

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

| | Six Months Ended | |
|--|------------------|------------|
| | March 31, | |
| | 2011 | 2010 |
| Operating activities | | |
| Net income..... | \$ 111,238 | \$ 62,423 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Realized gain on disposition of assets and investments..... | (182) | (13) |
| Stock-based compensation..... | 44,706 | 33,585 |
| Provisions for doubtful accounts and sales returns..... | (14) | 1,257 |
| Depreciation and amortization..... | 10,536 | 12,088 |
| Deferred income taxes..... | (1,080) | 5,340 |
| Loss on auction rate securities put option..... | - | 19 |
| Gain on trading auction rate securities..... | - | (19) |
| Changes in operating assets and liabilities, net of amounts acquired: | | |
| Accounts receivable..... | (30,757) | 16,331 |
| Inventories..... | 661 | (2,653) |
| Other current assets..... | (7,798) | (4,481) |
| Other assets..... | (140) | (2,038) |
| Accounts payable and accrued liabilities..... | 13,253 | (13,283) |
| Deferred revenue..... | 53,945 | 43,356 |
| Net cash provided by operating activities..... | 194,368 | 151,912 |
| Investing activities | | |
| Purchases of investments..... | (441,160) | (331,410) |
| Sales and maturities of investments..... | 342,207 | 230,595 |
| Investment of restricted cash..... | 38 | (22) |
| Acquisition of intangible assets..... | (80) | - |
| Purchases of property and equipment..... | (11,704) | (6,840) |
| Net cash used in investing activities..... | (110,699) | (107,677) |
| Financing activities | | |
| Excess tax benefits from stock-based compensation..... | 16,286 | 9,700 |
| Proceeds from the exercise of stock options and purchases of stock under employee stock purchase plan..... | 9,218 | 19,149 |
| Repurchase of common stock..... | (71,526) | (35,000) |
| Net cash used in financing activities..... | (46,022) | (6,151) |
| Net increase in cash and cash equivalents..... | 37,647 | 38,084 |
| Effect of exchange rate changes on cash and cash equivalents..... | (186) | (397) |
| Cash and cash equivalents, beginning of period..... | 168,754 | 110,837 |
| Cash and cash equivalents, end of period..... | \$ 206,215 | \$ 148,524 |