

**Riverbed Technology**  
**Condensed Consolidated Statements of Cash Flows**  
**In thousands**  
**Unaudited**

	<b>Twelve months ended</b>	
	<b>December 31,</b>	
	<b>2012</b>	<b>2011</b>
Operating activities:		
Net income	\$ 54,597	\$ 63,807
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	40,010	24,474
Stock-based compensation	89,294	89,734
Deferred taxes	10,239	(24,693 )
Excess tax benefit from employee stock plans	(23,883 )	(50,673 )
Changes in operating assets and liabilities:		
Trade receivables	(13,386 )	(23,294 )
Inventory	(6,238 )	3,742
Prepaid expenses and other assets	(5,734 )	(21,900 )
Accounts payable	4,567	7,259
Accruals and other liabilities	(5,894 )	46,293
Acquisition-related contingent consideration	(15,882 )	1,323
Income taxes payable	20,176	50,993
Deferred revenue	91,397	41,843
Net cash provided by operating activities	239,263	208,908
Investing activities:		
Capital expenditures	(21,956 )	(18,059 )
Purchase of available for sale securities	(444,472)	(616,592)
Proceeds from maturities of available for sale securities	344,353	401,795
Proceeds from sales of available for sale securities	257,961	169,123
Acquisitions, net of cash acquired	(790,269)	(120,537)
Net cash used in investing activities	(654,383)	(184,270)
Financing activities:		
Proceeds from issuance of common stock under employee stock plans, net of repurchases	47,606	55,830
Cash used to net share settle equity awards	(27,309 )	(47,648 )
Payments for repurchases of common stock	(127,144)	(35,040 )
Debt borrowing, net of issuance costs	560,371	—
Excess tax benefit from employee stock plans	23,883	50,673
Net cash provided by financing activities	477,407	23,815
Effect of exchange rate changes on cash and cash equivalents	2,746	1,297
Net increase in cash and cash equivalents	65,033	49,750
Cash and cash equivalents at beginning of period	215,476	165,726
Cash and cash equivalents at end of period	\$ 280,509	\$ 215,476