

Riverbed Technology, Inc.
Supplemental Financial Information - Alternate Revenue Classification
GAAP
\$ in thousands
Unaudited

This schedule reclassifies ratable GAAP product and related service revenue and cost of revenue into the respective product and service revenue and cost of revenue categories

	2005					2006					2007				
	Mar	Jun	Sep	Dec	Total	Mar	Jun	Sep	Dec	Total	Mar	Jun	Sep	Dec	Total
Revenue:															
Product	\$ 2,095	\$ 2,478	\$ 6,378	\$ 9,497	\$ 20,448	\$ 12,004	\$ 15,608	\$ 20,905	\$ 28,781	\$ 77,298	\$ 35,639	\$ 45,188	\$ 52,508	\$ 63,287	\$ 196,622
Support and services	254	422	709	1,108	2,493	1,717	2,435	3,713	5,044	12,909	7,145	8,814	10,802	13,023	39,784
Total revenue	2,349	2,900	7,087	10,605	22,941	13,721	18,043	24,618	33,825	90,207	42,784	54,002	63,310	76,310	236,406
Cost of revenue:															
Cost of product	673	1,137	2,165	2,958	6,933	3,997	5,267	6,561	9,349	25,174	10,168	12,856	14,029	14,015	51,068
Cost of support and services	285	287	427	662	1,661	782	921	1,344	1,931	4,978	2,386	3,502	4,111	4,857	14,856
Total cost of revenue	958	1,424	2,592	3,620	8,594	4,779	6,188	7,905	11,280	30,152	12,554	16,358	18,140	18,872	65,924
Gross profit	\$ 1,391	\$ 1,476	\$ 4,495	\$ 6,985	\$ 14,347	\$ 8,942	\$ 11,855	\$ 16,713	\$ 22,545	\$ 60,055	\$ 30,230	\$ 37,644	\$ 45,170	\$ 57,438	\$ 170,482
Gross margins															
Product	67.9%	54.1%	66.1%	68.9%	66.1%	66.7%	66.3%	68.6%	67.5%	67.4%	71.5%	71.5%	73.3%	77.9%	74.0%
Support and services	-12.2%	32.0%	39.8%	40.3%	33.4%	54.5%	62.2%	63.8%	61.7%	61.4%	66.6%	60.3%	61.9%	62.7%	62.7%
Total	59.2%	50.9%	63.4%	65.9%	62.5%	65.2%	65.7%	67.9%	66.7%	66.6%	70.7%	69.7%	71.3%	75.3%	72.1%
Stock-based compensation and related payroll taxes															
Cost of product	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8	\$ 33	\$ 27	\$ 33	\$ 101
Cost of services	\$ 1	\$ 7	\$ 14	\$ 18	\$ 40	\$ 36	\$ 69	\$ 93	\$ 322	\$ 520	\$ 372	\$ 620	\$ 807	\$ 779	\$ 2,578

Riverbed Technology, Inc.
Supplemental Financial Information - Alternate Revenue Classification
Non GAAP
\$ in thousands
Unaudited

This schedule reclassifies ratable non-GAAP product and related service revenue and cost of revenue into the respective product and service revenue and cost of revenue categories

	2005					2006					2007				
	Mar	Jun	Sep	Dec	Total	Mar	Jun	Sep	Dec	Total	Mar	Jun	Sep	Dec	Total
Revenue:															
Product	\$ 2,095	\$ 2,478	\$ 6,378	\$ 9,497	\$ 20,448	\$ 12,004	\$ 15,608	\$ 20,905	\$ 28,781	\$ 77,298	\$ 35,639	\$ 45,188	\$ 52,508	\$ 63,287	\$ 196,622
Support and services	254	422	709	1,108	2,493	1,717	2,435	3,713	5,044	12,909	7,145	8,814	10,802	13,023	39,784
Total revenue	2,349	2,900	7,087	10,605	22,941	13,721	18,043	24,618	33,825	90,207	42,784	54,002	63,310	76,310	236,406
Cost of revenue:															
Cost of product	673	1,137	2,165	2,958	6,933	3,997	5,267	6,561	9,349	25,174	10,160	12,823	14,002	13,982	50,967
Cost of support and services	284	280	413	644	1,621	746	852	1,251	1,609	4,458	2,014	2,882	3,304	4,078	12,278
Total cost of revenue	957	1,417	2,578	3,602	8,554	4,743	6,119	7,812	10,958	29,632	12,174	15,705	17,306	18,060	63,245
Gross profit	\$ 1,392	\$ 1,483	\$ 4,509	\$ 7,003	\$ 14,387	\$ 8,978	\$ 11,924	\$ 16,806	\$ 22,867	\$ 60,575	\$ 30,610	\$ 38,297	\$ 46,004	\$ 58,250	\$ 173,161
Gross margins															
Product	67.9%	54.1%	66.1%	68.9%	66.1%	66.7%	66.3%	68.6%	67.5%	67.4%	71.5%	71.6%	73.3%	77.9%	74.1%
Support and services	-11.8%	33.6%	41.7%	41.9%	35.0%	56.6%	65.0%	66.3%	68.1%	65.5%	71.8%	67.3%	69.4%	68.7%	69.1%
Total	59.3%	51.1%	63.6%	66.0%	62.7%	65.4%	66.1%	68.3%	67.6%	67.2%	71.5%	70.9%	72.7%	76.3%	73.2%

Riverbed Technology, Inc.
GAAP to Non GAAP Reconciliation
\$ in thousands
Unaudited

	2005					2006					2007				
	Mar	Jun	Sep	Dec	Total	Mar	Jun	Sep	Dec	Total	Mar	Jun	Sep	Dec	Total
Cost of product - GAAP	\$ 673	\$ 1,137	\$ 2,165	\$ 2,958	\$ 6,933	\$ 3,997	\$ 5,267	\$ 6,561	\$ 9,349	\$ 25,174	\$ 10,168	\$ 12,856	\$ 14,029	\$ 14,015	\$ 51,068
Less: stock-based compensation and related payroll taxes	-	-	-	-	-	-	-	-	-	-	8	33	27	33	101
Cost of product - Non GAAP	<u>\$ 673</u>	<u>\$ 1,137</u>	<u>\$ 2,165</u>	<u>\$ 2,958</u>	<u>\$ 6,933</u>	<u>\$ 3,997</u>	<u>\$ 5,267</u>	<u>\$ 6,561</u>	<u>\$ 9,349</u>	<u>\$ 25,174</u>	<u>\$ 10,160</u>	<u>\$ 12,823</u>	<u>\$ 14,002</u>	<u>\$ 13,982</u>	<u>\$ 50,967</u>
Cost of services - GAAP	\$ 285	\$ 287	\$ 427	\$ 662	\$ 1,661	\$ 782	\$ 921	\$ 1,344	\$ 1,931	\$ 4,978	\$ 2,386	\$ 3,502	\$ 4,111	\$ 4,857	\$ 14,856
Less: stock-based compensation and related payroll taxes	1	7	14	18	40	36	69	93	322	520	372	620	807	779	2,578
Cost of services - Non GAAP	<u>\$ 284</u>	<u>\$ 280</u>	<u>\$ 413</u>	<u>\$ 644</u>	<u>\$ 1,621</u>	<u>\$ 746</u>	<u>\$ 852</u>	<u>\$ 1,251</u>	<u>\$ 1,609</u>	<u>\$ 4,458</u>	<u>\$ 2,014</u>	<u>\$ 2,882</u>	<u>\$ 3,304</u>	<u>\$ 4,078</u>	<u>\$ 12,278</u>

Use of Non-GAAP Financial Information:

To supplement our condensed consolidated financial statements presented on a GAAP basis, Riverbed uses non-GAAP measures of operating results, net income and net income per share, which are adjusted to exclude stock-based compensation expense. We believe these adjustments are appropriate to enhance an overall understanding of our past financial performance and also our prospects for the future. These adjustments to our current period GAAP results are made with the intent of providing both management and investors a more complete understanding of Riverbed's underlying operating results and trends and our marketplace performance. The non-GAAP results are an indication of our baseline performance that are considered by management for purpose of making operational decisions. In addition, these adjusted non-GAAP results are the primary indicators management uses as a basis for our planning and forecasting of future periods. The presentation of this additional information is not meant to be considered in isolation or as a substitute for net income or basic and diluted net income per share prepared in accordance with generally accepted accounting principles in the United States. Non-GAAP financial measures are not based on a comprehensive set of accounting rules or principles and are subject to limitations.