human Resources present annual performance reviews and compensation recommendations for the senior executives (excluding the CEO) for which the Compensation Committee has responsibility. Management personnel also provides support and assistance to the Compensation Committee by working with the Compensation Committee's independent consultant, compiling third party reports on compensation data, analyzing peer group data and providing other related compensation information and assessments.

TOOLS USED IN THE COMPENSATION-SETTING PROCESS

Peer Group Comparisons

The Compensation Committee analyzes market compensation levels of executives at comparable companies to determine whether the total compensation opportunity available to our NEOs is appropriate and competitive, and consistent with the Company's compensation philosophy and objectives. Each year, SBCG, together with senior members of our Human Resources department, defines and assesses the appropriateness of a group of similarly situated companies for purposes of this comparison, referred to as the Compensation Peer Group. The Compensation Committee reviews the Compensation Peer Group as recommended by management and SBCG, and then approves this group for use in the evaluation of NEO compensation as discussed below.

The 2011 Compensation Peer Group consisted of 18 companies selected based on a number of key attributes, including revenue, technological complexity, industry and business characteristics, market capitalization and number of employees.

Altera Corporation	FormFactor, Inc.	RF Micro Devices, Inc.
Applied Micro Circuits Corporation	Integrated Device Technology, Inc.	Semtech Corporation
Cavium Networks, Inc.	InterDigital, Inc.	Silicon Image, Inc.
Cree, Inc.	MIPS Technologies, Inc.	Silicon Laboratories Inc.
Cymer, Inc.	OmniVision Technologies, Inc.	Synopsys, Inc.
DSP Group, Inc.	PMC-Sierra, Inc.	Tessera Technologies, Inc.

External Compensation Data

The Compensation Committee also reviewed data from the Radford Select Executive Compensation Report to supplement the publicly available Compensation Peer Group data. The Compensation Committee considered the information available in the Radford Select Executive Compensation Report to assist in establishing NEO compensation by considering industry and general best practices, benchmarks and marketplace trends and developments, but without reference to any specific compensation information for any individual company included in this report.

Individual Leadership and Performance Assessments

The Compensation Committee reviews comprehensive performance assessments of the senior executive team, and conducts a review of the CEO performance. This assessment includes pre-established strategic objectives and review of direct feedback from managers, peers and subordinates. The Compensation Committee also holds an annual joint meeting with the Corporate Governance/Nominating Committee to review and discuss Company leadership development, performance objectives and emergency and long-term succession planning.

Benchmarking Process

The Compensation Committee considers several external and internal factors to ensure that compensation packages are in line with our pay for performance philosophy and competitive in the market for talent. Market compensation levels and individual leadership and performance assessments as discussed in this section are important inputs into the decision-making process. Additional factors considered include job scope, individual skills/experience, relative importance of the individual’s role, internal pay equity, historical pay levels and equity holdings, and recent company performance.

The Compensation Committee reviews median and 75th percentile data as a meaningful input into the compensation setting process. We have historically had a stated policy of targeting median for base salary and 75th percentile for target cash compensation and long-term incentives. Upon further analysis of how this information is actually used, the Compensation Committee has determined to not promote a rigid policy about pay positioning for several reasons:

A stated percentile positioning does not reflect differences in individual NEO responsibilities at Rambus compared to available benchmarks and does not reflect how equity award decisions are made.

Actual decisions about equity compensation are based on a complete assessment of individual and company performance rather than benchmarking results.

For 2011, this resulted in annual cash compensation (salary plus annual cash incentive) that was closer to the market 75th percentile, and equity incentive awards granted in February 2012 (reflecting 2011 total compensation) were well below the 75th percentile market reference points for the NEOs. The Compensation Committee believes this result is appropriate.

NEO COMPENSATION COMPONENTS

Annual Base Salary

The Compensation Committee evaluates base salaries for the NEOs on an annual basis. The Compensation Committee considers a number of factors, including the NEO's salary history, current compensation levels, responsibilities, experience, individual and Company performance, and market information when determining and approving NEO salary increases.

In 2011, the Compensation Committee approved increases in the base salaries for Mr. Hughes, Ms. Holt and Dr. Scott. These increases were made to reflect strong individual performance as well as recent market trends.

2012 salary changes are outlined in the table below.

Annual Variable Cash Compensation —Corporate Incentive Plan (CIP)

The CIP provides cash incentives to NEOs based upon the achievement of specific levels of Company and individual performance. The CIP is used for all incentive-eligible employees at the Company. Target opportunity for NEOs under the 2011 CIP was based 70% on Company financial performance and 30% on specific predefined individual objectives, commonly referred to as MBOs.

The Compensation Committee approved increases in target annual cash incentives for all NEOs in 2011. These increases were made to reflect strong individual performance and recent market trends. Changing target annual cash incentives and leaving salary largely unchanged reflects the commitment to using performance-based compensation more heavily.

For 2012, the Compensation Committee approved increases in target annual cash incentives for all NEOs except the CEO. These increases were made in response to an assessment of internal pay equity practices as well as individual performance and contributions.

Changes in Target Cash Compensation

	Base Salary				Total CIP Target			
Executive	2010	2011	2012	2012 vs 2011 % Change	2010	2011	2012	2012 vs 2011 % Change
Harold Hughes	$ 480,000	$ 500,000	$ 500,000	0.0%	$ 480,000	$ 500,000	$ 500,000	0.0%
Satish Rishi	$ 325,000	$ 325,000	$ 325,000	0.0%	$ 240,000	$ 270,000	$ 280,000	+3.7%
Thomas R. Lavelle	$ 325,000	$ 325,000	$ 325,000	0.0%	$ 275,000	$ 300,000	$ 310,000	+3.3%
Sharon E. Holt	$ 320,000	$ 325,000	$ 335,000	+3.1%	$ 275,000	$ 300,000	$ 320,000	+6.7%
Martin Scott	$ 320,000	$ 325,000	$ 335,000	+3.1%	$ 240,000	$ 270,000	$ 310,000	+14.8%

Company Performance Component – 70%

We used Adjusted EBITDA (AEBITDA) for the Company performance component of the 2011 CIP[1]. AEBITDA is a non-GAAP measure that consists of GAAP EBITDA, excluding litigation expenses, stock-based compensation expense, previous stock-based compensation restatement and related legal expenses, retention bonuses and any CIP related expenses. One-time or extraordinary expense or income items may be excluded at the Compensation Committee's discretion. The Company believes that AEBITDA provides a meaningful measure of core financial performance and supports our short-term and long-term business objectives. 2011 threshold, target, and maximum AEBITDA for the CIP were as follows:

2011 Adjusted EBITDA Goals ($ in millions)

	Threshold	Target	Maximum
Adjusted EBITDA	$ 112.7	$ 141.7	$ 192.7
Pay out as % of Target	50%	100%	200%

Individual Performance Component – 30%

Each NEO must also achieve certain pre-determined strategic business goals in order to earn the MBO component of the CIP. MBOs ensure that our NEOs continue to deliver on individual operational objectives. MBOs are proposed by senior management personnel and approved annually by the Compensation Committee. The individual MBOs are measured on a quarterly basis.

The MBO component of the CIP is earned upon achievement and paid quarterly. Up to 125% of the MBO component can be earned regardless of financial performance. Above 125%, to a maximum of 200%, may be earned if AEBITDA performance exceeds target.

Individual MBOs tie directly to our overall operating plan objectives as approved by the Board of Directors annually. 2011 MBOs for NEOs were tied to one or more of the following strategic business objectives:

1. Continue to advance our memory technology and expand overall semiconductor position

2. Secure past and generate future revenue related to Dynamic Random Access Memory

3. Bring first general lighting customer to market and sign at least one other key brand

4. Maximize the quality and quantity of our inventions

5. Optimize licensing opportunities especially in areas with multiple Rambus technology innovations

6. Diversify into one or two major businesses beyond semiconductor and lighting and display

7. Develop organization and our people for rapid change and increasing complexity

[1] For 2010, the Company's performance component was measured and paid based on the achievement of adjusted pre-tax income ("APTI"). APTI consists of GAAP pre-tax income adjusted to exclude litigation expenses, certain acquisition related expenses, stock-based compensation expense, previous stock-based compensation restatement and related legal expenses, and any CIP related expenses. One time or any extraordinary expense or income items may also be excluded at the Compensation Committee's discretion.

2011 CIP Payouts

2011 AEBITDA was $177.4 million, above the annual target of $141.7 million. Resulting CIP payouts were approximately 170% of target for the NEOs, including the impact of individual MBO performance.

2011 CIP Payouts

Executive	Total CIP Target	Corporate Component Target	Corporate Component Achievement	MBO Component Target	MBO Component Achievement	Actual Total Bonus Paid	% of CIP Target
Harold Hughes	$ 500,000	$ 350,000	$ 595,000	$ 150,000	$ 261,693	$ 856,693	171.3%
Satish Rishi	$ 270,000	$ 189,000	$ 321,300	$ 81,000	$ 137,113	$ 458,413	169.8%
Thomas R. Lavelle	$ 300,000	$ 210,000	$ 357,000	$ 90,000	$ 153,000	$ 510,000	170.0%
Sharon E. Holt	$ 300,000	$ 210,000	$ 357,000	$ 90,000	$ 158,670	$ 515,670	171.9%
Martin Scott	$ 270,000	$ 189,000	$ 321,300	$ 81,000	$ 142,894	$ 464,194	171.9%

Additional CIP Opportunity – Strategic Objectives

Additional cash opportunity was available to all employees in 2011 based on the achievement of pre-determined strategic objectives, with payout levels and objectives approved by the Compensation Committee. The goals under this plan were not achieved in 2011 and no payouts were made. The Compensation Committee eliminated this plan for 2012.

We believe that the disclosure of the specific strategic objectives could result in significant competitive harm by revealing key elements of our business strategy. The objectives were based on the achievement of objective and quantifiable financial results. Each special strategic goal was tied to a defined event that was expected to significantly strengthen the Company's operating results and financial performance, positioning for future performance, and the ability to execute successfully on the licensing platform and business model.

For each of the two strategic goals, there were threshold, target, and maximum performance objectives that would have yielded 50%, 100%, and 200% of each NEO's annual CIP target, respectively. Payment of awards under this special strategic component of the 2011 CIP for our NEOs would have been made in equal installments in the two annual periods following achievement of the objectives.

Equity Compensation

The Compensation Committee reviews market information, external competitive circumstances, overall ownership and vesting schedules of existing equity held by the NEO, and each NEO's performance and contribution during the completed fiscal year to determine annual equity awards.

The Compensation Committee evaluates annually the structure of the equity compensation program, including the vehicles used and the allocation of stock options and restricted stock units to ensure that grants appropriately support our strategic and financial objectives.

NEO equity awards granted in February 2011 consisted of 75% in stock options and 25% in RSUs. The Compensation Committee believes this allocation appropriately balances incentives for growth in share price versus the retention encouraged by RSUs. Options granted in 2011 vest over 5 years and options granted in 2012 vest over 4 years. RSUs granted in 2011 and 2012 vest ratably over 4 years.

The Compensation Committee maintained the 75% option / 25% RSU allocation for the total value of the equity awards made in February 2012 for 2011 performance. 2012 grants reflected a decrease in grant-date fair value of over 55% versus 2011. In determining these grants, the Compensation Committee

considered a number of factors, consistent with the approach described above, including particular focus on the recent stock price decrease.

	February 2011 Equity Grants			February 2012 Equity Grants			% Change in
Executive	Number of Options	Number of RSUs	Grant-Date Fair Value	Number of Options	Number of RSUs	Grant-Date Fair Value	Grant Date Fair Value
Harold Hughes	130,000	32,000	$ 2,077,621	134,000	33,000	$ 787,950	-62.1%
Satish Rishi	35,000	8,000	$ 546,480	45,000	6,000	$ 227,460	-58.4%
Thomas R. Lavelle	35,000	8,000	$ 546,480	45,000	6,000	$ 227,460	-58.4%
Sharon E. Holt	40,000	10,000	$ 642,488	50,000	7,000	$ 255,170	-60.3%
Martin Scott	40,000	10,000	$ 642,488	50,000	7,000	$ 255,170	-60.3%

Aggregate Equity Usage

Our total equity usage rate[2] from compensation grants has been below the 25th percentile of our Compensation Peer Group in each of the last four years.

Historical Annual Burn Rate
(as a % of total shares outstanding)

	2008	2009	2010	2011
Rambus	2.8%	1.6%	2.2%	2.6%
Compensation Peer Group Median	4.6%	4.7%	4.3%	N/A

OTHER POLICIES AND ELEMENTS OF NEO COMPENSATION

Benefits

We do not provide any perquisites to NEOs that are not generally available to the broad employee population. This includes supplemental pension arrangements, post-retirement health coverage, or private aircraft benefits. Our NEOs are eligible to participate in our 401(k) plan, our health and welfare benefits, and our Employee Stock Purchase Plan on the same terms as other participating employees.

Stock Ownership Guidelines

Our senior executives are expected to accumulate and hold a minimum level of common stock throughout their tenure at Rambus. The required levels are 5x base salary for the CEO and 3x base salary for the other NEOs[3]. Executives have five years to achieve their required level of ownership from the date that they become covered by the policy. Elements that qualify towards ownership goals include shares owned outright, unvested restricted stock and restricted stock units, the intrinsic value of vested and unexercised stock options, and shares acquired under our Employee Stock Purchase Plan. As of December 31, 2011, all of our NEOs had met their ownership requirements.

Hedging

All employees are prohibited from engaging in hedging transactions in Rambus shares.

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[2] Equity usage rate is calculated by dividing (a) the sum of all equity awards granted and equity awards assumed (without taking into account cancellations) by (b) the total outstanding shares of common stock on the measurement date. A conversion factor of 1.5x is used for any full value awards, which would include any restricted stock awards or restricted stock units, when determining the sum of all equity awards granted for purposes of the calculation.

[3] Elements that will qualify towards ownership goals will include: the value of vested and unvested restricted stock and restricted stock units, vested and unexercised stock options, shares acquired under our Employee Stock Purchase Plan and any other shares of common stock owned outright.

Equity Grant Policy

Annual equity awards are granted on February 1st of each year. If February 1st is not a trading day, the grants become effective and are priced as of the next trading day. The number of shares and key award terms of awards to Section 16 officers are approved by the Compensation Committee prior to the February 1st award date.

Compensation Recovery

The Compensation Committee reserves the right to reduce or withhold future compensation based on any required restatement or adjustment, and to determine the extent to which recovery of prior compensation may be pursued in the event of future adjustments caused by fraud on the part of an executive of Rambus. The Compensation Committee will adopt a policy that complies with the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act when such rules are promulgated.

Tax Considerations

The Compensation Committee considers the potential future effects of Section 162(m) of the Internal Revenue Code of 1986, as amended, when determining NEO compensation. All of the stock options granted to our NEOs are intended to qualify under Section 162(m) as performance-based compensation. However, earned restricted stock units and annual variable cash awards paid to our NEOs under our current annual incentive plan may not be deductible as these awards may not qualify as "performance-based compensation" for purposes of Section 162(m). The Compensation Committee intends to continue evaluating all of our executive compensation and will qualify such compensation as performance based compensation under Section 162(m) to the extent applicable, and so long as the Compensation Committee determines that doing so is in the Company's best interests.

Compensation Program Risk Evaluation

The Compensation Committee reviewed the elements of named executive compensation to determine whether any portion of the overall program encouraged excessive risk taking. Following this assessment, the Compensation Committee believes that, although the majority of compensation provided to our named executive officers is performance-based, our compensation programs do not encourage excessive or unnecessary risk taking. We believe that the design of these compensation programs encourage our named executive officers to remain focused on both short-term and long-term strategic goals.

COMPENSATION COMMITTEE REPORT

Our Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with management and, based on such review and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this report.

THE COMPENSATION COMMITTEE

Penelope A. Herscher (Chairperson)
David Shrigley
Abraham D. Sofaer

EXECUTIVE COMPENSATION TABLES

Summary Compensation Table

The following table shows compensation information for 2009, 2010 and 2011 for the named executive officers.

Summary Compensation
For Fiscal Years 2009, 2010 and 2011

Name and Title	Year	Salary ($)	Stock Awards (1)($)	Option Awards (1)($)	Non-Equity Incentive Plan Compensation (2)($)	All Other Compensation (3)($)	Total ($)
Harold Hughes	2011	498,333	669,760	1,407,861	856,693	29,474	3,462,121
Chief Executive Officer and	2010	480,000	636,160	1,481,916	1,577,796	28,387	4,204,259
President	2009	476,667	290,700	837,236	143,399	26,007	1,774,009
Satish Rishi	2011	325,000	167,440	379,040	458,413	29,528	1,359,421
Senior Vice President, Finance	2010	325,000	181,760	419,658	788,898	28,387	1,743,703
and Chief Financial Officer	2009	324,437	88,031	256,150	72,000	24,348	764,966
Thomas R. Lavelle	2011	325,000	167,440	379,040	510,000	22,393	1,403,873
Senior Vice President and	2010	325,000	227,200	459,001	903,946	47,045	1,962,192
General Counsel	2009	323,917	88,031	256,150	82,500	20,068	770,666
Sharon E. Holt	2011	324,583	209,300	433,188	515,670	30,122	1,512,863
Senior Vice President, GM	2010	320,000	227,200	445,886	903,946	53,993	1,951,025
Semiconductor Business Group	2009	319,333	88,031	256,150	80,438	18,241	762,193
Martin Scott	2011	324,583	209,300	433,188	464,194	30,122	1,461,387
Senior Vice President, GM	2010	320,000	181,760	419,658	788,898	29,035	1,739,351
New Business Group	2009	318,467	88,031	256,150	72,000	24,996	759,644

(1) Amounts shown do not reflect compensation actually received by the named executive officer. Instead, the amounts shown are the aggregate grant date fair value computed in accordance with the provisions of FASB ASC Topic 718. The assumptions used to calculate the value of stock and stock option awards are set forth under Note 9 of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2011.

(2) Amounts for fiscal year 2011 consist of compensation earned for services rendered in fiscal year 2011 and are based upon the achievement of certain targets under the 2011 Corporate Incentive Plan targets. The target and achievement results were reviewed and approved by the Compensation Committee. The plan is further described under "Compensation Discussion & Analysis — Executive Compensation Components."

(3) In addition to any specific other compensation disclosed with respect to individual named executive officers, amounts reported in the "All Other Compensation" column for 2011 and previous years consist of matching contributions to the named executive officers' 401(k) accounts and premiums paid for health and welfare insurance policies.

Grants of Plan Based Awards

The following table shows all plan-based awards granted to the named executive officers during fiscal year 2011. The option awards and the unvested portion of the stock awards identified in the table below are also reported in the Outstanding Equity Awards at Fiscal 2011 Year-End Table that follows.

Grants of Plan Based Awards

Name	Grant Date	Approval Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (1) Threshold ($)	Target ($)	Maximum ($)	Estimated Future Payments Under Equity Incentive Plan Awards Threshold (#)	Target (#)	Maximum (#)	All Other Stock Awards; Number of Shares or Stock Units (2)(#)	All Other Option Awards; Number of Securities Underlying Options (3)(#)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock & Options Awards (4)($)
Harold Hughes………..	02/01/2011	01/20/2011	—	—	—	—	—	—	32,000	—	0.00	669,760
	02/01/2011	01/20/2011	—	—	—	—	—	—	—	130,000	20.93	1,407,861
	—	01/20/2011	250,000	500,000	3,000,000							
Satish Rishi……………	02/01/2011	01/20/2011	—	—	—	—	—	—	8,000	—	0.00	167,440
	02/01/2011	01/20/2011	—	—	—	—	—	—	—	35,000	20.93	379,040
	—	01/20/2011	135,000	270,000	1,620,000							
Thomas R. Lavelle……	02/01/2011	01/20/2011	—	—	—	—	—	—	8,000	—	0.00	167,440
	02/01/2011	01/20/2011	—	—	—	—	—	—	—	35,000	20.93	379,040
	—	01/20/2011	150,000	300,000	1,800,000							
Sharon E. Holt………..	02/01/2011	01/20/2011	—	—	—	—	—	—	10,000	—	0.00	209,300
	02/01/2011	01/20/2011	—	—	—	—	—	—	—	40,000	20.93	433,188
	—	01/20/2011	150,000	300,000	1,800,000							
Martin Scott…………..	02/01/2011	01/20/2011	—	—	—	—	—	—	10,000	—	0.00	209,300
	02/01/2011	01/20/2011	—	—	—	—	—	—	—	40,000	20.93	433,188
	—	01/20/2011	135,000	270,000	1,620,000							

(1) Amounts shown are estimated payouts for fiscal year 2011 to the named executive officers based on the 2011 bonus targets under the plan discussed under "Compensation Discussion & Analysis — Executive Compensation Components." Actual bonuses received by these named executive officers for fiscal 2011 are reported in the Summary Compensation for Fiscal Year 2011 table under the column entitled "Non-Equity Incentive Plan Compensation" and described under "Compensation Discussion & Analysis — Executive Compensation Components "

(2) Restricted stock units granted to all named executives on February 1, 2011.

(3) The stock options were granted as part of the Company's regular performance review process and vest based on the executive continuing to provide services to the company through the applicable vesting dates. See the "Compensation Discussion and Analysis" and "Outstanding Equity Awards at Fiscal Year-End" for additional information with respect to these stock option grants.

(4) The value of a stock award or stock option award is based on the fair market value as of the grant date of such award determined pursuant to FASB ASC Topic 718. Stock awards consist of restricted stock unit awards. The exercise price for all options granted to the named executive officers is 100% of the fair market value of the shares on the grant date. The option exercise price has not been deducted from the amounts indicated above. Regardless of the value placed on a stock option on the grant date, the actual value of the option will depend on the market value of our Common Stock at such date in the future when the option is exercised exceeds the exercise price.

Outstanding Equity Awards at Fiscal Year-End

The following table shows all outstanding equity awards held by the named executive officers as of December 31, 2011. Unvested stock awards reported in the Grants of Plan-Based Awards table on the previous page are also included in the table below.

Outstanding Equity Awards at Fiscal 2011 Year-End

	Option Awards					Stock Awards			
Name	# of Securities Underlying Unexercised Options (#) Exercisable	# of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: # of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	# of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares, or Units of Stock That Have Not Vested (1)($)	Equity Incentive Plan Awards: # of Unearned Shares, Units, or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
Harold Hughes	21,666 (2)	108,334	—	20.93	2/1/2021	—	—	—	—
	—	—	—	—	—	32,000 (3)	241,600	—	—
	41,433 (4)	71,567	—	22.72	2/1/2020	—	—	—	—
	—	—	—	—	—	21,000 (5)	158,550	—	—
	74,800 (6)	57,200	—	8.55	2/2/2019	—	—	—	—
	—	—	—	—	—	17,000 (7)	128,350	—	—
	24,533 (8)	7,467	—	19.86	2/1/2018	—	—	—	—
	—	—	—	—	—	6,000 (9)	45,300	—	—
	241,666 (10)	8,334	—	18.69	2/1/2017	—	—	—	—
	270,000 (11)	—	—	22.94	1/6/2016	—	—	—	—
	250,000 (12)	—	—	21.51	1/10/2015	—	—	—	—
	14,543 (13)	—	—	16.07	10/1/2014	—	—	—	—
	40,000 (14)	—	—	17.51	6/2/2013	—	—	—	—
Satish Rishi	5,833 (15)	29,167	—	20.93	2/1/2021	—	—	—	—
	—	—	—	—	—	8,000 (16)	60,400	—	—
	11,733 (17)	20,267	—	22.72	2/1/2020	—	—	—	—
	—	—	—	—	—	6,000 (18)	45,300	—	—
	22,885 (19)	17,500	—	8.55	2/2/2019	—	—	—	—
	—	—	—	—	—	5,148 (20)	38,867	—	—
	30,666 (21)	9,334	—	19.86	2/1/2018	—	—	—	—
	—	—	—	—	—	3,000 (22)	22,650	—	—
	96,666 (23)	3,334	—	18.69	2/1/2017	—	—	—	—
	220,000 (24)	—	—	40.80	4/11/2016	—	—	—	—
Thomas R. Lavelle	5,833 (25)	29,167	—	20.93	2/1/2021	—	—	—	—
	—	—	—	—	—	8,000 (26)	60,400	—	—
	12,833 (27)	22,167	—	22.72	2/1/2020	—	—	—	—
	—	—	—	—	—	7,500 (28)	56,625	—	—
	16,221 (29)	17,500	—	8.55	2/2/2019	—	—	—	—
	—	—	—	—	—	5,148 (30)	38,867	—	—
	—	—	—	—	—	5,000 (31)	37,750	—	—
	30,666 (32)	9,334	—	19.86	2/1/2018	—	—	—	—
	—	—	—	—	—	3,000 (33)	22,650	—	—
	196,666 (34)	3,334	—	19.16	1/3/2017	—	—	—	—
Sharon E. Holt	6,666 (35)	33,334	—	20.93	2/1/2021	—	—	—	—
	—	—	—	—	—	10,000 (36)	75,500	—	—
	12,466 (37)	21,534	—	22.72	2/1/2020	—	—	—	—
	—	—	—	—	—	7,500 (38)	56,625	—	—
	22,885 (39)	17,500	—	8.55	2/2/2019	—	—	—	—
	—	—	—	—	—	5,148 (40)	38,867	—	—
	—	—	—	—	—	5,000 (41)	37,750	—	—
	30,666 (42)	9,334	—	19.86	2/1/2018	—	—	—	—
	—	—	—	—	—	3,000 (43)	22,650	—	—
	77,333 (44)	2,667	—	18.69	2/1/2017	—	—	—	—
	75,000 (45)	—	—	22.94	1/6/2016	—	—	—	—
	32,000 (46)	—	—	24.04	12/3/2014	—	—	—	—
	200,000 (47)	—	—	16.76	8/2/2014	—	—	—	—
Martin Scott	6,666 (48)	33,334	—	20.93	2/1/2021	—	—	—	—
	—	—	—	—	—	10,000 (49)	75,500	—	—
	11,733 (50)	20,267	—	22.72	2/1/2020	—	—	—	—
	—	—	—	—	—	6,000 (51)	45,300	—	—
	22,885 (52)	17,500	—	8.55	2/2/2019	—	—	—	—
	—	—	—	—	—	5,148 (53)	38,867	—	—
	—	—	—	—	—	5,000 (54)	37,750	—	—
	23,000 (55)	7,000	—	19.86	2/1/2018	—	—	—	—
	—	—	—	—	—	2,500 (56)	18,875	—	—
	196,666 (57)	3,334	—	19.16	1/3/2017	—	—	—	—

(1) The market value is calculated using the closing price of our Common Stock of $7.55 on December 30, 2011 (the last trading day of 2011), as reported on The Nasdaq Global Select Market, multiplied by the unvested stock amount.

(2) The option was granted on February 1, 2011. Options representing 1/10th of the shares vested six months from the grant date, and the remaining shares vest in equal monthly installments until they are fully vested on February 1, 2016.

(3) The restricted stock unit was granted on February 1, 2011. The grant shall vest in equal installments of 8,000 shares on each anniversary of the grant date until one-hundred percent vested.

(4) The option was granted on February 1, 2010. Options representing 1/10th of the shares vested six months from the grant date, and the remaining shares vest in equal monthly installments until they are fully vested on February 1, 2015.

(5) The restricted stock unit was granted on February 1, 2010. The grant shall vest in equal installments of 7,000 shares on each anniversary of the grant date until one-hundred percent vested.

(6) The option was granted on February 2, 2009. Options representing 1/10th of the shares vested six months from the grant date, and the remaining shares vest in equal monthly installments until they are fully vested on February 2, 2014.

(7) The restricted stock unit was granted on February 2, 2009. The grant shall vest in equal installments of 8,500 shares on each anniversary of the grant date until one-hundred percent vested.

(8) The option was granted on February 1, 2008. Options representing 1/10th of the shares vested six months from the grant date, and the remaining shares vest in equal monthly installments until they are fully vested on February 1, 2013.

(9) The restricted stock unit was granted on February 1, 2008. The grant shall vest in equal installments of 6,000 shares on each anniversary of the grant date until one-hundred percent vested.

(10) The option was granted on February 1, 2007. Options representing 1/10th of the shares vested six months from the grant date, and the remaining shares vest in equal monthly installments until they are fully vested on February 1, 2012.

(11) The option was granted on January 6, 2006. Options representing 1/10th of the shares vested six months from the grant date, and the remaining shares vested in equal monthly installments until they were fully vested on January 6, 2011.

(12) The option was granted on January 10, 2005. Options representing 1/48th of the shares vested monthly during the four year period following the grant date until they were fully vested on January 10, 2009.

(13) The option was granted on October 1, 2004. Options representing 1/48th of the shares vested monthly over the four year period following the grant date until they were fully vested on October 1, 2008.

(14) The option was granted on June 2, 2003. Options representing 5,000 shares vested on December 2, 2003, and the remaining options vested in equal monthly installments until they were fully vested on June 2, 2007.

(15) The option was granted on February 1, 2011. Options representing 1/10th of the shares vested six months from the grant date, and the remaining shares vest in equal monthly installments until they are fully vested on February 1, 2016.

(16) The restricted stock unit was granted on February 1, 2011. The grant shall vest in equal installments of 2,000 shares on each anniversary of the grant date until one-hundred percent vested.

(17) The option was granted on February 1, 2010. Options representing 1/10th of the shares vested six months from the grant date, and the remaining shares vest in equal monthly installments until they are fully vested on February 1, 2015.

(18) The restricted stock unit was granted on February 1, 2010. The grant shall vest in equal installments of 2,000 shares on each anniversary of the grant date until one-hundred percent vested.

(19) The option was granted on February 2, 2009. Options representing 1/10th of the shares vested six months from the grant date, and the remaining shares vest in equal monthly installments until they are fully vested on February 2, 2014.

(20) The restricted stock unit was granted on February 2, 2009. The grant shall vest in equal installments of 2,574 shares on

each anniversary of the grant date until one-hundred percent vested.

(21) The option was granted on February 1, 2008. Options representing 1/10th of the shares vested six months from the grant date, and the remaining shares vest in equal monthly installments until they are fully vested on February 1, 2013.

(22) The restricted stock unit was granted on February 1, 2008. The grant shall vest in equal installments of 3,000 shares on each anniversary of the grant date until one-hundred percent vested.

(23) The option was granted on February 1, 2007. Options representing 1/10th of the shares vested six months from the grant date, and the remaining shares vest in equal monthly installments until they are fully vested on February 1, 2012.

(24) The option was granted on April 11, 2006. Options representing 1/10th of the shares vested six months from the grant date, and the remaining shares vested in equal monthly installments until they were fully vested on April 11, 2011.

(25) The option was granted on February 1, 2011. Options representing 1/10th of the shares vested six months from the grant date, and the remaining shares vest in equal monthly installments until they are fully vested on February 1, 2016.

(26) The restricted stock unit was granted on February 1, 2011. The grant shall vest in equal installments of 2,000 shares on each anniversary of the rant date until one-hundred percent vested.

(27) The option was granted on February 1, 2010. Options representing 1/10th of the shares vested six months from the grant date, and the remaining shares vest in equal monthly installments until they are fully vested on February 1, 2015.

(28) The restricted stock unit was granted on February 1, 2010. The grant shall vest in equal installments of 2,500 shares on each anniversary of the rant date until one-hundred percent vested.

(29) The option was granted on February 2, 2009. Options representing 1/10th of the shares vested six months from the grant date, and the remaining shares vest in equal monthly installments until they are fully vested on February 2, 2014.

(30) The restricted stock unit was granted on February 2, 2009. The grant shall vest in equal installments of 2,574 shares on each anniversary of the grant date until one-hundred percent vested.

(31) The restricted stock unit was granted on August 28, 2008. The grant shall vest in equal installments of 5,000 shares on each anniversary of the grant date until one-hundred percent vested.

(32) The option was granted on February 1, 2008. Options representing 1/10th of the shares vested six months from the grant date, and the remaining shares vest in equal monthly installments until they are fully vested on February 1, 2013.

(33) The restricted stock unit was granted on February 1, 2008. The grant shall vest in equal installments of 3,000 shares on each anniversary of the grant date until one-hundred percent vested.

(34) The option was granted on January 3, 2007. Options representing 1/10th of the shares vested six months from the grant date, and the remaining shares vested in equal monthly installments until they were fully vested on January 3, 2012.

(35) The option was granted on February 1, 2011. Options representing 1/10th of the shares vested six months from the grant date, and the remaining shares vest in equal monthly installments until they are fully vested on February 1, 2016.

(36) The restricted stock unit was granted on February 1, 2011. The grant shall vest in equal installments of 2,500 shares on each anniversary of the grant date until one-hundred percent vested.

(37) The option was granted on February 1, 2010. Options representing 1/10th of the shares vested six months from the grant date, and the remaining shares vest in equal monthly installments until they are fully vested on February 1, 2015.

(38) The restricted stock unit was granted on February 1, 2010. The grant shall vest in equal installments of 2,500 shares on each anniversary of the grant date until one-hundred percent vested.

(39) The option was granted on February 2, 2009. Options representing 1/10th of the shares vested six months from the grant date, and the remaining shares vest in equal monthly installments until they are fully vested on February 2, 2014.

(40) The restricted stock unit was granted on February 2, 2009. The grant shall vest in equal installments of 2,574 shares on each anniversary of the grant date until one-hundred percent vested.

(41) The restricted stock unit was granted on August 28, 2008. The grant shall vest in equal installments of 5,000 shares on each anniversary of the grant date until one-hundred percent vested.

(42) The option was granted on February 1, 2008. Options representing 1/10th of the shares vested six months from the grant date, and the remaining shares vest in equal monthly installments until they are fully vested on February 1, 2013.

(43) The restricted stock unit was granted on February 1, 2008. The grant shall vest in equal installments of 3,000 shares on each anniversary of the grant date until one-hundred percent vested.

(44) The option was granted on February 1, 2007. Options representing 1/10th of the shares vested six months from the grant date, and the remaining shares vest in equal monthly installments until they are fully vested on February 1, 2012.

(45) The option was granted on January 6, 2006. Options representing 1/10th of the shares vested six months from the grant date, and the remaining shares vested in equal monthly installments until they were fully vested on January 6, 2011.

(46) The option was granted on December 3, 2004. Options representing 1/12th of the total grant vested in monthly installments on January 31, 2009 until they were fully vested on December 31, 2009.

(47) The option was granted on August 2, 2004. Options representing 1/10th of the shares vested six months from the grant date and the remaining shares vested in equal monthly installments until they were fully vested on August 2, 2009.

(48) The option was granted on February 1, 2011. Options representing 1/10th of the shares vested six months from the grant date, and the remaining shares vest in equal monthly installments until they are fully vested on February 1, 2016.

(49) The restricted stock unit was granted on February 1, 2011. The grant shall vest in equal installments of 2,500 shares on each anniversary of the grant date until one-hundred percent vested.

(50) The option was granted on February 1, 2010. Options representing 1/10th of the shares vested six months from the grant date, and the remaining shares vest in equal monthly installments until they are fully vested on February 1, 2015.

(51) The restricted stock unit was granted on February 1, 2010. The grant shall vest in equal installments of 2,000 shares on each anniversary of the grant date until one-hundred percent vested.

(52) The option was granted on February 2, 2009. Options representing 1/10th of the shares vested six months from the grant date, and the remaining shares vest in equal monthly installments until they are fully vested on February 2, 2014.

(53) The restricted stock unit was granted on February 2, 2009. The grant shall vest in equal installments of 2,574 shares on each anniversary of the grant date until one-hundred percent vested.

(54) The restricted stock unit was granted on August 28, 2008. The grant shall vest in equal installments of 5,000 shares on each anniversary of the grant date until one-hundred percent vested.

(55) The option was granted on February 1, 2008. Options representing 1/10th of the shares vested six months from the grant date, and the remaining shares vest in equal monthly installments until they are fully vested on February 1, 2013.

(56) The restricted stock unit was granted on February 1, 2008. The grant shall vest in equal installments of 2,500 shares on each anniversary of the grant date until one-hundred percent vested.

(57) The option was granted on January 3, 2007. Options representing 1/10th of the shares vested six months from the grant date, and the remaining shares vested in equal monthly installments until they were fully vested on January 3, 2012.

Each of the options and other equity awards reflected on the table above were issued under the 1997 Plan, the 1999 Plan or the 2006 Plan, which are plans that were or are available to all of our employees.

In the case of the 1997 Plan and the 1999 Plan, if a "merger" of the Company occurs, as defined in the relevant plan, each outstanding option or equity award will be assumed or an equivalent option or right substituted by the successor company. Following such assumption or substitution, if the participant's status as a service provider is terminated by the successor corporation as a result of an "involuntary termination" other than for "cause," each as defined in the relevant plan, within twelve months following the merger, then the participant will fully vest and have the right to exercise all of his or her options and will convert any other equity awards into shares of Common Stock (commonly referred to as a "double-trigger" termination). In the event that the successor company refuses to assume or substitute for the equity award the participant will fully vest in and have the right to exercise all of his or her options or stock appreciation rights, including shares as to which such awards would not otherwise be vested or exercisable, all restrictions on restricted stock will lapse, and, with respect to restricted stock units, performance shares and performance units, all performance goals or other vesting criteria will be deemed achieved at target levels and all other terms and conditions met immediately prior to the merger.

In the case of the 2006 Plan, in the event of a "change of control" of the Company, as defined in the plan, each outstanding option or equity award will be assumed or an equivalent option or right substituted by the successor company. In the event that the successor company refuses to assume or substitute for the option or equity award, the participant will fully vest in and have the right to exercise all of his or her options or stock appreciation rights, including shares as to which such awards would not otherwise be vested or exercisable, all restrictions on restricted stock will lapse, and, with respect to restricted stock units, performance shares and performance units, all performance goals or other vesting criteria will be deemed achieved at target levels and all other terms and conditions met. In addition, if an option or stock appreciation right becomes fully vested and exercisable in lieu of assumption or substitution in the event of a change of control, the administrator of the 2006 Plan will notify the participant that the option or stock appreciation right will be fully vested and exercisable for a period of time determined by the administrator, and the option or stock appreciation right will terminate upon the expiration of such period.

The form of option agreement for the 2006 Plan provides that if a successor company assumes outstanding options or substitutes for options with an equivalent award, then if following such assumption or substitution the participant's status as an employee or employee of the successor company, as applicable, is terminated by the successor company as a result of an Involuntary Termination (as defined below) other than for Cause (as defined below) within twelve months following the change in control, the option will immediately vest and become exercisable as to 100% of the shares subject to the option.

For purposes of the 2006 Plan form option agreement, "Cause" will mean (i) any act of personal dishonesty taken by the participant in connection with his or her responsibilities as an employee and intended to result in substantial personal enrichment of the participant, (ii) the participant's conviction of a felony, (iii) a willful act by the participant which constitutes gross misconduct and which is injurious to the successor company, and (iv) following delivery to the participant of a written demand for performance from the successor company which describes the basis for the successor company's belief that the participant has not substantially performed his or her duties, continued violations by the participant of the participant 's obligations to the successor company which are demonstrably willful and deliberate on the participant's part.

For purposes of the 2006 Plan form option agreement, any of the following events shall constitute an "Involuntary Termination": (i) without the participant's express written consent, a significant reduction of the participant's duties, authority or responsibilities, relative to the participant's duties, authority or responsibilities as in effect immediately prior to the change in control, or the assignment to the participant of such reduced duties, authority or responsibilities; (ii) without the participant's express written consent, a

substantial reduction, without good business reasons, of the facilities and perquisites (including office space and location) available to the participant immediately prior to the change in control; (iii) a reduction by the successor company in the base salary of the participant as in effect immediately prior to the change in control; (iv) a material reduction by the successor company in the kind or level of employee benefits, including bonuses, to which the participant was entitled immediately prior to the change in control with the result that the participant's overall benefits package is significantly reduced; (v) the relocation of the participant to a facility or a location more than fifty miles from the participant's then present location, without the participant's express written consent; (vi) any purported termination of the participant by the successor company which is not effected for disability or for Cause, or any purported termination for which the grounds relied upon are not valid; or (vii) any act or set of facts or circumstances which would, under California case law or statute constitute a constructive termination of the Participant.

Option Exercises and Stock Vested

The following table shows all stock options exercised and value realized upon exercise, and all stock awards vested and value realized upon vesting, by the named executive officers during fiscal year 2011.

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (1)($)
Harold Hughes……………………………..	—	—	21,500	450,845
Satish Rishi………………………………..	—	—	32,574	682,031
Thomas R. Lavelle…………………………	6,664	60,784	23,074	430,146
Sharon E. Holt……………………………..	—	—	13,074	225,146
Martin Scott………………………………..	—	—	17,074	285,016

(1) The value realized equals the market value of our Common Stock on the vesting date, multiplied by the number of shares that vested.

Potential Payments Upon Termination or Change-in-Control

We have no contractual arrangements with our named executive officers that would provide payments upon termination or change-in-control. Outstanding equity awards may vest upon a "double-trigger" termination in the event of a change-in-control, as provided under the applicable equity plan and as described under the "Outstanding Equity Awards at Fiscal 2011 Year-End" table. This accelerated vesting applies to all awards made under the plans and is not specific to awards made to our named executive officers. The following table summarizes the value of the potential accelerated vesting to each named executive officer based on the closing price of our common stock of $7.55 on December 30, 2011 (the last trading day of 2011) as reported on the Nasdaq Global Select Market.

Name	Value of Acelerated Stock Options ($)	Value of Acelerated Stock Awards ($)	Total Value of Accelerated Options and Stock Awards ($)
Harold Hughes	—	573,800	573,800
Satish Rishi	—	167,217	167,217
Thomas R. Lavelle	—	216,292	216,292
Sharon E. Holt	—	231,392	231,392
Martin Scott	—	216,292	216,292

Compensation of Directors

The following table shows compensation information for our non-employee directors for 2011.

Director Compensation
For Fiscal Year 2011

Name	Fees Earned or Paid in Cash ($)	Stock Awards (1) ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension and Value and Non-Qualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
J. Thomas Bentley	65,000	160,013 (2)	—	—	—	—	225,013
Sunlin Chou	50,000	160,013 (3)	—	—	—	—	210,013
Bruce Dunlevie	28,929 (4)	-	—	—	—	—	28,929
P. Michael Farmwald	40,000	160,013 (5)	—	—	—	—	200,013
Penelope A. Herscher	60,000	160,013 (6)	—	—	—	—	220,013
David Shrigley	40,000	160,013 (7)	—	—	—	—	200,013
Abraham Sofaer	40,010 (8)	160,013 (9)	—	—	—	—	200,023
Eric Stang	52,500	160,013 (10)	—	—	—	—	212,513

(1) Amounts shown do not reflect compensation actually received by the non-employee directors. Instead, the amounts shown are the aggregate grant date fair value computed in accordance with FASB ASC Topic 718. The assumptions used to calculate the value of stock option awards are set forth under Note 9 of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2011.

(2) Reflects the compensation costs recognized in 2011 associated with a restricted stock unit award of 11,612 shares of Common stock made on October 3, 2011 with a fair value as of the grant date of $13.78 per share disregarding forfeiture assumptions. Mr. Bentley also had options to purchase an aggregate of 92,917 shares outstanding as of December 31, 2011.

(3) Reflects the compensation costs recognized in 2011 associated with a restricted stock unit award of 11,612 shares of Common stock made on October 3, 2011 with a fair value as of the grant date of $13.78 per share disregarding forfeiture assumptions. Dr. Chou also had options to purchase an aggregate of 80,000 shares outstanding as of December 31, 2011.

(4) Reflects the fees paid to Mr. Dunlevie until his resignation from the Board on June 10, 2011. Mr. Dunlevie had options to purchase an aggregate of 138,333 shares outstanding as of June 10, 2011.

(5) Reflects the compensation costs recognized in 2011 associated with a restricted stock unit award of 11,612 shares of Common stock made on October 3, 2011 with a fair value as of the grant date of $13.78 per share disregarding forfeiture assumptions. Dr. Farmwald also had options to purchase an aggregate of 100,000 shares outstanding as of December 31, 2011.

(6) Reflects the compensation costs recognized in 2011 associated with a restricted stock unit award of 11,612 shares of Common stock made on October 3, 2011 with a fair value as of the grant date of $13.78 per share disregarding forfeiture assumptions. Ms. Herscher also had options to purchase an aggregate of 60,000 shares outstanding as of December 31, 2011.

(7) Reflects the compensation costs recognized in 2011 associated with a restricted stock unit award of 11,612 shares of Common stock made on October 3, 2011 with a fair value as of the grant date of $13.78 per share disregarding forfeiture assumptions. Mr. Shrigley also had options to purchase an aggregate of 60,000 shares outstanding as of December 31, 2011.

(8) Mr. Sofaer elected to receive 3,227 shares of Common Stock in lieu of board fees for fiscal year 2011. The respective closing values to determine the amount of shares issued were $19.75 on March 31, 2011; $14.68 on June 30, 2011; $14.00 on September 30, 2011; and $7.55 on December 30, 2011.

(9) Reflects the compensation costs recognized in 2011 associated with a restricted stock unit award of 11,612 shares of Common stock made on October 3, 2011 with a fair value as of the grant date of $13.78 per share disregarding forfeiture assumptions. Mr. Sofaer also had options to purchase an aggregate of 80,000 shares outstanding as of December 31, 2011.

(10) Reflects the compensation costs recognized in 2011 associated with a restricted stock unit award of 11,612 shares of Common stock made on October 3, 2011 with a fair value as of the grant date of $13.78 per share disregarding forfeiture assumptions. Mr. Stang also had options to purchase an aggregate of 40,000 shares outstanding as of December 31, 2011.

Overview of Compensation and Procedures

No changes were made to our Board pay practices in 2011.

In 2008, as a result of our annual review of Rambus Board pay practices and competitive positioning, changes were recommended and adopted to our Board pay practices. The Compensation Committee reviewed materials from SBCG detailing benchmark and competitive pay practices both within our peer group and across public companies in general. A decision was made to discontinue the annual equity stock option grant and replace this award with an annual RSU equity grant with an approximate fair market value equal to $160,000 at the time of grant. Our decision to denominate the annual RSU grant in terms of value instead of number of shares will help address year-over-year volatility and provides consistent alignment with our Compensation Peer Group. This revision to the director plan acknowledges their commitment of time and consultation and will continue to be benchmarked to industry and peer group compensation practices.

Summary of Director Plan

Annual Retainer. Each independent director receives an annual retainer of $40,000 in cash. The Chairpersons of the Board and Audit Committee each receive an additional annual retainer of $25,000. The Chairperson of the Compensation Committee receives an additional annual retainer of $20,000. The Chairperson of the Corporate Governance and Nominating Committee receives an additional annual retainer of $10,000. Each annual retainer is paid in quarterly installments. The annual retainers were not increased for 2011.

Annual Equity Grant. Each independent director receives an annual equity grant of such number of RSUs with an approximate fair market value equal to $160,000 at the time of grant. This annual equity grant represents a change from the annual equity grant of an option to purchase 20,000 shares of Common Stock which the independent directors previously received in 2008. This change was made after reviewing the market data of our competitors and to reflect the time commitments our independent directors are asked to make to the Company. The RSU grants vest in full at the end of a one-year period, subject to the independent director continuing to serve through each applicable vesting date. If the director discontinues service prior to the vesting of any RSU grant, the Compensation Committee may, in its discretion, permit such grant to vest pro rata for the portion of the year during which such director served.

Initial Equity Grant. Any newly elected independent director joining our Board of Directors will receive an initial option to purchase 40,000 shares of Common Stock when he or she is first elected as a member of the Board. The term of such options will not exceed ten years. The option grants vest over a four-year period, with one-eighth of shares subject to the option vesting six months after the date of grant and the remaining shares vesting ratably each month thereafter, subject to the independent director continuing to serve through each applicable vesting date.

Awards granted to the independent directors under the 2006 Plan are generally not transferable, and all rights with respect to an award granted to a director or participant generally will be available during a director or participant's lifetime only to the director or participant.

Each of the options granted to our independent directors was issued under the 1997 Plan or the 2006 Plan, which are plans that are available to all of our employees. As described under "Outstanding Equity Awards at Fiscal Year-End," the 1997 Plan provides for certain acceleration upon a "merger" of the Company, as defined under the 1997 Plan, and the 2006 Plan provides for certain acceleration upon a "change of control" of the Company, as defined under the 2006 Plan. In addition, with respect to options and any other equity awards granted to non-employee directors that are assumed or substituted for upon a change of control under the 2006 Plan, if the non-employee director is terminated other than upon a voluntary resignation, the options and other equity awards granted to such non-employee director will fully vest and be exercisable with respect to 100% of the shares subject to such options and other equity awards.

Pursuant to stock ownership guidelines adopted by the Board in October 2006 and updated in February 2011, each independent director will be expected to accumulate and hold an equivalent value of our Common Stock of three times their annual total cash compensation and to achieve this by January 1, 2012 or five years from the date that the director joined the Board, whichever is later. Directors are expected to maintain this minimum amount of stock ownership throughout their tenure on the Board. As of December 31, 2011, all of our directors met their ownership requirements.

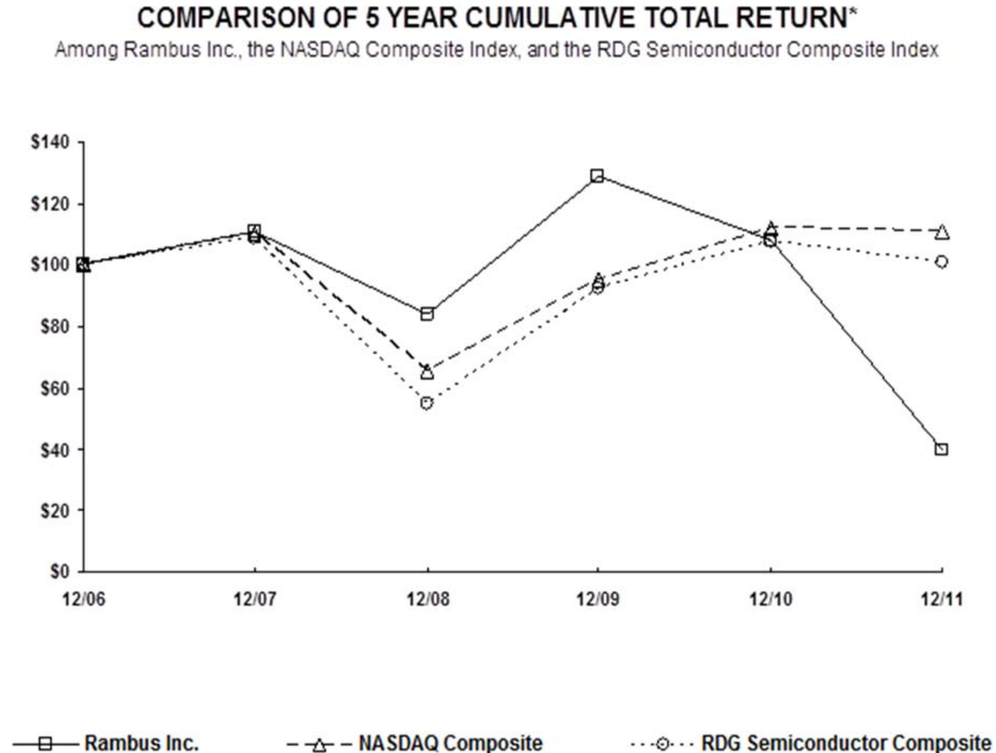
AUDIT COMMITTEE REPORT

This section shall not be deemed to be "soliciting material," or to be "filed" with the SEC, is not subject to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of Rambus under the Securities Act of 1933 or the Securities Exchange Act of 1934, each as amended, regardless of date or any other general incorporation language in such filing.

Report of the Audit Committee	The following is the report of the Audit Committee of our Board of Directors with respect to our audited financial statements for the fiscal year ended December 31, 2011, which include our consolidated balance sheets as of December 31, 2011 and 2010 and the related consolidated statements of operations, comprehensive income (loss), stockholders' equity and cash flows for each of the fiscal years ended December 31, 2011, 2010 and 2009, and the notes thereto.
Review with Management	The Audit Committee has reviewed and discussed our audited financial statements and management's report on internal control over financial reporting with management.
Review and Discussions with the Independent Registered Public Accounting Firm	The Audit Committee has discussed with PricewaterhouseCoopers LLP, our independent registered public accounting firm, the matters required to be discussed by the Statement on Auditing Standards No. 61, as amended, as adopted by the Public Company Accounting Oversight Board in Rule 3200T. The Audit Committee has also received written disclosures and the letter from PricewaterhouseCoopers LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent auditor's communications with us concerning independence, as may be modified or supplemented, and has discussed with PricewaterhouseCoopers LLP its independence from us.
Conclusion	Based on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that our audited financial statements be included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011 for filing with the SEC.
Respectfully submitted by:	THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS Eric Stang (Chair) J. Thomas Bentley P. Michael Farmwald

PERFORMANCE GRAPH

The following graph compares the cumulative 5-year total return attained by stockholders on Rambus Inc.'s common stock relative to the cumulative total returns of the NASDAQ Composite index and the RDG Semiconductor Composite index. The graph tracks the performance of a $100 investment in our common stock and in each of the indexes (with the reinvestment of all dividends) from December 31, 2006 to December 31, 2011. No dividends have been declared or paid on our common stock. Historic stock price performance is not necessarily indicative of future stock price performance.



	12/06	12/07	12/08	12/09	12/10	12/11
Rambus Inc.	**100.00**	**110.62**	**84.10**	**128.90**	**108.19**	**39.88**
NASDAQ Composite	**100.00**	**110.26**	**65.65**	**95.19**	**112.10**	**110.81**
RDG Semiconductor Composite	**100.00**	**108.66**	**55.09**	**92.66**	**107.41**	**101.03**

The stock price performance included in this graph is not necessarily indicative of future stock price performance.

OTHER MATTERS

The Board does not know of any other matters to be presented at the Annual Meeting. If any additional matters are properly presented or otherwise allowed to be considered at the Annual Meeting, the persons named in the enclosed proxy will have discretion to vote shares they represent in accordance with their own judgment on such matters.

It is important that your shares be represented at the meeting, regardless of the number of shares which you hold. You are, therefore, urged to execute and return, at your earliest convenience, the accompanying proxy card in the envelope which has been enclosed.

BY ORDER OF THE BOARD OF DIRECTORS

Sunnyvale, California
March 15, 2012

APPENDIX A

RAMBUS INC.

2006 EQUITY INCENTIVE PLAN

Purposes of the Plan. The purposes of this Plan are:

- to attract and retain the best available personnel for positions of substantial responsibility,
- to provide incentives to individuals who perform services to the Company, and
- to promote the success of the Company's business.

The Plan permits the grant of Incentive Stock Options, Nonstatutory Stock Options, Restricted Stock, Restricted Stock Units, Stock Appreciation Rights, Performance Units, Performance Shares and other stock or cash awards as the Administrator may determine.

Definitions. As used herein, the following definitions will apply:

"Administrator" means the Committees that will be administering the Plan in accordance with Section 4 of the Plan.

"Applicable Laws" means the requirements relating to the administration of equity-based awards under U.S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any foreign country or jurisdiction where Awards are, or will be, granted under the Plan.

"Award" means, individually or collectively, a grant under the Plan of Options, Restricted Stock, Restricted Stock Units, Stock Appreciation Rights, Performance Units, Performance Shares and other stock or cash awards as the Administrator may determine.

"Award Agreement" means the written or electronic agreement setting forth the terms and provisions applicable to each Award granted under the Plan. The Award Agreement is subject to the terms and conditions of the Plan.

"Board" means the Board of Directors of the Company.

"Change in Control" means the occurrence of any of the following events:

Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becomes the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities; or

The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;

A change in the composition of the Board occurring within a two-year period, as a result of which fewer than a majority of the directors are Incumbent Directors. "Incumbent Directors" means directors who either (A) are Directors as of the effective date of the Plan, or (B) are elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the Incumbent Directors at the time of such election or nomination (but will not include an individual whose election or nomination is in connection with an actual or threatened proxy contest relating to the election of directors to the Company); or

The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

"Code" means the Internal Revenue Code of 1986, as amended. Any reference to a section of the Code herein will be a reference to any successor or amended section of the Code.

"Committee" means a committee of independent, Outside Directors appointed by the Board in accordance with Section 4 hereof.

"Common Stock" means the common stock of the Company.

"Company" means Rambus Inc., a Delaware corporation, or any successor thereto.

"Consultant" means any person, including an advisor, engaged by the Company or a Parent or Subsidiary to render services to such entity.

"Determination Date" means the latest possible date that will not jeopardize the qualification of an Award granted under the Plan as "performance-based compensation" under Section 162(m) of the Code.

"Director" means a member of the Board.

"Disability" means total and permanent disability as defined in Section 22(e)(3) of the Code, provided that in the case of Awards other than Incentive Stock Options, the Administrator in its discretion may determine whether a permanent and total disability exists in accordance with uniform and non-discriminatory standards adopted by the Administrator from time to time.

"Employee" means any person, including Officers and Directors, employed by the Company or any Parent or Subsidiary of the Company. Neither service as a Director nor payment of a director's fee by the Company will be sufficient to constitute "employment" by the Company.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Fair Market Value" means, as of any date, the value of Common Stock as the Administrator may determine in good faith by reference to the price of such stock on any established stock exchange or a national market system on the day of determination if the Common Stock is so listed on any established stock exchange or a national market system. If the Common Stock is not listed on any established stock exchange or a national market system, the value of the Common Stock as the Administrator may determine in good faith.

"Fiscal Year" means the fiscal year of the Company.

"Incentive Stock Option" means an Option that by its terms qualifies and is otherwise intended to qualify as an incentive stock option within the meaning of Section 422 of the Code and the regulations promulgated thereunder.

"Inside Director" means a Director who is an Employee.

"Nonstatutory Stock Option" means an Option that by its terms does not qualify or is not intended to qualify as an Incentive Stock Option.

"Officer" means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

"Option" means a stock option granted pursuant to the Plan.

"Outside Director" means a Director who is not an Employee.

"Parent" means a "parent corporation," whether now or hereafter existing, as defined in Section 424(e) of the Code.

"Participant" means the holder of an outstanding Award.

"Performance Period" means any Fiscal Year of the Company or such other period as determined by the Administrator in its sole discretion.

"Performance Share" means an Award denominated in Shares which may be earned in whole or in part upon attainment of Performance Goals or other vesting criteria as the Administrator may determine pursuant to Section 10.

"Performance Unit" means an Award which may be earned in whole or in part upon attainment of Performance Goals or other vesting criteria as the Administrator may determine and which may be settled for cash, Shares or other securities or a combination of the foregoing pursuant to Section 10.

"Period of Restriction" means the period during which the transfer of Shares of Restricted Stock are subject to restrictions and therefore, the Shares are subject to a substantial risk of forfeiture. Such restrictions may be based on the passage of time, the achievement of target levels of performance, or the occurrence of other events as determined by the Administrator.

"Plan" means this 2006 Equity Incentive Plan.

"Restricted Stock" means Shares issued pursuant to a Restricted Stock award under Section 7 of the Plan, or issued pursuant to the early exercise of an Option.

"Restricted Stock Unit" means a bookkeeping entry representing an amount equal to the Fair Market Value of one Share, granted pursuant to Section 8. Each Restricted Stock Unit represents an unfunded and unsecured obligation of the Company.

"Rule 16b-3" means Rule 16b-3 of the Exchange Act or any successor to Rule 16b-3, as in effect when discretion is being exercised with respect to the Plan.

"Section 16(b)" means Section 16(b) of the Exchange Act.

"Service Provider" means an Employee, Director or Consultant.

"Share" means a share of the Common Stock, as adjusted in accordance with Section 15 of the Plan.

"Stock Appreciation Right" means an Award, granted alone or in connection with an Option, that pursuant to Section 9 is designated as a Stock Appreciation Right.

"Subsidiary" means a "subsidiary corporation," whether now or hereafter existing, as defined in Section 424(f) of the Code.

"Successor Corporation" has the meaning given to such term in Section 15(c) of the Plan.

Stock Subject to the Plan.

Stock Subject to the Plan. Subject to the provisions of Section 15 of the Plan, the maximum aggregate number of Shares that may be awarded and sold under the Plan is 21,400,000 Shares. The Shares may be authorized, but unissued, or reacquired Common Stock.

Full Value Awards. Any Shares subject to Awards granted with an exercise price less than the Fair Market Value on the date of grant of such Awards will be counted against the numerical limits of this Section 3 as 1.5 Shares for every one Share subject thereto. Further, if Shares acquired pursuant to any such Award are forfeited or repurchased by the Company and would otherwise return to the Plan pursuant to Section 3(c), 1.5 times the number of Shares so forfeited or repurchased will return to the Plan and will again become available for issuance.

Lapsed Awards. If an Award expires or becomes unexercisable without having been exercised in full, or, with respect to Restricted Stock, Restricted Stock Units, Performance Shares or Performance Units, is forfeited to or repurchased by the Company, the unpurchased Shares (or for Awards other than Options and Stock Appreciation Rights, the forfeited or repurchased Shares) which were subject thereto will become available for future grant or sale under the Plan (unless the Plan has terminated). With respect to Stock Appreciation Rights, all of the Shares covered by the Award (that is, Shares actually issued pursuant to a Stock Appreciation Right, as well as the Shares that represent payment of the exercise price) shall cease to be available under the Plan. However, Shares that have actually been issued under the Plan under any Award will not be returned to the Plan and will not become available for future distribution under the Plan; provided, however, that if unvested Shares of Restricted Stock, Restricted Stock Units, Performance Shares or Performance Units are repurchased by the Company or are forfeited to the Company, such Shares will become available for future grant under the Plan. Shares used to pay the tax and exercise price of an Award will not become available for future grant or sale under the Plan. To the extent an Award under the Plan is paid out in cash rather than Shares, such cash payment will not result in reducing the number of Shares available for issuance under the Plan. Notwithstanding the foregoing and, subject to adjustment provided in Section 15, the maximum number of Shares that may be issued upon the exercise of Incentive Stock Options shall equal the aggregate Share number stated in Section 3(a), plus, to the extent allowable under Section 422 of the Code, any Shares that become available for issuance under the Plan under this Section 3(c).

Share Reserve. The Company, during the term of this Plan, will at all times reserve and keep available such number of Shares as will be sufficient to satisfy the requirements of the Plan.

Administration of the Plan.

Procedure.

General Administration; Multiple Administrative Bodies. The Plan will be administered by a Committee or Committees as determined by the Board, which will be constituted to satisfy Applicable Laws. Different Committees with respect to different groups of Service Providers may administer the Plan.

Section 162(m). To the extent desirable to qualify Awards granted hereunder as "performance-based compensation" within the meaning of Section 162(m) of the Code, the Plan will be administered by a Committee of two or more "outside directors" within the meaning of Section 162(m) of the Code.

Rule 16b-3. To the extent desirable to qualify transactions hereunder as exempt under Rule 16b-3, the transactions contemplated hereunder will be structured to satisfy the requirements for exemption under Rule 16b-3.

Powers of the Administrator. Subject to the provisions of the Plan, the Administrator will have the authority, in its discretion:

to determine the Fair Market Value;

to select the Service Providers to whom Awards may be granted hereunder;

to determine the terms and conditions, not inconsistent with the terms of the Plan, of any Award granted hereunder;

to construe and interpret the terms of the Plan and Awards granted pursuant to the Plan;

to prescribe, amend and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans established for the purpose of satisfying applicable foreign laws;

to modify or amend each Award (subject to Section 20(c) of the Plan);

to authorize any person to execute on behalf of the Company any instrument required to effect the grant of an Award previously granted by the Administrator;

to allow a Participant to defer the receipt of the payment of cash or the delivery of Shares that would otherwise be due to such Participant under an Award pursuant to such procedures as the Administrator may determine; and

to make all other determinations deemed necessary or advisable for administering the Plan.

Effect of Administrator's Decision. The Administrator's decisions, determinations and interpretations will be final and binding on all Participants and any other holders of Awards.

Eligibility. Nonstatutory Stock Options, Restricted Stock, Restricted Stock Units, Stock Appreciation Rights, Performance Units, Performance Shares and such other cash or stock awards as the Administrator determines may be granted to Service Providers. Incentive Stock Options may be granted only to Employees.

Stock Options.

Limitations. Each Option will be designated in the Award Agreement as either an Incentive Stock Option or a Nonstatutory Stock Option. However, notwithstanding such designation, to the extent that the aggregate Fair Market Value of the Shares with respect to which Incentive Stock Options are exercisable for the first time by the Participant during any calendar year (under all plans of the Company and any Parent or Subsidiary) exceeds $100,000, such Options will be treated as Nonstatutory Stock Options. For purposes of this Section 6(a), Incentive Stock Options will be taken into account in the order in which they were granted. The Fair Market Value of the Shares will be determined as of the time the Option with respect to such Shares is granted.

Number of Shares. The Administrator will have complete discretion to determine the number of Shares subject to Options granted to any Participant, provided that during any Fiscal Year, no Participant will be granted Options covering more than 1,000,000 Shares. Notwithstanding the foregoing limitation, in connection with a Participant's initial service as an Employee, an Employee may be granted Options covering up to an additional 1,000,000 Shares.

Term of Option. The Administrator will determine the term of each Option in its sole discretion; provided, however, that the term will be no more than ten (10) years from the date of grant thereof. Moreover, in the case of an Incentive Stock Option granted to a Participant who, at the time the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Parent or Subsidiary, the term of the Incentive Stock Option will be five (5) years from the date of grant or such shorter term as may be provided in the Award Agreement.

Option Exercise Price and Consideration.

Exercise Price. The per share exercise price for the Shares to be issued pursuant to exercise of an Option will be determined by the Administrator, but will be no less than 100% of the Fair Market Value per Share on the date of grant. In addition, in the case of an Incentive Stock Option granted to an Employee who, at the time the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the per Share exercise price will be no less than 110% of the Fair Market Value per Share on the date of grant. The exercise price for an Option may not be reduced without the consent of the Company's stockholders. This will include, without limitation, a repricing of the Option as well as an Option exchange program whereby the Participant agrees to cancel an existing Option in exchange for an Option, Stock Appreciation Right or other Award.

Waiting Period and Exercise Dates. At the time an Option is granted, the Administrator will fix the period within which the Option may be exercised and will determine any conditions that must be satisfied before the Option may be exercised.

Form of Consideration. The Administrator will determine the acceptable form(s) of consideration for exercising an Option, including the method of payment, to the extent permitted by Applicable Laws.

Exercise of Option.

Procedure for Exercise; Rights as a Stockholder. Any Option granted hereunder will be exercisable according to the terms of the Plan and at such times and under such conditions as determined by the Administrator and set forth in the Award Agreement. An Option may not be exercised for a fraction of a Share.

An Option will be deemed exercised when the Company receives: (i) notice of exercise (in such form as the Administrator specify from time to time) from the person entitled to exercise the Option, and (ii) full payment for the Shares with respect to which the Option is exercised (together with an applicable withholding taxes). No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 15 of the Plan.

Termination of Relationship as a Service Provider. If a Participant ceases to be a Service Provider, other than upon the Participant's death or Disability, the Participant may exercise his or her Option within such period of time as is specified in the Award Agreement to the extent that the Option is vested on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Award Agreement). In the absence of a specified time in the Award Agreement, the Option will remain exercisable for three (3) months following the Participant's termination. Unless otherwise provided by the Administrator, if on the date of termination the Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will revert to the Plan. If after termination the Participant does not exercise his or her Option within the time specified by the Administrator, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

Disability of Participant. If a Participant ceases to be a Service Provider as a result of the Participant's Disability, the Participant may exercise his or her Option within such period of time as is specified in the Award Agreement to the extent the Option is vested on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Award Agreement). In the absence of a specified time in the Award Agreement, the Option will remain exercisable for twelve (12) months following the Participant's termination. Unless otherwise provided by the Administrator, if on the date of termination the Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will revert to the Plan. If after termination the Participant does not exercise his or her Option within the time specified herein, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

Death of Participant. If a Participant dies while a Service Provider, the Option may be exercised following the Participant's death within such period of time as is specified in the Award Agreement to the extent that the Option is vested on the date of death (but in no event may the option be exercised later than the expiration of the term of such Option as set forth in the Award Agreement), by the Participant's designated beneficiary, provided such beneficiary has been designated prior to Participant's death in a form acceptable to the Administrator. If no such beneficiary has been designated by the Participant, then such Option may be exercised by the personal representative of the Participant's estate or by the person(s) to whom the Option is transferred pursuant to the Participant's will or in accordance with the laws of descent and distribution. In the absence of a specified time in the Award Agreement, the Option will remain exercisable for twelve (12) months following Participant's death. Unless otherwise provided by the Administrator, if at the time of death Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will immediately revert to the Plan. If the Option is not so exercised within the time specified herein, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

Restricted Stock.

Grant of Restricted Stock. Subject to the terms and provisions of the Plan, the Administrator, at any time and from time to time, may grant Shares of Restricted Stock to Service Providers in such amounts as the Administrator, in its sole discretion, will determine.

Restricted Stock Agreement. Each Award of Restricted Stock will be evidenced by an Award Agreement that will specify the Period of Restriction, the number of Shares granted, and such other terms and conditions as the Administrator, in its sole discretion, will determine. Notwithstanding the foregoing sentence, during any Fiscal Year no Participant will receive more than an aggregate of 200,000 Shares of Restricted Stock; provided, however, that in connection with a Participant's initial service as an Employee, an Employee may be granted an aggregate of up to an additional 300,000 Shares of Restricted Stock. Unless the Administrator determines otherwise, Shares of Restricted Stock will be held by the Company as escrow agent until the restrictions on such Shares have lapsed.

Transferability. Except as provided in this Section 7, Shares of Restricted Stock may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated until the end of the applicable Period of Restriction.

Other Restrictions. The Administrator, in its sole discretion, may impose such other restrictions on Shares of Restricted Stock as it may deem advisable or appropriate.

Removal of Restrictions. Except as otherwise provided in this Section 7, Shares of Restricted Stock covered by each Restricted Stock grant made under the Plan will be released from escrow as soon as practicable after the last day of the Period of Restriction. The Administrator, in its discretion, may accelerate the time at which any restrictions will lapse or be removed; provided, however, Shares of Restricted Stock will not vest more rapidly than one-third (1/3rd) of the total number of Shares of Restricted Stock subject to an Award each year from the date of grant, unless the Administrator determines that the Award is to vest upon the achievement of performance criteria and the period for measuring such performance will cover at least twelve (12) months; provided, further, that the Administrator may grant Awards of Restricted Stock, Restricted Stock Units and Performance Units/Shares covering up to 5% of the total number of Shares reserved for issuance under the Plan that do not satisfy the forgoing vesting requirements. Notwithstanding the foregoing sentence, the Administrator, in its sole discretion, may provide at the time of or following the date of grant for accelerated vesting for an Award of Restricted Stock (provided, however, that the number of Shares subject or issuable pursuant to Awards of Restricted Stock, Restricted Stock Units and Performance Units/Shares eligible for such accelerated vesting shall not exceed 5% of the total number of Shares reserved for issuance under the Plan) or for accelerated vesting upon or in connection with a Change in Control (including any vesting acceleration provided for in Section 15(c)) or upon or in connection with a Participant's termination of service due to death, Disability or retirement.

Voting Rights. During the Period of Restriction, Service Providers holding Shares of Restricted Stock granted hereunder may exercise full voting rights with respect to those Shares, unless the Administrator determines otherwise.

Dividends and Other Distributions. During the Period of Restriction, Service Providers holding Shares of Restricted Stock will be entitled to receive all dividends and other distributions paid with respect to such Shares unless otherwise provided in the Award Agreement. If any such dividends or distributions are paid in Shares, the Shares will be subject to the same restrictions on transferability and forfeitability as the Shares of Restricted Stock with respect to which they were paid.

Return of Restricted Stock to Company. On the date set forth in the Award Agreement, the Restricted Stock for which restrictions have not lapsed will revert to the Company and again will become available for grant under the Plan.

Restricted Stock Units.

Grant. Restricted Stock Units may be granted at any time and from time to time as determined by the Administrator. Each Restricted Stock Unit grant will be evidenced by an Award Agreement that will specify such other terms and conditions as the Administrator, in its sole discretion, will determine, including all terms, conditions, and restrictions related to the grant, the number of Restricted Stock Units and the form of payout, which, subject to Section 8(d), may be left to the discretion of the Administrator. Notwithstanding the anything to the contrary in this subsection (a), during any fiscal year of the Company, no Participant will receive more than an aggregate of 200,000 Restricted Stock Units; provided, however, that in connection with a Participant's initial service as an Employee, an Employee may be granted an aggregate of up to an additional 300,000 Restricted Stock Units.

Vesting Criteria and Other Terms. The Administrator will set vesting criteria in its discretion, which, depending on the extent to which the criteria are met, will determine the number of Restricted Stock Units that will be paid out to the Participant. Each Award of Restricted Stock Units will be evidenced by an Award Agreement that will specify the vesting criteria, and such other terms and conditions as the Administrator, in its sole discretion, will determine; provided, however, that, an Award of Restricted Stock Units will not vest more rapidly than one-third (1/3rd) of the total number of Restricted Stock Units subject to an Award each year from the date of grant, unless the Administrator determines that the Award is to vest upon the achievement of performance criteria and the period for measuring such performance will cover at least twelve (12) months; provided, further, that the Administrator may grant Awards of Restricted Stock, Restricted Stock Units and Performance Units/Shares covering up to 5% of the total number of Shares reserved for issuance under the Plan that do not satisfy the forgoing vesting requirements. Notwithstanding the foregoing sentence, the Administrator, in its sole discretion, may provide at the time of or following the date of grant for accelerated vesting for an Award of Restricted Stock Units (provided, however, that the number of Shares subject or issuable pursuant to Awards of Restricted Stock, Restricted Stock Units and Performance Units/Shares eligible for such accelerated vesting shall not exceed 5% of the total number of Shares reserved for issuance under the Plan) or for accelerated vesting upon or in connection with a Change in Control (including any vesting acceleration provided for in Section 15(c)) or upon or in connection with a Participant's termination of service due to death, Disability or retirement.

Earning Restricted Stock Units. Upon meeting the applicable vesting criteria, the Participant will be entitled to receive a payout as specified in the Award Agreement. Notwithstanding the foregoing, at any time after the grant of Restricted Stock Units, the Administrator, in its sole discretion, may reduce or waive any vesting criteria that must be met to receive a payout.

Form and Timing of Payment. Payment of earned Restricted Stock Units will be made as soon as practicable after the date(s) set forth in the Award Agreement. The Administrator, in its sole discretion, may pay earned Restricted Stock Units in cash, Shares, or a combination thereof. Shares represented by Restricted Stock Units that are fully paid in cash again will be available for grant under the Plan.

Cancellation. On the date set forth in the Award Agreement, all unearned Restricted Stock Units will be forfeited to the Company.

Stock Appreciation Rights.

Grant of Stock Appreciation Rights. Subject to the terms and conditions of the Plan, a Stock Appreciation Right may be granted to Service Providers at any time and from time to time as will be determined by the Administrator, in its sole discretion.

Number of Shares. The Administrator will have complete discretion to determine the number of Stock Appreciation Rights granted to any Participant, provided that during any Fiscal Year, no Participant will be granted Stock Appreciation Rights covering more than 1,000,000 Shares. Notwithstanding the foregoing limitation, in connection with a Participant's initial service as an Employee, an Employee may be granted Stock Appreciation Rights covering up to an additional 1,000,000 Shares.

Exercise Price and Other Terms. The Administrator, subject to the provisions of the Plan, will have complete discretion to determine the terms and conditions of Stock Appreciation Rights granted under the Plan, provided, however, that the exercise price will be not less than one hundred percent (100%) of the Fair Market Value of a Share on the date of grant. The exercise price for a Stock Appreciation Right may not be reduced without the consent of the Company's stockholders. This will include, without limitation, a repricing of the Stock Appreciation Right as well as an exchange program whereby the Participant agrees to cancel an existing Stock Appreciation Right in exchange for an Option, Stock Appreciation Right or other Award.

Stock Appreciation Right Agreement. Each Stock Appreciation Right grant will be evidenced by an Award Agreement that will specify the exercise price, the term of the Stock Appreciation Right, the conditions of exercise, and such other terms and conditions as the Administrator, in its sole discretion, will determine.

Expiration of Stock Appreciation Rights. A Stock Appreciation Right granted under the Plan will expire upon the date determined by the Administrator, in its sole discretion, and set forth in the Award Agreement; provided, however, that the term will be no more than ten (10) years from the date of grant thereof. Notwithstanding the foregoing, the rules of Section 6(e) also will apply to Stock Appreciation Rights.

Payment of Stock Appreciation Right Amount. Upon exercise of a Stock Appreciation Right, a Participant will be entitled to receive payment from the Company in an amount determined by multiplying:

The difference between the Fair Market Value of a Share on the date of exercise over the exercise price; times

The number of Shares with respect to which the Stock Appreciation Right is exercised.

At the discretion of the Administrator, the payment upon Stock Appreciation Right exercise may be in cash, in Shares of equivalent value, or in some combination thereof.

Performance Units and Performance Shares.

Grant of Performance Units/Shares. Performance Units and Performance Shares may be granted to Service Providers at any time and from time to time, as will be determined by the Administrator, in its sole discretion. The Administrator will have complete discretion in determining the number of Performance Units/Shares granted to each Participant provided that during any Fiscal Year, (i) no Participant will receive Performance Units having an initial value greater than $2,000,000, and (ii) no Participant will receive more than 200,000 Performance Shares. Notwithstanding the foregoing limitation, in connection with

a Participant's initial service as an Employee, an Employee may be granted up to an additional 300,000 Performance Shares.

Value of Performance Units/Shares. Each Performance Unit will have an initial value that is established by the Administrator on or before the date of grant. Each Performance Share will have an initial value equal to the Fair Market Value of a Share on the date of grant.

Performance Objectives and Other Terms. The Administrator will set performance objectives or other vesting provisions (including, without limitation, continued status as a Service Provider) in its discretion which, depending on the extent to which they are met, will determine the number or value of Performance Units/Shares that will be paid out to the Participant. Each Award of Performance Units/Shares will be evidenced by an Award Agreement that will specify the Performance Period, and such other terms and conditions as the Administrator, in its sole discretion, will determine; provided, however, that Performance Units/Shares will not vest more rapidly than one-third (1/3rd) of the total number of Performance Units/Shares subject to an Award each year from the date of grant, unless the Administrator determines that the Award is to vest upon the achievement of performance criteria and the period for measuring such performance will cover at least twelve (12) months; provided, further, that the Administrator may grant Awards of Restricted Stock, Restricted Stock Units and Performance Units/Shares covering up to 5% of the total number of Shares reserved for issuance under the Plan that do not satisfy the forgoing vesting requirements. Notwithstanding the foregoing sentence, the Administrator, in its sole discretion, may provide at the time of or following the date of grant for accelerated vesting for an Award of Performance Units/Shares (provided, however, that the number of Shares subject or issuable pursuant to Awards of Restricted Stock, Restricted Stock Units and Performance Units/Shares eligible for such accelerated vesting shall not exceed 5% of the total number of Shares reserved for issuance under the Plan) or for accelerated vesting upon or in connection with a Change in Control (including any vesting acceleration provided for in Section 15(c)) or upon or in connection with a Participant's termination of service due to death, Disability or retirement.

Earning of Performance Units/Shares. After the applicable Performance Period has ended, the holder of Performance Units/Shares will be entitled to receive a payout of the number of Performance Units/Shares earned by the Participant over the Performance Period, to be determined as a function of the extent to which the corresponding performance objectives or other vesting provisions have been achieved. After the grant of a Performance Unit/Share, the Administrator, in its sole discretion, may reduce or waive any performance objectives or other vesting provisions for such Performance Unit/Share.

Form and Timing of Payment of Performance Units/Shares. Payment of earned Performance Units/Shares will be made as soon as practicable after the expiration of the applicable Performance Period. The Administrator, in its sole discretion, may pay earned Performance Units/Shares in the form of cash, in Shares (which have an aggregate Fair Market Value equal to the value of the earned Performance Units/Shares at the close of the applicable Performance Period) or in a combination thereof.

Cancellation of Performance Units/Shares. On the date set forth in the Award Agreement, all unearned or unvested Performance Units/Shares will be forfeited to the Company, and again will be available for grant under the Plan.

Performance Goals. The granting and/or vesting of Awards of Restricted Stock, Restricted Stock Units, Performance Shares and Performance Units and other incentives under the Plan may be made subject to the attainment of performance goals relating to one or more business criteria within the meaning of Section 162(m) of the Code and may provide for a targeted level or levels of achievement ("Performance Goals") including cash flow; cash position; earnings before interest and taxes; earnings before interest, taxes, depreciation and amortization; earnings per Share; economic profit; economic value added; equity or stockholder's equity; market share; net income; net profit; net sales; operating earnings; operating income;

profit before tax; ratio of debt to debt plus equity; ratio of operating earnings to capital spending; sales growth; return on net assets; or total return to stockholders. Any Performance Goals may be used to measure the performance of the Company as a whole or an business unit of the Company and may be measured relative to a peer group or index. The Performance Goals may differ from Participant to Participant and from Award to Award. Prior to the Determination Date, the Administrator will determine whether any significant element(s) will be included in or excluded from the calculation of any Performance Goal with respect to any Participant. In all other respects, Performance Goals will be calculated in accordance with the Company's financial statements, generally accepted accounting principles, or under a methodology established by the Administrator prior to the issuance of an Award.

Leaves of Absence. Unless the Administrator provides otherwise, or except as otherwise required by Applicable Laws, vesting of Awards granted hereunder on or after July 17, 2007, will be suspended starting on the 30th consecutive day of any unpaid leave of absence approved by the Company, with such suspension of vesting terminating upon the Participant's resumption of service with the Company. A Service Provider will not cease to be an Employee in the case of (i) any leave of absence approved by the Company or (ii) transfers between locations of the Company or between the Company, its Parent, or any Subsidiary. For purposes of Incentive Stock Options, no such leave may exceed ninety (90) days, unless reemployment upon expiration of such leave is guaranteed by statute or contract. If reemployment upon expiration of a leave of absence approved by the Company is not so guaranteed, then three (3) months following the 91st day of such leave any Incentive Stock Option held by the Participant will cease to be treated as an Incentive Stock Option and will be treated for tax purposes as a Nonstatutory Stock Option.

Transferability of Awards. Unless determined otherwise by the Administrator, an Award may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Participant, only by the Participant. If the Administrator makes an Award transferable, such Award will contain such additional terms and conditions as the Administrator deems appropriate.

Awards to Outside Directors

General. All grants of Awards to Outside Directors pursuant to this Section 14 will be automatic and nondiscretionary and will be made in accordance with the following provisions, except as otherwise provided herein.

Granting of Awards.

Initial Award. Each Outside Director who becomes an Outside Director after the effective date of this Plan will be automatically granted a Nonstatutory Stock Option to purchase 40,000 Shares (the "Initial Award") on the date on which such person first becomes an Outside Director, whether through election by the stockholders of the Company or appointment by the Board to fill a vacancy; provided, however, that an Inside Director who ceases to be an Inside Director but who remains a Director will not receive an Initial Award.

Subsequent Awards. Each Outside Director will be automatically granted an Award of Restricted Stock Units on October 1 of each year; provided that he or she is then an Outside Director (a "Subsequent Award"). The number of Restricted Stock Units subject to the Subsequent Award will be determined in the sole discretion of the Board or the Administrator on or prior to the Award becoming effective on the applicable October 1 grant date.

Terms of Initial Award. The terms of the Initial Award will be as follows:

The term of the Initial Award will be ten (10) years.

The exercise price per Share will be 100% of the Fair Market Value per Share on the date of grant. In the event that the date of grant is not a trading day, the exercise price per Share will be the Fair Market Value on the next trading day immediately following the date of grant.

Subject to the provisions of Section 15, 12.5% of the Shares subject to the Initial Award will vest six (6) months after the date of grant, and 1/48 of the Shares subject to the Initial Award will vest each month thereafter so that 100% of the Shares subject to the Initial Award will be vested four (4) years from the grant date, subject to the Outside Director remaining a Service Provider through each such vesting date.

Subsequent Award. The terms of each Subsequent Award will be as follows:

Subject to the provisions of Section 15, the Subsequent Award will vest and become payable as to 100% of the Restricted Stock Units subject to the Award on the twelve (12) month anniversary of the date of grant, subject to the Outside Director remaining a Service Provider through such vesting date. Notwithstanding the foregoing, at any time after the grant of the Subsequent Award, the Administrator, in its sole discretion, may reduce or waive any vesting criteria that must be met to receive a payout of the Restricted Stock Units subject to the Subsequent Award.

To the extent not in conflict with the terms of this Section 14, the other terms and conditions of the Plan will apply to any Subsequent Awards.

Adjustments. The Administrator in its discretion may change and otherwise revise the terms of Awards granted under this Section 14, including, without limitation, the number of Shares and/or the types of Awards to be granted, for Awards granted on or after the date the Administrator determines to make any such change or revision.

Other Awards. Nothing in this Section 14 will limit the ability of the Administrator to grant all types of Awards under the Plan (including Options) to Outside Directors in addition to the Awards that are granted to them under this Section 14.

Adjustments; Dissolution or Liquidation; Merger or Change in Control.

Adjustments. In the event that any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, or other change in the corporate structure of the Company affecting the Shares occurs, the Administrator, in order to prevent diminution or enlargement of the benefits or potential benefits intended to be made available under the Plan, may (in its sole discretion) adjust the number and class of Shares that may be delivered under the Plan and/or the number, class, and price of Shares covered by each outstanding Award, and the numerical Share limits set forth in Sections 3, 6, 7, 8, 9, 10 and 14.

Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Administrator will notify each Participant as soon as practicable prior to the effective date of such proposed transaction. To the extent it has not been previously exercised, an Award will terminate immediately prior to the consummation of such proposed action.

Change in Control. In the event of a Change in Control, each outstanding Award will be assumed or an equivalent option or right substituted by the successor corporation or a Parent or Subsidiary of

the successor corporation (the "Successor Corporation"). In the event that the Successor Corporation refuses to assume or substitute for the Award, the Participant will fully vest in and have the right to exercise all of his or her outstanding Options and Stock Appreciation Rights, including Shares as to which such Awards would not otherwise be vested or exercisable, all restrictions on Restricted Stock will lapse, and, with respect to Restricted Stock Units, Performance Shares and Performance Units, all Performance Goals or other vesting criteria will be deemed achieved at target levels and all other terms and conditions met. In addition, if an Option or Stock Appreciation Right is not assumed or substituted for in the event of a Change in Control, the Administrator will notify the Participant in writing or electronically that the Option or Stock Appreciation Right will be fully vested and exercisable for a period of time determined by the Administrator in its sole discretion, and the Option or Stock Appreciation Right will terminate upon the expiration of such period.

With respect to Awards granted to Outside Directors that are assumed or substituted for, if on the date of or following such assumption or substitution the Participant's status as a Director or a director of the Successor Corporation, as applicable, is terminated other than upon a voluntary resignation by the Participant, then the Participant will fully vest in and have the right to exercise Options and/or Stock Appreciation Rights as to all of the Shares subject thereto, including Shares as to which such Awards would not otherwise be vested or exercisable, all restrictions on Restricted Stock will lapse, and, with respect to Restricted Stock Units, Performance Shares and Performance Units, all Performance Goals or other vesting criteria will be deemed achieved at target levels and all other terms and conditions met.

For the purposes of this subsection (c), an Award will be considered assumed if, following the Change in Control, the Award confers the right to purchase or receive, for each Share subject to the Award immediately prior to the Change in Control, the consideration (whether stock, cash, or other securities or property) or, in the case of a Stock Appreciation Right upon the exercise of which the Administrator determines to pay cash or a Performance Share or Performance Unit which the Administrator can determine to pay in cash, the fair market value of the consideration received in the merger or Change in Control by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the Change in Control is not solely common stock of the Successor Corporation, the Administrator may, with the consent of the Successor Corporation, provide for the consideration to be received upon the exercise of an Option or Stock Appreciation Right or upon the payout of a Performance Share or Performance Unit, for each Share subject to such Award (or in the case of Performance Units, the number of implied shares determined by dividing the value of the Performance Units by the per share consideration received by holders of Common Stock in the Change in Control), to be solely common stock of the Successor Corporation equal in fair market value to the per share consideration received by holders of Common Stock in the Change in Control.

Notwithstanding anything in this Section 15(c) to the contrary, an Award that vests, is earned or paid-out upon the satisfaction of one or more Performance Goals will not be considered assumed if the Company or its successor modifies any of such Performance Goals without the Participant's consent; provided, however, a modification to such Performance Goals only to reflect the Successor Corporation's post-Change in Control corporate structure will not be deemed to invalidate an otherwise valid Award assumption.

Tax Withholding

Withholding Requirements. Prior to the delivery of any Shares or cash pursuant to an Award (or exercise thereof), the Company will have the power and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy federal, state, local, foreign or other taxes (including the Participant's FICA obligation) required to be withheld with respect to such Award (or exercise thereof).

Withholding Arrangements. The Administrator, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit a Participant to satisfy such tax withholding obligation, in whole or in part by (without limitation) (a) paying cash, (b) electing to have the Company withhold otherwise deliverable cash or Shares having a Fair Market Value equal to the amount required to be withheld, (c) delivering to the Company already-owned Shares having a Fair Market Value equal to the amount required to be withheld, or (d) selling a sufficient number of Shares otherwise deliverable to the Participant through such means as the Administrator may determine in its sole discretion (whether through a broker or otherwise) equal to the amount required to be withheld. The amount of the withholding requirement will be deemed to include any amount which the Administrator agrees may be withheld at the time the election is made, not to exceed the amount determined by using the maximum federal, state or local marginal income tax rates applicable to the Participant with respect to the Award on the date that the amount of tax to be withheld is to be determined. The Fair Market Value of the Shares to be withheld or delivered will be determined as of the date that the taxes are required to be withheld.

No Effect on Employment or Service. Neither the Plan nor any Award will confer upon a Participant any right with respect to continuing the Participant's relationship as a Service Provider with the Company, nor will they interfere in any way with the Participant's right or the Company's right to terminate such relationship at any time, with or without cause, to the extent permitted by Applicable Laws.

Date of Grant. The date of grant of an Award will be, for all purposes, the date on which the Administrator makes the determination granting such Award, or such other later date as is determined by the Administrator. Notice of the determination will be provided to each Participant within a reasonable time after the date of such grant.

Term of Plan. Subject to Section 23 of the Plan, the Plan will become effective upon its adoption by the Board. It will continue in effect for a term of ten (10) years unless terminated earlier under Section 20 of the Plan.

Amendment and Termination of the Plan.

Amendment and Termination. The Board or the Administrator may at any time amend, alter, suspend or terminate the Plan.

Stockholder Approval. The Company will obtain stockholder approval of any Plan amendment to the extent necessary and desirable to comply with Applicable Laws.

Effect of Amendment or Termination. No amendment, alteration, suspension or termination of the Plan will impair the rights of any Participant, unless mutually agreed otherwise between the Participant and the Administrator, which agreement must be in writing and signed by the Participant and the Company. Termination of the Plan will not affect the Administrator's ability to exercise the powers granted to it hereunder with respect to Awards granted under the Plan prior to the date of such termination.

Conditions Upon Issuance of Shares.

Legal Compliance. Shares will not be issued pursuant to the exercise of an Award unless the exercise of such Award and the issuance and delivery of such Shares will comply with Applicable Laws and will be further subject to the approval of counsel for the Company with respect to such compliance.

Investment Representations. As a condition to the exercise of an Award, the Company may require the person exercising such Award to represent and warrant at the time of any such exercise that the

Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required.

Inability to Obtain Authority. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, will relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority will not have been obtained.

Stockholder Approval. The Plan will be subject to approval by the stockholders of the Company within twelve (12) months after the date the Plan is adopted. Such stockholder approval will be obtained in the manner and to the degree required under Applicable Laws.

RAMBUS INC.

2006 EMPLOYEE STOCK PURCHASE PLAN

(as amended and restated April [--], 2012)

The following constitutes the provisions of the 2006 Employee Stock Purchase Plan of Rambus Inc.

1. Purpose. The purpose of the Plan is to provide Employees with an opportunity to purchase Common Stock through accumulated Contributions (as defined in Section 2(h) below). It is the intention of the Company to have the Plan qualify as an "employee stock purchase plan" under Section 423 of the Code. The provisions of the Plan, accordingly, will be construed so as to extend and limit Plan participation in a uniform and nondiscriminatory basis consistent with the requirements of Section 423 of the Code.

2. Definitions.

(a) "Administrator" means the Board or any committee designated by the Board to administer the Plan pursuant to Section 14.

(b) "Board" means the Board of Directors of the Company.

(c) "Change of Control" means the occurrence of any of the following events:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becomes the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities; or

(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets; or

(iii) The consummation of a merger or consolidation of the Company, with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company, or such surviving entity or its parent outstanding immediately after such merger or consolidation; or

(iv) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the Directors are Incumbent Directors. "Incumbent Directors" means Directors who either (A) are Directors as of the effective date of the Plan (pursuant to Section 23 hereof), or (B) are elected, or nominated for election, to the Board with the affirmative votes of at least a majority of those Incumbent Directors at the time of such election

or nomination (but will not include an individual whose election or nomination is in connection with an actual or threatened proxy contest relating to the election of Directors of the Company).

(d) "Code" means the Internal Revenue Code of 1986, as amended. Any reference to a section of the Code herein will be a reference to any successor or amended section of the Code.

(e) "Common Stock" means the common stock of the Company.

(f) "Company" means Rambus Inc., a Delaware corporation.

(g) "Compensation" means an Employee's base straight time gross earnings, but exclusive of payments for overtime, shift premium, incentive compensation, incentive payments, bonuses and other compensation.

(h) "Contributions" means the payroll deductions and other additional payments to the Company that the Company may permit to be made by a participant to fund the exercise of options granted pursuant to the Plan.

(i) "Designated Subsidiary" means any Subsidiary that has been designated by the Administrator from time to time in its sole discretion as eligible to participate in the Plan.

(j) "Director" means a member of the Board.

(k) "Employee" means any individual who is a common law employee of an Employer and is customarily employed for at least twenty (20) hours per week and more than five (5) months in any calendar year by the Employer, or any lesser number of hours per week and/or number of months in any calendar year established by the Administrator (if required under applicable local law) for purposes of any separate Offering. For purposes of the Plan, the employment relationship will be treated as continuing intact while the individual is on sick leave or other leave of absence that the Employer approves. Where the period of leave exceeds three (3) months and the individual's right to reemployment is not guaranteed either by statute or by contract, the employment relationship will be deemed to have terminated three (3) months and (1) day following the start of such leave. The Administrator, in its discretion, from time to time may, prior to an Enrollment Date for all options to be granted on such Enrollment Date, determine (on a uniform and nondiscriminatory basis) that the definition of Employee will or will not include an individual if he or she: (1) has not completed at least two years of service since his or her last hire date (or such lesser period of time as may be determined by the Administrator in its discretion), (2) customarily works not more than twenty (20) hours per week (or such lesser period of time as may be determined by the Administrator in its discretion), (3) customarily works not more than five (5) months per calendar year (or such lesser period of time as may be determined by the Administrator in its discretion), or (4) is a highly compensated employee under Section 414(q) of the Code with compensation above a certain level or who is an officer or subject to the disclosure requirements of Section 16(a) of the Exchange Act, provided the exclusion is applied with respect to each Offering in an identical manner to all highly compensated individuals of the Employer whose Employees are participating in that Offering.

(l) "Employer" means any one or all of the Company and its Designated Subsidiaries.

(m) "Enrollment Date" means the first Trading Day of each Offering Period.

(n) "Exchange Act" means the Securities Exchange Act of 1934, as amended, including the rules and regulations promulgated thereunder.

(o) "Exercise Date" means the first Trading Day on or after May 1 and November 1 of each year.

(p) "Fair Market Value" means, as of any date, the value of Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or a national market system, including without limitation the Nasdaq Global Select Market, the Nasdaq Global Market or the Nasdaq Capital Market of The Nasdaq Stock Market, its Fair Market Value will be the closing sales price for the Common Stock (or the closing bid, if no sales were reported) as quoted on such exchange or system on the date of determination, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable, or;

(ii) If the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, its Fair Market Value will be the mean of the closing bid and asked prices for the Common Stock on the date of determination, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable, or;

(iii) In the absence of an established market for the Common Stock, its Fair Market Value will be determined in good faith by the Administrator.

(q) "Offering" means an offer under the Plan of an option that may be exercised during an Offering Period as further described in Section 4. For purposes of this Plan, the Administrator may designate separate Offerings under the Plan (the terms of which need not be identical) in which Employees of one or more Employers will participate, even if the dates of the applicable Offering Periods of each such Offering are identical.

(r) "Offering Periods" means the periods of approximately six (6) months during which an option granted pursuant to the Plan may be exercised, commencing on the first Trading Day on or after May 1 and November 1 of each year and terminating on the first Trading Day on or after the May 1 and November 1 Offering Period commencement date approximately six (6) months later. The duration and timing of Offering Periods may be changed pursuant to Section 4 of this Plan.

(s) "Parent" means a "parent corporation," whether now or hereafter existing, as defined in Section 424(e) of the Code.

(t) "Plan" means this 2006 Employee Stock Purchase Plan.

(u) "Purchase Price" means an amount equal to eighty-five percent (85%) of the Fair Market Value of a share of Common Stock on the Enrollment Date or on the Exercise Date, whichever is lower; provided however, that the Purchase Price may be adjusted by the Administrator pursuant to Section 20.

(v) "Subsidiary" means a "subsidiary corporation," whether now or hereafter existing, as defined in Section 424(f) of the Code.

(w) "Trading Day" means a day on which the U.S. national stock exchanges and the Nasdaq System are open for trading.

3. Eligibility.

(a) Offering Periods. Any individual who is an Employee as of the Enrollment Date of any Offering Period will be eligible to participate in such Offering Period, subject to the requirements of Section 5. Employees who are citizens or residents of a non-U.S. jurisdiction may be excluded from participation in the Plan or an Offering if the participation of such Employees is prohibited under the laws of the applicable jurisdiction or if complying with the laws of the applicable jurisdiction would cause the Plan or an Offering to violate Section 423 of the Code.

(b) Limitations. Any provisions of the Plan to the contrary notwithstanding, no Employee will be granted an option under the Plan (i) to the extent that, immediately after the grant, such Employee (or any other person whose stock would be attributed to such Employee pursuant to Section 424(d) of the Code) would own capital stock of the Company or any Parent or Subsidiary of the Company and/or hold outstanding options to purchase such stock possessing five percent (5%) or more of the total combined voting power or value of all classes of the capital stock of the Company or of any Parent or Subsidiary of the Company, or (ii) to the extent that his or her rights to purchase stock under all employee stock purchase plans (as defined in Section 423 of the Code) of the Company or any Parent or Subsidiary of the Company accrues at a rate which exceeds twenty-five thousand dollars ($25,000) worth of stock (determined at the Fair Market Value of the stock at the time such option is granted) for each calendar year in which such option is outstanding at any time, as determined in accordance with Section 423 of the Code and the regulations thereunder.

4. Offering Periods. The Plan will be implemented by consecutive Offering Periods with a new Offering Period commencing on the first Trading Day on or after May 1 and November 1 of each year, or on such other date as the Administrator will determine, and continuing thereafter until terminated in accordance with Section 20. The Administrator will have the power to change the duration of Offering Periods (including the commencement dates thereof) with respect to future offerings without stockholder approval if such change is announced prior to the scheduled beginning of the first Offering Period to be affected thereafter.

5. Participation. An Employee who is eligible to participate in the Plan pursuant to Section 3(a) may become a participant by (i) submitting to the Company's payroll office (or its designee), on or before a date prescribed by the Administrator prior to an applicable Enrollment Date, a properly completed subscription agreement authorizing Contributions in the form provided by the

Administrator for such purpose, or (ii) following an electronic or other enrollment procedure prescribed by the Administrator.

6. Contributions.

(a) At the time a participant enrolls in the Plan pursuant to Section 5, he or she will elect to have payroll deductions made on each payday or other Contributions (to the extent permitted by the Administrator) made during the Offering Period in an amount not exceeding fifteen percent (15%) of the Compensation which he or she receives on each such payday. The Administrator, in its sole discretion, may permit all participants in a specified Offering to contribute amounts to the Plan through payment by cash, check or other means set forth in the subscription agreement prior to each Exercise Date of each Offering Period, provided that payment through means other than payroll deductions shall be permitted only if the participant has not already had the maximum permitted amount withheld through payroll deductions during the Offering Period. A participant's subscription agreement shall remain in effect for successive Offering Periods unless terminated as provided in Section 10 hereof.

(b) Payroll deductions authorized by a participant will commence on the first payday following the Enrollment Date and will end on the last payday in the Offering Period to which such authorization is applicable, unless sooner terminated by the participant as provided in Section 10.

(c) All Contributions made for a participant will be credited to his or her account under the Plan and will be made in whole percentages only. A participant may not make any additional payments into such account.

(d) A participant may discontinue his or her participation in the Plan as provided in Section 10, or may increase or decrease the rate of his or her Contributions during the Offering Period by (i) properly completing and submitting to the Company's payroll office (or its designee), on or before a date prescribed by the Administrator prior to an applicable Exercise Date, a new subscription agreement authorizing the change in Contribution rate in the form provided by the Administrator for such purpose, or (ii) following an electronic or other procedure prescribed by the Administrator; provided, however, that unless the Administrator provides otherwise, a participant may reduce, but not increase, his or her Contribution rate during an Offering Period for that Offering Period (it being understood that a participant may increase the Contribution rate for future Offering Periods prior to the commencement of any such Offering Period). If a participant has not followed such procedures to change the rate of Contributions, the rate of his or her Contributions will continue at the originally elected rate throughout the Offering Period and future Offering Periods (unless terminated as provided in Section 10). The Administrator may, in its sole discretion, limit the nature and/or number of Contribution rate changes that may be made by participants during any Offering Period. Any change in payroll deduction rate made pursuant to this Section 6(d) will be effective as of the first full payroll period following five (5) business days after the date on which the change is made by the participant (unless the Administrator, in its sole discretion, elects to process a given change in payroll deduction rate more quickly).

(e) Notwithstanding the foregoing, to the extent necessary to comply with Section 423(b)(8) of the Code and Section 3(b), a participant's Contributions may be decreased to

zero percent (0%) at any time during an Offering Period. Subject to Section 423(b)(8) of the Code and Section 3(b) hereof, Contributions will recommence at the rate originally elected by the participant effective as of the beginning of the first Offering Period which is scheduled to end in the following calendar year, unless terminated by the participant as provided in Section 10.

(f) Notwithstanding any provisions to the contrary in the Plan, the Administrator may allow Employees to participate in the Plan via cash contributions instead of payroll deductions if (i) payroll deductions are not permitted under applicable local law, and (ii) the Administrator determines that cash contributions are permissible under Section 423 of the Code.

(g) At the time the option is exercised, in whole or in part, or at the time some or all of the Company's Common Stock issued under the Plan is disposed of, the participant must make adequate provision for the Company's federal, state, or other tax withholding obligations, if any, which arise upon the exercise of the option or the disposition of the Common Stock. At any time, the Company may, but will not be obligated to, withhold from the participant's compensation the amount necessary for the Company to meet applicable withholding obligations, including any withholding required to make available to the Company any tax deductions or benefits attributable to the sale or early disposition of Common Stock by the Employee. In addition, the Company or the Employer, may, but will not be obligated to, withhold from the proceeds of the sale of Common Stock or any other method of withholding the Company or the Employer deems appropriate to the extent permitted by U.S. Treasury Regulation Section 1.423-2(f).

7. Grant of Option. On the Enrollment Date of each Offering Period, each Employee participating in such Offering Period will be granted an option to purchase on the Exercise Date(s) of such Offering Period (at the applicable Purchase Price) up to a number of shares of Common Stock determined by dividing such participant's Contributions accumulated prior to such Exercise Date and retained in the participant's account as of the Exercise Date by the applicable Purchase Price; provided that in no event will a participant be permitted to purchase during each Offering Period more than five thousand (5,000) shares of Common Stock (subject to any adjustment pursuant to Section 19), and provided further that such purchase will be subject to the limitations set forth in Sections 3(b) and 13. The Employee may accept the grant of such option with respect to any Offering Period under the Plan, by electing to participate in the Plan in accordance with the requirements of Section 5. The Administrator may, for future Offering Periods, increase or decrease, in its absolute discretion, the maximum number of shares of Common Stock that a participant may purchase during each Offering Period. Exercise of the option will occur as provided in Section 8, unless the participant has withdrawn pursuant to Section 10. The option will expire on the last day of the Offering Period.

8. Exercise of Option.

(a) Unless a participant withdraws from the Plan as provided in Section 10, his or her option for the purchase of shares of Common Stock will be exercised automatically on the Exercise Date, and the maximum number of full shares subject to the option will be purchased for such participant at the applicable Purchase Price with the accumulated Contributions in his or her account. No fractional shares of Common Stock will be purchased; any Contributions accumulated in a participant's account which are not sufficient to purchase a full share will be returned to the

participant. Any other funds left over in a participant's account after the Exercise Date will be returned to the participant. During a participant's lifetime, a participant's option to purchase shares hereunder is exercisable only by him or her.

(b) Notwithstanding any contrary Plan provision, if the Administrator determines that, on a given Exercise Date, the number of shares of Common Stock with respect to which options are to be exercised may exceed (i) the number of shares of Common Stock that were available for sale under the Plan on the Enrollment Date of the applicable Offering Period, or (ii) the number of shares of Common Stock available for sale under the Plan on such Exercise Date, the Administrator may in its sole discretion (x) provide that the Company will make a pro rata allocation of the shares of Common Stock available for purchase on such Enrollment Date or Exercise Date, as applicable, in as uniform a manner as will be practicable and as it will determine in its sole discretion to be equitable among all participants exercising options to purchase Common Stock on such Exercise Date, and either (x) continue any Offering Period then in effect, or (y) terminate any Offering Period then in effect pursuant to Section 20. The Company may make pro rata allocation of the shares of Common Stock available on the Enrollment Date of any applicable Offering Period pursuant to the preceding sentence, notwithstanding any authorization of additional shares of Common Stock for issuance under the Plan by the Company's stockholders subsequent to such Enrollment Date.

9. Delivery. As soon as administratively practicable after each Exercise Date on which a purchase of shares of Common Stock occurs, the Company will arrange the delivery to each participant, as appropriate, the shares purchased upon exercise of his or her option in a form determined by the Administrator (in its sole discretion) and pursuant to rules established by the Administrator. No participant will have any voting, dividend, or other stockholder rights with respect to shares of Common Stock subject to any option granted under the Plan until such shares have been purchased and delivered to the participant as provided in this Section 9.

10. Withdrawal.

(a) Under procedures established by the Administrator, a participant may withdraw all but not less than all the Contributions credited to his or her account and not yet used to exercise his or her option under the Plan at any time by (i) submitting to the Company's payroll office (or its designee) a written notice of withdrawal in the form prescribed by the Administrator for such purpose, or (ii) following an electronic or other withdrawal procedure prescribed by the Administrator. All of the participant's Contributions credited to his or her account will be paid to such participant as promptly as practicable after the effective date of his or her withdrawal and such participant's option for the Offering Period will be automatically terminated, and no further Contributions for the purchase of shares will be made for such Offering Period. If a participant withdraws from an Offering Period, Contributions will not resume at the beginning of the succeeding Offering Period unless the participant re-enrolls in the Plan in accordance with the provisions of Section 5.

(b) A participant's withdrawal from an Offering Period will not have any effect upon his or her eligibility to participate in any similar plan which may hereafter be adopted by the Company or in succeeding Offering Periods which commence after the termination of the Offering Period from which the participant withdraws.

11. Termination of Employment. Upon a participant's ceasing to be an Employee, for any reason, he or she will be deemed to have elected to withdraw from the Plan and the Contributions credited to such participant's account during the Offering Period but not yet used to purchase shares of Common Stock under the Plan will be returned to such participant or, in the case of his or her death, to the person or persons entitled thereto under Section 15, and such participant's option will be automatically terminated. The preceding sentence notwithstanding, a participant who receives payment in lieu of notice of termination of employment will be treated as continuing to be an Employee for the participant's customary number of hours per week of employment during the period in which the participant is subject to such payment in lieu of notice.

12. Interest. No interest will accrue on the Contributions of a participant in the Plan, except as may be required by applicable law, as determined by the Company, and if so required by the laws of a particular jurisdiction, shall apply to all participants in the relevant Offering except to the extent otherwise permitted by U.S. Treasury Regulation Section 1.423-2(f).

13. Stock.

(a) Subject to adjustment upon changes in capitalization of the Company as provided in Section 19, the maximum number of shares of Common Stock which will be made available for sale under the Plan will be 3,100,000 shares of Common Stock.

(b) Shares of Common Stock to be delivered to a participant under the Plan will be registered in the name of the participant or in the name of the participant and his or her spouse.

14. Administration. The Board or a committee of members of the Board who will be appointed from time to time by, and will serve at the pleasure of, the Board, will administer the Plan. The Administrator will have full and exclusive discretionary authority to construe, interpret and apply the terms of the Plan, to designate separate Offerings under the Plan, to determine eligibility, to adjudicate all disputed claims filed under the Plan and to establish such procedures that it deems necessary for administration of the Plan (including, without limitation, to adopt such procedures and sub-plans as are necessary or appropriate to permit the participation in the Plan by employees who are foreign nationals or employed outside the United States). Unless otherwise determined by the Administrator, the Employees eligible to participate in each such sub-plan will participate in a separate Offering. The Administrator, in its sole discretion and on such terms and conditions as it may provide, may delegate to one or more individuals all or any part of its authority and powers under the Plan. Every finding, decision and determination made by the Administrator (or its designee) will, to the full extent permitted by law, be final and binding upon all parties.

15. Designation of Beneficiary.

(a) A participant may designate a beneficiary who is to receive any shares of Common Stock and cash, if any, from the participant's account under the Plan in the event of such participant's death subsequent to an Exercise Date on which the option is exercised but prior to delivery to such participant of such shares and cash. In addition, a participant may designate a beneficiary who is to receive any cash from the participant's account under the Plan in the event of

such participant's death prior to exercise of the option. If a participant is married and the designated beneficiary is not the spouse, spousal consent will be required for such designation to be effective.

(b) The participant may change such designation of beneficiary at any time by written notice. In the event of the death of a participant and in the absence of a beneficiary validly designated under the Plan who is living at the time of such participant's death, the Company will deliver such shares and/or cash to the executor or administrator of the estate of the participant, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its discretion, may deliver such shares and/or cash to the spouse or to any one or more dependents or relatives of the participant, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

(c) All beneficiary designations under this Section 15 will be made in such form and manner as the Administrator may prescribe from time to time. Notwithstanding Sections 15(a) and (b) above, the Company and/or the Administrator may decide not to permit such designations by participants in non-U.S. jurisdictions to the extent permitted by U.S. Treasury Regulation Section 1.423-2(f).

16. Transferability. Neither Contributions credited to a participant's account nor any rights with regard to the exercise of an option or to receive shares of Common Stock under the Plan may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution or as provided in Section 15) by the participant. Any such attempt at assignment, transfer, pledge or other disposition will be without effect, except that the Company may treat such act as an election to withdraw from an Offering Period in accordance with Section 10.

17. Use of Funds. The Company may use all Contributions received or held by the Company under the Plan for any corporate purpose, and the Company will not be obligated to segregate such Contributions, except under Offerings in which applicable local law requires that Contributions to the Plan by participants be segregated from the Company's general corporate funds and/or deposited with an independent third party for participants in non-U.S. jurisdictions. Until shares of Common Stock are issued under the Plan (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), a participant will only have the rights of an unsecured creditor with respect to such shares.

18. Reports. Individual accounts will be maintained for each participant in the Plan. Statements of account will be given to participating Employees at least annually, which statements will set forth the amounts of Contributions, the Purchase Price, the number of shares of Common Stock purchased and the remaining cash balance, if any.

19. Adjustments, Dissolution, Liquidation or Change of Control.

(a) Adjustments. In the event that any dividend or other distribution (whether in the form of cash, Common Stock, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Common Stock or other securities of the Company, or other change in the corporate structure of the Company affecting the Common Stock such that an adjustment is

appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, the Administrator will adjust the number and class of Common Stock which may be delivered under the Plan, the Purchase Price per share and the number of shares of Common Stock covered by each option under the Plan which has not yet been exercised, and the numerical limits of Sections 7 and 13.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, any Offering Period then in progress will be shortened by setting a new Exercise Date (the "New Exercise Date"), and will terminate immediately prior to the consummation of such proposed dissolution or liquidation, unless provided otherwise by the Board. The New Exercise Date will be before the date of the Company's proposed dissolution or liquidation. The Board will notify each participant in writing or electronically, at least ten (10) business days prior to the New Exercise Date, that the Exercise Date for the participant's option has been changed to the New Exercise Date and that the participant's option will be exercised automatically on the New Exercise Date, unless prior to such date the participant has withdrawn from the Offering Period as provided in Section 10.

(c) Change of Control. In the event of a Change of Control, each outstanding option will be assumed or an equivalent option substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the option, any Offering Period then in progress will be shortened by setting a new Exercise Date (the "New Exercise Date") and any Offering Period then in progress will end on the New Exercise Date. The New Exercise Date will be before the date of the Company's proposed Change of Control. The Board will notify each participant in writing or electronically, at least ten (10) business days prior to the New Exercise Date, that the Exercise Date for the participant's option has been changed to the New Exercise Date and that the participant's option will be exercised automatically on the New Exercise Date, unless prior to such date the participant has withdrawn from the Offering Period as provided in Section 10.

20. Amendment or Termination.

(a) The Administrator may at any time and for any reason terminate or amend the Plan. Except as provided in Section 19, no such termination can affect options previously granted under the Plan, provided that an Offering Period may be terminated by the Administrator on any Exercise Date if the Administrator determines that the termination or suspension of the Plan is in the best interests of the Company and its stockholders. Except as provided in Section 19 and this Section 20, no amendment may make any change in any option theretofore granted which adversely affects the rights of any participant. To the extent necessary to comply with Section 423 of the Code (or any successor rule or provision or any other applicable law, regulation or stock exchange rule), the Company will obtain stockholder approval in such a manner and to such a degree as required.

(b) Without stockholder consent and without regard to whether any participant rights may be considered to have been "adversely affected," the Administrator will be entitled to change the Offering Periods, designate separate Offerings, limit the frequency and/or number of changes in the amount withheld during an Offering Period, establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars, permit Contributions in excess of the amount

designated by a participant in order to adjust for delays or mistakes in the Company's processing of properly completed withholding elections, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Common Stock for each participant properly correspond with Contribution amounts, and establish such other limitations or procedures as the Administrator determines in its sole discretion advisable which are consistent with the Plan.

(c) In the event the Administrator determines that the ongoing operation of the Plan may result in unfavorable financial accounting consequences, the Board may, in its discretion and, to the extent necessary or desirable, modify, amend or terminate the Plan to reduce or eliminate such accounting consequence including, but not limited to:

(i) amending the Plan to conform with the safe harbor definition under Statement of Financial Accounting Standards Codification Topic 718 (or any successor thereto), including with respect to an Offering Period underway at the time;

(ii) altering the Purchase Price for any Offering Period including an Offering Period underway at the time of the change in Purchase Price;

(iii) shortening any Offering Period so that such Offering Period ends on a new Exercise Date, including an Offering Period underway at the time of the Board action;

(iv) reducing the maximum percentage of Compensation a participant may elect to set aside as Contributions; and

(v) reducing the maximum number of Shares a participant may purchase during any Offering Period.

Such modifications or amendments will not require stockholder approval or the consent of any Plan participants.

21. Notices. All notices or other communications by a participant to the Company under or in connection with the Plan will be deemed to have been duly given when received in the form and manner specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

22. Conditions Upon Issuance of Shares. Shares of Common Stock will not be issued with respect to an option under the Plan unless the exercise of such option and the issuance and delivery of such shares pursuant thereto will comply with all applicable provisions of law, domestic or foreign, including, without limitation, the Securities Act of 1933, as amended, including the rules and regulations promulgated thereunder, the Exchange Act, and the requirements of any stock exchange upon which the shares may then be listed, and will be further subject to the approval of counsel for the Company with respect to such compliance.

As a condition to the exercise of an option, the Company may require the person exercising such option to represent and warrant at the time of any such exercise that the shares are being purchased only for investment and without any present intention to sell or distribute such shares if,

in the opinion of counsel for the Company, such a representation is required by any of the aforementioned applicable provisions of law.

23. Term of Plan. The Plan will become effective upon the earlier to occur of its adoption by the Board or its approval by the stockholders of the Company. It will continue in effect for a term of ten (10) years, unless sooner terminated under Section 20.

24. SAMPLE SUBSCRIPTION AGREEMENT

RAMBUS INC.

2006 EMPLOYEE STOCK PURCHASE PLAN

SUBSCRIPTION AGREEMENT

_____ Original Application Offering Date:___________
_____ Change in Payroll Deduction Rate
_____ Change of Beneficiary(ies)

1. ____________________ hereby elects to participate in the Rambus Inc. 2006 Employee Stock Purchase Plan (the "Plan") and subscribes to purchase shares of the Company's Common Stock in accordance with this Subscription Agreement and the Plan.

2. I hereby authorize payroll deductions from each paycheck in the amount of ____% of my Compensation on each payday (from 1 to 15%) during the Offering Period in accordance with the Plan. (Please note that no fractional percentages are permitted.)

3. I understand that said payroll deductions will be accumulated for the purchase of shares of Common Stock at the applicable Purchase Price determined in accordance with the Plan. I understand that if I do not withdraw from an Offering Period, any accumulated payroll deductions will be used to automatically exercise my option.

4. I have received a copy of the complete Plan. I understand that my participation in the Plan is in all respects subject to the terms of the Plan. I understand that my ability to exercise the option under this Subscription Agreement is subject to stockholder approval of the Plan.

5. Shares of Common Stock purchased for me under the Plan should be issued in the name(s) of Employee or Employee and Spouse only.

6. I understand that if I dispose of any shares received by me pursuant to the Plan within 2 years after the Enrollment Date (the first day of the Offering Period during which I purchased such shares) or one year after the Exercise Date, I will be treated for federal income tax purposes as having received ordinary income at the time of such disposition in an amount equal to the excess of the fair market value of the shares at the time such shares were purchased by me over the price which I paid for the shares. I hereby agree to notify the Company in writing within 30 days after the date of any disposition of my shares and I will make adequate provision for Federal, state or other tax withholding obligations, if any, which arise upon the disposition of the Common Stock. The Company may, but will not be obligated to, withhold from my compensation the amount necessary to meet any applicable withholding obligation including any withholding necessary to make available to the Company any tax deductions or benefits attributable to sale or early disposition of Common Stock by me. If I dispose of such

shares at any time after the expiration of the 2-year and 1-year holding periods, I understand that I will be treated for federal income tax purposes as having received income only at the time of such disposition, and that such income will be taxed as ordinary income only to the extent of an amount equal to the lesser of (1) the excess of the fair market value of the shares at the time of such disposition over the purchase price which I paid for the shares, or (2) 15% of the fair market value of the shares on the first day of the Offering Period. The remainder of the gain, if any, recognized on such disposition will be taxed as capital gain.

7. I hereby agree to be bound by the terms of the Plan. The effectiveness of this Subscription Agreement is dependent upon my eligibility to participate in the Plan.

8. In the event of my death, I hereby designate the following as my beneficiary(ies) to receive all payments and/or shares due me under the Plan:

NAME: (Please print)____

(First) (Middle) (Last)

____________________ ______________________________

Relationship

____________________ ______________________________

Percentage Benefit (Address)

NAME: (please print)____

(First) (Middle) (Last)

____________________ ______________________________

Relationship

____________________ ______________________________

Percentage of Benefit (Address)

Employee's Social
Security Number: ____________________________________

Employee's Address: ____________________________________

____

____

I UNDERSTAND THAT THIS SUBSCRIPTION AGREEMENT WILL REMAIN IN EFFECT THROUGHOUT SUCCESSIVE OFFERING PERIODS UNLESS TERMINATED BY ME.

Dated:_________________________

____
Signature of Employee

____
Spouse's Signature (If beneficiary other than spouse)

<u>SAMPLE WITHDRAWAL NOTICE</u>

RAMBUS INC.

2006 EMPLOYEE STOCK PURCHASE PLAN

NOTICE OF WITHDRAWAL

The undersigned participant in the Offering Period of the Rambus Inc. 2006 Employee Stock Purchase Plan which began on ____________, ______ (the "Enrollment Date") hereby notifies the Company that he or she hereby withdraws from the Offering Period. He or she hereby directs the Company to pay to the undersigned as promptly as practicable all the payroll deductions credited to his or her account with respect to such Offering Period. The undersigned understands and agrees that his or her option for such Offering Period will be automatically terminated. The undersigned understands further that no further payroll deductions will be made for the purchase of shares in the current Offering Period and the undersigned will be eligible to participate in succeeding Offering Periods only by delivering to the Company a new Subscription Agreement.

Name and Address of Participant:

____

____

____

Signature:

____

Date:______________________________