

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

	Three Months Ended September 30,		Twelve Months Ended September 30,	
	2010	2009	2010	2009
Net revenues				
Products.....	\$ 164,972	\$ 108,880	\$ 561,142	\$ 406,529
Services.....	89,302	66,250	320,830	246,550
Total.....	<u>254,274</u>	<u>175,130</u>	<u>881,972</u>	<u>653,079</u>
Cost of net revenues (1)				
Products.....	31,045	24,294	113,834	95,209
Services.....	15,783	12,162	58,118	47,517
Total.....	<u>46,828</u>	<u>36,456</u>	<u>171,952</u>	<u>142,726</u>
Gross Profit.....	<u>207,446</u>	<u>138,674</u>	<u>710,020</u>	<u>510,353</u>
Operating expenses (1)				
Sales and marketing.....	80,696	58,395	293,201	225,193
Research and development.....	31,571	25,515	118,314	103,664
General and administrative.....	18,876	14,619	68,503	55,243
Restructuring charges.....	-	-	-	4,329
Total.....	<u>131,143</u>	<u>98,529</u>	<u>480,018</u>	<u>388,429</u>
Income from operations.....	76,303	40,145	230,002	121,924
Other income, net.....	68	1,682	7,625	9,724
Income before income taxes.....	<u>76,371</u>	<u>41,827</u>	<u>237,627</u>	<u>131,648</u>
Provision for income taxes (1).....	28,136	13,477	86,474	40,113
Net Income.....	<u>\$ 48,235</u>	<u>\$ 28,350</u>	<u>\$ 151,153</u>	<u>\$ 91,535</u>

Net income per share - basic.....	<u>\$ 0.60</u>	<u>\$ 0.36</u>	<u>\$ 1.90</u>	<u>\$ 1.16</u>
Weighted average shares - basic.....	<u>80,268</u>	<u>78,499</u>	<u>79,609</u>	<u>78,842</u>

Net income per share - diluted.....	<u>\$ 0.59</u>	<u>\$ 0.36</u>	<u>\$ 1.86</u>	<u>\$ 1.14</u>
Weighted average shares - diluted.....	<u>81,253</u>	<u>79,613</u>	<u>81,049</u>	<u>80,073</u>

Non-GAAP Financial Measures

Net income as reported.....	\$ 48,235	\$ 28,350	\$ 151,153	\$ 91,535
Stock-based compensation expense, net of tax (4).....	14,702	11,696	51,675	39,190
Restructuring charges, net of tax (2).....	-	-	-	2,957
Legal settlement, net of tax (3).....	950	-	950	913
Net income excluding stock-based compensation, restructuring charges & legal settlement (non-GAAP).....	<u>\$ 63,887</u>	<u>\$ 40,046</u>	<u>\$ 203,778</u>	<u>\$ 134,595</u>

Net income per share excluding stock-based compensation, restructuring charges & legal settlement (non-GAAP) - diluted.....	<u>\$ 0.79</u>	<u>\$ 0.50</u>	<u>\$ 2.51</u>	<u>\$ 1.68</u>
--	----------------	----------------	----------------	----------------

Weighted average shares - diluted.....	<u>81,253</u>	<u>79,613</u>	<u>81,049</u>	<u>80,073</u>
--	---------------	---------------	---------------	---------------

(1) Includes stock-based compensation as follows:

Cost of net revenues.....	\$ 2,002	\$ 1,472	\$ 7,063	\$ 5,152
Sales and marketing.....	7,565	6,125	27,250	22,644
Research and development.....	5,224	4,468	19,421	16,666
General and administrative.....	4,991	3,272	17,039	11,602
Tax effect of stock-based compensation.....	(5,080)	(3,641)	(19,098)	(16,874)
	<u>\$ 14,702</u>	<u>\$ 11,696</u>	<u>\$ 51,675</u>	<u>\$ 39,190</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>\$ -</u>	<u>\$ 2,957</u>

(3) Includes legal settlement as follows:

Legal settlement.....	\$ 1,500	\$ -	\$ 1,500	\$ 1,337
Tax effect of legal settlement.....	(550)	-	(550)	(424)
	<u>\$ 950</u>	<u>\$ -</u>	<u>\$ 950</u>	<u>\$ 913</u>

(4) Stock-based compensation is accounted for in accordance with the fair value recognition provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 718, Compensation – Stock Compensation ("FASB ASC Topic 718")