

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

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2010	2009	2010	2009
Net revenues				
Products.....	\$ 147,393	\$ 95,619	\$ 396,170	\$ 297,649
Services.....	83,081	62,612	231,528	180,300
Total.....	<u>230,474</u>	<u>158,231</u>	<u>627,698</u>	<u>477,949</u>
Cost of net revenues (1)				
Products.....	29,328	21,955	82,789	70,915
Services.....	15,251	11,710	42,335	35,355
Total.....	<u>44,579</u>	<u>33,665</u>	<u>125,124</u>	<u>106,270</u>
Gross Profit.....	<u>185,895</u>	<u>124,566</u>	<u>502,574</u>	<u>371,679</u>
Operating expenses (1)				
Sales and marketing.....	77,219	55,427	212,505	166,798
Research and development.....	30,889	25,070	86,743	78,149
General and administrative.....	17,658	12,764	49,627	40,624
Restructuring charges.....	-	-	-	4,329
Total.....	<u>125,766</u>	<u>93,261</u>	<u>348,875</u>	<u>289,900</u>
Income from operations.....	60,129	31,305	153,699	81,779
Other income, net.....	3,561	3,027	7,557	8,042
Income before income taxes.....	<u>63,690</u>	<u>34,332</u>	<u>161,256</u>	<u>89,821</u>
Provision for income taxes (1).....	23,195	11,556	58,338	26,636
Net Income.....	<u>\$ 40,495</u>	<u>\$ 22,776</u>	<u>\$ 102,918</u>	<u>\$ 63,185</u>

Net income per share - basic.....	<u>\$ 0.51</u>	<u>\$ 0.29</u>	<u>\$ 1.30</u>	<u>\$ 0.80</u>
Weighted average shares - basic.....	<u>79,864</u>	<u>78,603</u>	<u>79,386</u>	<u>78,958</u>
Net income per share - diluted.....	<u>\$ 0.50</u>	<u>\$ 0.29</u>	<u>\$ 1.27</u>	<u>\$ 0.79</u>
Weighted average shares - diluted.....	<u>81,031</u>	<u>79,612</u>	<u>80,870</u>	<u>80,014</u>

Non-GAAP Financial Measures

Net income as reported.....	\$ 40,495	\$ 22,776	\$ 102,918	\$ 63,185
Stock-based compensation expense, net of tax (4).....	12,805	9,157	36,973	27,494
Restructuring charges, net of tax (2).....	-	-	-	2,957
Legal settlement, net of tax (3).....	-	-	-	913
Net income excluding stock-based compensation, restructuring charges & legal settlement (non-GAAP).....	<u>\$ 53,300</u>	<u>\$ 31,933</u>	<u>\$ 139,891</u>	<u>\$ 94,549</u>
Net income per share excluding stock-based compensation, restructuring charges & legal settlement (non-GAAP) - diluted.....	<u>\$ 0.66</u>	<u>\$ 0.40</u>	<u>\$ 1.73</u>	<u>\$ 1.18</u>
Weighted average shares - diluted.....	<u>81,031</u>	<u>79,612</u>	<u>80,870</u>	<u>80,014</u>

(1) Includes stock-based compensation as follows:

Cost of net revenues.....	\$ 1,777	\$ 1,211	\$ 5,061	\$ 3,680
Sales and marketing.....	6,591	5,136	19,685	16,519
Research and development.....	4,749	3,816	14,197	12,198
General and administrative.....	4,289	2,394	12,048	8,330
Tax effect of stock-based compensation.....	(4,601)	(3,400)	(14,018)	(13,233)
	<u>\$ 12,805</u>	<u>\$ 9,157</u>	<u>\$ 36,973</u>	<u>\$ 27,494</u>

(2) Includes restructuring charges as follows:

Loss on facility exit.....	\$ -	\$ -	\$ -	\$ 2,194
Restructuring charges.....	-	-	-	2,135
Tax effect of loss on facility exit and restructuring charges.....	-	-	-	(1,372)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,957</u>

(3) Includes legal settlement as follows:

Legal settlement.....	\$ -	\$ -	\$ -	\$ 1,337
Tax effect of legal settlement.....	-	-	-	(424)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 913</u>

(4) 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")