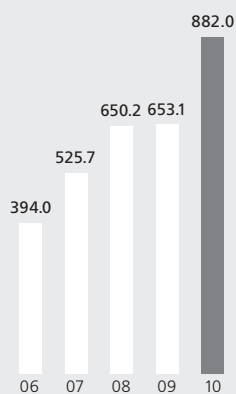


2010

ANNUAL REPORT



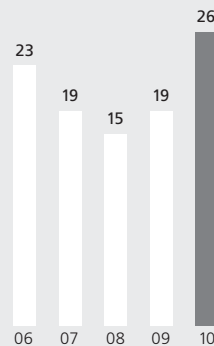
Revenue
[in \$ Millions]



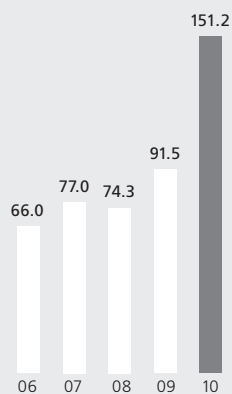
Gross Margin
[in %]



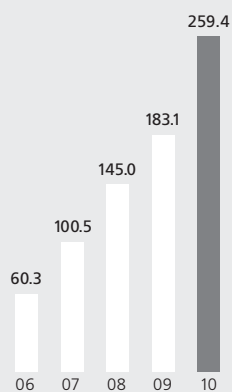
Operating Margin
[in %]



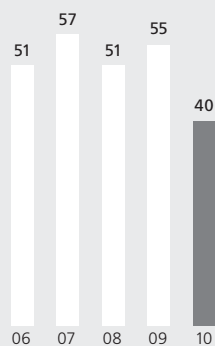
Net Income
[in \$ Millions]



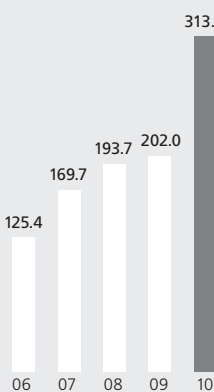
Deferred Revenue
[in \$ Millions]



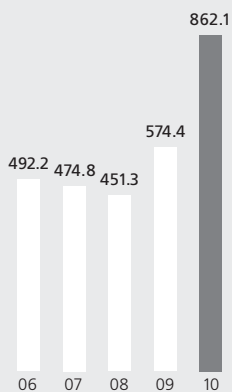
DSO
[in Days]



Cash Flow from Operations
[in \$ Millions]



Cash, Equivalents & Investments
[in \$ Millions]



Selected Financial Data

[in thousands]

	2006	2007	2008	2009	2010
Net Revenues	\$ 394,049	\$ 525,667	\$ 650,173	\$ 653,079	\$ 881,972
Gross Profit	\$ 305,896	\$ 407,343	\$ 501,155	\$ 510,353	\$ 710,020
Operating Expenses	\$ 215,758	\$ 307,841	\$ 401,841	\$ 388,429	\$ 480,018
Income from Operations	\$ 90,138	\$ 99,502	\$ 99,314	\$ 121,924	\$ 230,002
Net Income	\$ 66,005	\$ 77,000	\$ 74,331	\$ 91,535	\$ 151,153
Cash, Equivalents & Investments	\$ 492,176	\$ 474,831	\$ 451,272	\$ 574,422	\$ 862,066
Long-Term Debt	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

TO OUR SHAREHOLDERS

By any measure, fiscal 2010 was a very good year for F5. We continued to roll out leading edge products, increased our share of the application delivery market, and began to get traction in the nascent market for file virtualization.

The company's financial performance was strong throughout the year, and we ended fiscal 2010 with record revenue and profitability.



John McAdam
President & Chief Executive Officer
F5 Networks

About F5 Networks

F5 Networks is the global leader in Application Delivery Networking (ADN), focused on ensuring the secure, reliable, and fast delivery of applications. F5's flexible architectural framework enables community-driven innovation that helps organizations enhance IT agility and dynamically deliver services that generate true business value. F5's vision of unified application and data delivery offers customers an unprecedented level of choice in how they deploy ADN solutions. It redefines the management of application, server, storage, and network resources, streamlining application delivery and reducing costs. Global enterprise organizations, service and cloud providers, and Web 2.0 content providers trust F5 to keep their business moving forward. For more information, go to www.f5.com.

Photography: Karen Mason-Blair.



Solid sequential revenue growth, fueled by strengthening product sales, drove annual revenue to \$882.0 million, up 35 percent from \$653.1 million last year. Year over year, product revenue grew 38 percent and accounted for 64 percent of total revenue. Higher gross profits and operating margins pushed net income to \$151.2 million (\$1.86 per share) on a GAAP basis and \$203.8 million (\$2.51 per share) on a non-GAAP basis, up 65 percent and 51 percent respectively from fiscal 2009.

For the full year, cash flow from operations was \$314 million. After repurchasing \$75 million of our common stock, we ended the year with cash and investments of \$862 million.

Reflecting the continued strength of our services business, deferred revenue increased 42 percent year over year to \$259 million.

The momentum that propelled our business in fiscal 2010 continued through the fourth quarter and enabled us to achieve several financial milestones:

- Fourth quarter revenue of \$254.3 million put us on track to surpass \$1 billion in revenue for fiscal 2011.
- We added more than 110 employees in the fourth quarter, increasing total headcount to more than 2,000.
- Our non-GAAP operating margin was nearly 38 percent in the fourth quarter as a result of strong revenue growth and continued gains in productivity.
- Cash flow from operations was \$86 million; the highest in the company's history.

Throughout fiscal 2010, our business continued to thrive on our relationships with Microsoft, Oracle,

and other solutions partners who have adapted their applications to communicate with our products via iControl and recommend our products to their enterprise customers. In addition, we continued to benefit from the alignment of our technology with several key business and industry trends.

In response to the recent economic downturn and the challenges of a prolonged recovery, large organizations have turned increasingly to data center consolidation as a way to lower their operating costs. Server virtualization has enabled these organizations to reduce the size and number of their data centers dramatically, with corresponding reductions in both capital and operating costs. Virtualization allows organizations to run many virtual servers on a single physical server. It also gives them the ability to respond quickly to changes in traffic by spinning up new virtual servers and applications as demand increases and taking them down as it wanes. The dynamic nature of virtualized data centers has created new management challenges for these organizations and new opportunities for F5.

In traditional server environments, BIG-IP products enable organizations to offload compute-intensive functions such as SSL encryption and compression from physical servers, freeing up more space for applications and reducing the number of servers needed. In virtualized environments, BIG-IP devices play a similar role, reducing the amount of space virtual servers require and allowing more virtual servers to run on a single physical server. In addition, BIG-IP products simplify the management of virtual data centers by enabling organizations to monitor, expedite, and control the flow of traffic to and from a constantly changing array of virtual resources designed to ensure that applications and data are available on demand.

As organizations transform their own data centers, they are increasingly turning to external, third-party cloud providers for services and storage, further reducing their own footprint and lowering their capital and operating costs. To accommodate the dynamic needs of their clients, these cloud providers are building large virtualized data centers to host a constantly changing mix of on-demand resources. Within the past two years, F5 has benefited from this trend in two ways: first, as cloud providers have deployed our products within their data centers; and second, as their customers have deployed our products to switch traffic quickly and easily between their own internal resources and the cloud.

Alongside these trends, the exponential growth of mobile data traffic, stemming from the proliferation of handheld devices and the explosion of mobile applications, continues to drive demand for our products among service providers. In addition to functionality that enables service providers to control and monitor access to services and applications, the embedded programming capabilities of iRules give them the flexibility to adapt that functionality to their specific needs, and our purpose-built hardware platforms deliver throughput that helps them keep pace with growing demand.


During the past fiscal year we launched a number of new products designed to capitalize on these trends. Last November, we introduced version 10.1 of TMOS with features specifically designed to help service providers scale their mobile infrastructures for LTE and 4G wireless network traffic. In April, we released version 10.2 with additional features to make it easier for customers to realize the benefits of virtualization and cloud computing.

In early January, we introduced new high-performance PB200 blades for VIPRION, our 4-blade chassis product, that doubled the performance of the previous blades. In conjunction with TMOS version 10.2, we introduced two new Application Delivery Controllers, BIG-IP 8950 and BIG-IP 11050,

and a software-only version of BIG-IP Local Traffic Manager, BIG-IP LTM Virtual Edition (VE). Slotted between BIG-IP 8900 and VIPRION in our application delivery product family, the new controllers broadened the range of high-end options available to service providers and other customers with high-performance needs. Designed to be used in conjunction with our ADC platform portfolio, BIG-IP LTM VE can be easily and quickly deployed on individual physical servers, providing more granular management of the virtual servers running on those devices.

Increasingly, sales of our entire line of application delivery products have been driven by growing demand for add-on functions such as BIG-IP Application Security Manager (ASM) and WebAccelerator, which are available as software modules on the BIG-IP product. Last January we introduced two new modules, BIG-IP Access Policy Manager (APM) and WAN Optimization Module (WOM), both significant drivers of BIG-IP product sales in the second half of fiscal 2010. Incorporating features of our FirePass SSL VPN product that we acquired in 2004, BIG-IP APM provides secure, context-aware user access to web applications and authentication, authorization, and accounting (AAA) management. Combined with the performance of VIPRION and our other high-end platforms, BIG-IP APM is especially popular with service providers faced with the challenge of managing access to a burgeoning array of mobile applications by millions of mobile users. Like BIG-IP WebAccelerator, BIG-IP WOM optimizes the flow of data across wide area networks. It is specifically designed for the transfer of large amounts of data, including live transactions on virtual servers, between data centers and between data centers and the cloud. Both BIG-IP WOM and APM are components of BIG-IP Edge Gateway, also introduced in January, which provides remote access, access control, site-to-site security, and application acceleration on a single platform.

Alongside the BIG-IP and VIPRION Application Delivery Controllers, our ARX file virtualization



products give customers the flexibility to manage the burgeoning volume of unstructured files securely and cost-effectively in traditional and virtualized data centers and to take advantage of lower-cost storage options in the cloud. Using the ability of ARX to manage different storage tiers, customers can program the device to send frequently accessed mission-critical files to high-performance on-site storage devices, less frequently accessed files to less expensive on-site storage devices, and infrequently accessed files such as email archives out to the cloud. The ARX global namespace maps the current location of all files, enabling users and applications to retrieve those files quickly and easily wherever they are stored. The end result is better management of files and storage resources and significant savings in capital and operating costs.

During the current fiscal year, we will continue to roll out new, leading-edge products aligned with business and industry trends. These include a VIPRION-like chassis, priced in the mid-range of our ADC family, a new version of TMOS with virtual clustered multiprocessing, and a virtual (software only) edition of our ARX file virtualization products. We are excited about these products and the general direction of our product roadmap, which is heavily influenced by our customers.

As we introduce new products and add more functionality, F5 will continue to push out the edges of its addressable market and broaden the scope and definition of application and data delivery networking. Today our products are strategic points of control in the data center. The next generation of TMOS will unify those control points into a single control plane, enabling the seamless integration of disparate applications and resources within data centers, across multiple data centers and between data centers and the cloud.

During fiscal 2011, we believe our technology leadership, expanding market opportunities,

strengthening partnerships, successful sales strategy, superior customer service, and disciplined business model will continue to drive our growth and deliver solid returns on our investments.

On behalf of F5's Board of Directors and our entire company, thanks to all of you—customers, partners, and shareholders—for your ongoing support.



John McAdam
President & Chief Executive Officer
November 19, 2010

Board of Directors

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of MediaOne International

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and Chief Technical Officer

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Senior Vice President of Business Operations

Mark Anderson
Senior Vice President of Worldwide Sales

Dan Matte
Senior Vice President of Marketing and
Business Development

Jeff Christianson
Senior Vice President and General Counsel

Shareholders' Information

Annual Shareholders Meeting

March 14, 2011

11:00 a.m.

Location: 351 Elliott Ave West
Seattle, WA 98119

Parking: Corporate Headquarters

Corporate Headquarters

401 Elliott Ave West

Seattle, WA 98119

206.272.5555

NASDAQ Listing

NASDAQ Symbol – FFIV

Investor Relations

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www.f5.com

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Seattle, WA

Transfer Agent

American Stock Transfer

800.937.5449

The statements contained in this report that are not purely historical are forward-looking statements. These statements include, but are not limited to, statements about our plans, objectives, expectations, strategies, intentions or other characterizations of future events or circumstances. These statements are generally identified by the words "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," and similar expressions. These forward-looking statements are based on current information and expectations and are subject to a number of risks and uncertainties. Our actual results could differ materially and adversely from those expressed or implied by these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed under the heading "Risk Factors" in the company's Form 10-K for fiscal 2010 and in other documents we file from time to time with the Securities and Exchange Commission. We assume no obligation to revise or update any such forward-looking statements.

