

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

	Three Months Ended		Six Months Ended	
	March 31,		March 31,	
	2009	2008	2009	2008
Net revenues				
Products.....	\$ 94,135	\$ 112,148	\$ 202,030	\$ 222,353
Services.....	60,014	46,993	117,688	90,972
Total.....	<u>154,149</u>	<u>159,141</u>	<u>319,718</u>	<u>313,325</u>
Cost of net revenues (1)				
Products.....	25,037	24,969	48,960	49,658
Services.....	11,545	11,719	23,645	22,269
Total.....	<u>36,582</u>	<u>36,688</u>	<u>72,605</u>	<u>71,927</u>
Gross Profit.....	<u>117,567</u>	<u>122,453</u>	<u>247,113</u>	<u>241,398</u>
Operating expenses (1)				
Sales and marketing.....	51,933	58,053	111,371	116,231
Research and development.....	25,977	26,418	53,079	50,750
General and administrative.....	12,055	14,484	27,860	27,910
Restructuring charges.....	4,329	-	4,329	-
Total.....	<u>94,294</u>	<u>98,955</u>	<u>196,639</u>	<u>194,891</u>
Income from operations.....	23,273	23,498	50,474	46,507
Other income, net.....	2,136	5,589	5,015	11,721
Income before income taxes.....	<u>25,409</u>	<u>29,087</u>	<u>55,489</u>	<u>58,228</u>
Provision for income taxes.....	6,423	11,342	15,080	22,732
Net Income.....	<u>\$ 18,986</u>	<u>\$ 17,745</u>	<u>\$ 40,409</u>	<u>\$ 35,496</u>
Net income per share - basic.....	\$ 0.24	\$ 0.21	\$ 0.51	\$ 0.42
Weighted average shares - basic.....	<u>78,925</u>	<u>82,974</u>	<u>79,133</u>	<u>83,919</u>
Net income per share - diluted.....	\$ 0.24	\$ 0.21	\$ 0.51	\$ 0.42
Weighted average shares - diluted.....	<u>79,570</u>	<u>83,805</u>	<u>79,920</u>	<u>85,018</u>
Non-GAAP Financial Measures				
Net income as reported.....	\$ 18,986	\$ 17,745	\$ 40,409	\$ 35,496
Stock-based compensation expense, net of tax (4).....	7,430	11,198	18,337	22,273
Restructuring charges, net of tax (2).....	2,957	-	2,957	-
Legal settlement, net of tax (3).....	913	-	913	-
Net income excluding stock-based compensation, restructuring charges and legal settlement.....	<u>\$ 30,286</u>	<u>\$ 28,943</u>	<u>\$ 62,616</u>	<u>\$ 57,769</u>
Net income per share excluding stock-based compensation, restructuring charges & legal settlement (non-GAAP) - diluted.....	<u>\$ 0.38</u>	<u>\$ 0.35</u>	<u>\$ 0.78</u>	<u>\$ 0.68</u>
Weighted average shares - diluted.....	<u>79,570</u>	<u>83,805</u>	<u>79,920</u>	<u>85,018</u>
(1) Includes stock-based compensation as follows:				
Cost of net revenues.....	\$ 1,250	\$ 1,051	\$ 2,469	\$ 2,105
Sales and marketing.....	5,416	6,161	11,383	12,592
Research and development.....	4,096	4,118	8,382	8,104
General and administrative.....	2,495	4,337	5,936	8,202
Tax effect of stock-based compensation.....	<u>(5,827)</u>	<u>(4,469)</u>	<u>(9,833)</u>	<u>(8,730)</u>
	<u>\$ 7,430</u>	<u>\$ 11,198</u>	<u>\$ 18,337</u>	<u>\$ 22,273</u>
(2) Includes restructuring charges as follows:				
Loss on facility exit.....	\$ 2,194	\$ -	\$ 2,194	\$ -
Restructuring charges.....	2,135	-	2,135	-
Tax effect of loss on facility exit and restructuring charges.....	<u>(1,372)</u>	<u>-</u>	<u>(1,372)</u>	<u>-</u>
	<u>\$ 2,957</u>	<u>\$ -</u>	<u>\$ 2,957</u>	<u>\$ -</u>
(3) Includes legal settlement as follows:				
Legal settlement.....	\$ 1,337	\$ -	\$ 1,337	\$ -
Tax effect of legal settlement.....	<u>(424)</u>	<u>-</u>	<u>(424)</u>	<u>-</u>
	<u>\$ 913</u>	<u>\$ -</u>	<u>\$ 913</u>	<u>\$ -</u>

(4) 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.

