

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

	Three months ended December 31,	
	2012	2011
<b>Operating activities</b>		
Net income.....	\$ 69,493	\$ 66,492
Adjustments to reconcile net income to net cash provided by operating activities:		
Realized loss on disposition of assets and investments.....	26	579
Stock-based compensation.....	26,710	22,123
Provisions for doubtful accounts and sales returns.....	349	415
Depreciation and amortization.....	9,934	5,822
Deferred income taxes.....	(1,265)	(598)
Changes in operating assets and liabilities:		
Accounts receivable.....	(24,256)	(22,601)
Inventories.....	(1,313)	(344)
Other current assets.....	(4,979)	(3,879)
Other assets.....	428	562
Accounts payable and accrued liabilities.....	36,411	26,576
Deferred revenue.....	33,268	36,732
Net cash provided by operating activities.....	<u>144,806</u>	<u>131,879</u>
<b>Investing activities</b>		
Purchases of investments.....	(313,114)	(262,499)
Maturities of investments.....	165,193	199,102
Sales of investments.....	23,020	1,886
Increase in restricted cash.....	(728)	(3)
Purchases of property and equipment.....	(7,788)	(5,857)
Net cash used in investing activities.....	<u>(133,417)</u>	<u>(67,371)</u>
<b>Financing activities</b>		
Excess tax benefit from stock-based compensation.....	503	1,399
Proceeds from the exercise of stock options and purchases of stock under employee stock purchase plan.....	11,583	9,577
Repurchase of common stock.....	(50,000)	(34,473)
Net cash used in financing activities.....	<u>(37,914)</u>	<u>(23,497)</u>
Net (decrease) increase in cash and cash equivalents.....	(26,525)	41,011
Effect of exchange rate changes on cash and cash equivalents.....	(93)	(307)
Cash and cash equivalents, beginning of period.....	211,181	216,784
Cash and cash equivalents, end of period.....	<u>\$ 184,563</u>	<u>\$ 257,488</u>