

RAMBUS INC
Form 10-Q
April 26, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2013

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

(State or other jurisdiction of
incorporation or organization)

1050 Enterprise Way, Suite 700, Sunnyvale, CA 94089

(Address of principal executive offices) (zip code)

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

94-3112828

(I.R.S. Employer
Identification 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 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

Smaller reporting company

(Do not check if a smaller reporting company)

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

The number of shares outstanding of the registrant's Common Stock, par value \$.001 per share, was 111,641,153 as of March 31, 2013.

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NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (“Quarterly 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;
- Dispositions, acquisitions, mergers or strategic transactions and our related integration efforts;
- Write-down of assets;
- Pricing policies of our licensees;
- Changes in our strategy and business model;
- Deterioration of financial health of commercial counterparties and their ability to meet their obligations to us;
- 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;
- 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 and amounts owed under license agreements;
- Indemnification and technical support obligations;

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Issuances of our securities, which could involve restrictive covenants or be dilutive to our existing stockholders; 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,” “projecting” or the negative 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.

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RAMBUS INC.
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (Unaudited)

	March 31, 2013	December 31, 2012
	(In thousands, except shares and par value)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$157,215	\$148,984
Marketable securities	57,613	54,346
Accounts receivable	60	529
Prepays and other current assets	9,038	10,529
Deferred taxes	788	788
Total current assets	224,714	215,176
Intangible assets, net	145,930	153,173
Goodwill	124,969	124,969
Property, plant and equipment, net	78,218	86,905
Deferred taxes, long-term	4,806	4,458
Other assets	3,029	3,131
Total assets	\$581,666	\$587,812
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$4,036	\$7,918
Accrued salaries and benefits	31,925	23,992
Accrued litigation expenses	10,256	9,822
Other accrued liabilities	7,954	12,402
Total current liabilities	54,171	54,134
Convertible notes, long-term	151,487	147,556
Long-term imputed financing obligation	39,685	45,919
Long-term income taxes payable	6,534	6,533
Other long-term liabilities	13,992	12,076
Total liabilities	265,869	266,218
Commitments and contingencies (Notes 9 and 14)		
Stockholders' equity:		
Convertible preferred stock, \$.001 par value:		
Authorized: 5,000,000 shares		
Issued and outstanding: no shares at March 31, 2013 and December 31, 2012	—	—
Common stock, \$.001 par value:		
Authorized: 500,000,000 shares		
Issued and outstanding: 111,641,153 shares at March 31, 2013 and 111,525,021 shares at December 31, 2012	112	112
Additional paid-in capital	1,080,380	1,075,761
Accumulated deficit	(764,381) (753,979
Accumulated other comprehensive loss	(314) (300
Total stockholders' equity	315,797	321,594
Total liabilities and stockholders' equity	\$581,666	\$587,812
See Notes to Unaudited Condensed Consolidated Financial Statements		

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RAMBUS INC.
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 (Unaudited)

	Three Months Ended March 31,	
	2013	2012
	(In thousands, except per share amounts)	
Revenue:		
Royalties	\$66,222	\$62,043
Contract revenue	644	820
Total revenue	66,866	62,863
Operating costs and expenses:		
Cost of revenue*	5,249	7,163
Research and development*	32,848	38,394
Marketing, general and administrative*	25,105	34,834
Restructuring charges	2,206	—
Costs of restatement and related legal activities	17	30
Total operating costs and expenses	65,425	