

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

	Three months ended December 31,	
	2011	2010
<b>Operating activities</b>		
Net income.....	\$ 66,492	\$ 55,663
Adjustments to reconcile net income to net cash provided by operating activities:		
Realized loss (gain) on disposition of assets and investments.....	579	(212)
Stock-based compensation.....	22,123	22,940
Provisions for doubtful accounts and sales returns.....	415	228
Depreciation and amortization.....	5,822	5,250
Deferred income taxes.....	(598)	(888)
Changes in operating assets and liabilities:		
Accounts receivable.....	(22,601)	(30,082)
Inventories.....	(344)	632
Other current assets.....	(3,879)	7,771
Other assets.....	562	(213)
Accounts payable and accrued liabilities.....	26,576	13,657
Deferred revenue.....	36,732	28,393
Net cash provided by operating activities.....	<u>131,879</u>	<u>103,139</u>
<b>Investing activities</b>		
Purchases of investments.....	(262,499)	(251,499)
Maturities of investments.....	198,102	98,818
Sales of investments.....	2,886	61,032
Increase in restricted cash.....	(3)	(39)
Purchases of property and equipment.....	(5,857)	(5,491)
Net cash used in investing activities.....	<u>(67,371)</u>	<u>(97,179)</u>
<b>Financing activities</b>		
Excess tax benefit from stock-based compensation.....	1,399	10,130
Proceeds from the exercise of stock options and purchases of stock under employee stock purchase plan.....	9,577	8,842
Repurchase of common stock.....	(34,473)	(24,998)
Net cash used in financing activities.....	<u>(23,497)</u>	<u>(6,026)</u>
Net increase (decrease) in cash and cash equivalents.....	41,011	(66)
Effect of exchange rate changes on cash and cash equivalents.....	(307)	(555)
Cash and cash equivalents, beginning of period.....	216,784	168,754
Cash and cash equivalents, end of period.....	<u>\$ 257,488</u>	<u>\$ 168,133</u>