

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

	<b>Six Months Ended</b>	
	<b>March 31,</b>	
	<b>2011</b>	<b>2010</b>
<b>Operating activities</b>		
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.....	<u>194,368</u>	<u>151,912</u>
<b>Investing activities</b>		
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.....	<u>(110,699)</u>	<u>(107,677)</u>
<b>Financing activities</b>		
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.....	<u>(46,022)</u>	<u>(6,151)</u>
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.....	<u>\$ 206,215</u>	<u>\$ 148,524</u>