

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

	Three months ended December 31,	
	2010	2009
Operating activities		
Net income.....	\$ 55,663	\$ 29,279
Adjustments to reconcile net income to net cash provided by operating activities:		
Realized (gain) loss on disposition of assets and investments.....	(212)	1
Stock-based compensation.....	22,940	17,064
Provisions for doubtful accounts and sales returns.....	228	949
Depreciation and amortization.....	5,250	5,994
Deferred income taxes.....	(888)	6,533
Loss on auction rate securities put option.....	-	519
Gain on trading auction rate securities.....	-	(519)
Changes in operating assets and liabilities, net of amounts acquired:		
Accounts receivable.....	(30,082)	(2,633)
Inventories.....	632	(1,000)
Other current assets.....	7,771	(1,323)
Other assets.....	(213)	(2,298)
Accounts payable and accrued liabilities.....	13,657	(6,871)
Deferred revenue.....	28,393	28,297
Net cash provided by operating activities.....	103,139	73,992
Investing activities		
Purchases of investments.....	(251,499)	(119,672)
Sales and maturities of investments.....	159,850	82,323
Investment of restricted cash.....	(39)	(1)
Purchases of property and equipment.....	(5,491)	(3,648)
Net cash used in investing activities.....	(97,179)	(40,998)
Financing activities		
Excess tax benefits from stock-based compensation.....	10,130	4,685
Proceeds from the exercise of stock options and purchases of stock under employee stock purchase plan.....	8,842	13,727
Repurchase of common stock.....	(24,998)	(15,000)
Net cash (used in) provided by financing activities.....	(6,026)	3,412
Net (decrease) increase in cash and cash equivalents.....	(66)	36,406
Effect of exchange rate changes on cash and cash equivalents.....	(555)	42
Cash and cash equivalents, beginning of period.....	168,754	110,837
Cash and cash equivalents, end of period.....	\$ 168,133	\$ 147,285