

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

	Years Ended September 30,	
	2016	2015
Operating activities		
Net income.....	\$ 365,855	\$ 365,014
Adjustments to reconcile net income to net cash provided by operating activities:		
Realized loss on disposition of assets and investments.....	693	282
Stock-based compensation.....	156,760	145,553
Provisions for doubtful accounts and sales returns.....	1,526	1,488
Depreciation and amortization.....	56,776	52,583
Deferred income taxes.....	2,967	(12,571)
Changes in operating assets and liabilities:		
Accounts receivable.....	9,732	(38,680)
Inventories.....	(334)	(9,246)
Other current assets.....	(1,876)	(6,533)
Other assets.....	(712)	569
Accounts payable and accrued liabilities.....	33,217	39,521
Deferred revenue.....	86,931	146,561
Net cash provided by operating activities.....	<u>711,535</u>	<u>684,541</u>
Investing activities		
Purchases of investments.....	(354,708)	(609,875)
Maturities of investments.....	418,821	461,327
Sales of investments.....	66,848	205,292
Increase in restricted cash.....	(3)	(357)
Acquisition of intangible assets.....	(4,750)	(6,779)
Purchases of property and equipment.....	(63,488)	(60,307)
Net cash provided by (used in) investing activities.....	<u>62,720</u>	<u>(10,699)</u>
Financing activities		
Excess tax benefit from stock-based compensation.....	2,608	9,517
Proceeds from the exercise of stock options and purchases of stock under employee stock purchase plan.....	44,869	40,439
Repurchase of common stock.....	(700,124)	(606,858)
Net cash used in financing activities.....	<u>(652,647)</u>	<u>(556,902)</u>
Net increase in cash and cash equivalents.....	121,608	116,940
Effect of exchange rate changes on cash and cash equivalents.....	2,503	(7,982)
Cash and cash equivalents, beginning of period.....	390,460	281,502
Cash and cash equivalents, end of period.....	<u>\$ 514,571</u>	<u>\$ 390,460</u>