

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

	Years Ended	
	September 30,	
	2018	2017
<b>Operating activities</b>		
Net income.....	\$ 453,689	\$ 420,761
Adjustments to reconcile net income to net cash provided by operating activities:		
Realized gain on disposition of assets and investments.....	(267)	(439)
Stock-based compensation.....	157,855	175,326
Provisions for doubtful accounts and sales returns.....	1,461	366
Depreciation and amortization.....	59,491	61,148
Deferred income taxes.....	20,810	(4,626)
Changes in operating assets and liabilities:		
Accounts receivable.....	(4,889)	(24,115)
Inventories.....	(734)	4,218
Other current assets.....	15,607	(14,890)
Other assets.....	446	(2,056)
Accounts payable and accrued liabilities.....	6,583	30,524
Deferred revenue.....	51,016	94,064
Net cash provided by operating activities.....	<u>761,068</u>	<u>740,281</u>
<b>Investing activities</b>		
Purchases of investments.....	(855,424)	(446,838)
Maturities of investments.....	439,130	390,449
Sales of investments.....	12,736	66,858
Decrease (increase) in restricted cash.....	36	(73)
Acquisition of intangible assets.....	-	(4,000)
Cash provided by sale of fixed asset.....	1,000	-
Purchases of property and equipment.....	(53,465)	(38,681)
Net cash used in investing activities.....	<u>(455,987)</u>	<u>(32,285)</u>
<b>Financing activities</b>		
Excess tax benefit from stock-based compensation.....	-	7,019
Proceeds from the exercise of stock options and purchases of stock under employee stock purchase plan.....	48,818	47,039
Repurchase of common stock.....	(600,081)	(600,090)
Net cash used in financing activities.....	<u>(551,263)</u>	<u>(546,032)</u>
Net (decrease) increase in cash and cash equivalents.....	(246,182)	161,964
Effect of exchange rate changes on cash and cash equivalents.....	(2,339)	(3,307)
Cash and cash equivalents, beginning of period.....	673,228	514,571
Cash and cash equivalents, end of period.....	<u>\$ 424,707</u>	<u>\$ 673,228</u>