

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

Three months ended  
December 31,

	2016	2015
<b>Operating activities</b>		
Net income.....	\$ 94,218	\$ 89,716
Adjustments to reconcile net income to net cash provided by operating activities:		
Realized loss on disposition of assets and investments.....	30	27
Stock-based compensation.....	46,611	38,233
Provisions for doubtful accounts and sales returns.....	291	297
Depreciation and amortization.....	14,887	13,763
Deferred income taxes.....	(2,945)	4,237
Changes in operating assets and liabilities:		
Accounts receivable.....	(45,327)	(22)
Inventories.....	374	146
Other current assets.....	(306)	(568)
Other assets.....	391	45
Accounts payable and accrued liabilities.....	37,082	3,761
Deferred revenue.....	44,006	54,236
Net cash provided by operating activities.....	<u>189,312</u>	<u>203,871</u>
<b>Investing activities</b>		
Purchases of investments.....	(98,983)	(107,340)
Maturities of investments.....	105,744	95,586
Sales of investments.....	11,211	47,742
Decrease in restricted cash.....	32	39
Acquisition of intangible assets.....	(4,000)	(3,250)
Purchases of property and equipment.....	(14,133)	(13,292)
Net cash (used in) provided by investing activities.....	<u>(129)</u>	<u>19,485</u>
<b>Financing activities</b>		
Excess tax benefit from stock-based compensation.....	2,940	1,194
Proceeds from the exercise of stock options and purchases of stock under employee stock purchase plan.....	18,836	18,474
Repurchase of common stock.....	(150,021)	(200,035)
Net cash used in financing activities.....	<u>(128,245)</u>	<u>(180,367)</u>
Net increase in cash and cash equivalents.....	60,938	42,989
Effect of exchange rate changes on cash and cash equivalents.....	(2,575)	(152)
Cash and cash equivalents, beginning of period.....	514,571	390,460
Cash and cash equivalents, end of period.....	<u>\$ 572,934</u>	<u>\$ 433,297</u>