

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

	Nine Months Ended	
	June 30,	
	2014	2013
Operating activities		
Net income	\$ 217,162	\$ 201,083
Adjustments to reconcile net income to net cash provided by operating activities:		
Realized gain on disposition of assets and investments	(179)	(190)
Stock-based compensation	101,997	82,181
Provisions for doubtful accounts and sales returns	2,109	584
Depreciation and amortization	34,055	29,705
Deferred income taxes	(4,389)	(3,601)
Changes in operating assets and liabilities, net of amounts acquired:		
Accounts receivable	(40,964)	(20,550)
Inventories	(4,117)	(850)
Other current assets	(9,800)	(18,069)
Other assets	(1,056)	1,517
Accounts payable and accrued liabilities	(1,659)	7,420
Deferred revenue	85,968	72,468
Net cash provided by operating activities	<u>379,127</u>	<u>351,698</u>
Investing activities		
Purchases of investments	(387,147)	(744,557)
Maturities of investments	437,752	509,381
Sales of investments	144,790	138,171
Decrease (increase) in restricted cash	5	(713)
Acquisition of businesses, net of cash acquired	(49,439)	(124,918)
Purchases of property and equipment	(15,636)	(21,434)
Net cash provided by (used in) investing activities	<u>130,325</u>	<u>(244,070)</u>
Financing activities		
Excess tax benefit from stock-based compensation	8,155	3,656
Proceeds from the exercise of stock options and purchases of stock under employee stock purchase plan	35,247	29,405
Repurchase of common stock	(500,542)	(150,000)
Net cash used in financing activities	<u>(457,140)</u>	<u>(116,939)</u>
Net increase (decrease) in cash and cash equivalents	52,312	(9,311)
Effect of exchange rate changes on cash and cash equivalents	(32)	(3,590)
Cash and cash equivalents, beginning of year	189,693	211,181
Cash and cash equivalents, end of year	<u>\$ 241,973</u>	<u>\$ 198,280</u>