

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

	Three months ended December 31, 2008	Three months ended September 30, 2008	Three months ended December 31, 2007
Net revenues			
Products.....	\$107,895	\$115,790	\$110,205
Services.....	57,674	55,473	43,979
Total.....	<u>165,569</u>	<u>171,263</u>	<u>154,184</u>
Cost of net revenues (1)			
Products.....	23,923	26,584	24,689
Services.....	12,100	12,329	10,550
Total.....	<u>36,023</u>	<u>38,913</u>	<u>35,239</u>
Gross Profit.....	<u>129,546</u>	<u>132,350</u>	<u>118,945</u>
Operating expenses (1)			
Sales and marketing.....	59,438	60,461	58,178
Research and development.....	27,102	26,367	24,332
General and administrative.....	15,805	14,632	13,426
Loss on facility exit and sublease.....	-	5,271	-
Total.....	<u>102,345</u>	<u>106,731</u>	<u>95,936</u>
Income from operations.....	27,201	25,619	23,009
Other income, net.....	2,879	3,513	6,132
Income before income taxes.....	<u>30,080</u>	<u>29,132</u>	<u>29,141</u>
Provision for income taxes (1).....	8,657	9,431	11,390
Net Income.....	<u>\$21,423</u>	<u>\$19,701</u>	<u>\$17,751</u>
Net income per share - basic.....	<u>\$0.27</u>	<u>\$0.25</u>	<u>\$0.21</u>
Weighted average shares - basic.....	<u>79,337</u>	<u>79,754</u>	<u>84,854</u>
Net income per share - diluted.....	<u>\$0.27</u>	<u>\$0.24</u>	<u>\$0.21</u>
Weighted average shares - diluted.....	<u>80,003</u>	<u>80,785</u>	<u>86,141</u>
Non-GAAP Financial Measures			
Net income as reported.....	\$21,423	\$19,701	\$17,751
Stock-based compensation expense, net of tax (3).....	10,907	10,328	11,075
Loss on facility exit and sublease, net of tax (2).....	-	3,321	-
Net income excluding stock-based compensation and loss on facility exit and sublease (Non-GAAP).....	<u>\$32,330</u>	<u>\$33,350</u>	<u>\$28,826</u>
Net income per share excluding stock-based compensation and loss on facility exit and sublease (Non-GAAP) - diluted.....	<u>\$0.40</u>	<u>\$0.41</u>	<u>\$0.33</u>
Weighted average shares - diluted.....	<u>80,003</u>	<u>80,785</u>	<u>86,141</u>
(1) Includes stock-based compensation as follows:			
Cost of net revenues.....	\$1,219	\$1,175	\$1,054
Sales and marketing.....	5,967	5,623	6,431
Research and development.....	4,286	4,106	3,986
General and administrative.....	3,441	3,858	3,865
Tax effect of stock based compensation.....	(4,006)	(4,434)	(4,261)
	<u>\$10,907</u>	<u>\$10,328</u>	<u>\$11,075</u>
(2) Includes loss on facility exit and sublease as follows:			
Loss on facility exit and sublease.....	-	\$5,271	-
Tax effect of loss on facility exit and sublease.....	-	(1,950)	-
	<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.			