

F5 Networks, Inc.
Condensed Consolidated Statements of Cash Flows
(unaudited, in thousands)

	Three months ended December 31,	
	2008	2007
Operating activities		
Net income	\$ 21,423	\$ 17,751
Adjustments to reconcile net income to net cash used in operating activities		
Realized gain on sale of investments	(2)	(15)
Stock-based compensation	14,913	15,336
Provision for doubtful accounts and sale returns	2,976	676
Depreciation and amortization	6,476	5,490
Deferred income taxes	1,903	206
Changes in operating assets and liabilities		
Accounts receivable	(6,391)	(7,666)
Inventories	(5,414)	483
Other current assets	(2,810)	1,123
Other assets	(154)	(898)
Accounts payable and accrued liabilities	14,058	(128)
Deferred revenue	10,940	9,636
Net cash provided by operating activities	57,918	41,994
Investing activities		
Investment in restricted cash	26	76
Purchase of investments	(83,199)	(201,857)
Sale of investments	90,256	174,589
Acquisition of businesses, net of cash acquired	-	(990)
Purchase of property and equipment	(3,888)	(4,875)
Net cash provided by (used in) investing activities	3,195	(33,057)
Financing activities		
Tax benefit from nonqualified stock options	(2,300)	923
Proceeds from the exercise of stock options and warrants	5,440	5,918
Stock Repurchase Program	(20,000)	-
Net cash (used in) provided by financing activities	(16,860)	6,841
Net increase in cash and cash equivalents	44,253	15,778
Effect of exchange rate changes on cash and cash equivalents	(249)	(550)
Cash and cash equivalents, at beginning of period	78,303	54,296
Cash and cash equivalents, at end of period	\$ 122,307	\$ 69,524