

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

	Three Months Ended March 31,		Six Months Ended March 31,	
	2010	2009	2010	2009
Net revenues				
Products.....	\$ 129,559	\$ 94,135	\$ 248,777	\$ 202,030
Services.....	76,509	60,014	148,447	117,688
Total.....	<u>206,068</u>	<u>154,149</u>	<u>397,224</u>	<u>319,718</u>
Cost of net revenues (1)				
Products.....	27,419	25,037	53,461	48,960
Services.....	13,997	11,545	27,084	23,645
Total.....	<u>41,416</u>	<u>36,582</u>	<u>80,545</u>	<u>72,605</u>
Gross Profit.....	<u>164,652</u>	<u>117,567</u>	<u>316,679</u>	<u>247,113</u>
Operating expenses (1)				
Sales and marketing.....	69,644	51,933	135,286	111,371
Research and development.....	29,134	25,977	55,854	53,079
General and administrative.....	16,016	12,055	31,969	27,860
Restructuring charges.....	-	4,329	-	4,329
Total.....	<u>114,794</u>	<u>94,294</u>	<u>223,109</u>	<u>196,639</u>
Income from operations.....	49,858	23,273	93,570	50,474
Other income, net.....	2,291	2,136	3,996	5,015
Income before income taxes.....	52,149	25,409	97,566	55,489
Provision for income taxes (1).....	19,005	6,423	35,143	15,080
Net Income.....	<u>\$ 33,144</u>	<u>\$ 18,986</u>	<u>\$ 62,423</u>	<u>\$ 40,409</u>
Net income per share - basic.....	<u>\$ 0.42</u>	<u>\$ 0.24</u>	<u>\$ 0.79</u>	<u>\$ 0.51</u>
Weighted average shares - basic.....	<u>79,394</u>	<u>78,925</u>	<u>79,147</u>	<u>79,133</u>
Net income per share - diluted.....	<u>\$ 0.41</u>	<u>\$ 0.24</u>	<u>\$ 0.77</u>	<u>\$ 0.51</u>
Weighted average shares - diluted.....	<u>80,737</u>	<u>79,570</u>	<u>80,630</u>	<u>79,920</u>
Non-GAAP Financial Measures				
Net income as reported.....	\$ 33,144	\$ 18,986	\$ 62,423	\$ 40,409
Stock-based compensation expense, net of tax (4).....	12,038	7,430	24,168	18,337
Restructuring charges, net of tax (2).....	-	2,957	-	2,957
Legal settlement, net of tax (3).....	-	913	-	913
Net income excluding stock-based compensation, restructuring charges & legal settlement (non-GAAP).....	<u>\$ 45,182</u>	<u>\$ 30,286</u>	<u>\$ 86,591</u>	<u>\$ 62,616</u>
Net income per share excluding stock-based compensation, restructuring charges & legal settlement (non-GAAP) - diluted.....	<u>\$ 0.56</u>	<u>\$ 0.38</u>	<u>\$ 1.07</u>	<u>\$ 0.78</u>
Weighted average shares - diluted.....	<u>80,737</u>	<u>79,570</u>	<u>80,630</u>	<u>79,920</u>
(1) Includes stock-based compensation as follows:				
Cost of net revenues.....	\$ 1,685	\$ 1,250	\$ 3,284	\$ 2,469
Sales and marketing.....	6,377	5,416	13,094	11,383
Research and development.....	4,579	4,096	9,448	8,382
General and administrative.....	3,880	2,495	7,759	5,936
Tax effect of stock-based compensation.....	(4,483)	(5,827)	(9,417)	(9,833)
	<u>\$ 12,038</u>	<u>\$ 7,430</u>	<u>\$ 24,168</u>	<u>\$ 18,337</u>
(2) Includes restructuring charges as follows:				
Loss on facility exit.....	\$ -	\$ 2,194	\$ -	\$ 2,194
Restructuring charges.....	-	2,135	-	2,135
Tax effect of loss on facility exit and restructuring charges.....	-	(1,372)	-	(1,372)
	<u>\$ -</u>	<u>\$ 2,957</u>	<u>\$ -</u>	<u>\$ 2,957</u>
(3) Includes legal settlement as follows:				
Legal settlement.....	\$ -	\$ 1,337	\$ -	\$ 1,337
Tax effect of legal settlement.....	-	(424)	-	(424)
	<u>\$ -</u>	<u>\$ 913</u>	<u>\$ -</u>	<u>\$ 913</u>

(4) Stock-based compensation is accounted for in accordance with the fair value recognition provisions of the Equity Topic of the Accounting Standards Codification.