

Riverbed Technology
GAAP to Non-GAAP Reconciliation
In thousands, except per share amounts
Unaudited

GAAP to Non-GAAP Reconciliations:	Three months ended			Twelve months ended	
	December 31, 2012	September 30, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Reconciliation of Total revenue:					
U.S. GAAP as reported	\$ 237,382	\$ 218,597	\$ 202,835	\$ 836,860	\$ 726,476
Adjustments:					
Deferred revenue adjustment (6)	1,292	199	1,189	2,818	2,002
As adjusted	\$ 238,674	\$ 218,796	\$ 204,024	\$ 839,678	\$ 728,478
Reconciliation of Net income:					
U.S. GAAP as reported	\$ 4,784	\$ 24,730	\$ 20,154	\$ 54,597	\$ 63,807
Adjustments:					
Stock-based compensation (1)	23,124	20,252	21,734	89,294	89,734
Payroll tax on stock-based compensation (2)	1,523	230	3,565	3,177	7,465
Amortization on intangibles (3)	9,553	5,474	4,858	25,888	13,120
Acquisition-related costs (credits) (5)	13,484	(2,371)	2,789	3,469	9,761
Inventory fair value adjustment (4)	699	—	—	699	359
Deferred revenue adjustment (6)	1,292	199	1,189	2,818	2,002
Other income (expense), net (8)	6	525	611	2,618	1,092
Income tax adjustments (7)	(8,006)	(2,958)	(13,787)	(19,224)	(37,375)
As adjusted	\$ 46,459	\$ 46,081	\$ 41,113	\$ 163,336	\$ 149,965
Reconciliation of Net income per share, diluted:					
U.S. GAAP as reported	\$ 0.03	\$ 0.15	\$ 0.12	\$ 0.33	\$ 0.38
Adjustments:					
Stock-based compensation (1)	0.15	0.13	0.13	0.54	0.54
Payroll tax on stock-based compensation (2)	0.01	0.00	0.02	0.02	0.04
Amortization on intangibles (3)	0.06	0.03	0.03	0.16	0.08
Acquisition-related costs (credits) (5)	0.08	(0.01)	0.02	0.02	0.06
Deferred revenue	0.01	0.00	0.01	0.02	0.01

adjustment (6)					
Other income (expense), net (8)	0.00	0.00	0.00	0.02	0.01
Income tax adjustments (7)	(0.05)	(0.02)	(0.08)	(0.12)	(0.22)
As adjusted	\$ 0.29	\$ 0.28	\$ 0.25	\$ 0.99	\$ 0.90
Non-GAAP Net income per share, basic	\$ 0.30	\$ 0.30	\$ 0.26	\$ 1.05	\$ 0.97
Non-GAAP Net income per share, diluted	\$ 0.29	\$ 0.28	\$ 0.25	\$ 0.99	\$ 0.90
Shares used in computing basic net income per share (9)	154,818	153,823	155,699	155,940	154,411
Shares used in computing diluted net income per share (9)	162,578	161,877	166,838	164,305	166,900
Non-GAAP adjustments:					
Support and services revenue	\$ 1,292	\$ 199	\$ 1,189	\$ 2,818	\$ 2,002
Cost of product	5,840	3,858	3,781	17,422	10,991
Cost of support and services	2,059	1,660	1,793	7,205	7,001
Sales and marketing	14,344	10,547	12,063	47,603	43,478
Research and development	8,264	7,079	8,688	31,541	32,457
General and administrative	4,645	3,306	5,534	18,030	21,301
Acquisition-related costs (credits)	13,231	(2,865)	1,087	726	5,211
Other income (expense), net (8)	6	525	611	2,618	1,092
Provision for income taxes	(8,006)	(2,958)	(13,787)	(19,224)	(37,375)
Total Non-GAAP adjustments	\$ 41,675	\$ 21,351	\$ 20,959	\$ 108,739	\$ 86,158

(1) Stock-based compensation expense is calculated in accordance with the fair value recognition provisions of Financial Accounting Standards Board Accounting Standards Codification (ASC) Topic 718, Compensation - Stock Compensation effective January 1, 2006.

(2) Payroll tax on stock-based compensation represents the incremental cost for employer payroll taxes on stock option exercises and restricted stock units vested and released.

(3) The intangible assets recorded at fair value as a result of our acquisition are amortized over the estimated useful life of the respective asset.

(4) The inventory fair value adjustment recorded pursuant to our acquisition is excluded from our non-GAAP operating expenses as this cost would not have otherwise occurred in the period presented.

(5) We incurred expenses in connection with our acquisitions, which would not have otherwise occurred in the period presented as part of our operating expenses; therefore, these costs or credits are excluded from our non-GAAP operating expenses.

(6) Business combination accounting rules require us to account for the fair value of deferred revenue assumed in connection with an acquisition. The non-GAAP adjustment is intended to reflect the full amount of support and service revenue that would have otherwise been recorded by the acquired entity.

(7) The non-GAAP tax rate excludes the income tax effects of non-GAAP adjustments. Additionally, the non-GAAP tax rate includes adjustments to our tax valuation allowance on deferred tax assets and excludes the interim tax cost of the one-time transfer of intellectual property rights between our legal entities.

(8) We incurred expenses, including revaluation of the contingent consideration, in connection with our acquisitions, which would not have otherwise occurred in the period presented as part of our other income (expense); therefore, these costs are excluded from our non-GAAP operating expenses.

(9) Shares used in computing basic and diluted net income per share for the December 31, 2012 periods exclude shares issued in connection with the OPNET acquisition.