



2012 ANNUAL REPORT
MAKING THE CONNECTED WORLD
RUN BETTER





20%

revenue growth

540

new employees

\$447M

deferred revenue

\$495M

cash flow from operations

\$1.2B

cash and investments at year's end

ABOUT F5 NETWORKS

F5 Networks (NASDAQ: FFIV) makes the connected world run better. F5 helps organizations meet the demands and embrace the opportunities that come with the relentless growth of voice, data, and video traffic, mobile workers, and applications—in the data center, the network, and the cloud. The world's largest businesses, service providers, government entities, and consumer brands rely on F5's Intelligent Services Platform to deliver and protect their applications and services while ensuring people stay connected. Learn more at www.f5.com.

TO OUR SHAREHOLDERS

In fiscal 2012 we managed to achieve our 20 percent revenue growth target despite a broad-based slowdown in customer spending during the second half of the year. In addition, we added 540 employees while maintaining non-GAAP operating margins above 38 percent.



John McAdam President and Chief Executive Officer

Product revenue was slightly below expectations. However, we continued to generate strong services revenue, and deferred revenue, which consists primarily of service maintenance contracts, grew 30 percent to more than \$447 million. Cash flow from operations was \$495 million, and after acquiring Traxx Systems in February and repurchasing approximately 1.7 million shares of our common stock, we ended the year with \$1.2 billion in cash and investments.

SELECTED FINANCIAL DATA

[in thousands]

	2008	2009	2010	2011	2012
Net Revenues	\$ 650,173	\$ 653,079	\$ 881,972	\$ 1,151,834	\$ 1,377,247
Gross Profit	\$ 501,155	\$ 510,353	\$ 710,020	\$ 943,830	\$ 1,141,079
Operating Expenses	\$ 401,841	\$ 388,429	\$ 480,018	\$ 593,168	\$ 714,776
Income from Operations	\$ 99,314	\$ 121,924	\$ 230,002	\$ 350,662	\$ 426,303
Net Income	\$ 74,331	\$ 91,535	\$ 151,153	\$ 241,397	\$ 275,186
Cash, Equivalents & Investments	\$ 451,272	\$ 574,422	\$ 862,066	\$ 1,012,753	\$ 1,194,954
Long-Term Debt	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

Looking out to fiscal 2013, it is difficult to say if or when the global economic climate will improve. Nevertheless, we believe there are a number of significant drivers specific to F5 that will enable us to grow sequentially throughout the year and reaccelerate product revenue growth. These include a number of new products and solutions targeting the security market, service providers, and the delivery of cloud services.

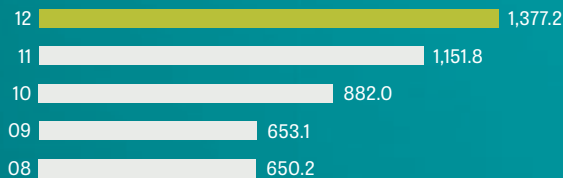
In mid-October we introduced BIG-IP 4200v, the first in a series of new hardware platforms that will replace our existing lineup of entry-level and mid-range BIG-IP appliances. In the second quarter we will introduce two entry-level appliances that will be 4–5 times faster than the products they replace, and new high-end appliances that will deliver similar performance enhancements. New mid-range appliances will be introduced later in the year. The new appliances are all designed to support Virtual Clustered Multiprocessing software (vCMP), originally available only on our VIPRION platforms. vCMP allows customers to run multiple virtual instances of BIG-IP products

on a single appliance or chassis, leveraging the performance of our purpose-built hardware while running different software modules and managing traffic for different applications and users.

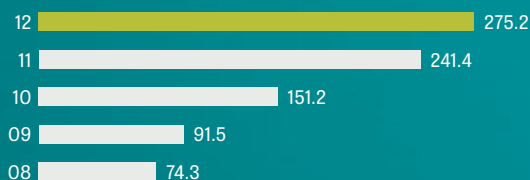
In early April we introduced new high-performance blades for our current high-end VIPRION chassis. The P300 blades in VIPRION 4480 doubled the performance of VIPRION 4400 and contributed to strong VIPRION sales, which more than doubled in fiscal 2012. In the second quarter, we plan to introduce an 8-blade VIPRION, which will incorporate P300 blades and effectively double the performance and scalability of VIPRION 4480. Later in the calendar year we are on track to deliver new blades for VIPRION 2400, doubling the performance of that platform as well.

Throughout fiscal 2012, attach rates for our growing array of software modules and sales of our virtual edition products continued to gain traction and contributed to strong product gross margins. Around calendar year end, we

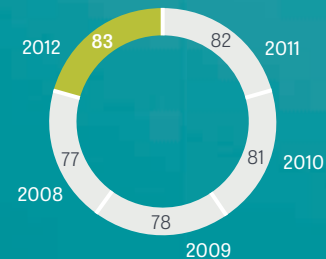
REVENUE
[in \$ millions]



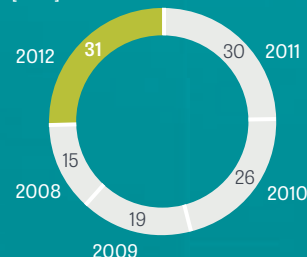
NET INCOME
[in \$ millions]



GROSS MARGIN
[in %]



OPERATING MARGIN
[in %]



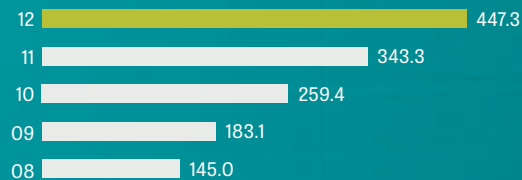
plan to launch Solar, a major upgrade to TMOS, which will include new high-performance virtual editions of our products and new features and software modules designed to enhance our security and service provider offerings.

BIG-IP Advanced Firewall Manager (AFM) is a new module that exposes the network firewall functions of our products in a standard, easy-to-use interface with enhanced management capabilities and extremely high performance. Combined with our application and protocol security modules, BIG-IP AFM provides a fully integrated L3-L7 security solution that delivers unprecedented protection and visibility for critical network and application infrastructure. During the year, focused marketing efforts with partners and customers drove increasing deployment of our products as combined firewall and application delivery platforms. BIG-IP AFM is designed to give our platforms the look and feel of a standard network firewall and is an integral component of our application delivery firewall platform.

Our new service provider offerings include the BIG-IP Carrier-Grade NAT (CGNAT) module and BIG-IP Policy Enforcement Manager (PEM). Leveraging the scalability and throughput of our high-end hardware platforms, BIG-IP CGNAT delivers industry-leading performance for IPv4/IPv6 translation. BIG-IP PEM combines deep packet inspection (DPI) technology with other features designed to enhance the capabilities of our products as policy enforcement engines in 4G/LTE networks.

Later in the first half of calendar 2013 we plan to launch BIG-IQ, a new management platform that will be available as a virtual edition and as a standalone appliance. As the successor to Enterprise Manager, BIG-IQ abstracts Enterprise Manager's management services, makes them available to plug-in modules designed to manage specific types of devices and applications, and allows users to monitor and manage those applications and devices through a single, highly intuitive graphical user interface. Like TMOS, BIG-IQ is an extensible architecture designed to support a growing

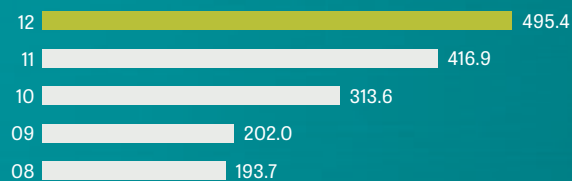
DEFERRED REVENUE
[in \$ millions]



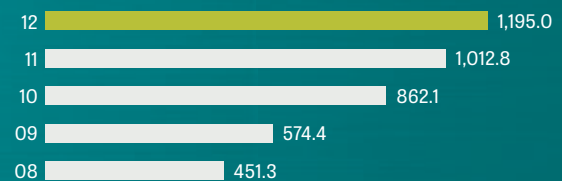
DSO
[in days]



CASH FLOW FROM OPERATIONS
[in \$ millions]



CASH, EQUIVALENTS AND INVESTMENTS
[in \$ millions]



array of centralized management modules for specific applications. The first module, BIG-IQ Security, will be released with BIG-IQ and will give customers a single management interface for all their security devices and applications within and across their data centers. BIG-IQ Cloud, also targeted for the first half of the calendar year, will be released in conjunction with BIG-IP Cloud Connector, a new product module that will enable customers to deploy and manage applications in public clouds.

In addition to our new products, we believe the Diameter signaling and routing products we acquired with Israel-based Traffix Systems will be key growth drivers in fiscal 2013. As the de facto signaling protocol for 4G/LTE networks, Diameter is synergistic with the policy enforcement capabilities of our products within these all-packet-based networks. During the second half of fiscal 2012 we participated in a large number of proof-of-concept trials, and in October we won our first multi-million-dollar Traffix deal at a large U.S. service provider.

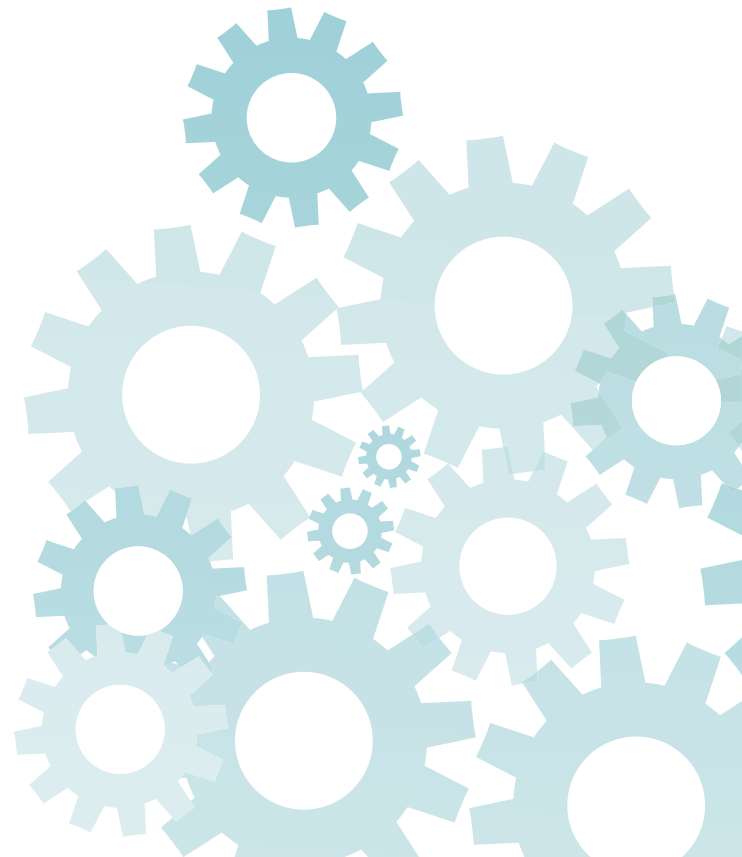
Along with the new market opportunities afforded by Traffix, the release of Solar, BIG-IQ, and our new hardware platforms will further expand our addressable market and strengthen our competitive position in multiple market segments. In addition, Cisco's recently announced decision to abandon the application delivery market has opened up new opportunities to sell our products into their installed base. Although we have replaced hundreds of Cisco products over the past decade, this opens the door to large enterprises where Cisco's pervasive presence has made it difficult to penetrate the account.

As a new fiscal year gets underway, we are excited about our prospects and believe our new products, product roadmap, leadership in existing markets, and expanding market opportunities will enable us reaccelerate the growth of product revenue and deliver sequential revenue growth throughout fiscal 2013. To that end, and to ensure that we remain on the cutting edge of technology and maintain the highest level of customer service, we will continue to invest in hiring highly talented and motivated people in sales, service, and product development.

On behalf of F5's Board of Directors, I want to thank all our customers, partners, and employees who contributed to our growth in fiscal 2012.



John McAdam
President and Chief Executive Officer
F5 Networks



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F5 Networks, Inc.

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SHAREHOLDERS' INFORMATION

Annual Shareholders Meeting

March 13, 2013

11:00 a.m.

Location: 351 Elliott Ave West

Seattle, WA 98119

Parking: Corporate Headquarters

Corporate Headquarters

401 Elliott Ave West

Seattle, WA 98119

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NASDAQ Listing

NASDAQ Symbol – FFIV

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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 year 2012 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.

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