

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

	Three months ended December 31, 2010	Three months ended September 30, 2010	Three months ended December 31, 2009
Net revenues			
Products.....	\$ 171,492	\$ 164,972	\$ 119,218
Services.....	97,442	89,302	71,938
Total.....	<u>268,934</u>	<u>254,274</u>	<u>191,156</u>
Cost of net revenues (1)			
Products.....	31,614	31,045	26,042
Services.....	17,349	15,783	13,087
Total.....	<u>48,963</u>	<u>46,828</u>	<u>39,129</u>
Gross Profit.....	<u>219,971</u>	<u>207,446</u>	<u>152,027</u>
Operating expenses (1)			
Sales and marketing.....	86,825	80,696	65,642
Research and development.....	32,606	31,571	26,720
General and administrative.....	20,684	18,876	15,953
Total.....	<u>140,115</u>	<u>131,143</u>	<u>108,315</u>
Income from operations.....	79,856	76,303	43,712
Other income, net.....	2,545	68	1,705
Income before income taxes.....	82,401	76,371	45,417
Provision for income taxes (1).....	26,738	28,136	16,138
Net Income.....	<u>\$ 55,663</u>	<u>\$ 48,235</u>	<u>\$ 29,279</u>
Net income per share - basic.....	<u>\$ 0.69</u>	<u>\$ 0.60</u>	<u>\$ 0.37</u>
Weighted average shares - basic.....	<u>80,644</u>	<u>80,268</u>	<u>78,906</u>
Net income per share - diluted.....	<u>\$ 0.68</u>	<u>\$ 0.59</u>	<u>\$ 0.36</u>
Weighted average shares - diluted.....	<u>81,648</u>	<u>81,253</u>	<u>80,333</u>
<b>Non-GAAP Financial Measures</b>			
Net income as reported.....	\$ 55,663	\$ 48,235	\$ 29,279
Stock-based compensation expense, net of tax (3).....	16,536	14,702	12,130
Legal settlement, net of tax (2).....	-	950	-
Net income excluding stock-based compensation expense & legal settlement (non-GAAP).....	<u>\$ 72,199</u>	<u>\$ 63,887</u>	<u>\$ 41,409</u>
Net income per share excluding stock-based compensation expense & legal settlement (non-GAAP) - diluted.....	<u>\$ 0.88</u>	<u>\$ 0.79</u>	<u>\$ 0.52</u>
Weighted average shares - diluted.....	<u>81,648</u>	<u>81,253</u>	<u>80,333</u>
(1) Includes stock-based compensation as follows:			
Cost of net revenues.....	\$ 2,228	\$ 2,002	\$ 1,599
Sales and marketing.....	8,733	7,565	6,717
Research and development.....	5,888	5,224	4,869
General and administrative.....	6,091	4,991	3,879
Tax effect of stock-based compensation.....	(6,404)	(5,080)	(4,934)
	<u>\$ 16,536</u>	<u>\$ 14,702</u>	<u>\$ 12,130</u>
(2) Includes legal settlement as follows:			
Legal settlement.....	\$ -	\$ 1,500	\$ -
Tax effect of legal settlement.....	-	(550)	-
	<u>\$ -</u>	<u>\$ 950</u>	<u>\$ -</u>

(3) 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")