

**The Merriam Report** **RVBD** 9/30/10 **RIVERBED TECHNOLOGY, INC.**

All amounts in millions except for earnings per share

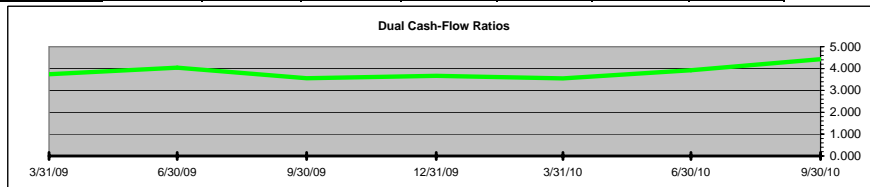
	1	2	3	4	1	2	3	Averages	
Quarterly period ending:	3/31/09	6/30/09	9/30/09	12/31/09	3/31/10	6/30/10	9/30/10		
Earnings Per Share (Incl. Ext. Items)	\$ 0.010	\$ 0.001	\$ 0.080	\$ 0.010	\$ 0.01000	\$ 0.090	\$ 0.180	\$ 0.054	
% Change in E.P.S. (from prev. qtr.)		-90.0%	7900.0%	-87.5%	0.0%	800.0%	100.0%	1437.1%	-1
Total Revenues	8821.1	9098.7	10204.9	11289.9	11242.3	12622.7	14780.6	11151.5	1
% Change in Revenues (from prev. qtr.)		3.1%	12.2%	10.6%	-0.4%	12.3%	17.1%	9.1%	1
Cost of Revenues	2291.4	23855.0	24392.0	27807.0	27866.0	30976.0	34767.0	24564.9	-1
Accounts Receivable:	4324.0	4906.1	4709.9	4846.8	4302.0	4423.2	4367.6	4554.2	1
% Change in Receivables (from prev. qtr.)		13.5%	-4.0%	2.9%	-11.2%	2.8%	-1.3%	0.4%	1
DSO's (# of days it took customers to pay)	44.6	49.1	42.0	39.1	34.8	31.9	26.9	38.3	1
Inventories:	873.7	917.6	1210.0	974.2	670.5	987.8	1334.5	995.5	-1
% Change in Inventory (from prev. qtr.)		5.0%	31.9%	-19.5%	-31.2%	47.3%	35.1%	11.4%	-1
Inventory as a % of Sales	9.9%	10.1%	11.9%	8.6%	6.0%	7.8%	9.0%	9.04%	1
Prepaid Expenses:	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0	
Other Current Assets:	15390.1	698.0	16493.4	11552.5	14395.0	1899.2	2056.7	8926.4	1
Property, Plant & Equip. (net):	2270.1	2235.7	2181.0	2169.8	2096.0	2104.2	2114.2	2167.3	
% Change in P,P&E (from prev. qtr.)		-1.5%	-2.4%	-0.5%	-3.4%	0.4%	0.5%	-1.2%	
Accounts Payable:	4770.7	5246.2	6761.6	6372.1	7569.3	7782.9	7388.6	6555.9	-1
% Change in Payables (from prev. qtr.)		10.0%	28.9%	-5.8%	18.8%	2.8%	-5.1%	8.3%	1
Quarterly period ending:	3/31/09	6/30/09	9/30/09	12/31/09	3/31/10	6/30/10	9/30/10		
Total Liabilities:	12466.5	12463.4	14654.1	15297.2	17971.9	18429.2	18534.2	15688.1	
Shareholder equity:	29889.5	31746.0	32790.4	35230.7	38121.8	42165.7	47175.5	36731.4	
Retained Earnings (Accum. Deficit)	-2096.0	-2125.0	-1578.1	-1484.9	-1376.6	-721.2	669.8	-1244.6	
Operating Cash Flow (OCF)	26622.1	28449.6	30040.9	32614.3	35613.7	40243.0	46743.8	34338.2	1
OCF as % of Revenues	301.8%	312.7%	294.4%	288.9%	316.8%	319.4%	316.0%	307.13%	1
Balance Sheet Cash Flow (BSCF)	12464.1	12462.3	14651.3	15294.9	17969.6	18427.8	18532.8	15686.1	-1
BSCF as % of Revenues	141.3%	137.0%	143.6%	135.5%	159.8%	146.0%	125.4%	141.22%	1
Spread between OCF & BSCF	14158.0	15987.3	15389.6	17319.4	17644.4	21815.2	28110.9	18652.1	6
Ratios									
Spread to Revenues	160.50%	175.71%	150.81%	153.41%	156.95%	173.38%	190.66%	1.659	
Spread to OCF	2.136	2.283	2.050	2.132	1.982	2.188	2.521	2.185	
MR Dual Cash-Flow Figure	3.741	4.040	3.558	3.666	3.551	3.921	4.427	3.844	

**The Merriam Report**

RIVERBED TECHNOLOGY, INC. RVBD	9/30/10	9/30/09	12/31/09	3/31/10	6/30/10	9/30/10
MR Dual Cash-Flow Figure	3.741	4.040	3.558	3.666	3.551	4.427

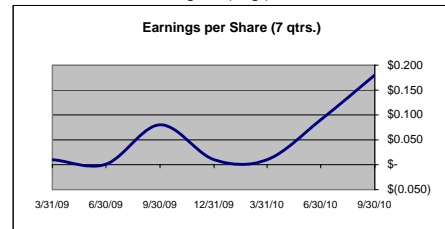
**Merriam Report Signals:**

- Recent Bearish
- Confirmed Bearish
- Recent Bullish
- Confirmed Bullish



MR Dual Cash-Flow Figure (avg.)

3.844



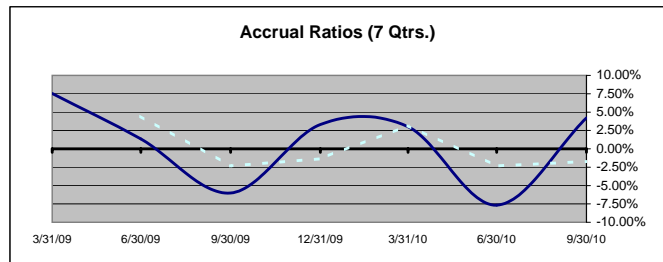
P/E	87.2	144.94	52.29	229.7	258.18	138.1	147.03	0	151.06
P/S	2.63	4.47	4.23	4.17	5.08	4.66	1.68	1	3.8457
P/FCF	15.5575	28.0331	22.1994	18.7783	19.236	16.9801	8.9	1	18.526
PEG	-6.976	2.8988	0.1184	-8.0395	-9.0364	5.1787	-5.0236	0	-2.9828
Earnings Yield	0.0115	0.0069	0.0191	0.0044	0.0039	0.0072	0.0068	0	0.0085
Cash to Total Asset	0.6097	0.6088	0.6255	0.6446	0.6602	0.5976	0.5976	1	0.6206
Debt-to-Assets	0	0	0	0	0	0	0	0	0

**Accrual Ratios**  
Average Accruals

3/31/09	6/30/09	9/30/09	12/31/09	3/31/10	6/30/10	9/30/10
7.53%	1.34%	-6.01%	3.30%	3.00%	-7.66%	4.20%
0.82%						-1

**Revenue Metrics (as % of Sales)**

Research & Development	Recent Qtr. 14.85%	Combined Avg. 16.74%
Cost of Sales	23.52%	24.67%
S/G/A	61.26%	69.44%
Payables	49.99%	58.79%
Inventory / Revenues	Recent Qtr. \$ 0.090	Combined Avg. \$ 0.089
Receivables / Revenues	\$ 0.295	\$ 0.408
Inventory & Receivables / Revenues	\$ 0.386	\$ 0.498
P,P&E / Revenues	\$ 0.143	\$ 0.194



Accrual Ratios: According to the MR model, a ratio of -5 or less is very bullish and a ratio of +5 or more is very bearish.

1.15% 8.18%

## Summary of Merriam Report Signals

Dual Cash-Flow Figures

Recent Bullish

Confirmed Bearish

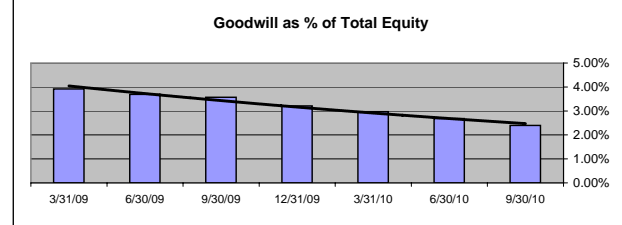
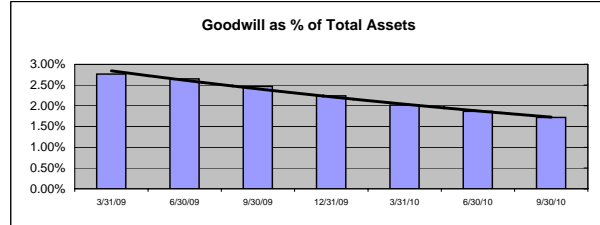
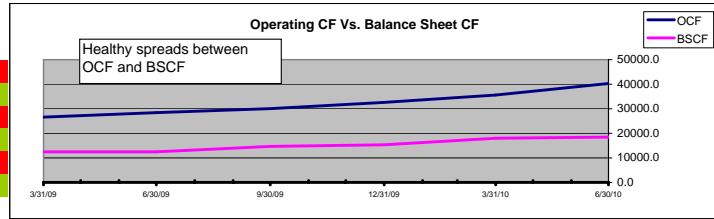
Operating Cash-Flow Trend  
Balance Sheet Cash-Flow Trend

Bullish  
Bullish

	3/31/09	6/30/09	9/30/09	12/31/09	3/31/10	6/30/10	9/30/10
OCF	26622.1	28449.6	30040.9	32614.3	35613.7	40313.0	46713.8
BSCF	12464.1	12462.3	14651.3	15294.9	17969.3	18427.8	18532.8

### Comparison of Recent Quarter Changes to Average

EPS	Bearish	
Revenues	Bearish	
Accounts Receivable	Bullish	
Days Sales Outstanding	Bullish	
Inventory	Bearish	
Accounts Payable	Bearish	
Accrual Ratios	Neutral w/ Bearish Bias	



	3/31/09	6/30/09	9/30/09	12/31/09	3/31/10	6/30/10	9/30/10	AVG.	
Goodwill as % of Total Assets	2.76%	2.65%	2.47%	2.24%	2.02%	1.87%	1.72%	2.25%	1
Goodwill as % of Total Equity	3.92%	3.69%	3.57%	3.21%	2.97%	2.68%	2.40%	3.21%	1
	1.42	1.39	1.45	1.43	1.47	1.44	1.39	1.43	1
									3

Dual Cash Flow Trend	2								
Financial Ratios (conventional)	3								
Balance Sheet and Income Statement	6								
Accrual Ratios	-1								
Revenue Metrics and Capital Productivity	4								
Goodwill Trends	3	\$ 1.36	\$ 46.94		BUY		\$ 41.30	31.32%	
<b>Merriam Report Score</b>	<b>17</b>	<b>-2.89%</b>							
Adjustments (Payables)		\$ (0.15)							

RIVERBED TECHNOLOGY, INC.		9/30/10	11/19/10
Ending Period Share Price		45.58	\$ 31.45
Estimated Fair Value		\$ 46.94	
End Price to Est. FV		-2.89%	-33.00% UNDERVALUED