

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

| | Three months ended Sept. 30, | | Twelve months ended Sept. 30, | |
|--|---------------------------------|----------------|-------------------------------------|----------------|
| | 2004 | 2003 | 2004 | 2003 |
| Net revenues: | | | | |
| Products..... | \$37,536 | \$23,048 | \$126,169 | \$84,197 |
| Service..... | 12,683 | 8,585 | 45,021 | 31,698 |
| Total net revenues..... | <u>50,219</u> | <u>31,633</u> | <u>171,190</u> | <u>115,895</u> |
| Cost of net revenues: | | | | |
| Products..... | 8,489 | 5,086 | 28,404 | 17,837 |
| Service..... | 3,055 | 2,342 | 10,975 | 9,068 |
| Total cost of net revenues..... | <u>11,544</u> | <u>7,428</u> | <u>39,379</u> | <u>26,905</u> |
| Gross profit..... | <u>38,675</u> | <u>24,205</u> | <u>131,811</u> | <u>88,990</u> |
| Operating expenses: | | | | |
| Sales and marketing..... | 17,597 | 14,045 | 65,378 | 53,485 |
| Research and development..... | 6,764 | 5,155 | 24,361 | 19,246 |
| General and administrative..... | 4,463 | 2,964 | 15,734 | 12,014 |
| Amortization of unearned compensation..... | - | 6 | 10 | 83 |
| Total operating expenses..... | <u>28,824</u> | <u>22,170</u> | <u>105,483</u> | <u>84,801</u> |
| Income from operations..... | 9,851 | 2,035 | 26,328 | 4,189 |
| Other income (expense), net..... | 891 | (375) | 2,731 | 751 |
| Income before income taxes..... | 10,742 | 1,660 | 29,059 | 4,940 |
| Provision (benefit) for income taxes..... | (5,039) | 307 | (3,894) | 853 |
| Net income..... | <u>\$15,781</u> | <u>\$1,353</u> | <u>\$32,953</u> | <u>\$4,087</u> |
| Net income per share - basic..... | | | | |
| | <u>\$0.46</u> | <u>\$0.05</u> | <u>\$0.99</u> | <u>\$0.15</u> |
| Weighted average shares - basic..... | | | | |
| | <u>34,593</u> | <u>27,125</u> | <u>33,221</u> | <u>26,453</u> |
| Net income per share - diluted..... | | | | |
| | <u>\$0.43</u> | <u>\$0.05</u> | <u>\$0.92</u> | <u>\$0.14</u> |
| Weighted average shares - diluted..... | | | | |
| | <u>36,779</u> | <u>29,521</u> | <u>35,992</u> | <u>28,220</u> |
| Net income as reported..... | | | | |
| | \$ 15,781 | \$ 1,353 | \$ 32,953 | \$ 4,087 |
| Incremental U.S. income tax expense*..... | 1,731 | -- | 1,731 | -- |
| Reversal of valuation allowance*..... | (7,254) | -- | (7,254) | -- |
| Net income excluding net U.S. tax benefit..... | <u>10,258</u> | <u>1,353</u> | <u>27,430</u> | <u>4,087</u> |
| Pro forma: | | | | |
| Net income excluding net U.S. tax benefit..... | <u>10,258</u> | <u>1,353</u> | <u>27,430</u> | <u>4,087</u> |
| Net income per share - basic..... | | | | |
| | <u>0.30</u> | <u>0.05</u> | <u>0.83</u> | <u>0.15</u> |
| Weighted average shares - basic..... | | | | |
| | <u>34,593</u> | <u>27,125</u> | <u>33,221</u> | <u>26,453</u> |
| Net income per share - diluted..... | | | | |
| | <u>0.28</u> | <u>0.05</u> | <u>0.76</u> | <u>0.14</u> |
| Weighted average shares - diluted..... | | | | |
| | <u>36,779</u> | <u>29,521</u> | <u>35,992</u> | <u>28,220</u> |

* During the fourth quarter of fiscal 2004, the Company became subject to income taxes on U.S. income and reversed the valuation allowance on U.S. deferred tax assets. The pro forma adjustments remove the impact of incremental U.S. income taxes and the benefit from the reversal of the valuation allowance to present the results in a manner that is comparable to prior periods.