

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

	Three Months Ended September 30,		Twelve Months Ended September 30,	
	2015	2014	2015	2014
Net revenues				
Products.....	\$ 257,719	\$ 255,461	\$ 991,539	\$ 936,130
Services.....	243,582	209,805	928,284	795,916
Total.....	<u>501,301</u>	<u>465,266</u>	<u>1,919,823</u>	<u>1,732,046</u>
Cost of net revenues (1)(2)				
Products.....	44,505	43,351	174,225	158,788
Services.....	40,153	38,601	158,036	151,171
Total.....	<u>84,658</u>	<u>81,952</u>	<u>332,261</u>	<u>309,959</u>
Gross Profit.....	<u>416,643</u>	<u>383,314</u>	<u>1,587,562</u>	<u>1,422,087</u>
Operating expenses (1)(2)				
Sales and marketing.....	151,653	143,284	602,540	558,284
Research and development.....	77,665	65,401	296,583	263,792
General and administrative.....	39,726	27,148	135,540	106,454
Total.....	<u>269,044</u>	<u>235,833</u>	<u>1,034,663</u>	<u>928,530</u>
Income from operations.....	147,599	147,481	552,899	493,557
Other income, net.....	1,865	2,323	8,445	3,785
Income before income taxes.....	<u>149,464</u>	<u>149,804</u>	<u>561,344</u>	<u>497,342</u>
Provision for income taxes.....	52,427	55,783	196,330	186,159
Net Income.....	<u>\$ 97,037</u>	<u>\$ 94,021</u>	<u>\$ 365,014</u>	<u>\$ 311,183</u>

Net income per share - basic.....	<u>\$ 1.37</u>	<u>\$ 1.27</u>	<u>\$ 5.07</u>	<u>\$ 4.13</u>
Weighted average shares - basic.....	<u>70,679</u>	<u>73,817</u>	<u>71,944</u>	<u>75,395</u>
Net income per share - diluted.....	<u>\$ 1.36</u>	<u>\$ 1.26</u>	<u>\$ 5.03</u>	<u>\$ 4.09</u>
Weighted average shares - diluted.....	<u>71,098</u>	<u>74,366</u>	<u>72,547</u>	<u>76,092</u>

Non-GAAP Financial Measures

Net income as reported.....	\$ 97,037	\$ 94,021	\$ 365,014	\$ 311,183
Stock-based compensation expense (3).....	41,634	25,159	145,553	127,156
Amortization of purchased intangible assets.....	3,409	3,147	13,231	9,488
Tax effects related to above items.....	(11,414)	(5,585)	(43,461)	(34,859)
Net income excluding stock-based compensation and amortization of purchased intangible assets (non-GAAP) - diluted.....	<u>\$ 130,666</u>	<u>\$ 116,742</u>	<u>\$ 480,337</u>	<u>\$ 412,968</u>
Net income per share excluding stock-based compensation and amortization of purchased intangible assets (non-GAAP) - diluted.....	<u>\$ 1.84</u>	<u>\$ 1.57</u>	<u>\$ 6.62</u>	<u>\$ 5.43</u>
Weighted average shares - diluted.....	<u>71,098</u>	<u>74,366</u>	<u>72,547</u>	<u>76,092</u>

(1) Includes stock-based compensation as follows:

Cost of net revenues.....	\$ 3,723	\$ 2,591	\$ 14,220	\$ 13,985
Sales and marketing.....	13,992	9,521	56,754	50,091
Research and development.....	11,629	9,029	46,129	43,633
General and administrative.....	12,290	4,018	28,450	19,447
Total.....	<u>\$ 41,634</u>	<u>\$ 25,159</u>	<u>\$ 145,553</u>	<u>\$ 127,156</u>

(2) Includes amortization of purchased intangible assets as follows:

Cost of net revenues.....	\$ 2,682	\$ 2,651	\$ 10,650	\$ 7,890
Sales and marketing.....	487	496	1,946	1,598
General and administrative.....	240	-	635	-
Total.....	<u>\$ 3,409</u>	<u>\$ 3,147</u>	<u>\$ 13,231</u>	<u>\$ 9,488</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")