

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.....	76,371	41,827	237,627	131,648
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")