

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

**Nine Months Ended
June 30,**

	2010	2009
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Operating activities

Net income.....	\$ 102,918	\$ 63,185
Adjustments to reconcile net income to net cash provided by operating activities:		
Realized (gain) loss on disposition of assets and investments.....	(117)	20
Stock-based compensation.....	50,991	40,727
Provisions for doubtful accounts and sales returns.....	794	2,552
Depreciation and amortization.....	17,923	20,432
Deferred income taxes.....	10,659	1,352
Gain on auction rate securities put option.....	(1,491)	(3,788)
Loss on trading auction rate securities.....	1,491	3,788
Changes in operating assets and liabilities, net of amounts acquired:		
Accounts receivable.....	3,350	2,869
Inventories.....	(3,927)	(3,442)
Other current assets.....	(10,380)	(6,201)
Other assets.....	(1,651)	(512)
Accounts payable and accrued liabilities.....	154	(2,490)
Deferred revenue.....	56,507	24,873
Net cash provided by operating activities.....	227,221	143,365

Investing activities

Purchases of investments.....	(571,072)	(329,694)
Maturities of investments.....	397,702	256,091
Investment of restricted cash.....	(26)	5
Acquisition of intangible assets.....	-	(706)
Purchases of property and equipment.....	(10,119)	(8,232)
Net cash used in investing activities.....	(183,515)	(82,536)

Financing activities

Excess tax benefits from share-based compensation.....	16,419	(2,758)
Proceeds from the exercise of stock options and purchases of stock under employee stock purchase plan.....	29,338	15,326
Repurchase of common stock.....	(55,000)	(63,311)
Net cash used in financing activities.....	(9,243)	(50,743)
Net increase in cash and cash equivalents.....	34,463	10,086
Effect of exchange rate changes on cash and cash equivalents.....	(1,487)	(100)
Cash and cash equivalents, beginning of period.....	110,837	78,303
Cash and cash equivalents, end of period.....	\$ 143,813	\$ 88,289