

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

**Nine Months Ended
June 30,**

| | 2010 | 2009 |
|--|-------------|-------------|
|--|-------------|-------------|

Operating activities

| | | |
|---|------------|-----------|
| Net income..... | \$ 102,918 | \$ 63,185 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Realized (gain) loss on disposition of assets and investments..... | (117) | 20 |
| Stock-based compensation..... | 50,991 | 40,727 |
| Provisions for doubtful accounts and sales returns..... | 794 | 2,552 |
| Depreciation and amortization..... | 17,923 | 20,432 |
| Deferred income taxes..... | 10,659 | 1,352 |
| Gain on auction rate securities put option..... | (1,491) | (3,788) |
| Loss on trading auction rate securities..... | 1,491 | 3,788 |
| Changes in operating assets and liabilities, net of amounts acquired: | | |
| Accounts receivable..... | 3,350 | 2,869 |
| Inventories..... | (3,927) | (3,442) |
| Other current assets..... | (10,380) | (6,201) |
| Other assets..... | (1,651) | (512) |
| Accounts payable and accrued liabilities..... | 154 | (2,490) |
| Deferred revenue..... | 56,507 | 24,873 |
| Net cash provided by operating activities..... | 227,221 | 143,365 |

Investing activities

| | | |
|--|-----------|-----------|
| Purchases of investments..... | (571,072) | (329,694) |
| Maturities of investments..... | 397,702 | 256,091 |
| Investment of restricted cash..... | (26) | 5 |
| Acquisition of intangible assets..... | - | (706) |
| Purchases of property and equipment..... | (10,119) | (8,232) |
| Net cash used in investing activities..... | (183,515) | (82,536) |

Financing activities

| | | |
|---|------------|-----------|
| Excess tax benefits from share-based compensation..... | 16,419 | (2,758) |
| Proceeds from the exercise of stock options and purchases of stock under employee stock purchase plan..... | 29,338 | 15,326 |
| Repurchase of common stock..... | (55,000) | (63,311) |
| Net cash used in financing activities..... | (9,243) | (50,743) |
| Net increase in cash and cash equivalents..... | 34,463 | 10,086 |
| Effect of exchange rate changes on cash and cash equivalents..... | (1,487) | (100) |
| Cash and cash equivalents, beginning of period..... | 110,837 | 78,303 |
| Cash and cash equivalents, end of period..... | \$ 143,813 | \$ 88,289 |