

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

	Three Months Ended		Nine Months Ended	
	June 30,		June 30,	
	2009	2008	2009	2008
Net revenues				
Products.....	\$ 95,619	\$ 114,786	\$ 297,649	\$ 337,139
Services.....	62,612	50,799	180,300	141,771
Total.....	<u>158,231</u>	<u>165,585</u>	<u>477,949</u>	<u>478,910</u>
Cost of net revenues (1)				
Products.....	21,955	26,158	70,915	75,816
Services.....	11,710	12,020	35,355	34,289
Total.....	<u>33,665</u>	<u>38,178</u>	<u>106,270</u>	<u>110,105</u>
Gross Profit.....	<u>124,566</u>	<u>127,407</u>	<u>371,679</u>	<u>368,805</u>
Operating expenses (1)				
Sales and marketing.....	55,427	60,483	166,798	176,714
Research and development.....	25,070	26,277	78,149	77,027
General and administrative.....	12,764	13,459	40,624	41,369
Restructuring charges.....	-	-	4,329	-
Total.....	<u>93,261</u>	<u>100,219</u>	<u>289,900</u>	<u>295,110</u>
Income from operations.....	31,305	27,188	81,779	73,695
Other income, net.....	3,027	3,716	8,042	15,437
Income before income taxes.....	<u>34,332</u>	<u>30,904</u>	<u>89,821</u>	<u>89,132</u>
Provision for income taxes.....	11,556	11,770	26,636	34,502
Net Income.....	<u>\$ 22,776</u>	<u>\$ 19,134</u>	<u>\$ 63,185</u>	<u>\$ 54,630</u>
Net income per share - basic.....	\$ 0.29	\$ 0.24	\$ 0.80	\$ 0.66
Weighted average shares - basic.....	<u>78,603</u>	<u>81,096</u>	<u>78,958</u>	<u>83,218</u>
Net income per share - diluted.....	\$ 0.29	\$ 0.23	\$ 0.79	\$ 0.65
Weighted average shares - diluted.....	<u>79,612</u>	<u>81,951</u>	<u>80,014</u>	<u>84,308</u>
<b>Non-GAAP Financial Measures</b>				
Net income as reported.....	\$ 22,776	\$ 19,134	\$ 63,185	\$ 54,630
Stock-based compensation expense, net of tax (4).....	9,157	11,037	27,494	33,310
Restructuring charges, net of tax (2).....	-	-	2,957	-
Legal settlement, net of tax (3).....	-	-	913	-
Net income excluding stock-based compensation, restructuring charges and legal settlement.....	<u>\$ 31,933</u>	<u>\$ 30,171</u>	<u>\$ 94,549</u>	<u>\$ 87,940</u>
Net income per share excluding stock-based compensation, restructuring charges & legal settlement (non-GAAP) - diluted.....	<u>\$ 0.40</u>	<u>\$ 0.37</u>	<u>\$ 1.18</u>	<u>\$ 1.04</u>
Weighted average shares - diluted.....	<u>79,612</u>	<u>81,951</u>	<u>80,014</u>	<u>84,308</u>
(1) Includes stock-based compensation as follows:				
Cost of net revenues.....	\$ 1,211	\$ 1,065	\$ 3,680	\$ 3,170
Sales and marketing.....	5,136	5,846	16,519	18,438
Research and development.....	3,816	4,116	12,198	12,220
General and administrative.....	2,394	3,790	8,330	11,992
Tax effect of stock-based compensation.....	<u>(3,400)</u>	<u>(3,780)</u>	<u>(13,233)</u>	<u>(12,510)</u>
	<u>\$ 9,157</u>	<u>\$ 11,037</u>	<u>\$ 27,494</u>	<u>\$ 33,310</u>
(2) Includes restructuring charges as follows:				
Loss on facility exit.....	\$ -	\$ -	\$ 2,194	\$ -
Restructuring charges.....	-	-	2,135	-
Tax effect of loss on facility exit and restructuring charges.....	-	-	(1,372)	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,957</u>	<u>\$ -</u>
(3) Includes legal settlement as follows:				
Legal settlement.....	\$ -	\$ -	\$ 1,337	\$ -
Tax effect of legal settlement.....	-	-	(424)	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 913</u>	<u>\$ -</u>

(4) 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.

