

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

Nine Months Ended
June 30,

	2018	2017
Operating activities		
Net income.....	\$ 320,808	\$ 285,018
Adjustments to reconcile net income to net cash provided by operating activities:		
Realized loss (gain) on disposition of assets and investments.....	64	(463)
Stock-based compensation.....	121,007	133,740
Provisions for doubtful accounts and sales returns.....	1,494	385
Depreciation and amortization.....	44,081	45,603
Deferred income taxes.....	19,241	(1,307)
Changes in operating assets and liabilities:		
Accounts receivable.....	(6,945)	(27,295)
Inventories.....	(1,488)	3,007
Other current assets.....	11,590	1,063
Other assets.....	(68)	(425)
Accounts payable and accrued liabilities.....	(16,423)	14,270
Deferred revenue.....	63,402	73,620
Net cash provided by operating activities.....	<u>556,763</u>	<u>527,216</u>
Investing activities		
Purchases of investments.....	(499,084)	(255,386)
Maturities of investments.....	295,479	271,878
Sales of investments.....	10,748	65,857
Decrease (increase) in restricted cash.....	42	(87)
Acquisition of intangible assets.....	-	(4,000)
Cash provided by sale of fixed asset.....	1,000	-
Purchases of property and equipment.....	(36,074)	(31,175)
Net cash (used in) provided by investing activities.....	<u>(227,889)</u>	<u>47,087</u>
Financing activities		
Excess tax benefit from stock-based compensation.....	-	6,471
Proceeds from the exercise of stock options and purchases of stock under employee stock purchase plan.....	48,818	46,959
Repurchase of common stock.....	(450,064)	(450,065)
Net cash used in financing activities.....	<u>(401,246)</u>	<u>(396,635)</u>
Net (decrease) increase in cash and cash equivalents.....	(72,372)	177,668
Effect of exchange rate changes on cash and cash equivalents.....	(1,588)	(1,327)
Cash and cash equivalents, beginning of period.....	673,228	514,571
Cash and cash equivalents, end of period.....	<u>\$ 599,268</u>	<u>\$ 690,912</u>