

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,	
	2008	2007	2008	2007
Net revenues				
Products.....	\$115,790	\$106,982	\$452,929	\$392,921
Services.....	55,473	38,625	197,244	132,746
Total.....	<u>171,263</u>	<u>145,607</u>	<u>650,173</u>	<u>525,667</u>
Cost of net revenues (1)				
Products.....	26,584	23,683	102,400	84,094
Services.....	12,329	9,665	46,618	34,230
Total.....	<u>38,913</u>	<u>33,348</u>	<u>149,018</u>	<u>118,324</u>
Gross Profit.....	<u>132,350</u>	<u>112,259</u>	<u>501,155</u>	<u>407,343</u>
Operating expenses (1)				
Sales and marketing.....	60,461	48,165	237,175	175,555
Research and development.....	26,367	19,929	103,394	69,030
General and administrative.....	14,632	11,196	56,001	49,256
In-process research and development.....	-	14,000	-	14,000
Loss on facility exit and sublease.....	5,271	-	5,271	-
Total.....	<u>106,731</u>	<u>93,290</u>	<u>401,841</u>	<u>307,841</u>
Income from operations.....	25,619	18,969	99,314	99,502
Other income, net.....	3,513	7,355	18,950	28,191
Income before income taxes.....	29,132	26,324	118,264	127,693
Provision for income taxes (1).....	9,431	13,442	43,933	50,693
Net Income.....	<u>\$19,701</u>	<u>\$12,882</u>	<u>\$74,331</u>	<u>\$77,000</u>
Net income per share - basic.....				
	<u>\$0.25</u>	<u>\$0.15</u>	<u>\$0.90</u>	<u>\$0.93</u>
Weighted average shares - basic.....				
	<u>79,754</u>	<u>84,305</u>	<u>82,290</u>	<u>83,205</u>
Net income per share - diluted.....				
	<u>\$0.24</u>	<u>\$0.15</u>	<u>\$0.89</u>	<u>\$0.90</u>
Weighted average shares - diluted.....				
	<u>80,785</u>	<u>85,792</u>	<u>83,428</u>	<u>85,137</u>
Non-GAAP Financial Measures				
Net income as reported.....	\$19,701	\$12,882	\$74,331	\$77,000
Stock-based compensation expense, net of tax (3).....	10,328	7,258	43,638	31,949
In-process research and development.....	-	14,000	-	14,000
Loss on facility exit and sublease, net of tax (2).....	3,321	-	3,321	-
Net income excluding stock-based compensation, in-process research and development and loss on facility exit and sublease (Non-GAAP).....	<u>\$33,350</u>	<u>\$34,140</u>	<u>\$121,290</u>	<u>\$122,949</u>
Net income per share excluding stock-based compensation, in-process research and development and loss on facility exit and sublease (Non-GAAP) - diluted.....	<u>\$0.41</u>	<u>\$0.40</u>	<u>\$1.45</u>	<u>\$1.44</u>
Weighted average shares - diluted.....	<u>80,785</u>	<u>85,792</u>	<u>83,428</u>	<u>85,137</u>
(1) Includes stock-based compensation as follows:				
Cost of net revenues.....	\$1,175	\$753	\$4,345	\$2,569
Sales and marketing.....	5,623	3,906	24,061	15,784
Research and development.....	4,106	2,689	16,326	10,230
General and administrative.....	3,858	2,857	15,850	12,630
Tax effect of stock based compensation.....	<u>(4,434)</u>	<u>(2,947)</u>	<u>(16,944)</u>	<u>(9,264)</u>
	<u>\$10,328</u>	<u>\$7,258</u>	<u>\$43,638</u>	<u>\$31,949</u>
(2) Includes loss on facility exit and sublease as follows:				
Loss on facility exit and sublease.....	\$5,271	-	\$5,271	-
Tax effect of loss on facility exit and sublease.....	<u>(1,950)</u>	<u>-</u>	<u>(1,950)</u>	<u>-</u>
	<u>\$3,321</u>	<u>\$-</u>	<u>\$3,321</u>	<u>\$-</u>

(3) Stock-based compensation is accounted for in accordance with Financial Accounting Standards Board Statement No. 123(R), "Share-Based Payments" using the attribution method for recognizing compensation expense.