

**F5 Networks, Inc.**  
**Condensed Consolidated Statements of Operations**  
(unaudited, in thousands, except per share amounts)

	Three months ended December 31, 2008	Three months ended September 30, 2008	Three months ended December 31, 2007
Net revenues			
Products.....	\$107,895	\$115,790	\$110,205
Services.....	57,674	55,473	43,979
Total.....	<u>165,569</u>	<u>171,263</u>	<u>154,184</u>
Cost of net revenues (1)			
Products.....	23,923	26,584	24,689
Services.....	12,100	12,329	10,550
Total.....	<u>36,023</u>	<u>38,913</u>	<u>35,239</u>
Gross Profit.....	<u>129,546</u>	<u>132,350</u>	<u>118,945</u>
Operating expenses (1)			
Sales and marketing.....	59,438	60,461	58,178
Research and development.....	27,102	26,367	24,332
General and administrative.....	15,805	14,632	13,426
Loss on facility exit and sublease.....	-	5,271	-
Total.....	<u>102,345</u>	<u>106,731</u>	<u>95,936</u>
Income from operations.....	27,201	25,619	23,009
Other income, net.....	2,879	3,513	6,132
Income before income taxes.....	<u>30,080</u>	<u>29,132</u>	<u>29,141</u>
Provision for income taxes (1).....	8,657	9,431	11,390
Net Income.....	<u>\$21,423</u>	<u>\$19,701</u>	<u>\$17,751</u>
Net income per share - basic.....	<u>\$0.27</u>	<u>\$0.25</u>	<u>\$0.21</u>
Weighted average shares - basic.....	<u>79,337</u>	<u>79,754</u>	<u>84,854</u>
Net income per share - diluted.....	<u>\$0.27</u>	<u>\$0.24</u>	<u>\$0.21</u>
Weighted average shares - diluted.....	<u>80,003</u>	<u>80,785</u>	<u>86,141</u>
<b>Non-GAAP Financial Measures</b>			
Net income as reported.....	\$21,423	\$19,701	\$17,751
Stock-based compensation expense, net of tax (3).....	10,907	10,328	11,075
Loss on facility exit and sublease, net of tax (2).....	-	3,321	-
Net income excluding stock-based compensation and loss on facility exit and sublease (Non-GAAP).....	<u>\$32,330</u>	<u>\$33,350</u>	<u>\$28,826</u>
Net income per share excluding stock-based compensation and loss on facility exit and sublease (Non-GAAP) - diluted.....	<u>\$0.40</u>	<u>\$0.41</u>	<u>\$0.33</u>
Weighted average shares - diluted.....	<u>80,003</u>	<u>80,785</u>	<u>86,141</u>
(1) Includes stock-based compensation as follows:			
Cost of net revenues.....	\$1,219	\$1,175	\$1,054
Sales and marketing.....	5,967	5,623	6,431
Research and development.....	4,286	4,106	3,986
General and administrative.....	3,441	3,858	3,865
Tax effect of stock based compensation.....	(4,006)	(4,434)	(4,261)
	<u>\$10,907</u>	<u>\$10,328</u>	<u>\$11,075</u>
(2) Includes loss on facility exit and sublease as follows:			
Loss on facility exit and sublease.....	-	\$5,271	-
Tax effect of loss on facility exit and sublease.....	-	(1,950)	-
	<u>-</u>	<u>\$3,321</u>	<u>-</u>

(3) Stock-based compensation is accounted for in accordance with Financial Accounting Standards Board Statement No. 123(R), "Share-Based Payments" using the attribution method for recognizing compensation expense.