

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

Three months ended
December 31,

	2015	2014
Operating activities		
Net income.....	\$ 89,716	\$ 89,076
Adjustments to reconcile net income to net cash provided by operating activities:		
Realized loss on disposition of assets and investments.....	27	7
Stock-based compensation.....	38,233	30,625
Provisions for doubtful accounts and sales returns.....	297	345
Depreciation and amortization.....	13,763	13,042
Deferred income taxes.....	4,237	231
Changes in operating assets and liabilities:		
Accounts receivable.....	(22)	(13,967)
Inventories.....	146	(3,111)
Other current assets.....	(568)	(120)
Other assets.....	45	460
Accounts payable and accrued liabilities.....	3,761	26,286
Deferred revenue.....	54,236	43,521
Net cash provided by operating activities.....	<u>203,871</u>	<u>186,395</u>
Investing activities		
Purchases of investments.....	(107,340)	(177,936)
Maturities of investments.....	95,586	120,982
Sales of investments.....	47,742	2,693
Decrease in restricted cash.....	39	43
Acquisition of intangible assets.....	(3,250)	(1,005)
Purchases of property and equipment.....	(13,292)	(10,319)
Net cash provided by (used in) investing activities.....	<u>19,485</u>	<u>(65,542)</u>
Financing activities		
Excess tax benefit from stock-based compensation.....	1,194	2,638
Proceeds from the exercise of stock options and purchases of stock under employee stock purchase plan.....	18,474	16,573
Repurchase of common stock.....	(200,035)	(149,980)
Net cash used in financing activities.....	<u>(180,367)</u>	<u>(130,769)</u>
Net increase (decrease) in cash and cash equivalents.....	42,989	(9,916)
Effect of exchange rate changes on cash and cash equivalents.....	(152)	(2,632)
Cash and cash equivalents, beginning of period.....	390,460	281,502
Cash and cash equivalents, end of period.....	<u>\$ 433,297</u>	<u>\$ 268,954</u>