

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

| | Years Ended | |
|---|----------------------|-------------|
| | September 30, | |
| | 2011 | 2010 |
| Operating activities | | |
| Net income..... | \$ 241,397 | \$ 151,153 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Realized gain on disposition of assets and investments..... | (163) | (125) |
| Stock-based compensation..... | 89,747 | 70,773 |
| Provisions for doubtful accounts and sales returns..... | 982 | 1,206 |
| Depreciation and amortization..... | 20,887 | 23,833 |
| Deferred income taxes..... | 4,487 | 8,243 |
| Gain on auction rate securities put option..... | - | (1,491) |
| Loss on trading auction rate securities..... | - | 1,491 |
| Changes in operating assets and liabilities, net of amounts acquired: | | |
| Accounts receivable..... | (54,526) | (6,365) |
| Inventories..... | 1,666 | (4,996) |
| Other current assets..... | 8,000 | (17,064) |
| Other assets..... | 81 | (1,466) |
| Accounts payable and accrued liabilities..... | 20,476 | 12,157 |
| Deferred revenue..... | 83,904 | 76,263 |
| Net cash provided by operating activities..... | 416,938 | 313,612 |
| Investing activities | | |
| Purchases of investments..... | (979,597) | (877,003) |
| Sales and maturities of investments..... | 876,019 | 648,875 |
| Investment of restricted cash..... | 19 | 2,530 |
| Acquisition of intangible assets..... | (5,715) | - |
| Purchases of property and equipment..... | (30,445) | (12,625) |
| Net cash used in investing activities..... | (139,719) | (238,223) |
| Financing activities | | |
| Excess tax benefits from stock-based compensation..... | 23,623 | 26,532 |
| Proceeds from the exercise of stock options and purchases of stock under employee stock purchase plan..... | 21,239 | 31,670 |
| Repurchase of common stock..... | (271,526) | (75,000) |
| Net cash used in financing activities..... | (226,664) | (16,798) |
| Net increase in cash and cash equivalents..... | 50,555 | 58,591 |
| Effect of exchange rate changes on cash and cash equivalents..... | (2,525) | (674) |
| Cash and cash equivalents, beginning of period..... | 168,754 | 110,837 |
| Cash and cash equivalents, end of period..... | \$ 216,784 | \$ 168,754 |