

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

	Years Ended September 30,	
	2017	2016
Operating activities		
Net income.....	\$ 420,761	\$ 365,855
Adjustments to reconcile net income to net cash provided by operating activities:		
Realized (gain) loss on disposition of assets and investments.....	(439)	693
Stock-based compensation.....	175,326	156,760
Provisions for doubtful accounts and sales returns.....	366	1,526
Depreciation and amortization.....	61,148	56,776
Deferred income taxes.....	(4,626)	2,967
Changes in operating assets and liabilities:		
Accounts receivable.....	(24,115)	9,732
Inventories.....	4,218	(334)
Other current assets.....	(14,890)	(1,876)
Other assets.....	(2,056)	(712)
Accounts payable and accrued liabilities.....	30,524	33,217
Deferred revenue.....	94,064	86,931
Net cash provided by operating activities.....	<u>740,281</u>	<u>711,535</u>
Investing activities		
Purchases of investments.....	(446,838)	(354,708)
Maturities of investments.....	390,449	418,821
Sales of investments.....	66,858	66,848
Increase in restricted cash.....	(73)	(3)
Acquisition of intangible assets.....	(4,000)	(4,750)
Purchases of property and equipment.....	(38,681)	(63,488)
Net cash (used in) provided by investing activities.....	<u>(32,285)</u>	<u>62,720</u>
Financing activities		
Excess tax benefit from stock-based compensation.....	7,019	2,608
Proceeds from the exercise of stock options and purchases of stock under employee stock purchase plan.....	47,039	44,869
Repurchase of common stock.....	(600,090)	(700,124)
Net cash used in financing activities.....	<u>(546,032)</u>	<u>(652,647)</u>
Net increase in cash and cash equivalents.....	161,964	121,608
Effect of exchange rate changes on cash and cash equivalents.....	(3,307)	2,503
Cash and cash equivalents, beginning of period.....	514,571	390,460
Cash and cash equivalents, end of period.....	<u>\$ 673,228</u>	<u>\$ 514,571</u>