

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

	Nine Months Ended June 30,	
	2017	2016
Operating activities		
Net income.....	\$ 285,018	\$ 256,920
Adjustments to reconcile net income to net cash provided by operating activities:		
Realized (gain) loss on disposition of assets and investments.....	(463)	22
Stock-based compensation.....	133,740	118,443
Provisions for doubtful accounts and sales returns.....	385	876
Depreciation and amortization.....	45,603	42,284
Deferred income taxes.....	(1,307)	9,295
Changes in operating assets and liabilities:		
Accounts receivable.....	(27,295)	15,307
Inventories.....	3,007	(87)
Other current assets.....	1,063	(80)
Other assets.....	(425)	549
Accounts payable and accrued liabilities.....	14,270	(8,922)
Deferred revenue.....	73,620	72,858
Net cash provided by operating activities.....	<u>527,216</u>	<u>507,465</u>
Investing activities		
Purchases of investments.....	(255,386)	(225,226)
Maturities of investments.....	271,878	244,905
Sales of investments.....	65,857	62,836
(Increase) decrease in restricted cash.....	(87)	29
Acquisition of intangible assets.....	(4,000)	(3,250)
Purchases of property and equipment.....	(31,175)	(45,909)
Net cash provided by investing activities.....	<u>47,087</u>	<u>33,385</u>
Financing activities		
Excess tax benefit from stock-based compensation.....	6,471	1,596
Proceeds from the exercise of stock options and purchases of stock under employee stock purchase plan.....	46,959	44,848
Repurchase of common stock.....	(450,065)	(550,101)
Net cash used in financing activities.....	<u>(396,635)</u>	<u>(503,657)</u>
Net increase in cash and cash equivalents.....	177,668	37,193
Effect of exchange rate changes on cash and cash equivalents.....	(1,327)	1,944
Cash and cash equivalents, beginning of period.....	514,571	390,460
Cash and cash equivalents, end of period.....	<u>\$ 690,912</u>	<u>\$ 429,597</u>