

The Merriam Report **FFIV** 12/31/10 **F5 NETWORKS INC**

All amounts in millions except for earnings per share

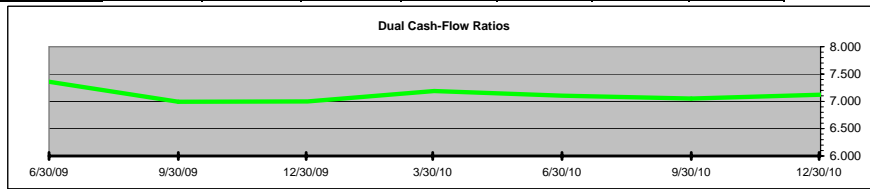
Quarterly period ending:	3	4	1	2	3	4	1	Averages
	6/30/09	9/30/09	12/31/09	3/31/10	6/30/10	9/30/10	12/31/10	
Earnings Per Share (Incl. Ext. Items)	\$ 0.290	\$ 0.350	\$ 0.360	\$ 0.410	\$ 0.50000	\$ 0.590	\$ 0.680	\$ 0.454
% Change in E.P.S. (from prev. qtr.)		20.7%	2.9%	13.9%	22.0%	18.0%	15.3%	15.4%
Total Revenues	15823.1	17513.0	19115.6	20606.8	23047.4	25427.4	26893.4	21203.8
% Change in Revenues (from prev. qtr.)		10.7%	9.2%	7.8%	11.8%	10.3%	5.8%	9.3%
Cost of Revenues	3366.5	36456.0	39129.0	41416.0	44579.0	46828.0	48963.0	37248.2
Accounts Receivable:	9163.5	10697.3	10865.7	8938.5	10282.9	11213.2	14198.6	10765.7
% Change in Receivables (from prev. qtr.)		16.7%	1.6%	-17.7%	15.0%	9.0%	26.6%	8.5%
DSO's (# of days it took customers to pay)	52.7	55.6	51.7	39.5	40.6	40.1	48.0	46.9
Inventories:	1359.0	1381.9	1481.9	1647.2	1774.7	1881.5	1818.4	1620.7
% Change in Inventory (from prev. qtr.)		1.7%	7.2%	11.2%	7.7%	6.0%	-3.4%	5.1%
Inventory as a % of Sales	8.6%	7.9%	7.8%	8.0%	7.7%	7.4%	6.8%	7.73%
Prepaid Expenses:	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0
Other Current Assets:	2632.4	2225.2	2458.0	2666.8	3088.6	3774.5	3014.0	2837.1
Property, Plant & Equip. (net):	4023.7	3937.1	3848.1	3705.8	3599.1	3415.7	3552.0	3725.9
% Change in P,P & E (from prev. qtr.)		-2.2%	-2.3%	-3.7%	-2.9%	-5.1%	4.0%	-2.0%
Accounts Payable:	1638.6	1889.1	1269.4	1173.3	2265.7	2118.0	3125.4	1925.6
% Change in Payables (from prev. qtr.)		15.3%	-32.8%	-7.6%	93.1%	-6.5%	47.6%	18.2%
Quarterly period ending:	6/30/09	9/30/09	12/31/09	3/31/10	6/30/10	9/30/10	12/31/10	
Total Liabilities:	24317.6	26962.5	29097.6	29953.4	32567.1	35849.4	40073.8	31260.2
Shareholder equity:	77441.2	79902.0	84876.8	88757.6	94160.2	100369.8	107509.9	90431.1
Retained Earnings (Accum. Deficit)	31022.1	33857.1	36785.0	40099.4	44148.9	48972.4	54538.7	41346.2
Operating Cash Flow (OCF)	85273.6	90570.3	98308.7	105503.9	114956.0	125871.7	138578.1	108437.4
OCF as % of Revenues	538.9%	517.2%	514.3%	512.0%	498.8%	495.0%	515.3%	513.06%
Balance Sheet Cash Flow (BSCF)	24316.3	26961.0	29096.1	29952.1	32565.5	35847.7	40071.8	31258.6
BSCF as % of Revenues	153.7%	153.9%	152.2%	145.4%	141.3%	141.0%	149.0%	148.07%
Spread between OCF & BSCF	60957.3	63609.2	69212.5	75551.7	82390.4	90024.0	98506.3	77178.8
Ratios								
Spread to Revenues	385.24%	363.21%	362.07%	366.64%	357.48%	354.04%	366.28%	3.650
Spread to OCF	3.507	3.359	3.379	3.522	3.530	3.511	3.458	3.467
MR Dual Cash-Flow Figure	7.359	6.991	6.999	7.189	7.105	7.052	7.121	7.117

The Merriam Report

Quarterly period ending:	6/30/09	9/30/09	12/31/09	3/31/10	6/30/10	9/30/10	12/31/10
MR Dual Cash-Flow Figure	7.359	6.991	6.999	7.189	7.105	7.052	7.121

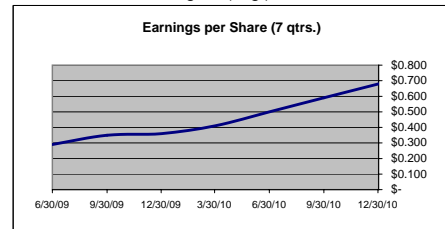
Merriam Report Signals:

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



MR Dual Cash-Flow Figure (avg.)

7.117



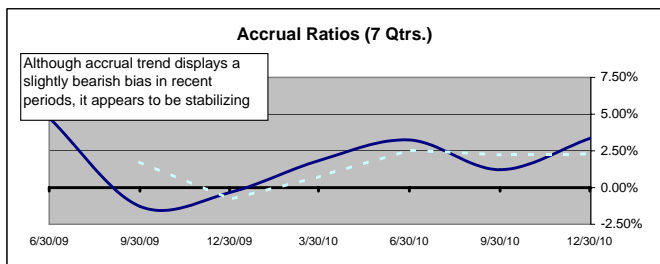
P/E	33.28	34.16	42.04	42.8	41.31	54.64	58.63	43.837
P/S	4.24	4.86	6.27	6.81	6.92	9.54	1.68	5.76
P/FCF	14.5513	16.6742	20.5939	20.3331	20.4065	27.9537	32.3716	21.841
PEG	1.0954	1.2162	1.4263	0.9986	0.7211	0.8651	0.7591	1.0117
Earnings Yield	0.03	0.0293	0.0238	0.0234	0.0242	0.0183	0.0171	0.0237
Cash to Total Asse	0.2595	0.2968	0.3248	0.3245	0.3162	0.3146	0.329	0.3093
Debt-to-Assets	0	0	0	0	0	0	0	0

Accrual Ratios
Average Accruals

6/30/09	9/30/09	12/31/09	3/31/10	6/30/10	9/30/10	12/31/10
4.75%	-1.28%	-0.33%	1.85%	3.24%	1.22%	3.37%
1.83%						-0.65

Revenue Metrics (as % of Sales)

Research & Development	Recent Qtr. 12.12%	Combined Avg. 13.58%
Cost of Sales	18.21%	19.61%
S/G/A	39.98%	41.13%
Payables	11.62%	9.08%
Capital Productivity		
Inventory / Revenues	Recent Qtr. \$ 0.068	Combined Avg. \$ 0.076
Receivables / Revenues	\$ 0.528	\$ 0.508
Inventory & Receivables / Revenues	\$ 0.596	\$ 0.584
P,P&E / Revenues	\$ 0.132	\$ 0.176



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.

Summary of Merriam Report Signals

Dual Cash-Flow Figures

Recent Bullish

Confirmed Bullish

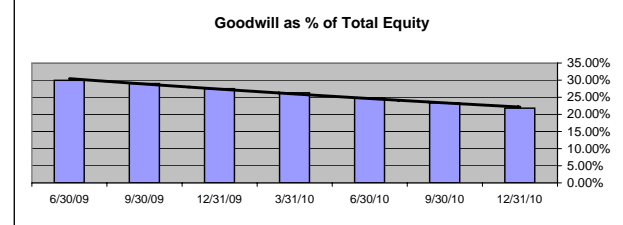
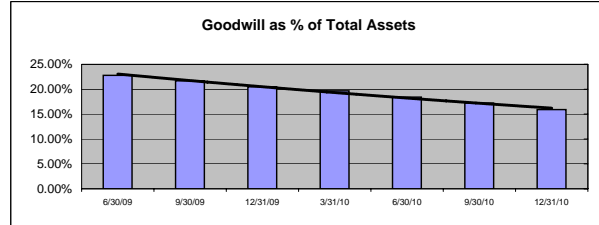
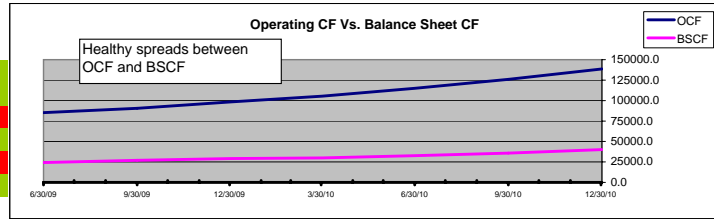
Operating Cash-Flow Trend
Balance Sheet Cash-Flow Trend

Bullish
color: red;">Bearish

	6/30/09	9/30/09	12/31/09	3/31/10	6/30/10	9/30/10	12/31/10
OCF	85273.6	90570.3	98308.7	105503.9	114956.0	125871.7	138578.1
BSCF	24316.3	26961.0	29096.1	29952.1	32565.5	35847.7	40071.8

Comparison of Recent Quarter Changes to Average

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



	6/30/09	9/30/09	12/31/09	3/31/10	6/30/10	9/30/10	12/31/10	AVG.
Goodwill as % of Total Assets	22.79%	21.70%	20.49%	19.67%	18.43%	17.23%	15.90%	19.46%
Goodwill as % of Total Equity	29.94%	29.02%	27.51%	26.31%	24.80%	23.38%	21.83%	26.11%
	1.31	1.34	1.34	1.34	1.35	1.36	1.37	1.34

Dual Cash Flow Trend	2
Financial Ratios (conventional)	1
Balance Sheet and Income Statement	-6
Accrual Ratios	-0.65
Revenue Metrics and Capital Productivity	0
Goodwill Trends	1
Merriam Report Score	-2.65

F5 NETWORKS INC		12/31/10	1/21/11
Ending Period Share Price		\$ 130.16	\$ 106.56
Estimated Fair Value		\$ 119.21	
End Price to Est. FV		9.19%	-10.61% UNDERVALUED

Adjustments (Payables)	\$	(7.77)
Adjustments (DSO)	\$	(3.19)
Total Adjustments	\$	(10.97)

This report is published by Merriam Report Investment Research and its author JS Merriam. All opinions and information presented are intended for informational purposes only. Nothing herein should be construed as an offer or solicitation to buy or sell any security. Investors should always research companies and securities thoroughly before making any investments.