

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

	Three months ended December 31, 2014	Three months ended September 30, 2014	Three months ended December 31, 2013
Net revenues			
Products.....	\$ 240,937	\$ 255,461	\$ 218,601
Services.....	221,856	209,805	187,851
Total.....	<u>462,793</u>	<u>465,266</u>	<u>406,452</u>
Cost of net revenues (1)(2)			
Products.....	42,070	43,351	37,244
Services.....	37,278	38,601	35,639
Total.....	<u>79,348</u>	<u>81,952</u>	<u>72,883</u>
Gross profit.....	<u>383,445</u>	<u>383,314</u>	<u>333,569</u>
Operating expenses (1)(2)			
Sales and marketing.....	148,816	143,284	134,803
Research and development.....	70,060	65,401	64,133
General and administrative.....	32,254	27,148	25,500
Total.....	<u>251,130</u>	<u>235,833</u>	<u>224,436</u>
Income from operations.....	132,315	147,481	109,133
Other income, net.....	2,594	2,323	246
Income before income taxes.....	134,909	149,804	109,379
Provision for income taxes.....	45,833	55,783	41,331
Net Income.....	<u>\$ 89,076</u>	<u>\$ 94,021</u>	<u>\$ 68,048</u>
Net income per share - basic.....	<u>\$ 1.21</u>	<u>\$ 1.27</u>	<u>\$ 0.88</u>
Weighted average shares - basic.....	<u>73,350</u>	<u>73,817</u>	<u>77,438</u>
Net income per share - diluted.....	<u>\$ 1.21</u>	<u>\$ 1.26</u>	<u>\$ 0.87</u>
Weighted average shares - diluted.....	<u>73,857</u>	<u>74,366</u>	<u>77,822</u>
Non-GAAP Financial Measures			
Net income as reported.....	\$ 89,076	\$ 94,021	\$ 68,048
Stock-based compensation expense (3).....	30,625	25,159	34,528
Amortization of purchased intangible assets.....	3,149	3,147	2,086
Tax effects related to above items.....	(8,629)	(5,585)	(9,899)
Net income excluding stock-based compensation and amortization of purchased intangible assets (non-GAAP) - diluted.....	<u>\$ 114,221</u>	<u>\$ 116,742</u>	<u>\$ 94,763</u>
Net income per share excluding stock-based compensation and amortization of purchased intangible assets (non-GAAP) - diluted.....	<u>\$ 1.55</u>	<u>\$ 1.57</u>	<u>\$ 1.22</u>
Weighted average shares - diluted.....	<u>73,857</u>	<u>74,366</u>	<u>77,822</u>
(1) Includes stock-based compensation as follows:			
Cost of net revenues.....	\$ 2,931	\$ 2,591	\$ 3,858
Sales and marketing.....	12,627	9,521	14,002
Research and development.....	10,440	9,029	11,638
General and administrative.....	4,627	4,018	5,030
Total.....	<u>\$ 30,625</u>	<u>\$ 25,159</u>	<u>\$ 34,528</u>
(2) Includes amortization of purchased intangible assets as follows:			
Cost of net revenues.....	\$ 2,651	\$ 2,651	\$ 1,727
Sales and marketing.....	486	496	359
General and administrative.....	12	-	-
Total.....	<u>\$ 3,149</u>	<u>\$ 3,147</u>	<u>\$ 2,086</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")