RAMBUS INC
Form 10-K
February 24, 2012

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

(Mark One)

ý **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

o **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 ý No o

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 o No ý

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 ý No o

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 ý No o

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. ý

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 ý	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

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

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;

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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.

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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

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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

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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

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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

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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.

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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.

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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

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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.

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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."

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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.

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Name	Age	Position and Business Experience
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.

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Name	Age	Position and Business Experience
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.

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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" el