

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

	Three months ended December 31,	
	2013	2012
Operating activities		
Net income.....	\$ 68,048	\$ 69,493
Adjustments to reconcile net income to net cash provided by operating activities:		
Realized (gain) loss on disposition of assets and investments.....	(59)	26
Stock-based compensation.....	34,528	26,710
Provisions for doubtful accounts and sales returns.....	1,168	349
Depreciation and amortization.....	11,437	9,934
Deferred income taxes.....	(8,702)	(1,265)
Changes in operating assets and liabilities:		
Accounts receivable.....	(17,746)	(24,256)
Inventories.....	(25)	(1,313)
Other current assets.....	2,189	(4,979)
Other assets.....	(1,876)	428
Accounts payable and accrued liabilities.....	33,611	36,411
Deferred revenue.....	36,353	33,268
Net cash provided by operating activities.....	<u>158,926</u>	<u>144,806</u>
Investing activities		
Purchases of investments.....	(147,534)	(313,114)
Maturities of investments.....	168,026	165,193
Sales of investments.....	54,660	23,020
Increase in restricted cash.....	(6)	(728)
Purchases of property and equipment.....	(4,980)	(7,788)
Net cash provided by (used in) investing activities.....	<u>70,166</u>	<u>(133,417)</u>
Financing activities		
Excess tax benefit from stock-based compensation.....	182	503
Proceeds from the exercise of stock options and purchases of stock under employee stock purchase plan.....	13,188	11,583
Repurchase of common stock.....	(200,000)	(50,000)
Net cash used in financing activities.....	<u>(186,630)</u>	<u>(37,914)</u>
Net increase (decrease) in cash and cash equivalents.....	42,462	(26,525)
Effect of exchange rate changes on cash and cash equivalents.....	(827)	(93)
Cash and cash equivalents, beginning of period.....	189,693	211,181
Cash and cash equivalents, end of period.....	<u>\$ 231,328</u>	<u>\$ 184,563</u>