

**Prepared Comments from Rubicon Project (NYSE: RUBI)
Q1 2016 Investor Conference Call Held on May 3, 2016**

Erik Randerson, VP of Investor Relations

Good afternoon, everyone, and welcome to Rubicon Project's 2016 first quarter earnings conference call. As a reminder this conference call is being recorded. Joining me today are Frank Addante, CEO and Founder; Greg Raifman, President; and Todd Tappin, Chief Operating Officer and Chief Financial Officer.

Before we get started I'd like to remind our listeners that our prepared remarks and answers to questions will include expectations, predictions, estimates and other information that might be considered to be forward-looking statements, including but not limited to, guidance we are providing and other non-historical statements related to our anticipated financial performance; operating and strategic plans; expectations regarding new initiatives; our relationships and business with Buyers and Sellers using our platform; competitive differentiation; fees and take rate; capital investment and organizational development; our competitive position; and market conditions and trends and growth expectations, including growth in Orders, Mobile and Video, and in our Buyer Cloud operations.

Forward-looking statements involve risks, uncertainties and assumptions and actual results may differ significantly from the results suggested by forward-looking statements for various reasons including, without limitation, if such risks or uncertainties materialize or assumptions prove to be inaccurate.

Further, we may adjust our plans and expectations in response to market conditions or other factors. Reported results should not be considered an indication of future performance.

A discussion of these and other risks, uncertainties and assumptions is set forth in the Company's Annual Report on Form 10-K for the year ended December 31, 2015, as well as our quarterly reports on Form 10-Q, including under the headings: "Risk Factors" and "Management Discussion and Analysis of Financial Condition and Results of Operations". We undertake no obligation to update forward-looking statements or relevant risks.

Our commentary will include non-GAAP financial measures. Reconciliations between GAAP and non-GAAP metrics for our reported results can be found in our earnings press release, which we have posted to the investor relations website at investor.rubiconproject.com. At times, in response to your questions, we may offer incremental metrics to provide greater insights into the dynamics of our business. Please be advised that this additional detail may be one-time in nature and we may or may not provide an update in the future on these metrics. I encourage you to visit our investor relations website to access our press release, periodic SEC reports, a webcast replay of today's call or to learn more about Rubicon Project.

Q1 2016 Financial Highlights Presentation

As a final note, I would like to mention that in the Events and Presentations section of our Investor relations Website, we have included a Q1 Financial Highlights presentation that summarizes our financial and operating results. I would like to suggest that you access this presentation as Todd will speak to one of the slides included in the presentation during his prepared remarks in a few minutes.

With that, let me turn the call over to Frank.

Frank Addante, CEO and Founder

Thank you, Erik, and good afternoon everyone. Q1 was a great quarter for Rubicon Project, highlighted by non-GAAP net revenue increasing 71% year over year and Adjusted EBITDA more than tripling year-over-year.

And this strong result builds on the impressive 62% year-over-year growth we reported in the first quarter last year.

Since founding Rubicon Project nine years ago, we have worked very hard to create and preserve a culture of high performance at the company. Our results demonstrate our team's commitment to winning and to our strong cultural values.

Outlook for Continued Growth

With that said, I would like to give you some background thinking on our guidance intentions that Todd will share with you in more detail.

Rubicon Project has always been a company that has been aggressive with innovation while being fiscally prudent. You will see that we are confident in the full year guidance that we set earlier this year and we are reiterating our revenue guidance for 2016. We are also increasing the outlook on the bottom line performance for the year. This further illustrates the leverage in our business model that positions us to accommodate revenue growth within our current cost base.

We are a marketplace business and investing in the growth of the marketplace is a top priority for us. Our growth is fueled by marketplace network effects and it's important for our continued success for us to invest in the growth of the marketplace, especially as we continue to invest in market segments such as video, orders and consumer solutions.

Dynamics of the Rubicon Project Marketplace

Since our inception, it has been typical for us to see advertising spend shift in our marketplace from month to month and from quarter to quarter. Sometimes we may see a slower start to a month or to a quarter, only to see a re-acceleration toward the end of the month or quarter, or a quick start and then a slow-down. We always consider that periodic increases or decreases in revenue can be explained by these shifts in the timing of spending.

Advertising budgets are typically planned out and set for a year. How it gets spent can be dynamic throughout the year. It's common for us to see money move around from publisher to publisher, DSP to DSP or even agency to agency. Ultimately, that spend ends up reaching sellers one way or another. That is one of the strengths of being in the marketplace business.

We are well positioned as money shifts around and our business is naturally diversified. This has led to eight consecutive quarters of beat and raise prior to this quarter.

While we are increasing our bottom line guidance for the year, we realize that, based on our past top line and bottom line performance, some may wonder why we are not increasing our revenue guidance for the year. We believe we have significant opportunities for growth, based upon what we have experienced in the year to date, we do not think it is appropriate to increase our revenue guidance at this time. As I mentioned, there may be a timing shift in advertising spend in our marketplace and as Todd will explain, our Q2 revenue guidance remains consistent with historical patterns in our business.

Our team is performing well, and we believe we are very strategically positioned as a company. The advertising market continues to grow and automation has evolved from a market where we were having to heavily educate potential customers to one where it is now top of mind and a must have for them.

Looking forward, we remain optimistic about our growth prospects across several large market opportunities -- such as Mobile, Orders and Video advertising automation.

Longer-term Opportunity to Improve the Advertising Experience for Consumers

Also particularly exciting for me is the longer-term opportunity we have to improve the advertising experience for consumers by creating a marketplace that puts the consumer first.

Advertising is about telling a story and sharing information, but the exchange has always been one way.

Consumers are actively telling us that they no longer want to be passive participants in this exchange, but they do not have productive options that allow them to control their advertising experience.

It is time that we enable them to engage. Ask them what they want. Give them a choice in their advertising experience. And Rubicon Project is uniquely positioned to do this as we reach an estimated 1 billion consumers on more than 50 percent of the top websites and applications that they visit. I'm very excited about this opportunity to lead our industry to reimagine the advertising experience from a consumer point of view. In doing so, I believe it will grow the overall market and in turn, create value for our customers and our shareholders. And it's the right thing to do.

With that said, I will let Greg and Todd walk you through a more detailed analysis of our results.

Greg Raifman, President

Thank you, Frank.

To begin with, I would like to extend my congratulations to our team for delivering another strong quarter, on the heels of our stellar fourth quarter to close out 2015.

Financial Results Summary

Our financial results for Q1 outperformed every prior first quarter in our Company's history, highlighted by non-GAAP net revenue increasing 71%, and Adjusted EBITDA more than tripling year-over-year. Non-GAAP earnings per share were \$0.31, a more than 10-fold increase from \$0.02 in the first quarter of 2015.

We also continued to generate positive free cash flow, further strengthening our balance sheet. Our financial strength, cash flow generation and the scalability of our business model continue to position us to capitalize on future growth opportunities and extend our competitive differentiation globally.

Outline for Prepared Remarks

Today, I will focus my remarks on three key themes:

- First, significant advances in our Open Platform Initiative to further increase the value of our Marketplace for Buyers and Sellers.
- Second, key growth drivers of Mobile, Video, Orders and International that provide exciting opportunities for continued expansion of our business during the balance of 2016 and beyond.
- And, third, client wins that further validate our belief that Rubicon Project is uniquely positioned to continue leading the market in advertising automation.

Open Platform Initiative

So, let me begin with a discussion of our Open Platform Initiative.

Last year, we recognized that many customers wanted to further consolidate their buying and selling of advertising impressions by deeply integrating with partners like Rubicon Project capable of providing comprehensive solutions. To maximize our success, we launched the Open Platform Initiative to provide our customers with maximum control and flexibility in leveraging our technology. Similar to how a company like Salesforce.com enables customization by its end clients, our open product architecture provides multiple integration points for our buyer and seller customers through APIs, or application programming interfaces.

We are pleased with the early success of this initiative, which we expect will further increase the value of our Marketplace for Buyers and Sellers.

Global Launch of Exchange API in Q1

The recent global launch of our Exchange API offering is a key milestone in our Open Platform Initiative. Exchange API allows our Sellers, such as mobile advertising platforms like inMobi and xAd, ad serving companies like ePlanning; and mobile app developers, like Gameloft, to easily integrate and leverage our proven technology to create a “unified auction” among all of their demand sources. In simple terms, by opening up their inventory to our Marketplace demand, our Exchange API partners can generate a higher yield for nearly every impression while significantly increasing the supply of inventory available through Rubicon Project. It works across all major channels, such as Mobile and Desktop; inventory types, such as RTB and Orders; and ad units, such as Video and Display.

Exchange API provides an important benefit for us in that it allows us to scale our offering to serve a large and fragmented base of inventory supply that would otherwise be difficult and inefficient for us to serve directly. For example, some of our Exchange API partners provide access to more than 10,000 mobile apps - allowing us to efficiently provide one single technology interface for all of them.

Since launching Exchange API globally in March, we have attracted significant interest from dozens of companies interested in deploying our open technology, underscoring our opportunity to scale the offering.

Mediaocean Partnership

Our recent announcement of a partnership with Mediaocean, the largest media planning, buying and billing software company in the world, further advances our open platform initiative.

For those not familiar with the company, Mediaocean manages more than \$100 billion in agency buying annually from more than 80,000 customers worldwide. Its customers include the world's largest ad agency holding companies and brands seeking to reach targeted audiences across mobile, video and display.

The agreement to integrate our combined technologies via our Open Platform Initiative will provide every buyer using Mediaocean's PRISMA media buying and planning product the opportunity to directly access all of the functionality of Rubicon Project's Guaranteed Orders Buyer and Seller Enterprise Software System.

During Q1, we further advanced our Open Platform Initiative by announcing that our industry-leading FastLane header bidding solution became compliant with Google's Accelerated Mobile Pages Project, or AMP. FastLane was the first header bidding solution in the industry to be accepted by Google for the AMP Project offering users a faster and more streamlined mobile web experience.

FastLane continues to experience rapid adoption and growth, empowering publishers and app developers to generate higher revenue for their audiences.

We expect the Open Platform Initiative will further increase competitive differentiation for our Marketplace, while increasing monetization for Sellers and generating improved return on investment for Buyers.

Key Growth Drivers

Now, I'd like to turn to key growth opportunities that have fueled our strong performance in Q1.

Mobile

First and foremost, we remain excited about Mobile. Mobile managed revenue grew by 89% year-over-year in Q1, expanding to 30% of total managed revenue. This was up significantly from Mobile representing just 20% of managed revenue in Q1 of 2015.

Our cross-channel initiatives continue to deliver for our clients, both Buyers and Sellers. In fact, 99% of our top 2,000 advertisers purchased both Mobile and desktop inventory in our Marketplace in the first quarter.

And, our cross-channel strength runs throughout our business into the seller side as well. In Q1, 87% of our top 100 Sellers worked cross-channel with us to monetize both Mobile and Desktop inventory in the first quarter.

Mobile Video

An exciting aspect of the Mobile market today is the emergence of Mobile Video inventory, which has high levels of user engagement. This Video on Mobile opportunity represents the "sweet spot" for future growth of digital advertising. Rubicon Project is the only Marketplace offering buyers and sellers the breadth and depth combination of a top 3 Mobile exchange, a growing Video exchange that focuses on premium, highly desirable Video inventory, the highest independent inventory quality rankings, and the most widely adopted Orders platform within which to transact.

A key differentiator for our Mobile platform is the complete scope it offers buyers and sellers to transact Video within Mobile. While many point solutions today support primarily one format of Video, Rubicon Project's platform was purpose-built for Mobile Video and today supports every major format of video advertising including native, expandable, interstitial, pre, mid, and post-roll, rewarded, and outstream, all of which can be location-enabled for superior targeting.

Looking forward, we continue to see the future of Mobile, and specifically Video, moving more and more towards Orders, where we are very well positioned with our widely adopted and industry-leading Orders Marketplace. Increasingly, Mobile publishers that had previously been hesitant to make their video inventory available to programmatic channels are confidently choosing to do so in our well lit, premium quality Orders Marketplace.

Rubicon Project is Launch Partner for Tapjoy's Mobile Video Private Exchange

I'll offer a perfect example of what I am talking about – which is also an example of a company leveraging our Exchange API offering that I mentioned earlier. Just today we announced a new partner that offers considerable growth potential in Mobile Video advertising through our Orders platform. Tapjoy has named Rubicon Project as its launch partner for the Tapjoy Private Exchange, delivering its premium Mobile Video and gaming app inventory to programmatic buyers globally, through our Orders marketplace. Tapjoy's premium audiences -- 520 million monthly active Mobile consumers through more than 10,000 Mobile apps – will be available to buyers in our Orders platform.

Orders

Orders, which comprises Guaranteed Orders and Private Marketplace Orders on a non-guaranteed basis, also continues to be a major growth opportunity. In Q1, our Orders managed revenue increased 43% year over year, and expanded to 17% of total managed revenue. This was up from Orders representing 15% of managed revenue in Q1 of 2015.

International

Lastly, I am encouraged by the performance of key international markets offering high growth potential. Most notably, managed revenue in Japan increased more than 5X year-over-year in Q1. Since launching in the Japanese market two years ago, we have followed our proven expansion model. We entered the market, and have successfully on boarded many of the country's most premium publishers including Nikkei Business Online; Oricon Style, the popular entertainment destination; and Tenki, the Japanese equivalent of Weather.com. As we have demonstrated in geographies throughout the world, when we successfully attract high quality sellers, inevitably we generate increased buyer interest and demand – creating dual network effects to lead to strong business growth.

In other highlights, we also achieved outstanding year-over-year growth in Brazil in Q1, and in South Africa, last month we launched Adjoin, our 10th publisher cooperative featuring a consortium of the country's most premium publishers.

Key Client Wins Demonstrating Progress Expanding the RUBI Marketplace

Now, I'll wrap up with some more proof points on our progress expanding our Marketplace by attracting additional premium Buyers and Sellers.

Beginning with Buyers.... For our Buyer offerings focused on Intent Marketing, we have increased our focus on securing strategic client wins that could bring large spending commitments to our platform. As a result, I am pleased to share that we signed two large commitments in Buyer Cloud during the first quarter. Major Q1 wins in Buyer Cloud include Overstock, a newer direct relationship with exciting growth potential, and a major expansion with a home goods retailer that increased its spend more than 200% year-over-year in the first quarter.

Shifting to Sellers.... We are very excited to welcome ESPN as a newly onboarded client across Mobile, Video and Desktop inventory.

PCH: Deploying Complete RUBI Solution Drives > 350% Y-o-Y Increase in Spend

Now, let me shift to a great case study highlighting the benefits of our complete advertising automation solution. Publishers Clearing House is a leading interactive media company that reaches 13 million monthly unique visitors globally.

Since onboarding in late 2014, PCH has meaningfully expanded its partnership with us. PCH initially began working with Rubicon Project for real-time bidding and static bidding of desktop display inventory. In the past several months, PCH has significantly expanded its relationship with us to leverage our Mobile, Video, and Private Marketplace Orders offerings and, most recently, Guaranteed Orders.

Driven by extraordinary success in Video and Orders in the first quarter, PCH achieved a greater than 350% year-over-year increase in spend on our Marketplace – truly demonstrating the power of our comprehensive advertising automation solution I described last quarter.

Wrap Up

To wrap up..... I continue to be pleased by our team's execution in a competitive environment, as demonstrated by our strong Q1 results. As Frank alluded to, we can't expect results every quarter to be so favorable, as there can be shifts in advertiser spend throughout the year that may affect quarterly comparisons.

Nonetheless, our focused strategy of engineering a truly differentiated advertising marketplace is clearly working. Buyers and Sellers continue to seek fewer, more comprehensive technology partners that bring a scale to the market that Rubicon Project and very few others in the industry are capable of delivering.

And with that, I would like to turn it over to Todd to discuss our financial results in more detail. Here's Todd.

Todd Tappin, Chief Operating Officer and Chief Financial Officer

Thank you, Greg.

Overall, we have continued to experience strong growth, led by RTB and mobile.

Revenue Metrics

Managed Revenue, which is the advertising spending transacted on our platform, for the first quarter of 2016 was \$248.5 million compared to \$197.2 million for the first quarter of 2015, an increase of 26% year-over-year. The increase in managed revenue was primarily driven by an increase in both pricing and bidding activity, led by RTB, which continues to represent the largest portion of our business. Managed revenue was composed of 78% RTB, 17% Orders and 5% Static and by channel, managed revenue was composed of 70% desktop and 30% mobile for the first quarter of 2016.

GAAP revenue for the first quarter of 2016 was \$69.2 million compared to \$37.2 million in the same period in 2015, representing a year-over-year increase of 86%.

Non-GAAP net revenue for the first quarter of 2016 was \$63.6 million compared to \$37.2 million in the same period in 2015, an increase of 71% year-over-year and, once again, ahead of expectations.

Operating Metrics

Take rate, which is non-GAAP net revenue divided by Managed Revenue, increased to 25.6% in the first quarter of 2016 compared to 18.9% for the same period in 2015. The increase in take rate year-over-year was primarily due to the higher mix of RTB and buyer cloud transactions, which carry higher take rates, and a lower mix of static transactions. We expect take rate to decline over time for various reasons. For example, we may provide the market with different pricing opportunities in an effort to drive more volume. Another factor that could contribute to declining take rate, is an increase of Orders as a percentage of overall managed revenue because Orders carries a lower take rate, although an increase in Orders as a percentage of our revenue could yield higher absolute non-GAAP net revenue due to the higher CPMs typically associated with Orders transactions.

Operating Expenses

Operating expenses, including cost of revenue, increased to \$71.1 million in the first quarter of 2016 from \$44.3 million during the same period in 2015. The increase in operating expenses of \$26.8 million was primarily due to an overall increase in personnel expenses of approximately \$10.7 million, which included the expansion of our sales efforts and buyer cloud initiatives, payments to sellers of \$5.7 million included in cost of revenue, and an increase in non-cash amortization of acquired intangible assets of \$3.0 million.

Profitability Measures

Net income was \$2.3 million in the first quarter of 2016, which included a tax benefit of \$4.3 million. This was an improvement from the net loss of \$(5.0) million reported for the same period in 2015.

Adjusted EBITDA of \$15.5 million in the first quarter of 2016 was well above expectations, and well above Adjusted EBITDA of \$4.2 million in the first quarter of 2015. The increase in adjusted EBITDA was due to the revenue outperformance coupled with operating efficiencies and the timing of investments, which moved from the first quarter of 2016 to the second quarter of 2016, including investments in personnel and non-capex data center costs to accommodate growth driven by our XAPI and header bidding solutions, as well as investments in our international operations.

GAAP income per share was \$0.05 for the first quarter of 2016, including the tax benefit, compared to GAAP loss per share of \$(0.14) in the same period in 2015.

Non-GAAP earnings per share in the first quarter of 2016 was \$0.31, also including the tax benefit, which was well ahead of expectations and significantly higher than the \$0.02 reported in the same period in 2015.

For an explanation of the various share counts that affect these computations, please see the table in the earnings release and the explanation of non-GAAP EPS and non-GAAP weighted-average shares outstanding.

Cash Flow Measures

Capital expenditures, excluding capitalized stock compensation, were \$3.7 million for the first quarter of 2016.

We closed the period with \$166.9 million in cash and liquid assets, up \$13.7 million from \$153.2 million at year end and we generated free cash flow of \$6.9 million during the first quarter of 2016.

Guidance for Q2 2016

Looking ahead, we expect the following for the second quarter 2016:

- Non-GAAP Net Revenue to be between \$61.0 million and \$64.0 million;
- GAAP revenue to be between \$65.0 million and \$70.0 million. As noted in our prior communications, we would guide investors to focus on Non-GAAP net revenue, as we believe it is a better measurement of our revenue performance;
- Adjusted EBITDA to be between \$9.0 million and \$11.0 million; which is down sequentially from the first quarter primarily due to the shift in the timing of operating expenses from Q1 to Q2 as previously noted, including investments in personnel, non-capex data center costs and international operations to accommodate growth; and
- Non-GAAP earnings per share to be between \$0.08 and \$0.10, based on approximately 53.5 million forecasted weighted-average shares.

Guidance for FY 2016

For the full year 2016, we expect the following:

- Non-GAAP Net Revenue to be between \$275.0 million and \$295.0 million;
- GAAP revenue to be between \$315.0 million and \$355.0 million;
- Adjusted EBITDA to be between \$55.0 million and \$65.0 million, an increase from previous guidance due to better operating efficiencies; and
- Non-GAAP EPS to be between \$0.75 and \$0.85, which is also an increase from prior guidance, based on approximately 53.5 million forecasted weighted-average shares.

Guidance Assumptions

We would like to provide a few additional comments regarding the guidance.

- 1) The guidance assumes no further tax benefits for the remainder of the year, thus partially contributing to the disparity between Q1 and full year EPS;
- 2) The allocation of revenue among each quarter follows very closely with seasonal patterns, which have been very consistent year over year demonstrated by the financial highlights presentation on our website, whereby Q2 has typically represented approximately 22 to 23% of the total year, in line with our guidance;
- 3) We believe that previously provided revenue guidance for the full year was wide enough to accommodate the exceeded expectations of Q1 and it is still early in the year to adjust, however, we have raised the adjusted EBITDA and EPS guidance as a result of the strong Q1 and operating efficiencies; and
- 4) Additionally, to reiterate earlier commentary, the shifting of some expenditures from the first to the second quarter explains the sequential Q1 to Q2 adjusted EBITDA and non-GAAP EPS forecast.

Wrap Up

As we have previously discussed, we believe that our complete advertising automation solution provides both our buyer and seller customers with powerful applications, which, in turn, provides Rubicon Project with a competitive advantage. Accordingly, we plan to continue to invest in areas that drive this complete solution strategy. In addition, we believe that we have demonstrated differentiated results and capabilities compared to others in our sector.

We would now like to open the line for any questions.

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