

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

| | Nine Months Ended June 30, | |
|--|-------------------------------|-------------------|
| | 2016 | 2015 |
| Operating activities | | |
| Net income..... | \$ 256,920 | \$ 267,977 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Realized loss (gain) on disposition of assets and investments..... | 22 | (69) |
| Stock-based compensation..... | 118,443 | 103,919 |
| Provisions for doubtful accounts and sales returns..... | 876 | 1,268 |
| Depreciation and amortization..... | 42,284 | 39,225 |
| Deferred income taxes..... | 9,295 | (5,203) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable..... | 15,307 | (20,094) |
| Inventories..... | (87) | (5,556) |
| Other current assets..... | (80) | (6,127) |
| Other assets..... | 549 | 437 |
| Accounts payable and accrued liabilities..... | (8,922) | 19,625 |
| Deferred revenue..... | 72,858 | 105,796 |
| Net cash provided by operating activities..... | <u>507,465</u> | <u>501,198</u> |
| Investing activities | | |
| Purchases of investments..... | (225,226) | (347,683) |
| Maturities of investments..... | 244,905 | 391,900 |
| Sales of investments..... | 62,836 | 198,401 |
| Decrease (increase) in restricted cash..... | 29 | (401) |
| Acquisition of intangible assets..... | (3,250) | (6,224) |
| Purchases of property and equipment..... | (45,909) | (41,715) |
| Net cash provided by investing activities..... | <u>33,385</u> | <u>194,278</u> |
| Financing activities | | |
| Excess tax benefit from stock-based compensation..... | 1,596 | 6,611 |
| Proceeds from the exercise of stock options and purchases of stock under employee stock purchase plan..... | 44,848 | 40,426 |
| Repurchase of common stock..... | (550,101) | (456,863) |
| Net cash used in financing activities..... | <u>(503,657)</u> | <u>(409,826)</u> |
| Net increase in cash and cash equivalents..... | 37,193 | 285,650 |
| Effect of exchange rate changes on cash and cash equivalents..... | 1,944 | (4,972) |
| Cash and cash equivalents, beginning of period..... | 390,460 | 281,502 |
| Cash and cash equivalents, end of period..... | <u>\$ 429,597</u> | <u>\$ 562,180</u> |