

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

	Years ended September 30,	
	2010	2009
Operating activities		
Net income.....	\$ 151,153	\$ 91,535
Adjustments to reconcile net income to net cash provided by operating activities:		
Realized gain on disposition of assets and investments.....	(125)	(9)
Stock-based compensation.....	70,773	56,064
Provisions for doubtful accounts and sales returns.....	1,206	2,638
Depreciation and amortization.....	23,833	26,407
Deferred income taxes.....	8,243	(6,057)
Gain on auction rate securities put option.....	(1,491)	(3,901)
Loss on trading auction rate securities.....	1,491	3,901
Changes in operating assets and liabilities, net of amounts acquired:		
Accounts receivable.....	(6,365)	(12,555)
Inventories.....	(4,996)	(3,671)
Other current assets.....	(17,064)	(523)
Other assets.....	(1,466)	(226)
Accounts payable and accrued liabilities.....	12,157	10,248
Deferred revenue.....	76,263	38,130
Net cash provided by operating activities.....	<u>313,612</u>	<u>201,981</u>
Investing activities		
Purchases of investments.....	(877,003)	(414,857)
Sales and maturities of investments.....	648,875	328,110
Investment of restricted cash.....	2,530	13
Acquisition of intangible assets.....	-	(706)
Purchases of property and equipment.....	(12,625)	(11,669)
Net cash used in investing activities.....	<u>(238,223)</u>	<u>(99,109)</u>
Financing activities		
Excess tax benefits from share-based compensation.....	26,532	(1,958)
Proceeds from the exercise of stock options and purchases of stock under employee stock purchase plan.....	31,670	18,688
Repurchase of common stock.....	(75,000)	(87,436)
Net cash used in financing activities.....	<u>(16,798)</u>	<u>(70,706)</u>
Net increase in cash and cash equivalents.....	58,591	32,166
Effect of exchange rate changes on cash and cash equivalents.....	(674)	368
Cash and cash equivalents, beginning of period.....	110,837	78,303
Cash and cash equivalents, end of period.....	<u>\$ 168,754</u>	<u>\$ 110,837</u>