

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

	Six Months Ended	
	March 31,	
	2018	2017
<b>Operating activities</b>		
Net income.....	\$ 198,065	\$ 187,356
Adjustments to reconcile net income to net cash provided by operating activities:		
Realized loss (gain) on disposition of assets and investments.....	52	(7)
Stock-based compensation.....	82,268	90,506
Provisions for doubtful accounts and sales returns.....	691	455
Depreciation and amortization.....	30,049	30,278
Deferred income taxes.....	17,642	(214)
Changes in operating assets and liabilities:		
Accounts receivable.....	314	(26,152)
Inventories.....	322	1,504
Other current assets.....	5,493	1,449
Other assets.....	(1,111)	(942)
Accounts payable and accrued liabilities.....	(5,308)	21,072
Deferred revenue.....	46,235	59,347
Net cash provided by operating activities.....	<u>374,712</u>	<u>364,652</u>
<b>Investing activities</b>		
Purchases of investments.....	(353,414)	(146,236)
Maturities of investments.....	186,961	187,660
Sales of investments.....	9,248	40,737
Increase in restricted cash.....	(19)	(36)
Acquisition of intangible assets.....	-	(4,000)
Cash provided by sale of fixed asset.....	1,000	-
Purchases of property and equipment.....	(16,246)	(23,715)
Net cash (used in) provided by investing activities.....	<u>(172,470)</u>	<u>54,410</u>
<b>Financing activities</b>		
Excess tax benefit from stock-based compensation.....	-	5,239
Proceeds from the exercise of stock options and purchases of stock under employee stock purchase plan.....	19,917	18,868
Repurchase of common stock.....	(300,046)	(300,042)
Net cash used in financing activities.....	<u>(280,129)</u>	<u>(275,935)</u>
Net (decrease) increase in cash and cash equivalents.....	(77,887)	143,127
Effect of exchange rate changes on cash and cash equivalents.....	576	(1,925)
Cash and cash equivalents, beginning of period.....	673,228	514,571
Cash and cash equivalents, end of period.....	<u>\$ 595,917</u>	<u>\$ 655,773</u>